

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**FUBON FINANCIAL HOLDING CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

Address: 15-16F., No.179, Liaoning St., Taipei City
Telephone: (02)6636-6636

The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors
Fubon Financial Holding Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Fubon Financial Holding Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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 Financial Holding Companies and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Fubon Financial Holding Co., Ltd. and its subsidiaries as of March 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are LEE, FENG HUI and WU, LIN.

KPMG

Taipei, Taiwan (Republic of China)

April 27, 2023

Notes to Readers

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

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	March 31, 2023		December 31, 2022		March 31, 2022			Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022		
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
11000	Cash and cash equivalents (notes 6(a))	\$ 226,605,917	2	316,596,903	3	258,226,283	2	21000	Deposits from the central bank and banks	\$ 147,393,414	1	149,533,515	1	190,020,406	2
11500	Due from the central bank and call loans to banks (notes 6(b) and 8)	405,003,298	4	415,990,658	4	394,744,628	4	21500	Due to the central bank and banks	2,222,151	-	922,135	-	11,894,074	-
12000	Financial assets measured at fair value through profit or loss (notes 6(c) and 8)	1,506,673,721	14	1,418,586,039	13	1,515,657,072	14	22000	Financial liabilities measured at fair value through profit or loss (note 6(c))	65,132,202	1	87,590,556	1	91,996,865	1
12150	Financial assets measured at fair value through other comprehensive income (notes 6(d) and 8)	691,255,996	7	961,531,664	9	1,115,669,426	11	22300	Financial liabilities for hedging (note 6(f))	13,872,448	-	12,922,639	-	9,742,675	-
12200	Debt investments measured at amortized cost (notes 6(e) and 8)	3,731,520,474	35	3,356,346,543	32	3,231,623,910	31	22500	Securities sold under repurchase agreements (note 6(s))	86,792,457	1	145,685,557	1	164,909,587	2
12300	Financial assets for hedging (note 6(f))	16,223,929	-	19,304,960	-	6,688,536	-	22600	Commercial papers issued, net (note 6(t))	61,133,990	1	50,243,977	1	32,946,486	-
12500	Securities purchased under resell agreements (note 6(g))	106,346,503	1	94,887,192	1	126,230,430	1	23000	Payables (note 6(u))	149,615,542	1	171,470,259	2	160,745,305	2
13000	Receivables, net (note 6(h))	242,158,990	2	243,228,598	2	252,454,394	3	23200	Current tax liabilities	7,509,250	-	6,390,844	-	21,303,783	-
13200	Current tax assets	2,424,109	-	2,262,308	-	1,606,927	-	23500	Deposits and remittances (note 6(v))	3,672,954,676	35	3,656,769,828	35	3,452,708,647	33
13500	Discounts and loans, net (note 6(i))	2,555,299,154	24	2,586,477,476	24	2,557,380,290	24	24000	Bonds payable (note 6(w))	263,590,565	2	257,381,535	2	261,026,101	2
13700	Reinsurance contract assets, net (note 6(j))	50,527,785	-	48,389,563	-	29,549,531	-	24400	Other borrowings (notes 6(x) and 8)	21,268,809	-	13,696,500	-	1,984,249	-
15000	Investments accounted for using equity method, net (note 6(k))	57,521,680	1	57,812,659	1	45,283,905	-	24600	Provisions (note 6(y))	4,690,937,510	44	4,710,169,640	45	4,577,184,522	43
15500	Other financial assets, net (notes 6(m) and 8)	507,510,686	5	520,064,178	5	535,162,513	5	25500	Other financial liabilities (notes 6(m) and (z))	603,754,358	6	612,042,078	6	609,723,072	6
18000	Investment property, net (notes 6(n) and 8)	308,387,538	3	305,826,478	3	304,991,193	3	26000	Lease liabilities (note 6(p))	21,023,974	-	21,792,236	-	21,687,452	-
18500	Property and equipment, net (notes 6(o) and 8)	65,324,631	1	65,272,146	1	65,115,891	1	29300	Deferred tax liabilities	30,132,047	-	32,848,412	-	19,774,146	-
18600	Right-of-use assets, net (note 6(p))	9,495,559	-	9,974,378	-	10,229,800	-	29500	Other liabilities (note 6(aa))	70,096,275	1	84,687,792	1	55,591,913	1
19000	Intangible assets, net (note 6(q))	33,748,917	-	34,192,088	-	34,351,143	-		Total liabilities	<u>9,907,429,668</u>	<u>93</u>	<u>10,014,147,503</u>	<u>95</u>	<u>9,683,239,283</u>	<u>92</u>
19300	Deferred tax assets	52,828,313	-	74,819,172	1	34,218,370	-		Equity attributable to owners of parent (note 6(ac)):						
19500	Other assets, net (notes 6(r) and 8)	60,762,211	1	56,193,707	1	58,070,970	1		Share capital:						
								31101	Common stock	123,952,126	1	123,952,126	1	118,049,644	1
								31103	Preferred stock	15,999,900	-	15,999,900	-	15,999,900	-
									Total share capital	<u>139,952,026</u>	<u>1</u>	<u>139,952,026</u>	<u>1</u>	<u>134,049,544</u>	<u>1</u>
								31500	Capital surplus	<u>170,933,870</u>	<u>2</u>	<u>171,017,736</u>	<u>2</u>	<u>173,404,074</u>	<u>2</u>
									Retained earnings:						
								32001	Legal reserve	90,913,681	1	90,913,681	1	76,665,185	1
								32003	Special reserve	30,311,999	-	30,311,999	-	29,125,366	-
								32011	Undistributed earnings	373,521,891	4	359,918,631	3	419,504,008	4
									Total retained earnings	<u>494,747,571</u>	<u>5</u>	<u>481,144,311</u>	<u>4</u>	<u>525,294,559</u>	<u>5</u>
								32500	Total other equity interest	(92,519,265)	(1)	(226,423,522)	(2)	29,197,798	-
									Total equity attributable to owners of parent	<u>713,114,202</u>	<u>7</u>	<u>565,690,551</u>	<u>5</u>	<u>861,945,975</u>	<u>8</u>
								39500	Non-controlling interests (notes 6(l) and (ac))	9,075,541	-	7,918,656	-	32,069,954	-
									Total equity	<u>722,189,743</u>	<u>7</u>	<u>573,609,207</u>	<u>5</u>	<u>894,015,929</u>	<u>8</u>
Total assets		<u>\$ 10,629,619,411</u>	<u>100</u>	<u>10,587,756,710</u>	<u>100</u>	<u>10,577,255,212</u>	<u>100</u>	Total liabilities and equity		<u>\$ 10,629,619,411</u>	<u>100</u>	<u>10,587,756,710</u>	<u>100</u>	<u>10,577,255,212</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
41000	Interest revenue (note 6(af))	\$ 62,247,815	194	45,851,877	34
51000	Less: Interest expenses (note 6(af))	22,382,393	70	6,939,137	5
	Net interest revenue	39,865,422	124	38,912,740	29
	Net non-interest revenue				
49800	Net service charge and commissions (note 6(m) and 6(af))	(259,322)	(1)	537,380	1
49810	Net income (losses) of insurance operations (note 6(af))	(23,945,151)	(75)	25,920,538	19
49820	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (note 6(c))	80,959,597	253	(91,014,103)	(68)
49825	Gains on investment property (note 6(n))	2,753,408	9	997,245	1
49835	Realized gains on financial assets measured at fair value through other comprehensive income (note 6(d))	442,381	1	1,619,175	1
49850	Gains arising from derecognition of financial assets measured at amortized cost (note 6(e))	145,464	1	6,248,241	5
49870	Foreign exchange gains (losses)	(12,041,686)	(37)	55,563,635	42
49880	Impairment losses on assets	(519,011)	(2)	(2,096,437)	(2)
49890	Share of profit of associates and joint ventures accounted for using equity method (note 6(k))	667,851	2	312,613	-
49898	Profits or losses reclassified by applying overlay approach (note 6(c))	(55,688,097)	(174)	94,059,650	70
49900	Net other non-interest revenue (expense) (notes 6(k))	(342,555)	(1)	3,034,382	2
	Net revenue	32,038,301	100	134,095,059	100
58100	Bad debt expenses and guarantee liability provisions	(1,086,073)	(3)	(1,054,355)	(1)
58300	Net change in provisions for insurance liabilities (note 6(af))	1,413,982	4	(58,681,432)	(44)
	Operating expenses:				
58501	Employee benefits expenses (note 6(af))	(10,246,795)	(32)	(9,817,698)	(7)
58503	Depreciation and amortization expenses (note 6(af))	(1,811,233)	(5)	(1,753,226)	(1)
58599	Other general and administrative expenses (note 6(af))	(6,284,299)	(20)	(5,230,930)	(4)
	Total operating expenses	(18,342,327)	(57)	(16,801,854)	(12)
	Net income before tax from continuing operations	14,023,883	44	57,557,418	43
61003	Less: Income tax expenses (note 6(ab))	151,093	1	10,576,794	8
	Net income	13,872,790	43	46,980,624	35
69500	Other comprehensive income (losses):				
69560	Items not to be reclassified to profit or loss				
69561	Gains (losses) on remeasurements of defined benefit plans	190	-	(4,437)	-
69562	Revaluation gains on property	1,041	-	6,860	-
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss	5,636	-	1,454	-
69567	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	4,455,454	14	(1,164,696)	(1)
69569	Income tax related to items not to be reclassified to profit or loss (note 6(ab))	(9,495)	-	550,608	-
	Subtotal of items not to be reclassified to profit or loss	4,452,826	14	(610,211)	(1)
69570	Items that may be subsequently reclassified to profit or loss				
69571	Exchange differences on translation of foreign operations	(1,441,826)	(4)	5,994,209	4
69581	Gains (losses) on financial instruments for hedging	65,381	-	(375,087)	-
69583	Unrealized gains (losses) on debt instruments measured at fair value through other comprehensive income	96,636,953	302	(63,256,470)	(47)
69575	Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will be reclassified to profit or loss	48,565	-	70,115	-
69590	Other comprehensive income (losses) reclassified by applying overlay approach	55,688,097	174	(94,059,650)	(70)
69579	Income tax related to items that may be subsequently reclassified to profit or loss (note 6(ab))	(20,743,867)	(65)	15,577,710	12
	Subtotal of items that may be subsequently reclassified to profit or loss	130,253,303	407	(136,049,173)	(101)
69500	Other comprehensive income	134,706,129	421	(136,659,384)	(102)
	Total comprehensive income	\$ 148,578,919	464	(89,678,760)	(67)
	Consolidated net income attributable to:				
69901	Owners of parent	\$ 13,983,146	43	46,477,062	35
69903	Non-controlling interests	(110,356)	-	503,562	-
		\$ 13,872,790	43	46,980,624	35
	Total comprehensive income attributable to:				
69951	Owners of parent	\$ 147,507,517	461	(87,667,526)	(65)
69953	Non-controlling interests	1,071,402	3	(2,011,234)	(2)
		\$ 148,578,919	464	(89,678,760)	(67)
	Basic earnings per share (in New Taiwan Dollars) (note 6(ad))	\$ 1.13		3.75	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								Total other equity interest								
	Share capital			Capital surplus	Retained earnings				Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Common stock	Preferred stock	Total		Legal reserve	Special reserve	Undistributed earnings	Total									
Balance at January 1, 2022	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	949,569,309	34,273,188	983,842,497
Net income	-	-	-	-	-	-	46,477,062	46,477,062	-	-	-	-	-	-	46,477,062	503,562	46,980,624
Other comprehensive income	-	-	-	-	-	-	(3,157)	(3,157)	5,704,650	(49,422,034)	(305,969)	4,062	(90,122,140)	(134,141,431)	(134,144,588)	(2,514,796)	(136,659,384)
Total comprehensive income	-	-	-	-	-	-	46,473,905	46,473,905	5,704,650	(49,422,034)	(305,969)	4,062	(90,122,140)	(134,141,431)	(87,667,526)	(2,011,234)	(89,678,760)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	10,341	-	-	-	-	-	-	-	-	-	-	10,341	-	10,341
Changes in ownership interests in subsidiaries	-	-	-	30,123	-	-	-	-	-	-	-	-	-	-	30,123	(30,123)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,107)	(164,107)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	128,420	128,420	-	(128,420)	-	-	-	(128,420)	-	-	-
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	3,728	2,230	5,958
Balance at March 31, 2022	\$ 118,049,644	15,999,900	134,049,544	173,404,074	76,665,185	29,125,366	419,504,008	525,294,559	(21,166,899)	(39,487,386)	16,394	2,455,282	87,380,407	29,197,798	861,945,975	32,069,954	894,015,929
Balance at January 1, 2023	\$ 123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	565,690,551	7,918,656	573,609,207
Net income	-	-	-	-	-	-	13,983,146	13,983,146	-	-	-	-	-	-	13,983,146	(110,356)	13,872,790
Other comprehensive income	-	-	-	-	-	-	29	29	(1,282,900)	80,851,689	43,998	1,041	53,910,514	133,524,342	133,524,371	1,181,758	134,706,129
Total comprehensive income	-	-	-	-	-	-	13,983,175	13,983,175	(1,282,900)	80,851,689	43,998	1,041	53,910,514	133,524,342	147,507,517	1,071,402	148,578,919
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	7,062	-	-	-	-	-	-	-	-	-	-	7,062	-	7,062
Changes in ownership interests in subsidiaries	-	-	-	(90,928)	-	-	-	-	-	-	-	-	-	-	(90,928)	90,071	(857)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,588)	(4,588)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(379,915)	(379,915)	-	379,915	-	-	-	379,915	-	-	-
Balance at March 31, 2023	\$ 123,952,126	15,999,900	139,952,026	170,933,870	90,913,681	30,311,999	373,521,891	494,747,571	(17,609,295)	(49,157,027)	53,941	2,477,303	(28,284,187)	(92,519,265)	713,114,202	9,075,541	722,189,743

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Income before income tax	\$ 14,023,883	57,557,418
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expenses	1,320,462	1,325,862
Amortization expenses	490,771	427,364
Allowance on bad debts	1,091,895	1,092,543
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(52,547,437)	131,263,781
Interest expenses	22,382,393	6,939,137
Interest income	(62,247,815)	(45,851,877)
Dividend income	(7,780,893)	(5,509,686)
Net change in insurance liabilities	3,425,553	50,679,913
Net change in provisions for guarantee liabilities	26,455	10,383
Net change in other provisions	(4,251,576)	8,762,690
Share of profit of associates and joint ventures accounted for using equity method	(667,851)	(312,613)
Loss (profit) reclassified by applying overlay approach	55,688,097	(94,059,650)
Gain on disposal of investment properties	(4,843)	-
Gain on disposal of investments	(18,098,213)	(49,515,320)
Impairment loss on financial assets	525,067	2,103,651
Reversal gain on non-financial assets	-	(4,808)
Unrealized foreign exchange (gain) loss	11,661,724	(62,066,787)
(Gain) loss on fair value adjustment of investment property	(1,070,875)	682,915
Other adjustments	(26,068)	(2,808,313)
Subtotal of adjustments to reconcile profit or loss	<u>(50,083,154)</u>	<u>(56,840,815)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in due from the central bank and call loans to banks	(32,198,974)	5,086,780
Decrease (increase) in financial assets for hedging and measured at fair value through profit or loss	(33,467,970)	32,814,840
Increase in financial assets measured at fair value through other comprehensive income	(9,902,661)	(67,818,767)
Decrease (increase) in investments in debt instruments measured at amortized cost	(22,076,957)	30,106,848
Increase in securities purchased under agreements to resell	(417,952)	(996,859)
Decrease in receivables	1,242,631	3,706,239
Decrease (increase) in discounts and loans	25,143,834	(38,067,579)
Increase in reinsurance assets	(3,237,141)	(652)
Decrease in other financial assets	3,102,751	8,617,466
Decrease in other assets	331,398	16,515,348
Subtotal of changes in operating assets	<u>(71,481,041)</u>	<u>(10,036,336)</u>
Changes in operating liabilities:		
Increase (decrease) in due to the central bank and banks	(2,121,310)	1,513,933
Increase (decrease) in financial liabilities for hedging and measured at fair value through profit or loss	(9,914,213)	16,599,926
Decrease in securities sold under repurchase agreement	(58,120,635)	(2,328,531)
Decrease in payables	(24,883,184)	(38,464,474)
Increase in deposits and remittances	20,467,680	72,503,799
Decrease in provisions	(58,853)	(1,137,640)
Increase in other financial liabilities	6,495,559	5,902,442
Decrease in other liabilities	(14,241,238)	(27,549,250)
Subtotal of changes in operating liabilities	<u>(82,376,194)</u>	<u>27,040,205</u>
Subtotal of all adjustments	<u>(203,940,389)</u>	<u>(39,836,946)</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing
FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (CONT'D)
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash (outflow) inflow generated from operations	\$ (189,916,506)	17,720,472
Interest received	58,949,763	44,094,772
Dividends received	7,101,718	4,947,853
Interest paid	(18,201,841)	(5,671,707)
Income taxes paid	(1,195,167)	(669,016)
Net Cash flows from (used in) operating activities	(143,262,033)	60,422,374
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(150,000)	(5,094,959)
Net cash flow from acquisition of subsidiaries	-	(158,739)
Acquisition of property and equipment	(839,489)	(466,652)
Proceeds from disposal of property and equipment	134	64
Acquisition of intangible assets	(194,933)	(255,192)
Acquisition of investment properties	(874,595)	(1,262,617)
Proceeds from disposal of investment properties	18,133	-
Net cash flows used in investing activities	(2,040,750)	(7,238,095)
Cash flows from (used in) financing activities:		
Increase (decrease) in due to the central bank and banks	1,305,818	(1,710,393)
Increase in commercial papers payable	10,890,013	3,505,216
Proceeds from issuing bonds	9,988,573	4,294,374
Repayments of bonds	(402,152)	(3,900,000)
Proceeds from issuing bank financial debentures	8,326,525	5,554,109
Repayments of bank financial debentures	(11,303,441)	(10,880,671)
Increase in other borrowings	7,572,309	713,383
Repayments of lease liabilities	(962,581)	(912,910)
Change in non-controlling interests	(4,588)	-
Other financing activities	(857)	-
Net cash flows from (used in) financing activities	25,409,619	(3,336,892)
Effect of exchange rate changes on cash and cash equivalents	(1,739,699)	3,499,282
Net (decrease) increase in cash and cash equivalents	(121,632,863)	53,346,669
Cash and cash equivalents at beginning of period	573,733,858	503,419,124
Cash and cash equivalents at end of period	\$ 452,100,995	556,765,793
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 226,605,917	258,226,283
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	121,465,731	175,670,418
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	104,029,347	122,869,092
Cash and cash equivalents at end of period	\$ 452,100,995	556,765,793

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

(a) Fubon Financial Holding Co., Ltd.

Fubon Financial Holding Co., Ltd. (the Company) was established in December 2001 pursuant to the Financial Holding Company Act in Taiwan.

In connection with the formation of the Company, substantially all of the assets and liabilities and related operations of Fubon Insurance Co., Ltd. (Fubon Insurance) were transferred to a new wholly owned subsidiary named Fubon Insurance. The name of the “former” Fubon Insurance Co., Ltd. was changed to Fubon Financial Holding Co., Ltd. Furthermore, shares of Fubon Securities Co., Ltd. (Fubon Securities), Fubon Commercial Bank Co., Ltd. (Fubon Bank), and Fubon Life Assurance Co., Ltd. (Fubon Life Assurance) were exchanged for shares in the Company on December 19, 2001.

On August 28, 2002, shares of Fubon Asset Management Co., Ltd. (Fubon Asset Management) were exchanged for shares in the Company. Starting from March 11, 2011, due to the Company’s corporate restructuring, Fubon Asset Management became a wholly owned subsidiary of Fubon Securities. Starting from December 30, 2019, due to the Company’s corporate restructuring, Fubon Asset Management became a wholly owned subsidiary of the Company.

On December 23, 2002, shares of Taipei Bank Co., Ltd. (Taipei Bank) were exchanged for shares in the Company.

In September 2003, shares of Fubon Marketing Co., Ltd. (Fubon Marketing) were acquired in cash by the Company.

In October 2003, shares of Fubon Financial Holding Venture Capital Co., Ltd. (Fubon Financial Holding Venture Capital) were acquired in cash by the Company.

In March 2004, 75% of the shares of Common Stock of International Bank of Asia, Limited, renamed Fubon Bank Hong Kong Limited (Fubon Bank (Hong Kong)), were acquired in cash by the Company. On June 13, 2011, 25% of the remaining outstanding shares of Common Stock of Fubon Bank (Hong Kong) were acquired in cash by the Company. On August 16, 2012, Fubon Bank (Hong Kong) redeemed the preferred shares of stock of \$4,004,057 thousand held by the Company. On the same date, the Company subscribed in cash of \$4,004,057 thousand for the ordinary shares of stock of Fubon Bank (Hong Kong).

In August 2004, shares of Fubon Asset Management Service Co., Ltd. (Fubon AMC) and Fubon Investment Management Consulting Co., Ltd. (Fubon IMC) were acquired in cash by the Company. On November 7, 2011, the procedures for the liquidation of Fubon IMC were completed.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In March 2008, shares of Taiwan Sport Lottery Co., Ltd. (Taiwan Sport Lottery) were acquired in cash by the Company. In September 2008, the Company owned 51% of the shares of Taiwan Sport Lottery. On July 20, 2011, Taiwan Sport Lottery became wholly owned subsidiary of the Company. The dissolution and liquidation of Taiwan Sport Lottery Co., Ltd. was approved by the Board of Directors in August 2021, and the completed liquidation was declared to the court in February 2022.

On February 11, 2009, all of the equity shares of ING Life Insurance Co., Ltd. (ING Life Insurance) were exchanged for shares in the Company. On June 1, 2009, ING Life Insurance merged with Fubon Life Assurance Co., Ltd., which was renamed Fubon Life Insurance Co., Ltd.

On January 7, 2014, 80% of the shares of First Sino Bank, Limited, which was renamed as Fubon Bank (China) Co., Ltd. from April 2014, were acquired in cash by the Company and Taipei Fubon Bank. On October 20, 2016, 20% of the remaining outstanding shares of Fubon Bank (China) were acquired by the Company. Fubon Bank (China) became a wholly owned subsidiary of the Company.

On March 23, 2021, 53.84% of the shares of JihSun Financial Holding Co., Ltd. (JihSun Financial Holding) were acquired by the Company through the public tender offer. On March 30, 2021, the payments and the settlement were completed. JihSun Financial Holding became a subsidiary of the Company, and the Company continued to increase the shareholding to 100%. The merger was completed on November 11, 2022, and JihSun Financial Holding was the extinguished company. Since that date, the Company has directly held 100% of the equity interest in JihSun International Commercial Bank Co., Ltd. (JihSun Bank), JihSun Securities Co., Ltd. (JihSun Securities), and JihSun International Property Insurance Agency Co., Ltd. (JihSun Property Insurance Agency).

The Company is engaged in the financial businesses including banking, financial bills, credit cards, trust, insurance, securities, futures, ventures, investments in foreign financial institutions approved by the government authorities, investments relevant to other financial services approved by the government authorities and investments, which is excluding the participation in the operation, in the services that are outside the scope of Article 36, Paragraph 2 of Financial Holding Company Act, and approved by the government authorities.

(b) Business of consolidated subsidiaries:

- (i) Fubon Insurance was incorporated on December 19, 2001 and assumed all rights and liabilities of the former Fubon Insurance Co., Ltd., which was incorporated in 1961. It is engaged in the business of property and casualty insurance.
- (ii) Fubon Securities was incorporated on July 11, 1988, as a company with an integrated securities firm license. Fubon Securities is engaged in brokerage, margin lending, securities financing and refinancing, securities trading, securities transfer services, securities underwriting, and futures.
- (iii) Taipei Bank started as a financial institution of the Taipei City Government (TCG) in 1969. On July 1, 1984, it was reorganized into a limited liability corporation and it was renamed as City Bank of Taipei Co., Ltd. On January 1, 1993, the bank's name was subsequently changed to Taipei Bank Co., Ltd. On August 1, 1991, Fubon Bank was authorized to operate as a commercial bank and commenced its commercial operations on April 20, 1992.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On January 1, 2005, Taipei Bank merged with Fubon Bank to improve operational efficiency and reduce costs. Taipei Bank was the surviving entity from this merger. However, the name Taipei Bank was changed to Taipei Fubon Bank on the same day.

Taipei Fubon Bank is engaged in authorized operations of commercial banks.

- (iv) Fubon Bank (Hong Kong) was founded in 1982. It is engaged in the following operations:
- 1) Retail and consumer banking;
 - 2) Corporate banking;
 - 3) Investment banking;
 - 4) Investment and financial management services; and
 - 5) Properties management and other services.
- (v) Fubon Life Insurance was incorporated on June 3, 1993, under the laws of the Republic of China (ROC). It is engaged in the business of life insurance underwriting.
- Fubon Life Insurance merged with ING Life Insurance (Taiwan) effective June 1, 2009, with ING Life Insurance (Taiwan) was the surviving entity and then changed its name to Fubon Life Insurance Co., Ltd. Fubon Life Insurance is engaged in life insurance, accident insurance, health insurance, and any business related to life insurance.
- (vi) Fubon Bank (China) is engaged in foreign currency services and CNY service to customers, in accordance with the "Regulations Governing Foreign Financial Institutions in the People's Republic of China.
- (vii) JihSun Financial Holding was incorporated on February 5, 2002, and is engaged in the financial businesses including banking, financial bills, credit cards, trust, insurance, securities, futures, ventures, investments in foreign financial institutions approved by the government authorities, and investments relevant to other financial services approved by the government authorities. The merger was completed with the Company on November 11, 2022, and the Company was the surviving entity from the merger.
- (viii) JihSun Bank was incorporated on August 10, 1991. The main operations include managing customers' deposits, extending loans, acting as collection agent, and investing in government bonds, stocks, short term bills, financial debentures, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund purchases and sales entrusted by customers, employee investments and trust, etc.
- (ix) JihSun Securicities was incorporated in December 1961. It engaged in the activities of securities brokerage, securities trading, securities underwriting, securities margin purchases and short sales, stock transaction agency services, futures trading and auxiliary services for futures trading, stock warrant issuance, trust businesses and offshore securities unit (OSU).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (x) JihSun Property Insurance Agency was incorporated on August 9, 2004. The major business activity is engaging property insurance agency business.

(2) Approval date and procedures of the consolidated financial statements

On April 27, 2023, the consolidated financial statements were presented to the Board of Directors and issued afterwards.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company and its subsidiaries has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company and its subsidiaries, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 17 “Insurance Contracts”	<p>The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows:</p> <ul style="list-style-type: none"> ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : <ul style="list-style-type: none"> - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue. 	January 1, 2023

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	<p>The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to:</p> <ul style="list-style-type: none"> ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time. 	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	<p>The amendment adds a new transition option to IFRS 17 (the ‘classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.</p>	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments¹, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024
IFRS16 “Requirements for Sale and Leaseback Transactions”	<p>The amendments to IFRS 16 Leases introduce a new accounting model that will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.</p> <p>Under this new accounting model for variable payments, a seller-lessee will:</p> <ul style="list-style-type: none"> ● include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and ● after initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. 	January 1, 2024

The Company and its subsidiaries are evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Company and its subsidiaries complete its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies" and with the International Accounting Standards (“IASs”) 34, “Interim Financial Reporting” endorsed and issued into effect by the FSC.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The consolidated financial statements have not contained all the necessary information that should be disclosed which the consolidated financial statements have been prepared in accordance with the IFRS, IAS and interpretations endorsed and issued into effect by the FSC (TIFRS).

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Principles of consolidation

The following entities have been included in the consolidated financial statements:

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>		
			<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
The Company	Fubon Insurance	Property and casualty insurance	100.00 %	100.00 %	100.00 %
The Company	Taipei Fubon Bank	Banking	100.00 %	100.00 %	100.00 %
The Company	Fubon Life Insurance	Life insurance	100.00 %	100.00 %	100.00 %
The Company	Fubon Securities	Securities business	100.00 %	100.00 %	100.00 %
The Company	Fubon Marketing	Marketing management	100.00 %	100.00 %	100.00 %
The Company	JihSun Financial Holding (Note 1)	Financial Holding	-	-	58.73 %
The Company	JihSun bank (Note 1)	Banking	100.00 %	100.00 %	-
The Company	JihSun Securities (Note 1)	Securities business	100.00 %	100.00 %	-
The Company	JihSun Property Insurance Agency (Note 1)	Property and casualty insurance agent	100.00 %	100.00 %	-
The Company, Fubon Life Insurance, Fubon Insurance and Fubon Securities	Fubon Financial Holding Venture Capital	Venture Capital	100.00 %	100.00 %	100.00 %
The Company	Fubon Bank (Hong Kong)	Banking	100.00 %	100.00 %	100.00 %
The Company	Fubon AMC	Creditor's rights management	100.00 %	100.00 %	100.00 %
The Company	Fubon Asset Management	Investment trust	100.00 %	100.00 %	100.00 %
The Company and Taipei Fubon Bank	Fubon Bank (China)	Banking	100.00 %	100.00 %	100.00 %
Taipei Fubon Bank	TFB Capital	Venture Capital	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Futures	Futures	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Investment Service	Investment Service	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon investment holding BVI	Investment Holding	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Securities Venture Capital	Venture Capital	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Mintou Venture Capital	Venture Capital	67.00 %	67.00 %	67.00 %

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>		
			<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon investment holding BVI	Fubon Securities (Hong Kong)	Securities business	100.00 %	100.00 %	100.00 %
Fubon Asset Management	Fubon Private Equity	Investment and investment service management	100.00 %	100.00 %	100.00 %
Fubon Asset Management	Fubon Fund Management (Hong Kong)	Asset Management	100.00 %	100.00 %	100.00 %
Fubon Private Equity	Fubon Digital Music Asset Management	Venture Capital	51.00 %	51.00 %	51.00 %
Fubon Digital Music Asset Management	Fubon Digital Music GP Limited	General Partner of Private Equity	100.00 %	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance (Vietnam)	Insurance business	100.00 %	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance Broker (Thailand) (Note 2)	Insurance Broker	48.97 %	48.97 %	48.97 %
Fubon Insurance	Fubon Insurance Broker (Philippines)	Insurance Broker	99.99 %	99.99 %	99.99 %
Fubon Insurance and Fubon Life Insurance	Fubon Property & Casualty Insurance (Xiamen)	Insurance business	80.00 %	80.00 %	80.00 %
Fubon Life Insurance	Fubon Life Insurance (Vietnam)	Insurance business	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Life Insurance (Hong Kong)	Insurance business	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Hyundai Life Insurance	Insurance business	77.40 %	77.40 %	77.40 %
Fubon Life Insurance	Carter Lane (Guernsey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Bow Bells House (Jersey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon MTL Property (Jersey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Ellipse (Belgium)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Eurotower (Luxembourg)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Marketing	Fu Sheng Insurance Agency	Life insurance agent	100.00 %	100.00 %	100.00 %
Fubon Marketing	Fubon Insurance Agency	Property and casualty insurance agent	100.00 %	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Sports & Entertainment	Sports service business	100.00 %	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Stadium	Stadium management	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Nominees (Hong Kong) (Note 3)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Credit (Hong Kong) (Note 3)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	FB Securities (Hong Kong) (Note 3)	Securities brokerage	100.00 %	100.00 %	100.00 %

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Subsidiary	Main Activities	Percentage of Ownership (%)		
			March 31, 2023	December 31, 2022	March 31, 2022
Fubon Bank (Hong Kong)	Fubon Insurance Brokers (Note 3)	Insurance agent	100.00 %	100.00 %	100.00 %
JihSun Financial Holding	JihSun Securities (Note 1)	Securities business	- %	- %	100.00 %
JihSun Financial Holding	JihSun bank (Note 1)	Banking	- %	- %	100.00 %
JihSun Financial Holding	JihSun Property Insurance Agency (Note 1)	Property and casualty insurance agent	- %	- %	100.00 %
JihSun bank	JihSun Life Insurance Agency (Note 4)	Life insurance agent	100.00 %	100.00 %	98.76 %
JihSun Securities	JihSun Futures	Futures	98.14 %	98.14 %	98.14 %
JihSun Securities	JihSun International Investment Holding (Note 5)	Securities business	100.00 %	100.00 %	100.00 %
JihSun Securities	JihSun Securities Investment Consulting (Note 6)	Investment services	100.00 %	100.00 %	100.00 %
JihSun Securities	JihSun Venture Capital (Note 7)	Venture Capital	- %	- %	100.00 %
JihSun International Investment Holding	JS CRESVALE Securities International	Securities business	100.00 %	100.00 %	100.00 %
JS CRESVALE Securities International	JS CRESVALE Capital (Note 5)	Stock and futures brokerage, sales of mutual funds	100.00 %	100.00 %	100.00 %

Note 1: The Company obtained 53.84% of the shares on March 30, 2021, and continued to increase the shareholding to 100%. The merger was completed on November 11, 2022, and JihSun Financial Holding became the extinguished company. Since that date, the Company has directly held 100% of the equity interest in JihSun Bank, JihSun Securities, and JihSun Property Insurance Agency.

Note 2: Fubon Insurance Broker (Thailand) is set up by a joint venture between Fubon Insurance and Futai Holding Co., Ltd. etc.. Since Fubon Insurance has subscribed for the shares of Fubon Insurance Broker (Thailand) on November 5, 2013 and has control over operating activities, Fubon Insurance Broker (Thailand) is regarded as a subsidiary.

Note 3: These entities are the major subsidiaries of Fubon Bank (Hong Kong).

Note 4: JihSun Bank acquired the minority shareholding of JihSun Life Insurance Agency and completed the settlement and transfer on October 20, 2022. As of March 31, 2023, the shareholding ratio was 100%.

Note 5: The board of directors of JihSun International Investment Holding and JS CRESVALE Capital resolved to dissolve in January, 2023. The liquidation is still in progress.

Note 6: The board of directors of JihSun Securities Investment Consulting resolved to dissolve in October, 2022. The liquidation is still in progress.

Note 7: The Board of Directors of JihSun Venture Capital resolved the dissolution on May 3, 2022, and the liquidation was completed on December 6, 2022.

(c) Income tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Income tax expenses for the period are best estimated by multiplying pretax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

The income tax expenses recognized directly in equity or other comprehensive income arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, which is measured at tax rates when it is expected to be realized.

(d) Employee benefits

Pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the reporting date of prior year, adjusted for significant market fluctuations since the reporting date of prior year and for significant curtailments, settlements, or other significant one-time events.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed and issued into effect by FSC) requires the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic and the Conflict of Ukraine:

(a) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined using valuation techniques. In this case, the fair value is based on observable data of similar financial instruments or valuation model. If there are no observable market parameters, the fair value of financial instruments is evaluated based on appropriate assumptions. When the fair value is determined by the valuation model, the model shall be calibrated to ensure that all output data and the results reflect the actual market price. The models use only observable data as possible.

Information of major assumptions for determining the fair value of financial instruments and the sensitivity analysis of those assumption, please refer to note 6 (ag).

(b) Insurance liability and reserve for insurance contract with nature of financial instruments

The Company and its subsidiaries measure insurance liabilities in accordance with the “Regulations Governing the Provision of Various Reserves”.

Provision of life insurance liability reserve applies "lock-in" assumption, under which fixed interest rates at the time the policies are issued, instead current interest market rate is used for providing this reserve.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Reserve for unearned premium is calculated according to the risks of respective insurance, and is determined by the actuary based on the characteristic of respective insurance.

Claim reserve is estimated by Loss Development Triangle Method. The final claim cost is calculated using primary assumptions including claim development factor and expected claim rate. The claim development factor and the expected claim rate are calculated based on the historical claim experience and adjusted by the Company and its subsidiaries' policy factors such as charge rate and claim management.

The estimation of liability adequacy test follows the "Code of Conduct of Actuarial Practice for the Statements of Financial Accounting Standards No 4" pronounced by the Actuarial Institute of the Republic of China. The estimated present value of the future cash flow of insurance contract when Company and its subsidiaries assess liability adequacy reserve is based on the reasonable estimated future insurance payment, premium revenue and relevant expenses.

The professional judgment applied to the abovementioned liability evaluation process will affect the amount recognized for net changes in insurance liability, net changes in insurance contract with nature of financial instruments, insurance liability and reserve for insurance contract with nature of financial instruments.

- (c) Debt investments and loans classified as financial assets measured at amortized cost or fair value through other comprehensive income, and expected credit loss of its receivables

The Company and its subsidiaries' financial assets impairment which applies Lifetime ECL measurement or 12-month ECL measurement is determined by whether the credit risk has increased significantly since initial recognition. Lifetime ECL measurement applies for those financial assets that have suffered a significant increase in credit risk since initial recognition and 12-month ECL measurement for those have not. To measure expected credit losses, the Company and its subsidiaries consider PD (probability of default) of the financial asset or the issuer or counterparty, which is included in LGD (loss given default). Then LGD is multiplied by EAD (exposure at default). The Company and its subsidiaries consider the impact of the time value of money and estimate the expected credit losses of twelve months and the duration, respectively. The Company and its subsidiaries have considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions and the selected inputs to be used in calculating the impairments.

- (d) Fair value of investment property

The fair value of investment property is derived from valuation techniques. Assumptions which are used in applying valuation techniques, such as income approach, comparison approach or cost approach, will have impacts on the fair value of investment property.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(e) Income taxes and deferred tax assets and liabilities

The Company and its subsidiaries calculate the income tax in accordance with the local ordinances. The possible difference in tax base and calculation between the Company and its subsidiaries and the tax authorities leads to the uncertainty of income tax. The Company and its subsidiaries recognize related income tax and deferred income tax by assessing possible additional income tax pursuant to the transactions and calculations for the tax. If the final tax determined by the authorities differs from the initial recognized amount, the difference will affect the income tax and deferred income tax accounts.

The assessment of the recoverable of deferred tax assets is based on future profitability estimation. If the estimated assumption of profitability has been changed, the Company and its subsidiaries may adjust the recognized amount of deferred tax assets.

(6) Explanation of significant accounts

(a) Cash and Cash Equivalents

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand and petty cash	\$ 9,143,117	15,178,201	8,654,142
Bank deposits	136,435,614	145,428,103	155,612,329
Cash equivalents	22,913,374	45,991,965	46,094,554
Notes and checks for clearing	1,816,166	2,941,279	1,108,838
Due from banks	56,358,350	107,107,981	46,830,410
Less: Guarantee deposits	<u>60,704</u>	<u>50,626</u>	<u>73,990</u>
Total	<u><u>\$ 226,605,917</u></u>	<u><u>316,596,903</u></u>	<u><u>258,226,283</u></u>

For consolidated statements of cash flows, cash and cash equivalents include accounts as of March 31, 2023 and 2022, listed below:

	March 31, 2023	March 31, 2022
Cash and cash equivalents in consolidated balance sheets	\$ 226,605,917	258,226,283
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	121,465,731	175,670,418
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	104,029,347	122,869,092
Cash and cash equivalents in consolidated statements of cash flows	<u><u>\$ 452,100,995</u></u>	<u><u>556,765,793</u></u>

The amounts of loss allowance were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Loss allowance	<u><u>\$ 8,466</u></u>	<u><u>16,681</u></u>	<u><u>17,671</u></u>

For credit risk, the assessment of impairment and the change of loss allowance, please refer to note 6 (aj) for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(b) Due from the Central Bank and Call Loans to Banks

	March 31, 2023	December 31, 2022	March 31, 2022
Call loans to banks	\$ 256,600,993	285,646,426	260,464,370
Deposit reserves	130,595,879	111,067,679	115,798,752
Due from the central bank — others	17,806,426	19,276,553	18,481,506
Total	<u>\$ 405,003,298</u>	<u>415,990,658</u>	<u>394,744,628</u>

Under a directive issued by the Central Bank of the Republic of China, New Taiwan dollar (TWD)-denominated deposit reserves are determined by applying a prescribed percentage to the average monthly balances of customers' TWD-denominated deposits.

Details of the deposit reserves from Taipei Fubon Bank and JihSun Bank were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Deposit reserves for checking account	\$ <u>39,693,702</u>	<u>20,675,037</u>	<u>22,133,023</u>
Required deposit reserves	\$ <u>63,277,644</u>	<u>62,231,546</u>	<u>56,436,821</u>

The deposit reserves for checking account 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 by applying a prescribed percentage to 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 at the average of 10-day periods as basis for making provisions, as required under the regulations of the People's Bank of China.

The amounts of loss allowance were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Loss allowance	\$ <u>1,946</u>	<u>2,189</u>	<u>4,317</u>

For credit risk, the assessment of impairment and the change of loss allowance, please refer to note 6 (ai) for details.

The guarantee of due from the central bank and call loans to banks provided as pledged assets, please refer to note 8 for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(c) Financial Instruments Measured at Fair Value through Profit or Loss

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments			
Interest rate contracts	\$ 8,278,955	8,341,566	7,400,397
Currency rate contracts	23,386,867	60,329,960	30,508,412
Options contracts	1,142,527	1,032,716	1,096,157
Cross currency swap contracts	2,377,756	2,745,460	1,191,235
Others	<u>1,264,704</u>	<u>1,284,655</u>	<u>1,497,428</u>
	<u>36,450,809</u>	<u>73,734,357</u>	<u>41,693,629</u>
Non-derivative financial assets			
Government bonds	15,872,689	3,868,243	3,519,849
Corporate bonds	9,075,994	15,844,077	13,645,537
Financial bonds	50,249,759	52,934,353	45,512,655
Stocks	523,580,155	462,890,198	626,947,521
Beneficiary certificates	684,040,128	637,900,666	603,258,047
Commercial papers	46,075,349	46,116,564	36,098,678
Treasury bills	20,627,161	3,529,242	5,081,382
Beneficiary securities	36,946,035	39,523,000	42,781,826
Negotiable certificates of deposit	3,281,348	2,994,212	7,782,699
Others	3,438,850	2,861,338	2,636,232
Less: Guarantee deposits	<u>1,584,754</u>	<u>-</u>	<u>-</u>
	<u>1,391,602,714</u>	<u>1,268,461,893</u>	<u>1,387,264,426</u>
Hybrid financial assets			
Convertible corporate bonds	29,913,451	29,117,824	38,139,708
Structured products	<u>48,706,747</u>	<u>47,271,965</u>	<u>48,559,309</u>
	<u>78,620,198</u>	<u>76,389,789</u>	<u>86,699,017</u>
Total	<u>\$ 1,506,673,721</u>	<u>1,418,586,039</u>	<u>1,515,657,072</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial liabilities designated as at fair value through profit or loss:			
Structured products	\$ 2,770,422	942,466	3,060,196
Exchange traded notes	42,669	45,679	59,792
	<u>2,813,091</u>	<u>988,145</u>	<u>3,119,988</u>
Held-for-trading financial liabilities:			
Non-hedge derivative instruments			
Interest rate contracts	6,172,037	5,884,614	5,988,706
Currency rate contracts	35,980,123	60,523,473	54,639,081
Options contracts	6,833,947	5,907,595	7,815,607
Others	2,691,177	4,327,354	2,126,597
	<u>51,677,284</u>	<u>76,643,036</u>	<u>70,569,991</u>
Non-derivative financial liabilities			
Stock borrowing and short selling	3,664,084	3,437,627	11,454,002
Bonds borrowing and short selling	6,977,743	6,521,748	6,852,884
	<u>10,641,827</u>	<u>9,959,375</u>	<u>18,306,886</u>
Total	<u>\$ 65,132,202</u>	<u>87,590,556</u>	<u>91,996,865</u>

- (i) The guarantee of financial assets measured at fair value through profit or loss provided as pledged assets, please refer to note 8 for details.
- (ii) The Bank subsidiaries are engaged in derivative transactions mainly to accommodate customers' needs, to manage their exposure positions, and to accommodate their fund needs in different currencies.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(iii) The Insurance subsidiaries have selected to apply the overlay approach of IFRS 4 “Insurance Contracts” to express the profit or loss of designated financial assets when applying IFRS 9 on January 1, 2018.

1) The financial assets related to investing activities of issuing insurance contracts and designated to apply the overlay approach were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets measured at fair value through profit or loss:			
Stocks	\$ 508,297,021	451,389,288	612,181,940
Corporate bonds	1,054,847	1,050,834	1,084,887
Financial bonds	46,010,730	45,646,078	40,591,102
Beneficiary securities	2,047,879	1,982,954	2,114,739
Beneficiary certificates	711,265,406	666,882,999	620,905,346
Structured products	46,875,574	45,522,531	46,986,171
Others	1,089,680	1,108,976	1,111,566
Total	<u>\$ 1,316,641,137</u>	<u>1,213,583,660</u>	<u>1,324,975,751</u>

The reclassified amount from profit or loss to other comprehensive income of the financial assets designated to apply the overlay approach was as follows:

	For the three months ended March 31	
	<u>2023</u>	<u>2022</u>
Gains (losses) reported as profit or loss under IFRS 9	\$ 80,931,956	(46,712,387)
Less: Gains reported as profit or loss if applied IAS 39	(25,243,859)	(47,347,263)
Gains (losses) reclassified by applying overlay approach	<u>\$ 55,688,097</u>	<u>(94,059,650)</u>

The changes in gains (losses) on financial assets measured at fair value through other comprehensive income due to the adjustment of the overlay approach were as follows:

	For the three months ended March 31	
	<u>2023</u>	<u>2022</u>
Gains (losses) of financial assets before adjustment	<u>\$ 80,959,597</u>	<u>(91,014,103)</u>
Gains of financial assets after adjustment	<u>\$ 25,271,500</u>	<u>3,045,547</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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2) The insurance subsidiaries did not designate any financial asset which did not meet the condition to apply overlay approach previously but met the condition for the three months ended March 31, 2023 and 2022, nor did the insurance subsidiaries release the designation.

(iv) The above assets held under repurchase agreement were as followings:

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount	<u>\$ 1,467,450</u>	<u>5,669,105</u>	<u>6,816,463</u>

(d) Financial Assets Measured at Fair Value through Other Comprehensive Income

	March 31, 2023	December 31, 2022	March 31, 2022
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 233,665,710	288,264,348	379,883,926
Corporate bonds	152,885,271	328,664,752	360,271,028
Financial bonds	103,560,577	161,650,309	187,619,282
Commercial papers	18,388,809	21,344,701	19,257,515
Negotiable certificates of deposits	25,836,105	18,349,953	5,662,415
Beneficiary securities	15,547,946	25,708,057	26,369,072
Discount notes and loans	62,662,731	49,516,190	46,248,129
Central bank notes	5,392,877	-	-
Treasury bills	1,198,970	-	-
Less: Guarantee deposits	<u>15,382,704</u>	<u>11,880,287</u>	<u>10,182,478</u>
Subtotal	<u>603,756,292</u>	<u>881,618,023</u>	<u>1,015,128,889</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	79,154,745	71,580,176	91,625,067
Others	<u>8,344,959</u>	<u>8,333,465</u>	<u>8,915,470</u>
Subtotal	<u>87,499,704</u>	<u>79,913,641</u>	<u>100,540,537</u>
Total	<u>\$ 691,255,996</u>	<u>961,531,664</u>	<u>1,115,669,426</u>

(i) Equity investments measured at fair value through other comprehensive income

Some of the equity instruments held by the Company and its subsidiaries are not for the purpose of trading; therefore, they have been classified as investment in equity instruments designated at fair value through other comprehensive income.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Dividend income from abovementioned financial assets measured at fair value through other comprehensive income was as follows:

	For the three months ended	
	March 31	
	2023	2022
Derecognized during the period	\$ 28,869	-
Held at the end of the period	289,760	198,502
	<u>\$ 318,629</u>	<u>198,502</u>

The Company and its subsidiaries have sold the stocks designated as at fair value through other comprehensive income for the consideration of assets allocation, management and reconciliation of the portfolios.

	For the three months ended	
	March 31	
	2023	2022
Fair value	\$ 3,308,502	1,939,712
Accumulated (losses) gains on disposal (after tax)	\$ (379,915)	128,420

- (ii) Information of credit risk (including the impairment assessment of debt investments and the change of the loss allowance) and market risk, please refer to note 6 (ai) for details.
- (iii) The guarantee of the financial assets measured at fair value through other comprehensive income provided as pledged assets, please refer to note 8 for details.
- (iv) The above assets held under repurchase agreement were as followings:

	March 31, 2023	December 31,	March 31, 2022
		2022	
Carrying amount	\$ <u>10,799,248</u>	<u>24,349,067</u>	<u>21,279,893</u>

- (v) Fubon Life Insurance and its subsidiaries changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12 (h).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(e) Debt Investments Measured at Amortized Cost

	March 31, 2023	December 31, 2022	March 31, 2022
Government bonds	\$ 489,196,026	434,433,780	409,019,972
Corporate bonds	1,650,204,408	1,419,907,851	1,344,740,194
Financial bonds	1,085,358,142	1,018,981,633	954,613,994
Negotiable certificates of deposits	348,126,867	325,055,368	382,017,721
Beneficiary securities	92,742,750	82,973,705	77,897,673
Structured products	57,963,065	58,020,876	57,984,496
Others	17,694,644	26,268,836	15,051,045
Less: Guarantee deposits	<u>6,446,683</u>	<u>6,446,087</u>	<u>6,444,276</u>
Subtotal	3,734,839,219	3,359,195,962	3,234,880,819
Less: Loss allowance	<u>3,318,745</u>	<u>2,849,419</u>	<u>3,256,909</u>
Total	<u><u>\$ 3,731,520,474</u></u>	<u><u>3,356,346,543</u></u>	<u><u>3,231,623,910</u></u>

- (i) The current gains or losses on sale of financial assets measured at amortized cost and the carrying amount of derecognition were as follows:

	For the three months ended March 31	
	2023	2022
Carrying amount of derecognition	<u>\$ 6,948,118</u>	<u>95,565,212</u>
Current gains recognized	<u>\$ 145,464</u>	<u>6,248,241</u>

- (ii) The reasons for the Company and its subsidiaries to sell the abovementioned financial assets:

The Company and its subsidiaries sold partial financial assets measured at amortized costs, primary since the credit risk of bonds issuers increase as well as other sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

- (iii) For credit risk, the assessment of impairment and the change of loss allowance, please refer to note 6 (ai) for details.
- (iv) The guarantee of the debt investments measured at amortized cost provided as pledged assets, please refer to note 8 for details.
- (v) The above assets held under repurchase agreement were as followings:

	March 31, 2023	December 31, 2022	March 31, 2022
Carrying amount	<u>\$ 83,084,722</u>	<u>130,375,795</u>	<u>134,940,984</u>

- (vi) Fubon Life Insurance and its subsidiaries changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12 (h).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(f) Financial Instruments for Hedging

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial assets for hedging:			
Interest rate swap contracts	\$ 14,666,394	16,741,096	6,196,572
Foreign exchange swap contracts	1,368,567	2,226,971	489,147
Forward exchange contracts	15,737	4,919	11
Cross currency swap contracts	<u>173,231</u>	<u>331,974</u>	<u>2,806</u>
	<u>\$ 16,223,929</u>	<u>19,304,960</u>	<u>6,688,536</u>
Financial liabilities for hedging:			
Interest rate swap contracts	\$ 3,837,904	4,045,705	3,560,833
Foreign exchange swap contracts	1,095,717	1,355,157	1,851,534
Forward exchange contracts	102,623	98,784	-
Cross currency swap contracts	2,288,408	2,233,423	1,258,596
Call loans from banks	<u>6,547,796</u>	<u>5,189,570</u>	<u>3,071,712</u>
	<u>\$ 13,872,448</u>	<u>12,922,639</u>	<u>9,742,675</u>

(i) Fubon Life Insurance and its subsidiaries

1) Fair value hedges

Fubon Life Insurance and its subsidiaries hold foreign currency assets. This exposes Fubon Life Insurance and its subsidiaries to the risk that future fair value will fluctuate due to the change in the exchange rate. As Fubon Life Insurance and its subsidiaries assessed that the potential risks could be significant in the future, cross currency swap contracts, forward exchange contracts and foreign exchange swap contracts were contracted for hedging purposes.

2) Cash flow hedges

The assets of Fubon Life Insurance and its subsidiaries bear floating interest rate and fixed interest rate. This exposes Fubon Life Insurance and its subsidiaries to the risk that the future outflow of those assets will fluctuate due to the change in market's interest rate and exchange rate. As Fubon Life Insurance and its subsidiaries assessed that the potential risks could be significant in the future, interest rate swaps and cross currency swaps were contracted for hedging purposes.

3) Hedges of a net investment in a foreign operation

There are foreign exchange differences arising from the difference between Fubon Life Insurance and its subsidiaries' own functional currency and that of their foreign operation, which may create a risk exposure. As Fubon Life Insurance and its subsidiaries assessed that the potential risks could be significant, forward exchange contracts were contracted for hedging purposes.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The amount of future cash flow, timing and uncertainty:

	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
March 31, 2023					
Fair value hedges					
Forward exchange					
Nominal amount	\$ 488,294	835,733	284,496	-	-
Average exchange rate (KRW/USD)	1,290.78	1,292.03	1,282.41	-	-
Nominal amount	\$ 3,352,142	1,150,871	-	-	-
Average exchange rate (TWD/USD)	30.86	31.23	-	-	-
Foreign exchange swap					
Nominal amount	\$ 5,945,162	10,606,320	19,873,151	16,962,285	-
Average exchange rate (KRW/USD)	1,357.32	1,266.55	1,297.39	1,286.54	-
Nominal amount	\$ -	4,883,592	2,414,395	-	-
Average exchange rate (TWD/USD)	-	29.64	29.17	-	-
Cross currency swap					
Nominal amount	\$ 912,129	3,464,935	9,630,993	-	-
Average interest rate	(0.05)%	0.01 %	0.29 %	-	-
Average exchange rate (KRW/USD)	1,127.10	1,119.16	1,154.35	-	-
Cash flow hedges					
Interest rate swap					
Nominal amount	\$ -	596,898	6,164,585	11,684,934	-
Average fixed interest rate	-	1.21 %	1.47 %	1.91 %	-
Cross currency swap					
Nominal amount	\$ -	-	2,624,333	5,493,670	-
Average interest rate	-	-	0.16 %	(0.74)%	-
Average exchange rate (KRW/USD)	-	-	1,184.82	1,315.45	-

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	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
December 31, 2022					
Fair value hedges					
Forward exchange					
Nominal amount	\$ 9,809	-	281,669	-	-
Average exchange rate (KRW/USD)	1,341.35	-	1,280.81	-	-
Nominal amount	\$ -	-	2,793,176	-	-
Average exchange rate (TWD/USD)	-	-	31.44	-	-
Foreign exchange swap					
Nominal amount	\$ 946,252	7,824,394	29,571,297	12,255,193	-
Average exchange rate (KRW/USD)	1,164.57	1,163.72	1,301.91	1,318.07	-
Nominal amount	\$ 77,416	-	7,766,392	-	-
Average exchange rate (TWD/USD)	29.75	-	29.55	-	-
Cross currency swap					
Nominal amount	\$ 1,514,738	1,968,899	14,657,711	-	-
Average interest rate	(0.09)%	(0.03)%	0.19 %	-	-
Average exchange rate (KRW/USD)	1,127.10	1,119.16	1,154.35	-	-
Cash flow hedges					
Interest rate swap					
Nominal amount	\$ -	-	6,256,129	12,260,735	-
Average fixed interest rate	-	-	1.39 %	1.92 %	-
Cross currency swap					
Nominal amount	\$ -	-	2,425,137	6,069,356	-
Average interest rate	-	-	0.28 %	(0.74)%	-
Average exchange rate (KRW/USD)	-	-	1,167.82	1,315.34	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
March 31, 2022					
Fair value hedges					
Forward exchange					
Nominal amount	\$ -	11,450	-	-	-
Average exchange rate (KRW/USD)	-	1,212.85	-	-	-
Foreign exchange swap					
Nominal amount	\$ 7,350,786	13,570,388	29,988,827	6,961,827	-
Average exchange rate (KRW/USD)	1,148.84	1,174.11	1,183.24	1,166.87	-
Nominal amount	\$ 1,051,771	6,101,328	10,645,781	-	-
Average exchange rate (TWD/USD)	27.49	27.75	27.76	-	-
Cross currency swap					
Nominal amount	\$ -	-	5,890,621	14,157,423	-
Average interest rate	-	-	(0.07)%	0.19 %	-
Average exchange rate (KRW/USD)	-	-	1,124.32	1,154.35	-
Cash flow hedges					
Interest rate swap					
Nominal amount	\$ -	-	-	17,938,312	-
Average fixed interest rate	-	-	-	1.74 %	-
Cross currency swap					
Nominal amount	\$ -	-	-	2,342,364	-
Average interest rate	-	-	-	0.28 %	-
Average exchange rate (KRW/USD)	-	-	-	1,167.82	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The hedging instruments used in hedging strategies were as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
		Assets	Liabilities		
March 31, 2023					
Fair value hedges					
— Forward exchange contracts	\$ 6,111,536	15,737	102,623	Financial assets / liabilities for hedging	(4,810)
— Foreign exchange swap contracts	60,684,905	1,368,567	1,095,717	Financial assets / liabilities for hedging	(1,491,323)
— Cross currency swap contracts	14,008,057	-	1,960,950	Financial liabilities for hedging	(570,727)
Cash flow hedges					
— Interest rate swap contracts	\$ 18,446,417	15,229	198,359	Financial assets / liabilities for hedging	(130,225)
— Cross currency swap contracts	8,118,003	173,231	327,458	Financial assets / liabilities for hedging	(293,768)
December 31, 2022					
Fair value hedges					
— Forward exchange contracts	\$ 3,084,654	4,920	98,784	Financial assets / liabilities for hedging	(104,955)
— Foreign exchange swap contracts	58,440,944	2,226,971	1,355,157	Financial assets / liabilities for hedging	(2,275,962)
— Cross currency swap contracts	18,141,348	-	2,008,993	Financial liabilities for hedging	(1,679,084)
Cash flow hedges					
— Interest rate swap contracts	\$ 18,516,864	38,781	267,089	Financial assets / liabilities for hedging	309,471
— Cross currency swap contracts	8,494,493	331,974	224,429	Financial assets / liabilities for hedging	(14,391)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2022
		Assets	Liabilities		
March 31, 2022					
Fair value hedges					
— Forward exchange contracts	\$ 11,450	11	-	Financial assets for hedging	(8,721)
— Foreign exchange swap contracts	75,670,708	489,147	1,851,534	Financial assets / liabilities for hedging	(459,942)
— Cross currency swap contracts	20,048,044	2,806	1,184,134	Financial assets / liabilities for hedging	(293,354)
Cash flow hedges					
— Interest rate swap contracts	\$ 17,938,312	77,561	76,112	Financial assets / liabilities for hedging	317,433
— Cross currency swap contracts	2,342,364	-	74,462	Financial liabilities for hedging	(61,051)

The information of designated hedged items was as follows:

Fair value hedges

	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
March 31, 2023									
Items designated as hedged									
Stocks	\$ 12,578,530	-	369,934	-	Financial assets measured at fair value through profit or loss	438,193	None	85,583	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	18,376,677	-	496,125	-	Financial assets measured at fair value through other comprehensive income	509,985	None	(1,256)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	49,361,232	-	1,186,436	-	Financial assets measured at amortized cost	1,196,450	None	(6,559)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for 2022	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
December 31, 2022									
Items designated as hedged									
Stocks	\$ 12,044,161	-	(408,742)	-	Financial assets measured at fair value through profit or loss	(64,726)	None	99,719	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	-	-	-	-	Financial assets measured at fair value through other comprehensive income	4,321	None	2,640	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	70,367,628	-	5,627,673	-	Financial assets measured at amortized cost	5,392,127	None	1,169,362	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2022	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
March 31, 2022									
Items designated as hedged									
Stocks	\$ 18,018,352	-	(64,676)	-	Financial assets measured at fair value through profit or loss	19,823	None	159,922	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	250,609	-	(2,141)	-	Financial assets measured at fair value through other comprehensive income	5,193	None	2,433	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	65,113,454	-	1,309,655	-	Financial assets measured at amortized cost	1,307,599	None	408,243	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Cash flow hedges

	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023	Provisions for cash flow hedge	The residual amount of provisions for cash flow that hedge no longer applies the hedging relation of hedging accounting	Changes in the value of the hedging instruments recognized in other comprehensive income	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss	The amount be reclassified from provision for cash flow hedge to profit or loss	The line item affected by reclassification in profit or loss
March 31, 2023								
Items designated as hedged								
Floating bonds	\$ (147,563)	(183,863)	Not applicable	96,872	2	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(51,697)	Interest revenue
Fixed interest rate bonds	280,756	177,717	Not applicable	(257,025)	-	Not applicable	277,231	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
December 31, 2022								
Items designated as hedged								
Floating bonds	\$ 528,182	(229,039)	Not applicable	(718,927)	330	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	87,144	Interest revenue
Fixed interest rate bonds	(1,032,372)	157,512	Not applicable	140,767	-	Not applicable	(12,795)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2022	Provisions for cash flow hedge	The residual amount of provisions for cash flow that hedge no longer applies the hedging relation of hedging accounting	Changes in the value of the hedging instruments recognized in other comprehen- sive income	Ineffective hedges recognized in profit or loss	The line item of hedge ineffective- ness included in profit or loss	The amount be reclassified from provision for cash flow hedge to profit or loss	The line item affected by reclassifi- cation in profit or loss
March 31, 2022								
Items designated as hedged								
Floating bonds	\$ 415,780	2	Not applicable	(463,923)	1,046	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	61,181	Interest revenue
Fixed interest rate bonds	62,493	57,195	Not applicable	(34,313)	-	Not applicable	61,968	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

The reconciliation of each component of equity applying hedging accounting and an analysis of other comprehensive income of Fubon Life Insurance and its subsidiaries were as follows:

	Provisions for cash flow hedges		Foreign currency translation reserve from net investment in foreign operation	
	For the three months ended March 31		For the three months ended March 31	
	2023	2022	2023	2022
Beginning balance	\$ (71,527)	432,284	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedges				
Changes in the value of the hedging instruments recognized in other comprehensive income		(160,153) (498,236)	-	-
The amount be reclassified from provisions for cash flow hedges to profit or loss		225,534 123,149	-	-
Ending balance	<u>\$ (6,146)</u>	<u>57,197</u>	<u>(19,503)</u>	<u>(19,503)</u>

Note: The sheet is prepared on the basis of overall changes of Fubon Life Insurance and its subsidiaries (including non-controlling interests) during the reporting period.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Taipei Fubon Bank and its subsidiaries

Fair value hedges

Taipei Fubon 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 and bank debentures issued. Since the risk is considered material, Taipei Fubon Bank and its subsidiaries enter into interest rate swap contracts to hedge against this risk.

The foreign currency-denominated stocks and REITs held by Taipei Fubon Bank and its subsidiaries which are exposed to the risk of fair value fluctuations, due to changes in exchange rates when foreign currencies are converted into functional currencies. Taipei Fubon Bank and its subsidiaries assess that there would be significant risks, therefore, they use call loans from other banks in the same currency for hedging.

The information of fair value hedge was as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
		Assets	Liabilities		
March 31, 2023					
Fair value hedges					
— Interest rate swap contracts	\$ 188,617,809	7,268,478	3,616,276	Financial assets / liabilities for hedging	(1,111,122)
— Call loans from banks	6,547,796	-	6,547,796	Financial liabilities for hedging	81,930
December 31, 2022					
Fair value hedges					
— Interest rate swap contracts	\$ 184,123,148	8,543,867	3,778,616	Financial assets / liabilities for hedging	9,085,309
— Call loans from banks	5,189,570	-	5,189,570	Financial liabilities for hedging	(83,108)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2022
		Assets	Liabilities		
March 31, 2022					
Fair value hedges					
— Interest rate swap contracts	\$ 181,697,793	2,662,096	3,381,819	Financial assets / liabilities for hedging	3,679,291
— Call loans from banks	3,071,711	-	3,071,711	Financial liabilities for hedging	(102,049)
					Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
		<u>Carrying amount</u>		<u>Accumulated adjustment of fair value</u>	
		<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
March 31, 2023					
Hedged items					
Interest rate risk					
Financial bonds payable	\$ -	67,006,300	-	(2,596,012)	(301,986)
Financial assets measured at fair value through other comprehensive income — government bonds	455,976	-	(9,330)	-	(2,396)
Financial assets measured at fair value through other comprehensive income — corporate bonds	302,268	-	(2,299)	-	1,415
Financial assets measured at fair value through other comprehensive income — financial bonds	1,651,364	-	(109,019)	-	15,332
Financial assets measured at amortized cost — government bonds	19,328,309	-	(21,494)	-	205,573
Financial assets measured at amortized cost — corporate bonds	74,444,805	-	(4,602,587)	-	920,780
Financial assets measured at amortized cost — financial bonds	20,376,146	-	(1,492,759)	-	272,391

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
	Assets	Liabilities	Assets	Liabilities	
	March 31, 2023				
Hedged items					
Exchange rate risk					
Financial assets measured at fair value through other comprehensive income—stocks	\$ 1,222,583	-	(4,077)	-	(40,401)
Financial assets measured at fair value through other comprehensive income—REITs	4,869,953	-	5,255	-	(41,529)
	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2022
	Assets	Liabilities	Assets	Liabilities	
December 31, 2022					
Hedged items					
Interest rate risk					
Financial bonds payable	\$ -	66,658,971	-	(2,906,349)	3,917,662
Financial assets measured at fair value through other comprehensive income—government bonds	147,664	-	(6,819)	-	(8,963)
Financial assets measured at fair value through other comprehensive income—corporate bonds	304,867	-	(3,746)	-	(12,168)
Financial assets measured at fair value through other comprehensive income—financial bonds	1,652,204	-	(124,867)	-	(145,775)
Financial assets measured at amortized cost—government bonds	16,508,476	-	(222,628)	-	(2,215,046)
Financial assets measured at amortized cost—corporate bonds	72,159,988	-	(5,533,859)	-	(8,459,291)
Financial assets measured at amortized cost—financial bonds	20,315,117	-	(1,768,884)	-	(2,151,127)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2022
	Assets	Liabilities	Assets	Liabilities	
December 31, 2022					
Hedged items					
Exchange rate risk					
Financial assets measured at fair value through other comprehensive income—stocks	\$ 648,490	-	36,323	-	36,323
Financial assets measured at fair value through other comprehensive income—REITs	4,247,226	-	46,785	-	46,785
	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2022
	Assets	Liabilities	Assets	Liabilities	
March 31, 2022					
Hedged items					
Financial bonds payable	\$ -	67,078,047	-	(1,302,257)	2,341,670
Financial assets measured at fair value through other comprehensive income—government bonds	141,459	-	(2,376)	-	(4,780)
Financial assets measured at fair value through other comprehensive income—corporate bonds	290,152	-	2,304	-	(6,143)
Financial assets measured at fair value through other comprehensive income—financial bonds	1,936,399	-	(58,008)	-	(85,526)
Financial assets measured at fair value through other comprehensive income—stocks	577,590	-	6,924	-	6,924
Financial assets measured at fair value through other comprehensive income—REITs	2,494,121	-	95,125	-	95,125
Financial assets measured at amortized cost—government bonds	18,025,279	-	1,004,068	-	(948,850)
Financial assets measured at amortized cost—corporate bonds	74,525,527	-	(844,616)	-	(3,874,650)
Financial assets measured at amortized cost—financial bonds	22,015,476	-	(681,762)	-	(1,099,020)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Impact of profit or loss	Gains (losses) on ineffective hedges recognized in profit or loss		The line item in the Statements of Comprehensive Income for Comprehensive Income for ineffective portion	
	For the three months ended March 31			
	2023	2022		
Fair value hedges				
Interest rate risk				
Financial bonds payable	\$	(13)	1,992	Gains or losses on financial assets or liabilities measured at fair value through profit or loss

(iii) Fubon Bank (Hong Kong) and its subsidiaries

Fair value hedges

Financial assets bearing fixed interest rate may be exposed to the risk of fluctuation in fair value because of the changes in interest rates. Therefore, Fubon Bank (Hong Kong) and its subsidiaries entered into interest rate swap contracts to hedge such interest rate risks.

The amount of future cash flow, timing and uncertainty:

	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
March 31, 2023					
Fair value hedges					
Interest rate swap					
Nominal amount	\$ 2,461,961	3,808,727	10,078,620	64,408,200	26,320,492
Average fixed interest rate	3.61 %	3.30 %	4.19 %	3.34 %	3.00 %
December 31, 2022					
Fair value hedges					
Interest rate swap					
Nominal amount	\$ 1,784,457	2,553,619	14,577,167	57,876,454	25,822,841
Average fixed interest rate	3.42 %	3.52 %	3.80 %	3.29 %	3.04 %
March 31, 2022					
Fair value hedges					
Interest rate swap					
Nominal amount	\$ 2,232,352	6,876,397	10,482,815	56,643,838	24,818,836
Average fixed interest rate	4.41 %	4.44 %	3.68 %	3.39 %	3.07 %

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The hedging instruments used in hedging strategies were as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
		Assets	Liabilities		
March 31, 2023					
Fair value hedges					
Interest rate risk					
— Interest rate swap contracts	\$ 107,078,000	7,386,118	26,698	Financial assets/ liabilities for hedging	-
December 31, 2022					
Fair value hedges					
Interest rate risk					
— Interest rate swap contracts	\$ 102,614,539	8,158,447	-	Financial assets/ liabilities for hedging	(3,294)
March 31, 2022					
Fair value hedges					
Interest rate risk					
— Interest rate swap contracts	\$ 101,054,237	3,456,915	102,903	Financial assets / liabilities for hedging	(2,958)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The information of designated hedged items was as follows:

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for first quarter of 2023
	Assets	Liabilities	Assets	Liabilities	
	March 31, 2023				
Hedged items					
Financial assets measured at amortized cost—financial bonds	\$ 101,224,695	-	(6,166,967)	-	4,492
December 31, 2022					
Hedged items					
Financial assets measured at amortized cost—financial bonds	\$ 96,323,257	-	(7,418,217)	-	(2,777)
March 31, 2022					
Hedged items					
Financial assets measured at amortized cost—financial bonds	\$ 99,540,295	-	(2,971,402)	-	638

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Securities Purchased Under Resell Agreements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Securities purchased under resell agreements	\$ <u>106,346,503</u>	<u>94,887,192</u>	<u>126,230,430</u>

The maturity of abovementioned securities purchased under resell agreements were all within one year.

(h) Receivables

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accounts receivable – credit card	\$ 62,000,779	66,845,669	53,756,362
Accounts receivable – forfeiting	1,441,399	912,517	1,611,661
Notes receivable, accounts receivable and acceptance	23,779,207	21,241,848	26,434,914
Accounts receivable – factoring	23,509,630	20,471,156	18,287,575
Interest receivable	51,962,378	52,356,164	44,340,483
Revenues receivable	4,335,170	4,096,906	3,672,060
Premiums receivable	5,400,800	3,173,325	4,724,021
Margin loans receivable	22,949,885	21,505,925	32,888,188
Accounts receivable – settlement	23,983,338	20,737,772	42,319,266
Others	<u>24,491,563</u>	<u>33,686,623</u>	<u>25,995,780</u>
Subtotal	243,854,149	245,027,905	254,030,310
Less: Allowance for doubtful accounts	<u>1,695,159</u>	<u>1,799,307</u>	<u>1,575,916</u>
Total	<u>\$ 242,158,990</u>	<u>243,228,598</u>	<u>252,454,394</u>

For credit risk, the assessment of impairment and the change of loss allowance, please refer to note 6 (ai) for details.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Discounts and Loans

	March 31, 2023	December 31, 2022	March 31, 2022
Discounts and overdrafts	\$ 4,205,930	3,755,707	4,929,386
Short-term advances	13,236,029	13,255,621	13,053,614
Accounts receivable – financing	1,931,502	1,883,360	2,832,782
Short-term loans	328,127,935	346,232,264	427,856,592
Short-term secured loans	188,591,871	191,764,390	177,941,956
Medium-term loans	360,127,923	384,702,556	364,122,983
Medium-term secured loans	250,451,558	250,614,345	253,717,383
Long-term loans	148,091,765	138,933,337	102,098,906
Long-term secured loans	1,200,405,291	1,194,964,935	1,151,756,666
Insurance policy loans	71,595,569	73,429,784	72,506,227
Import and export bill negotiation	15,054,411	13,529,886	12,438,268
Nonperforming loans	4,983,004	5,382,661	5,182,198
Subtotal	2,586,802,788	2,618,448,846	2,588,436,961
Less: Allowance for doubtful accounts	30,970,617	31,511,378	30,626,344
Adjustments of premium and discount	533,017	459,992	430,327
Total	<u>\$ 2,555,299,154</u>	<u>2,586,477,476</u>	<u>2,557,380,290</u>

- (i) For credit risk, the assessment of impairment and the change of allowance for loss, please refer to note 6 (ai) for details.
- (ii) The movements of the allowance for doubtful accounts of loans and receivables were as follows:

	For the three months ended March 31, 2023			
	Receivables	Discounts and loans	Other financial assets	Total
Beginning balance	\$ 1,799,307	31,511,378	1,313,214	34,623,899
Allowance for doubtful accounts	948	550,404	540,753	1,092,105
Write-off	(100,306)	(1,169,081)	(84,991)	(1,354,378)
Recovery from write-off	6,982	126,595	63,444	197,021
Effects of exchange rate changes and others	(11,772)	(48,679)	8,573	(51,878)
Ending balance	<u>\$ 1,695,159</u>	<u>30,970,617</u>	<u>1,840,993</u>	<u>34,506,769</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2022			
	Receivables	Discounts and loans	Other financial assets	Total
Beginning balance	\$ 1,514,401	29,797,686	499,826	31,811,913
Allowance for doubtful accounts	50,759	945,270	109,458	1,105,487
Write-off	(13,579)	(538,100)	(42,549)	(594,228)
Recovery from write-off	8,209	155,685	71,079	234,973
Effects of exchange rate changes and others	16,126	265,803	1,703	283,632
Ending balance	\$ 1,575,916	30,626,344	639,517	32,841,777
 (j) Reinsurance Contract Assets				
	March 31, 2023	December 31, 2022	March 31, 2022	
Claims recoverable from reinsurers	\$ 5,391,111	8,173,867	3,013,738	
Due from reinsurers and ceding companies	23,145,170	17,254,031	6,940,773	
Subtotal	28,536,281	25,427,898	9,954,511	
Reinsurance reserve assets:				
Ceded unearned premium reserve	9,588,817	8,301,246	9,228,761	
Ceded claim reserve	12,312,358	14,552,211	10,220,139	
Ceded premium deficiency reserve	87,829	105,181	143,360	
Ceded liability reserve	2,500	3,027	2,760	
Subtotal	21,991,504	22,961,665	19,595,020	
Total	\$ 50,527,785	48,389,563	29,549,531	

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Investments Accounted for Using Equity Method

The financial information of the individually immaterial associates accounted for using the equity method was summarized below. The financial information was included in the consolidated financial statements of the Company and its subsidiaries.

	March 31, 2023	December 31, 2022	March 31, 2022
Xiamen Bank Co., Ltd.	\$ 18,346,396	17,719,167	17,153,503
Fubon Construction Management Co., Ltd.	135,787	136,359	142,870
Line Biz+ Taiwan Co., Ltd.	3,107,621	3,091,602	3,039,543
Fubon Health Management Co., Ltd.	22,236	24,046	26,573
Founder Fubon Fund Management Ltd.	340,535	337,280	359,800
CITIC Capital Holdings Ltd.	9,418,442	9,566,427	9,414,117
CITIC FUTONG Financial Leasing Ltd.	-	-	-
Teng Fu Bo Investment Ltd.	247,050	237,762	320,125
Star River Energy Corporation	228,435	226,152	230,444
Bravelog Sport Technology Co., Ltd.	-	-	-
Star Shining Energy Corporation	2,678,778	2,679,682	2,658,205
Wholex Max Green Power Co., Ltd.	358,673	359,133	356,291
Zhong An Life Insurance Ltd.	813,004	834,881	870,433
Line Bank Co., Ltd.	3,547,835	3,627,479	1,806,644
JihSun Securities Investment Trust Co., Ltd.	242,813	228,862	241,357
Hsin Ting Yi Hao Energy Corporation	298,759	149,773	149,589
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	2,695	2,701	2,985
Sichuan VipFubon Consumer Finance Ltd.	445,610	451,440	448,768
Hyundai Card Co., Ltd.	17,107,153	17,960,061	8,062,658
Aquastar Energy Corporation	179,858	179,852	-
	<u>\$ 57,521,680</u>	<u>57,812,659</u>	<u>45,283,905</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Attributable to the Company and its subsidiaries:		
Net income	\$ 667,851	312,613
Other comprehensive income	<u>54,202</u>	<u>71,569</u>
Total comprehensive income	<u>\$ 722,053</u>	<u>384,182</u>

The share of profit and ending balance of associates accounted for using equity method whose financial statements were not reviewed by independent auditors were as follows:

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
The share of profit of associates accounted for using equity method	<u>\$ 723,610</u>	<u>467,210</u>

	December 31,		
	<u>March 31, 2023</u>	<u>2022</u>	<u>March 31, 2022</u>
	Investments accounted for using equity method	<u>\$ 47,626,915</u>	<u>18,968,331</u>

In February 2022, and May 2022 the Company and its subsidiaries subscribed for Hyundai Card Co., Ltd. for \$10,251,762 thousand in cash, holding 20% of the equity interest, and the bargain purchase gain of \$6,629,207 thousand was recognized in the consolidated statement of comprehensive income as the net other non-interest revenue.

Line Bank Ltd. (Line Bank) processed a capital reduction of \$2.5 billion on June 28, 2022 (the base date of capital reduction), and then processed a cash capital increase of \$7.5 billion on June 29, 2022 (the base date of capital increase). Based on the shareholding ratio of the Company and its subsidiaries at 25.1%, the Company and its subsidiaries' 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 company and its subsidiaries held 407,750 thousand shares of Line Bank, and the shareholding ratio increased to 27.18%.

The Company and its subsidiaries discontinued to recognize their shares of further losses in CITIC FUTONG Financial Leasing Limited and Bravelog Sport Technology Co., Ltd. since they have not incurred any obligations to bear additional loss. The unrecognized loss and accumulated unrecognized loss were as follows.

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Unrecognized loss	<u>\$ 25,168</u>	<u>43,135</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Accumulated unrecognized loss	\$ <u>990,885</u>	<u>965,717</u>	<u>547,711</u>

As of March 31, 2023, the Company and its subsidiaries hold under 50% outstanding voting shares of Bravelog Sport Technology Co., Ltd. and is the single largest shareholder of the investees. However, the Company and its subsidiaries still cannot obtain more than half of the total number of the investees' directors, and also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company and its subsidiaries have significant influence on Bravelog Sport Technology Co., Ltd.

The Company and subsidiaries did not provide any investments accounted for using the equity method as collateral.

(l) Material non-controlling interest of subsidiaries

Information of material non-controlling interests of subsidiaries was as follows:

<u>Name of subsidiary</u>	<u>Main business office /Country of registry</u>	<u>Ownership interest and voting right of non- controlling interest</u>		
		<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Hyundai Life Insurance Co., Ltd.	South Korea	<u>22.60 %</u>	<u>22.60 %</u>	<u>22.60 %</u>
JihSun Financial Holding	Taiwan	<u>- %</u>	<u>- %</u>	<u>41.27 %</u>

Summarized financial information of the aforementioned subsidiaries was as follows, in which the presenting amounts were eliminated before the intra-company transactions between the Company and its subsidiaries, and the influence of the acquisition method occurred by the time the Company acquired aforementioned subsidiaries:

(i) Summarized financial information of Fubon Hyundai Life Insurance Co., Ltd.:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Total assets	\$ 455,512,385	511,577,972	481,411,049
Total liabilities	(439,251,288)	(500,237,727)	(452,237,486)
Non-common equity	<u>(2,468,550)</u>	<u>(2,465,815)</u>	<u>(2,381,653)</u>
Net assets	<u>\$ 13,792,547</u>	<u>8,874,430</u>	<u>26,791,910</u>
Equity attributable to non-controlling interest	<u>\$ 5,224,443</u>	<u>4,093,461</u>	<u>8,071,550</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	2023	2022
Net revenue	\$ <u>18,966,550</u>	<u>14,207,221</u>
Net income	\$ (521,343)	1,552,553
Other comprehensive income	5,447,639	(11,775,430)
Total comprehensive income	\$ <u>4,926,296</u>	<u>(10,222,877)</u>
Consolidated net income for the period attributable to non-controlling interests	\$ <u>(117,824)</u>	<u>350,877</u>
Consolidated other comprehensive income attributable to non-controlling interests	\$ <u>1,045,499</u>	<u>(2,290,952)</u>
Cash flows		
Operating activities	\$ <u>(8,940,496)</u>	<u>(14,909,307)</u>
Investing activities	\$ <u>(1,266,427)</u>	<u>212,618</u>
Financing activities	\$ <u>(3,976,271)</u>	<u>(21,097)</u>

(ii) Summarized financial information of JihSun Financial Holding

	March 31, 2022
Total assets	\$ 342,630,321
Total liabilities	(287,557,215)
Net assets	\$ <u>55,073,106</u>
Equity attributable to non-controlling interest	\$ <u>23,744,638</u>
	For the three months ended
	March 31, 2022
Net revenue	\$ <u>2,383,668</u>
Net income	\$ 757,136
Other comprehensive income	938,053
Total comprehensive income	\$ <u>1,695,189</u>
Consolidated net income for the period attributable to non-controlling interests	\$ <u>148,469</u>
Consolidated other comprehensive income attributable to non-controlling interests	\$ <u>276,663</u>
Cash flows	
Operating activities	\$ <u>(7,960,802)</u>
Investing activities	\$ <u>199,791</u>
Financing activities	\$ <u>(256,855)</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Other Financial Assets, Net

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Assets on insurance product— separate account	\$ 460,478,871	469,805,004	478,565,205
Margin deposits paid for borrowed securities	5,933,262	5,619,101	5,603,045
Collateral for borrowed securities	6,935	66,922	8,935
Overdue receivables	2,619,087	2,086,301	1,198,758
Customer margin deposit	29,084,523	31,438,437	32,588,012
Buy nonperforming loan	103,544	113,921	114,906
Deposits not qualifying as cash equivalents	13,480,703	14,503,969	19,836,370
Prepayments for investments	29,595	-	201,569
Others	<u>83,322</u>	<u>208,283</u>	<u>170,098</u>
Subtotal	511,819,842	523,841,938	538,286,898
Less: Guarantee deposits— others	2,468,163	2,464,546	2,484,868
Allowance for doubtful accounts	<u>1,840,993</u>	<u>1,313,214</u>	<u>639,517</u>
Total	<u>\$ 507,510,686</u>	<u>520,064,178</u>	<u>535,162,513</u>

- (i) For credit risk, the assessment of impairment and the change of allowance for loss, please refer to note 6 (ai) for details.
- (ii) The guarantee of the other financial assets provided as pledged assets, please refer to note 8 for details.
- (iii) Separate account— insurance product

Fubon Life Insurance and its subsidiaries' balances of separate account insurance product were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Assets on insurance product— separate account:			
Bank deposits	\$ 11,612,998	12,043,010	11,881,974
Financial assets measured at fair value through profit or loss	256,511,556	246,518,822	250,937,851
Receivables	<u>1,934,423</u>	<u>1,319,530</u>	<u>3,632,430</u>
Total	<u>\$ 270,058,977</u>	<u>259,881,362</u>	<u>266,452,255</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Liabilities on insurance product — separate account:			
Reserve — insurance contract	\$ 133,677,564	129,837,793	136,997,260
Reserve — investment contract	136,328,686	130,010,488	129,423,739
Payables	<u>52,727</u>	<u>33,081</u>	<u>31,256</u>
Total	<u>\$ 270,058,977</u>	<u>259,881,362</u>	<u>266,452,255</u>

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Separate account products revenues:		
Premiums income	\$ 3,109,354	4,719,779
Interest revenue	797,560	782,978
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	3,602,325	(5,538,028)
Gains (losses) on foreign exchange	<u>949</u>	<u>(153,474)</u>
Total	<u>\$ 7,510,188</u>	<u>(188,745)</u>
Separate account products expenses:		
Net changes in reserve, Insurance contract	\$ 4,050,487	(4,127,001)
Insurance claims and payment	2,515,970	3,031,643
Administrative expenses	918,657	907,039
Other disbursements	<u>25,074</u>	<u>(426)</u>
Total	<u>\$ 7,510,188</u>	<u>(188,745)</u>

The amounts of Fubon Life Insurance and its subsidiaries earned sales commission in investment-oriented insurance products from counterparties were as follows (recognized as net service charge and commissions loss):

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Rebate	<u>\$ 166,670</u>	<u>169,051</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Balances of corporate and individual annuity insurance products of Fubon Life Insurance's subsidiaries are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Assets on corporate and individual annuity insurance products - separate account :			
Bank deposits	\$ 7,063,081	2,586,365	2,752,851
Financial assets measured at fair value through profit or loss	15,424,186	16,055,614	20,336,409
Financial assets measured at fair value through other comprehensive income	126,964,642	127,098,518	154,592,764
Financial assets for hedging	1,088,558	1,778,258	136,791
Loan	31,902,777	33,641,356	32,127,027
Interest receivables	1,196,005	1,217,800	1,408,096
Other receivables	6,780,645	27,545,731	759,012
Total	<u>\$ 190,419,894</u>	<u>209,923,642</u>	<u>212,112,950</u>
Liabilities on corporate and individual annuity insurance products - separate account:			
Financial liabilities for hedging	\$ 2,090,654	2,129,372	2,169,009
Other payables	98,141	13,653,153	1,110,610
Insurance separate account value reserve	210,237,786	201,055,408	219,707,360
Short-term debt	-	20,769,750	-
Total	<u>\$ 212,426,581</u>	<u>237,607,683</u>	<u>222,986,979</u>
		For the three months ended March 31	
		<u>2023</u>	<u>2022</u>
Revenues on corporate and individual annuity insurance products - separate account:			
Interest revenue	\$	1,606,161	1,527,603
Gains on financial assets or liabilities measured at fair value through profit or loss		390,578	405,736
Gains on financial assets or liabilities measured at fair value through comprehensive profit or loss		-	75,614
Reversal of ECL on investments		15,694	29,127
Gains on foreign exchange		1,642,742	1,197,795
Other revenues		817,665	9,082
Total	<u>\$</u>	<u>4,472,840</u>	<u>3,244,957</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31	
	2023	2022
Expenses on corporate and individual annuity insurance products - separate account:		
Insurance claims and payment	\$ -	1,578
Insurance value reserve provisions - separated account	2,241,100	1,156,288
Losses on financial assets or liabilities measured at fair value through profit or loss	1,627,239	1,668,629
Expected credit losses on investments	6,036	9,233
Losses on foreign exchange	68,716	63,025
Administrative expenses	389,617	343,534
Other expenses	140,132	2,670
Total	\$ 4,472,840	3,244,957

Fubon Life Insurance and its subsidiaries have provided following government bonds and corporate bonds as collateral for financial instrument transaction:

Account	March 31, 2023	December 31, 2022	March 31, 2022
Financial assets measured at fair value through other comprehensive income	\$ 1,594,952	1,303,589	3,328,379

(n) Investment Property

	Land and improvements	Buildings	Investment property under construction	Prepayment for investment property	Right-of-use assets	Total
Balance as of January 1, 2023	\$ 189,220,428	55,516,830	15,183,425	1,163,737	44,742,058	305,826,478
Additions	(263)	570	807,694	66,594	-	874,595
Disposals	(4,813)	(8,477)	-	-	-	(13,290)
Reclassification	23,057	4,902	83,829	-	-	111,788
Gains (losses) generated from fair value adjustments	5,588,041	(4,184,027)	-	-	(333,139)	1,070,875
Effects of exchange rate changes	179,427	315,275	-	-	22,390	517,092
Balance as of March 31, 2023	\$ 195,005,877	51,645,073	16,074,948	1,230,331	44,431,309	308,387,538
Balance as of January 1, 2022	\$ 192,485,319	54,663,434	9,775,163	199,889	45,928,224	303,052,029
Additions	42	(10,892)	1,195,775	77,692	-	1,262,617
Reclassification	441,995	33,154	83,344	(127,757)	-	430,736
Gains (losses) generated from fair value adjustments	502,884	(786,681)	-	-	(399,118)	(682,915)
Reclassification	-	-	-	-	300,300	300,300
Effects of exchange rate changes	253,785	360,615	-	-	14,026	628,426
Balance as of March 31, 2022	\$ 193,684,025	54,259,630	11,054,282	149,824	45,843,432	304,991,193

Please refer to note 6 (p) for the details of lease liabilities of superificies.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Rental revenue incurred for investment properties, direct operation expenses, and direct operation expenses belonging to investment properties were as follows:

	For the three months ended	
	March 31	
	2023	2022
Rental revenue	\$ 1,962,143	1,896,914
Direct operation expenses	\$ 510,425	400,509
Direct operation expenses belonging to investment properties that did not generate rental income	\$ 45,427	39,216

Investment properties are primary for rental purposes and all of which are operating leases. Main content of such contracts is the same as the terms of general lease contracts.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	\$ 7,883,043	7,818,197	7,622,214
One to two years	7,244,739	7,355,359	6,748,683
Two to three years	6,175,481	6,444,793	5,821,928
Three to four years	5,136,708	5,118,938	4,991,658
Four to five years	4,336,810	4,656,236	4,089,680
More than five years	23,996,147	24,538,825	21,622,579
	\$ 54,772,928	55,932,348	50,896,742

Certain investment properties were pledged as collateral, please refer to note 8 for details.

Major contents of investment property of subsidiaries are listed separately as follows:

(i) Fubon Life Insurance and its subsidiaries

Fubon Life Insurance and its subsidiaries' investment property appraisal has been performed by appraisers from professional valuation agencies based on the "Regulations on Real Estate Appraisal" in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Companies", and the valuation dates were March 31, 2023, December 31 and March 31, 2022.

- 1) DTZ: Li Gen-Yuan, Cai Jia-Han, Hu Chun-Chun and Yang Chang Da
- 2) Savills Plc: Dai Guang-Ping, Chang Hung-Kai, Chang I-Chih, Yeh Yu-Fen, Yeh Shih-Yu
- 3) Repro International Inc.: Wu Hung-Hsu, Tsai You-Xiang, Hsu Hsiang-I

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) Jin Han Real Estate Appraisers Joint Firm: Wu Yu-Chun, Hung Chi-Hsiang, Chen I-Chun
- 5) G-Bean Real Estate Appraisers Firms: Chang Neng-Cheng, Li Fang-Cheng, Lai Jin-Wei
- 6) Colliers International Valuation Taiwan LLP: Ke Feng-Ru, Zhan Xiu-Ying, Gu Jian-Hui
- 7) Hong Bang Real Estate Appraisers Firms: Li Ching-Tang
- 8) CBRE Limited and CBRE Limited: Shih Fu-Syue, Li Jhih-Wei, Jonathan White, Max Tulley, Edward Higgins, Luke Heracleous
- 9) Jones Lang LaSalle Limited and Jones Lang LaSalle Limited: Ciou Bo-Lun, Hsu Kuo-Chun, You Shu-Fen, Andrew Pirie, Elizabeth Levingston, Roger Meeds
- 10) Colliers International Valuation (Taiwan) Ltd., Daeil Appraisal Board and Colliers International (Hong Kong) Limited: Ku Chien Hui, Hannah Jeong and Kyoungdo Lee
- 11) CBRE Taiwan and CBRE Limited and CBRE Korea Co., Ltd.: Shi Fu Xue, Li Zhi Wei and Alex Chan
- 12) DTZ & Cushman & Wakefield Belgium SA: Yang Chang-Da, Emeric Inghels, Gregory Lamarche
- 13) Savills Plc, Pacific Appraisal Co., Ltd. Savills Belux Group sa: Chang Hung-Kai Melchior de La Pom é lie, David Poole
- 14) Savills Plc and Savills Immobilien Beratungs-GmbH: Chang I-Chih, Christian Glock, Thomas Berger
- 15) Repro International Inc., Knight Frank LLP and Knight Frank Valuation & Advisory GmbH & Co. KG: Wu Hung-Hsu, Caroline Bathgate, Christoph Gerlinger
- 16) Colliers International Valuation Taiwan LLP and Colliers International Valuation GmbH: Ku Chien Hui, Kamill Georg Wipyewski, Robert Becker, Dmitry Stul
- 17) DTZ and C&W (U.K.) LLP German Branch: Yang Chang-Da, Martin Belik, Peter Fleischmann

The fair value of investment property is based on a valuation by professional evaluation agency and supported and "Regulations Governing the Preparation of Financial Reports by Insurance Companies" by market evidence. Appraising methods include the comparison approach, income approach (including direct capitalization method and discount cash flow (DCF) method), cost approach, land development analysis of cost approach, and replacement cost method and so on.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Commercial office buildings are appraised mainly using the comparison approach and income approach because of the market liquidity, and easier access to comparable sales and rental cases in the neighboring areas. Marketplaces, hotels and department stores, depending on their characteristics, terms of rental contracts and reference of similar cases are generally appraised using the comparison approach as a primary method as well as cost approach, and direct capitalization method and DCF method of the income approach. Special real estates, such as combinative marketplaces with hotels, or those currently used as hospitals, are appraised mainly by cost approach, as well as comparison approach, and direct capitalization method and DCF method of income approach.

Superficies are appraised using the comparison approach, price rate approach, land development analysis of cost approach, and DCF analysis approach. Factories and buildings planned for urban renewal are appraised by comparison approach, cost approach and land development analysis approach. After vacant land and superficies are developed, they are appraised by the abovementioned approaches according to nature of the completed building.

The inputs applied are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
	Mainly	Mainly	Mainly
Income capitalization rate	0.25%~5.85%	0.25%~5.75%	0.25%~5.12%
Year-end income capitalization rate	1.70%~6.00%	1.70%~5.90%	1.75%~6.35%
Discount rate	2.87%~8.25%	2.82%~8.25%	2.10%~8.15%

Professional valuation agencies use the market extraction method, search several comparable properties similar to the subject property, and consider the liquidity risk and future disposal risk premium to decide on the income capitalization rate and discount rate. The discount rate of investment properties acquired after May 11, 2020 was in accordance with the amended "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises".

Fubon Life Insurance and its subsidiaries acquired the land on Nangang Yucheng Section in June 2020 and land for road capacity transfer in April 2022. The registration of aforementioned land was transferred to Taipei City Government. In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises applicable on or after May 11, 2020, the land does not meet the criteria set out by Regulation to be measured at fair value, therefore they shall be accounted for in accordance with IAS 40 paragraph 53 and be measured at cost. As of March 31, 2023, December 31 and March 31, 2022, the cost to acquire the investment property are \$28,299,074 thousand.

The investment properties held by Fubon Life Insurance and its subsidiaries are subsequently measured at fair value model, and categorized into Level 3. The appraising methods adopted by professional valuation agencies are: (a) direct capitalization of income approach: when the main input, direct capitalization rate increases, the fair value will decrease, and vice versa; (b) discounted cash flow analysis of income approach: when the main inputs, discount rate and year-end income capitalization rate increase, the fair value will decrease, and vice versa.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Fubon Insurance

Fubon Insurance investment property appraisals were performed by appraisers from professional valuation agencies based on the “Regulations on Real Estate Appraisal” in accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Companies”, and valuation dates were March 31, 2023, December 31 and March 31, 2022.

Valuation agencies as of March 31, 2023 and 2022 were as follows:

- 1) Hong Bang Real Estate Appraisers Firms: Li Ching-Tang
- 2) Kao Yuan Real Estate Appraisers Firms: Chen Bi-Yuan

Valuation agencies as of December 31, 2022 were as follows:

- 1) Hong Bang Real Estate Appraisers Firms: Li Ching-Tang
- 2) Kao Yuan Real Estate Appraisers Firms: Chen Bi-Yuan, Liu Yi-Bo, Qiu Yi-Zhong

The fair value of investment property is based on a valuation performed by professional evaluation agency and supported by external market evidence. Appraising methods include the comparison approach, income approach, cost approach and land development analysis of cost approach. Commercial office buildings are appraised using the comparison approach and income approach mostly because of the market liquidity, comparable sales and rental cases in the neighboring areas. Townhouses and land are appraised using the cost method because rare cases of income generated from land and big income gap resulted from different building structure lead to poor accuracy and degree of confidence. The developing land is appraised using comparison approach and land development analysis approach.

The inputs applied are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Direct capitalization rate (net)	0.858%~4.65%	0.858%~4.65%	1.52%~4.65%
Profit rate	18.00%~22.00%	18.00%~22.00%	18.00%~22.00%
Overall capital interest rate	2.19%~2.97%	2.19%~2.97%	1.86%~2.56%

External appraisers use the market extraction method, search several comparable properties similar to the subject property, and consider the liquidity risk and future disposal risk premium to decide on the direct capitalization rate and discount rate.

(iii) Taipei Fubon Bank

Investment properties are leased out as operating leases with terms of three to ten years. Some of lease contracts included contingent rent clauses. Taipei Fubon Bank can adjust the rent price on a fixed ratio every year.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The fair values of the investment properties as of December 31, 2022 and 2021 were based on the valuations carried out at these dates performed 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 member of certified ROC real estate appraisals.

Taipei Fubon Bank has consulted the appraisers about the effectiveness of the original appraisal report. As of March 31, 2023 and 2022, the fair values of the aforementioned investment property at December 31, 2022 and 2021 were considered valid, respectively.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Expected future cash inflows	\$ 4,479,937	4,502,348	4,353,734
Expected future cash outflows	<u>(158,822)</u>	<u>(162,709)</u>	<u>(152,995)</u>
Expected future cash inflows, net	<u>\$ 4,321,115</u>	<u>4,339,639</u>	<u>4,200,739</u>
Discount rate	3.845%	3.595%	3.595%

The market rentals in the area where the investment property is located were between \$1 thousand and \$20 thousand per ping (i.e. 1 ping = 3.3 square meters).

The expected future cash inflows generated by investment property included rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Taipei Fubon Bank's current rental rate and market rent price, taking into account the annual rental growth rate; and the income analysis covers a 10-year period. The interest income on rental deposits was extrapolated using the interest rate for one-year time deposit, and the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment property included expenditures such as land value taxes, house taxes, insurance premium and maintenance costs. These expenditures were extrapolated on the 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 and building and construction expense.

As of March 31, 2023, December 31 and March 31, 2022, the discount rate was based on the interest rate of the two-year time deposits of Chunghwa Post Co., Ltd., plus, 0.75%, and the investment asset-specific risk premiums of 2%.

(iv) Fubon Securities

Investment property of Fubon securities was evaluated by appraisers from professional valuation agencies, in accordance with the "Regulations on Real Estate Appraisal", and the valuation dates were December 31, 2022 and 2021. Fubon Securities has consulted the appraisers about the effectiveness of the original appraisal report. As of March 31, 2023 and 2022, the fair value of the aforementioned investment property at December 31, 2022 and 2021 were considered valid, respectively. The appraisals were performed by the following valuation agencies.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The appraisers were Tsai You-Xiang and Hsu Hsiang-I from Repro International Inc. on December 31, 2022.

The appraisers were Chih Wei-Shin, Wang Shih-Ming, Chi Liang-An and Tsai Wen-Che from Xinyi Real Estate Appraisers Firm on December 31, 2021.

The fair value of investment property is supported by observable evidence in the market. Appraising method is mainly the DCF method of income approach.

The commercial office building and the terrace shops have market liquidity, and the rental market is similar to that of the neighboring areas. Therefore, the evaluation method is based on the DCF method of the income method.

As of March 31, 2023 and 2022, reasonable rents are based on the current market practice, assuming that the rent level is adjusted by 0.5%~1.5% and 0.17%~0.25% per year, estimating the total revenue of the subject property, deducting the loss of revenue due to idle and other reasons, then estimate the operating expenses.

In accordance with the R.O.C. Real Estate Appraiser Alliance Statement No.5, the total assessed present value of the house is calculated based on the reference table of the assessed present value of house in each county and city, using the area of the property rights (including public facilities), which is subject to the appraisal, and the house tax is calculated by referring to the tax rates stipulated in the Regulations of House Tax.

The land value tax is to assess the future announced land value of the subject land with reference to the changes in the announced land value of the subject land in recent years.

The replacement allowance is calculated in accordance with R.O.C. Real Estate Appraiser Alliance Statement No.5. It is amortized over 10 to 20 years at the rate of 10%~20% of building and construction expenses in principle.

The inputs applied are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Discount rate	3.75%~4.20%	3.75%~4.20%	2.095%~4.095%

The decision of discount rate is based on risk premium method, the consideration on time deposit rates, government bond rates, risk of real estate investment, changes of currencies, changes in real estate prices, etc. Discount rate is based on the two-year time deposit floating rate below ten million of Chunghwa Post Co., Ltd., in consideration of the earning position, liquidity, risk, increment and the difficulty of management, plus, risk premium, in accordance with Rule No.9 of the “Regulations Governing the Preparation of Financial Reports by Securities Firms”. When the discount rate decreases, the fair value will increase, and vice versa.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Fubon AMC

Investment property of Fubon AMC was evaluated by appraisers from professional valuation agencies, in accordance with the “Regulations on Real Estate Appraisal”. The appraisals were performed by following valuation agencies:

Fubon AMC appointed appraisers Chen Ying Chen and Chuang Wei Chuan of Tian Yi Real Estate Appraisers Office, appraiser Yang Jun Wei of Zheng Da Real Estate Appraiser Office and appraisers Zhan Xiu Ying, Ke Feng Ru and Ku Chien Hui of Colliers International Real Estate Appraiser Office to appraise the investment property in accordance with the “Regulations on Real Estate Appraisal”. The appraisal dates were December 15, 2022, March 31, 2022 and December 31, 2021, respectively. Fubon AMC has consulted the appraisers about the effectiveness of the original appraisal report. As of March 31, 2023 and 2022, the aforementioned reports were still deemed valid, respectively.

The fair value of investment property is supported by observable evidence in the market. The main appraising method are comparison approach, direct capitalization method and land development analysis of cost approach.

Land foreclosures and undeveloped vacant land, as well as costs of vacant land, are appraised using the comparison approach and land development analysis. Selling price which is extrapolated using land development analysis is determined according to examples of market transaction. Considering their characteristics, profile of local property market and reference of similar investment properties, commercial office buildings are generally appraised using the comparison approach and direct capitalization method as primary method.

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Profit rate	20.00%	20.00%	16.00%~18.00%
Overall capital interest rate	3.46%~4.85%	3.46%~4.85%	1.86%~2.80%
Income capitalization rate	1.23%~3.89%	1.23%~3.89%	0.72%~3.44%

When the profit rate, an overall capital interest rate and the income capitalization rate decrease, the fair value will increase, and vice versa.

(o) Property and Equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Prepayment for purchases of equipment, and construction in progress</u>	<u>Total</u>
Cost or deemed cost:							
Balance as of January 1, 2023	\$ 38,509,910	30,817,584	10,127,508	395,114	13,600,899	1,566,654	95,017,669
Additions	-	3,263	229,436	2,430	219,490	384,870	839,489
Disposals	-	(728)	(726,583)	(7,553)	(160,610)	-	(895,474)
Reclassification	(20,914)	(2,501)	97,167	2,662	18,878	(171,204)	(75,912)
Effects of exchange rates changes	(2,366)	(35,717)	(29,785)	(280)	(86,571)	(91)	(154,810)
Balance as of March 31, 2023	<u>\$ 38,486,630</u>	<u>30,781,901</u>	<u>9,697,743</u>	<u>392,373</u>	<u>13,592,086</u>	<u>1,780,229</u>	<u>94,730,962</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Buildings	Machinery and computer equipment	Transportation equipment	Other equipment	Prepayment for purchases of equipment, and construction in progress	Total
Balance as of January 1, 2022	\$ 38,402,476	30,422,116	9,740,117	394,969	12,501,418	1,523,372	92,984,468
Additions	-	(143)	75,944	2,791	118,392	269,668	466,652
Disposals	-	(775)	(61,404)	(848)	(89,416)	-	(152,443)
Reclassification	(397,864)	(236,813)	22,145	520	46,608	(132,745)	(698,149)
Effects of exchange rates changes	670	372,405	49,825	3,658	158,154	43	584,755
Balance as of March 31, 2022	<u>\$ 38,005,282</u>	<u>30,556,790</u>	<u>9,826,627</u>	<u>401,090</u>	<u>12,735,156</u>	<u>1,660,338</u>	<u>93,185,283</u>
Depreciation and impairment loss:							
Balance as of January 1, 2023	\$ 1,016,417	10,231,656	7,974,701	338,341	10,184,408	-	29,745,523
Depreciations	-	177,997	206,252	5,715	247,862	-	637,826
Disposals	-	(728)	(719,630)	(7,437)	(157,087)	-	(884,882)
Reclassification	-	608	2,341	-	60	-	3,009
Effects of exchange rates changes	-	(10,421)	(21,655)	(190)	(62,879)	-	(95,145)
Balance as of March 31, 2023	<u>\$ 1,016,417</u>	<u>10,399,112</u>	<u>7,442,009</u>	<u>336,429</u>	<u>10,212,364</u>	<u>-</u>	<u>29,406,331</u>
Balance as of January 1, 2021	\$ 1,065,034	9,478,590	7,444,634	329,287	9,293,990	-	27,611,535
Depreciations	-	218,117	213,369	6,270	229,592	-	667,348
Disposals	-	(775)	(61,195)	(788)	(83,999)	-	(146,757)
Reclassification	(48,747)	(249,975)	-	-	1,575	-	(297,147)
Impairment loss	-	(4,808)	-	-	-	-	(4,808)
Effects of exchange rates changes	-	84,522	35,311	2,968	116,420	-	239,221
Balance as of March 31, 2022	<u>\$ 1,016,287</u>	<u>9,525,671</u>	<u>7,632,119</u>	<u>337,737</u>	<u>9,557,578</u>	<u>-</u>	<u>28,069,392</u>
Carrying amounts:							
Balance as of March 31, 2023	<u>\$ 37,470,213</u>	<u>20,382,789</u>	<u>2,255,734</u>	<u>55,944</u>	<u>3,379,722</u>	<u>1,780,229</u>	<u>65,324,631</u>
Balance as of December 31, 2022	<u>\$ 37,493,493</u>	<u>20,585,928</u>	<u>2,152,807</u>	<u>56,773</u>	<u>3,416,491</u>	<u>1,566,654</u>	<u>65,272,146</u>
Balance as of March 31, 2022	<u>\$ 36,988,995</u>	<u>21,031,119</u>	<u>2,194,508</u>	<u>63,353</u>	<u>3,177,578</u>	<u>1,660,338</u>	<u>65,115,891</u>

Since the Company and its subsidiaries had transferred parts of their private properties to investment properties measured at fair value, the properties were reevaluated on the transferred date. The Company and its subsidiaries determined the recoverable amount at fair value, less, cost of disposal; and the related fair value was determined by using income approach, which is classified under level 3 fair value category. For valuation techniques and key assumptions of fair value measurements, please refer to note 6(n) for details.

The property and equipment of the Company are depreciated on a straight-line basis based on the following estimated useful life:

Buildings	3 to 61 years
Machinery and computer equipment	3 to 10 years
Transportation equipment	3 to 6 years
Other equipment	1 to 21 years

Certain property was pledged as collateral, please refer to note 8 for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Lease Agreement

(i) Right-of-use assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Carrying amounts			
Land—superficies	\$ 3,248,662	3,261,851	3,279,562
Buildings	5,326,321	5,870,890	6,501,315
Machinery	627,265	562,846	167,135
Transportation equipment	66,322	73,039	75,018
Other equipment	226,989	205,752	206,770
	<u>\$ 9,495,559</u>	<u>9,974,378</u>	<u>10,229,800</u>

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Additions	<u>\$ 343,562</u>	<u>867,797</u>
Depreciation		
Land—superficies	\$ 11,685	11,666
Buildings	596,578	599,666
Machinery	41,160	13,855
Transportation equipment	12,927	14,630
Other equipment	20,286	18,697
Total	<u>\$ 682,636</u>	<u>658,514</u>

(ii) Lease liabilities

The maturity analysis of undiscounted lease payments was as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Less than one year	\$ 2,991,712	3,125,580	2,860,814
One to five years	5,818,437	6,136,875	6,262,034
More than five years	24,799,671	25,255,976	25,493,676
Total	<u>\$ 33,609,820</u>	<u>34,518,431</u>	<u>34,616,524</u>

The amounts recognized in the statement of cash flows for the Company and its subsidiaries were as follows:

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u>\$ 1,096,980</u>	<u>1,091,568</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other lease information

1) Real estate leases

As of March 31, 2023 and 2022, the Company and its subsidiaries lease land and buildings for office space. The leases of office space run for a period of 2 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

2) Superficies leases

As of March 31, 2023 and 2022, the Company and its subsidiaries lease land for superficies with lease terms of 50 to 133 years for the purpose of commercial buildings, malls, hotels etc.

The Company and its subsidiaries have elected to apply the practical expedient of amendments to IFRS 16 “Covid-19-Related Rent Concessions”. For the three months ended March 31, 2023, the Company and its subsidiaries did not recognize profit and loss by applying the practical expedient. For the three months ended March 31, 2022, losses of \$239 thousand had been recognized.

3) Other leases

The Company and its subsidiaries lease computers, vehicles and equipment, with lease terms of 1 to 8 years.

For short-term or leases of low-value items, the Company and its subsidiaries have elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Intangible Assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
License and operating rights	\$ 8,200,249	8,338,036	8,424,814
Core deposits	4,525,991	4,591,235	4,941,053
Goodwill	15,768,042	15,831,049	15,838,264
Computer software	3,912,952	4,017,197	3,789,166
Customer relationship	285,031	292,670	316,592
Others	1,056,652	1,121,901	1,041,254
	<u>\$ 33,748,917</u>	<u>34,192,088</u>	<u>34,351,143</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements of intangible assets of the Company and its subsidiaries were as follows:

	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost :			
Balance as of January 1, 2023	\$ 15,831,049	18,361,039	34,192,088
Additions	-	194,933	194,933
Disposals	-	(16,117)	(16,117)
Amortization	-	(473,878)	(473,878)
Reclassification	-	45,308	45,308
Effects of exchange rate changes	(63,007)	(130,410)	(193,417)
Balance as of March 31, 2023	<u>\$ 15,768,042</u>	<u>17,980,875</u>	<u>33,748,917</u>
Balance as of January 1, 2022	\$ 15,707,483	18,141,122	33,848,605
Additions	-	255,192	255,192
Amortization	-	(411,616)	(411,616)
Reclassification	-	102,093	102,093
Effects of exchange rate changes	130,781	426,088	556,869
Balance as of March 31, 2022	<u>\$ 15,838,264</u>	<u>18,512,879</u>	<u>34,351,143</u>

The above license and operating rights, core deposits, customer relationships and goodwill arose from the Company and its subsidiaries' acquisition of the Hanoi branch and Ho Chi Minh City sub branch of Chinfon Bank, which were monitored by the Financial Restructuring Fund, and from the acquisition of ING Life Insurance (Taiwan), Fubon Bank (Hong Kong), Fubon Bank (China), EDA Rhinos professional baseball team (which was renamed as Fubon Guardians), Fubon Hyundai Life Insurance Co., Ltd. and JihSun Financial Holding.

The above intangible assets, except for banking license and others with an indefinite useful life which is not amortized, are amortized on a straight-line basis and recognized as profit or loss based on the following estimated useful life:

Core deposits	23 years
Operating rights	10 to 97 years
Computer software	3 to 10 years
Customer relationship	8 to 20 years
Other	3 to 20 years

No significant impairment was incurred as of March 31, 2023, December 31 and March 31, 2022, after evaluating the carrying amount of goodwill.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Other Assets

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Refundable deposits	\$ 42,201,451	38,810,289	38,547,336
Foreclosed collaterals and residuals taken over	153,074	187,504	186,402
Operation guarantee deposits and settlement fund	1,230,009	1,179,702	1,233,710
Deferred assets	2,367,915	2,338,751	2,230,454
Prepayments	4,021,273	3,646,968	2,890,297
Collections for underwriting stock value	7	1,232,356	573,170
Others	10,788,482	8,798,137	12,409,601
Total	<u>\$ 60,762,211</u>	<u>56,193,707</u>	<u>58,070,970</u>

Certain other assets were pledged as collateral, please refer to note 8 for details.

(s) Securities Sold under Repurchase Agreements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Securities sold under repurchase agreements	<u>\$ 86,792,457</u>	<u>145,685,557</u>	<u>164,909,587</u>

(t) Commercial Paper Issued

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Par value	\$ 61,200,000	50,300,000	32,960,000
Less: Discount on commercial paper issued	66,010	56,023	13,514
Total	<u>\$ 61,133,990</u>	<u>50,243,977</u>	<u>32,946,486</u>
Interest rate range	1.25%~1.80%	1.30%~1.66%	0.29%~0.76%

Above mentioned commercial papers were underwritten by bills financial corporations and banks.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Payables

	March 31, 2023	December 31, 2022	March 31, 2022
Other payables	\$ 19,411,041	40,654,966	17,071,792
Acceptance bill payable	17,922,034	17,451,783	19,481,806
Account payable for securities purchased	31,857,724	19,777,031	51,784,202
Accrued expenses	14,732,201	21,617,313	17,789,436
Accrued interests	19,414,934	15,371,390	10,040,745
Accrued insurance claim payments	10,566,025	14,488,617	10,013,304
Due to reinsurers and ceding companies	13,334,649	11,375,958	12,424,430
Dividends payable	-	-	238,607
Others	22,376,934	30,733,201	21,900,983
Total	\$ 149,615,542	171,470,259	160,745,305

(v) Deposits and Remittances

	March 31, 2023	December 31, 2022	March 31, 2022
Checking accounts	\$ 13,010,245	14,373,479	19,576,686
Public treasury deposits	63,619,290	63,104,435	36,147,998
Demand deposits	670,133,026	754,023,257	837,306,117
Time deposits	1,428,642,910	1,402,074,920	1,108,262,882
Negotiable certificates of deposit	122,159,675	103,522,064	172,921,291
Savings accounts	1,374,696,800	1,318,987,426	1,277,100,868
Others	692,730	684,247	1,392,805
Total	\$ 3,672,954,676	3,656,769,828	3,452,708,647

(w) Bonds Payable

(i) The bonds payable was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured corporate bonds	\$ 89,878,007	79,888,159	83,094,528
Subordinated corporate bonds	49,545,542	50,636,657	46,585,699
Financial bonds	124,167,016	126,856,719	131,345,874
Total	\$ 263,590,565	257,381,535	261,026,101

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Unsecured corporate bonds

Name	Issue period		Issue amount	Interest rate	March 31, 2023	December 31, 2022	March 31, 2022	Note
	Issue date	Maturity date						
Second 2015 unsecured domestic corporate bonds-bond C	2015.07.15	2022.07.15	\$ 9,400,000	1.65	-	-	9,400,000	Note 4
First 2018 unsecured domestic corporate bonds-bond A	2018.09.04	2023.09.04	1,700,000	0.85	1,700,000	1,700,000	1,700,000	Note 2
First 2018 unsecured domestic corporate bonds-bond B	2018.09.04	2025.09.04	8,300,000	0.95	8,300,000	8,300,000	8,300,000	Note 4
Second 2018 unsecured domestic corporate bonds-bond A	2018.11.22	2023.11.22	700,000	0.85	700,000	700,000	700,000	Note 2
Second 2018 unsecured domestic corporate bonds-bond B	2018.11.22	2025.11.22	1,500,000	0.95	1,500,000	1,500,000	1,500,000	Note 4
First 2019 unsecured domestic corporate bonds-bond A	2019.12.05	2024.12.05	1,200,000	0.77	1,200,000	1,200,000	1,200,000	Note 2
First 2019 unsecured domestic corporate bonds-bond B	2019.12.05	2026.12.05	3,800,000	0.82	3,800,000	3,800,000	3,800,000	Note 4
First 2020 unsecured domestic corporate bonds-bond A	2020.07.29	2024.07.29	2,600,000	0.59	2,600,000	2,600,000	2,600,000	Note 1
First 2020 unsecured domestic corporate bonds-bond B	2020.07.29	2026.07.29	500,000	0.61	500,000	500,000	500,000	Note 3
First 2020 unsecured domestic corporate bonds-bond C	2020.07.29	2028.07.29	1,400,000	0.66	1,400,000	1,400,000	1,400,000	Note 5
First 2020 unsecured domestic corporate bonds-bond D	2020.07.29	2032.07.29	1,000,000	0.70	1,000,000	1,000,000	1,000,000	Note 7
Second 2020 unsecured domestic corporate bonds-bond A	2020.09.15	2024.09.15	6,500,000	0.59	6,500,000	6,500,000	6,500,000	Note 1
Second 2020 unsecured domestic corporate bonds-bond B	2020.09.15	2027.09.15	5,600,000	0.66	5,600,000	5,600,000	5,600,000	Note 4
Second 2020 unsecured domestic corporate bonds-bond C	2020.09.15	2030.09.15	7,900,000	0.70	7,900,000	7,900,000	7,900,000	Note 6
Third 2020 unsecured domestic corporate bonds-bond A	2020.11.06	2024.11.06	3,000,000	0.59	3,000,000	3,000,000	3,000,000	Note 1
Third 2020 unsecured domestic corporate bonds-bond B	2020.11.06	2027.11.06	4,200,000	0.66	4,200,000	4,200,000	4,200,000	Note 4
Third 2020 unsecured domestic corporate bonds-bond C	2020.11.06	2030.11.06	7,300,000	0.70	7,300,000	7,300,000	7,300,000	Note 6
First 2021 unsecured domestic corporate bonds-bond A	2021.09.16	2026.09.16	2,300,000	0.50	2,300,000	2,300,000	2,300,000	Note 2

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name	Issue period		Issue amount	Interest rate	March 31, 2023	December 31, 2022	March 31, 2022	Note
	Issue date	Maturity date						
First 2021 unsecured domestic corporate bonds-bond B	2021.09.16	2028.09.16	\$ 4,800,000	0.58	4,800,000	4,800,000	4,800,000	Note 4
First 2021 unsecured domestic corporate bonds-bond C	2021.09.16	2031.09.16	4,100,000	0.65	4,100,000	4,100,000	4,100,000	Note 6
First 2021 unsecured domestic corporate bonds-bond D	2021.09.16	2036.09.16	1,000,000	0.73	1,000,000	1,000,000	1,000,000	Note 8
First 2022 unsecured domestic corporate bonds-bond A	2022.01.17	2026.01.17	1,300,000	0.60	1,298,795	1,298,689	1,298,370	Note 1
First 2022 unsecured domestic corporate bonds-bond B	2022.01.17	2029.01.17	1,900,000	0.70	1,897,928	1,897,839	1,897,573	Note 4
First 2022 unsecured domestic corporate bonds-bond C	2022.01.17	2032.01.17	1,100,000	0.80	1,098,729	1,098,693	1,098,585	Note 6
Second 2022 unsecured domestic corporate bonds-bond A	2022.08.30	2026.08.30	2,800,000	1.65	2,797,058	2,796,842	-	Note 1
Second 2022 unsecured domestic corporate bonds-bond B	2022.08.30	2027.08.30	3,400,000	1.70	3,396,305	3,396,096	-	Note 2
Second 2023 unsecured domestic corporate bonds-bond A	2023.01.12	2027.01.12	3,400,000	2.10	3,396,357	-	-	Note 1
Second 2023 unsecured domestic corporate bonds-bond B	2023.01.12	2028.01.12	6,600,000	2.15	6,592,835	-	-	Note 2
					\$ 89,878,007	79,888,159	83,094,528	

Note 1: Fixed interest, interest payable annually; pay in full upon four years.

Note 2: Fixed interest, interest payable annually; pay in full upon five years.

Note 3: Fixed interest, interest payable annually; pay in full upon six years.

Note 4: Fixed interest, interest payable annually; pay in full upon seven years.

Note 5: Fixed interest, interest payable annually; pay in full upon eight years.

Note 6: Fixed interest, interest payable annually; pay in full upon ten years.

Note 7: Fixed interest, interest payable annually; pay in full upon twelve years.

Note 8: Fixed interest, interest payable annually; pay in full upon fifteen years.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(iii) Subordinated corporate bonds

Name	Issue Period		Coupon rate	Issue Amount	Unamortized premium (discount) amount	March 31, 2023	December 31, 2022	March 31, 2022	Note
	Issue Date	Maturity Date							
1st Issue of 2016 Perpetual Cumulative Subordinated Corporate Bonds	2016.12.07	Indefinite	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	28,500,000	Note 2
1st Issue of 2017 Perpetual Cumulative Subordinated Corporate Bonds	2017.04.21	Indefinite	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	6,500,000	Note 2
Hyundailife Insurance 6 (private placement)	2016.04.28	2022.04.28	4.60 %	700,560	-	-	-	708,367	
Hyundailife Insurance 7 (private placement)	2016.12.28	2022.07.28	4.75 %	467,040	-	-	-	472,525	
Hyundailife Insurance 8 (private placement)	2017.06.26	2023.01.26	4.90 %	210,168	-	-	219,959	212,905	
Hyundailife Insurance 9 (private placement)	2017.07.20	2023.01.20	4.90 %	186,816	-	-	195,536	189,606	
Hyundailife Insurance 11 (private placement)	2017.12.28	2023.06.28	5.60 %	1,401,120	1,973	1,403,093	1,470,251	1,426,248	
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 3)	1,167,600	(2,118)	1,165,482	1,219,460	1,177,627	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 3)	2,335,200	(6,773)	2,328,427	2,436,178	2,352,362	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 3)	350,280	(703)	349,577	365,768	353,223	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 3)	1,167,600	(3,919)	1,163,681	1,217,534	1,175,653	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 3)	1,272,684	(2,798)	1,269,886	1,328,707	1,283,145	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 3)	2,218,440	(7,268)	2,211,172	2,313,534	2,234,038	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 3)	1,167,600	(4,183)	1,163,417	1,217,278	-	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 3)	3,502,800	(11,993)	3,490,807	3,652,452	-	
Total					\$ (37,782)	49,545,542	50,636,657	46,585,699	

Note 1: The coupon rate will increase by 1% if Fubon Life Insurance does not redeem the bond in 10 years from the date of issuance.

Note 2: However, if the Fubon Life Insurance's risk based capital ratio is greater than twice the minimum risk based capital ratio for insurance companies, with the approval from the authority, Fubon Life Insurance will redeem the corporate bond in whole at a redemption price equal to 100% of the principal amount of the bond, plus accrued and unpaid interest to the date of redemption.

Note 3: The coupon rate will reset on the basis of 10-year KTB yield plus interest rate spread if the bond is not redeemed in 5 years from the date of issuance.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financial Bonds Payable

1) Taipei Fubon Bank and its subsidiaries

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Second issuance of subordinated bank debentures in 2012; fixed 1.68%; maturity: May 25, 2022	\$ -	-	4,700,000
First issuance of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 1, 2023	500,000	500,000	500,000
First issuance of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 15, 2024	4,500,000	4,500,000	4,500,000
Second issuance of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 25, 2024	3,700,000	3,700,000	3,700,000
Second issuance of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 22, 2024	3,000,000	3,000,000	3,000,000
Fourth issuance of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 18, 2024	1,750,000	1,750,000	1,750,000
Fifth issuance of dominant bank debentures in 2017; zero interest rate; maturity: December 4, 2047 (US\$100,000 thousand)	3,774,687	3,767,483	3,405,143
Second issuance of dominant bank debentures in 2018; zero interest rate; maturity: March 8, 2048 (US\$195,000 thousand)	7,373,671	7,355,264	6,635,911

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Third issuance of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 25, 2025	\$ 1,200,000	1,200,000	1,200,000
Third issuance of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 25, 2028	1,800,000	1,800,000	1,800,000
Fifth issuance of dominant bank debentures in 2018; zero interest rate; maturity: November 20, 2048 (US\$80,000 thousand)	3,003,954	2,992,573	2,689,224
Sixth issuance of dominant bank debentures in 2018; fixed 1.1%; maturity: November 28, 2028	3,700,000	3,700,000	3,700,000
Seventh issuance of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000	6,500,000
First issuance of dominant bank debentures in 2019; fixed 0.98%; maturity: March 20, 2029	1,500,000	1,500,000	1,500,000
Second issuance of dominant bank debentures in 2019; fixed 0.95%; maturity: May 10, 2029	1,300,000	1,300,000	1,300,000
Third issuance of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000	3,100,000
Fourth issuance of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000	4,400,000
Fifth issuance of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 26, 2029	6,000,000	6,000,000	6,000,000

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Sixth issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: October 30, 2029	\$ 6,600,000	6,600,000	6,600,000
Seventh issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: December 30, 2029	3,100,000	3,100,000	3,100,000
First issuance of dominant bank debentures in 2020; fixed 0.75%; maturity: March 20, 2030	5,000,000	5,000,000	5,000,000
Second issuance of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000	3,150,000
Third issuance of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 22, 2027	200,000	200,000	200,000
Third issuance of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 22, 2030	1,800,000	1,800,000	1,800,000
Fourth issuance of subordinated bank debentures in 2020; fixed 1.50%; perpetual	2,850,000	2,850,000	2,850,000
First issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: January 28, 2026	1,000,000	1,000,000	1,000,000
Second issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: September 2, 2026	1,000,000	1,000,000	1,000,000
Third issuance of dominant bank debentures in 2021; fixed 0.70%; maturity: September 2, 2031	2,400,000	2,400,000	2,400,000

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fourth issuance of dominant bank debentures in 2021; fixed 0.45%; maturity: September 28, 2026	\$ 2,700,000	2,700,000	2,700,000
Fourth issuance of dominant bank debentures in 2021; fixed 0.52%; maturity: September 28, 2028	1,400,000	1,400,000	1,400,000
First issuance of dominant bank debentures in 2022; fixed 0.70%; maturity: May 4, 2025	1,000,000	1,000,000	-
Second issuance of dominant bank debentures in 2022; fixed 2.00%; maturity: June 28, 2029	2,000,000	2,000,000	-
Third issuance of subordinated bank debentures in 2022; fixed 3.00%; perpetual	2,300,000	2,300,000	-
Fourth issuance of subordinated bank debentures in 2022; fixed 1.90%; maturity: September 15, 2029	5,000,000	5,000,000	-
Fifth issuance of subordinated bank debentures in 2022; fixed 3.10%; perpetual	1,530,000	1,530,000	-
First issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,870,000	-	-
Second issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,300,000	-	-
Valuation adjustments of bank debentures	(2,596,012)	(2,906,349)	(1,302,231)
Subtotal	<u>104,706,300</u>	<u>97,188,971</u>	<u>90,278,047</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
First issuance of 2018 Fubon Bank (China) Tier 2 capital; fixed 5.43%; maturity: December 6, 2028 (CNY 1,000,000 thousand)	\$ 4,429,825	4,413,439	4,508,199
First issuance of 2019 Fubon Bank (China) Tier 2 capital; fixed 5.20%; maturity: April 27, 2029 (CNY 1,000,000 thousand)	4,429,825	4,413,439	4,508,199
First issuance of FBCN in 2020; fixed 4.08%; maturity: January 9, 2025 (CNY 1,000,000 thousand)	4,428,143	4,409,895	4,504,524
First issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.20%; maturity: March 23, 2023 (CNY 1,000,000 thousand)	-	4,413,439	4,508,199
Second issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.92%; maturity: December 1, 2023 (CNY 1,000,000 thousand)	4,429,825	4,413,439	4,508,199
Subtotal	<u>17,717,618</u>	<u>22,063,651</u>	<u>22,537,320</u>
Total	<u>\$ 122,423,918</u>	<u>119,252,622</u>	<u>112,815,367</u>
2) Fubon Bank (Hong Kong) and its subsidiaries			
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
3-year bonds issued in August 2019; floating; maturity: August 2022	\$ -	-	572,251
3-year bonds issued in October 2019; fixed 2.39%; maturity: October 2022	-	-	840,564
3-year bonds issued in December 2019; floating; maturity: December 2022	-	-	548,162

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
3-year bonds issued in January 2020; fixed 2.42%; maturity: January 2023	\$ -	315,118	292,007
3-year bonds issued in February 2020; fixed 2%; maturity: February 2023	-	1,023,684	947,068
3-year bonds issued in February 2020; fixed 2.25%; maturity: February 2023	-	590,796	547,587
2-year bonds issued in April 2020; fixed 1.95%; maturity: April 2022	-	-	1,430,886
2-year bonds issued in April 2020; fixed 1.95%; maturity: April 2022	-	-	1,430,901
1-year bonds issued in April 2021; zero interest rate; maturity: April 2022	-	-	858,264
1-year bonds issued in May 2021; zero interest rate; maturity: May 2022	-	-	858,228
1-year bonds issued in June 2021; zero interest rate; maturity: June 2022	-	-	1,143,759
1-year bonds issued in August 2021; zero interest rate; maturity: August 2022	-	-	857,458
1-year bonds issued in August 2021; zero interest rate; maturity: August 2022	-	-	1,429,052
1-year bonds issued in October 2021; zero interest rate; maturity: October 2022	-	-	1,142,581
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	393,927	1,095,722
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	1,181,807	365,246

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
1-year bonds issued in January 2022; fixed 0.6%; maturity: January 2023	\$ -	1,969,749	1,827,159
1-year bonds issued in January 2022; fixed 0.7%; maturity: January 2023	-	922,982	858,389
1-year bonds issued in January 2022; fixed 0.71%; maturity: January 2023	-	615,330	572,398
1-year bonds issued in April 2022; fixed 1.65%; maturity: April 2023	582,218	590,704	547,516
0.5-year bonds issued in April 2022; fixed 1%; maturity: October 2022	-	-	365,309
1-year bonds issued in January 2023; fixed 4.6%; maturity: January 2024	1,160,880	-	-
Subtotal	<u>\$ 1,743,098</u>	<u>7,604,097</u>	<u>18,530,507</u>
Total	<u>\$ 124,167,016</u>	<u>126,856,719</u>	<u>131,345,874</u>
 (x) Other Borrowings			
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Credit and guarantee loan	<u>\$ 21,268,809</u>	<u>13,696,500</u>	<u>1,984,249</u>
Interest rate range	1.40%~5.63%	1.50%~2.33%	0.84%~1.40%

Collaterals pledged for other borrowings, please refer to note 8 for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(y) Provisions

(i) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Unearned premium reserves (Note)	\$ 42,694,706	40,788,157	41,160,070
Claim reserves (Note)	42,553,485	52,086,761	35,930,127
Liability reserves (Note)	4,498,484,347	4,504,597,546	4,399,299,580
Special reserves (Note)	20,822,074	20,473,066	24,178,537
Premium deficiency reserves (Note)	6,669,253	7,886,396	8,225,398
Reserves for insurance contract with nature of financial instrument (Note)	3,407,217	3,366,163	3,569,932
Foreign exchange valuation reserves (Note)	32,909,274	37,131,393	19,200,228
Provisions for guarantee liabilities	285,808	259,574	247,202
Provisions for financing commitment	391,816	417,423	432,556
Provisions for employment benefits	11,210,790	11,274,950	12,840,299
Others	31,508,740	31,888,211	32,100,593
Total	<u>\$ 4,690,937,510</u>	<u>4,710,169,640</u>	<u>4,577,184,522</u>

Note: For further information of insurance contracts, please refer to note 6 (ah) for details.

(ii) Employee benefits

1) Defined benefit plans

There was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year. Therefore, the Company and its subsidiaries used the pension cost as of December 31, 2022 and 2021 to measure and disclose the interim pension cost.

The Company and its subsidiaries' expenses recognized in profit or loss were as follows:

	2023	2022
Pension expense	<u>\$ 154,622</u>	<u>128,735</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Defined contribution plans

Pursuant to the ROC Labor Pension Act, the defined contribution plans of the Company and its subsidiaries incorporated in Taiwan make contribution to the Employee's Individual Account of Labor Pension of the Bureau of Labor Insurance by contributing six percent of the worker's monthly wage. Under the defined contribution plans, the Company and its subsidiaries have no legal duty and constructive obligation to pay extra after the appropriated fixed amount to the Bureau of Labor Insurance.

The pension expenses incurred from the contributions to the Bureau of the Labor Insurance and labor management agency regulated by the local authority of the subsidiary were as follows:

	<u>2023</u>	<u>2022</u>
Pension expense	<u>\$ 361,493</u>	<u>369,189</u>

3) Other

JihSun Securities complied with IAS 19 "Employee Benefits." In addition, there is pension plan applicable to the employees officially recruited by March, 1998. For employees applicable to the pension plan mentioned above, JihSun Securities distributed 3% of each employee's salary to the Pension Fund account on a monthly basis. When an employee retires or leaves, the pension or termination payment to the employee will be paid by Pension Fund account, and it is not a defined benefit pension plan. JihSun Securities has no longer distributed pension expense to Pension Fund account since March 1998. By the reporting date, the changes in the Pension Fund account balances were as follows:

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 34,833	37,246
Add: interest	29	10
Less: payment	-	(255)
Ending balance	<u>\$ 34,862</u>	<u>37,001</u>

(z) Other Financial Liabilities

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Principal of structured products	\$ 92,520,611	83,427,536	88,012,864
Liabilities on insurance product— separate account	482,485,558	497,489,045	489,439,234
Future traders' equity	28,540,498	30,881,354	32,210,141
Others	207,691	244,143	60,833
Total	<u>\$ 603,754,358</u>	<u>612,042,078</u>	<u>609,723,072</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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For related revenue and expenses of insurance separate account instrument regarding liabilities, please refer to note 6 (m), “Other financial assets”, for details.

(aa) Other Liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
Advance receipts	\$ 7,957,246	7,967,476	8,611,999
Temporary receipts	7,691,066	4,821,657	5,116,680
Guarantee deposits received	16,719,995	26,297,914	6,147,222
Advance premiums	5,109,289	7,701,904	11,464,560
Deferred revenue	3,967,715	3,641,793	3,398,284
Deposit-in for borrowed securities	26,565,354	30,692,886	18,977,486
Collections for underwriting stock value	-	1,232,253	573,133
Others	2,085,610	2,331,909	1,302,549
Total	<u>\$ 70,096,275</u>	<u>84,687,792</u>	<u>55,591,913</u>

(ab) Income Tax

(i) Income tax expenses

The components of income tax expense were as follows:

	For the three months ended March 31	
	2023	2022
Current tax expense		
Current period	\$ 1,982,442	3,766,020
Adjustment for prior periods	-	(191,539)
Foreign income withholding tax	137,526	212,246
Others	50	27
	<u>2,120,018</u>	<u>3,786,754</u>
Deferred tax expense (benefit)		
Incurrence and reversal of temporary differences	(1,968,925)	6,790,040
Total income tax expenses	<u>\$ 151,093</u>	<u>10,576,794</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Income tax expenses (benefit) recognized directly in other comprehensive income were as follows:

	For the three months ended	
	March 31	
	2023	2022
Items not to be reclassified to profit or loss:		
Remeasurements of the defined benefit plans	\$ 121	(1,074)
Gains/ losses on valuation of equity instruments measured at fair value through other comprehensive income	9,375	(549,298)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(1)	(236)
	\$ 9,495	(550,608)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	\$ 17,123	199,581
Gains/ losses on financial instruments for hedging	13,545	(73,856)
Gains/ losses on debt instruments measured at fair value through other comprehensive income	19,239,710	(12,238,824)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(72,034)	7,559
Other comprehensive income reclassified by applying overlay approach	1,545,523	(3,472,170)
	\$ 20,743,867	(15,577,710)
	\$ 20,753,362	(16,128,318)

(ii) Income tax assessment situation

The assessment status of the Company and subsidiaries' income tax returns is as follows:

Company Name	Assessed Year	Assessment Status
The Company	2017	
Taipei Fubon Bank	2017	Administrative remedies have been applied from 2011 to 2014, and 2016
Fubon Insurance	2017	Administrative remedies have been applied in 2017
Fubon Life Insurance	2017	Administrative remedies have been applied from 2013 to 2014, and from 2016 to 2017

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Company Name</u>	<u>Assessed Year</u>	<u>Assessment Status</u>
Fubon Securities	2017	Administrative remedies have been applied from 2011, 2013 to 2014, and from 2016 to 2017
Fubon Assets Management (Note 2)	2019	
Fubon Direct Market Consulting	2017	
Fubon Financial Holding Venture Capital (Note 1)	2021	
Fubon AMC	2017	
Taiwan Sport Lottery	2017	
JihSun Financial Holding	2017	
JihSun Bank	2017	
JihSun Securities	2017	
JihSun Property Insurance Agency	2017	

Note 1: According to Article 49 of Financial Holding Company Act, Fubon Financial Holding Venture Capital filed consolidated tax returns with the Company until FY2017, and the latest tax return assessed is FY2017. According to the said law, it no longer filed consolidated tax returns with the Company since FY 2017 and its tax returns of FY2021 have been assessed.

Note 2: According to Article 49 of Financial Holding Company Act, Fubon Asset Management filed consolidated tax returns with the Company since FY2021.

According to Article 49 of Financial Holding Company Act, the Company is the taxpayer for filing the consolidated tax returns. Administrative procedures have been submitted based on the assessment result of tax authorities from 2011 to 2014 and from 2016 to 2017. The Subsidiary, JihSun Financial Holdings, with its subsidiaries JihSun Bank, JihSun Securities and JihSun Property Insurance Agency file consolidated tax returns in accordance with Article 49 of the Financial Holding Company Act. JihSun Financial Holdings is the taxpayer for the consolidated tax return, and no administrative relief was filed for the assessed years. As a result of the merger and liquidation of JihSun Financial Holding in 2022, the former jointly reporting subsidiary of JihSun Bank, JihSun Securities and JihSun Property Insurance Agency will separately file income tax returns for profit-seeking enterprise in 2022.

For all the Company and subsidiaries' income tax returns which have already been filed but have not been assessed, the Company and subsidiaries have evaluated the related factors, such as relevant interpretation letters and previous experiences, and consider they have accrued sufficient income tax liabilities.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- (iii) The Company and its subsidiaries' have filed a combined corporate income tax return since 2002 in accordance with the Financial Holding Company Act, Article 49. Details of the Company's receivables from and payables to subsidiaries resulting from combined corporate income tax return filings were as follows:

March 31, 2023				
	Estimate for the three months ended	Estimate 2022	Filed in previous years	Total
	March 31, 2023			
Linked tax receivables from subsidiaries:				
Taipei Fubon Bank	\$ 818,082	2,336,961	51,924	3,206,967
Fubon Life Insurance	1,269,981	-	48,830	1,318,811
Fubon Insurance	-	-	1,021	1,021
Fubon Securities	77,135	645,334	157,027	879,496
Fubon AMC	18,991	52,284	-	71,275
Fubon Asset Management	38,088	135,586	-	173,674
Total	<u>\$ 2,222,277</u>	<u>3,170,165</u>	<u>258,802</u>	<u>5,651,244</u>
March 31, 2023				
	Estimate for the three months ended	Estimate 2022	Filed in previous years	Total
	March 31, 2023			
Linked tax payables to subsidiaries:				
Taipei Fubon Bank	\$ -	-	77,046	77,046
Fubon Life Insurance	-	5,282,019	1,407,118	6,689,137
Fubon Insurance	1,230,036	2,067,260	-	3,297,296
Fubon Marketing	-	148	-	148
Total	<u>\$ 1,230,036</u>	<u>7,349,427</u>	<u>1,484,164</u>	<u>10,063,627</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	December 31, 2022		
	Estimate 2022	Filed in previous years	Total
Linked tax receivables from subsidiaries:			
Taipei Fubon Bank	\$ 2,336,961	51,924	2,388,885
Fubon Life Insurance	-	48,830	48,830
Fubon Insurance	-	4,417	4,417
Fubon Securities	645,334	169,446	814,780
Fubon AMC	52,284	-	52,284
Fubon Asset Management	135,586	-	135,586
Fubon Financial Holding Venture Capital	-	263	263
Total	\$ 3,170,165	274,880	3,445,045

	December 31, 2022		
	Estimate 2022	Filed in previous years	Total
Linked tax payables to subsidiaries:			
Taipei Fubon Bank	\$ -	163,173	163,173
Fubon Life Insurance	5,362,902	1,504,585	6,867,487
Fubon Insurance	2,067,260	-	2,067,260
Fubon Marketing	148	-	148
Total	\$ 7,430,310	1,667,758	9,098,068

	March 31, 2022			
	Estimate for the three months ended March 31, 2022	Estimate 2021	Filed in previous years	Total
	Linked tax receivables from subsidiaries:			
Taipei Fubon Bank	\$ 644,933	1,199,951	-	1,844,884
Fubon Life Insurance	1,738,607	11,723,607	40,733	13,502,947
Fubon Insurance	355,492	378,016	14,995	748,503
Fubon Securities	192,649	966,160	132,582	1,291,391
Fubon AMC	17,540	32,914	-	50,454
Fubon Asset Management	36,315	68,834	-	105,149
Total	\$ 2,985,536	14,369,482	188,310	17,543,328

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022			
	Estimate for the three months ended March 31, 2022	Estimate 2021	Filed in previous years	Total
Linked tax payables to subsidiaries:				
Taipei Fubon Bank	\$ -	-	111,249	111,249
Fubon Life Insurance	-	-	3,144,355	3,144,355
Fubon Marketing	-	185	-	185
Total	\$ -	185	3,255,604	3,255,789

- (iv) According to Article 49 of Financial Holding Company Act, the Company is Taxpayers for consolidated report. The following is the linked tax payable of Sub-subsidiary, JihSun Securities, JihSun Property Insurance Agency and JihSun Bank:

Items	March 31, 2022
linked tax payables - JihSun Bank	\$ (539,631)
linked tax receivables - JihSun Securities	491,549

(ac) Capital and Other Equity

(i) Share capital

- 1) As of March 31, 2022, the authorized and paid-in capital amounted to \$150,000,000 thousand, with a par value of \$10 per share. Share capital includes common stock and preferred stock. The Company issued common shares amounted to 11,804,964 thousand shares and issued irredeemable non-cumulative preferred shares amounted to 1,599,990 thousand shares. All issued shares were fully paid, and the non-cumulative preferred shares were recognized as equity.

Approved by the shareholders' meeting on June 17, 2022, the Company issues new shares out of its capital reserve in the amount of \$5,902,482 thousand, with a par value of \$10 per share. The Company issued 590,248 thousand shares of common stock, with 50 bonus shares to be allocated for every 1,000 shares, and the base dates of the capital increase was September 28, 2022. The relevant statutory registration procedures had been completed.

As of March 31, 2023, the Company issued common shares amounting to 12,395,213 thousand shares and issued irredeemable non cumulative preferred shares amounting to 1,599,990 thousand shares.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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2) Issuance of preferred stock

The shareholders' meeting has approved the amended Articles of Incorporation on rights and obligations of preferred shares on June 12, 2015. The Board of Directors approved the details of issuing Series A, B and C Preferred Shares on June 12, 2015, January 28, 2016, November 28, 2017, and April 29, 2021, respectively. All issued shares were recognized as equity.

Preferred stock types Items	Series A	Series B	Series C
Shares of issuance	600,000 thousand	666,660 thousand	333,330 thousand
Par value per share	TWD10		
Issuance price per share	TWD60		
Subscription date	2016.04.22	2018.03.16	2021.10.26
Due date	Perpetual		
Dividend	1. 4.10% per annum (7-year IRS 0.885%+3.215%) calculated pursuant to issue price per share. 2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter.	1. 3.60% per annum (7-year IRS 1.17%+2.43%) calculated pursuant to issue price per share. 2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the business day after each subsequent 7-year period hereafter.	1. 3.00% per annum (7-year IRS 0.6538%+2.3462%) calculated pursuant to issue price per share. 2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the business day after each subsequent 7-year period hereafter.
Dividend issuance	1. Dividends for preferred shares are declared once per year in cash. After shareholders' approval of Issuer's financial statements at its annual shareholders meeting, the board may set record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year. 2. In the year with profit, before Issuer can distribute dividends for preferred shares, Issuer shall set aside out of Issuer's profits: (i) a settlement for payment of tax for the relevant financial year; (ii) an offset of its losses in previous years that have not been previously offset; (iii) a statutory reserve ("Legal Reserve"); and (iv) reserve special reserve pursuant to legal requirement or actual need. 3. Issuer has sole discretion on dividend issuance of preferred shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred share dividends, or preferred share dividend declaration would render the Issuer's RBC ratio below level required by law or relevant authorities. The Issuer's cancellation of preferred share dividend declaration shall not be deemed an event of default.		
Excessive dividend distribution	Preferred shares cannot participate in distribution of cash or stock dividends to holders of common shares from profit or additional paid-in capital.		
Redemption of preferred shares	On the day after the 7th anniversary of the Issue Date, Issuer may redeem all or part of outstanding preferred shares at issue price. Rights and obligations of the unredeemed preferred shares shall remain the same as mentioned above.		
Priority of claims in liquidation	Holders of preferred shares shall have the same priority as holders of all subsequently issued preferred share in liquidation.		
Voting right and election right	1. Holders of preferred shares have no voting right at the annual shareholders meeting, and cannot elect directors. 2. Holders of preferred shares have voting rights at annual shareholders meeting on items relating to rights of preferred shares holders.		
Conversion right	Preferred shares cannot convert.		
Subscription right	When Issuer conduct rights issue for cash, holders of preferred shares have the same subscription right as holders of common shares.		

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The details of capital surplus were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Additional paid-in capital	\$ 162,842,419	162,842,419	168,744,901
Equity-accounted investees	2,422,671	2,415,609	2,478,689
Changes in ownership interests in subsidiaries	5,042,034	5,132,962	1,553,738
Sale of treasury stock	583,183	583,183	583,183
Others	<u>43,563</u>	<u>43,563</u>	<u>43,563</u>
Total	<u>\$ 170,933,870</u>	<u>171,017,736</u>	<u>173,404,074</u>

- a) Under related regulations, capital surplus must be used to offset deficit except capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be used to distribute cash dividends or transfer to common stock. However, any capital surplus transferred to common stock should be within a certain percentage of paid-in capital prescribed by law.
- b) According to the Ruling No.10200017220 issued by the FSC on March 7, 2013, the undistributed earnings of financial institutions which are converted into financial holding companies, could be either distributed as cash dividends or accounted for as capital surplus of the financial holding companies, on the converting year, pursuant to Article 47, Paragraph 4 of Financial Holding Company Act. The amount of capital surplus used to increase capital is not subject to restriction under Article 72-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers. As of March 31, 2023, the balance of such capital surplus was \$4,343 thousand.

(iii) Legal reserve

Where the Company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute legal reserve by issuing new shares or by cash. However, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Special reserve

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Share exchange	\$ 1,669,704	1,669,704	1,669,704
First adoption of IFRSs	1,315,662	1,315,662	1,315,662
Adoption of fair value model of investment property	26,032,339	26,032,339	26,140,000
Special reserve for bargain purchase gains	1,294,294	1,294,294	-
	<u>\$ 30,311,999</u>	<u>30,311,999</u>	<u>29,125,366</u>

According to the regulation stipulated by the Securities and Futures Bureau, in addition to legal reserve, the Company is also required to provide a special reserve equal to the net amount of the current year contra equity account. If a contra equity account is reversed, the reversed portion of special reserve could be distributed as dividends.

In 2014, the Company and its subsidiaries changed the subsequent measurement of investment property from cost model to fair value model. In accordance with Rule No.10310000140 issued by the FSC on February 19, 2014, subsequent measurement for investment property of the financial holding companies shall use the fair value model based on the “Principles for Compiling the Financial Statements of Financial Holding Companies”. In order to maintain a stable financial structure, the Company and its subsidiaries shall appropriate a special reserve from retained earnings which amount is equivalent to the incremental retained earnings due to fair value model.

(v) Distribution of earnings

According to the Company’s Articles of Incorporation, if after the annual closing of books there is a profit, the Company shall, after having provided for taxes and offset the accumulated losses of previous years, appropriate the legal reserve in accordance with laws and regulations and appropriate the special reserve in accordance with laws and regulations or in light of practical need, and may distribute preferred share dividends. The aforementioned balance, together with the undistributed profits in the previous year, including the reversals of special reserves prescribed by laws, are available for distribution as dividends. The board shall present a proposal on the allocation of profit at a shareholders’ meeting for resolution.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On April 27, 2023, the Board of Directors' meeting proposed to appropriate the 2022 earnings and on June 17, 2022, the shareholders' meeting resolved to appropriate the 2021 earnings as follows:

	<u>2022</u>	<u>2021</u>
Dividend on common stock		
Cash dividends	\$ 18,592,819	41,317,375
Stock dividends (Note)	<u>6,197,606</u>	<u>5,902,482</u>
Total	<u>\$ 24,790,425</u>	<u>47,219,857</u>
Dividend on preferred stock		
Cash dividend— preferred stock A	\$ 1,476,000	1,476,000
Cash dividend— preferred stock B	1,439,986	1,439,986
Cash dividend— preferred stock C	<u>599,994</u>	<u>110,135</u>
Total	<u>\$ 3,515,980</u>	<u>3,026,121</u>

Note: Stock dividends are issued on the basis of the Additional Paid-In Capital that exceeds the par value of the issuance of ordinary shares.

The relevant information could be accessed from the website of the Market Observation Post System.

(vi) Dividend policy

The Company will distribute dividends according to the principle of stability and balance taking into account shareholders' profits, accumulation of the Company's capital and impact on the Company's operations. The distribution of dividends for common shares shall not be less than 20% of the distributable profits for the current year (the distributable profits for the current year, after the accumulated losses have been covered, shall exclude the legal reserves, special reserves, the preferred share dividends, the undistributed earnings in the previous years and the reversals of special reserves prescribed by laws). And, pursuant to the Company's operation planning, stock dividends may be declared as reserve for necessary funds, and the remainder may be distributed in cash, provided that cash dividends shall not be less than 10% of the total dividend. Subject to practical need, the above principles of distribution of dividends may be adjusted by resolution at a shareholders' meeting.

The stock dividend policy set forth above is a general principle guideline. The Company may decide upon the most appropriate dividend policy taking into account the actual operating condition of the current year and capital budgeting for the following year.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Other equity (net of tax)

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total
Balance as of January 1, 2023	\$ (16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)
Exchange differences on translation of foreign operations	(1,397,109)	-	-	-	-	(1,397,109)
Share of exchange differences on translation of the associates accounted for using equity method	114,209	-	-	-	-	114,209
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	80,959,100	-	-	-	80,959,100
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	(123,752)	-	-	-	(123,752)
Disposal of equity instruments measured at fair value through other comprehensive income	-	379,915	-	-	-	379,915
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	16,341	-	-	-	16,341
Fair value changes of financial instruments for hedging	-	-	48,289	-	-	48,289
Fair value changes of financial instruments for hedging of the associates accounted for using equity method	-	-	(4,291)	-	-	(4,291)
Revaluation gains	-	-	-	1,041	-	1,041
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	53,910,514	53,910,514
Balance as of March 31, 2023	<u>\$ (17,609,295)</u>	<u>(49,157,027)</u>	<u>53,941</u>	<u>2,477,303</u>	<u>(28,284,187)</u>	<u>(92,519,265)</u>

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total
Balance as of January 1, 2022	\$ (26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512
Exchange differences on translation of foreign operations	5,674,415	-	-	-	-	5,674,415
Share of exchange differences on translation of the associates accounted for using equity method	30,235	-	-	-	-	30,235
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(48,075,416)	-	-	-	(48,075,416)
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	(1,410,785)	-	-	-	(1,410,785)
Disposal of equity instruments measured at fair value through other comprehensive income	-	(128,420)	-	-	-	(128,420)
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	64,167	-	-	-	64,167
Fair value changes of financial instruments for hedging	-	-	(305,969)	-	-	(305,969)
Revaluation gains	-	-	-	4,062	-	4,062
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	(90,122,140)	(90,122,140)
Others	-	3,137	-	-	-	3,137
Balance as of March 31, 2022	<u>\$ (21,166,899)</u>	<u>(39,487,386)</u>	<u>16,394</u>	<u>2,455,282</u>	<u>87,380,407</u>	<u>29,197,798</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(viii) Non-controlling interests

	For the three months ended	
	March 31	
	2023	2022
Beginning balance	\$ 7,918,656	34,273,188
Changes in ownership interests in subsidiaries	90,071	(30,123)
Changes in non-controlling interests	(4,588)	(164,107)
Attributable to non-controlling interests		
Net income	(110,356)	503,562
Exchange differences on translation of foreign operations	(61,839)	120,213
Losses on financial assets measured at fair value through other comprehensive income	1,007,974	(2,176,053)
Gains (losses) on remeasurements of defined benefit plans	15	(1,151)
Revaluation gains on property	-	2,797
Other comprehensive income reclassified by applying overlay approach	232,060	(465,340)
Gains on financial instruments for hedging	3,548	4,738
Others	-	2,230
Ending balance	\$ 9,075,541	32,069,954

(ad) Earnings Per Share

	For the three months ended	
	March 31	
	2023	2022
Net income of equity holders	\$ 13,983,146	46,477,062
Less: Declared dividends of preferred stock	-	-
Net income of ordinary equity holders	\$ 13,983,146	46,477,062
Weighted average number of common shares outstanding (thousands)	12,395,213	12,395,213
Basic EPS (Dollars)	\$ 1.13	3.75

The Company's share-based payment transactions are settled in cash and have no impact on the weighted average number of common shares outstanding. Therefore, diluted EPS is not calculated.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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On June 17, 2022, the shareholders' meeting resolved to increase the capital by capital surplus, the base date of which was September 28, 2022. When calculating earnings per share, the impact of stock grants has been retrospectively adjusted. The changes in basic earnings per share for the three months ended March 31, 2022 is as follows:

	Before retrospectively adjusted	After retrospectively adjusted
Basic EPS (Dollars)	<u>\$ 3.94</u>	<u>\$ 3.75</u>

(ae) Employees' compensation and directors' remuneration

In accordance with the Articles of Incorporation, 0.01% to 0.05% of employees' compensation and less than 0.30% of directors' remuneration should be distributed if there is profit for the period. However, if the Company has accumulated deficits, the earnings shall first be offset against any deficit. Employees entitled to receive shares or cash include the employees of the subsidiaries meeting certain requirements.

The amounts of the employees' compensation and the directors' remuneration were as follows:

	For the three months ended March 31	
	<u>2023</u>	<u>2022</u>
Employees' compensation	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Directors' remuneration	<u>\$ 15,000</u>	<u>\$ 33,750</u>

Provisions for employees' compensation and director's remuneration, which are recognized as operating expenses, were calculated based on pre-tax profit before deducting employees' compensation and directors' compensations and multiplied by the prescribed ratios in accordance with the Articles of Incorporation and approved by the Board of Directors. If the actual distribution is different from the estimation, the difference will be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. The shares of stock dividend, if any, would be calculated based on the closing price of the date before the Board meeting, with considering the effects of ex dividend and ex right.

For the year ended December 31, 2022, the recognized remunerations to employees and directors were \$6,000 thousand and \$60,000 thousand, respectively. The estimation was different from the actual remuneration amounts that the board meeting decided, which were \$5,830 thousand and \$60,774 thousand, respectively. The difference has been accounted for as changes in accounting estimates and be recognized in profit or loss for year 2023. The relevant information can be accessed from the website of the Market Observation Post System.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(af) Income and Expenses

(i) Net interest revenue

	For the three months ended	
	March 31	
	2023	2022
Interest revenue:		
Discounts and loans	\$ 20,382,903	13,865,513
Investment in securities	36,311,581	29,845,654
Others	<u>5,553,331</u>	<u>2,140,710</u>
Subtotal	<u>62,247,815</u>	<u>45,851,877</u>
Interest expense:		
Deposits	\$ 16,512,178	4,378,932
Debt securities issued	1,471,005	1,092,495
Call loans from the central Bank and banks	1,323,101	253,034
Securities sold under repurchase agreements	890,232	207,979
Others	<u>2,185,877</u>	<u>1,006,697</u>
Subtotal	<u>22,382,393</u>	<u>6,939,137</u>
Net interest revenue	<u><u>\$ 39,865,422</u></u>	<u><u>38,912,740</u></u>

(ii) Net service charge and commissions loss

	For the three months ended	
	March 31	
	2023	2022
Service fee and commission income:		
Brokerage service fees	\$ 2,175,023	2,878,684
Trust and custody services	1,447,631	1,457,492
Credit card service fees	273,642	95,500
Commission income	680,489	694,709
Loan service fees	407,716	438,701
Others	<u>1,890,254</u>	<u>2,049,399</u>
Subtotal	<u>6,874,755</u>	<u>7,614,485</u>
Service charge and commission expense:		
Commission expense	6,017,977	5,706,525
Interbank service charge	89,303	88,301
Brokerage service charge	184,958	255,355
Credit card service charge	188,869	172,297
Others	<u>652,970</u>	<u>854,627</u>
Subtotal	<u>7,134,077</u>	<u>7,077,105</u>
Net service charge and commissions loss	<u><u>\$ (259,322)</u></u>	<u><u>537,380</u></u>

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(iii) Net income of insurance operations

	For the three months ended	
	March 31	
	2023	2022
Premiums income	\$ 92,721,439	98,145,481
Separate account products revenues	11,983,028	3,056,212
Income from insurance business	104,704,467	101,201,693
Acquisition expenses	6,717	5,303
Insurance claims payment	116,491,651	71,955,467
Separate account products expenses	11,983,028	3,056,212
Disbursement toward industry stability	168,222	264,173
Insurance business expenses	128,649,618	75,281,155
Net income of insurance operations	\$ (23,945,151)	25,920,538

(iv) Net change in provisions for insurance liabilities

	For the three months ended	
	March 31	
	2023	2022
Net change of claim reserves	\$ (7,169,689)	693,858
Net change of liability reserves	10,886,016	46,622,418
Net change of special reserves	372,730	2,836,031
Net change of reserves for premium deficiency	(1,194,064)	(228,265)
Net change of reserves for insurance contract with nature of financial instrument	54,014	52,215
Net change of reserves for foreign exchange valuation	(4,222,119)	8,810,761
Net change of other reserves	(140,870)	(105,586)
	\$ (1,413,982)	58,681,432

(v) Employee benefits expenses

	For the three months ended	
	March 31	
	2023	2022
Salaries and wages	\$ 7,965,055	7,975,304
Labor insurance, national health insurance, and group insurance for life	894,782	866,196
Pension	486,353	478,484
Director's remuneration	84,651	105,992
Other employee benefits expenses	815,954	391,722
	\$ 10,246,795	9,817,698

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(vi) Depreciation and amortization expenses

	For the three months ended March 31	
	2023	2022
Depreciation expenses	\$ 1,320,462	1,325,862
Amortization expenses	490,771	427,364
	\$ 1,811,233	1,753,226

(vii) Other general and administrative expenses

	For the three months ended March 31	
	2023	2022
Taxation and government fee	\$ 1,157,665	1,275,245
Rental expense	294,457	259,210
Professional services	729,889	638,933
Business activities	414,272	142,610
Cross-selling expense	53,513	84,355
Postage expense	357,220	331,724
Others	3,277,283	2,498,853
	\$ 6,284,299	5,230,930

(ag) Disclosure of financial instruments

(i) Fair value information

1) Summary

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instrument is measured at fair value at initial recognition, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are measured at fair value on a recurring basis. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities. If the market is not active, the fair value of financial instruments is determined in accordance with (a) valuation techniques, (b) valuation provided by the professional financial information providers which are commonly used by market participants, or (c) quoted prices of the counter party.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Definition of fair value hierarchy

a) Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Taiwan government bonds, listed equity, debt instruments and derivatives instruments with market prices are categorized in Level 1.

b) Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices). Preference stocks, bonds and derivatives instruments without active market price are categorized in Level 2.

c) Level 3 inputs

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted price from the counter party. The investment in equity, debt instruments and derivatives instruments without active market prices but based on counter party or inputs other than direct market data as well as most investment property are categorized in Level 3.

When evaluating a financial instrument, if the direct market parameters cannot be obtained, the value of the financial instrument is accessed by the public parameters of other comparable companies. However, the public parameters of other comparable companies are indirectly related; therefore, the financial instrument is within the scope of Level 3. The investments in unlisted stocks are categorized in Level 3.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Fair value measurement

1) Fair value hierarchy

The following tables present for each of the fair value hierarchy levels of the Company and its subsidiaries:

Financial instruments - instruments measured at fair value	March 31, 2023			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurement				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 528,891,102	524,114,163	401,406	4,375,533
Bond investment	163,769,077	45,219,110	108,222,394	10,327,573
Others	779,147,487	528,734,059	64,157,712	186,255,716
Financial assets measured at fair value through other comprehensive income				
Stock investment	79,154,745	49,729,774	-	29,424,971
Bond investment (Note 1)	521,097,392	217,239,073	289,544,557	14,313,762
Others	106,386,563	8,441,921	97,741,357	203,285
Investment property (Note 2)	262,783,531	-	-	262,783,531
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	10,641,827	10,641,827	-	-
Financial liabilities designated as at fair value through profit or loss	42,669	42,669	-	-
Financial liabilities for hedging	6,547,796	-	6,547,796	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss	\$ 36,450,809	799,418	32,864,049	2,787,342
Financial assets for hedging	16,223,929	-	16,223,929	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	51,677,284	175,367	49,232,157	2,269,760
Financial liabilities designated as at fair value through profit or loss	2,770,422	-	41,072	2,729,350
Financial liabilities for hedging	7,324,652	-	7,324,652	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Financial instruments - instruments measured at fair value	December 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Recurring fair value measurement</u>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 466,216,991	461,596,454	410,387	4,210,150
Bond investment	155,211,930	32,007,140	114,423,476	8,781,314
Others	723,422,761	483,061,157	49,447,213	190,914,391
Financial assets measured at fair value through other comprehensive income				
Stock investment	71,580,176	42,100,502	-	29,479,674
Bond investment (Note 1)	835,011,113	502,952,229	324,162,716	7,896,168
Others	66,820,662	8,427,265	57,568,715	824,682
Investment property (Note 2)	261,180,539	-	-	261,180,539
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	9,959,375	4,816,315	5,143,060	-
Financial liabilities designated as at fair value through profit or loss	45,679	45,679	-	-
Financial liabilities for hedging	5,189,570	-	5,189,570	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 73,734,357	721,081	70,154,084	2,859,192
Financial assets for hedging	19,304,960	-	19,304,960	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	76,643,036	196,388	74,116,341	2,330,307
Financial liabilities designated as at fair value through profit or loss	942,466	-	30,735	911,731
Financial liabilities for hedging	7,733,069	-	7,733,069	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Financial instruments - instruments measured at fair value	March 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Recurring fair value measurement</u>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 630,391,826	625,017,168	643,158	4,731,500
Bond investment	156,535,986	46,442,361	100,945,445	9,148,180
Others	687,035,631	436,926,239	52,735,947	197,373,445
Financial assets measured at fair value through other comprehensive income				
Stock investment	91,625,067	62,537,979	-	29,087,088
Bond investment (Note 1)	976,077,161	631,764,262	334,009,364	10,303,535
Others	58,149,676	9,246,787	48,027,511	875,378
Investment property (Note 2)	265,488,013	-	-	265,488,013
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	18,306,886	14,634,588	3,672,298	-
Financial liabilities designated as at fair value through profit or loss	59,792	59,792	-	-
Financial liabilities for hedging	3,071,712	-	3,071,712	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 41,693,629	970,446	38,847,820	1,875,363
Financial assets for hedging	6,688,536	-	6,688,536	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	70,569,991	249,329	68,868,478	1,452,184
Financial liabilities designated as at fair value through profit or loss	3,060,196	-	10,375	3,049,821
Financial liabilities for hedging	6,670,963	-	6,670,963	-

Note 1: Guarantee deposits for government bonds as pledged assets were included.

Note 2: Investment properties which were not measured at fair value were excluded.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

a) Financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and Taipei Exchange, theoretical prices of government bonds, and net asset value of mutual funds, are all basis for measuring the fair value of listed-stocks in exchange, listed stocks in OTC and debt instruments with quoted prices in the active markets.

If the quoted prices from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities are timely and frequently, and that the price fairly presents market transaction, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

Except for financial instruments in the active markets, fair value of others financial instruments is determined by valuation techniques, valuation provided by professional financial information providers which are commonly used by market participants, or quoted prices of the counter party. Necessary inputs required for valuation techniques are from available market information like yield curve of Taipei Exchange.

The Company and its subsidiaries use the valuation techniques commonly accepted by market participants for nonstandard and less complicated financial instruments. Parameters of valuation models are usually from the observable market information.

Valuation of derivatives instruments is based on valuation models commonly accepted by market participants such as discounted cash flow method. Valuation of forward foreign exchange contracts is based on the discounted cash flow models using the quoted forward rate. Valuation of Interest rate derivatives is based on discounted cash flow models, with inputs from observable market information.

b) Non-financial instruments

Fair value of investment property is determined based on the rules stipulating in the “Regulations Governing the Preparation of Financial Reports”. The fair value of investment property is based on a valuation by professional appraisal agency and supported by market evidence. Please refer to Note 6 (n) for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value adjustment

a) Limitations of valuation models and inputs

Limitations of valuation models may lead to insufficient reflection of all relevant elements of the financial and non-financial instruments. Therefore, the estimated value will be adjusted based on other parameters when necessary. The model validation process is required before the Company and its subsidiaries adopt the model price. Therefore, the adjustments are considered to be proper and essential. Price information and parameters for measurement are carefully used, and the adjustments are based on the current market conditions.

b) Credit risk valuation adjustment

The Company and its subsidiaries incorporate credit risk valuation adjustment into fair value calculations in order to reflect the credit risks of counter party and the credit quality of the Company and its subsidiaries.

Credit risk valuation adjustment is the fair value of the over-the-counter (OTC) derivative contracts that reflect the credit risks of the two parties which includes:

- i) Credit value adjustments (CVA): adjust the valuation on transactions that occurs outside the exchange market, which refers to OTC derivative contracts, to reflect the possibility of the counter parties' delayed payment and default into fair value.
- ii) Debit value adjustments (DVA): adjust the valuation on transactions that occurs outside the exchange market, which refers to OTC derivative contracts, to reflect the possibility of the Company and its subsidiaries' delayed payment and default into fair value.

CVA and DVA are loss expectation and can be measured at the products of PD (probability of default), LGD (loss given default), EAD (exposure at default).

For counterparties with credit ratings from external rating agencies, the PD is based on the corresponded credit ratings. For counterparties without credit ratings from external rating agencies, the PD is estimated on their average probability of impairment from loans and receivables. For counterparties undesirable close position, the PD is 100%.

The Company and its subsidiaries use the fair value of the OTC derivatives as exposure at default (EAD).

60% of LGD is adopted per the "Disclosure guidance of CVA and DVA" under IFRS13 by TWSE.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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4) Transfers between Level 1 and Level 2

The transfers between Level 1 and Level 2 for the three months ended March 31, 2023 and 2022 were due to quoted market price and liquidity.

5) Changes in Level 3 Fair Value Category

The reconciliations of the beginning and ending balances for Level 3 assets are as follows.

Units: In thousands of TWD

Name	For the three months ended March 31, 2023							Ending balance
	Beginning balance	Gains (Losses) on Valuation		Increase		Decrease		
		Profit and Loss	Other Comprehensive Income (Note)	Purchased/ Issued	Transferred to Level 3 (a)(b)	Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 206,765,047	261,550	(4,816,419)	10,083,087	1,247,573	9,727,410	67,264	203,746,164
Financial assets measured at fair value through other comprehensive income	38,200,524	(74,922)	58,471	1,510,712	9,384,373	2,326,011	2,811,129	43,942,018
Investment property	261,180,539	1,070,875	517,092	356	27,960	13,291	-	262,783,531
Total	<u>\$ 506,146,110</u>	<u>1,257,503</u>	<u>(4,240,856)</u>	<u>11,594,155</u>	<u>10,659,906</u>	<u>12,066,712</u>	<u>2,878,393</u>	<u>510,471,713</u>

(a) Transferred from level 2 to level 3 due to lack of observable market data that resulted from the decreasing market activities.

(b) The Company and its subsidiaries' policy is to recognize the transfer in and transfer out of Level 3 inputs when the item is transferred or the condition changes. Otherwise, they would have to be recognized as of the beginning or ending of the reporting date.

(c) Transferred from level 3 to level 2 because the observable market data became acquirable.

Note: Valuation of financial assets measured at fair value through profit or loss that recognized as other comprehensive income is the gain or loss reclassified by applying overlay approach.

Units: In thousands of TWD

Name	For the three months ended March 31, 2022							Ending balance
	Beginning balance	Gains (Losses) on Valuation		Increase		Decrease		
		Profit and Loss	Other Comprehensive Income (Note)	Purchased/ Issued	Transferred to Level 3 (a)(b)	Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 198,993,337	534,709	8,618,783	12,197,806	928,248	6,950,642	1,193,753	213,128,488
Financial assets measured at fair value through other comprehensive income	54,558,345	358,316	(2,481,920)	115	381,334	1,027,437	11,522,752	40,266,001
Investment property	264,904,823	(682,915)	628,426	289,449	348,230	-	-	265,488,013
Total	<u>\$ 518,456,505</u>	<u>210,110</u>	<u>6,765,289</u>	<u>12,487,370</u>	<u>1,657,812</u>	<u>7,978,079</u>	<u>12,716,505</u>	<u>518,882,502</u>

(a) Transfer from level 2 to level 3 due to lack of observable market data that resulted from the decreasing of market activities.

(b) The Company and its subsidiaries' policy is to recognize the transfer in and transfer out of Level 3 inputs when the item is transferred or the condition changes. Otherwise, they would have to be recognized as of the beginning or ending of the reporting date.

(c) Transfer from level 3 to level 2 because the observable market data became acquirable.

Note: Valuation of financial assets measured at fair value through profit or loss that recognized as other comprehensive income is the gain or loss reclassified by applying overlay approach.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The reconciliations of the beginning and ending balances for Level 3 liabilities are as follows.

Units: In thousands of TWD							
For the three months ended March 31, 2023							
Name	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 2,330,307	(21,239)	-	-	39,308	-	2,269,760
Financial liabilities designated as at fair value through profit or loss	911,731	13,277	9,057,906	-	7,253,564	-	2,729,350
Total	<u>\$ 3,242,038</u>	<u>(7,962)</u>	<u>9,057,906</u>	<u>-</u>	<u>7,292,872</u>	<u>-</u>	<u>4,999,110</u>

Units: In thousands of TWD							
For the three months ended March 31, 2022							
Name	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 1,300,560	219,163	674	-	68,213	-	1,452,184
Financial liabilities designated as at fair value through profit or loss	2,901,172	(41,459)	8,987,516	-	8,797,408	-	3,049,821
Total	<u>\$ 4,201,732</u>	<u>177,704</u>	<u>8,988,190</u>	<u>-</u>	<u>8,865,621</u>	<u>-</u>	<u>4,502,005</u>

The aforementioned gains and losses on the valuation are included in current profit or loss and other comprehensive income, and changes in unrealized gains or losses related to assets and liabilities held on the account are as follows:

	For the three months ended	
	March 31	
	2023	2022
Changes in unrealized gains or losses		
Recognized as profit or loss	\$ 1,344,356	(75,556)
Recognized as other comprehensive income	\$ (2,740,069)	4,990,068

6) Valuation Techniques and Inputs for Level 3 Fair Value Measurements

Financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and investment property of the Company and its subsidiaries are categorized into Level 3.

The Company and its subsidiaries' financial assets and liabilities measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income categorized into Level 3 refer to the valuation provided by the professional information providers which are commonly used by market participants, and quoted prices of the counter party, because they lack quoted prices in an active market.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Investment property categorized into Level 3 is determined based on the rule stipulating in the “Regulations Governing the Preparation of Financial Reports” and evaluated by the professional appraisal agency with the support of market evidence. Please refer to note 6 (n) for details.

Because of the inability to measure the fair value reliably due to the significant unobservable inputs, quantitative information is not disclosed.

The fair value of the aforementioned assets is as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Valuation techniques and inputs for level 3 fair value measurements	\$ 478,494,209	475,195,625	486,861,112

Quantitative information of Level 3 inputs of subsidiaries is as follows:

a) Taipei Fubon Bank

	March 31, 2023				
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<u>Recurring fair value measurement</u>					
<u>Non-derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,666,309	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<u>Derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 1,954	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.

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December 31, 2022					
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<u>Recurring fair value measurement</u>					
<u>Non-derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,694,529	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<u>Derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 4,282	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.
March 31, 2022					
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<u>Recurring fair value measurement</u>					
<u>Non-derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,301,680	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<u>Derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 323	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.

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b) Fubon Life Insurance

March 31, 2023							
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value		
Financial assets measured at fair value through profit or loss	\$ 2,074,755	Asset-based Approach	Discount for lack of marketability	5%~10%(5.83%)	The higher the discount for lack of marketability, the lower the fair value.		
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.		
		Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.		
			P/E ratio	8.3	The higher the P/E ratio, the higher the fair value.		
			P/B ratio	5.2	The higher the P/B ratio, the higher the fair value.		
		Black-Scholes Model	Risk-free rate	3 year: 2.71%~3.31% 5 year: 2.63%~3.21% 10 year: 3.21%~3.93%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.		
			Volatility	6year: 24.88%~30.40% 39.78%~48.62%	The higher the volatility, the higher the fair value.		
			Underlying stock price	HK\$189,547,986 ~\$231,669,760 US\$2,745,229 ~\$3,355,365	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.		
		Financial assets measured at fair value through other comprehensive income	9,860,817	Asset-based Approach	Discount for lack of marketability	0%~20% (11.67%)	The higher the discount for lack of marketability, the lower the fair value.
					Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.
Market approach – comparable company	Discount for lack of marketability			11.92%~28%(20.64%)	The higher the discount for lack of marketability, the lower the fair value.		
	P/B ratio			1.5~3.4(2.5)	The higher the P/B ratio, the higher the fair value.		
Discounted cash flow	Discount rate			3.98%~4.29%	The higher the discount rate, the lower the fair value.		
	Credit spread			0.22%~15.78%	The higher the credit spread, the lower the fair value.		
	Prepayment rate			0%~1.21%	The higher the prepayment rate, the higher the fair value.		

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December 31, 2022						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through profit or loss	\$ 1,987,249	Asset-based Approach	Discount for lack of marketability	5%~10%(5.83%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
				P/E ratio	8.9	The higher the P/E ratio, the higher the fair value.
				P/B ratio	5.6	The higher the P/B ratio, the higher the fair value.
			Black-Scholes Model	Risk-free rate	3 year: 3.52%~4.31% 5 year: 3.33%~4.07% 10 year: 3.49%~4.26%	The higher the risk-free rate, the lower the fair value.
				Volatility	3 year: 24.90%~30.44% 39.78%~48.62%	The higher the volatility, the higher the fair value.
				Underlying stock price	HK\$184,530,277 ~\$225,537,005 US\$3,789,857 ~\$4,632,047	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.
			Financial assets measured at fair value through other comprehensive income	9,574,562	Asset-based Approach	Discount for lack of marketability
Non-controlling interest discount	5%~20% (11.11%)	The higher the non-controlling interest discount, the lower the fair value.				
Market approach – comparable company	Discount for lack of marketability	11.58%~28% (20.53%)				The higher the discount for lack of marketability, the lower the fair value.
	P/B ratio	1.5~3.1(2.3)				The higher the P/B ratio, the higher the fair value.
Discounted cash flow	Discount rate	4.80%~5.26%				The higher the discount rate, the lower the fair value.
	Credit spread	0.22%~18.08%				The higher the credit spread, the lower the fair value.
	Prepayment rate	0%~1.21%				The higher the prepayment rate, the higher the fair value.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through profit or loss	\$ 1,991,827	Asset-based Approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
				P/E ratio	11.1~14.5(12.8)	The higher the P/E ratio, the higher the fair value.
				P/B ratio	1.0~10.2(5.6)	The higher the P/B ratio, the higher the fair value.
			Discounted cash flow	Discount rate	14.72%	The higher the discount rate, the lower the fair value.
			Black-Scholes Model	Risk-free rate	3 year: 1.61%~1.97% 5 year: 1.95%~2.38% 10 year: 2.16%~2.63%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.
				Volatility	3 year: 24.03%~29.38% 5 year: 22.33%~27.29% 6 year: 22.07%~26.98% 35.19%~43.01%	The higher the volatility, the higher the fair value.
			Underlying stock price	HK\$222,301,168 ~\$271,701,427 US\$3,653,071 ~\$4,464,864	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.	
			Financial assets measured at fair value through other comprehensive income	8,913,034	Asset-based Approach	Discount for lack of marketability
Non-controlling interest discount	5%~29.7%(19.83%)	The higher the non-controlling interest discount, the lower the fair value.				
Market approach – comparable company	Discount for lack of marketability	10.12%~28%(20.04%)				The higher the discount for lack of marketability, the lower the fair value.
	P/B ratio	1.7~3.1(2.4)				The higher the P/B ratio, the higher the fair value.
Discounted cash flow	Discount rate	2.03%~2.69%				The higher the discount rate, the lower the fair value.
	Credit spread	0.22%~18.32%				The higher the credit spread, the lower the fair value.
	Prepayment rate	0%~1.99%				The higher the prepayment rate, the higher the fair value.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Fubon Insurance

March 31, 2023					
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
Financial assets measured at fair value through other comprehensive income	\$ 2,068,036	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/B ratio, the higher the fair value.
			Non-controlling interest discount	0%~20% (8.75%)	
			Discount for lack of marketability	22%~28% (25%)	
			P/B ratio	1.5~3.4(2.5)	
December 31, 2022					
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
Financial assets measured at fair value through other comprehensive income	\$ 1,829,636	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/B ratio, the higher the fair value.
			Non-controlling interest discount	0%~20% (10%)	
			Discount for lack of marketability	22%~28% (25%)	
			P/B ratio	1.5~3.1(2.3)	
March 31, 2022					
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
Financial assets measured at fair value through other comprehensive income	\$ 1,727,885	Asset-based Approach	Discount for lack of marketability	0%~10% (5%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/E ratio, the higher the fair value. The higher the P/B ratio, the higher the fair value.
			Non-controlling interest discount	0%~29.7% (12.38%)	
			Discount for lack of marketability	22%~28% (25%)	
			P/E ratio	11.1	
			P/B ratio	1.7~3.1(2.4)	

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Fubon Securities

March 31, 2023					
<u>Recurring fair value measurement</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
<u>Non-derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Securities invested by brokers	\$ 293,529	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	3,820,190	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
<u>Derivative financial instruments</u>					
Liabilities:					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	2,507,217	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.
December 31, 2022					
<u>Recurring fair value measurement</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
<u>Non-derivative financial instruments</u>					
Assets:					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Stock investment	\$ 9,012	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Securities invested by brokers	376,758	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	3,968,809	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
<u>Derivative financial instruments</u>					
Liabilities:					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	846,222	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2022				
		Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
Recurring fair value measurement						
Non-derivative financial instruments						
Assets:						
Financial assets measured at fair value through profit or loss						
Financial assets mandatorily measured at fair value through profit or loss						
	Securities invested by brokers	\$ 312,604	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income						
	Stock investment	4,275,754	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Derivative financial instruments						
Liabilities:						
Financial liabilities measured at fair value through profit or loss						
	Financial liabilities designated as at fair value through profit or loss	2,624,243	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

Note 1: The selection of evaluation methods of unlisted stock is performed case-by-case.

e) **JihSun Bank**

		March 31, 2023				
		Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
Non-derivative financial instruments						
	Financial assets measured at fair value through other comprehensive income	\$ 773,280	Comparable company approach	Evaluation multiplier	0.80~27.45	The higher the evaluation multiplier, the higher the fair value.
				Discount for lack of marketability	25.00%~28.00%	The higher the discount for lack of marketability, the lower the fair value.
			Discounted cash flow	Long-term revenue growth rate	1.74%	The higher the long-term revenue growth rate, the higher the fair value.
				Weighted average cost of capital	7.59%	The higher the weighted average cost of capital, the lower the fair value.
				Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.
			Net asset value method	Net asset value	Not applicable	Not applicable
				Non-controlling interest discount	10.00%	The higher the non-controlling interest discount, the lower the fair value.
				Discount for lack of marketability	10.00%	The higher the discount for lack of marketability, the lower the fair value.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022							
<u>Non-derivative financial instruments</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>		
Financial assets measured at fair value through other comprehensive income	\$ 737,966	Comparable company approach	Evaluation multiplier	0.80–26.90	The higher the evaluation multiplier, the higher the fair value.		
			Discount for lack of marketability	25.00%–28.00%	The higher the discount for lack of marketability, the lower the fair value.		
			Discounted cash flow	Long-term revenue growth rate	1.72%	The higher the long-term revenue growth rate, the higher the fair value.	
				Weighted average cost of capital	7.80%	The higher the weighted average cost of capital, the lower the fair value.	
				Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.	
				Net asset value method	Net asset value	Not applicable	Not applicable
					Non-controlling interest discount	10.00%–20.00%	The higher the non-controlling interest discount, the lower the fair value.
		Discount for lack of marketability	10.00%	The higher the discount for lack of marketability, the lower the fair value.			

March 31, 2022							
<u>Non-derivative financial instruments</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>		
Financial assets measured at fair value through other comprehensive income	\$ 757,887	Comparable company approach	Evaluation multiplier	0.80–1.00	The higher the evaluation multiplier, the higher the fair value.		
			Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.		
			Discounted cash flow	Long-term revenue growth rate	1.72%	The higher the long-term revenue growth rate, the higher the fair value.	
				Weighted average cost of capital	7.14%	The higher the weighted average cost of capital, the lower the fair value.	
				Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.	
				Net asset value method	Net asset value	Not applicable	Not applicable
					Non-controlling interest discount	20.00%	The higher the non-controlling interest discount, the lower the fair value.
		Discount for lack of marketability	15.00%–20.00%	The higher the discount for lack of marketability, the lower the fair value.			

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) JihSun Securities

March 31, 2023					
<u>Non-derivative financial instruments</u>	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 164,864	Quote price of front hand securities	Not applicable	Not applicable	Not applicable
Financial assets measured at fair value through other comprehensive income	8,932,178	Comparable company approach	Evaluation multiplier	29	The higher the evaluation multiplier, the higher the fair value.
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
		Asset based approach	Net asset value	Not applicable	Not applicable
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.
<u>Derivative financial instruments</u>					
Financial liabilities measured at fair value through profit or loss	222,132	Option pricing model	Volatility	18%~37%	The higher the volatility, the higher the fair value.
December 31, 2022					
<u>Non-derivative financial instruments</u>	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 54,917	Net asset value method	Net asset value	Not applicable	Not applicable
		Quote price of front hand securities	Not applicable	Not applicable	Not applicable
Financial assets measured at fair value through other comprehensive income	9,276,010	Discounted cash flow	Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.
			Long-term revenue growth rate	1.72%	The higher the long-term revenue growth rate, the higher the fair value.
			Weighted average cost of capital	7.45%	The higher the weighted average cost of capital, the lower the fair value.
			Non-controlling interest discount	22.90%	The higher the non-controlling interest discount, the lower the fair value.
		Asset based approach	Net asset value	Not applicable	Not applicable
			Discount for lack of marketability	10.00%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10.00%	The higher the non-controlling interest discount, the lower the fair value.
<u>Derivative financial instruments</u>					
Financial liabilities measured at fair value through profit or loss	65,509	Option pricing model	Volatility	26%~49%	The higher the volatility, the higher the fair value.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022				
	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<u>Non-derivative financial instruments</u>					
Financial assets measured at fair value through profit or loss	\$ 302,110	Net asset value method	Net asset value	Not applicable	Not applicable
		Quote price of front hand securities	Not applicable	Not applicable	Not applicable
Financial assets measured at fair value through other comprehensive income	9,969,133	Discounted cash flow	Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.
			Long-term revenue growth rate	1.72%	The higher the long-term revenue growth rate, the higher the fair value.
			Weighted average cost of capital	6.79%	The higher the weighted average cost of capital, the lower the fair value.
			Non-controlling interest discount	29.70%	The higher the non-controlling interest discount, the lower the fair value.
		Asset based approach	Net asset value	Not applicable	Not applicable
			Discount for lack of marketability	10.00%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	29.70%	The higher the non-controlling interest discount, the lower the fair value.
<u>Derivative financial instruments</u>					
Financial liabilities measured at fair value through profit or loss	425,578	Option pricing model	Volatility	15%~55%	The higher the volatility, the higher the fair value.

7) Valuation procedure of Level 3 inputs

When the Company and its subsidiaries' fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the parameters of unobservable inputs, the asset or liability is categorized into Level 3. Level 3 inputs come from:

- a) Prices referring from the professional finance information providers, which are not different for each acquirer and which shall be acquired by specific facility.
- b) Prices referring from quoted prices of the counter party or evaluation agency. Price information is provided on a monthly or a quarterly basis and shall be kept properly.
- c) Prices referring from the evaluation of equity investment using market method and model evaluation.
- d) Price referring from the evaluation of loans using discounted cash flow method.
- e) Price referring from the evaluation of derivative instruments using model evaluation.

Investment property is appraised by professional appraisers in accordance with the valuation techniques announced by the FSC.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

While under different models or using different parameters may lead to different results, fair value measurement for financial instruments and investment properties of the Company and its subsidiaries is reasonable.

The following tables shows the valuation impacts from input parameters changes on Level 3 financial instruments.

- a) Taipei Fubon Bank

Units : In thousands

March 31, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,417	(1,433)	-	-

December 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,982	(1,966)	-	-

March 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,405	(1,419)	-	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Fubon Life Insurance

<u>March 31, 2023</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income (Note)</u>	
	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through profit or loss	\$ 61,771	(61,169)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	115,812	(115,805)
Total	<u>\$ 61,771</u>	<u>(61,169)</u>	<u>115,812</u>	<u>(115,805)</u>

<u>December 31, 2022</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income (Note)</u>	
	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through profit or loss	\$ 65,509	(65,023)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	109,262	(110,063)
Total	<u>\$ 65,509</u>	<u>(65,023)</u>	<u>109,262</u>	<u>(110,063)</u>

<u>March 31, 2022</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income (Note)</u>	
	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through profit or loss	\$ 76,198	(75,439)	13	(14)
Financial assets measured at fair value through other comprehensive income	-	-	86,872	(87,695)
Total	<u>\$ 76,198</u>	<u>(75,439)</u>	<u>86,885</u>	<u>(87,709)</u>

Note: Fair value fluctuation reflected on other comprehensive income of financial assets measured at fair value through profit or loss is the reclassification by applying overlay approach.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Fubon Securities

<u>March 31, 2023</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Items</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>
Assets				
Financial assets mandatorily measured at fair value through profit or loss	\$ 29,353	(29,353)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	382,019	(382,019)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	250,722	(250,722)	-	-

<u>December 31, 2022</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Items</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>
Assets				
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,577	(38,577)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	396,881	(396,881)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	84,622	(84,622)	-	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets mandatorily measured at fair value through profit or loss	\$ 31,260	(31,260)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	427,575	(427,575)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	262,424	(262,424)	-	-

d) JihSun Bank

March 31, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+1%)	Negative change (-1%)	Positive change (+1%)	Negative change (-1%)
Items				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	69,838	(53,839)

December 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+1%)	Negative change (-1%)	Positive change (+1%)	Negative change (-1%)
Items				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	62,550	(49,365)

March 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+1%)	Negative change (-1%)	Positive change (+1%)	Negative change (-1%)
Items				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	73,381	(55,062)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

e) JihSun Securities

<u>March 31, 2023</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	208,398	(208,396)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	-	-	27	(27)
<u>December 31, 2022</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	443,110	(436,279)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	3	(3)	-	-
<u>March 31, 2022</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>	<u>Positive change (+1%)</u>	<u>Negative change (-1%)</u>
<u>Items</u>				
Assets				
Financial assets measured at fair value through other comprehensive income	\$ -	-	472,552	(461,220)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	62	(62)	-	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Estimated Fair Value of Financial Instruments Not Carried at Fair Value

1) Fair value information

In addition to the following items, the Company and its subsidiaries' financial instruments that are not measured at fair value include cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resale agreements, receivables, partial other financial assets, discounts and loans, deposit from and due to the central bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits and remittances, other borrowings and other financial liabilities. Since their book value is a reasonable approximation to fair value, there is no fair value disclosure.

<u>Items</u>	<u>Book value</u>	<u>Fair value</u>
March 31, 2023		
Financial assets		
Debt investments measured at amortized cost (Note)	\$ 3,737,967,157	3,299,508,855
Financial liabilities		
Bonds payable	263,590,565	260,792,365
December 31, 2022		
Financial assets		
Debt investments measured at amortized cost (Note)	3,362,792,630	2,945,384,888
Financial liabilities		
Bonds payable	257,381,535	252,667,784
March 31, 2022		
Financial assets		
Debt investments measured at amortized cost (Note)	3,238,068,186	3,150,757,244
Financial liabilities		
Bonds payable	261,026,101	262,399,201

Note: Included government bonds accounted for refundable deposits.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value hierarchy

March 31, 2023				
Financial instruments measured at fair value	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Debt investments measured at amortized cost	\$ 3,299,508,855	1,647,687,870	1,310,256,690	341,564,295
Financial liabilities:				
Bonds payable	260,792,365	90,332,539	156,373,168	14,086,658
December 31, 2022				
Financial instruments measured at fair value	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Debt investments measured at amortized cost	\$ 2,945,384,888	1,266,227,780	1,371,491,269	307,665,839
Financial liabilities:				
Bonds payable	252,667,784	82,022,961	155,731,642	14,913,181
March 31, 2022				
Financial instruments measured at fair value	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Debt investments measured at amortized cost	\$ 3,150,757,244	1,485,812,303	1,317,416,827	347,528,114
Financial liabilities:				
Bonds payable	262,399,201	78,397,670	172,520,443	11,481,088

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Valuation techniques

The methods and hypothesis that the Company and its subsidiaries used in estimating the financial instrument not measured at fair value are as follows:

- a) Fair value of the financial instrument of which the maturity date is short, or the future price is closed to the book value is estimated by using its book value. This method is applied to cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, partial other financial assets, discounts and loans, deposit from and due to the central bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits and remittances, other borrowings and other financial liabilities.
- b) Since principal of discounts and loans, deposits, structured products, commercial paper issued and other borrowings are all interest-bearing financial assets or liabilities, their book value is proximate to fair value. Book value of overdue receivables is the estimated recoverable amount after deducting allowances for bad debts. Therefore, the fair value of the above financial assets and liabilities is its book value.
- c) If debt investments measured at amortized cost and bonds payable have quoted prices in active market, its fair value will be market price. If there is no market price for reference, the fair value will be estimated by using the valuation technique. The estimates and assumptions used by the Company and its subsidiaries in the evaluation technique are consistent with the information used by the market participants when pricing the financial instruments, and the information is available to the Company and its subsidiaries.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ah) Insurance Contracts

(i) Fubon Insurance and its subsidiaries

1) Various reserves

a) Unearned premium reserves

i) Detail of unearned premium reserves and ceded unearned premium reserves

Particular	March 31, 2023			
	Unearned premium reserves		Ceded unearned premium reserves	
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	Retained business
Fire insurance	\$ 1,486,147	4,445	689,384	801,208
Marine cargo insurance	598,355	499	217,038	381,816
Marine hull fishing vessel	361,735	679	281,232	81,182
Voluntary motor insurance	10,500,675	138,863	609,380	10,030,158
Compulsory motor TPL insurance	2,493,079	809,091	1,495,848	1,806,322
Liability insurance	2,309,528	8,224	566,978	1,750,774
Engineering and nuclear insurance	2,276,437	29,234	1,619,452	686,219
Surety and credit insurance	129,840	739	93,063	37,516
Other property insurance	782,326	40	396,983	385,383
Accident insurance	3,534,504	12,105	60,103	3,486,506
Typhoon, flood and earthquake insurance	2,541,913	42,471	1,805,106	779,278
Personal and commercial multiple peril insurance	623,967	-	70,186	553,781
Health insurance	835,045	-	34,468	800,577
Overseas reinsurance assumed	-	190,158	7,516	182,642
Overseas subsidiaries	1,694,644	696,719	721,139	1,670,224
Total	\$ 30,168,195	1,933,267	8,667,876	23,433,586

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Particular	December 31, 2022			
	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	
	Particular	Direct business	Reinsurance-assumed business	Reinsurance-ceded business
Fire insurance	\$ 1,433,377	6,731	637,633	802,475
Marine cargo insurance	407,311	1,155	119,928	288,538
Marine hull fishing vessel	229,562	875	175,021	55,416
Voluntary motor insurance	9,979,448	209,838	548,477	9,640,809
Compulsory motor TPL insurance	2,467,935	799,486	1,480,761	1,786,660
Liability insurance	2,065,530	6,114	527,581	1,544,063
Engineering and nuclear insurance	1,873,462	24,971	1,301,549	596,884
Surety and credit insurance	140,282	617	104,517	36,382
Other property insurance	1,227,180	150	459,077	768,253
Accident insurance	3,461,211	13,095	48,256	3,426,050
Typhoon, flood and earthquake insurance	1,882,429	43,129	1,155,311	770,247
Personal and commercial multiple peril insurance	568,041	-	16,645	551,396
Health insurance	910,617	-	69,622	840,995
Overseas reinsurance assumed	-	192,959	5,478	187,481
Overseas subsidiaries	1,710,374	764,956	742,433	1,732,897
Total	\$ 28,356,759	2,064,076	7,392,289	23,028,546
Particular	March 31, 2022			
	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	
	Particular	Direct business	Reinsurance-assumed business	Reinsurance-ceded business
Fire insurance	\$ 1,382,018	3,606	570,117	815,507
Marine cargo insurance	529,934	726	195,870	334,790
Marine hull fishing vessel	300,586	368	215,335	85,619
Voluntary motor insurance	9,986,995	225,629	515,373	9,697,251
Compulsory motor TPL insurance	2,349,960	784,348	1,409,976	1,724,332
Liability insurance	2,073,515	4,830	543,210	1,535,135
Engineering and nuclear insurance	2,214,926	25,320	1,605,210	635,036
Surety and credit insurance	117,323	712	81,280	36,755
Other property insurance	1,131,812	84	718,182	413,714
Accident insurance	3,349,323	13,229	68,582	3,293,970
Typhoon, flood and earthquake insurance	2,242,029	44,475	1,485,715	800,789
Personal and commercial multiple peril insurance	586,507	-	42,964	543,543
Health insurance	883,629	2	124,541	759,090
Overseas reinsurance assumed	-	328,612	4,724	323,888
Overseas subsidiaries	1,847,899	975,713	791,399	2,032,213
Less: Accumulated impairment	-	-	(867)	867
Total	\$ 28,996,456	2,407,654	8,371,611	23,032,499

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$0 thousand, \$0 thousand and \$867 thousand as of March 31, 2023, December 31 and March 31, 2022, respectively.

- ii) The movements in unearned premium reserves and ceded unearned premium reserves were as follows:

Particular	For the three months ended March 31, 2023	
	Unearned premium reserves	Ceded unearned premium reserves
Beginning balance	\$ 30,420,835	7,392,289
Provision	32,094,434	8,666,118
Recovered	(30,420,835)	(7,392,289)
Other – effect of change in exchange rates	7,028	1,758
Ending balance	<u>\$ 32,101,462</u>	<u>8,667,876</u>

Particular	For the three months ended March 31, 2022	
	Unearned premium reserves	Ceded unearned premium reserves
Beginning balance	\$ 30,272,634	7,857,368
Provision	31,297,361	8,340,136
Recovered	(30,272,634)	(7,858,235)
Other – effect of change in exchange rates	106,749	32,342
Ending balance	<u>\$ 31,404,110</u>	<u>8,371,611</u>

Fubon Insurance and its subsidiaries provide unearned premium reserves according to the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Under the Regulations, the unearned premiums of effective insurance contracts which have not matured yet or insurance contracts which are not yet effective is calculated in accordance with the unexpired risk for every type of insurance, and unearned premium reserves are also provided accordingly. The method of providing the reserve mentioned above, which is noted in the insurance product application filed with the Authority, is decided by actuaries in according to type of insurance. This method cannot be changed, unless approved by the Authority.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Based on local regulations, unearned premium reserves are provided for compulsory automobile liability insurance, nuclear insurance and resident earthquake insurance as follows:

1. The unearned premium reserve for compulsory private passenger auto liability, compulsory commercial auto liability, compulsory motorcycle liability and compulsory mini electric two-wheel vehicle liability are provided based on the “Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance”.
2. The unearned premiums reserves for nuclear insurance are provided based on the “Regulations for the Reserve of Nuclear Insurance”.
3. The unearned premiums reserves for resident earthquake insurance are provided according to the “Enforcement Rules for the Risk Spreading Mechanism for Resident Earthquake Insurance”.

b) Special reserve

- i) Special reserve is divided into “catastrophe special reserve” and “special reserves for fluctuation of risks”. The provision, after deducting income tax in accordance with IAS 12, should be accounted for as special reserve under equity. The offset or recovered amount, after deducting income tax in accordance with IAS 12, could be recognized as special reserve under equity. Commencing from January 1, 2013, special reserve which was initially accounted for under liability should be recognized under equity. Furthermore, in accordance with “Notes on Strengthening Catastrophe Provisions for Non-Life Insurance Companies”, except for compulsory motor TPL insurance, nuclear insurance, residential earthquake insurance and commercial earthquake, typhoon and flood insurance, all catastrophe special reserve and equalization special reserve recognized under liability before December 31, 2012 should first replenish the reserves of commercial earthquake, typhoon and flood insurance before deducting the income tax in accordance with IAS 12, accounted for as special reserve under equity as of January 1, 2013.

1. Catastrophe special reserve

A catastrophe special reserve is provided for all types of insurance based on a rate prescribed by the competent authority.

For the actual catastrophe claim exceeding \$30 million, and in the total property insurance industry, the insurance category of the whole compensation exceeding to \$2 billion, the excess amount is offset against special catastrophe reserve.

For special catastrophe reserve that remains outstanding for over 15 years, it is written off based on the evaluation of an actuary and after being reported to the competent authority for inspection.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Special reserves for fluctuation of risks

If the actual insurance claim and loss adjustment expenses for a particular type of insurance are less than the expected amount determined by the FSC, an additional special reserve equal to 15% of the amount of the different is provided.

In accordance with the letter Jin-Guan-Bao-Cai-Zi No.10002509161 issued by Financial Supervisory Commission, Executive Yuan, R.O.C on June 16, 2011, if the net balance of the actual claims for earthquake, typhoon and flood damages from commercial and personal accident insurance after deducting the special catastrophe reserve is less than the expected claims determined by the FSC, an additional special reserve equal to 75% of the amount of the difference is provided. Expected claims are calculated at no less than 60% of expected loss.

The excess amount of actual claims over the expected claims, after deducting the special catastrophe reserve, is offset against variation special reserve. If the variation special reserve of the insurance mentioned above is insufficient, the deficiency is offset against the variation special reserve of other kind of insurance. The type and amount of deduction should be reported to the FSC.

In the event that the accumulated amount of special reserves for fluctuation of risks exceeds 60% of the retained earned premium, the amount in excess shall be subject to recovery under the applicable rules.

ii) The segment requirements of special assets

Fubon Insurance and its subsidiaries provide independent accounting and disclosures for Compulsory Automobile Liability Insurance activities (the Insurance) according to the “Regulations of Compulsory Automobile Liability Insurance”.

According to the Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance Article 5 special reserve provided by the insurer, the insurer shall deposit the reserve with a financial institution as a time deposit or treasury bills. Provided that with the approval of the competent authority, the insurer may purchase the following domestic securities:

1. Government bonds excluding exchangeable bonds.
2. Financial bonds, negotiable certificates of deposits, bank's acceptance bill, and financial institution guaranteed commercial paper. Yet financial bonds are restricted to normal financial bonds.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amount of the treasury bonds and time deposits listed above shall not be less than 30% of the recent audited or reviewed matured retention insurance premium, and the authority can increase the percentage depending on the operating circumstances of Fubon Insurance and its subsidiaries.

The balance of special reserve that is less than 30% of the recent audited or reviewed matured retention insurance premium shall all be used to purchase treasury bonds or be put in time deposits.

According to the “Regulations for Deposit and Management of the Reserve for Compulsory Automobile Liability Insurance” article 6, except for the special reserve provided as prescribed in the preceding article, funds held by an insurer for this insurance shall be deposited in a financial institution in the form of demand deposits and time deposits. However, with the approval of the authority, an insurer may purchase any of the following domestic securities:

1. Treasury bills.
2. Negotiable certificates of deposits, bank’s acceptance bill, and financial institution guaranteed commercial paper.
3. Bonds sold under repurchase agreements.

The amount of the demand deposits listed above shall not be less than (i) 45% of the capital held by the Fubon Insurance and its subsidiaries after deducting the special reserve, and (ii) 30% of the recent audited or reviewed matured retention insurance premium. The authority can increase such demand deposits beyond the prescribed minimum percentage depending on the operating circumstances of Fubon Insurance and its subsidiaries.

If the amount of the unearned premium and claims reserve does not exceed 30% of the recent audited or reviewed matured retention insurance premium, all of the insurance capital of the insurance shall all be put in deposits.

Under article 11 of the “Regulations for Deposits and Management of the Reserve of Compulsory Automobile Liability Insurance”, the related reserves are transferred to the successor in the event that the property insurance company decides to discontinue its operations or suspend its insurance activity.

The property insurance company is officially forced to discontinue operating and liquidate, ordered to dissolve, or abolish the license of the insurance business, while no other insurer undertake the insurance business. After the insurance reserves are settled, and the special reserve balance is positive, the related reserves should be transferred to the Legal Foundation of Traffic Accidents Special Compensation Fund.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iii) The special reserve for compulsory private passenger auto liability, compulsory commercial auto liability, compulsory motorcycle liability and mini electric two-wheel vehicle were provided based on the “Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance” and Jin Guan Bao Chan Zi No.11004107771.
- iv) Movements in special reserve – Compulsory automobile liability insurance

Particular	For the three months ended March 31	
	2023	2022
Beginning balance	\$ 370,227	281,716
Provision	68,031	99,979
Recovered	(62,522)	(166,745)
Ending balance	\$ 375,736	214,950

- v) Movements in special reserve – Non-compulsory automobile liability insurance

For the three months ended March 31, 2023							
Particular	Liability			Special Reserve			
	Catastrophe	Dangerous Change	Total	Catastrophe	Dangerous Change	Travel Insurance	Total
Beginning balance (same as ending balance)	\$ 314,980	466,330	781,310	-	7,317,130	12,644	7,329,774

For the three months ended March 31, 2022							
Particular	Liability			Special Reserve			
	Catastrophe	Dangerous Change	Total	Catastrophe	Dangerous Change	Travel Insurance	Total
Beginning balance (same as ending balance)	\$ 314,980	5,488,187	5,803,167	3,722,205	7,033,793	5,054	10,761,052

Note : The special reserve above covers all the insurances except for the special reserve for compulsory automobile liability insurance, which was recognized before January 1, 2011.

- vi) The special reserve for nuclear insurance was provided in accordance with the “Regulations for the Reserve of Nuclear Insurance”.
- vii) The special reserve for resident earthquake insurance was provided in accordance with the “Regulations for danger diversified mechanism for Resident earthquake insurance”.
- viii) Travel insurance was in accordance with Jin-Guan-Bao-Cai-Zi No.10904939031.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Claim reserves

- i) The debt for policy holder of claims reported and unpaid, reported but unpaid, and unreported:

March 31, 2023					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
	Fire insurance	\$ -	374	5,852,484	118,351
Marine cargo insurance	-	248	873,929	221,988	1,095,917
Marine hull fishing vessel	-	273	435,873	114,547	550,420
Voluntary motor insurance	-	6,666	7,022,740	1,455,398	8,478,138
Compulsory motor TPL insurance	-	16,925	1,070,394	3,646,062	4,716,456
Liability insurance	-	4,070	1,924,291	860,074	2,784,365
Engineering and Nuclear insurance	-	199	1,149,744	307,270	1,457,014
Surety and credit insurance	-	(7)	137,184	37,108	174,292
Other property insurance	-	22,989	190,691	749,528	940,219
Accident insurance	-	10,084	772,331	1,297,143	2,069,474
Typhoon, flood and earthquake insurance	-	1,256	306,337	231,042	537,379
Personal and commercial multiple peril insurance	-	284	60,692	112,926	173,618
Health insurance	-	109,103	318,155	2,329,657	2,647,812
Overseas reinsurance assumed	-	-	738,855	43,102	781,957
Overseas subsidiaries	-	12,149	1,873,610	1,284,103	3,157,713
Total	\$ -	184,613	22,727,310	12,808,299	35,535,609

December 31, 2022					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
	Fire insurance	\$ -	75,839	6,886,482	32,335
Marine cargo insurance	-	3,665	923,440	209,312	1,132,752
Marine hull fishing vessel	-	14	410,870	108,179	519,049
Voluntary motor insurance	-	4,968	6,619,721	1,220,902	7,840,623
Compulsory motor TPL insurance	-	18,259	974,636	3,599,461	4,574,097
Liability insurance	-	6,362	1,884,033	838,027	2,722,060
Engineering and Nuclear insurance	-	61,096	1,009,130	261,744	1,270,874
Surety and credit insurance	-	-	135,386	36,366	171,752
Other property insurance	-	930,562	1,337,170	1,306,844	2,644,014
Accident insurance	-	73,914	663,981	1,160,986	1,824,967
Typhoon, flood and earthquake insurance	-	1,375	311,005	226,425	537,430
Personal and commercial multiple peril insurance	-	2,640	55,766	85,124	140,890
Health insurance	-	2,355,531	3,303,263	7,436,553	10,739,816
Overseas reinsurance assumed	-	-	670,888	45,399	716,287
Overseas subsidiaries	-	22,488	1,893,028	1,256,931	3,149,959
Total	\$ -	3,556,713	27,078,799	17,824,588	44,903,387

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
Fire insurance	\$ -	551	4,746,317	186,633	4,932,950
Marine cargo insurance	-	2,440	723,454	182,950	906,404
Marine hull fishing vessel	-	12,461	274,999	86,827	361,826
Voluntary motor insurance	-	62,292	5,307,978	1,091,930	6,399,908
Compulsory motor TPL insurance	-	19,983	895,092	3,540,132	4,435,224
Liability insurance	-	11,723	1,700,779	792,833	2,493,612
Engineering and Nuclear insurance	-	7,426	908,310	236,670	1,144,980
Surety and credit insurance	-	244	127,763	37,596	165,359
Other property insurance	-	1,618	185,925	302,054	487,979
Accident insurance	-	11,369	512,275	1,357,832	1,870,107
Typhoon, flood and earthquake insurance	-	750	456,812	227,380	684,192
Personal and commercial multiple peril insurance	-	1,044	47,641	94,047	141,688
Health insurance	-	7,820	97,120	255,952	353,072
Overseas reinsurance assumed	-	-	732,503	47,663	780,166
Overseas subsidiaries	-	5,510	1,899,258	1,656,555	3,555,813
Total	\$ -	145,231	18,616,226	10,097,054	28,713,280

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) Reinsurance assets – the ceded insurance business for the policy holders with reported but unpaid and unreported ceded claim reserves:

Particular	March 31, 2023		
	Reported but unpaid	Unreported	Total
Fire insurance	\$ 4,698,166	26,779	4,724,945
Marine cargo insurance	256,881	96,480	353,361
Marine hull fishing vessel	299,132	96,599	395,731
Voluntary motor insurance	324,147	39,470	363,617
Compulsory motor TPL insurance	448,735	1,739,947	2,188,682
Liability insurance	737,698	202,315	940,013
Engineering and Nuclear insurance	630,258	266,130	896,388
Surety and credit insurance	77,655	30,815	108,470
Other property insurance	91,075	79,649	170,724
Accident insurance	57,758	42,240	99,998
Typhoon, flood and earthquake insurance	137,634	177,753	315,387
Personal and commercial multiple peril insurance	6,437	4,640	11,077
Health insurance	-	282,083	282,083
Overseas reinsurance assumed	19,334	909	20,243
Overseas subsidiaries	688,549	464,223	1,152,772
Less: Accumulated impairment	(942)	(299)	(1,241)
Total	\$ 8,472,517	3,549,733	12,022,250

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Particular	December 31, 2022		
	Reported but unpaid	Unreported	Total
Fire insurance	\$ 5,365,344	16,832	5,382,176
Marine cargo insurance	299,707	92,965	392,672
Marine hull fishing vessel	280,380	89,799	370,179
Voluntary motor insurance	286,114	37,155	323,269
Compulsory motor TPL insurance	387,014	1,715,774	2,102,788
Liability insurance	736,130	195,942	932,072
Engineering and Nuclear insurance	455,641	217,541	673,182
Surety and credit insurance	76,086	30,061	106,147
Other property insurance	235,932	195,774	431,706
Accident insurance	23,029	34,099	57,128
Typhoon, flood and earthquake insurance	138,169	168,447	306,616
Personal and commercial multiple peril insurance	6,006	4,228	10,234
Health insurance	326,810	1,725,798	2,052,608
Overseas reinsurance assumed	19,679	1,470	21,149
Overseas subsidiaries	649,407	464,398	1,113,805
Less: Accumulated impairment	(942)	(299)	(1,241)
Total	\$ 9,284,506	4,989,984	14,274,490

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Particular	March 31, 2022		
	Reported but unpaid	Unreported	Total
Fire insurance	\$ 3,291,705	37,558	3,329,263
Marine cargo insurance	298,712	81,213	379,925
Marine hull fishing vessel	220,116	68,635	288,751
Voluntary motor insurance	228,067	32,662	260,729
Compulsory motor TPL insurance	359,479	1,691,702	2,051,181
Liability insurance	771,750	180,142	951,892
Engineering and Nuclear insurance	365,596	199,156	564,752
Surety and credit insurance	75,859	28,961	104,820
Other property insurance	101,555	201,930	303,485
Accident insurance	12,206	23,328	35,534
Typhoon, flood and earthquake insurance	240,837	157,132	397,969
Personal and commercial multiple peril insurance	6,729	4,706	11,435
Health insurance	-	60,411	60,411
Overseas reinsurance assumed	14,160	1,520	15,680
Overseas subsidiaries	542,241	678,458	1,220,699
Less: Accumulated impairment	(1,193)	(454)	(1,647)
Total	\$ 6,527,819	3,447,060	9,974,879

Reserves above were expressed in net amount and the estimated accumulated impairment losses amounted to \$1,241 thousand, \$1,241 thousand and \$1,647 thousand as of March 31, 2023, December 31 and March 31, 2022, respectively.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Movements in claim reserves and ceded claim reserves

Particular	For the three months ended March 31, 2023	
	Claim reserves	Ceded claim reserves
Beginning balance	\$ 44,903,387	14,274,490
Provision	35,526,339	12,020,380
Recovered	(44,903,387)	(14,275,731)
Other— effect of change in exchange rates	9,270	3,111
Ending Balance	<u>\$ 35,535,609</u>	<u>12,022,250</u>

Particular	For the three months ended March 31, 2022	
	Claim reserves	Ceded claim reserves
Beginning balance	\$ 28,102,700	10,102,557
Provision	28,585,720	9,922,045
Recovered	(28,102,700)	(10,104,204)
Other— effect of change in exchange rates	127,560	54,481
Ending balance	<u>\$ 28,713,280</u>	<u>9,974,879</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iv) Non-insurance assets acquired from exercising the rights of retrieve salvage and subrogation

Particular	For the three months ended March 31	
	2023	2022
Fire insurance	\$ 3,385	1,592
Marine cargo insurance	8,313	4,550
Marine hull fishing vessel	-	-
Voluntary motor insurance	306,166	276,424
Compulsory motor TPL insurance	46,420	45,294
Liability insurance	6,457	7,975
Engineering and Nuclear insurance	30	3,684
Surety and credit insurance	4,465	1,899
Other property insurance	985	2,233
Accident insurance	196	261
Personal and commercial multiple peril insurance	255	251
Typhoon, flood and earthquake insurance	-	1
Health insurance	1,957	130
Overseas reinsurance assumed	-	-
Overseas subsidiaries	1,157	2,801
Total	\$ 379,786	347,095

Claim reserves are provided to conform the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” amended by Financial Supervisory Commission, Executive Yuan, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Property insurance business shall calculate claim reserves including reported but not paid and incurred but not reported (IBNR) based on past claim experience and loss adjustment expenses incurred for each line of insurance according to actuarial principles. Reserves for reported but not paid claims shall be estimated and reserved on a case-by-case basis based on relevant information. The claim reserves in the preceding paragraph should be released in the following year and then calculated and reserved again based on the current-year information.

The method of reserving mentioned in the preceding paragraph will be evaluated and determined by the appointed actuary, and reported to the competent authority for recordation. The preceding provision applies to any subsequent changes thereto.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Liability reserve

i) The formula for calculating reserve is reported to the authority and the current interest rate is used for discounting purposes to calculate the present value of the reserve.

ii) Movements in liability reserve and ceded liability reserve:

<u>Particular</u>	For the three months ended March 31			
	2023		2022	
	Liability reserve	Ceded liability reserve	Liability reserve	Ceded liability reserve
Beginning balance	\$ 445	-	471	-
Provision	1	-	1	-
Maturity refund	(30)	-	(18)	-
Ending balance	<u>\$ 416</u>	<u>-</u>	<u>454</u>	<u>-</u>

e) Premium deficiency reserve

i) Premium deficiency reserve

<u>Particular</u>	March 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance- assumed business	Reinsurance- ceded business	
Fire insurance	\$ 107,736	378	29,470	78,644
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	6,262	-	-	6,262
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	7,541	74	7,467
Overseas subsidiaries	19,694	59,805	58,285	21,214
Total	<u>\$ 133,692</u>	<u>67,724</u>	<u>87,829</u>	<u>113,587</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Particular	December 31, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Reinsurance-		Reinsurance-	
	Direct business	assumed business	ceded business	Retained business
Fire insurance	\$ 102,847	572	25,246	78,173
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	6,034	-	-	6,034
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	761,264	-	-	761,264
Overseas reinsurance assumed	-	3,745	68	3,677
Overseas subsidiaries	26,847	72,644	79,867	19,624
Total	\$ 896,992	76,961	105,181	868,772

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Particular	March 31, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Reinsurance-		Reinsurance-	
	Direct business	assumed business	ceded business	Retained business
Fire insurance	\$ 103,548	325	22,215	81,658
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	7,716	-	-	7,716
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	1,793	-	1,793
Overseas subsidiaries	25,365	114,757	121,145	18,977
Total	\$ 136,629	116,875	143,360	110,144

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Loss recognized due to premium deficiency reserve provision — net change of premium deficiency reserve and ceded premium deficiency reserve

For the three months ended March 31, 2023									
Particular	Direct underwrite		Reinsurance-assumed		Net change of premium reserve deficiency	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve
	Provision	Recovered	Provision	Recovered		Provision	Recovered		
Fire insurance	\$ 107,736	102,847	378	572	4,695	29,470	25,246	4,224	471
Marine cargo insurance	-	-	-	-	-	-	-	-	-
Marine hull fishing vessel	6,262	6,034	-	-	228	-	-	-	228
Voluntary motor insurance	-	-	-	-	-	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-
Surety and credit insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	761,264	-	-	(761,264)	-	-	-	(761,264)
Overseas reinsurance assumed	-	-	7,541	3,745	3,796	74	68	6	3,790
Overseas subsidiaries	19,559	26,560	59,661	72,746	(20,086)	58,144	79,979	(21,835)	1,749
Other — effect of change in exchange rates	135	287	144	(102)	94	(1,836)	(2,075)	239	(145)
Total	\$ 133,692	896,992	67,724	76,961	(772,537)	85,852	103,218	(17,366)	(755,171)

For the three months ended March 31, 2022									
Particular	Direct underwrite		Reinsurance-assumed		Net change of premium reserve deficiency	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve
	Provision	Recovered	Provision	Recovered		Provision	Recovered		
Fire insurance	\$ 103,548	96,794	325	403	6,676	22,215	19,312	2,903	3,773
Marine cargo insurance	-	-	-	-	-	-	-	-	-
Marine hull fishing vessel	7,716	8,511	-	-	(795)	-	-	-	(795)
Voluntary motor insurance	-	-	-	-	-	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-
Surety and credit insurance	-	-	-	-	-	-	-	-	-
Other property insurance	-	-	-	-	-	-	-	-	-
Accident insurance	-	-	-	-	-	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-
Health insurance	-	-	-	-	-	-	-	-	-
Overseas reinsurance assumed	-	-	1,793	1,888	(95)	-	-	-	(95)
Overseas subsidiaries	25,004	31,704	113,022	125,877	(19,555)	119,313	136,370	(17,057)	(2,498)
Other — effect of change in exchange rates	361	(12)	1,735	228	1,880	(536)	(2,797)	2,261	(381)
Total	\$ 136,629	136,997	116,875	128,396	(11,889)	140,992	152,885	(11,893)	4

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iii) Movements in premium deficiency reserve and ceded premium deficiency reserve

Particular	For the three months ended March 31, 2023	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 973,953	105,181
Provision	201,183	87,582
Recovered	(973,953)	(105,181)
Other — effect of change in exchange rate	233	247
Ending balance	<u><u>\$ 201,416</u></u>	<u><u>87,829</u></u>

Particular	For the three months ended March 31, 2022	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 265,393	155,928
Provision	248,063	138,594
Recovered	(265,393)	(155,928)
Other — effect of change in exchange rate	5,441	4,766
Ending balance	<u><u>\$ 253,504</u></u>	<u><u>143,360</u></u>

Premium deficiency reserve is provided to conform to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” amended by the FSC, Jin-Guan-Bao-Cai-Zi No.10102501561 on February 7, 2012. Non-life insurance companies are required to estimate future claim payments and related expenses by evaluating the insurance contracts which have not matured, and the risks covered by those contracts. If the expenditures are lower than the premium, non-life insurance companies are required to provide the premium deficiency reserve. The methodology for providing premium deficiency reserve or change in the said methodology is decided by the actuaries and reported to the Authority. Fubon Insurance and its subsidiaries had applied their methodology for providing premium deficiency reserve to the FSC and was approved by Jin-Guan-Bao-Chan-Zi No.1080439733 on December 9, 2019.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Nature and extent of the insurance contract risk
- a) Objectives, policies, procedures and methods for the insurance contract risk management
- i) Objectives and policies of the risk management

Risk management policy is established to conform to “The Code of Conduct of Risk Management Practice for Insurance Companies” , “ The Implementation of Internal Control and Audit System for Insurance Companies” and “Risk Management Policy of Fubon Financial Holding Co., Ltd.”, which is regarded as the top guiding principle. This policy is intended to define the overall organization structure, provide risk management guidance and fit the relevant principals into the daily process for every unit to form a culture of risk management and to ensure that Fubon Insurance and its subsidiaries shall maximize shareholder’s value under stable operation.

- ii) Structure, organization and responsibility

The Board of Directors are responsible for effectively integrating the risk management system of Fubon Insurance and its subsidiaries, and developing the audit and monitor function. The organization and scope are as follows:

1. Board of Directors
 - a. Identify all potential risks in the operations of insurance industry, ensure the effectiveness of the overall risk management of Fubon Insurance and take the ultimate responsibilities.
 - b. Ensure that Fubon Insurance has established proper risk management functions and cultures, authorize proper risk management policy and allocate resources efficiently.
 - c. Evaluate the overall effect of the risks, capital required by governmental authorities and related regulations on the capital allocation.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Risk Management Committee

Establish and convene Risk Management Committee in accordance with Fubon Insurance's organization rules governing the Risk Management Committee. Develop risk management policies, structures, and organizational functions according to their responsibilities, Risk Management Committee implements risk management decisions of the Board of Directors and regularly reviews the development, construction and execution effectiveness of Fubon Insurance and its subsidiaries' overall risk management mechanism. Risk Management Committee meet with the Board of Directors to report the current progress of risk management decisions on time and offer necessary advices for improvement.

3. Chief Risk Officer

Fubon Insurance and its subsidiaries set up a position "Chief Risk Officer" (CRO) to deal with risk management matters, including strategy planning, supervising Fubon Insurance and its subsidiaries to create and to follow the risk management system, monitoring the appropriateness of risk exposure and the effectiveness of risk management, supervising Fubon Insurance and its subsidiaries' Risk Management Department.

4. Risk Management Department

- a. Responsible for monitoring, measuring, and revaluing daily risks.
- b. Assist the execution / implementation of risk management policies approved by the Board of Directors.
- c. Set up the risk tolerance level and the limitations based on the risk appetite.
- d. Summarize the relative information provided by each unit, and help each unit follow the policies and the limits.
- e. Regular propose risk management related reports.
- f. Regularly monitor the risk limits and the utilization of risk limits of respective business unit.
- g. Assist in carrying out the stress test.
- h. If necessary, proceed the back testing.
- i. Other risk management related duties.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5. Business Units

- a. Each business unit shall assign risk management personnel to effectively assist the unit in executing risk management related to operations.
 - b. The supervisors of business units are responsible for the daily risk's management and report of the affiliation units and take necessary countermeasures. In addition, supervisors should oversee the regularly communicating the relevant information about risk management to the risk management department.
 - c. The responsibilities of business units to execute risk management operations are as follows:
 - i. Recognize the potential risks and measure it. Report risk management information and risk exposure to the risk management department regularly.
 - ii. Regularly examine each kind of business risk and limitations to ensure that the risk limitation is under control.
 - iii. Monitor risk exposure and report any situation when the exposure exceeds the limitation and take the necessary procedures.
 - iv. Make sure all business units are properly enforced under internal control and follow the rules and standards.
 - v. Assist in the related data collection of the operation risk.
- iii) Scope and nature of risk reporting or measurement system

Fubon Insurance and its subsidiaries measure insurance risk in consideration of factors including: commodity pricing, check and ratify insurance, claims processing, catastrophe, reinsurance and reserves. Fubon Insurance and its subsidiaries establish the key risk indicator for monitoring key risks.

Considering risk appetite and tolerance, Fubon Insurance and its subsidiaries set up the limitation by single reserved and single accident to control it. In the meantime, they set up the risk tolerance for all major risks (including insurance risk, market risk, credit risk and operation risk) by each scenario to avoid the overall risk exposures exceed the tolerance.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Each responsible department of Fubon Insurance and its subsidiaries' monitor relevant risk benchmark on a monthly or quarterly basis, and provides the monitoring results to the risk management department for reporting to Risk Management Committee. The Risk Management department collects all risk management reports and risk monitoring indicators semiannually and reports the overall situation to the Risk Management Committee and the Board of Directors. The report explains the risk exposure, how the policies worked and other related issues.

iv) The procedures and methods of the insurance risk management

Insurance risk refers to the risk resulting from unexpected changes from benefit payments, related charges after collecting insurance premiums and undertaking the risk transferred from the insured.

Fubon Insurance and its subsidiaries set up the code of conduct for insurance risk management to serve as a guideline of insurance risk management. They also establish relevant risk management methods for the scope of insurance risk management in terms of the risk elements such as underwriting, reinsurance, catastrophe, claim, product design and pricing and provision.

Insurance risk management procedures include risk identification, risk measurement, risk monitoring, and risk responding. To ensure the timeliness, reliability and security of risk management information, except for different tiers disclosure per regulation, Fubon Insurance and its subsidiaries also update and archive relevant documents properly via the responsibility of each tiers.

Fubon Insurance and its subsidiaries set up another risk tolerance, risk limit and critical risk indicators to facilitate management and reports to the Risk Management Committee based on the frequency for each management indicators. If any risk tolerance, risk limit or critical risk management indicators over the limits, the subordinate unit shall provide the explanation of the excess risk and the improvement reviewed by the insurance risk team. The explanation will be submitted to the Risk Management Committee for approval. After approval, the risk management department shall track the improvement process based on the conditions of the approval.

Fubon Insurance and its subsidiaries monitor and manage the risk factors related to underwriting, reinsurance, and claims in the event of a specific event (such as COVID-19 epidemic) and closely monitor risk appetite, and adjust the risk category, risk limit allocation, and assumption method as circumstances change. If necessary, Fubon Insurance and its subsidiaries will initiate the assessment of the capital increase needs to ensure the safety of Fubon Insurance and its subsidiaries' working capital liquidity.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Insurance risk information

i) The sensitivity test of insurance risk

Test Hypothesis

For the three months ended March 31, 2023						
Particular	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss			
			Effect on profit or loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 829,923	59.3%	7,794	2,913	6,235	2,330
Marine cargo insurance	659,183	61.2%	4,688	2,834	3,750	2,267
Marine hull fishing vessel	335,742	71.6%	2,038	341	1,630	273
Voluntary motor insurance	5,233,107	66.6%	47,829	44,839	38,263	35,871
Compulsory motor TPL insurance	1,682,299	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	1,199,133	68.2%	9,530	7,141	7,624	5,713
Engineering and Nuclear insurance	1,229,840	60.6%	8,226	389	6,581	311
Surety and credit insurance	71,346	67.8%	817	175	654	140
Other property insurance	441,821	66.3%	8,868	5,117	7,094	4,094
Accident insurance	1,775,103	67.5%	17,028	16,705	13,622	13,364
Typhoon, flood and earthquake insurance	1,814,916	66.1%	11,561	2,160	9,249	1,728
Personal and commercial multiple peril insurance	378,366	68.2%	3,224	3,012	2,579	2,410
Health insurance	518,453	61.6%	5,940	5,392	4,752	4,314
Overseas reinsurance assumed	95,260	61.6%	1,637	1,624	1,310	1,299
Overseas subsidiaries	956,648	63.4%	10,474	7,789	8,379	6,231

For the three months ended March 31, 2022						
Particular	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss			
			Effect on profit or loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 743,084	59.5%	6,751	3,076	5,401	2,461
Marine cargo insurance	535,043	61.3%	3,657	2,091	2,926	1,673
Marine hull fishing vessel	222,486	70.8%	1,602	376	1,282	301
Voluntary motor insurance	5,146,662	66.9%	46,758	44,233	37,406	35,386
Compulsory motor TPL insurance	1,617,932	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	1,081,907	68.1%	8,569	6,482	6,855	5,186
Engineering and Nuclear insurance	1,109,605	61.0%	4,222	642	3,378	514
Surety and credit insurance	68,754	67.8%	760	183	608	146
Other property insurance	522,915	66.3%	12,070	4,025	9,656	3,220
Accident insurance	1,591,003	67.9%	15,859	15,588	12,687	12,470
Typhoon, flood and earthquake insurance	1,296,980	68.3%	10,692	2,965	8,554	2,372
Personal and commercial multiple peril insurance	330,294	68.2%	2,744	2,601	2,195	2,081
Health insurance	463,651	61.5%	6,023	4,224	4,818	3,379
Overseas reinsurance assumed	181,327	60.7%	1,473	1,354	1,178	1,083
Overseas subsidiaries	1,147,980	64.1%	13,245	10,640	10,596	8,512

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Explanation of the risk concentration

1. Proportion of underwriting and reinsurance-assumed premiums

The insurance contracts which Fubon Insurance and its subsidiaries underwrite are separated in various types of insurances and not concentrated in any single type of insurance. For the three months ended March 31, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, typhoon, flood and earthquake insurance, accident insurance, compulsory motor TPL insurance and engineering and nuclear insurance. For the three months ended March 31, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, compulsory motor TPL insurance, accident insurance, typhoon, flood and earthquake insurance and engineering and nuclear insurance. The voluntary motor insurance has the highest proportion accounts for 30.4% and 32.0% for the three months ended March 31, 2023 and 2022, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary motor insurance is stable, and the risk variation is low. There is no concentration risk in other insurances.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The proportion of underwriting and reinsurance-assumed premiums is as follows:

Insurance type	For the three months ended			
	March 31			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 829,923	4.8 %	743,084	4.6 %
Marine cargo insurance	659,183	3.8 %	535,043	3.3 %
Marine hull fishing vessel	335,742	1.9 %	222,486	1.4 %
Voluntary motor insurance	5,233,107	30.4 %	5,146,662	32.0 %
Compulsory motor TPL insurance	1,682,299	9.8 %	1,617,932	10.1 %
Liability insurance	1,199,133	7.0 %	1,081,907	6.7 %
Engineering and nuclear insurance	1,229,840	7.1 %	1,109,605	6.9 %
Surety and credit insurance	71,346	0.4 %	68,754	0.4 %
Other property insurance	441,821	2.6 %	522,915	3.3 %
Accident insurance	1,775,103	10.3 %	1,591,003	9.9 %
Typhoon, flood and earthquake insurance	1,814,916	10.5 %	1,296,980	8.1 %
Personal and commercial multiple peril insurance	378,366	2.2 %	330,294	2.1 %
Health insurance	518,453	3.0 %	463,651	2.9 %
Foreign business	95,260	0.6 %	181,327	1.1 %
Overseas subsidiaries	956,648	5.6 %	1,147,980	7.2 %
Total	\$ 17,221,140	100.0 %	16,059,623	100.0 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. The proportion of retained business premium

Fubon Insurance and its subsidiaries evaluate the proportion of retained premium with retained business. For the three months ended March 31, 2023 and 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and health insurance. The voluntary motor insurance which has the highest proportion accounts for 42.9% and 42.5% for the three months ended March 31, 2023 and 2022, respectively. Fubon Insurance and its subsidiaries considered that the loss experience of voluntary motor insurance is stable and retained all the reinsurance. For other insurances, Fubon Insurance and its subsidiaries evaluated the possibility of significant accumulated loss and arranged appropriate reinsurance contracts to diversify the risk and there is no risk concentration.

In addition, the insurance which is likely to result in significant accumulated loss is catastrophe insurance (for example, earthquake, typhoon and flood), and insurances that are likely to result in accumulated losses are property insurance (fire insurance and engineering insurance), marine insurance and accident insurance. To avoid the operating risk resulting from the underwriting risk concentration, Fubon Insurance and its subsidiaries have bought catastrophe reinsurance contracts in advance for abovementioned insurances to diversify the risk.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The proportion of retained business premium is as follows:

Insurance type	For the three months ended March 31			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 290,076	2.5 %	328,645	2.9 %
Marine cargo insurance	376,642	3.3 %	280,595	2.5 %
Marine hull fishing vessel	59,907	0.5 %	40,018	0.3 %
Voluntary motor insurance	4,938,390	42.9 %	4,843,624	42.5 %
Compulsory motor TPL insurance	1,081,018	9.4 %	1,035,684	9.1 %
Liability insurance	920,785	8.0 %	786,034	6.9 %
Engineering and nuclear insurance	128,387	1.1 %	151,734	1.3 %
Surety and credit insurance	18,652	0.2 %	18,366	0.2 %
Other property insurance	128,805	1.1 %	209,405	1.8 %
Accident insurance	1,730,919	15.1 %	1,531,769	13.4 %
Typhoon, flood and earthquake insurance	224,990	2.0 %	370,985	3.3 %
Personal and commercial multiple peril insurance	303,620	2.6 %	286,633	2.5 %
Health insurance	499,139	4.3 %	438,918	3.8 %
Foreign business	91,874	0.8 %	182,147	1.6 %
Overseas subsidiaries	710,934	6.2 %	900,479	7.9 %
Total	\$ 11,504,138	100.0 %	11,405,036	100.0 %

iii) Claim development trend:

1. Sum of accumulated and reported claims

Occurrence year	March 31, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	29,449,505	30,664,881	34,339,502	118,946,832	16,346,452
The first year	-	28,113,289	28,645,143	30,385,521	119,070,026	-
The second year	-	27,557,863	28,432,493	30,261,941	-	-
The third year	-	27,473,597	28,147,502	-	-	-
The fourth year	-	27,436,638	-	-	-	-
Estimation of accumulated claims	-	27,436,638	28,147,502	30,261,941	119,070,026	16,346,452
Accumulated claims paid	-	26,644,350	26,198,112	26,114,281	102,650,120	5,604,843
Subtotal	1,333,713	792,288	1,949,390	4,147,660	16,419,906	10,741,609
Reconciliations (Note)						476,542
Consolidated write-offs						(325,499)
Total amount recognized in balance sheet						35,535,609

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Occurrence year	December 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,627,066	29,439,879	30,652,525	34,325,031	118,934,282
The first year	-	23,833,420	28,105,225	28,636,814	30,376,704	-
The second year	-	23,364,127	27,549,538	28,423,764	-	-
The third year	-	23,200,192	27,465,108	-	-	-
The fourth year	-	23,223,645	-	-	-	-
Estimation of accumulated claims	-	23,223,645	27,465,108	28,423,764	30,376,704	118,934,282
Accumulated claims paid	-	22,872,619	26,598,886	25,674,528	25,247,007	84,262,394
Subtotal	1,050,032	351,026	866,222	2,749,236	5,129,697	34,671,888
Reconciliations (Note)						458,925
Consolidated write-offs						(373,639)
Total amount recognized in balance sheet						44,903,387

Occurrence year	March 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,674,406	29,487,902	30,717,136	34,396,306	10,115,676
The first year	-	23,873,406	28,175,609	28,679,264	32,255,014	-
The second year	-	23,388,786	27,593,182	28,571,632	-	-
The third year	-	23,242,459	27,414,998	-	-	-
The fourth year	-	23,244,326	-	-	-	-
Estimation of accumulated claims	-	23,244,326	27,414,998	28,571,632	32,255,014	10,115,676
Accumulated claims paid	-	22,843,045	26,190,605	24,521,769	19,334,114	1,273,686
Subtotal	1,183,483	401,281	1,224,393	4,049,863	12,920,900	8,841,990
Reconciliations (Note)						418,047
Consolidated write-offs						(326,677)
Total amount recognized in balance sheet						28,713,280

Note: Reconciliations are non-distributable paid off claims.

2. Sum of accumulated and reported claims, net

Occurrence year	March 31, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	22,111,072	22,603,466	25,202,340	86,414,571	12,941,123
The first year	-	21,065,289	21,491,680	23,029,992	87,619,543	-
The second year	-	20,872,620	21,376,701	22,891,035	-	-
The third year	-	20,818,998	21,296,593	-	-	-
The fourth year	-	20,796,988	-	-	-	-
Estimation of accumulated claims	-	20,796,988	21,296,593	22,891,035	87,619,543	12,941,123
Accumulated claims paid	-	20,451,537	20,473,436	20,324,948	77,017,545	4,895,070
Subtotal	652,830	345,451	823,157	2,566,087	10,601,998	8,046,053
Reconciliations (Note)						477,783
Total amount recognized in balance sheet						23,513,359

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Occurrence year	December 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,928,569	22,103,362	22,595,727	25,191,894	86,405,356
The first year	-	18,908,210	21,058,932	21,486,349	23,022,875	-
The second year	-	18,722,293	20,866,105	21,371,141	-	-
The third year	-	18,610,593	20,812,387	-	-	-
The fourth year	-	18,645,331	-	-	-	-
Estimation of accumulated claims	-	18,645,331	20,812,387	21,371,141	23,022,875	86,405,356
Accumulated claims paid	-	18,397,061	20,419,173	20,280,871	19,808,270	61,641,757
Subtotal	458,773	248,270	393,214	1,090,270	3,214,605	24,763,599
Reconciliations (Note)						460,166
Total amount recognized in balance sheet						30,628,897

Occurrence year	March 31, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,971,725	22,145,847	22,637,780	25,247,690	7,682,008
The first year	-	18,944,258	21,104,989	21,514,611	24,042,361	-
The second year	-	18,752,408	20,901,535	21,486,459	-	-
The third year	-	18,648,412	20,805,624	-	-	-
The fourth year	-	18,650,884	-	-	-	-
Estimation of accumulated claims	-	18,650,884	20,805,624	21,486,459	24,042,361	7,682,008
Accumulated claims paid	-	18,374,349	20,185,393	19,494,772	15,736,150	1,063,259
Subtotal	505,294	276,535	620,231	1,991,687	8,306,211	6,618,749
Reconciliations (Note)						419,694
Total amount recognized in balance sheet						18,738,401

Note: Reconciliations are non-distributable paid off claims, and cumulative impairment.

c) Credit risk, liquidity risk and market risk

i) Credit risk

The credit risk of insurance contracts comes mainly from reinsurance business. That is, the reinsurers' default or bad financial condition which leads to the inability to pay the reinsurance claims. Reinsurance contracts are arranged in accordance with the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". The reinsurers with whom Fubon Insurance and its subsidiaries reinsure are mostly reinsurers with better credit rating and qualify as authorized reinsurers. Relevant risk control procedures are also established to regularly keep track and monitor changes in the credit rating of reinsurers.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In compliance with article 5 of the “Regulations Governing the Provision of Unauthorized Reinsurance Reserves for Insurance Company”, transactions with unauthorized reinsurers are disclosed in the notes of financial statements which include summary of unauthorized reinsurance contracts and types of reinsurance, reinsurance premium expense of unauthorized reinsurance contracts, as well as general description of the amount of unauthorized reserve and its components.

1. As of March 31, 2023, the major unqualified reinsurance counterparties are listed below:
 - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
 - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
 - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
 - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
 - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
 - f. RiverStone Insurance (UK) limited.: The treaty reinsurance of engineering insurance.

2. As of December 31, 2022, the major unqualified reinsurance counterparties are listed below:
 - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
 - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
 - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
 - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- e. Likewise Corp.: The facultative reinsurance of new types of insurance.
 - f. RiverStone Insurance (UK) limited.: The treaty reinsurance of engineering insurance.
3. As of March 31, 2022, the major unqualified reinsurance counterparties are listed below:
- a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
 - b. ASIA CAPITAL REINSURANCE GROUP PTE LTD. (HONG KONG BRANCH): The facultative reinsurance of commercial fire insurance.
 - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
 - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
 - e. Likewise Corp.: The facultative reinsurance of new types of insurance.
 - f. RiverStone Insurance (UK) limited.: The treaty reinsurance of engineering insurance.
4. For the the three months ended March 31, 2023 and 2022, the unauthorized reinsurance expenses amounted to \$(247) thousand and \$(3,443) thousand, respectively.
5. As of March 31, 2023, December 31 and March 31, 2022, the reserve for unauthorized reinsurance amounted to \$21,394 thousand, \$22,136 thousand and \$67,446 thousand, respectively. The components of this account include: (a) The unearned premium reserve of \$17,848 thousand, \$18,498 thousand and \$25,447 thousand, respectively. (b) The claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$256 thousand, \$267 thousand and \$477 thousand, respectively. (c) The claims recoverable from reinsurers which were reported but unpaid amounted to \$3,290 thousand, \$3,371 thousand and \$41,522 thousand, respectively.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Liquidity risk

Insurance contracts which Fubon Insurance and its subsidiaries undertake are mostly policies that expire within 1 year. The liquidity risk from insurance contracts depends on whether Fubon Insurance and its subsidiaries' assets are able to cover significant claims in time when material claims occur. That is the liquidity risk of insurance contracts is mainly capital liquidity risk. Therefore, Fubon Insurance and its subsidiaries currently regularly review the liquidity risk management indicators to ensure that cash and cash equivalents, and realizable assets are greater than the liquidity risk limit to avoid liquidity shortages.

iii) Market risk

The market risk of insurance contracts arises mainly from the reserves provided for these insurance contracts, such as fluctuation of market interest rate.

According to the "Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprise", the provisions which Fubon Insurance and its subsidiaries provided consist of the unearned premium reserve, claims reserve, special reserve, premium deficiency reserve, liability adequacy reserve and liability reserves. Unearned premium reserve of 3-year accident insurance is discounted with the interest rates set by competent authorities. Unearned premium reserve, claims reserve, special reserve, premium deficiency reserve and liability adequacy reserve of other insurance contracts are not discounted at the market rate. Therefore, changes in market interest rate do not have an impact on the estimated reserves.

Liability reserve is the repaid liability reserves provided for long-term fire insurance. Although this type of insurance product is not for sale anymore the liability reserve is still provided for the effective but unexpired insurance policies. Provision of liability reserve is determined by future repayments and the discount rate refers to unexpired average terms and previous markets rate trends. Since the product is not for sale anymore and only few are still effective, fluctuations of market rate do not have significant impact on provision of liability reserve and income of Fubon Insurance and its subsidiaries.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Interest rate risk

The financial assets and financial liabilities interest rate exposure risk of Fubon Insurance and its subsidiaries is described in the liquidity risk management of this note.

If the interest rate increases or decreases by 0.5%/50 basis points, and all other variables remain unchanged, the net profit of Fubon Insurance and its subsidiaries for the three months ended March 31, 2023 will decrease or increase by \$21,666 thousand, mainly due to the short-term borrowings and the commercial papers of Fubon Insurance and its subsidiaries.

(ii) Fubon Life Insurance and its subsidiaries

1) Various reserves

a) Unearned premium reserves

	March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,835	-	7,835
Individual injury insurance	5,401,415	-	5,401,415
Individual health insurance	2,744,539	-	2,744,539
Group insurance	2,294,574	-	2,294,574
Investment-linked insurance	144,881	-	144,881
Gross reserve	10,593,244	-	10,593,244
Deduction of provision for reinsurance ceded			
Individual life insurance	702,041	-	702,041
Individual injury insurance	15,180	-	15,180
Individual health insurance	31,759	-	31,759
Group insurance	161,313	-	161,313
Investment-linked insurance	10,648	-	10,648
Total ceded reserve	920,941	-	920,941
Net reserve	\$ 9,672,303	-	9,672,303

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,804	-	7,804
Individual injury insurance	5,232,833	-	5,232,833
Individual health insurance	2,754,563	-	2,754,563
Group insurance	2,258,377	-	2,258,377
Investment-linked insurance	113,745	-	113,745
Gross reserve	<u>10,367,322</u>	<u>-</u>	<u>10,367,322</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	689,327	-	689,327
Individual injury insurance	15,899	-	15,899
Individual health insurance	34,185	-	34,185
Group insurance	158,671	-	158,671
Investment-linked insurance	10,875	-	10,875
Total ceded reserve	<u>908,957</u>	<u>-</u>	<u>908,957</u>
Net reserve	<u>\$ 9,458,365</u>	<u>-</u>	<u>9,458,365</u>
	March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,682	-	7,682
Individual injury insurance	4,777,461	-	4,777,461
Individual health insurance	2,697,750	-	2,697,750
Group insurance	2,156,715	-	2,156,715
Investment-linked insurance	116,352	-	116,352
Gross reserve	<u>9,755,960</u>	<u>-</u>	<u>9,755,960</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	668,857	-	668,857
Individual injury insurance	18,703	-	18,703
Individual health insurance	28,488	-	28,488
Group insurance	130,319	-	130,319
Investment-linked insurance	10,783	-	10,783
Total ceded reserve	<u>857,150</u>	<u>-</u>	<u>857,150</u>
Net reserve	<u>\$ 8,898,810</u>	<u>-</u>	<u>8,898,810</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in unearned premium reserves were as follows:

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 10,367,322	-	10,367,322
Current provisions	10,589,231	-	10,589,231
Current reclaims	(10,357,980)	-	(10,357,980)
Gain and loss on foreign exchange	(5,329)	-	(5,329)
Ending balance	<u>10,593,244</u>	<u>-</u>	<u>10,593,244</u>
Deduction of provision for ceded reinsurance			
Beginning balance	908,957	-	908,957
Current provisions	921,363	-	921,363
Current reclaims	(908,053)	-	(908,053)
Gain and loss on foreign exchange	(1,326)	-	(1,326)
Ending balance	<u>920,941</u>	<u>-</u>	<u>920,941</u>
Net ending balance	<u>\$ 9,672,303</u>	<u>-</u>	<u>9,672,303</u>
	For the three months ended March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 9,485,914	-	9,485,914
Current provisions	9,754,145	-	9,754,145
Current reclaims	(9,485,934)	-	(9,485,934)
Gain and loss on foreign exchange	1,835	-	1,835
Ending balance	<u>9,755,960</u>	<u>-</u>	<u>9,755,960</u>
Deduction of provision for ceded reinsurance			
Beginning balance	853,684	-	853,684
Current provisions	856,571	-	856,571
Current reclaims	(853,675)	-	(853,675)
Gain and loss on foreign exchange	570	-	570
Ending balance	<u>857,150</u>	<u>-</u>	<u>857,150</u>
Net ending balance	<u>\$ 8,898,810</u>	<u>-</u>	<u>8,898,810</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Claim reserves

	March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— Reported but not paid	\$ 3,014,488	6,293	3,020,781
— Incurred but not reported	228,291	-	228,291
Individual injury insurance			
— Reported but not paid	182,052	-	182,052
— Incurred but not reported	675,686	-	675,686
Individual health insurance			
— Reported but not paid	616,246	-	616,246
— Incurred but not reported	1,085,576	-	1,085,576
Group insurance			
— Reported but not paid	140,487	-	140,487
— Incurred but not reported	681,399	-	681,399
Investment-linked insurance			
— Reported but not paid	341,869	-	341,869
— Incurred but not reported	45,489	-	45,489
Total reserve	<u>7,011,583</u>	<u>6,293</u>	<u>7,017,876</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	156,699	-	156,699
Individual injury insurance	31,075	-	31,075
Individual health insurance	57,898	-	57,898
Group insurance	37,532	-	37,532
Investment-linked insurance	6,904	-	6,904
Total ceded reserve	<u>290,108</u>	<u>-</u>	<u>290,108</u>
Net reserve	<u>\$ 6,721,475</u>	<u>6,293</u>	<u>6,727,768</u>

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Notes to the Consolidated Financial Statements

	December 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— Reported but not paid	\$ 2,951,748	57,981	3,009,729
— Incurred but not reported	258,701	-	258,701
Individual injury insurance			
— Reported but not paid	200,667	-	200,667
— Incurred but not reported	688,951	-	688,951
Individual health insurance			
— Reported but not paid	694,952	-	694,952
— Incurred but not reported	1,164,023	-	1,164,023
Group insurance			
— Reported but not paid	144,072	-	144,072
— Incurred but not reported	714,359	-	714,359
Investment-linked insurance			
— Reported but not paid	259,791	-	259,791
— Incurred but not reported	48,129	-	48,129
Total reserve	7,125,393	57,981	7,183,374
Deduction of provision for reinsurance ceded			
Individual life insurance	131,691	-	131,691
Individual injury insurance	30,926	-	30,926
Individual health insurance	68,120	-	68,120
Group insurance	37,157	-	37,157
Investment-linked insurance	9,827	-	9,827
Total ceded reserve	277,721	-	277,721
Net reserve	\$ 6,847,672	57,981	6,905,653

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— Reported but not paid	\$ 3,634,231	63,934	3,698,165
— Incurred but not reported	249,818	-	249,818
Individual injury insurance			
— Reported but not paid	169,571	-	169,571
— Incurred but not reported	704,423	-	704,423
Individual health insurance			
— Reported but not paid	571,424	-	571,424
— Incurred but not reported	1,035,987	-	1,035,987
Group insurance			
— Reported but not paid	94,458	-	94,458
— Incurred but not reported	517,463	-	517,463
Investment-linked insurance			
— Reported but not paid	132,885	-	132,885
— Incurred but not reported	42,653	-	42,653
Total reserve	<u>7,152,913</u>	<u>63,934</u>	<u>7,216,847</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	128,291	-	128,291
Individual injury insurance	31,907	-	31,907
Individual health insurance	65,809	-	65,809
Group insurance	9,325	-	9,325
Investment-linked insurance	9,928	-	9,928
Total ceded reserve	<u>245,260</u>	<u>-</u>	<u>245,260</u>
Net reserve	<u>\$ 6,907,653</u>	<u>63,934</u>	<u>6,971,587</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in claims reserve were as follows:

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,125,393	57,981	7,183,374
Current provisions	7,047,050	6,293	7,053,343
Current reclaims	(7,022,795)	(57,981)	(7,080,776)
Gain and loss on foreign exchange	(138,065)	-	(138,065)
Ending balance	7,011,583	6,293	7,017,876
Deduction of provision for ceded reinsurance			
Beginning balance	277,721	-	277,721
Current provisions	292,353	-	292,353
Current reclaims	(271,794)	-	(271,794)
Gain and loss on foreign exchange	(8,172)	-	(8,172)
Ending balance	290,108	-	290,108
Net ending balance	\$ 6,721,475	6,293	6,727,768

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,084,225	63,517	7,147,742
Current provisions	7,097,780	63,934	7,161,714
Current reclaims	(7,081,660)	(63,517)	(7,145,177)
Gain and loss on foreign exchange	52,568	-	52,568
Ending balance	7,152,913	63,934	7,216,847
Deduction of provision for ceded reinsurance			
Beginning balance	254,952	-	254,952
Current provisions	242,743	-	242,743
Current reclaims	(254,885)	-	(254,885)
Gain and loss on foreign exchange	2,450	-	2,450
Ending balance	245,260	-	245,260
Net ending balance	\$ 6,907,653	63,934	6,971,587

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Liability reserve:

	March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,913,562,866	-	3,913,562,866
Injury insurance	795,101	-	795,101
Health insurance	381,453,638	-	381,453,638
Annuity insurance	59,368,163	142,817,024	202,185,187
Investment-linked insurance	219,256	-	219,256
Total (Note 1)	<u>4,355,399,024</u>	<u>142,817,024</u>	<u>4,498,216,048</u>
Deduction of liability reserve ceded			
Life insurance	2,500	-	2,500
Net reserve (Note 1)	<u>\$ 4,355,396,524</u>	<u>142,817,024</u>	<u>4,498,213,548</u>

Note 1: As of March 31, 2023, liability reserve amounted to \$4,498,483,931 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,498,481,431 thousand after subtracting the liability reserve ceded.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,918,243,879	-	3,918,243,879
Injury insurance	819,887	-	819,887
Health insurance	376,867,091	-	376,867,091
Annuity insurance	62,634,722	145,575,777	208,210,499
Investment-linked insurance	212,414	-	212,414
Total (Note 2)	<u>4,358,777,993</u>	<u>145,575,777</u>	<u>4,504,353,770</u>
Deduction of liability reserve ceded			
Life insurance	3,027	-	3,027
Net reserve (Note 2)	<u>\$ 4,358,774,966</u>	<u>145,575,777</u>	<u>4,504,350,743</u>

Note 2: As of December 31, 2022, liability reserve amounted to \$4,504,597,101 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,504,594,074 thousand after subtracting the liability reserve ceded.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,824,065,115	-	3,824,065,115
Injury insurance	876,852	-	876,852
Health insurance	358,033,697	-	358,033,697
Annuity insurance	62,658,630	153,239,215	215,897,845
Investment-linked insurance	190,776	-	190,776
Total (Note 3)	<u>4,245,825,070</u>	<u>153,239,215</u>	<u>4,399,064,285</u>
Deduction of liability reserve ceded			
Life insurance	2,760	-	2,760
Net reserve (Note 3)	<u>\$ 4,245,822,310</u>	<u>153,239,215</u>	<u>4,399,061,525</u>

Note 3: As of March 31, 2022, liability reserve amounted to \$4,399,299,126 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,399,296,366 thousand after subtracting the liability reserve ceded.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the liability reserve were as follows:

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,358,777,993	145,575,777	4,504,353,770
Current provisions	264,109,648	1,390,600	265,500,248
Current reclaims	(250,583,471)	(4,031,259)	(254,614,730)
Gain and loss on foreign exchange	(16,905,146)	(118,094)	(17,023,240)
Ending balance	4,355,399,024	142,817,024	4,498,216,048
Deduction of liability reserve ceded			
Beginning balance	3,027	-	3,027
Current reclaims	(497)	-	(497)
Gain and loss on foreign exchange	(30)	-	(30)
Ending balance	2,500	-	2,500
Net ending balance	\$ 4,355,396,524	142,817,024	4,498,213,548

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2022		
	Financial instruments with		
	Insurance contracts	discretionary participation	Total
Beginning balance	\$ 4,166,701,866	153,045,681	4,319,747,547
Current provisions	291,563,486	3,146,559	294,710,045
Current reclaims	(244,704,136)	(3,383,888)	(248,088,024)
Gain and loss on foreign exchange	32,263,854	430,863	32,694,717
Ending balance	4,245,825,070	153,239,215	4,399,064,285
Deduction of liability reserve ceded			
Beginning balance	3,062	-	3,062
Current reclaims	(396)	-	(396)
Gain and loss on foreign exchange	94	-	94
Ending balance	2,760	-	2,760
Net ending balance	\$ 4,245,822,310	153,239,215	4,399,061,525

d) Special reserves

	March 31, 2023			
	Financial instruments with			
	Insurance contracts	discretionary participation	Others	Total
Dividend provision for participation policies	\$ 19,012,761	-	-	19,012,761
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 19,012,761	-	652,267	19,665,028

	December 31, 2022			
	Financial instruments with			
	Insurance contracts	discretionary participation	Others	Total
Dividend provision for participation policies	\$ 18,669,262	-	-	18,669,262
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 18,669,262	-	652,267	19,321,529

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participation policies	\$ 17,508,153	-	-	17,508,153
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 17,508,153	-	652,267	18,160,420

The movements in special reserves were as follows:

	For the three months ended March 31, 2023			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 18,669,262	-	652,267	19,321,529
Provision for dividend provision for participating policies	385,042	-	-	385,042
Reversal of dividend provision for participation policies	(17,821)	-	-	(17,821)
Gain and loss on foreign exchange	(23,722)	-	-	(23,722)
Ending balance	\$ 19,012,761	-	652,267	19,665,028

	For the three months ended March 31, 2022			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 14,572,038	-	652,267	15,224,305
Provision for dividend provision for participating policies	2,925,260	-	-	2,925,260
Reversal of dividend provision for participation policies	(22,463)	-	-	(22,463)
Gain and loss on foreign exchange	33,318	-	-	33,318
Ending balance	\$ 17,508,153	-	652,267	18,160,420

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

e) Premium deficiency reserve

	March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,416,520	-	6,416,520
Individual health insurance	51,317	-	51,317
Total	\$ 6,467,837	-	6,467,837
	December 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,854,454	-	6,854,454
Individual health insurance	57,989	-	57,989
Total	\$ 6,912,443	-	6,912,443
	March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,880,612	-	7,880,612
Individual health insurance	91,282	-	91,282
Total	\$ 7,971,894	-	7,971,894

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in premium deficiency reserve were as follows:

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 6,912,443	-	6,912,443
Current reversal, net	(438,893)	-	(438,893)
Gain and loss on foreign exchange	(5,713)	-	(5,713)
Ending balance	\$ 6,467,837	-	6,467,837
	For the three months ended March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 8,172,613	-	8,172,613
Current reversal, net	(228,269)	-	(228,269)
Gain and loss on foreign exchange	27,550	-	27,550
Ending balance	\$ 7,971,894	-	7,971,894

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) Liability adequacy reserve

Based on the actuary's liability adequacy test report, the results of reserve testing were as follows:

Insurance contracts and financial instruments with discretionary participation	March 31, 2023	December 31, 2022	March 31, 2022
Liability reserve	\$ 4,441,643,750	4,448,386,611	4,351,637,033
Unearned premium reserves	10,590,381	10,364,407	9,753,122
Premium deficiency reserve	6,354,397	6,787,110	7,797,909
Special reserves	17,765,695	17,638,119	16,824,415
Claim reserves	<u>4,083,597</u>	<u>4,056,565</u>	<u>3,290,190</u>
Carrying amount of insurance liabilities	4,480,437,820	4,487,232,812	4,389,302,669
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	4,066,173	4,298,114	4,200,218
Carrying amount of insurance liabilities after adjustment	<u>\$ 4,484,503,993</u>	<u>4,491,530,926</u>	<u>4,393,502,887</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,784,624,812</u>	<u>4,198,101,165</u>	<u>3,726,405,184</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>	<u>-</u>

The liability adequacy test method adopted by Fubon Life Insurance as of March 31, 2023, December 31 and March 31, 2022, was as the following:

Test method	Gross Premium Valuation (GPV)
Group	All insurance contracts
Significant assumption	The discount rate assumption for future years was set up based on the assets allocation and the weighted average return on investments of Fubon Life Insurance.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The liability adequacy test has included the results of Fubon Life Insurance and Fubon Hyundai Life Insurance Co., Ltd. The provision of Fubon Life Insurance's other subsidiaries are excluded due to the fact that they only account for very little portion and it is not expected to affect the result of the sensitivity analysis.

IFRS 17 was adopted in Korea starting from January 1, 2023. Since the first quarter of 2023, the subsidiary, Fubon Hyundai Life Insurance Co., Ltd has replaced the "Current estimate of future cash flows under insurance liabilities" by the best estimate of liabilities based on IFRS 17 in the liability adequacy test. In addition, since the separate account amount of the best estimate liability under IFRS 17 cannot be taken apart, it includes both general account and the separate account amounts.

- g) Special reserve (catastrophic risk reserve and contingency risk reserve):

	March 31, 2023			
	Financial instruments with discretionary participation			
	Insurance contracts	Others	Others	Total
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
Total	<u>\$ 7,326,037</u>	<u>-</u>	<u>-</u>	<u>7,326,037</u>
	December 31, 2022			
	Financial instruments with discretionary participation			
	Insurance contracts	Others	Others	Total
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
Total	<u>\$ 7,326,037</u>	<u>-</u>	<u>-</u>	<u>7,326,037</u>
	March 31, 2022			
	Financial instruments with discretionary participation			
	Insurance contracts	Others	Others	Total
Catastrophic risk reserve	\$ 4,474,956	-	-	4,474,956
Contingency risk reserve	2,689,148	-	-	2,689,148
Total	<u>\$ 7,164,104</u>	<u>-</u>	<u>-</u>	<u>7,164,104</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

h) Other reserves

i) Reserve for insurance contract with nature of financial instruments

Financial instruments without discretionary participation features and the movements in the related reserve were as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Life insurance	\$ 3,205,350	3,184,863	3,406,079
Investment-linked insurance	201,867	181,300	163,853
Total	<u>\$ 3,407,217</u>	<u>3,366,163</u>	<u>3,569,932</u>

	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,366,163	3,557,753
Current claims payment	(12,665)	(41,137)
Current net provision for legal reserve	53,719	53,316
Ending balance	<u>\$ 3,407,217</u>	<u>3,569,932</u>

ii) Foreign exchange fluctuation reserve

1. Hedging strategy and risk exposure

Fubon Life Insurance and its subsidiaries' foreign exchange hedging strategy is primarily perfect hedge, together with natural hedge and currency proxy hedge. To ensure the effectiveness and appropriateness of hedging, the rationality of the hedging cost is considered and the hedging strategy and hedging proportion are vigorously adjusted. The frequency and level of foreign exchange hedge considers the foreign exchange fluctuation risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. The movements in foreign exchange fluctuation reserve were as follows:

	For the three months ended	
	March 31	
	2023	2022
Beginning balance	\$ 37,131,393	10,389,467
Current provision :		
Compulsory provision	1,055,320	1,260,218
Additional provision	1,739,290	7,550,543
Subtotal	2,794,610	8,810,761
Recovered	(7,016,729)	-
Ending balance	\$ 32,909,274	19,200,228

3. Effect of foreign exchange fluctuation reserve

<u>Item</u>	<u>Unapplied amount</u>	<u>Applied amount</u>	<u>Effected amount</u>
March 31, 2023			
Foreign exchange fluctuation reserve	\$ -	32,909,274	(32,909,274)
Equity attributable to owners of parent	432,922,745	408,200,489	24,722,256
December 31, 2022			
Foreign exchange fluctuation reserve	-	37,131,393	(37,131,393)
Equity attributable to owners of parent	299,017,745	270,917,794	28,099,951
March 31, 2022			
Foreign exchange fluctuation reserve	-	19,200,228	(19,200,228)
Equity attributable to owners of parent	518,067,450	504,312,431	13,755,019

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Item</u>	For the three months ended March 31					
	2023			2022		
	Unapplied amount	Applied amount	Effected amount	Unapplied amount	Applied amount	Effected amount
Net income attributable to owners of parent	\$ 3,870,722	7,248,417	(3,377,695)	43,411,842	36,363,233	7,048,609
Earnings per share	0.35	0.65	(0.30)	3.92	3.28	0.64

i) Deferred acquisition cost and deferred handling fees

i) Deferred acquisition cost

The additional transaction costs incurred on investment administrative work were deferred in connection with the sales of investment-linked insurance policies, classified as financial instrument without discretionary participation features. The movements in these deferred acquisition costs were as follows:

	For the three months ended March 31	
	2023	2022
Beginning balance	\$ 2,158,159	1,995,000
Addition	66,986	70,111
Amortization	(20,925)	(18,988)
Ending balance	<u>\$ 2,204,220</u>	<u>2,046,123</u>

ii) Deferred service fees

The service fees incurred on investment management service were deferred in connection with the sales of investment-linked insurance policies, which are classified as financial instrument without discretionary participation features. The movements in deferred service fees were as follows:

	For the three months ended March 31	
	2023	2022
Beginning balance	\$ 3,080,908	2,604,828
Addition	178,260	164,510
Amortization	(31,144)	(26,399)
Ending balance	<u>\$ 3,228,024</u>	<u>2,742,939</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

j) Retained earned premiums and retained claims payment.

i) Retained earned premiums

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 81,651,867	900,605	82,552,472
Reinsurance premium	-	-	-
Premium income	81,651,867	900,605	82,552,472
Less: Reinsurance premium expenditure	(597,164)	-	(597,164)
Net change in unearned premium reserve	(217,941)	-	(217,941)
Subtotal	(815,105)	-	(815,105)
Retained earned premiums	<u>\$ 80,836,762</u>	<u>900,605</u>	<u>81,737,367</u>
	For the three months ended March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 85,607,402	2,626,379	88,233,781
Reinsurance premium	-	-	-
Premium income	85,607,402	2,626,379	88,233,781
Less: Reinsurance premium expenditure	(584,280)	-	(584,280)
Net change in unearned premium reserve	(265,315)	-	(265,315)
Subtotal	(849,595)	-	(849,595)
Retained earned premiums	<u>\$ 84,757,807</u>	<u>2,626,379</u>	<u>87,384,186</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Retained claims payment

	For the three months ended March 31, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 91,841,722	4,161,764	96,003,486
Reinsurance claims payment incurred	16	-	16
Insurance claims payment	91,841,738	4,161,764	96,003,502
Less: Claims payment recovered from reinsures	(544,906)	-	(544,906)
Retained claims payment	\$ 91,296,832	4,161,764	95,458,596
	For the three months ended March 31, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 63,224,636	3,483,808	66,708,444
Reinsurance claims payment incurred	22	-	22
Insurance claims payment	63,224,658	3,483,808	66,708,466
Less: Claims payment recovered from reinsures	(453,170)	-	(453,170)
Retained claims payment	\$ 62,771,488	3,483,808	66,255,296

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Nature and extent of insurance contract risk
- a) Objectives, policies procedures and methods for the insurance contract risk management.
- i) The organization of risk management

Risk Management Committee, convened by independent directors and subordinated to the Board, supervises the overall risk management of Fubon Life Insurance and reports the recent progress of risk management to the Board regularly. In order to effectively review the risk management operation, specific committees are set up:

1. Assets and Liabilities Management Committee: The chairman of Fubon Life Insurance or appointed personnel serves as the chairman of the committee. As part of its oversight responsibility, the committee considers the balance between assets and liabilities, set up strategic target of assets and liabilities and supervise the execution process.
2. Operational Risk Management Committee: It is convened by the president to supervise and manage the operational risk of Fubon Life Insurance in order to ensure that management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out risk control and to coordinate other risk control affairs, Fubon Life Insurance's Board of Directors designates a chief risk officer to handle a risk management department which is independent of all business units. This risk management department executes or assists to execute risk control in accordance with the risk management policy, organization rules governing the Risk Management Committee and organization rules governing the risk related committee. Fubon Life Insurance has established diverse risk management policy and regulation, early warning and assessment of stop-loss limit mechanism, internal tiers authorization system and criteria for risk measurement to facilitate effective risk management.

The risk management mechanism of Fubon Life Insurance's subsidiaries is handled in accordance with relevant government regulations and Fubon Life Insurance's risk management regulations. It manages and controls risks such as market, credit and liquidity and regularly measures and evaluates the overall investment position as well as issues internal control reports for managing and evaluating various risks.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Risk management policy

A Risk Management Policy was announced with the consent of the Board of Directors. This policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is in line with the regulation on overall operation target, management strategy and risk management. It aims to establish appropriate risk management system and management procedures purposely to identify, evaluate, measure, supervise, respond to and report potential risk. Through the establishment of risk management policies, clear risk management objectives, control methods and responsibilities, to ensure that the operating capital is adequate and to create shareholder profits.

Subsidiaries of Fubon Life Insurance also have established the risk management policies or procedures as the basis for risk management.

b) Insurance risk management

i) Underwriting risk management

Underwriting risk refers to the unexpected risk arising from soliciting new insurance policies, reviewing underwriting business, and relevant expenditure disbursement. In order to control underwriting risk, Fubon Life Insurance has classified it into the following types to facilitate the control process, which consists of evaluating information and resources to determine how an individual will be classified.

1. Risk of policyholder concealment
2. Risk of insurance content
3. Occupational and financial risk
4. Risk of health conditions
5. Risk of the lack of experience of the underwriter
6. Risk of retention
7. Risk of operation quality.

Aside from establishing “Underwriting Systems and Procedures” based on the “Regulations Governing new insurance Policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises”, a code of conduct for underwriting operation is also established to serve as a guide for underwriting risk control. Considering the experience and professional skills of the underwriters, different levels of authorization are established and the underwriting amount for each underwriter personnel is regulated to control the appropriateness of underwriting assessment and to supervise the correctness and timeliness of underwriting operation.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Claim risk management

Claim risk refers to the risk arising from adopting inappropriate or negligent procedures on claims settlement procedure. In order to control claim risk, Fubon Life Insurance establishes the “Claim Settlement System and Procedures” based on the “Regulations Governing New Insurance Policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises” and builds standard operation procedure, to reduce risk arose from claim operational negligence, and to implement Financial Consumer Protection System. Furthermore, Fubon Life Insurance monitors the correctness and timeliness through the tiers authorization management and professional training of the claims personnel.

iii) Product design and pricing risk management

Product design and pricing risk refer to the risk arising from the impropriety, inconsistency or unexpected change of the data related to the product content, clauses and rates. To insure risk control at the point of the pre and after sales of insurance products, internal code of conduct and control procedure were established based on “Regulation governing the procedure before the sales of insurance product” issued by authorities for the insurance product design, inspection, sales preparation to control the risk related to each phases and procedure of product development. In terms of product design, feasibility analysis of new product is conducted and a conference is held to confirm before relevant issue submission. A pre-market meeting is also convened before product launch to ensure that the related activities are completed. In terms of product pricing, aside from certain quantitative risk control mechanism such as risk control procedure, profit test and sensitivity analysis, an assets allocation plan is also set up. Fubon Life Insurance takes into consideration of the characteristics of asset and liabilities for asset allocation and conforms to sales review meeting regularly after sales.

iv) Reserve risk management

Reserve-related risk refers to the risk arising from underestimating the liabilities from insufficient written premium provision to cover future obligation. In order to control the reserve-risk, the reserve-risk is categorized into the legality of reserve provision and completeness of operating procedures. To ensure the legality of reserves provision, the Regulatory Self-Inspection Compliance manual has been established and audit procedures are executed regularly to ensure that all sorts of reserves conform to what is required by law. Also “Standard Operating Procedures” manual is established. The provisions of this manual maybe updated regularly as the law changes. The operating procedures manual covers ranges from system administration, data access and report generation. Furthermore, several controls are established within the framework to ensure the accuracy of the calculation.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) Catastrophe risk and reinsurance risk

To avoid risk concentration and catastrophe compensation, the following controls are established.

1. Catastrophe risk

Based on Fubon Life Insurance's experience, the retention and reinsurance limits are set up and are regularly reviewed. These limits are also applicable to insurance for calamities like earthquakes, typhoons, and air-crash by using scenario analysis and take into account the inter-insurance accumulated losses derived from risk accumulation.

2. Reinsurance risk

An annual reinsurance risk management plan is established in conformity with the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as part of Fubon Life Insurance's annual reinsurance policy. This plan includes retention risk management, ceded insurance risk management, assumed insurance risk management, intra-group in conjunction with reinsurance risk management.

The credit rating of the reinsurers is monitored monthly. The credit rating is evaluated based on article 7 and 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". Under these regulations, reinsurers or insurance organizations with a credit rating above a certain level from an international credit rating agency (i.e. BBB- or higher by Standard & Poor's Corporation or its equivalent credit rating from agencies endorsed by the authority) are eligible as reinsurers to whom an insurance enterprise may cede its business. Fubon Life Insurance currently adopts Standard and Poor's A- or above as its guideline regarding newly incorporated reinsurers.

vi) Assets and liabilities combination risk

1. To enhance the overall assets and liabilities allocation, maintain adequate liquidity, and improve capital performance with expectation of the maximum risk return on overall revenue, the management monitors compliance of Fubon Life Insurance with the relevant government regulations. In addition, through the establishment of Assets and Liabilities Management Committee, the management keeps track of the issues related to the cash flow allocation of assets and liabilities, and establishes assets and liabilities management related regulation which enable Fubon Life Insurance to sustain adequate capital to cover the potential risk from business operation.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Under the Company's Article of Incorporate, the Assets and Liabilities Management Committee must hold meetings at least once per quarter and the responsible department in Fubon Life Insurance and its subsidiaries performs the cash flow test using the spot interest rate and estimates the earnings at the end of each year to ensure the company's solvency. In addition, the Risk-Based Capital ratio is examined and simulated via important elements to execute sensitivity analysis which serves as the reference for capital adequacy decision. Furthermore, the change between Venture Capital and equity fund is analyzed to identify the reason for such changes and capital liquidity risk analysis is performed by using the accumulated net cash flow in a year and the accumulated net cash flow in 5 years as the benchmark for risk management.
- vii) Risk management report
1. A Risk Management Committee is set up under the supervision of the Board of Directors. The independent directors acting as the conveners, and hold a meeting quarterly. According to its organization rules, the major duties of the committee are to:
 - a. Set up and modify policy and structure of risk management.
 - b. Set up and modify the quantitative and qualitative criteria for risk measurement.
 - c. Adjust risk types as environment change.
 - d. Set up risk limit allocation and the way of undertaking risk.
 - e. Submit risk management report to the Board of Directors regularly and authorize to competent departments.
 2. The committee also reviews the overall risk management. Aside from supervising the implementation of risk management policies to ensure that Fubon Life Insurance meets the strategic target, the committee reviews the effectiveness and feasibility of risk management mechanism. It also submits reports to the Board of Directors to ensure that the risk management is enforced effectively.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Information of insurance risk

i) Sensitivity of insurance risk – insurance contracts and financial instruments with discretionary feature:

	For the three months ended March 31, 2023			
	Change in assumption		Change in income before tax	Change in stockholder's equity
Mortality/Morbidity	Increase	10 %	(1,147,686)	(916,678)
Rate of return	Decrease	0.1 %	(1,230,589)	(982,602)
Expense (fixed expense)	Increase	5 %	(121,991)	(96,698)
Lapse and surrender rate	Increase	10 %	59,563	47,624

	For the three months ended March 31, 2022			
	Change in assumption		Change in income before tax	Change in stockholder's equity
Mortality/Morbidity	Increase	10 %	(985,579)	(786,591)
Rate of return	Decrease	0.1 %	(1,244,975)	(993,364)
Expense (fixed expense)	Increase	5 %	(126,065)	(99,695)
Lapse and surrender rate	Increase	10 %	51,280	40,991

The sensitivity analysis requires evaluating the impact to the profit before tax/ equity under the circumstance in which only one factor changes and the others remain constant.

Fubon Life Insurance uses a tax rate of 20% of pre-tax income and Fubon Hyundai Life Insurance uses a tax rate of 23.1% of pre-tax income (a tax of 24.2% of pre-tax income used in 2022), respectively, as well as other factors, including mortality, morbidity, rate of return, expense rate and lapse rate, in evaluating the impact on equity. The sensitivity analysis does not include the information of Vietnam Fubon Life Insurance and Fubon Life Insurance (Hong Kong). Such exclusion is due to the fact that the retention of earned premiums accounted for very little proportion of the consolidated retention of earned premiums and is not expected to affect the result of the sensitivity analysis.

ii) Insurance risk concentration

Fubon Life Insurance and its subsidiaries sell insurances, which include life insurance, annuity insurance, accident insurance and health insurance. Since insurance contracts are mainly issued in Taiwan, the insurance risk is concentrated in Taiwan.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Claim development trend

1. Development trend of claims payment incurred

Cumulative claims payments from prior years and the balance adjusted to Fubon Life Insurance and its subsidiaries' consolidated balance sheets are as follows:

March 31, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,119	6,850,119	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,339	7,214,455	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,742	7,750,297	-	-	6,117
2020	6,426,045	7,924,896	8,088,216	8,100,069	-	-	-	21,271
2021	6,529,528	8,147,422	8,219,755	-	-	-	-	139,236
2022	7,749,002	8,908,122	-	-	-	-	-	1,691,651
2023	1,179,142	-	-	-	-	-	-	296,870
IBNR Reserve								2,155,145
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,912,318
The balance of claim reserve								4,067,463

March 31, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,448,081	1,761,632	1,810,968	1,833,317	1,842,222	-
2020	1,500,053	1,795,689	1,837,826	1,862,555	-	7,230
2021	1,453,330	1,759,597	1,809,836	-	-	24,325
2022	1,535,773	1,879,612	-	-	-	51,295
2023	1,509,765	-	-	-	-	460,646
IBNR Reserve						543,496
Plus: RBNA Reserve						2,389,117
The balance of claim reserve						2,932,613

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,070,166	6,224,855	6,352,169	6,382,360	6,398,819	6,407,560	6,415,852	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,137	-	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	-	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	-	-	-	8,186
2020	6,426,045	7,924,896	8,086,839	-	-	-	-	25,614
2021	6,529,528	8,138,219	-	-	-	-	-	175,874
2022	7,759,860	-	-	-	-	-	-	2,003,746
IBNR Reserve								2,213,420
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,828,574
The balance of claim reserve								4,041,994

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,496,501	1,855,065	1,900,220	1,922,613	1,930,111	-
2019	1,519,262	1,867,448	1,908,139	1,934,403	-	6,004
2020	1,501,537	1,845,231	1,884,182	-	-	35,101
2021	1,599,839	1,929,748	-	-	-	87,777
2022	1,605,336	-	-	-	-	514,281
IBNR Reserve						643,163
Plus: RBNA Reserve						2,480,637
The balance of claim reserve						3,123,800

March 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,070,166	6,224,855	6,352,169	6,382,360	6,398,819	6,407,560	6,407,784	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,845,817	-	8,748
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,188,343	-	-	22,733
2019	6,173,797	7,578,255	7,721,002	7,729,328	-	-	-	41,350
2020	6,426,045	7,924,896	7,987,769	-	-	-	-	160,767
2021	6,529,528	7,553,691	-	-	-	-	-	1,429,184
2022	1,018,545	-	-	-	-	-	-	243,094
IBNR Reserve								1,905,876
Plus: RBNA Reserve (including sub-sub-sidiaries while excluding Fubon Hyundai Life Insurance)								1,368,623
The balance of claim reserve								3,274,499

March 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,483,364	1,777,479	1,822,577	1,836,060	1,842,054	-
2019	1,463,529	1,780,423	1,830,286	1,852,471	-	615
2020	1,516,048	1,814,837	1,857,394	-	-	29,329
2021	1,468,953	1,778,101	-	-	-	82,752
2022	1,534,726	-	-	-	-	514,604
IBNR Reserve						627,300
Plus: RBNA Reserve						3,297,880
The balance of claim reserve						3,925,180

Note 1: Amount shown above excludes investment contracts.

Note 2: As of March 31, 2023, December 31 and March 31, 2022, except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-sub-sidiaries (excluding Fubon Hyundai Life Insurance), the IBNR claim reserves from direct businesses amounted to \$17,800 thousand, \$17,580 thousand and \$17,168 thousand, respectively.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Development trend of retained claims payments

Cumulative claims payments from prior years are as follows:

March 31, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,197	6,705,197	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,897	7,061,013	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,841	7,550,362	-	-	5,700
2020	6,423,414	7,747,404	7,906,281	7,918,057	-	-	-	20,817
2021	6,508,771	8,086,067	8,157,209	-	-	-	-	137,905
2022	7,583,241	8,705,815	-	-	-	-	-	1,658,385
2023	1,163,912	-	-	-	-	-	-	293,675
IBNR Reserve								2,116,482
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,835,370
The balance of claim reserve								3,951,852

March 31, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,099,165	1,334,253	1,366,402	1,382,727	1,389,101	-
2020	1,129,392	1,346,216	1,378,257	1,396,242	-	5,642
2021	1,091,102	1,317,518	1,354,150	-	-	18,982
2022	1,169,271	1,427,308	-	-	-	40,029
2023	1,121,390	-	-	-	-	359,471
IBNR Reserve						424,124
Plus: RBNA Reserve						2,336,041
The balance of claim reserve						2,760,165

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,068,488	6,111,210	6,238,474	6,267,558	6,284,017	6,292,750	6,301,034	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,215	-	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	-	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	-	-	-	7,627
2020	6,423,414	7,747,404	7,904,904	-	-	-	-	25,129
2021	6,508,771	8,076,863	-	-	-	-	-	174,225
2022	7,594,099	-	-	-	-	-	-	1,968,133
IBNR Reserve								2,175,114
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,777,159
The balance of claim reserve								3,952,273

December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,137,498	1,411,295	1,440,276	1,456,235	1,461,040	-
2019	1,146,265	1,413,676	1,446,350	1,464,472	-	4,747
2020	1,124,143	1,390,594	1,420,246	-	-	27,752
2021	1,192,113	1,451,129	-	-	-	69,399
2022	1,185,432	-	-	-	-	406,608
IBNR Reserve						508,506
Plus: RBNA Reserve						2,429,369
The balance of claim reserve						2,937,875

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,068,488	6,111,210	6,238,474	6,267,558	6,284,017	6,292,750	6,292,973	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,700,906	-	8,689
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,034,910	-	-	22,648
2019	6,156,966	7,379,306	7,521,266	7,529,454	-	-	-	41,006
2020	6,423,414	7,747,404	7,808,168	-	-	-	-	158,140
2021	6,508,771	7,503,037	-	-	-	-	-	1,421,217
2022	1,006,232	-	-	-	-	-	-	240,709
IBNR Reserve								1,892,409
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,325,669
The balance of claim reserve								3,218,078

March 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,095,542	1,328,911	1,361,955	1,370,461	1,373,831	-
2019	1,110,892	1,348,487	1,380,979	1,397,177	-	489
2020	1,141,435	1,360,571	1,392,931	-	-	23,341
2021	1,102,298	1,330,743	-	-	-	65,857
2022	1,168,872	-	-	-	-	409,539
IBNR Reserve						499,226
Plus: RBNA Reserve						3,239,181
The balance of claim reserve						3,738,407

Note 1: Amount shown above excludes investment contracts.

Note 2: As of March 31, 2023, December 31 and March 31, 2022 except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-subsidiaries (excluding Fubon Hyundai Life Insurance), the IBNR reserve from retained business amounted to \$15,751 thousand, \$15,505 thousand and \$15,102 thousand, respectively.

Claim reserves are provided based on the expected claims payment and relevant handling fee of RBNA and IBNR claims. Such provisions involve vast uncertainty, estimates and judgments which are highly complicated. Any change of estimate or judgment is regarded as a change in accounting estimate and the amount of change is recognized as a current gain or loss. For some claims, notifications to Fubon Life Insurance and its subsidiaries may be delayed. In addition, estimating the potential IBNR claims involves vast past loss experience and subjective judgment; therefore, it is difficult to confirm whether the estimated claims reserve on the balance sheet date will equal to the final claim compensation amount. The estimate of claims reserve is based on the information currently available. However, the final result may deviate from the original estimate due to the subsequent development.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The table above demonstrates the development trend of claims (excluding those claims that need confirmation within one year). The vertical shaft represents the year in which the claim event occurred, and the horizontal shaft represents the development years. Each slash represents the accumulated compensation amount at the end of each year. The compensation amount refers to the claims whether they are finalized or not. It explains how Fubon Life Insurance and its subsidiaries estimate the compensation amount of each year as time passed. The scenario and trend which affect the provision of claims reserve may not be the same as they will be in the future. Therefore, the estimated future compensation amount cannot be determined by the claim development trend.

- d) The credit risk, liquidity risk and market risk of insurance contracts
- i) Credit risk

The credit risk of insurance contracts arises mainly from the inability of the reinsurers to fulfill its obligation from the reinsurance contracts which will result in financial losses. Fubon Life Insurance and its subsidiaries monitor the credit rating of its reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

- ii) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability to obtain sufficient funds or turn assets into cash in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of insurance contracts, Fubon Life Insurance and its subsidiaries also review short-term and mid-term liquidity risk benchmark through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching (ALM). The Committee also sets the response strategy in advance for potential payments in order to ensure timeliness of liquidity risk management and to avoid inadequate liquidity.

The maturity analysis of insurance contracts of Fubon Life Insurance and its subsidiaries were as below:

March 31, 2023

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	34,334	32,856	63,124	4,134,878	279,791	4,544,983
Proportion	0.8 %	0.7 %	1.4 %	90.9 %	6.2 %	100.0 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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December 31, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	35,754	35,620	57,062	4,135,352	287,308	4,551,096
Proportion	0.8 %	0.8 %	1.3 %	90.8 %	6.3 %	100.0 %

March 31, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	31,130	44,747	40,211	4,032,276	296,958	4,445,322
Proportion	0.7 %	1.0 %	0.9 %	90.7 %	6.7 %	100.0 %

Note1: Reserve for insurance contract with nature of financial instrument is included.

Note2: The “Unable to classify” includes interest-linked product, authorized additional provision and provision for bad debt allowance. The amounts above exclude provision for separate account, foreign exchange fluctuation reserve and appraisal increment of real estate.

iii) Market risk

Market risk refers to the risk caused by the adverse changes in market prices in terms of interest rates, foreign exchange rates, stock prices, and commodity prices. Fubon Life Insurance and its subsidiaries measure market risk from insurance contract according to discount rate assumption prescribed by the authorities. This assumption may not be consistent with changes in market interest rates. Unless the liability adequacy test disclosed the need to provide more reserve, the change in market risk factors would not have significant impact on profit or loss and equity.

Guided by Assets and Liabilities Management Committee, Fubon Life Insurance and its subsidiaries take into account the financial environment, economic indicators, liability properties and ALM, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee. This is to allow assets and liabilities to match better in terms of payment terms and profits, to pursue long-term management and to protect the rights of policyholders; as well as to reduce the potential losses arose from the impact of the market risk on insurance contract.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ai) Financial risk management

(i) Risk management organization structure

The Company has established a sound risk management organization framework. The Board of Directors is responsible for overseeing the Company's governance in building solid risk management system and control mechanism to ensure the effectiveness of risk management operations, approving the Company's risk management policies and regulations, and reviewing important risk management reports. The Audit Committee assists the Board of Directors in overseeing the Company's risk management and control issues. The Risk Management Committee, which is subordinate to the Chairman of the Board of Directors, reviews the Company's risk management strategy, structure, systems and policies, and oversees the Company and its subsidiaries' overall risks including credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy, reputation risk, emerging risk and climate change, etc. Personal Data Protection Committee, which is subordinate to the Risk Management Committee, oversees the Company and its subsidiaries' protection of important personal information to strengthen the management of personal information protection.

(ii) Risk management policies

The Company has employed comprehensive risk management policies in respect of credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy risk, reputation risk, emerging risk, climate change, etc., implemented by all units and subsidiaries across the Company and its subsidiaries to effectively identify, evaluate, response, monitor and report various risks respectively. The Company adopts three lines of defense risk management system to implement comprehensive risk management.

A full set of risk limits, loss limits and trading delegation limits, risk exposure evaluation and monitoring measurements by quantitative and qualitative methods as well as early warning systems have been all in place in line with risk attributes to proactively monitor and manage various major risks.

(iii) Credit Risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Credit risk definitions and sources

Taipei Fubon Bank (The Bank)

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

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Fubon Bank (China)

Credit risk faced by Fubon Bank (China) mainly comes from commercial lending (including mortgage, discounts, negotiations, credits, acceptance bills, issued letters of credit, standby letters of credit, bank guarantees, etc.), financial derivative contracts, and securities investments.

- b) Strategy, objectives, policies and procedures

Taipei Fubon Bank (The Bank)

The Bank has established solid credit risk policies and procedures. A robust credit risk strategy taking into account of 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, manage and monitor credit risks including default, counterparty and concentration risks.

Fubon Bank (China)

The credit risk management strategy of Fubon Bank (China) effectively conducts risk control through a comprehensive credit risk management (CRMS) system under the guidance of the Board's risk appetite, taking into consideration the international economic development and regional industry trends. The CRMS system covers the implementation of risk management policies on credit management regulation, credit approvals, post-loan policies, etc. Fubon Bank (China)'s risk management goal is toward credit asset protection, realization of the optimal ratio of risk and revenue by using credit risk management tools to manage expected losses effectively. The credit risk management procedures include identification, measurement, monitor and control of credit risk.

- c) Credit risk management framework

Taipei Fubon Bank (The Bank)

- i) To strengthen the risk management function, under the supervision of the Board of Directors, the Bank has established the Risk Management Committee which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to examine significant credit risk policies and quota, and to monitor changes in the Bank's significant credit risk information and compliance with the quota.
- ii) 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 coordinating the development of the mechanism for managing credit risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iii) Under the Chief Risk Officer, there are legal and personal credit risk management units which are responsible for performing credit investigation, credit review, post-loan management, collection and credit management.
- iv) The Bank has established an Institutional Credit Review Committee, and a Retail Credit Review Committee respectively to review credit above a certain limit to strengthen control over cases involving large credit amounts.
- v) The Audit Department, which is under the supervision of the Board of Directors, conducts the third defense line examining the effectiveness of internal control functions independently.

Fubon Bank (China)

The credit risk management of Fubon Bank (China) is based on its comprehensive risk management system. The Risk Department and Credit Approval & Administration Department are responsible for identifying, quantifying, managing, controlling and reporting credit risk.

- d) Credit risk measurement, control and reporting

Taipei Fubon Bank (The Bank)

The Bank has established credit risk measurements 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 limit controls on country risk, single legal entity and group concentration risk and industry concentration risk effectively. Other than aforementioned control procedure, the Bank has established vigorous review and early warning mechanism to ensure the Bank to undertake proper courses of actions on credit risk management.

The Bank regularly performs the credit risk stress testing based on the guidelines issued by the FSC, and continues to develop scenario analysis and stress test approaches to provide senior management with an assessment of risk tolerance, as well as to provide the reference of credit portfolio management.

The Bank has completed risk data warehousing system, risk-weighted asset calculation system, and internal risk rating system. The development and revision of score cards and rating models are validated by regular monitoring of the model performance and stability.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Fubon Bank (China)

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; the real-estate loan monitoring and other monthly monitoring include the industry concentration and the concentration of a single client / group clients and their affiliated parties.

Fubon Bank (China) regularly performs 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 the reference for risk management and decision-making.

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.

- e) Control mechanism for credit risk hedging or risk reduction

Taipei Fubon Bank (The 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 based on stringent evaluation of obligor risk and facility risk. Furthermore, the Bank has set a centralized approval process with documented guidelines. Appropriate collaterals are required based on borrowers' financials and debt service capabilities to mitigate credit risk.

Fubon Bank (China)

Fubon Bank (China) sets up the approval authority limitation based on customer risk grading and loan classification, guarantee and sub-guarantee criteria, and investment portfolio management based on the "Institutional Banking Credit Risk Management Policy". Fubon Bank (China) strengthens the risk identification according to the customer's risk grading and the criteria of business customer entry. The credit quality control is done through strict and through due diligent and approval procedure and counter sign of credit officers from both sales department and risk department. Fubon Bank (China) will require suitable collateral in order to enhance the risk mitigation due to the loan risk. In addition, there is post-loan management, which includes continual loan monitoring and taking note of any early risk-warning signals.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

i) Credit assets

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of discounts and loans, receivables, loan commitments, as well as other credit assets during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries, based on the internal credit risk management objectives, make risk segments by classifying financial assets according to the debtors' internal ratings, overdue conditions, and the region where the collateral is located, as well as considering reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. The financial assets are overdue for more than 30 days;
2. The debtor's internal or external rating is significantly degraded;
3. The credit risk of any product held by the same debtor has increased significantly;
4. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
5. Actual or expected significant changes in the borrower's operating results.

ii) Debt investments

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries consider each reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. Significant changes in the internal and external ratings of the financial assets or the debtor;
2. The fair value of financial assets is significantly lower than its amortized cost;

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
4. Actual or expected significant changes in the borrower's operating results;
5. The credit risk of other financial instruments of the same borrower has increased significantly.

If it is unable to identify whether the credit risk of financial assets has increased significantly after the initial recognition, except for those with low credit risk on the reporting date, lifetime ECLs is applied.

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

g) Definitions for default and credit impairment of financial assets

i) Credit assets

The Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, The Bank and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

1. Financial assets are overdue for more than 90 days;
2. Financial assets are recognized as overdue loans or bad debts;
3. The debtor or the issuer occurs financial difficulties;
4. The debt contract terms are modified due to the debtor's financial difficulties;
5. The debtor has filed for bankruptcy or is likely to file for bankruptcy;
6. The debtor has reorganized or is likely to reorganize;
7. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the credit assets held by the Bank and its subsidiaries, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Debt investments

If one or more of the following conditions are met, the Bank and its subsidiary determined that the financial assets are defaulted and credit-impaired:

1. Principal and interest repayment of the financial assets is not in accordance with the issuing conditions;
2. The issuer occurs financial difficulties;
3. The issuer has filed for bankruptcy or is likely to file for bankruptcy;
4. The issuer has reorganized or is likely to reorganize;
5. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the debt investments held by the Bank and its subsidiary, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Write-off policies

If one the following events occurs, non-performing loans and overdue receivables shall be recognized as bad debts after deducting the recoverable portion.

- i) The loan cannot be recovered in full or in part because the debtor has dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- ii) The collateral and the property of the primary/subordinate debtor have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank and its subsidiaries might collect where there is no financial benefit in execution.
- iii) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.
- iv) Non-performing loans and overdue receivables are yet to be recovered for two years after over the expired date.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Write-off financial assets held by the Bank and its subsidiaries might have recourse activities in progress and continually conduct recourse procedures in accordance with related policies.

i) Assessment of expected credit loss

i) Credit assets

For the assessment of expected credit loss, the Bank and its subsidiaries divide credit assets into different groups by the borrower's credit risk characteristics, including industry, credit risk rating, overdue status and collaterals, to correspond with different risk parameters.

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. The Bank and its subsidiaries apply the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information.

The Bank takes into account the forward-looking information, such as the industry prospect, estimated financial status, and corporate potential, for each case's internal rating when reviewing the credit business. One of the abovementioned indicators that shows the credit risk of credit assets has increased significantly is the internal rating change. In addition, the assessment of expected credit loss is based on the credit risk group and related parameters.

Fubon Bank (China) assesses the domestic and foreign macroeconomic environment, and the related external banking environment and calculates the weighted scores as the forward-looking information for the PD calculation.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Bank and its subsidiaries evaluate “EAD” with the carrying amount and interest receivables of financial assets. Estimations of the 12-month ECLs and lifetime ECLs of loan commitments are based on the “Guidelines for IFRS9 Impairment Assessment Methodology” issued by the Bank’s Association. The off-balance sheet exposure items adopt the standard of credit conversion factor from “Guidelines for the calculation of bank’s regulatory capital and risk weighted assets – Credit Risk Standardized Approach”. The credit conversion factor is used to calculate the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime, in order to determine the amount of “EAD” for calculating expected credit losses.

ii) Debt investments

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default (“PD”) of the issuer with the loss given default (“LGD”), multiplying, the exposure at default (“EAD”), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

Probability of default and recovery rate are calculated based on probability of default and loss given default regularly announced by external credit rating agencies. As the international credit rating agencies have considered the forward-looking information when assessing credit ratings. The Bank considers the forward-looking information to be appropriate and also observes and periodically updates the changes in parameters. “EAD” is evaluated by the carrying amount and interest receivables of financial assets. Amortized cost of each future period is calculated by lifetime exposure on straight-line basis.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- j) Assessment of expected credit loss
- i) Financial assets measured at fair value through other comprehensive income
— debt instruments

Total carrying value

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 245,726,471	-	1,634,460	-	-	247,360,931
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(40,033,438)	-	(441,344)	-	-	(40,474,782)
Originated or purchased new financial assets	59,370,285	-	443,013	-	-	59,813,298
Effects of exchange rate changes and others	(438,395)	-	(7,531)	-	-	(445,926)
Ending balance	<u>\$ 264,624,923</u>	<u>-</u>	<u>1,628,598</u>	<u>-</u>	<u>-</u>	<u>266,253,521</u>
For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 223,867,748	-	-	-	-	223,867,748
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(1,170,105)	-	1,170,105	-	-	-
— Derecognition of financial assets at current period	(43,494,929)	-	-	-	-	(43,494,929)
Originated or purchased new financial assets	71,438,665	-	3,508	-	-	71,442,173
Effects of exchange rate changes and others	6,048,538	-	43,520	-	-	6,092,058
Ending balance	<u>\$ 256,689,917</u>	<u>-</u>	<u>1,217,133</u>	<u>-</u>	<u>-</u>	<u>257,907,050</u>

Expected credit losses

For the three months ended March 31, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 186,444	-	1,575	-	-	188,019	41,173	229,192
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(120,873)	-	(458)	-	-	(121,331)	-	(121,331)
Originated or purchased new financial assets	269,849	-	351	-	-	270,200	-	270,200
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(2,304)	(2,304)
Effects of exchange rate changes and others	(19,312)	-	(608)	-	-	(19,920)	(3)	(19,923)
Ending balance	<u>\$ 316,108</u>	<u>-</u>	<u>860</u>	<u>-</u>	<u>-</u>	<u>316,968</u>	<u>38,866</u>	<u>355,834</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 140,022	-	-	-	-	140,022	-	140,022
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(813)	-	813	-	-	-	-	-
— Derecognition of financial assets at current period	(51,233)	-	-	-	-	(51,233)	-	(51,233)
Originated or purchased new financial assets	62,647	-	409	-	-	63,056	-	63,056
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	27,967	27,967
Effects of exchange rate changes and others	(466)	-	19	-	-	(447)	-	(447)
Ending balance	<u>\$ 150,157</u>	<u>-</u>	<u>1,241</u>	<u>-</u>	<u>-</u>	<u>151,398</u>	<u>27,967</u>	<u>179,365</u>

ii) Debt investments measured at amortized cost

Total carrying value

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 883,606,366	-	14,966,171	-	-	898,572,537
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs		(1,628,952)	-	1,628,952	-	-
— Transfer to 12-month ECLs		313,260	-	(313,260)	-	-
— Derecognition of financial assets at current period		(171,018,351)	-	(879,072)	-	(171,897,423)
Originated or purchased new financial assets		202,660,012	-	678	-	202,660,690
Effects of exchange rate changes and others		(3,808,868)	-	(144,255)	-	(3,953,123)
Ending balance	<u>\$ 910,123,467</u>	<u>-</u>	<u>15,259,214</u>	<u>-</u>	<u>-</u>	<u>925,382,681</u>

For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 863,726,222	-	12,240,241	-	-	875,966,463
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period		(247,242,982)	-	(289,014)	-	(247,531,996)
Originated or purchased new financial assets		261,504,852	-	1,308	-	261,506,160
Effects of exchange rate changes and others		16,329,376	-	403,522	-	16,732,898
Ending balance	<u>\$ 894,317,468</u>	<u>-</u>	<u>12,356,057</u>	<u>-</u>	<u>-</u>	<u>906,673,525</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Expected credit losses

	For the three months ended March 31, 2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 215,759	-	400,133	-	-	615,892	37,899	653,791
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(526)	-	526	-	-	-	-	-
— Transfer to 12-month ECLs	3,177	-	(3,177)	-	-	-	-	-
— Derecognition of financial assets at current period	(51,684)	-	(1,633)	-	-	(53,317)	-	(53,317)
Originated or purchased new financial assets	57,371	-	27	-	-	57,398	-	57,398
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(455)	(455)
Effects of exchange rate changes and others	(4,671)	-	11,598	-	-	6,927	140	7,067
Ending balance	<u>\$ 219,426</u>	<u>-</u>	<u>407,474</u>	<u>-</u>	<u>-</u>	<u>626,900</u>	<u>37,584</u>	<u>664,484</u>
	For the three months ended March 31, 2022							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 211,078	-	397,036	-	-	608,114	-	608,114
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(4,557)	-	(473)	-	-	(5,030)	-	(5,030)
Originated or purchased new financial assets	20,914	-	25	-	-	20,939	-	20,939
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	14,598	14,598
Effects of exchange rate changes and others	(44)	-	13,529	-	-	13,485	224	13,709
Ending balance	<u>\$ 227,391</u>	<u>-</u>	<u>410,117</u>	<u>-</u>	<u>-</u>	<u>637,508</u>	<u>14,822</u>	<u>652,330</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Receivables

Total carrying value

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 101,099,407	1,741,520	-	472,771	-	103,313,698
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(1,245,020)	1,246,221	-	(1,201)	-	-
— Transfer to credit-impaired financial assets	(18,762)	(34,352)	-	53,114	-	-
— Transfer to 12-month ECLs	415,575	(415,433)	-	(142)	-	-
— Derecognition of financial assets at current period	(47,357,548)	(546,510)	-	(75,883)	-	(47,979,941)
Originated or purchased new financial assets	36,986,342	9,875,747	-	23,382	-	46,885,471
Write-off	-	-	-	(1,768)	-	(1,768)
Effects of exchange rate changes and others	(74,665)	(4,275)	-	-	-	(78,940)
Ending balance	\$ 89,805,329	11,862,918	-	470,273	-	102,138,520

Note: Included only acceptances, accounts receivable—factoring and credit card receivables.

For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 92,508,520	987,678	-	467,660	-	93,963,858
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(633,106)	633,267	-	(161)	-	-
— Transfer to credit-impaired financial assets	(23,483)	(22,963)	-	46,446	-	-
— Transfer to 12-month ECLs	220,010	(219,814)	-	(196)	-	-
— Derecognition of financial assets at current period	(44,685,084)	(255,960)	-	(57,420)	-	(44,998,464)
Originated or purchased new financial assets	42,099,277	589,285	-	16,869	-	42,705,431
Write-off	-	-	-	(2,194)	-	(2,194)
Effects of exchange rate changes and others	189,197	(8,610)	-	-	-	180,587
Ending balance	\$ 89,675,331	1,702,883	-	471,004	-	91,849,218

Note: Included only acceptances, accounts receivable—factoring and credit card receivables.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Expected credit losses

	For the three months ended March 31, 2023							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 194,409	79,880	674	144,698	-	419,661	207,840	627,501
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(7,814)	9,003	9	(1,198)	-	-	-	-
– Transfer to credit-impaired financial assets	(148)	(4,828)	-	4,976	-	-	-	-
– Transfer to 12-month ECLs	17,483	(17,272)	(92)	(119)	-	-	-	-
– Derecognition of financial assets at current period	(93,518)	(17,873)	-	(19,807)	-	(131,198)	-	(131,198)
Originated or purchased new financial assets	79,252	31,636	-	5,650	-	116,538	-	116,538
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	33,577	33,577
Write-off	-	-	-	(3,488)	-	(3,488)	-	(3,488)
Recovery from write-off	-	-	-	36	-	36	-	36
Effects of exchange rate changes and others	(5,311)	31,716	(133)	22,036	-	48,308	2	48,310
Ending balance	<u>\$ 184,353</u>	<u>112,262</u>	<u>458</u>	<u>152,784</u>	<u>-</u>	<u>449,857</u>	<u>241,419</u>	<u>691,276</u>
	For the three months ended March 31, 2022							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 172,430	47,767	542	102,761	-	323,500	176,187	499,687
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(6,011)	6,117	-	(106)	-	-	-	-
– Transfer to credit-impaired financial assets	(180)	(2,484)	-	2,664	-	-	-	-
– Transfer to 12-month ECLs	8,130	(8,025)	-	(105)	-	-	-	-
– Derecognition of financial assets at current period	(70,950)	(13,696)	(3)	(12,381)	-	(97,030)	-	(97,030)
Originated or purchased new financial assets	86,644	11,445	-	4,366	-	102,455	-	102,455
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	26,467	26,467
Write-off	-	-	-	(3,289)	-	(3,289)	-	(3,289)
Effects of exchange rate changes and others	(1,886)	18,466	(227)	9,455	-	25,808	8	25,816
Ending balance	<u>\$ 188,177</u>	<u>59,590</u>	<u>312</u>	<u>103,365</u>	<u>-</u>	<u>351,444</u>	<u>202,662</u>	<u>554,106</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Discounts and loans

Total carrying value

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 1,874,586,205	42,890,437	-	8,872,846	-	1,926,349,488
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(6,335,214)	6,378,104	-	(42,890)	-	-
– Transfer to credit-impaired financial assets	(4,891,090)	(406,392)	-	5,297,482	-	-
– Transfer to 12-month ECLs	4,483,248	(4,455,137)	-	(28,111)	-	-
– Derecognition of financial assets at current period	(381,062,164)	(11,638,514)	-	(861,149)	-	(393,561,827)
Originated or purchased new financial assets	382,187,303	9,362,990	-	1,083,243	-	392,633,536
Write-off	-	-	-	(1,134,628)	-	(1,134,628)
Effects of exchange rate changes and others	(831,198)	(50,304)	-	6,437	-	(875,065)
Ending balance	<u>\$ 1,868,137,090</u>	<u>42,081,184</u>	<u>-</u>	<u>13,193,230</u>	<u>-</u>	<u>1,923,411,504</u>
For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 1,796,341,792	59,946,663	-	8,633,553	-	1,864,922,008
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(12,319,865)	12,337,320	-	(17,455)	-	-
– Transfer to credit-impaired financial assets	(445,355)	(246,643)	-	691,998	-	-
– Transfer to 12-month ECLs	2,780,210	(2,760,867)	-	(19,343)	-	-
– Derecognition of financial assets at current period	(371,668,406)	(20,463,954)	-	(473,647)	-	(392,606,007)
Originated or purchased new financial assets	418,353,163	14,787,262	-	529,938	-	433,670,363
Write-off	-	-	-	(96,282)	-	(96,282)
Effects of exchange rate changes and others	11,144,791	1,004,773	-	100,264	-	12,249,828
Ending balance	<u>\$ 1,844,186,330</u>	<u>64,604,554</u>	<u>-</u>	<u>9,349,026</u>	<u>-</u>	<u>1,918,139,910</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Expected credit losses

	For the three months ended March 31, 2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 3,668,184	1,241,893	-	3,354,845	-	8,264,922	17,310,983	25,575,905
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(19,506)	24,263	-	(4,757)	-	-	-	-
– Transfer to credit-impaired financial assets	(13,312)	(109,747)	-	123,059	-	-	-	-
– Transfer to 12-month ECLs	106,101	(99,521)	-	(6,580)	-	-	-	-
– Derecognition of financial assets at current period	(880,597)	(85,945)	-	(817,037)	-	(1,783,579)	-	(1,783,579)
Originated or purchased new financial assets	619,508	123,051	-	636,367	-	1,378,926	-	1,378,926
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	52,479	52,479
Write-off	-	-	-	(1,134,628)	-	(1,134,628)	-	(1,134,628)
Recovery from write-off	-	-	-	95,581	-	95,581	-	95,581
Effects of exchange rate changes and others	(942,887)	436,907	-	1,529,843	-	1,023,863	171	1,024,034
Ending balance	<u>\$ 2,537,491</u>	<u>1,530,901</u>	<u>-</u>	<u>3,776,693</u>	<u>-</u>	<u>7,845,085</u>	<u>17,363,633</u>	<u>25,208,718</u>
	For the three months ended March 31, 2022							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 4,210,247	1,501,988	-	2,807,656	-	8,519,891	15,074,256	23,594,147
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(61,400)	61,994	-	(594)	-	-	-	-
– Transfer to credit-impaired financial assets	(2,802)	(58,298)	-	61,100	-	-	-	-
– Transfer to 12-month ECLs	57,752	(54,614)	-	(3,138)	-	-	-	-
– Derecognition of financial assets at current period	(845,070)	(479,154)	-	(95,088)	-	(1,419,312)	-	(1,419,312)
Originated or purchased new financial assets	803,577	447,212	-	312,522	-	1,563,311	-	1,563,311
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	624,102	624,102
Write-off	-	-	-	(96,282)	-	(96,282)	-	(96,282)
Recovery from write-off	-	-	-	107,066	-	107,066	-	107,066
Effects of exchange rate changes and others	(3,902)	269,130	-	151,030	-	416,258	733	416,991
Ending balance	<u>\$ 4,158,402</u>	<u>1,688,258</u>	<u>-</u>	<u>3,244,272</u>	<u>-</u>	<u>9,090,932</u>	<u>15,699,091</u>	<u>24,790,023</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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v) Other financial assets

Total carrying value

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 8,674,872	-	-	70,020	-	8,744,892
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(916,075)	-	-	(3,816)	-	(919,891)
Originated or purchased new financial assets	16	-	-	85,509	-	85,525
Write-off	-	-	-	(74,802)	-	(74,802)
Effects of exchange rate changes and others	26,948	-	-	12	-	26,960
Ending balance	<u>\$ 7,785,761</u>	<u>-</u>	<u>-</u>	<u>76,923</u>	<u>-</u>	<u>7,862,684</u>
For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 25,573,976	-	-	46,996	-	25,620,972
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(12,634,598)	-	-	(907)	-	(12,635,505)
Originated or purchased new financial assets	974,183	-	-	52,049	-	1,026,232
Write-off	-	-	-	(42,549)	-	(42,549)
Effects of exchange rate changes and others	453,636	-	-	5	-	453,641
Ending balance	<u>\$ 14,367,197</u>	<u>-</u>	<u>-</u>	<u>55,594</u>	<u>-</u>	<u>14,422,791</u>

Expected credit losses

For the three months ended March 31, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 795	-	-	64,855	-	65,650	1	65,651
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(795)	-	-	(3,716)	-	(4,511)	-	(4,511)
Originated or purchased new financial assets	-	-	-	59,570	-	59,570	-	59,570
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(1)	(1)
Write-off	-	-	-	(74,802)	-	(74,802)	-	(74,802)
Recovery from write-off	-	-	-	64,009	-	64,009	-	64,009
Effects of exchange rate changes and others	-	-	-	(38,237)	-	(38,237)	-	(38,237)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>71,679</u>	<u>-</u>	<u>71,679</u>	<u>-</u>	<u>71,679</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ -	-	-	43,212	-	43,212	-	43,212
Changes due to recognition of financial instruments at beginning:								
– Derecognition of financial assets at current period	-	-	-	(875)	-	(875)	-	(875)
Originated or purchased new financial assets	7,553	-	-	35,664	-	43,217	-	43,217
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1	1
Write-off	-	-	-	(42,549)	-	(42,549)	-	(42,549)
Recovery from write-off	-	-	-	71,079	-	71,079	-	71,079
Effects of exchange rate changes and others	116	-	-	(55,320)	-	(55,204)	-	(55,204)
Ending balance	<u>\$ 7,669</u>	<u>-</u>	<u>-</u>	<u>51,211</u>	<u>-</u>	<u>58,880</u>	<u>1</u>	<u>58,881</u>

vi) Provisions for guarantee liabilities, loan commitments and other— letter of credit

Expected credit losses

For the three months ended March 31, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 244,271	60,312	-	8,705	-	313,288	210,040	523,328
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(4,183)	4,512	-	(329)	-	-	-	-
– Transfer to credit-impaired financial assets	-	(9)	-	9	-	-	-	-
– Transfer to 12-month ECLs	15,125	(15,039)	-	(86)	-	-	-	-
– Derecognition of financial assets at current period	(54,053)	(7,555)	-	(1,207)	-	(62,815)	-	(62,815)
Originated or purchased new financial assets	105,899	8,344	-	2,710	-	116,953	-	116,953
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	28,030	28,030
Effects of exchange rate changes and others	(57,028)	(4,167)	-	(2,963)	-	(64,158)	-	(64,158)
Ending balance	<u>\$ 250,031</u>	<u>46,398</u>	<u>-</u>	<u>6,839</u>	<u>-</u>	<u>303,268</u>	<u>238,070</u>	<u>541,338</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 260,579	108,463	-	10,987	-	380,029	173,761	553,790
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(4,850)	5,072	-	(222)	-	-	-	-
– Transfer to credit-impaired financial assets	(1)	(5)	-	6	-	-	-	-
– Transfer to 12-month ECLs	9,234	(8,473)	-	(761)	-	-	-	-
– Derecognition of financial assets at current period	(55,443)	(8,627)	-	(2,949)	-	(67,019)	-	(67,019)
Originated or purchased new financial assets	57,538	9,305	-	1,474	-	68,317	-	68,317
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	19,459	19,459
Effects of exchange rate changes and others	(38,278)	5,761	-	(1,398)	-	(33,915)	-	(33,915)
Ending balance	<u>\$ 228,779</u>	<u>111,496</u>	<u>-</u>	<u>7,137</u>	<u>-</u>	<u>347,412</u>	<u>193,220</u>	<u>540,632</u>

k) Maximum exposure to credit risk

The maximum exposure to credit risks is equivalent to the carrying amount of each financial asset in 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 account of any collateral held or other credit enhancements) are summarized as follows:

Taipei Fubon Bank (The Bank)

Off-balance sheet items	Maximum exposure amount		
	December 31,		
	March 31, 2023	2022	March 31, 2022
Irrevocable loan commitments	\$ 111,051,209	113,406,036	250,985,346
Standby letters of credit	8,221,533	7,489,375	11,414,175
Financial guarantees	27,085,478	24,335,250	22,303,244
Total	<u>\$ 146,358,220</u>	<u>145,230,661</u>	<u>284,702,765</u>

Fubon Bank (China)

Units: In thousands of CNY

Off-balance sheet items	Maximum exposure amount		
	December 31,		
	March 31, 2023	2022	March 31, 2022
Irrevocable loan commitments	\$ 634,726	736,857	733,802
Standby letters of credit	77,143	9,840	20,182
Financial guarantees	529,846	510,221	430,974
Total	<u>\$ 1,241,715</u>	<u>1,256,918</u>	<u>1,184,958</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The maximum exposures of assets and off-balance sheet items pledged as collaterals or other credit enhancements are as follows:

Taipei Fubon Bank (The Bank)

<u>March 31, 2023</u>				
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>
Loans	3.00 %	64.86 %	3.26 %	1.63 %
Guarantees receivable	11.35 %	9.78 %	0.78 %	2.79 %
Acceptances and other credits	0.23 %	0.71 %	-	-
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	3.76 %	-
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.37 %	-
Debt investments measured at amortized cost	-	-	9.38 %	-
<u>December 31, 2022</u>				
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>
Loans	3.21 %	64.14 %	3.36 %	1.58 %
Guarantees receivable	13.62 %	10.87 %	0.98 %	2.79 %
Acceptances and other credits	0.36 %	0.56 %	-	-
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	4.45 %	-
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.54 %	-
Debt investments measured at amortized cost	-	-	9.62 %	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>March 31, 2022</u>				
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>
Loans	3.52 %	62.59 %	3.69 %	1.45 %
Guarantees receivable	8.91 %	8.91 %	0.86 %	2.36 %
Acceptances and other credits	0.63 %	1.04 %	- %	- %
Financial assets measured at fair value through profit or loss—Debt instruments	- %	- %	5.13 %	- %
Financial assets measured at fair value through other comprehensive income—Debt instruments	- %	- %	3.05 %	- %
Debt investments measured at amortized cost	- %	- %	8.76 %	- %

Fubon Bank (China)

<u>March 31, 2023</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	10.41 %	23.75 %	2.35 %
Guarantees receivable	29.87 %	6.97 %	47.70 %
Acceptances	29.53 %	1.20 %	45.58 %

<u>December 31, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	9.30 %	22.84 %	2.97 %
Guarantees receivable	29.96 %	7.39 %	48.15 %
Acceptances	30.50 %	1.51 %	46.45 %

<u>March 31, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	7.32 %	21.61 %	2.97 %
Guarantees receivable	45.15 %	15.75 %	17.55 %
Acceptances	41.77 %	2.94 %	37.01 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

l) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentrations can arise in Taipei Fubon 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. Taipei Fubon Bank and its subsidiaries maintain a diversified portfolio, limit their exposure to any one geographic region, country or individual creditor and monitor the exposure continually in order to manage credit risk.

Taipei Fubon Bank and its subsidiaries' concentration of credit risk exposure are summarized by industry, geographical area and collateral as follows:

Taipei Fubon Bank (The Bank)

i) By industry

<u>Industry</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Private	\$ 1,007,633,161	56.66	996,655,036	56.79	952,525,370	55.98
Private enterprise	602,710,187	33.89	589,047,263	33.56	613,451,118	36.05
Financial organization	89,367,746	5.03	89,157,027	5.08	64,242,001	3.78
Government institution	39,399,280	2.22	39,555,615	2.26	39,208,926	2.30
Public enterprise	38,270,561	2.15	39,883,340	2.27	31,753,524	1.87
Non-profit organization	837,002	0.05	750,364	0.04	365,437	0.02
Total	<u>\$ 1,778,217,937</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,701,546,376</u>	<u>100.00</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) By geographical area

<u>Area</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Domestic	\$ 1,540,449,441	86.63	1,530,526,555	87.21	1,499,520,110	88.13
Asia	120,264,171	6.76	113,909,182	6.49	97,705,653	5.74
America	71,608,975	4.03	66,172,775	3.77	65,494,030	3.85
Others	45,895,350	2.58	44,440,133	2.53	38,826,583	2.28
Total	<u>\$ 1,778,217,937</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,701,546,376</u>	<u>100.00</u>

iii) By collateral

<u>Collateral</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unsecured	\$ 515,946,185	29.02	513,255,890	29.25	514,433,168	30.23
Secured	1,262,271,752	70.98	1,241,792,755	70.75	1,187,113,208	69.77
Properties	1,122,121,291	63.10	1,098,478,855	62.59	1,040,480,902	61.15
Guarantees	56,431,587	3.17	57,578,009	3.28	61,474,672	3.61
Financial collaterals	54,895,773	3.09	58,145,445	3.31	60,544,616	3.56
Others	28,823,101	1.62	27,590,446	1.57	24,613,018	1.45
Total	<u>\$ 1,778,217,937</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,701,546,376</u>	<u>100.00</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Credit risk rating grades

The credit risk defined by Taipei Fubon Bank is as follow:

1. Low Risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium Risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High Risk: Exposures require varying degrees of special attention and default risk is of greater concern.

March 31, 2023	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 98,782,936	-	-	98,782,936	-	-	-	-	-	-	29,325	98,753,611
Debt investments measured at amortized cost	795,106,641	1,841,091	-	796,947,732	14,489,887	769,327	-	15,259,214	-	-	619,647	811,587,299
Receivables												
Credit card receivables	42,531,226	16,093,319	56,053	58,680,598	-	229,859	1,417,727	1,647,586	470,273	-	220,478	60,577,979
Accounts receivable -factoring	13,583,397	1,010,232	-	14,593,629	9,870,976	332,086	-	10,203,062	-	-	285,692	24,510,999
Acceptances	206,098	377,805	-	583,903	-	9,884	-	9,884	-	-	6,135	587,652
Loans												
Personal finance	749,941,575	141,243,779	162,250	891,347,604	-	4,034,740	5,231,819	9,266,559	2,393,357	-	11,947,100	891,060,420
Corporate banking	388,288,715	393,853,456	1,876,718	784,018,889	-	27,591,780	1,991,716	29,583,496	8,637,573	-	10,055,290	812,184,668
Other financial assets	4,708,983	-	-	4,708,983	-	-	-	-	73,211	-	68,442	4,713,752
Off-balance sheet assets												
Financing commitments	454,392,307	137,949,764	40,837	592,382,908	-	2,273,032	1,367,190	3,640,222	196,777	-	244,234	595,975,673
Guarantees receivable	15,733,039	10,993,726	-	26,726,765	-	358,713	-	358,713	-	-	272,751	26,812,727
Credit receivable	4,978,392	3,217,445	18,260	8,214,097	-	7,436	-	7,436	-	-	5,859	8,215,674

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 91,395,101	-	-	91,395,101	-	-	-	-	-	-	28,960	91,366,141
Debt investments measured at amortized cost	764,676,312	1,640,447	-	766,316,759	14,189,882	776,289	-	14,966,171	-	-	610,249	780,672,681
Receivables												
Credit card receivables	46,992,068	16,146,354	50,745	63,189,167	-	232,491	1,284,404	1,516,895	472,770	-	201,869	64,976,963
Accounts receivable -factoring	20,289,532	742,537	99	21,032,168	-	219,940	-	219,940	-	-	246,546	21,005,562
Acceptances	689,049	525,476	-	1,214,525	-	2,264	-	2,264	-	-	12,192	1,204,597
Loans												
Personal finance	741,328,653	140,973,874	175,688	882,478,215	-	3,656,284	4,703,437	8,359,721	2,427,408	-	11,814,791	881,450,553
Corporate banking	379,392,170	397,506,252	1,991,442	778,889,864	-	29,070,275	2,056,115	31,126,390	4,541,283	-	10,460,227	804,097,310
Other financial assets	4,693,416	-	-	4,693,416	-	-	-	-	67,472	-	62,884	4,698,004
Off-balance sheet assets												
Financing commitments	432,544,704	73,543,998	20,917	506,109,619	-	2,127,947	1,099,425	3,227,372	117,699	-	237,821	509,216,869
Guarantees receivable	14,757,259	9,360,615	-	24,117,874	-	217,376	-	217,376	-	-	245,697	24,089,553
Credit receivable	4,453,112	3,013,144	7,000	7,473,256	-	16,119	-	16,119	-	-	6,387	7,482,988

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 94,378,959	-	-	94,378,959	-	-	-	-	-	-	31,390	94,347,569
Debt investments measured at amortized cost	788,428,892	1,593,946	-	790,022,838	11,414,831	724,832	-	12,139,663	-	-	583,829	801,578,672
Receivables												
Credit card receivables	36,808,349	14,291,267	40,928	51,140,544	-	216,172	1,049,051	1,265,223	471,004	-	164,249	52,712,522
Accounts receivable -factoring	17,868,921	829,842	-	18,698,763	-	397,873	-	397,873	-	-	232,975	18,863,661
Acceptances	786,169	547,447	-	1,333,616	-	37,004	-	37,004	-	-	13,973	1,356,647
Loans												
Personal finance	702,284,991	139,296,573	1,674,363	843,255,927	-	5,558,395	3,951,296	9,509,691	2,417,957	-	11,272,496	843,911,079
Corporate banking	376,400,198	388,268,607	2,372,507	767,041,312	-	28,158,080	2,938,079	31,096,159	5,067,182	-	9,527,640	793,677,013
Other financial assets	10,643,448	-	-	10,643,448	-	-	-	-	55,412	-	51,212	10,647,648
Off-balance sheet assets												
Financing commitments	550,196,996	67,900,487	41,175	618,138,658	-	2,211,947	1,508,217	3,720,164	89,752	-	272,584	621,675,990
Guarantees receivable	15,025,835	7,071,173	-	22,097,008	-	206,236	-	206,236	-	-	224,959	22,078,285
Credit receivable	6,011,691	5,368,215	-	11,379,906	-	28,721	5,548	34,269	-	-	7,747	11,406,428

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Fubon Bank (China)

i) By industry

Units: In thousands of CNY

Industry	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Personal loans	\$ 19,600,749	43.82	23,288,873	47.04	24,520,495	42.56
Finance and insurance	6,114,942	13.67	5,430,229	10.97	9,235,523	16.03
Wholesale and retailing	5,890,876	13.17	6,188,907	12.50	6,420,481	11.14
Manufacturing	2,424,005	5.42	3,079,253	6.22	4,832,813	8.39
Construction	2,363,009	5.28	2,187,293	4.42	3,402,272	5.90
Real estate	1,990,669	4.45	2,378,123	4.80	2,527,786	4.39
Water conservation and environment	1,629,244	3.64	1,829,246	3.69	2,077,934	3.61
Others	4,720,559	10.55	5,131,982	10.36	4,600,313	7.98
Total (Note)	<u>\$ 44,734,053</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>57,617,617</u>	<u>100.00</u>

Note: Included only discounts and loans.

ii) By geographical area

Units: In thousands of CNY

Area	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
East China	\$ 9,857,749	22.04	10,712,311	21.63	12,756,819	22.14
North China	3,633,711	8.12	3,712,912	7.50	5,662,491	9.83
Central China	3,326,208	7.44	3,165,199	6.39	4,285,253	7.44
South west region	3,005,504	6.72	3,008,051	6.08	3,709,289	6.44
South China	1,803,901	4.03	1,955,836	3.95	3,160,734	5.48
North west region	1,335,092	2.98	1,940,802	3.92	2,206,904	3.83
Others	21,771,888	48.67	25,018,795	50.53	25,836,127	44.84
Total (Note)	<u>\$ 44,734,053</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>57,617,617</u>	<u>100.00</u>

Note: Included only discounts and loans.

iii) By collateral

Units: In thousands of CNY

Collateral	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Credit loans	\$ 28,401,774	63.49	32,131,982	64.89	39,236,363	68.10
Guarantees loans	1,050,692	2.35	1,468,542	2.97	1,713,526	2.97
Collateral loans	15,281,587	34.16	15,913,382	32.14	16,667,728	28.93
Mortgage loans	10,625,798	23.75	11,308,870	22.84	12,449,424	21.61
Pledge loans	4,655,789	10.41	4,604,512	9.30	4,218,304	7.32
Total (Note)	<u>\$ 44,734,053</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>57,617,617</u>	<u>100.00</u>

Note: Included only discounts and loans.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Credit risk rating grades

The credit risk defined by Fubon Bank (China) is as follow:

1. Low risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High risk: Exposures require varying degrees of special attention and default risk is of greater concern.

Units: In thousands of CNY

March 31, 2023	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 37,437,593	-	-	37,437,593	367,644	-	-	367,644	-	-	73,883	37,731,354
Debt investments measured at amortized cost	25,548,579	-	-	25,548,579	-	-	-	-	-	-	10,122	25,538,457
Receivables												
Acceptances	3,503,285	-	-	3,503,285	-	-	-	-	-	-	6,717	3,496,568
Credit card receivables	96,677	-	-	96,677	539	-	-	539	-	-	1,743	95,473
Loans												
Personal finance	19,258,037	-	15,319	19,273,356	87,398	-	2,557	89,955	237,438	-	294,131	19,306,618
Corporate banking	16,900,569	5,970,068	1,372,534	24,243,171	296,641	-	342,808	639,449	250,684	-	429,673	24,703,631
Other financial assets	694,560	-	-	694,560	-	-	-	-	838	-	731	694,667
Off-balance sheet assets												
Loan commitments	1,100,782	-	-	1,100,782	-	-	-	-	-	-	3,343	1,097,439
Guarantees receivable	529,846	-	-	529,846	-	-	-	-	-	-	818	529,028
Credit receivable	77,143	-	-	77,143	-	-	-	-	-	-	13	77,130

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of CNY

December 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 34,968,506	-	-	34,968,506	370,337	-	-	370,337	-	-	45,305	35,293,538
Debt investments measured at amortized cost	26,575,559	-	-	26,575,559	-	-	-	-	-	-	9,866	26,565,693
Receivables												
Acceptances	3,455,750	-	-	3,455,750	-	-	-	-	-	-	6,717	3,449,033
Credit card receivables	93,307	-	-	93,307	549	-	-	549	-	-	1,392	92,464
Loans												
Personal finance	22,792,475	-	173,728	22,966,203	78,502	17,742	-	96,244	226,426	-	441,788	22,847,085
Corporate banking	21,325,992	166,294	3,852,619	25,344,905	-	675,110	-	675,110	205,018	-	306,129	25,918,904
Other financial assets	902,121	-	-	902,121	-	-	-	-	577	-	627	902,071
Off-balance sheet assets												
Loan commitments	1,193,677	-	-	1,193,677	-	-	-	-	-	-	6,809	1,186,868
Guarantees receivable	510,221	-	-	510,221	-	-	-	-	-	-	764	509,457
Credit receivable	9,840	-	-	9,840	-	-	-	-	-	-	-	9,840

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of CNY

March 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 36,003,504	-	-	36,003,504	269,982	-	-	269,982	-	-	33,327	36,240,159
Debt investments measured at amortized cost	23,134,433	-	-	23,134,433	-	-	48,000	48,000	-	-	15,195	23,167,238
Receivables												
Acceptances	4,017,388	-	-	4,017,388	-	-	-	-	-	-	12,473	4,004,915
Accounts receivable -factoring	14,456	-	-	14,456	-	-	-	-	-	-	242	14,214
Credit card receivables	72,324	-	-	72,324	617	-	-	617	-	-	1,057	71,884
Loans												
Personal finance	24,122,053	-	182,126	24,304,179	70,504	22,109	-	92,613	123,703	-	248,791	24,271,704
Corporate banking	27,526,305	23,948	26,395	27,576,648	-	5,230,733	-	5,230,733	289,741	-	636,238	32,460,884
Other financial assets	825,995	-	-	825,995	-	-	-	-	40	-	1,701	824,334
Off-balance sheet assets												
Loan commitments	1,150,256	-	-	1,150,256	-	-	-	-	-	-	6,473	1,143,783
Guarantees receivable	430,974	-	-	430,974	-	-	-	-	-	-	1,365	429,609
Credit receivable	70,354	-	-	70,354	-	-	-	-	-	-	1	70,353

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- m) The financial effects of credit risk mitigation policies
 - i) Collaterals and other credit enhancement

In order to effectively manage collaterals, The Bank and its subsidiary establish strict collateral management system and control procedures, which specify the acceptable types of collaterals, suitable quantity, correspond exposure, collect/disposal regulations, appraisal, and revaluation methods, etc. The main collaterals for financial assets are as follows:

1. Real estate
2. Personal property
3. Deposits
4. Securities
5. Rights and Guarantees

The related collateral documents shall be obtained and the information of collateral shall be described in loan contract and transaction contract before issuing and transacting.

The collateral must be legally enforceable, and its guarantee value can be realized within a reasonable time. To make an objective and fair assessment on the guarantee capacity and value of the collateral, and to ensure that the collateral has operational benefits.

The nature of collaterals and the impact of changes in market and economic on the value of object should be considered, and the value of collaterals should be reviewed appropriately.

Regular and occasional inspections or field inspections of collaterals are used to understand their use, storage, and maintenance, so as to avoid situations in which collateral may be sold, leased, pledged, relocated, or disposed.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) The amount of collaterals of impaired financial assets

The Bank and its subsidiaries actively clean up the impaired financial assets, observe its collateral closely and recognize impairment loss. The impacts of collaterals on the carrying amount of credit-impaired financial assets are as follows:

Taipei Fubon Bank (The Bank)

March 31, 2023	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.59 %	0.86 %	1.27 %
Loans	- %	28.59 %	39.75 %	1.58 %
Other financial assets	- %	- %	- %	- %

December 31, 2022	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.59 %	0.56 %	1.21 %
Loans	- %	50.08 %	25.78 %	2.64 %
Other financial assets	- %	- %	- %	- %

March 31, 2022	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.63 %	0.36 %	1.06 %
Loans	- %	49.29 %	24.74 %	2.15 %
Other financial assets	- %	- %	4.38 %	- %

Fubon Bank (China)

March 31, 2023	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	7.70 %	2.06 %	0.15 %

December 31, 2022	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	8.78 %	1.74 %	0.17 %

March 31, 2022	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	2.07 %	5.48 %	3.65 %

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- iii) The outstanding contract amount of the financial assets that have been written off, and there are recourse activities on them.

As of March 31, 2023, December 31 and March 31, 2022, the outstanding contract amount of the financial assets that have been written off and still have recourse activities, amounting to \$1,208,892 thousand, \$2,346,560 thousand and \$136,019 thousand, were held by the Bank.

- iv) The nature, policy and carrying amount of the obtained collaterals (Foreclosed collaterals and residuals taken over)

Fubon Bank (China) handles foreclosed collaterals in accordance with “ The Administration of Collaterals in Banks”.

The foreclosed collaterals of Fubon Bank (China) are houses and buildings. As of March 31, 2023, December 31 and March 31, 2022, the carrying value amounted to \$53,158 thousand, \$52,961 thousand and \$54,098 thousand, respectively. Foreclosed collaterals are accounted for as other assets in the consolidated balance sheets.

- 2) Fubon Life Insurance and its subsidiaries

Credit risk refers to the risk resulted from the deterioration of the credit status of the investment, the descending of credit rating, the credit risk event which can be attributed to the default of contracts, and the default of the issuers or counterparties for fulfilling their obligation. Fubon Life Insurance and its subsidiaries may suffer losses from these incidents.

- a) Analysis of concentrations of credit risk

The following are credit risk exposure of Fubon Life Insurance and its subsidiaries' debt instruments, derivative instruments and loans distributed by industry and geographic area.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Credit risk exposure—by industry

Financial assets	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Industrial enterprise	\$ 170,307,380	5.20	163,091,149	5.04	160,887,949	5.03
Public business	136,693,029	4.18	133,703,650	4.13	123,931,902	3.88
Diversification	7,288,207	0.22	7,348,880	0.23	-	-
Mortgage backed securities	38,293,151	1.17	37,682,168	1.16	38,531,335	1.20
Financial sector	1,203,321,447	36.77	1,207,727,549	37.29	1,131,199,286	35.38
Consumer staples	293,751,320	8.98	281,768,117	8.70	269,526,010	8.43
Government	506,261,060	15.47	506,140,174	15.63	588,277,077	18.40
Technology	103,275,920	3.16	97,494,116	3.01	86,318,716	2.70
Raw material	75,435,027	2.31	71,574,169	2.21	74,502,132	2.33
Consumer discretionary	68,204,714	2.08	67,864,310	2.09	64,840,322	2.03
Energy	206,477,744	6.31	199,413,020	6.16	194,133,899	6.07
Asset backed securities	29,985,697	0.92	30,235,763	0.93	28,179,543	0.88
Telecommunication	224,089,483	6.85	219,539,422	6.78	209,226,711	6.54
Others	208,707,306	6.38	215,183,498	6.64	227,898,407	7.13
Subtotal	3,272,091,485	100.00	3,238,765,985	100.00	3,197,453,289	100.00
Fair value adjustment from business combinations	(103,178)	-	(105,734)	-	(82,368)	-
Total	<u>\$ 3,271,988,307</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,197,370,921</u>	<u>100.00</u>

Credit risk exposure—by geographic area

Financial assets	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 539,160,720	16.48	565,437,802	17.46	630,895,486	19.73
Asia except Taiwan	403,310,314	12.33	401,819,753	12.41	403,087,112	12.61
North America	1,479,481,062	45.22	1,438,416,855	44.41	1,346,264,740	42.10
Middle and South America	109,365,148	3.33	103,495,174	3.19	104,745,938	3.28
Europe	516,348,851	15.78	511,526,899	15.80	502,389,567	15.71
Africa/Middle East	224,425,390	6.86	218,069,502	6.73	210,070,446	6.57
Subtotal	3,272,091,485	100.00	3,238,765,985	100.00	3,197,453,289	100.00
Fair value adjustment from business combinations	(103,178)	-	(105,734)	-	(82,368)	-
Total	<u>\$ 3,271,988,307</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,197,370,921</u>	<u>100.00</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Credit risk quality classification definitions

In terms of credit risk quality, Fubon Life Insurance and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk based on the credit rating. The definition of each level is as follows:

- i) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- ii) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation. Negative news or disadvantageous economic conditions may weaken their financial statuses and result in the doubt of asset impairment or the loss of Fubon Life Insurance and its subsidiaries.
- iii) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) The credit quality information is shown below:

Credit analysis of financial assets

	March 31, 2023												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit- impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable— interest receivable	\$ 29,807,413	640,779	392	30,448,584	177	118	1	296	1,259,586	-	1,259,586	1,284,138	30,424,328
Financial assets measured at fair value through other comprehensive income— debt instruments	303,120,786	9,233,214	-	312,354,000	-	3,033	-	3,033	3,202,031	-	3,202,031	(Note 1)	315,559,064
Financial assets measured at amortized cost (Note 2)	2,560,549,659	40,547,381	-	2,601,097,040	-	-	-	-	14,965,942	-	14,965,942	2,392,297	2,613,670,685
Other financial assets	4,021,499	660,604	-	4,682,103	-	-	-	-	-	-	-	2,301	4,679,802
Loans (Note 2)	198,061,307	41,606,141	358,203	240,025,651	2,223,884	792,249	562	3,016,695	747,139	-	747,139	1,809,110	241,980,375
Total	\$ 3,095,560,664	92,688,119	358,595	3,188,607,378	2,224,061	795,400	563	3,020,024	20,174,698	-	20,174,698	5,487,846	3,206,314,254

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit- impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable— interest receivable	\$ 30,398,739	869,714	386	31,268,839	181	105	1	287	982,986	1	982,987	931,986	31,320,127
Financial assets measured at fair value through other comprehensive income—debt instruments	593,343,810	8,983,605	-	602,327,415	-	3,919	-	3,919	3,117,050	-	3,117,050	(Note 1)	605,448,384
Financial assets measured at amortized cost (Note 2)	2,209,654,559	41,843,688	-	2,251,498,247	-	-	-	-	15,107,287	-	15,107,287	1,936,549	2,264,668,985
Other financial assets	4,140,629	679,825	-	4,820,454	-	-	-	-	-	-	-	2,847	4,817,607
Loans (Note 2)	204,239,817	43,566,273	373,549	248,179,639	1,910,081	784,361	651	2,695,093	744,260	799	745,059	1,886,222	249,733,569
Total	\$ 3,041,777,554	95,943,105	373,935	3,138,094,594	1,910,262	788,385	652	2,699,299	19,951,583	800	19,952,383	4,757,604	3,155,988,672

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022												
	stage1				stage2				stage3			Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit- impaired financial assets	Purchased or originated credit-impaired financial assets	Total		
Accounts receivable— interest receivable	\$ 28,193,001	1,020,446	312	29,213,759	69	82	2	153	285,910	1	285,911	63,145	29,436,678
Financial assets measured at fair value through other comprehensive income—debt instruments	683,131,267	15,865,464	-	698,996,731	3,882	6,447	-	10,329	1,784,199	-	1,784,199	(Note 1)	700,791,259
Financial assets measured at amortized cost (Note 2)	2,075,785,680	50,894,850	-	2,126,680,530	-	-	-	-	14,126,455	-	14,126,455	2,393,410	2,138,413,575
Other financial assets	4,048,889	387,486	-	4,436,375	-	-	-	-	-	-	-	4,650	4,431,725
Loans (Note 2)	<u>214,796,330</u>	<u>48,687,290</u>	<u>415,474</u>	<u>263,899,094</u>	<u>604,418</u>	<u>688,770</u>	<u>1,601</u>	<u>1,294,789</u>	<u>707,612</u>	<u>828</u>	<u>708,440</u>	<u>2,126,572</u>	<u>263,775,751</u>
Total	<u>\$ 3,005,955,167</u>	<u>116,855,536</u>	<u>415,786</u>	<u>3,123,226,489</u>	<u>608,369</u>	<u>695,299</u>	<u>1,603</u>	<u>1,305,271</u>	<u>16,904,176</u>	<u>829</u>	<u>16,905,005</u>	<u>4,587,777</u>	<u>3,136,848,988</u>

Note 1: For loss allowance of financial assets measured at fair value through other comprehensive income - debt instruments, please refer to note 6 (ai) (iii) 2 h).

Note 2: As of March 31, 2023, December 31 and March 31, 2022, fair value adjustments from business combinations of financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost and loans were \$(119,112) thousand, \$61,995 thousand and \$(46,061) thousand, \$0 thousand, \$(56,094) thousand and \$(49,640) thousand and \$0 thousand, \$(36,604) thousand and \$(45,764) thousand, respectively.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Determination on the credit risk that has increased significantly since initial recognition
- i) Fubon Life Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Life Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, market price decline, credit spreads, quantitative and qualitative information.
 - ii) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
- d) The definition of default and credit-impaired financial assets

Fubon Life Insurance and its subsidiaries' definition of default on financial assets is as follows. If one or more conditions are met, it is determined that the financial asset has defaulted. However, it is not limited to this, all obviously objective evidences as a result of the inability of the debt or its credit-linked company to be repaid are treated as a breach of contract and the impairment procedure will be proceeded.

- i) Bankruptcy:

Enter bankruptcy procedures in accordance with the "Bankruptcy Law", resolution for dissolution or takeover by the government, recognition of failure to pay loans on maturity date etc.

- ii) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

- iii) Debt restructuring:

Due to financial difficulties, after renegotiating with Fubon Life Insurance and its subsidiaries for debt reduction, extension or re-planning. Impairment on debt instrument held by Fubon Life Insurance and its subsidiaries arise from the issuer's application for debt restructuring.

- iv) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) Cross default or accelerated expiry:

A credit default of a credit-linked company or related institution's other debts or similar events that caused the early repayment of debt or breach of contract.

vi) The company completely suspended its operations because of local government orders.

e) Measurement of expected credit loss

i) The methodology and assumption applied

Expected credit loss is a probability weighted estimate of credit losses for a specific period, and the period is based on whether the credit risk of the financial instruments have increased significantly since initial recognition. If the financial assets are determined to have low credit risk or no significant increase in credit risk, an amount equal to 12-month expected credit losses will be recognized. The impairment requirement is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition or credit impaired. In order to measure expected credit losses, Fubon Life Insurance and its subsidiaries adopt probability of default ("PD"), and include loss given default ("LGD") and exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12-month and lifetime, respectively.

ii) Forward-looking information considerations

The default probability and loss given default, which Fubon Life Insurance and its subsidiaries used in debt instruments, are based on the information released periodically by Moody's, an international credit rating agency. The default rate includes the prediction of future macroeconomic status and implicit market data in order to adjust the default rate to forward looking PDs, the loss given default is based on the recovery rate of bonds by Moody's. The amount of exposure is measured by the amortized cost of the financial assets plus accrued interest. The default probability and loss given default used by Fubon Life Insurance and its subsidiaries for loans are internal historical information (such as credit loss experience) which is adjusted based on current observable data and forward-looking macroeconomic information (e.g. consumer price index and the unemployment rate, etc.). The amount of exposure is measured by the amortized cost (including accrued interest).

The estimation techniques or material assumptions made by Fubon Life Insurance and its subsidiaries to assess expected credit losses have no significant changes during the year.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) Policies to hedge or mitigate credit risk

i) Collateral

Fubon Life Insurance and its subsidiaries require full collateral from the borrowers and set up lending policies to decrease credit risk. The amount of loan is evaluated based on borrower's ability to pay back, the type of collateral and the difficulty of its liquidation to ensure collection. Besides, creditor protection, collateral terms and offsetting terms are all addressed in the credit contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, in order to mitigate credit risks.

ii) Enhancement of other credits

Fubon Life Insurance and its subsidiaries have offsetting terms within credit contracts, which clearly define that all cash payments from debtors may be offset against their liabilities upon a credit event, in order to mitigate credit risk.

For the clients whom Fubon Life Insurance and its subsidiaries consider to be incompetent to repay the loans, Fubon Life Insurance and its subsidiaries would request one or more joint guarantors to enhance the guarantee for the creditor's right.

g) The maximum credit risk exposure of Fubon Life Insurance and its subsidiaries

The maximum credit risk exposure of the assets on the consolidated balance sheet, excluding collaterals or other credit enhancement tools, is the carrying amount of the assets.

The maximum exposure of assets used as collaterals, master netting agreement and other credit enhancements is the carrying amount on the consolidated balance sheet.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

h) Changes in the loss allowance

The reconciliations in loss allowance of loans are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Impairment difference recognized in accordance with "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"	Total
Balance as of January 1, 2023	\$ 21,994	13,715	209	53,142	31	89,091	1,797,119	1,886,210
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime ECLs	(1,097)	1,294	271	(468)	-	-	-	-
— Transfer to credit-impaired financial assets	(41)	(1,003)	-	1,044	-	-	-	-
— Transfer to 12-month ECLs	1,931	(1,922)	(9)	-	-	-	-	-
— Derecognition of financial assets at current period	(508)	(1,078)	(4)	(689)	(31)	(2,310)	-	(2,310)
Originated or purchased new financial assets	936	266	-	-	-	1,202	-	1,202
Impairment difference recognized in accordance with "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"	-	-	-	-	-	-	(78,127)	(78,127)
Write-off	-	-	-	(1,515)	-	(1,515)	-	(1,515)
Changes in models/risk parameters	(1,396)	6,908	(313)	1,853	-	7,052	-	7,052
Effects of exchange rate changes and others	(961)	(665)	-	(1,788)	-	(3,414)	-	(3,414)
Balance as of March 31, 2023	<u>\$ 20,858</u>	<u>17,515</u>	<u>154</u>	<u>51,579</u>	<u>-</u>	<u>90,106</u>	<u>1,718,992</u>	<u>1,809,098</u>

Note: As of March 31, 2023, the loss allowance of loans from investment-linked insurance policies amounted to \$12 thousand were not included in abovementioned reconciliations.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Impairment difference recognized in accordance with "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"</u>	<u>Total</u>
Balance as of January 1, 2022	\$ 35,954	12,395	793	55,952	33	105,127	2,109,375	2,214,502
Changes due to financial instruments recognized as at beginning:								
– Transfer to lifetime ECLs	(271)	266	5	-	-	-	-	-
– Transfer to credit-impaired financial assets	(9)	(218)	-	227	-	-	-	-
– Transfer to 12-month ECLs	3,579	(3,406)	(173)	-	-	-	-	-
– Derecognition of financial assets at current period	(1,898)	(390)	(85)	(3,897)	-	(6,270)	-	(6,270)
Originated or purchased new financial assets	545	116	-	-	-	661	-	661
Impairment difference recognized in accordance with "Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises"	-	-	-	-	-	-	(77,722)	(77,722)
Changes in models/risk parameters	(8,446)	4,043	(423)	(906)	-	(5,732)	-	(5,732)
Effects of exchange rate changes and others	386	171	-	491	-	1,048	-	1,048
Balance as of March 31, 2022	<u>\$ 29,840</u>	<u>12,977</u>	<u>117</u>	<u>51,867</u>	<u>33</u>	<u>94,834</u>	<u>2,031,653</u>	<u>2,126,487</u>

Note: As of March 31, 2022, the loss allowance of loans from investment-linked insurance policies amounted to \$85 thousand were not included in abovementioned reconciliations

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The reconciliations in loss allowance of financial assets measured at fair value through other comprehensive income are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 132,221	73	-	1,028,304	-	1,160,598
Changes due to financial instruments recognized as at beginning:						
– Transfer to credit-impaired financial assets	(87)	-	-	87	-	-
– Transfer to 12-month ECLs	6,826	(10)	-	(6,816)	-	-
– Derecognition of financial assets at current period	(3,387)	(3)	-	(4,909)	-	(8,299)
Originated or purchased new financial assets	3,945	-	-	-	-	3,945
Write-off	-	-	-	(164)	-	(164)
Changes in models/risk parameters	(7,185)	(10)	-	6,085	-	(1,110)
Effects of exchange rate changes and others	(81,477)	2	-	(15,983)	-	(97,458)
Balance as of March 31, 2023	<u>\$ 50,856</u>	<u>52</u>	<u>-</u>	<u>1,006,604</u>	<u>-</u>	<u>1,057,512</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 320,062	1,502	-	143,623	-	465,187
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(125)	1,893	-	(1,768)	-	-
– Transfer to credit-impaired financial assets	(9,001)	(477)	-	9,478	-	-
– Transfer to 12-month ECLs	3,061	(109)	-	(2,952)	-	-
– Derecognition of financial assets at current period	(11,578)	(580)	-	(7,560)	-	(19,718)
Originated or purchased new financial assets	31,190	-	-	-	-	31,190
Changes in models/risk parameters	(18,356)	(1,497)	-	874,507	-	854,654
Effects of exchange rate changes and others	7,269	(68)	-	23,166	-	30,367
Balance as of March 31, 2022	<u>\$ 322,522</u>	<u>664</u>	<u>-</u>	<u>1,038,494</u>	<u>-</u>	<u>1,361,680</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The reconciliations in loss allowance of financial assets measured at amortized cost are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 522,443	-	-	1,414,106	-	1,936,549
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(3,505)	-	-	-	-	(3,505)
Originated or purchased new financial assets	1,657	-	-	-	-	1,657
Changes in models/risk parameters	(490)	-	-	412,359	-	411,869
Effects of exchange rate changes and others	76,312	-	-	(30,585)	-	45,727
Balance as of March 31, 2023	<u>\$ 596,417</u>	<u>-</u>	<u>-</u>	<u>1,795,880</u>	<u>-</u>	<u>2,392,297</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 1,256,846	-	-	-	-	1,256,846
Changes due to financial instruments recognized as at beginning:						
— Transfer to credit-impaired financial assets	(14,121)	-	-	14,121	-	-
— Derecognition of financial assets at current period	(75,230)	-	-	-	-	(75,230)
Originated or purchased new financial assets	25,362	-	-	-	-	25,362
Changes in models/risk parameters	(154,080)	-	-	1,263,689	-	1,109,609
Effects of exchange rate changes and others	33,814	-	-	43,009	-	76,823
Balance as of March 31, 2022	<u>\$ 1,072,591</u>	<u>-</u>	<u>-</u>	<u>1,320,819</u>	<u>-</u>	<u>2,393,410</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The reconciliations in loss allowance of other financial assets are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 2,847	-	-	-	-	2,847
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(3)	-	-	-	-	(3)
Originated or purchased new financial assets	14	-	-	-	-	14
Changes in models/risk parameters	(531)	-	-	-	-	(531)
Effects of exchange rate changes and others	(26)	-	-	-	-	(26)
Balance as of March 31, 2023	<u>\$ 2,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,301</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 3,136	-	-	-	-	3,136
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(20)	-	-	-	-	(20)
Originated or purchased new financial assets	105	-	-	-	-	105
Changes in models/risk parameters	(90)	-	-	-	-	(90)
Effects of exchange rate changes and others	1,519	-	-	-	-	1,519
Balance as of March 31, 2022	<u>\$ 4,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,650</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fubon Insurance and its subsidiaries

Credit risk is the risk Fubon Insurance and its subsidiaries would suffered from the loss due to the downgrade of borrower's credit rating or borrower failing to make payments, the counterparty's failure or refusing to meet its obligation. The risk includes but not limited to the following risks: the credit risk of the issuer, the counterparty and the underlying assets.

Credit risk mainly comes from the trading of financial instruments generated from operating activity of Fubon Insurance and its subsidiaries. Fubon Insurance and its subsidiaries decreases the probability of a larger loss resulting from any single credit risk event due to the over concentration of the portfolios through regular analysis and monitor.

a) Management process of credit risk

i) Risk identification

Fubon Insurance and its subsidiaries' management process of credit risk could identify the existing and potential risk, analyze the source of the major risk of the operation and the product, and plan proper control system.

ii) Risk measurement

When measuring credit risk, Fubon Insurance and its subsidiaries consider the factors including the content of contracts, the condition of the market, securities or guarantees, the variation of the future probable risk of the counterparty and evaluating the risk in asset portfolios with credit risk except for individual risk. Also, by collecting related information of credit rating, Fubon Insurance and its subsidiaries analyze and quantitatively measure the credit risk in accordance with the level of business and practical settlement methods and calculates the credit risk capital based on the rules stipulated by the authority. For financial assets at amortized cost and at fair value through other comprehensive income or other credit position, depending on the practical settlement methods, Fubon Insurance and its subsidiaries measure the credit risk by referring to the expected loss formula ($ECL=EAD \times PD \times LGD$).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) Risk monitoring

Based on the process of risk monitoring established, Fubon Insurance and its subsidiaries review and monitor the credit limit usage and over-limit circumstances regularly with proper disposition. Through proper and frequent monitoring and hierarchical control system, the responsible person could submit the report by related rules when finding mistakes and unusual events. When the relevant unit gets aware of significant credit risk event, it should notify risk management department of Fubon Insurance and its subsidiaries and deal with the problem according to the Company's guidelines related to the reporting of significant credit risk event to control the timeliness of the dealing process.

iv) Risk responding

When an event of credit risk occurs, the head of any related unit involved or who has authority to deal with the event would respond to the event immediately, and report to risk management department by following the authorization table of Fubon Insurance and its subsidiaries. Subsequently, the reason of the event would be investigated, the remediation plan would be developed, and the progress of actions would be followed.

b) Credit risk management mechanism

Credit risk management mechanism includes:

i) Credit risk management before transaction:

Before Fubon Insurance and its subsidiaries are engaged in investment and transaction business, a completed evaluation and analysis will be performed on subject of investments and transactions, issuer, credit and financial position information of counterparty and guarantee agency and it also will confirm the legality of the transaction. Meanwhile, Fubon Insurance and its subsidiaries will confirm if transaction counterparty, issuer and guarantee agency exceeded credit limits. In case of involving in the decision-making process of complex structured instrument, Fubon Insurance should follow the authorization level related to credit risk management, and have proper notification process and operating activities.

ii) Management of credit limit by hierarchy:

Considering the complexity and characteristics of the investment assets, Fubon Insurance and its subsidiaries set credit hierarchical management system and manages them by different hierarchy, including the following:

1. By counterparty, issuer and guarantee agency, set credit limit and manage by different hierarchy.
2. By country, set credit limit and manage hierarchically.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Besides, it will re-examine credit limit when inside or outside economic circumstances have changed severely.

iii) Credit risk management after transaction:

1. Examine credit status periodically: Periodically review the overall credit market conditions to understand trends in the credit markets and get an early warning to credit risk. Meanwhile, periodically examine credit status of counterparty, issuer and guarantee agency to fully disclose their risk situation.
2. Control credit risk limit by each position: Measure credit exposure amount monthly, compare with authorized credit risk limit and monitor the risk. Classification of the measuring credit exposure amount of Fubon Insurance and its subsidiaries includes: counterparty, issuer, guarantee agency, country and commodity. According to different business characteristics, Fubon Insurance and its subsidiaries take individual or portfolio management approach to review the changes in credit status in connection with the transaction balance or position periodically.

c) Concentrations of credit risk

To control credit concentration risk, Fubon Insurance and its subsidiaries confirm that a loss resulting from any single credit risk event will not exceed credit risk limit through regular statistic and monitor concentration as follows:

i) Concentrations of credit risk – by geographical area

March 31, 2023						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>30,659,581</u>	<u>4,189,004</u>	<u>4,708,223</u>	-	<u>790,519</u>	<u>40,347,327</u>
Ratio of the total	<u>75.99</u> %	<u>10.38</u> %	<u>11.67</u> %	-	<u>1.96</u> %	<u>100.00</u> %
December 31, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>29,143,933</u>	<u>4,646,051</u>	<u>3,995,008</u>	-	<u>789,566</u>	<u>38,574,558</u>
Ratio of the total	<u>75.55</u> %	<u>12.04</u> %	<u>10.36</u> %	-	<u>2.05</u> %	<u>100.00</u> %
March 31, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>55,650,308</u>	<u>7,729,131</u>	<u>10,657,735</u>	<u>587,833</u>	<u>6,227,776</u>	<u>80,852,783</u>
Ratio of the total	<u>68.83</u> %	<u>9.56</u> %	<u>13.18</u> %	<u>0.73</u> %	<u>7.70</u> %	<u>100.00</u> %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Credit risk exposure

Maximum credit risk exposure of Fubon Insurance and its subsidiaries' financial assets (without considering collateral or other credit enhancements instruments) is the net amount of book values less the offset amount recognized in accordance with IAS 32 and the net expected credit-impaired recognized in accordance with IFRS 9.

	March 31, 2023		December 31, 2022		March 31, 2022	
	Book value	Maximum exposure	Book value	Maximum exposure	Book value	Maximum exposure
<u>Non-derivative financial instruments</u>						
Financial assets						
Cash and cash equivalents	\$ 10,708,459	10,708,459	10,897,303	10,897,303	17,971,688	17,971,688
Receivables	7,283,872	7,283,872	4,712,357	4,712,357	7,341,652	7,341,652
Current tax assets	3,297,296	3,297,296	2,067,260	2,067,260	-	-
Financial assets measured at fair value through profit or loss	6,594,181	6,594,181	7,335,850	7,335,850	30,508,830	30,508,830
Financial assets measured at amortized cost	1,557,920	1,557,920	1,560,957	1,560,957	1,432,460	1,432,460
Other financial assets	-	-	-	-	5,016	5,016
Financial assets measured at fair value through other comprehensive income	7,137,417	7,137,417	10,696,822	10,696,822	25,103,295	25,103,295
Reinsurance contract assets	26,632,166	26,632,166	23,580,092	23,580,092	8,108,987	8,108,987
Other assets	9,202,983	9,202,983	4,160,281	4,160,281	2,463,756	2,463,756
Financial liabilities						
Short term borrowings	29,707,977	29,707,977	9,780,000	9,780,000	-	-
Payables	14,698,286	14,698,286	16,482,543	16,482,543	15,202,179	15,202,179
Current tax liabilities	11,389	11,389	9,916	9,916	752,542	752,542
Lease liabilities	694,865	694,865	742,146	742,146	820,950	820,950
Other liabilities	436,049	436,049	435,812	435,812	453,009	453,009
<u>Derivative financial instruments</u>						
Financial assets						
Financial assets measured at fair value through profit or loss	8,083	8,083	68,226	68,226	2,644	2,644
Financial liabilities						
Financial liabilities measured at fair value through profit or loss	35,741	35,741	106,214	106,214	391,011	391,011

e) Credit quality analysis

For credit quality, Fubon Insurance and its subsidiaries periodically follow credit rating information issued by credit rating agency, and based on the rating, classified as low risk, medium risk and high risk as follows:

- i) Low risk: Issuer or counterparty is capable of fulfilling contractual commitments. Even under variable negative news or unfavorable economic conditions, their financial condition is good enough to cope with it.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) Medium risk: Issuer or counterparty has poor ability to fulfill contractual commitments. Variable negative news or unfavorable economic conditions may weaken its financial condition, and trigger concerns of assets impairment or cause loss to Fubon Insurance and its subsidiaries.
- iii) High risk: The possibility of issuer or counterparty to fulfill contractual commitments is poor and depends on operating environment, variable negative news or unfavorable economic conditions will reduce its ability and willingness to fulfill obligations.
- iv) The impaired amount refers to the amount provided for all financial assets based on the regulations of accounting standards. Under the principle of conservations, the amount is able to reflect the current value of the impairment. The information of credit quality is shown as follows:

March 31, 2023											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 10,826,628	-	-	10,826,628	-	-	-	-	-	-	10,826,628
Financial assets measured at amortized cost	1,558,445	-	-	1,558,445	-	-	-	-	-	525	1,557,920
Total	\$ 12,385,073	-	-	12,385,073	-	-	-	-	-	525	12,384,548
December 31, 2022											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 11,151,631	-	-	11,151,631	-	-	-	-	-	-	11,151,631
Financial assets measured at amortized cost	1,561,484	-	-	1,561,484	-	-	-	-	-	527	1,560,957
Total	\$ 12,713,115	-	-	12,713,115	-	-	-	-	-	527	12,712,588
March 31, 2022											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 23,520,585	-	-	23,520,585	-	-	-	-	-	-	23,520,585
Financial assets measured at amortized cost	1,432,942	-	-	1,432,942	-	-	-	-	-	482	1,432,460
Total	\$ 24,953,527	-	-	24,953,527	-	-	-	-	-	482	24,953,045

Note: There is no purchased or originated credit impaired financial assets in the above financial assets.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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For all notes receivable, accounts receivable and due from reinsurers and ceding companies, Fubon Insurance and its subsidiaries apply the simplified approach to estimate the expected credit loss, the analysis is as follows:

March 31, 2023					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%~15%	2%~5%	10%~25%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 27,838,140	1,087,235	129,793	141,598	29,196,766
Expected credit loss	58,617	24,825	9,971	34,337	127,750
December 31, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%~15%	2%~5%	10%~25%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 19,812,009	634,693	179,670	130,362	20,756,734
Expected credit loss	58,617	13,595	13,014	27,626	112,852
March 31, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%	2%~5%	10%~25%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 10,654,908	1,097,648	409,091	274,843	12,436,490
Expected credit loss	-	24,484	13,233	102,121	139,838

- f) Determination on the credit risk that has increased significantly since initial recognition
- i) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Judgment criteria: External credit rating above investment grade (BBB-).
 - ii) Fubon Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, overdue situation, credit spreads, and other market information related to the issuer or debtor, etc.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

g) Definitions for default and credit impairment of financial assets

Fubon Insurance and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Insurance and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

- i) Quantitative indicators: When financial assets-receivables are overdue for more than 90 days, it is determined that the financial assets have been breached and the credit is impaired.
- ii) Qualitative indicators: If there is evidence that the issuer or the debtor will be unable to pay the contract, or show that the issuer or the debtor has significant financial difficulties, such as:
 - 1. The issuer or the debtor has filed for bankruptcy or is likely to file a bankruptcy.
 - 2. The financial instrument's contract of the issuer's or debtor's has defaulted.
 - 3. The financial market of the financial asset disappeared due to the financial difficulties of the issuer or the debtor.
 - 4. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.
- iii) The aforementioned definition of breach of contract and credit impairment applies to all financial assets held by Fubon Insurance and its subsidiaries, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.
- iv) If a financial asset no longer meets the definition of default and credit impairment for six consecutive months, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Assessment of expected credit loss

i) Adopted methods and assumptions

For Fubon Insurance and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. If the financial assets are significantly increased in credit risk or the credits have been impaired, the expected credit losses for a lifetime will be recognized.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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In order to measure expected credit losses, Fubon Insurance and its subsidiaries adopt probability of default (“PD”), and include loss given default (“LGD”) and exposure at default (“EAD”), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and lifetime, respectively.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Insurance and its subsidiaries, related impairment assessments are based on information on the default rate and loss given default regularly announced by Moody’s.

Fubon Insurance and its subsidiaries measure its exposure to breach of contract by the total amount of the amortized cost of financial instruments and interest receivable.

In order to determine if the credit risk has increased significantly since the initial recognition, Fubon Insurance and its subsidiaries assess the expected default risk during the existence of financial instruments on the reporting day, the rules for determination are as follows:

The financial instrument has the original rating, and is non-investment grade on the reporting date, and it falls at least one notch than the original score.

ii) Forward-looking information considerations

Fubon Insurance and its subsidiaries take forward-looking information into account when judging whether the credit risk of a financial instrument has increased significantly since its initial recognition and when the expected credit loss is measured. The default probability used by Fubon Insurance and its subsidiaries in relation to the impairment assessment is based on the default probability information published by Moody’s on a regular basis and contains forward-looking general economic information.

iii) The estimation techniques or material assumptions made by Fubon Insurance and its subsidiaries to assess expected credit losses have no significant changes during the reporting period.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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iv) Changes in loss allowance

1. Changes in loss allowance of debt instrument measured at fair value through other comprehensive income

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 5,237	-	-	5,237
Changes due to recognition of financial instruments at beginning:				
— Derecognition of financial assets at current period	(165)	-	-	(165)
Effects of exchange rate changes and others	(41)	-	-	(41)
Ending balance	<u>\$ 5,031</u>	<u>-</u>	<u>-</u>	<u>5,031</u>

	For the three months ended March 31, 2022			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 10,166	-	-	10,166
Changes due to recognition of financial instruments at beginning:				
— Derecognition of financial assets at current period	(263)	-	-	(263)
Purchased or originated financial assets	360	-	-	360
Effects of exchange rate changes and others	771	-	-	771
Ending balance	<u>\$ 11,034</u>	<u>-</u>	<u>-</u>	<u>11,034</u>

2. Changes in loss allowance of financial assets measured at amortized cost

	For the three months ended March 31, 2023			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 527	-	-	527
Effects of exchange rate changes and others	(2)	-	-	(2)
Ending balance	<u>\$ 525</u>	<u>-</u>	<u>-</u>	<u>525</u>

	For the three months ended March 31, 2022			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 465	-	-	465
Effects of exchange rate changes and others	17	-	-	17
Ending balance	<u>\$ 482</u>	<u>-</u>	<u>-</u>	<u>482</u>

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries have exposure to credit risk, including issuer credit risk, counterparty credit risk and credit risk of underlying assets.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Issuer credit risk is the risk that an issuer of financial debt instruments or a bank will default and be unable to fulfill the repayment obligation, or go into bankruptcy or liquidation, and thereby cause Fubon Securities and its subsidiaries to suffer a financial loss.

Counterparty credit risk is the risk that a counterparty will default on a transaction and fail to pay due to price movement in the underlying securities of Fubon Securities and its subsidiaries' derivatives, and thereby cause Fubon Securities and its subsidiaries to suffer a financial loss.

Credit risk of underlying assets is the risk that an underlying asset of an instrument held by Fubon Securities will have its credit quality weakened, its risk premium increased, or its credit rating downgraded, or that the issuer will be unable to meet the contractual obligation, and thereby cause Fubon Securities and its subsidiaries to suffer a financial loss.

Fubon Securities and its subsidiaries face credit risk arising from financial assets including bank deposits, debt securities, over the counter (OTC) derivative transactions, repurchase agreements, reverse sell agreements, securities borrowing and lending, refundable deposits, futures trading margin, other refundable deposits, and receivables.

a) Analysis of concentrations of credit risk

The maximum credit risk exposure amount of financial assets by region and by industry was as described in the following tables:

Financial assets	March 31, 2023					
	Credit risk exposure amount – by region					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	\$ 17,269,083	279,090	11,976,351	323	-	29,524,847
Customer margin account	18,585,935	699,107	2,750,679	-	51,722	22,087,443
Financial assets mandatorily measured at fair value through profit or loss – current	15,949,486	-	1,183,632	91,743	121,236	17,346,097
Debt securities	14,398,131	-	1,183,632	91,743	121,236	15,794,742
Derivatives – OTC	602,324	-	-	-	-	602,324
Derivatives – Futures trading margin	559,305	-	-	-	-	559,305
Foreign exchange derivatives	14,553	-	-	-	-	14,553
Other debt securities	372,470	-	-	-	-	372,470
Call option – Futures	2,703	-	-	-	-	2,703
Margin deposits for borrowed securities	4,913,702	-	-	-	-	4,913,702
Other refundable deposits	1,618,989	3,214	-	-	-	1,622,203
Other current assets	1,724,418	229,370	-	-	-	1,953,788
Financial assets measured at fair value through other comprehensive income – Debt instruments	1,492,622	-	1,093,641	-	1,445,029	4,031,292
Total	<u>\$ 61,554,235</u>	<u>1,210,781</u>	<u>17,004,303</u>	<u>92,066</u>	<u>1,617,987</u>	<u>81,479,372</u>
Proportion of the total	<u>75.54 %</u>	<u>1.49 %</u>	<u>20.87 %</u>	<u>0.11 %</u>	<u>1.99 %</u>	<u>100.00 %</u>

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Financial assets	December 31, 2022					
	Credit risk exposure amount— by region					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	\$ 20,921,289	343,367	12,019,691	121	-	33,284,468
Customer margin account	19,743,615	409,152	2,277,715	-	24,954	22,455,436
Financial assets mandatorily measured at fair value through profit or loss — current	20,077,352	-	250,257	-	-	20,327,609
Debt securities	18,727,429	-	250,257	-	-	18,977,686
Derivatives— OTC	570,586	-	-	-	-	570,586
Derivatives— Futures trading margin	395,621	-	-	-	-	395,621
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	377,004
Call option— Futures	6	-	-	-	-	6
Margin deposits for borrowed securities	4,849,541	-	-	-	-	4,849,541
Other refundable deposits	1,056,452	3,262	-	-	-	1,059,714
Other current assets	2,062,468	206,346	-	-	560	2,269,374
Financial assets measured at fair value through other comprehensive income— Debt instruments	1,675,151	-	905,793	-	1,199,250	3,780,194
Total	<u>\$ 70,385,868</u>	<u>962,127</u>	<u>15,453,456</u>	<u>121</u>	<u>1,224,764</u>	<u>88,026,336</u>
Proportion of the total	<u>79.96 %</u>	<u>1.09 %</u>	<u>17.56 %</u>	<u>- %</u>	<u>1.39 %</u>	<u>100.00 %</u>

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Financial assets	March 31, 2022					
	Credit risk exposure amount—by region					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	\$ 19,008,893	472,171	3,295,125	161	-	22,776,350
Customer margin account	22,111,507	270,637	2,191,709	-	81,018	24,654,871
Financial assets mandatorily measured at fair value through profit or loss — current	14,955,265	-	4,676,983	-	1,763,541	21,395,789
Debt securities	13,330,977	-	4,676,983	-	1,763,541	19,771,501
Derivatives—OTC	629,819	-	-	-	-	629,819
Derivatives—Futures trading margin	549,283	-	-	-	-	549,283
Foreign exchange derivatives	4,288	-	-	-	-	4,288
Other debt securities	432,361	-	-	-	-	432,361
Call option—Futures	8,537	-	-	-	-	8,537
Margin deposits for borrowed securities	4,403,485	-	-	-	-	4,403,485
Other refundable deposits	1,176,568	6,780	-	-	-	1,183,348
Other current assets	2,138,883	1,386,650	-	-	-	3,525,533
Financial assets measured at fair value through other comprehensive income—Debt instruments	3,395,478	-	2,168,353	-	2,491,443	8,055,274
Total	\$ 67,190,079	2,136,238	12,332,170	161	4,336,002	85,994,650
Proportion of the total	78.13 %	2.49 %	14.34 %	- %	5.04 %	100.00 %

Financial assets	March 31, 2023											
	Credit risk exposure amount—by industry											
	Central and local	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry	Other services
Cash and cash equivalents	\$ 28,764,035	-	-	-	-	-	-	-	-	-	760,812	29,524,847
Customer margin account	22,087,443	-	-	-	-	-	-	-	-	-	-	22,087,443
Financial assets mandatorily measured at fair value through profit or loss — current	3,236,160	-	239,600	990,621	492,561	153,760	572,648	8,927,590	643,194	403,868	1,686,095	17,346,097
Debt securities	1,684,805	-	239,600	990,621	492,561	153,760	572,648	8,927,590	643,194	403,868	1,686,095	15,794,742
Derivatives—OTC	602,324	-	-	-	-	-	-	-	-	-	-	602,324
Derivatives—futures trading margin	559,305	-	-	-	-	-	-	-	-	-	-	559,305
Foreign exchange derivatives	14,553	-	-	-	-	-	-	-	-	-	-	14,553
Other debt securities	372,470	-	-	-	-	-	-	-	-	-	-	372,470
Call option—Futures	2,703	-	-	-	-	-	-	-	-	-	-	2,703
Margin deposits for borrowed securities	4,913,702	-	-	-	-	-	-	-	-	-	-	4,913,702
Other refundable deposits	1,618,989	-	-	-	-	-	-	-	-	-	3,214	1,622,203
Other current assets	1,175,086	-	-	-	-	-	-	-	-	-	778,702	1,953,788
Financial assets measured at fair value through other comprehensive income—debt instruments	2,538,670	99,232	-	442,584	-	-	197,540	655,645	-	-	97,621	4,031,292
Total	\$ 64,334,085	99,232	239,600	1,433,205	492,561	153,760	770,188	9,583,235	643,194	403,868	3,326,444	81,479,372
Proportion of the total	78.96 %	0.12 %	0.29 %	1.76 %	0.60 %	0.19 %	0.95 %	11.76 %	0.79 %	0.50 %	4.08 %	100.00 %

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December 31, 2022												
Credit risk exposure amount – by industry												
Financial assets	Central and local										Other services	Total
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry		
Cash and cash equivalents	\$ 32,428,202	-	-	-	-	-	-	-	-	-	856,266	33,284,468
Customer margin account	22,455,436	-	-	-	-	-	-	-	-	-	-	22,455,436
Financial assets mandatorily measured at fair value through profit or loss – current	2,829,417	52,103	231,227	684,936	523,811	84,545	705,669	11,534,547	1,837,164	340,062	1,504,128	20,327,609
Debt securities	1,479,494	52,103	231,227	684,936	523,811	84,545	705,669	11,534,547	1,837,164	340,062	1,504,128	18,977,686
Derivatives – OTC	570,586	-	-	-	-	-	-	-	-	-	-	570,586
Derivatives – futures trading margin	395,621	-	-	-	-	-	-	-	-	-	-	395,621
Foreign exchange derivatives	6,706	-	-	-	-	-	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	-	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	-	-	-	-	-	-	6
Margin deposits for borrowed securities	4,849,541	-	-	-	-	-	-	-	-	-	-	4,849,541
Other refundable deposits	1,056,452	-	-	-	-	-	-	-	-	-	3,262	1,059,714
Other current assets	1,606,211	-	-	-	-	-	-	-	-	-	663,163	2,269,374
Financial assets measured at fair value through other comprehensive income – Debt instruments	2,105,043	99,140	-	438,577	-	-	196,692	843,801	-	-	96,941	3,780,194
Total	\$ 67,330,302	151,243	231,227	1,123,513	523,811	84,545	902,361	12,378,348	1,837,164	340,062	3,123,760	88,026,336
Proportion of the total	76.47 %	0.17 %	0.26 %	1.28 %	0.60 %	0.10 %	1.03 %	14.06 %	2.09 %	0.39 %	3.55 %	100.00 %

March 31, 2022												
Credit risk exposure amount – by industry												
Financial assets	Central and local										Other services	Total
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry		
Cash and cash equivalents	\$ 22,026,773	-	-	-	-	-	-	-	-	-	749,577	22,776,350
Customer margin account	24,654,871	-	-	-	-	-	-	-	-	-	-	24,654,871
Financial assets mandatorily measured at fair value through profit or loss – current	6,791,185	613,969	316,953	872,207	455,311	150,115	848,725	9,268,875	1,104,104	154,174	820,171	21,395,789
Debt securities	5,166,897	613,969	316,953	872,207	455,311	150,115	848,725	9,268,875	1,104,104	154,174	820,171	19,771,501
Derivatives – OTC	629,819	-	-	-	-	-	-	-	-	-	-	629,819
Derivatives – futures trading margin	549,283	-	-	-	-	-	-	-	-	-	-	549,283
Foreign exchange derivatives	4,288	-	-	-	-	-	-	-	-	-	-	4,288
Other debt securities	432,361	-	-	-	-	-	-	-	-	-	-	432,361
Call option – Futures	8,537	-	-	-	-	-	-	-	-	-	-	8,537
Margin deposits for borrowed securities	4,403,485	-	-	-	-	-	-	-	-	-	-	4,403,485
Other refundable deposits	1,176,568	-	-	-	-	-	-	-	-	-	6,780	1,183,348
Other current assets	1,303,875	-	-	-	-	-	-	-	-	-	2,221,658	3,525,533
Financial assets measured at fair value through other comprehensive income – debt instruments	4,233,763	99,388	-	426,033	-	-	201,286	2,002,990	991,732	-	100,082	8,055,274
Total	\$ 64,590,520	713,357	316,953	1,298,240	455,311	150,115	1,050,011	11,271,865	2,095,836	154,174	3,898,268	85,994,650
Proportion of the total	75.11 %	0.83 %	0.37 %	1.51 %	0.53 %	0.17 %	1.22 %	13.11 %	2.44 %	0.18 %	4.53 %	100.00 %

Fubon Securities and its subsidiaries' exposure to credit risk is derived mainly from the financial industry and Taiwan because the Fubon Securities and its subsidiaries deposit cash in different financial institutions and hold debt securities issued or guaranteed by the banks; also, most of the Fubon Securities and its subsidiaries' counterparties of derivative transactions, investments in debt securities, and security lending are financial institutions in Taiwan.

b) Credit risk of financial assets

i) Cash and cash equivalents

Cash and cash equivalents included time deposits, demand deposits, checking accounts and short-term bills, with trading counterparties being mainly domestic financial institutions.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Financial assets measured at fair value—current

1. Debt securities

Fubon Securities and its subsidiaries hold positions in debt securities, including bonds, convertible bonds and bond funds, which are issued by domestic companies. The details of debt securities are as follows:

a. Convertible bonds

Convertible bonds held by Fubon Securities and its subsidiaries are primarily issued by domestic companies with good credit scores. To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.

b. Bond funds

The underlying assets of bond funds held by Fubon Securities and its subsidiaries are mainly fixed income securities.

2. Bonds with repurchase/resell agreement (RP/RS) undertaking

The main counterparties of RP/RS are financial institutions. When engaging in RS transactions, Fubon Securities and its subsidiaries provide the underlying bonds as collateral which could reduce the exposure to credit risk of its counterparties.

3. Derivatives—Over-the-Counter (OTC)

When Fubon Securities and its subsidiaries engage in OTC derivatives, it would sign an ISDA agreement with each counterparty. This provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or another pre-agreed termination event occurs. The parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions.

OTC derivatives held by Fubon Securities and its subsidiaries include interest rate swap, convertible bond asset swaps and equity options. The counterparties are all from the financial industry and are mainly based in Taiwan.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4. Derivatives— futures trading margin

For trading on the centralized futures market, Fubon Securities and its subsidiaries deposit futures trading margin into an account designated by Fubon Securities and its subsidiaries as a guarantee of future funding to fulfill a contractual obligation. Fubon Futures and Yuanta Futures are futures commission merchants. Since Fubon Futures is a 100%-owned subsidiary, the credit risk is very low.

5. Other debt securities

Other debt securities are mainly the real estate beneficiary securities, Fubon R1. Because of the good quality of entrusted assets and the above-average quality of renters in the asset pool, Fubon Securities and its subsidiaries have low credit risk.

iii) Margin deposits for borrowed securities

This includes relevant disclosures of collateral for borrowed securities and margin deposits for borrowed securities. When borrowing the underlying securities from the holder, Fubon Securities and its subsidiaries should deposit the margin in the designated bank account. Because it holds the underlying securities as collateral, Fubon Securities and its subsidiaries will be able to effectively decrease credit exposure to the holder.

iv) Other refundable deposits

Other refundable deposits mainly include operating deposits, clearing and settlement funds and refundable deposits. Operating deposits are mainly deposited in credit-worthy banks. Clearing and settlement funds are deposited in the TWSE. They are used as compensation when a market securities trading party does not fulfill delivery obligations. The credit risk of institutions where funds are deposited is minimal. Refundable deposits arise when Fubon Securities and its subsidiaries' deposit cash or other assets as guarantees. Because deposits are placed in various financial institutions and each deposit amount is low, the credit risk is dispersed, and the credit exposure of the overall refundable deposit is minimal.

v) Other current assets

Other current assets of Fubon Securities and its subsidiaries are cash provided for pledge or restricted use to domestic financial institutions with good credit.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Credit risk quality classification definitions

i) Credit Risk quality classification definitions

In terms of credit risk quality, Fubon Securities and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk, based on the credit rating. The definition of each level is as follow:

Low Risk: exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

Medium Risk: exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with medium default risk.

High Risk: exposures require varying degrees of special attention and default risk is of greater concern.

Impaired: Fubon Securities and its subsidiaries or the target do not perform its obligation according to the contracts and the potential estimated loss has reached the standard of impairment. The information of credit risk quality was as follow:

		March 31, 2023										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets measured fair value through other comprehensive income – debt instruments	\$	2,570,003	1,463,567	-	4,033,570	-	-	-	-	-	2,278	4,031,292
		December 31, 2022										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets measured fair value through other comprehensive income – debt instruments	\$	2,520,956	1,261,389	-	3,782,345	-	-	-	-	-	2,151	3,780,194
		March 31, 2022										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
		Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets measured fair value through other comprehensive income – debt instruments	\$	5,107,553	2,952,031	-	8,059,584	-	-	-	-	-	4,310	8,055,274

Internal credit risk classification and external credit rating of Fubon Securities and its subsidiaries were as follows. There were no direct relations between the internal and the external credit rating in the chart, and they were used to present the similarity of credit quality.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2023							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 17,548,496	11,976,351	-	-	-	-	29,524,847
Customer margin account	22,087,443	-	-	-	-	-	22,087,443
Financial assets mandatorily measured at fair value through profit or loss – current	10,804,462	6,315,724	225,911	-	-	-	17,346,097
Debt securities	9,731,959	5,836,872	225,911	-	-	-	15,794,742
Derivative assets – OTC	123,472	478,852	-	-	-	-	602,324
Derivative assets – Futures trading margin	559,305	-	-	-	-	-	559,305
Foreign exchange derivatives	14,553	-	-	-	-	-	14,553
Other debt securities	372,470	-	-	-	-	-	372,470
Call option – Futures	2,703	-	-	-	-	-	2,703
Margin deposits for borrowed securities	4,913,702	-	-	-	-	-	4,913,702
Other refundable deposits	1,622,203	-	-	-	-	-	1,622,203
Other current assets	1,953,788	-	-	-	-	-	1,953,788
Financial assets measured at fair value through other comprehensive income – debt instruments	2,570,003	1,463,567	-	-	-	2,278	4,031,292
Subtotal	61,500,097	19,755,642	225,911	-	-	2,278	81,479,372
Proportion of the total	75.47 %	24.25 %	0.28 %	- %	- %	- %	100.00 %
Receivables	21,983,259	6,360,940	321,534	-	155,210	155,210	28,665,733
Accounts receivable	16,763,769	6,547	-	-	155,210	155,210	16,770,316
Receivables from pecuniary finance	5,219,490	6,354,393	321,534	-	-	-	11,895,417
Total	\$ 83,483,356	26,116,582	547,445	-	155,210	157,488	110,145,105
Proportion of the total	75.79 %	23.71 %	0.50 %	- %	0.14 %	0.14 %	100.00 %

Note: There is no purchased or originated credit-impaired financial in the above financial assets.

December 31, 2022							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 21,264,777	12,019,691	-	-	-	-	33,284,468
Customer margin account	22,455,436	-	-	-	-	-	22,455,436
Financial assets mandatorily measured at fair value through profit or loss – current	12,628,729	7,421,855	277,025	-	-	-	20,327,609
Debt securities	11,731,811	6,968,850	277,025	-	-	-	18,977,686
Derivative assets – OTC	117,581	453,005	-	-	-	-	570,586
Derivative assets – Futures trading margin	395,621	-	-	-	-	-	395,621
Foreign exchange derivatives	6,706	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	-	6
Margin deposits for borrowed securities	4,849,541	-	-	-	-	-	4,849,541
Other refundable deposits	1,059,714	-	-	-	-	-	1,059,714
Other current assets	2,269,374	-	-	-	-	-	2,269,374
Financial assets measured at fair value through other comprehensive income – debt instruments	2,520,956	1,261,389	-	-	-	2,151	3,780,194
Subtotal	67,048,527	20,702,935	277,025	-	-	2,151	88,026,336
Proportion of the total	76.17 %	23.52 %	0.31 %	- %	- %	- %	100.00 %
Receivables	15,419,390	5,891,735	306,498	-	155,210	155,210	21,617,623
Accounts receivable	10,530,794	6,787	-	-	155,210	155,210	10,537,581
Receivables from pecuniary finance	4,888,596	5,884,948	306,498	-	-	-	11,080,042
Total	\$ 82,467,917	26,594,670	583,523	-	155,210	157,361	109,643,959
Proportion of the total	75.21 %	24.26 %	0.53 %	- %	0.14 %	0.14 %	100.00 %

Note: There is no purchased or originated credit-impaired financial in the above financial assets.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 19,481,225	3,295,125	-	-	-	-	22,776,350
Customer margin account	24,654,871	-	-	-	-	-	24,654,871
Financial assets mandatorily measured at fair value through profit or loss— current	11,768,200	9,111,576	516,013	-	-	-	21,395,789
Debt securities	10,648,675	8,606,813	516,013	-	-	-	19,771,501
Derivative assets—OTC	125,056	504,763	-	-	-	-	629,819
Derivative assets—Futures trading margin	549,283	-	-	-	-	-	549,283
Foreign exchange derivatives	4,288	-	-	-	-	-	4,288
Other debt securities	432,361	-	-	-	-	-	432,361
Call option—Futures	8,537	-	-	-	-	-	8,537
Margin deposits for borrowed securities	4,403,485	-	-	-	-	-	4,403,485
Other refundable deposits	1,183,348	-	-	-	-	-	1,183,348
Other current assets	3,525,533	-	-	-	-	-	3,525,533
Financial assets measured at fair value through other comprehensive income— debt instruments	5,107,553	2,952,031	-	-	-	4,310	8,055,274
Subtotal	<u>70,124,215</u>	<u>15,358,732</u>	<u>516,013</u>	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>85,994,650</u>
Proportion of the total	81.55 %	17.86 %	0.60 %	-	-	0.01 %	100.00 %
Receivables	34,314,529	6,907,635	495,312	-	155,210	155,210	41,717,476
Accounts receivable	24,195,932	7,453	-	-	155,210	155,210	24,203,385
Receivables from pecuniary finance	10,118,597	6,900,182	495,312	-	-	-	17,514,091
Total	<u>\$ 104,438,744</u>	<u>22,266,367</u>	<u>1,011,325</u>	<u>-</u>	<u>155,210</u>	<u>159,520</u>	<u>127,712,126</u>
Proportion of the total	<u>81.78 %</u>	<u>17.43 %</u>	<u>0.79 %</u>	<u>-</u>	<u>0.12 %</u>	<u>0.12 %</u>	<u>100.00 %</u>

Note: There is no purchased or originated credit-impaired financial in the above financial assets.

As seen in above tables, Fubon Securities and its subsidiaries have no financial assets which are overdue but not impaired. 0.50% of normal assets are classified under high risk category. Those assets mainly are receivables from pecuniary finance and electronic industry convertible bonds. The details of assets classified as high risk are as follows:

1. Cash and cash equivalents: To fulfill daily settlement payments and remittance operations, it is required to deposit a certain amount to the main delivery lines for the brokerage business and other operations. The management of Fubon Securities and its subsidiaries periodically review the financial condition, operation and credit risk.
2. Debt securities: To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.
3. Receivables from pecuniary finance: The risk of financial loss arises from price fluctuation in the underlying securities. To lower credit risk, Fubon Securities and its subsidiaries closely monitor market volatility of underlying assets and set strict control over counterparty credit risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) Determination on the credit risk that has increased significantly since initial recognition

Fubon Securities and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Securities and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: internal/external credit rating, overdue situation, credit spreads, quantitative and qualitative information.

- iii) Definitions for default and credit impairment of financial assets

Fubon Securities and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Securities and its subsidiaries determine that the financial assets has been defaulted and credit-impaired:

1. Quantitative indicators

When financial assets-receivables are overdue for more than 90 days.

2. Qualitative indicators

If there is evidence that the borrower or the issuer will be unable to pay the contract, or show that the borrower or the issuer has significant financial difficulties, such as:

- The borrower / issuer has filed for bankruptcy or is likely to file a bankruptcy.
- The borrower / issuer has died or the company is dissolved.
- The financial instrument's contract of the borrower's or issuer's has defaulted.
- The financial market of the financial asset disappeared due to the financial difficulties of the borrower or the issuer.
- Due to financial or contractual reasons related to the financial difficulties of the borrower / issuer, the creditor of the borrower / issuer gives the borrower a concession that would not have been considered.
- Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The aforementioned definition of breach of contract and credit impairment applies to all financial assets held by Fubon Securities and its subsidiaries, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.

If a financial asset no longer meets the definition of default and credit impairment for a period of time, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

iv) Expected credit loss measurement

1. Adopted methods and assumptions

For Fubon Securities and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. Financial instruments and operating lease receivables for which the credit risk has increased significantly since the initial recognition or for which the credit has been impaired, are measured at the expected credit loss over the remaining period.

In order to measure expected credit losses, Fubon Securities and its subsidiaries adopt Probability of default ("PD"), and include Loss given default ("LGD") and Exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and for a lifetime, respectively.

Default probability is how likely the issuer or the counterparty breaches the contract, and the loss given default is the rate of loss due to default by the issuer or the counterparty. Fubon Securities and its subsidiaries calculate the default probability and loss given default based on the regularly published information from international credit rating agencies (Moody's), internal historical information (such as credit losses experience), current observable data and forward-looking general economic information (such as gross domestic production), after adjusting the historical data.

The estimation techniques or material assumptions made by Fubon Securities and its subsidiaries to assess expected credit losses have no significant changes for the three months ended March 31, 2023 and 2022.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) Forward-looking information considerations

Fubon Securities and its subsidiaries take forward-looking information into account when judging whether the credit risk of a financial instrument has increased significantly since its initial recognition, and when the expected credit loss is measured. Fubon Securities and its subsidiaries use historical data to analyze and identify the economic factors that affect the credit risk and expected credit losses of various asset portfolios. Regarding the economic factors and its impact on expected credit losses vary according to the types of financial instruments.

One of the determinations of whether the credit risk of debt investments measured at fair value through other comprehensive income held by Fubon Securities and its subsidiaries has increased significantly, is based on the external ratings from international credit rating agencies (Moody's). The expected credit losses calculation is referred to the external rating scale and Moody's regularly published default rate and loss given default information. The forward-looking macroeconomic condition is considered and is appropriately adjusted.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

vi) Changes in loss allowance

1. Changes in loss allowance of debt instruments measured at fair value through other comprehensive income

As of March 31, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of debt instruments measured at fair value through other comprehensive income were as follows:

	For the three months ended March 31, 2023						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ 2,151	-	-	-	-	2,151	2,151
Changes due to financial instruments recognized as at beginning:							
– Derecognition of financial assets at current period	(126)	-	-	-	-	(126)	(126)
Originated or purchased new financial assets	210	-	-	-	-	210	210
Effects of exchange rate changes and others	43	-	-	-	-	43	43
Ending balance	<u>\$ 2,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,278</u>	<u>2,278</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31, 2022						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ 3,944	-	-	-	-	3,944	3,944
Changes due to financial instruments recognized as at beginning:							
– Derecognition of financial assets at current period	(1,455)	-	-	-	-	(1,455)	(1,455)
Originated or purchased new financial assets	1,799	-	-	-	-	1,799	1,799
Effects of exchange rate changes and others	22	-	-	-	-	22	22
Ending balance	<u>\$ 4,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,310</u>	<u>4,310</u>

For the three months ended March 31, 2023 and 2022, there was no significant change in the allowance loss resulting from significant changes in the total carrying amount.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2. Changes in loss allowance of accounts receivable, other receivables and overdue receivables

As of March 31, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of accounts receivable, other receivables and overdue receivables were as follows:

	For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Total
Beginning balance	\$ -	-	158,649	6,599	-	165,248	165,248
Originated or purchased new financial assets	-	-	93	730	-	823	823
Effects of exchange rate changes and others	-	-	(282)	(36)	-	(318)	(318)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>158,460</u>	<u>7,293</u>	<u>-</u>	<u>165,753</u>	<u>165,753</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	For the three months ended March 31, 2022						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ -	-	161,229	5,538	-	166,767	166,767
Originated or purchased new financial assets	-	-	573	574	-	1,147	1,147
Effects of exchange rate changes and others	-	-	(3,147)	-	-	(3,147)	(3,147)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>158,655</u>	<u>6,112</u>	<u>-</u>	<u>164,767</u>	<u>164,767</u>

Affected by the sharp plummet in US stocks in February, 2018, Fubon Futures had an unpaid amount of future exchange margins receivable amounting to \$161,757 thousand, \$161,997 thousand and \$162,663 thousand, respectively, which has yet to be recovered, and therefore, the loss allowance amounting to \$155,210 thousand, \$155,210 thousand and \$155,210 thousand, respectively, after considering the actual recovery, had been recognized, as of March 31, 2023, December 31 and March 31, 2022.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

vii) Impairment loss

As of March 31, 2023, December 31 and March 31, 2022, Fubon Securities and its subsidiaries' receivables from pecuniary finance recovery period were principally less than a year or an operating cycle (not more than a year and a half). Thus, it was assumed that book value approximated fair value without discounting at an appropriate interest rate.

As of March 31, 2023, December 31 and March 31, 2022, in accordance with the "Regulations Governing Margin and Stock Loans by Securities Firms", Fubon Securities and its subsidiaries had charged the margin for margin purchases to their customers, and held all securities purchased as collaterals. Fubon Securities set a margin ratio of around 120% to manage receivables from pecuniary finance. If the stock price fluctuates too much to maintain margin ratio of 120%, Fubon Securities and its subsidiaries will inform the customers to repay part of the financing, replenish the deposit margin, or increase the amount of collaterals to make up the balance. As of March 31, 2023, December 31 and March 31, 2022, Fubon Securities and its subsidiaries had no impairment loss on receivables from pecuniary finance, taking historical experience and the recoverable amount of collateral into account.

Some investors failed to settle stock purchases made by pecuniary finance. Therefore, Fubon Securities and its subsidiaries disposed of the securities so purchased by the investors and deducted the proceeds of such sales from receivables due to pecuniary finance. In addition, some collateral securities purchased by investors through unsettled pecuniary finance contracts were unable to be disposed of.

Fubon Securities and its subsidiaries have persistently tried to settle the aforementioned claims, and recorded the uncollected receivables from such unsettled pecuniary finance contracts and the past-maturity corporate bonds as overdue receivables.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosure related to Fubon Bank (Hong Kong) and its subsidiaries is all expressed in thousands of HKD, unless otherwise stated.

a) Sources and definition of credit risk

Credit risk is the risk of suffering financial loss in the event that any of Fubon Bank (Hong Kong) and its subsidiaries' customers or counterparties fail to fulfill their obligation to Fubon Bank (Hong Kong) and its subsidiaries. It arises mainly from loans and advances, debt securities held, and counterparty credit risk arising from derivative contracts entered into with customers or counterparties. It also arises from trading and treasury activities.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Strategy, objectives, policies and procedures

Fubon Bank (Hong Kong) and its subsidiaries manage credit risk through a framework of controls to ensure credit risk taking activities are based on sound principles and in line with the overall business objectives of Fubon Bank (Hong Kong) and its subsidiaries. It has established a set of credit policies and procedures, which define the credit risk taking criteria, the credit approval upper limit delegated from the Board of Directors, credit monitoring processes, credit rating and sorting systems, and loan impairment criteria.

The credit risk management process is designed to facilitate early detection of customer, industry, or product risk exposures that require special monitoring. The overall portfolio risk is subject to continuous monitoring. The general risk management report covers information including large-scale risk assumptions, national risk assumptions, industry risk assumptions, loan quality, and loan depreciation, then it is submitted to the Credit Committee, the Executive Credit Committee, and the Risk Committee.

c) Credit risk management framework

The Board of Directors have delegated credit approval authorities to the following in descending order of authority: The Executive Credit Committee, the Credit Committee and the Wholesale Credit Committee. The Executive Credit Committee serves as the credit committee of the Board of Directors to review and approve credits that require the approval from the Board of Directors. In addition, it approves Fubon Bank (Hong Kong) and its subsidiaries' credit policies and credit risk profile, taking into consideration relevant law and regulations.

The Credit Committee is a management level committee that provides management oversight of Fubon Bank (Hong Kong) and its subsidiaries' credit risk management. It ensures that Fubon Bank (Hong Kong) and its subsidiaries have in place an effective credit risk management framework and that its credit risks are within the credit policies and credit risk profile as specified by the Board of Directors or its delegated committees. The Credit Committee reviews and endorses credit policies and the credit risk profile for the Executive Credit Committee's approval, and reviews and approves credit related guidelines. It also conducts on-going review of the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure that the credit risk profile of Fubon Bank (Hong Kong) and its subsidiaries is within the established risk appetite of Fubon Bank (Hong Kong) and its subsidiaries. The Credit Committee also reviews and approves credits that are within the authority as delegated by the Board of Directors.

The Wholesale Credit Committee reviews and approves wholesale credits that are within its authority as delegated by the Board of Directors.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The credit units, Enterprise Credit Risk Management Department, Special Assets Management Department and Retail Credit Risk Oversight & Data Analytics Team, provide centralized management of credit risk for corporate credits and retail credits respectively. They are responsible for:

- i) independent evaluation of corporate credit applications;
- ii) monitoring loan portfolios and conducting regular analysis;
- iii) managing problematical corporate credits to achieve the highest recovery;
- iv) recommending loan classification, impairment and charge-off;
- v) reporting to the Credit Committee and Executive Credit Committee regularly on aspects of the loan portfolio.

Compliance reviews are conducted by independent unit on an ongoing basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practice. The internal audit function of Fubon Bank (Hong Kong) and its subsidiaries is an independent appraisal function set up with the primary objective of evaluating the internal control system and compliance with laws, regulatory guidelines and internal control policies.

Credit risk limits are set at different levels, including portfolio and individual customer levels, taking into consideration various factors including market situation, capital requirements, and the returns.

d) Risk report and evaluation system

Specific policies and measures to address different kinds of credit related activities are set out below:

i) Institutional Banking

Credit risk from institutional bank is managed by conducting thorough credit evaluation, credit risk mitigation through collateral and guarantee, internal credit rating system and post-approval monitoring system. Subject to the size of the credit, the value of collateral and the internal credit rating of the client, different levels of credit approval agencies are required. Credit decision takes into account facility structure, tenor, the repayment ability of the obligor and credit mitigation through collateral and guarantee.

Fubon Bank (Hong Kong) and its subsidiaries have established limits for credit exposure to individual industry and customer groups, regardless of whether the credit exposure is funded or non-funded. Fubon Bank (Hong Kong) and its subsidiaries also undertake ongoing credit review and monitoring at several levels. The relevant policies and procedures also take into account the rules under the Hong Kong Banking Ordinance, regulatory requirements of the HKMA and best market practices.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) Retail Banking

Credit risk from Retail Banking is product driven, arising from retail loan products such as credit cards, unsecured personal loans, merchant receivable financing, mortgage loans and loans secured with wealth management products. Because of the homogeneous nature of these products, credit risk management is primarily based on statistical analyses of risks with respect to different types of product, collateral and customer. Fubon Bank (Hong Kong) and its subsidiaries determine product terms and desired customer profiles on a regular basis by developing, validating and fine-tuning internal scorecards and stress testing models.

iii) Counterparty credit risk

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value of loans or other financial instruments, counterparty credit risk means counterparty default risk, credit valuation adjustment risk and settlement risk. Counterparty credit risk exposure means an exposure to counterparty credit risk, which involves situation in which Fubon Bank (Hong Kong) and its subsidiaries enter into a derivative or non-same day spot foreign currency exchange settlement transaction with a counterparty which may subsequently fail to meet its obligations on or before the final settlement of the transactions. These credit exposures are managed as part of the overall credit limits to the counterparties and central clearing counterparty. In evaluating the credit risk associated with counterparty, financial strength is always the primary considerations. Fubon Bank (Hong Kong) and its subsidiaries use the current exposure method for the purpose of providing capital for such counterparty exposures.

Wrong way risk occurs when the credit exposure to a counterparty is adversely correlated with the credit quality of the counterparty. Credit exposures and potential losses may increase as a result of adverse change in market conditions. Fubon Bank (Hong Kong) and its subsidiaries have set up policies and procedures to control wrong-way risk.

iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio management and collateral requirements as for loan transactions.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of clients or counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by client group, industry and product, but are concentrated in Hong Kong.

e) Mitigation or hedging policy, and monitoring strategy and procedure

Fubon Bank (Hong Kong) and its subsidiaries' credit evaluation focuses primarily on the obligor's repayment ability from its cash flow and financial condition. In addition, Fubon Bank (Hong Kong) and its subsidiaries employ various credit risk mitigation measures such as appropriate facility structuring, posting of collateral and/or third-party support as well as transfer of risk to other third-parties, which form an integral part of the credit risk management process. Credit and market concentration risks of credit risk reduction measures used by Fubon Bank (Hong Kong) and its subsidiaries are minimal. The most commonly used credit risk mitigation measures are provided below:

Collateral

Fubon Bank (Hong Kong) and its subsidiaries hold collateral against taking credit risk mainly in the form of cash deposits, marketable securities, and mortgage interest over property and guarantees. Fubon Bank (Hong Kong) and its subsidiaries have in place policies and procedures that govern the assessment, acceptance and the periodic valuation of the collateral. Collateral taken to secure credit risk is revalued periodically ranging from daily to annually depending on the type of collateral. For treasury operations, collateral taken is marked to market daily.

Master netting agreements

Collateral generally is not held over credit risk extended to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. However, where applicable, Fubon Bank (Hong Kong) and its subsidiaries manage credit exposure to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results in the settlement of counterparty exposure on a net basis in the event a default occurs.

Fubon Bank (Hong Kong) and its subsidiaries' preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter derivative instruments is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or following other pre-agreed termination events.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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It is also common for Fubon Bank (Hong Kong) and its subsidiaries to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty to mitigate the inherent market risk of derivative instruments.

f) Determination on credit risk significantly increase

Fubon Bank (Hong Kong) reviews the credit risk of financial assets at the reporting date to determine if the credit risk of individual financial assets have increased significantly since the initial recognition. Fubon Bank (Hong Kong) mainly considers the following in order to make a decision:

- i) The financial asset is overdue for 30 days or more
- ii) The debtor's internal credit rating declined significantly
- iii) The debtor's external credit rating dropped significantly
- iv) The debtor's industry was identified as a high-risk industry and its internal credit rating was low or individual indicators reached an early warning level
- v) Debtor was classified at the category of extra attention by Fubon Bank (Hong Kong)

g) The definition of breach of contract

Fubon Bank (Hong Kong) uses the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Bank (Hong Kong) determines that the financial assets have been defaulted and credit-impaired:

i) Quantitative indicators

When financial assets-receivables are overdue for more than 90 days.

ii) Qualitative indicators

If there is evidence that the borrower will be unable to pay the contract, or show that the borrower has significant financial difficulties, such as:

1. The borrower has filed for bankruptcy or is likely to file a bankruptcy.
2. The borrower has died or the company is dissolved.
3. The financial instrument's contract of the borrower's has been breached.
4. The financial market of the financial asset disappeared due to the financial difficulties of the borrower.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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5. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower a concession that would not have been considered.
 6. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.
- h) Expected credit losses measurement

Fubon Bank (Hong Kong) classifies different types of financial assets into different groups based on their product categories and debtor identities, so that expected credit losses can be calculated to correspond to different risk parameters.

For Fubon Bank (Hong Kong), if there is no significant increase in credit risk of financial assets, the 12-month expected credit losses will be recognized. If the financial assets are significantly increase in credit risk, the expected credit losses for a lifetime will be recognized.

When Fubon Bank (Hong Kong) provides expected credit losses, it will consider the debtor's probability of default, and include loss given default and exposure at default, and consider the impact of the time value of money to calculate the corresponding expected credit loss.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Bank (Hong Kong) are based on the historical information of internal credit losses of each combination and makes corresponding adjustments based on the current observable data and forward-looking general economic information. If individual portfolios do not have a history of credit losses, Fubon Bank (Hong Kong) will use similar combinations of credit loss history or external credit loss histories for the portfolio. In terms of loss given default, Fubon Bank (Hong Kong) mainly bases on the market value of individual collateral, and makes corresponding adjustments based on the relevant forward-looking general economic information. In determining the amount of breach of contract, Fubon Bank (Hong Kong) will consider historical data and will make an estimate of its future withdrawal amount for the amount of commitment not yet withdrawn on the statement date, to be included in the amount of breach of contractual risk.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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i) Financial assets measured at amortized cost

Units: In thousands of HKD						
For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 63,513	-	1,069	-	-	64,582
Changes due to financial instruments recognized as at beginning:						
– Derecognition of financial assets at current period	2,576	-	-	-	-	2,576
Originated or purchased new financial assets	11,950	-	-	-	-	11,950
Effects of exchange rate changes and others	(12,846)	-	507	-	-	(12,339)
Ending balance	<u>\$ 65,193</u>	<u>-</u>	<u>1,576</u>	<u>-</u>	<u>-</u>	<u>66,769</u>
Units: In thousands of HKD						
For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 49,563	-	6,069	-	-	55,632
Changes due to financial instruments recognized as at beginning:						
– Derecognition of financial assets at current period	(1,905)	-	-	-	-	(1,905)
Originated or purchased new financial assets	4,860	-	-	-	-	4,860
Effects of exchange rate changes and others	1,267	-	(2,503)	-	-	(1,236)
Ending balance	<u>\$ 53,785</u>	<u>-</u>	<u>3,566</u>	<u>-</u>	<u>-</u>	<u>57,351</u>

ii) Discounts and Loans

Units: In thousands of HKD						
For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 233,758	-	244,490	-	-	478,248
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(4,513)	-	4,513	-	-	-
– Transfer to 12-month ECLs	7,240	-	(7,240)	-	-	-
– Derecognition of financial assets at current period	(35,024)	-	(3,983)	-	-	(39,007)
Originated or purchased new financial assets	52,670	-	26,539	-	-	79,209
Write-off	-	-	(4,692)	-	-	(4,692)
Effects of exchange rate changes and others	(28,326)	-	10,908	-	-	(17,418)
Ending balance	<u>\$ 225,805</u>	<u>-</u>	<u>270,535</u>	<u>-</u>	<u>-</u>	<u>496,340</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of HKD

For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 169,019	-	330,104	-	-	499,123
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(688)	-	688	-	-	-
– Transfer to 12-month ECLs	1,966	-	(1,966)	-	-	-
– Derecognition of financial assets at current period	(9,956)	-	(2,636)	-	-	(12,592)
Originated or purchased new financial assets	16,502	-	987	-	-	17,489
Write-off	-	-	(115,446)	-	-	(115,446)
Effects of exchange rate changes and others	9,866	-	10,969	-	-	20,835
Ending balance	<u>\$ 186,709</u>	<u>-</u>	<u>222,700</u>	<u>-</u>	<u>-</u>	<u>409,409</u>

iii) Off-balance sheet guarantees and commitments

Units: In thousands of HKD

For the three months ended March 31, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 25,068	-	7,804	-	-	32,872
Effects of exchange rate changes and others	(1,556)	-	(2,516)	-	-	(4,072)
Ending balance	<u>\$ 23,512</u>	<u>-</u>	<u>5,288</u>	<u>-</u>	<u>-</u>	<u>28,800</u>

Units: In thousands of HKD

For the three months ended March 31, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 27,093	-	6,057	-	-	33,150
Effects of exchange rate changes and others	(2,267)	-	(1,145)	-	-	(3,412)
Ending balance	<u>\$ 24,826</u>	<u>-</u>	<u>4,912</u>	<u>-</u>	<u>-</u>	<u>29,738</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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i) The maximum exposure to credit risk

The balance sheet is not considering the maximum exposure to credit risk of the guarantees and other credit instruments being the same as their book value. The maximum exposure to credit risk of financial instruments off balance sheet is as follows (not considering the guarantees or other credit instruments):

Units: In thousands of HKD

<u>Off-balance sheet items</u>	<u>Maximum exposure to credit risk</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Irrevocable loan commitments	\$ 2,296,901	2,295,063	2,178,284
Standby letters of credit	228,524	342,556	477,088
Financial guarantees	130,999	126,262	129,762
Total	\$ 2,656,424	2,763,881	2,785,134

The maximum exposure of assets and off-balance sheet items pledged as collaterals, general agreement of net amount settlement and other credit enhancement tools are as follows:

<u>On-balance sheet items</u>	<u>March 31, 2023</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
Discounts and loans	36.21 %	-	44.36 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	5.29 %
<u>On-balance sheet items</u>	<u>December 31, 2022</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
Discounts and loans	35.16 %	-	55.41 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	6.24 %
<u>On-balance sheet items</u>	<u>March 31, 2022</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
Discounts and loans	37.77 %	-	41.98 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	2.06 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

j) The significant concentrations of the credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of borrowers or market counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by obligor group, industry and product, but are concentrated in Hong Kong.

Information of loans and nonperforming loans in different industries, areas and guarantees with significant concentration of credit risk is as follow:

i) By industry and by area

Industry and area	March 31, 2023		December 31, 2022		Units: In thousands of HKD March 31, 2022	
	Amount	%	Amount	%	Amount	%
Gross advances for use in Hong Kong industrial, commercial and financial						
Property development	\$ 5,155,979	7.39	4,919,629	7.39	4,031,135	6.52
Property investment	9,190,857	13.97	9,292,497	13.97	9,047,096	14.62
Financial concerns	1,167,163	2.61	1,737,027	2.61	459,895	0.74
Stockbrokers	10,000	1.64	1,091,439	1.64	1,165,362	1.88
Wholesale and retail trade	1,324,519	2.04	1,360,563	2.04	1,298,735	2.10
Manufacturing	3,289,738	4.39	2,918,750	4.39	2,277,616	3.68
Transport and transport equipment	315,845	0.48	322,610	0.48	841,991	1.36
Information technology	702,039	1.06	702,039	1.06	910,675	1.47
Electricity and gas	267,300	0.86	569,626	0.86	539,604	0.87
Others	5,775,205	8.86	5,895,050	8.86	6,047,839	9.78
Individuals						
Project plan	2,127	-	2,255	-	2,857	-
Loan for the purchase of other residential properties	13,725,486	20.48	13,623,919	20.48	12,705,634	20.54
Credit card advances	772,667	1.20	795,183	1.20	636,291	1.03
Others	3,637,110	5.63	3,749,312	5.63	4,061,928	6.57
	45,336,035	70.61	46,979,899	70.61	44,026,658	71.16
Trade finance	5,485,469	7.73	5,141,619	7.73	5,388,563	8.71
Gross advances for use in Hong Kong	50,821,504	78.34	52,121,518	78.34	49,415,221	79.87
Gross advances for use outside Hong Kong	14,831,418	21.66	14,415,443	21.66	12,455,502	20.13
Gross advances to customers	\$ <u>65,652,922</u>	<u>100.00</u>	<u>66,536,961</u>	<u>100.00</u>	<u>61,870,723</u>	<u>100.00</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) By collateral

Collateral	March 31, 2023		December 31, 2022		Units: In thousands of HKD March 31, 2022	
	Amount	%	Amount	%	Amount	%
	Unsecured	\$ 41,881,102	63.79	43,141,893	64.84	38,499,831
Secured						
– Financial collateral	316,421	0.48	332,315	0.50	336,511	0.54
– Real estate	23,237,881	35.40	22,871,028	34.37	22,504,265	36.37
– Other collateral	217,518	0.33	191,725	0.29	530,116	0.86
Total	\$ 65,652,922	100.00	66,536,961	100.00	61,870,723	100.00

k) The analysis of credit quality and impairment of financial instruments

i) Credit quality analysis of financial assets

The definition of credit risk is as follow:

1. Low risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with medium default risk.
3. High risk: Exposures require varying degrees of special attention and default risk is of greater concern.

	Units: In thousands of HKD										
	March 31, 2023				March 31, 2022				Loss allowance	Total	
	stage1		stage2		stage1		stage2				stage3
Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	stage3	Total		
Discounts and loans											
Personal finance											
– Mortgage	\$ 20,075,927	-	-	20,075,927	-	298,152	-	298,152	-	38,044	20,336,035
– Consumer loans	2,584,077	-	-	2,584,077	-	246,954	-	246,954	6,028	18,855	2,818,204
Corporate finance											
– Commercial loans	40,182,253	-	-	40,182,253	-	1,981,846	-	1,981,846	277,685	439,441	42,002,343
Due from the central bank and call loans to banks	5,258,740	-	-	5,258,740	-	-	-	-	-	501	5,258,239
Financial assets measured at amortized cost – debt instruments	44,706,148	-	1,020,013	45,726,161	53,872	-	-	53,872	-	66,268	45,713,765
Off-balance sheet items:											
Guarantee and commitments	31,909,635	-	-	31,909,635	-	219,688	-	219,688	-	28,800	32,100,523
	December 31, 2022										
	stage1		stage2		stage1		stage2		stage3	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Discounts and loans											
Personal finance											
– Mortgage	\$ 20,049,124	-	-	20,049,124	-	219,639	-	219,639	3,563	43,362	20,228,964
– Consumer loans	2,518,946	-	-	2,518,946	-	330,748	-	330,748	5,420	23,429	2,831,685
Corporate finance											
– Commercial loans	40,475,005	-	-	40,475,005	-	2,642,218	-	2,642,218	292,298	411,458	42,998,063
Due from the central bank and call loans to banks	8,951,720	-	-	8,951,720	-	-	-	-	-	556	8,951,164
Financial assets measured at amortized cost – debt instruments	42,677,506	-	977,460	43,654,966	53,422	-	-	53,422	-	64,026	43,644,362
Off-balance sheet items:											
Guarantee and commitments	29,818,750	-	-	29,818,750	-	397,087	-	397,087	-	32,872	30,182,965

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022										
	stage1				stage2				stage3	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Discounts and loans											
Personal finance											
— Mortgage	\$ 19,179,351	-	-	19,179,351	-	258,355	-	258,355	6,657	22,183	19,422,180
— Consumer loans	2,918,860	-	-	2,918,860	-	210,398	-	210,398	2,973	15,653	3,116,578
Corporate finance											
— Commercial loans	36,452,088	-	-	36,452,088	-	2,432,726	-	2,432,726	409,315	371,571	38,922,558
Due from the central bank and call loans to banks	5,120,844	-	-	5,120,844	-	-	-	-	-	515	5,120,329
Financial assets measured at amortized cost – debt instruments	42,309,573	-	1,535,892	43,845,465	133,050	-	-	133,050	-	56,836	43,921,679
Off-balance sheet items:											
Guarantee and commitments	31,075,188	-	-	31,075,188	-	435,663	-	435,663	-	29,738	31,481,113

6) JihSun Bank and its subsidiaries

a) Sources and definition of credit risk

Credit risk is the risk that a counterparty or an underwriting customer may be unable to perform a contract due to loss or financial deterioration as a result of the operation of financial instruments, financial investments or the promotion of the underwriting business. The scope of credit risk management covers all credit risks (both existing and potential) arising from the balance sheet and off-balance sheet activities of JihSun Bank and its subsidiaries, such as overall credit solicitation, credit grant, investment business, overdue claims, credit risk reduction instruments (including collateral collection, guarantee provision and avoidance, etc.), derivative financial instrument transactions, etc.

b) Credit risk management policy

i) In order to make sure the credit risks are controlled under tolerance area, the process of JihSun Bank and its subsidiaries' credit risk includes risk recognition, risk evaluation, risk measurement, risk monitoring and risk reporting. To response to credit risks, if a client of consumer banking meets one of principles and conditions on the negative listing, JihSun Bank and its subsidiaries would not be willing to lend to avoid risk. As for corporate banking, JihSun Bank and its subsidiaries avoid choosing clients who have poor ratings, such as default, and alert clients. However, JihSun Bank and its subsidiaries still take the extent of overall credit risk into account and assesses whether the collaterals or guarantees could reduce expected losses to a controllable level.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- ii) JihSun Bank and its subsidiaries establish a consistent method based on their business characteristics to evaluate asset quality and classification, calculate and control its risk exposure and regularly review and verify their allowance for bad debts. The credit assets of JihSun Bank and its subsidiaries are classified into 5 categories. Normal credit assets shall be classified as “Category One”. According to the status of the loan collaterals and the length of overdue, the remaining unsound credit assets should be classified as category two to category five, and be named as attention, substandard, doubtful, and loss, respectively. To manage problematic credit, JihSun Bank and its subsidiaries will make regulations as the basis of management of problematic loans and remaining debt.
- iii) Based on business characteristics and sizes, JihSun Bank and its subsidiaries build up the grade of credit quality, supervise, collect credit information of all counterparties and credit clients, and set up the management objectives through the regulations of credit risk management and credit policy to reduce default and concentration risks. The systems of credit risk measurement are described as follows:
 - 1. Corporate banking

To evaluate credit risk, JihSun Bank and its subsidiaries have to do credit investigation and financial analysis by using relevant information provided by the credit clients and conduct credit rating after understanding the profiles of companies and industries. To accurately quantify credit risks, JihSun Bank and its subsidiaries have to develop various probable default models (PD) and complete a credit rating system for corporate banking. In addition to the probability of default model (PD), loss given default model (LGD) is also established by JihSun Bank and its subsidiaries. The properties of credit risk measurement system are:

 - a. The risk premium is the expected loss which is measured by probability of default (PD), loss given default (LGD), and exposure at default, and it is treated as the basis of corporate credit pricing.
 - b. Risk concentration control: The credit rating generated by the corporate credit rating system is the basis of JihSun Bank and its subsidiaries’ corporate credit limits. The credit balance of each credit rating cannot exceed a certain percentage of the total corporate credit balance. Lower quality of credit is granted for high risk credit clients who have poor credit ratings.

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- c. Post loan risk warning: Credit rating is used in the post loan management and monitoring every warning situation.
- d. Monitor the extent of credit risk: Monitors can evaluate the extent of credit risk based on the segregation method of credit rating, and corporate group.

2. Consumer banking

To measure credit risks of the credit clients, JihSun Bank and its subsidiaries must review the basic information such as age and occupation of the credit clients when extending consumer credit. To further quantify credit risks, JihSun Bank and its subsidiaries develop model to quantify risks of consumer banking. Currently, JihSun Bank and its subsidiaries have established the scoring card including credit loans, automobile loans, mortgage loans and credit card, behavioral scoring card, the probability of default model (PD). JihSun Bank and its subsidiaries will use these scoring cards, behavioral scoring card, and models to control credit risk effectively and enhance post loan management.

3. Investment

JihSun Bank and its subsidiaries manage the risk of debt instruments by external institutions or internal mechanism such as credit rating, credit quality of bond, country, and counterparty risk to identify credit risk.

The counterparties of JihSun Bank and its subsidiaries' derivative transactions and financial peers shall be deemed as mostly above investment grade and will be controlled according to their credit limit (including interbank credit limit); for counterparties that have no credit rating or are classified as non-investment grade, the transactions are prohibited. For general customers, credit exposure is controlled in accordance with the derivative instrument risk limit that is approved when applying for the credit by following a general procedure.

4. Credit risk ratings are divided into four categories, as follows and explained below:

Level	Definition
Low risk	High transparency of information and strong capacity to meet debt obligations. Low probability of default.
Medium risk	Average transparency of information and capacity to meet debt obligations. Moderate probability of default.

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<u>Level</u>	<u>Definition</u>
High risk	Low capacity to meet debt obligations and is vulnerable to external economic conditions. High probability of default.
Default	Indicates that JihSun Bank or the subject has failed to perform its obligations in accordance with the contract or in line with JihSun Bank and its subsidiaries' internal management system listed in the defaulter or default level.

- c) Judgment for the credit risk which has increased significantly since the initial recognition
- i) JihSun Bank and its subsidiaries assess the change of default risk of various credit assets/financial assets during the expected duration of each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, JihSun Bank and its subsidiaries consider that the credit risk has increased significantly since the initial recognition of reasonable and corroborative information (including forward-looking information). The main considerations include: significant downgrades of internal credit ratings or external evaluations of various types of credit assets, significant downgrades of the internal credit ratings or external evaluations of various types of financial assets, when contract payments/financial assets are overdue for more than 30 days, being included in the alert accounts, having bad credit noted accounts according to JihSun Bank and its subsidiaries' internal management system, credit risk of other financial instruments of the same borrower having been in default or credit impaired, etc.
 - ii) Low credit risk: If it is determined that the credit risk of various loans/financial assets at the reporting date is low, it can be assumed that the credit risk of various loans/financial assets has not increased significantly since the date of initial recognition.
- d) Assets write-off policy

JihSun Bank and its subsidiaries determine the debts that cannot be recovered, which are reported to separate Board of Directors of separate company for approval and then written-off. If the debts are recovered after written-off, the balance of the allowance losses will be adjusted.

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e) Definition of various loans/financial assets being default or credit impaired

JihSun Bank and its subsidiaries' definition of various loans/financial assets being default is the same as judgment of various loans/financial assets being credit impaired. If one or more of the following conditions are matched, the financial asset is determined to be in default and credit impaired:

- i) Quantitative indicators: The borrower's payment stipulated in the contract is overdue for more than 90 days.
- ii) Qualitative indicators: If there is evidence that the borrower will be unable to pay the contract, or that the borrower has significant financial distress, such as:
 - 1. Applied for reorganization or bankruptcy proceedings.
 - 2. JihSun Bank and its subsidiaries have listed as an overdue receivable.
 - 3. According to JihSun Bank and its subsidiaries' internal management system, it is included in the defaulting account or negotiated account.
 - 4. According to JihSun Bank and its subsidiaries' internal management system, it has bad credit alert account, related loan and financial assets were judged as financial assets impaired.
 - 5. The external rating is the default level.
- iii) The aforementioned financial assets that have been in default or with credit impaired, if no longer meet the definition of default of contract and credit impairment, are deemed to return to the state of normal contract status (have been cured) and are no longer considered as financial assets that have been in default or credit impaired.

f) Measurement of expected credit loss (ECL)

i) Adopted methods and assumptions

For various types of credit assets/financial assets with low credit risk and no significant increase in credit risk since the initial recognition, the 12-month expected credit loss amount is used to measure the allowance loss. For various loans/financial assets that have been significantly increased in credit risk or credit impaired since the initial recognition, the lifetime expected credit loss amount is used to measure the allowance loss.

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To measure the expected credit loss, consider the borrower's/debtor's probability of default (PD) for the next 12 months and its lifetime, and then include the loss given default (LGD) multiplied by exposure at default (EAD), and consider the impact of the time value of money, calculate the expected credit losses for 12 months and lifetime, respectively.

PD is the default probability of the borrower/debtor, and LGD is the rate of loss caused by default by the borrower/debtor. PD and LGD used in the impairment assessment for various loans businesses or investment business of JihSun Bank and its subsidiaries are calculated after adjusting historical data based on internal historical information (such as credit loss experience) of each combination, and based on the current observable information and forward-looking general economic information (such as unemployment rate and GDP, etc.) JihSun Bank and its subsidiaries' relevant impairment assessments of investment business which used external credit rating to determine PD, calculated based on the corresponding rating of external credit rating and internal credit rating. The LGD of JihSun Bank and its subsidiaries' investment business is calculated based on recovery rate on Moody's various bonds (distinguished into secured main order bonds, unsecured main order bonds and subordinated debentures).

ii) Consideration of forward-looking information

When JihSun Bank and its subsidiaries measure ECL in various types of credit assets or financial assets, it takes forward-looking information into consideration, performs forward-looking model estimations based on the nature of different lending, and establishes credit risk link models based on past default rates and overall economic information. The model estimates the relationship between default rate and overall economic information and establishes a model to forecast the value of the overall economic information to predict the default rate in the next year. Then, forward-looking adjustments are made to the ECL. In principle, the validity of the above-mentioned forward-looking model is examined every year.

g) Policy of mitigation of credit risk

i) Collateral

For risk events with low probability of default but large loss given, JihSun Bank and its subsidiaries take actions such as call for additional collateral, guarantor and on balance sheet netting in order to mitigate or transfer risks. When the credit cases are evaluated to be of low probability of default and small loss given, JihSun Bank and its subsidiaries would bear the risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) Credit extension limit and credit risk concentration control

To avoid excessive concentration of credit risk, JihSun Bank and its subsidiaries have built up limits of credit balance for a same person, same related parties, same affiliated enterprises, same enterprise group and the category of industry, collaterals and countries, respectively.

iii) General conventions of net settlement

The transactions of JihSun Bank and its subsidiaries are usually settled on a gross basis, net settlement is set with certain counterparties or in the case of default when all the transaction with the counterparty are terminated and settled on a net basis to reduce credit risk.

h) Maximum exposure to credit risk

- i) Without taking collateral or other credit enhancement instruments into account, the maximum exposure to credit risk of on balance sheet financial assets is equal to their book values. The maximum exposure to credit risk of off balance sheet financial instruments are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Various guarantee proceeds	\$ 943,086	1,050,500	1,608,841
Unused amount of issued letter of credit	69,245	148,601	285,812
Amount of irrevocable credit commitments of credit card	17,295,283	17,281,006	17,863,653
Amount of issued and irrevocable loan commitments	16,520,294	16,447,547	16,458,465
Total	\$ <u>34,827,908</u>	<u>34,927,654</u>	<u>36,216,771</u>

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The related information of maximum exposure to credit risk about the on-balance sheet and off-balance sheet items held for collateral, netting agreements and other credit enhancement obtained is as follows:

<u>March 31, 2023</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Receivables				
— Derivatives default settlement receivable	\$ 11,770	-	-	11,770
Loans discounted	126,693,405	-	3,942,311	130,635,716
<u>Off-balance sheet items</u>				
Unused amount of issued letter of credit	17,716	-	475	18,191
Various guarantee proceeds	387,294	-	86,716	474,010
Total	<u>\$ 127,110,185</u>	<u>-</u>	<u>4,029,502</u>	<u>131,139,687</u>
<u>December 31, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Receivables				
— Derivatives default settlement receivable	\$ 11,976	-	-	11,976
Loans discounted	129,646,600	-	3,398,157	133,044,757
<u>Off-balance sheet items</u>				
Unused amount of issued letter of credit	36,731	-	479	37,210
Various guarantee proceeds	436,028	-	100,455	536,483
Total	<u>\$ 130,131,335</u>	<u>-</u>	<u>3,499,091</u>	<u>133,630,426</u>
<u>March 31, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Receivables				
— Derivatives default settlement receivable	\$ 11,473	-	-	11,473
Loans discounted	129,083,215	-	4,404,304	133,487,519
<u>Off-balance sheet items</u>				
Unused amount of issued letter of credit	36,819	-	14,678	51,497
Various guarantee proceeds	479,483	-	184,864	664,347
Total	<u>\$ 129,610,990</u>	<u>-</u>	<u>4,603,846</u>	<u>134,214,836</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- ii) The related quantitative information of credit impaired financial assets held for collateral, netting agreements and other credit enhancement obtained is as follows:

<u>March 31, 2023</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>246,994</u>	<u>-</u>	<u>11,459</u>	<u>258,453</u>
<u>December 31, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>244,955</u>	<u>-</u>	<u>11,481</u>	<u>256,436</u>
<u>March 31, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>354,446</u>	<u>-</u>	<u>14,041</u>	<u>368,487</u>

- iii) The relevant collateral and other credit enhancement disclosures of financial instruments not applied the impairment rules in IFRS 9

In order to reduce credit risk, JihSun Bank and its subsidiaries require the counterparty based on the ISDA contract to provide Credit Support Annex (CSA) for derivative commodity transactions. Similar to the margin of margin trading, although both parties bear debts from each other, due to changes in market prices, one party may incur losses due to insolvency. Therefore, even if the market price changes, the two parties will provide credit support items. The two parties will still perform their obligations or they will use the credit support provided by the defaulting party to protect the rights of the non-defaulting parties.

- i) Information on concentrations of credit risk

Concentrations of credit risk exist when counter parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions.

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The credit risk concentration originates from assets, liabilities or off balance sheet items that are generated by the transaction (irrespective of the product or service), performance, execution or cross category exposure combination, including credit extension, deposits and call loans to banks, securities investment, receivables and derivatives instruments. There is no significant concentration of credit risk within JihSun Bank and its subsidiaries in terms of a single client or counterparty to a transaction, and the transaction amount of a single client or counterparty does not account for a significant amount of JihSun Bank and its subsidiaries balance of discounts and loans and non-accrual account. The following table illustrates the diversification of the loan portfolio among geographical regions, industry sectors and collateral types.

i) By Industry

Industry	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
Private business	\$ 62,005,381	37.70	73,666,735	41.35	78,489,391	44.09
Individual	101,232,391	61.54	102,781,613	57.69	97,611,870	54.83
Financial institution	1,233,382	0.75	1,688,403	0.95	1,927,571	1.07
Others	9,306	0.01	9,648	0.01	10,075	0.01
Total	<u>\$ 164,480,460</u>	<u>100.00</u>	<u>178,146,399</u>	<u>100.00</u>	<u>178,038,907</u>	<u>100.00</u>

ii) By Area

JihSun Bank and its subsidiaries primarily engage their businesses in Taiwan and there is no significant geographically concentrated credit risk.

iii) By Collateral

Collateral	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%
No Collateral:						
Credit	\$ 33,844,743	20.58	45,101,642	25.32	44,551,387	25.02
Collateral by:						
Stocks	10,675,048	6.49	12,557,767	7.05	14,052,546	7.89
Bonds	777,944	0.47	749,678	0.42	487,731	0.27
Real estate	115,731,375	70.36	116,566,930	65.43	114,041,732	64.06
Movables	1,260,590	0.77	1,010,194	0.57	1,599,810	0.90
Notes receivable	365,638	0.22	643,488	0.36	763,954	0.43
Guaranty	460,975	0.28	520,276	0.29	910,698	0.51
Others	1,364,147	0.83	996,424	0.56	1,631,049	0.92
subtotal	<u>130,635,717</u>	<u>79.42</u>	<u>133,044,757</u>	<u>74.68</u>	<u>133,487,520</u>	<u>74.98</u>
Total	<u>\$ 164,480,460</u>	<u>100.00</u>	<u>178,146,399</u>	<u>100.00</u>	<u>178,038,907</u>	<u>100.00</u>

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j) Credit quality and impairment analysis of financial assets

Some financial assets held by JihSun Bank and its subsidiaries, such as cash and cash equivalents, due from the Central bank, call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, refundable deposits, interest receivable due from the Central bank and government bonds, receivable from pre issuing trading bonds, and other receivables financial holdings, are excluded from this analysis since most of the counterparties are normally with good credit quality and can be considered as low credit risk. Below tables provide the credit quality analysis for other financial assets of JihSun Bank and its subsidiaries.

i) Credit quality analysis of discounts and loans as well as receivables

	March 31, 2023										
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with	Accumulated	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	impairment	impairment	
On-balance sheet items											
Receivables											
— Credit card business	\$ 94,329	76,628	22,629	193,586	535	34,962	72,766	108,263	28,528	14,960	315,417
— Interest receivable-loans	163,555	29,405	4,965	197,925	363	136	1,294	1,793	682	742	199,658
— Acceptances receivable	57,839	-	-	57,839	-	-	-	-	-	578	57,261
— Derivatives default settlement receivable	-	-	-	-	-	-	-	-	26,078	14,451	11,627
— Other receivables	-	-	-	-	-	-	-	-	2,257	2,257	-
Loans discounted	132,658,522	24,752,761	6,021,857	163,433,140	228,217	110,888	362,730	701,835	345,485	2,026,231	162,454,229
Other financial assets											
— Temporary payments for other	101,168	22,949	780	124,897	257	3,069	2,393	5,719	74	1,210	129,480
Off-balance sheet items											
Guaranty	636,604	306,482	-	943,086	-	-	-	-	-	9,431	933,655
Letter of credit	54,415	14,830	-	69,245	-	-	-	-	-	13	69,232
Loan commitments	51,876,269	18,374,517	438,843	70,689,629	20,294	66,553	55,671	142,518	160	20,987	70,811,320
Total	<u>\$ 185,642,701</u>	<u>43,577,572</u>	<u>6,489,074</u>	<u>235,709,347</u>	<u>249,666</u>	<u>215,608</u>	<u>494,854</u>	<u>960,128</u>	<u>403,264</u>	<u>2,090,860</u>	<u>234,981,879</u>

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	December 31, 2022										
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Accumulated impairment	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
On-balance sheet items											
Receivables											
— Credit card business	\$ 109,333	80,479	23,527	213,339	461	35,891	72,322	108,674	29,583	14,385	337,211
— Interest receivable-loans	165,129	45,518	5,586	216,233	316	125	965	1,406	495	817	217,317
— Acceptances receivable	22,990	-	-	22,990	-	-	-	-	-	230	22,760
— Derivatives default settlement receivable	-	-	-	-	-	-	-	-	26,634	14,757	11,877
— Other receivables from counterfeit fraud and legal advances	-	-	-	-	-	-	-	-	2,282	2,282	-
Loans discounted	142,763,512	28,625,561	5,766,302	177,155,375	223,920	124,619	303,367	651,906	339,118	2,165,168	175,981,231
Other financial assets											
— Temporary payments for other	145,627	28,415	1,099	175,141	449	4,472	3,377	8,298	52	1,542	181,949
Off-balance sheet items											
Guaranty	728,825	321,675	-	1,050,500	-	-	-	-	-	10,505	1,039,995
Letter of credit	114,340	34,261	-	148,601	-	-	-	-	-	31	148,570
Loan commitments	47,932,492	16,828,351	1,910,315	66,671,158	23,955	68,353	153,451	245,759	161	20,051	66,897,027
Total	<u>\$ 191,982,248</u>	<u>45,964,260</u>	<u>7,706,829</u>	<u>245,653,337</u>	<u>249,101</u>	<u>233,460</u>	<u>533,482</u>	<u>1,016,043</u>	<u>398,325</u>	<u>2,229,768</u>	<u>244,837,937</u>

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	March 31, 2022										
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Accumulated impairment	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
On-balance sheet items											
Receivables											
— Credit card business	\$ 108,779	77,700	26,414	212,893	274	33,800	76,407	110,481	33,428	14,708	342,094
— Interest receivable-loans	103,952	28,568	6,182	138,702	252	132	381	765	882	609	139,740
— Accounts receivable factoring without recourse	-	299,991	-	299,991	-	-	-	-	-	3,275	296,716
— Derivatives default settlement receivable	-	-	-	-	-	-	-	-	326,156	314,524	11,632
— Other receivables from counterfeit fraud and legal advances	-	-	-	-	-	-	-	-	4,261	4,261	-
Loans discounted	135,431,226	33,346,523	8,082,094	176,859,843	251,894	202,365	199,744	654,003	525,061	2,213,172	175,825,735
Other financial assets											
— Temporary payments for other	136,755	30,384	1,144	168,283	423	4,225	3,115	7,763	31	1,510	174,567
Off-balance sheet items											
Guaranty	1,166,558	442,283	-	1,608,841	-	-	-	-	-	16,088	1,592,753
Letter of credit	205,701	76,490	-	282,191	-	-	3,621	3,621	-	129	285,683
Loan commitments	56,162,322	18,811,982	1,205,648	76,179,952	20,493	67,745	208,019	296,257	157	22,085	76,454,281
Total	<u>\$ 193,315,293</u>	<u>53,113,921</u>	<u>9,321,482</u>	<u>255,750,696</u>	<u>273,336</u>	<u>308,267</u>	<u>491,287</u>	<u>1,072,890</u>	<u>889,976</u>	<u>2,590,361</u>	<u>255,123,201</u>

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ii) Credit quality analysis of security investments

March 31, 2023											
Items	12-month ECL				Lifetime ECL – without impairment				Lifetime ECL-with impairment	Total	Accumulated impairment
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income											
– Debt investments	\$ 26,701,597	-	-	26,701,597	-	-	-	-	-	26,701,597	9,662
Debt investments measured at amortized cost											
– Debt investments	30,549,545	-	-	30,549,545	-	-	-	-	-	30,549,545	7,159
Total	\$ 57,251,142	-	-	57,251,142	-	-	-	-	-	57,251,142	16,821

December 31, 2022											
Items	12-month ECL				Lifetime ECL – without impairment				Lifetime ECL-with impairment	Total	Accumulated impairment
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income											
– Debt investments	\$ 30,710,213	-	-	30,710,213	-	-	-	-	-	30,710,213	10,650
Debt investments measured at amortized cost											
– Debt investments	37,075,872	-	-	37,075,872	-	-	-	-	-	37,075,872	7,780
Total	\$ 67,786,085	-	-	67,786,085	-	-	-	-	-	67,786,085	18,430

March 31, 2022											
Items	12-month ECL				Lifetime ECL – without impairment				Lifetime ECL-with impairment	Total	Accumulated impairment
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income											
– Debt investments	\$ 31,240,192	-	-	31,240,192	-	-	-	-	-	31,240,192	12,701
Debt investments measured at amortized cost											
– Debt investments	39,398,893	-	-	39,398,893	-	-	-	-	-	39,398,893	6,918
Total	\$ 70,639,085	-	-	70,639,085	-	-	-	-	-	70,639,085	19,619

7) JihSun Securities and its subsidiaries

a) Credit risk management

JihSun Securities and its subsidiaries have established a credit risk management system and conduct credit risk monitoring and credit rating management for its own capital, and underwriting positions. JihSun Securities and its subsidiaries' objective of credit risk management is to reach risk— return optimization and to use credit risk management instruments to ensure the credit risk has been identified, measured and monitored well based on the credit risk policies and also to submit the risk management reports to the Risk and Asset-Liability Management Committee regularly. In terms of classified credit risk management, listed companies are managed and classified into different ratings according to external credit ratings. In the event of the significant incident or threat to rights, JihSun Securities and its subsidiaries will take immediate emergency measures to protect creditors' rights and interests.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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b) Credit risk analysis

The credit risks to which JihSun Securities and its subsidiaries expose are the risks that an issuer or a counterparty fail to perform a contractual obligation and lead to loss of JihSun Securities and its subsidiaries.

The following financial assets of JihSun Securities and its subsidiaries may be subject to default based on various credit risk analysis.

i) Credit risk concentration analysis

The two tables below present JihSun Securities and its subsidiaries' credit risk exposure of financial assets by area and by industry:

Credit risk exposure – by area

	March 31, 2023						Total
	Taiwan	Hong Kong	Asia	Europe	America	Other	
Financial assets							
Financial assets at fair value through profit or loss – current	\$ 279,520	-	-	-	-	-	279,520
Security borrowing deposits	1,019,560	-	-	-	-	-	1,019,560
Financial assets at fair value through other comprehensive income – non-current	8,932,178	-	-	-	-	-	8,932,178
Refinancing guaranty deposits	25,891	-	-	-	-	-	25,891
Guaranteed proceeds receivable from refinancing	21,516	-	-	-	-	-	21,516
Receivable of securities business money lending	7,490	-	-	-	-	-	7,490
Receivable of money lending – any use	1,949,999	-	-	-	-	-	1,949,999
Margin loans receivable	11,054,468	-	-	-	-	-	11,054,468
Future exchanges margins receivable	616	-	-	-	-	-	616
Total	<u>\$ 23,291,238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,291,238</u>
Percentage by area	<u>100.00 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	December 31, 2022						
	Taiwan	Hong Kong	Asia	Europe	America	Other	Total
Financial assets							
Financial assets at fair value through profit or loss – current	\$ 279,488	-	-	-	-	-	279,488
Security borrowing deposits	769,560	-	-	-	-	-	769,560
Financial assets at fair value through other comprehensive income – non-current	9,276,010	-	-	-	-	-	9,276,010
Refinancing guaranty deposits	16,253	-	-	-	-	-	16,253
Guaranteed proceeds receivable from refinancing	13,511	-	-	-	-	-	13,511
Receivable of securities business money lending	10,545	-	-	-	-	-	10,545
Receivable of money lending – any use	1,939,919	-	-	-	-	-	1,939,919
Margin loans receivable	10,425,883	-	-	-	-	-	10,425,883
Future exchanges margins receivable	813	-	-	-	-	-	813
Total	<u>\$ 22,731,982</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,731,982</u>
Percentage by area	<u>100.00 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>
	March 31, 2022						
	Taiwan	Hong Kong	Asia	Europe	America	Other	Total
Financial assets							
Financial assets at fair value through profit or loss – current	\$ 2,203,589	58,496	23,070	-	-	-	2,285,155
Financial assets at fair value through other comprehensive income – current	11,411,885	-	-	-	-	-	11,411,885
Security borrowing deposits	1,199,560	-	-	-	-	-	1,199,560
Financial assets at fair value through other comprehensive income – non-current	9,969,133	7,003	16,393	-	-	-	9,992,529
Receivable of securities business money lending	3,286	-	-	-	-	-	3,286
Receivable of money lending – any use	1,148,356	-	-	-	-	-	1,148,356
Margin loans receivable	15,374,097	-	-	-	-	-	15,374,097
Future exchanges margins receivable	1,175	-	-	-	-	-	1,175
Total	<u>\$ 41,311,081</u>	<u>65,499</u>	<u>39,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,416,043</u>
Percentage by area	<u>99.74 %</u>	<u>0.16 %</u>	<u>0.10 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>

Note: The column Asia in the table of the credit risk concentration analysis by area in which Taiwan and Hong Kong are excluded.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Credit risk exposure – by industry

	March 31, 2023								
	Central or local government	Individual	Financial industry	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial assets									
Financial assets at fair value \$ through profit or loss – current	-	-	166,209	73,770	36,547	2,114	880	-	279,520
Security borrowing deposits	-	-	1,019,560	-	-	-	-	-	1,019,560
Financial assets at fair value through profit or loss – non-current	-	-	8,932,178	-	-	-	-	-	8,932,178
Refinancing guaranty deposits	-	-	25,891	-	-	-	-	-	25,891
Guaranteed proceeds receivable from refinancing	-	-	21,516	-	-	-	-	-	21,516
Receivable of securities business money lending	-	7,490	-	-	-	-	-	-	7,490
Receivable of money lending – any use	-	1,868,229	79,020	-	-	2,750	-	-	1,949,999
Margin loans receivable	-	10,893,413	109,906	90	-	3,862	47,197	-	11,054,468
Future exchanges margins receivable	-	616	-	-	-	-	-	-	616
Total	\$ -	12,769,748	10,354,280	73,860	36,547	8,726	48,077	-	23,291,238
Percentage by industry	-	54.82 %	44.45 %	0.32 %	0.16 %	0.04 %	0.21 %	-	100.00 %
December 31, 2022									
	Central or local government	Individual	Financial industry	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial assets									
Financial assets at fair value \$ through profit or loss – current	-	-	64,184	121,353	47,105	2,460	2,573	41,813	279,488
Security borrowing deposits	-	-	769,560	-	-	-	-	-	769,560
Financial assets at fair value through other comprehensive income – non-current	-	-	9,276,010	-	-	-	-	-	9,276,010
Refinancing guaranty deposits	-	-	16,253	-	-	-	-	-	16,253
Guaranteed proceeds receivable from refinancing	-	-	13,511	-	-	-	-	-	13,511
Receivable of securities business money lending	-	10,545	-	-	-	-	-	-	10,545
Receivable of money lending – any use	-	1,859,769	77,400	-	-	2,750	-	-	1,939,919
Margin loans receivable	-	10,251,230	136,265	181	-	3,936	34,271	-	10,425,883
Future exchanges margins receivable	-	813	-	-	-	-	-	-	813
Total	\$ -	12,122,357	10,353,183	121,534	47,105	9,146	36,844	41,813	22,731,982
Percentage by industry	-	53.33 %	45.55 %	0.53 %	0.21 %	0.04 %	0.16 %	0.18 %	100.00 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022								
	Central or local government	Individual	Financial industry	Manufacturing	Electronics	Service	Construction	Funds	Total
Financial assets									
Financial assets at fair value \$ through profit or loss – current	150,125	-	558,192	854,022	459,749	46,040	67,554	149,473	2,285,155
Financial assets at fair value through other comprehensive income – current	399,728	-	1,983,252	4,591,486	4,437,419	-	-	-	11,411,885
Security borrowing deposits	-	-	1,199,560	-	-	-	-	-	1,199,560
Financial assets at fair value through other comprehensive income – non-current	-	-	9,977,144	2,104	11,570	-	1,711	-	9,992,529
Receivable of securities business money lending	-	3,286	-	-	-	-	-	-	3,286
Receivable of money lending – any use	-	1,119,226	29,130	-	-	-	-	-	1,148,356
Margin loans receivable	-	14,557,684	742,868	1,197	2,777	7,560	62,011	-	15,374,097
Future exchanges margins receivable	-	1,175	-	-	-	-	-	-	1,175
Total	<u>\$ 549,853</u>	<u>15,681,371</u>	<u>14,490,146</u>	<u>5,448,809</u>	<u>4,911,515</u>	<u>53,600</u>	<u>131,276</u>	<u>149,473</u>	<u>41,416,043</u>
Percentage by industry	<u>1.33 %</u>	<u>37.86 %</u>	<u>34.98 %</u>	<u>13.16 %</u>	<u>11.86 %</u>	<u>0.13 %</u>	<u>0.32 %</u>	<u>0.36 %</u>	<u>100.00 %</u>

ii) Maximum exposure to credit risk

Without taking collateral or other credit enhanced instruments into account, the maximum exposure to credit risk of on-balance sheet financial assets are equal to their carrying values.

iii) Collateral and other credit enhancements

Dealing in securities trading, margin financing and securities lending business is conducted according to the regulations of the competent authority. The customer of JihSun Securities and its subsidiaries use the stock bought by financing as collateral to apply for financing. The financing ratio is subject to legal regulation. However, JihSun Securities and its subsidiaries may give different financing ratio depending on the degree of the stock's risk in accordance with internal risk control system. If the stock price of its individual stocks fluctuates too violently, it will then control the position of the purchase of financing or the limit of the amount of financing so as to avoid the risk of excessive concentration of collateral. After the daily settlement, the price of the financing and short-selling balance of each credit account will be priced. When the customer's total guarantee retention rate is lower than the maintenance rate stipulated in the law, the customer is notified to make up the payment. The customer fails to make the payment within the prescribed time limit and the maintenance rate is not reached, JihSun Securities and its subsidiaries will dispose of the collateral to ensure the claims.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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iv) Credit risk explanations of different financial assets are as follows: :

1. Financial assets at fair value through profit or loss—current

a. Bonds

Bonds and convertible bonds are included.

b. Stocks

JihSun Securities and its subsidiaries' main stock positions include proprietary positions, underwriting positions, hedging positions and warrant positions.

c. Derivative financial instruments—OTC

When JihSun Securities and its subsidiaries trade derivative financial instruments with the counterparty over OTC (Over-the-Counter) market, ISDA master agreement is necessary between two parties. The derivative financial instruments over OTC include structured products and interest rate swap (IRS). The counterparties are all financial institutions in Taiwan.

d. Future exchanges margins

JihSun Securities and its subsidiaries' futures margin is the margin required to participate in futures trades in the exchange market. It includes the position held for trading or hedging purpose.

e. Buy options—futures

JihSun Securities and its subsidiaries' option position is the market value of the premiums paid to buy option contracts of Taiwan Future Exchange for holding for sale or hedging purpose, of which the risk is quite low.

f. Open end funds and money market instruments

JihSun Securities and its subsidiaries' open end funds and money market instruments position are higher liquidity financial assets such as money market funds and short term bills, etc.

2. Financial assets at fair value through other comprehensive income—current

Financial assets at fair value through other comprehensive income—current position is JihSun Securities and its subsidiaries' proprietary trading position.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3. Securities purchased under resell agreements

The securities purchased under resell agreements of JihSun Securities and its subsidiaries are bond transactions with terms to resale. JihSun Securities and its subsidiaries sign up master agreement with the counterparties, whereby the two parties agree to transact at an aimed price, given interest rate and interval, and agree to resell at the price as promised prior to the due date. The counterparties are all domestic financial institutions. Considering that JihSun Securities and its subsidiaries hold the bonds as collateral, the exposed amount is reduced effectively.

4. Securities borrowing deposits

Securities borrowing deposits is the caution money that JihSun Securities and its subsidiaries pay to the counterparty for securities lending or short sale.

5. Financial assets at fair value through other comprehensive income - non-current

JihSun Securities and its subsidiaries' financial assets at fair value through other comprehensive income— non-current held by JihSun Securities are mainly composed of domestic financial institutions and related with long-term investments.

6. Refinancing guaranty deposits, guaranteed proceeds receivable from refinancing and guaranteed price deposits for security borrowing

JihSun Securities and its subsidiaries' refinancing guaranty deposits, guaranteed proceeds receivable from refinancing and guaranteed price deposits for security borrowing are all from domestic financial institutions.

7. Margin loans receivable, receivable of securities business money lending and receivable of money lending— any use

JihSun Securities and its subsidiaries' margin loans receivable, receivable of securities business money lending and receivable of money lending— any use are mainly from domestic individuals.

8. Financial assets at fair value through profit or loss— non-current

Financial assets at fair value through profit or loss— non-current position is JihSun Securities and its subsidiaries' proprietary trading position of subsidiary.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- v) Judgment for the credit risk which has increased significantly since the initial recognition
1. Accounts receivable business and investment business
 - a. JihSun Securities and its subsidiaries assess the change of default risk of various financial assets during the expected duration of each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, JihSun Securities and its subsidiaries consider that the credit risk has increased significantly since the initial recognition of reasonable and corroborative information (including forward-looking information). The main considerations include: significant downgrades of the internal credit ratings or external evaluations of various types of financial assets, when contract payments and financial assets are overdue for more than 30 days, being included in the alert accounts, having bad credit noted accounts according to JihSun Securities and its subsidiaries' internal management system, credit risk of other financial instruments of the same borrower having been in default or credit impaired, etc.
 - b. Low credit risk:

If it is determined that the credit risk of various financial instruments at the reporting date is low, it can be assumed that the credit risk of various financial instruments has not increased significantly since the date of initial recognition.
 2. Definition of various financial assets being default or credit impaired

JihSun Securities and its subsidiaries' definition of various financial assets being default is the same as judgment of various financial assets being credit impaired. If one or more of the following conditions are matched, the financial asset is determined to be in default and credit impaired:

 - a. Quantitative indicators: The borrower's payment stipulated in the contract is overdue for more than 90 days.
 - b. Qualitative indicators: There is evidence that the borrower classified to be in the defaulter or default level, and will be unable to pay the contract, or that the borrower has significant financial distress.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- c. The aforementioned financial assets that have been in default or with credit impaired, if no longer meet the definition of default of contract and credit impairment, are deemed to return to the state of normal contract status (have been cured) and are no longer considered as financial assets that have been in default or credit impaired.
3. Measurement of expected credit loss (ECL)
- a. Adopted methods and assumptions

For various types of financial assets with low credit risk and no significant increase in credit risk since the initial recognition, the 12-month expected credit loss amount is used to measure the allowance loss. For various financial assets that have been significantly increased in credit risk or credit impaired since the initial recognition, the lifetime expected credit loss amount is used to measure the allowance loss.

To measure the expected credit loss, consider the debtor's probability of default (PD) for the next 12 months and its lifetime, and then include the loss given default (LGD) multiplied by exposure at default (EAD), and consider the impact of the time value of money, calculate the expected credit losses for 12 months and lifetime, respectively.

PD is the default probability of the debtor, and LGD is the rate of loss caused by default by the debtor. PD and LGD used in the impairment assessment for various loans businesses or investment business of JihSun Securities and its subsidiaries are calculated based on probability of default and loss given default regularly announced by external credit rating agencies (Moody's), or based on internal or external historical information, and is adjusted based on current observable data and forward-looking macroeconomic information (e.g. the unemployment rate and GDP, etc.)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b. Consideration of forward-looking information

When JihSun Securities and its subsidiaries measure ECL in various types of financial assets, it takes forward-looking information into consideration, performs forward-looking model estimations based on different financial assets, and establishes credit risk link models based on past default rates and overall economic information. The model estimates the relationship between default rate and overall economic information and establishes a model to forecast the value of the overall economic information to predict the default rate in the next year, or which is calculated based on the external rating scale with the forward-looking macroeconomic condition considered and Moody's regularly published default rate and loss given default information, and is appropriately adjusted.

vi) Credit risk quality level

In terms of credit risk quality, JihSun Securities and its subsidiaries categorize the quality into four levels, which are low risk, medium risk, high risk and default based on the credit rating. The definition of each credit risk level is as follows:

Low risk: High transparency of information and strong capacity to meet debt obligations. Low probability of default.

Medium risk: Average transparency of information and capacity to meet debt obligations. Moderate probability of default.

High risk: Low capacity to meet debt obligations and is vulnerable to external economic conditions. High probability of default.

Default: Indicates that the company or the subject has failed to perform its obligations in accordance with the contract or in line with JihSun Securities and its subsidiaries' internal management system listed in the defaulter or default level.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Some of the financial assets held by JihSun Securities and its subsidiaries, such as cash and cash equivalents, financial assets at fair value through profit or loss, securities purchased under resell agreements, refundable deposits, accounts receivable and other receivables (unimpaired) are identified with relatively low credit risks, because these assets' counterparties have good credit ratings. Apart from the above, the credit quality of the remaining financial assets is analyzed as follows:

1. Credit quality analysis on receivables

Units: In thousands of TWD											
March 31, 2023											
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Accumulated impairment	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Future exchanges margins receivables	\$ -	-	-	-	-	-	-	-	25,726	25,110	616
Other receivables—impaired	-	-	-	-	-	-	-	-	986	986	-
Overdue receivables	-	-	-	-	-	-	-	-	59,924	57,273	2,651

Units: In thousands of TWD											
December 31, 2022											
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Accumulated impairment	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Future exchanges margins receivables	\$ -	-	-	-	-	-	-	-	25,753	24,940	813
Other receivables—impaired	-	-	-	-	-	-	-	-	9,225	9,225	-
Overdue receivables	-	-	-	-	-	-	-	-	52,607	49,912	2,695

Units: In thousands of TWD											
March 31, 2022											
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Accumulated impairment	Net amount
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Interest receivable from investment in debt instruments	\$ 42,411	-	-	42,411	-	-	-	-	-	26	42,385
Future exchanges margins receivables	-	-	-	-	-	-	-	-	26,133	24,958	1,175
Receivables—impaired	-	-	-	-	-	-	-	-	1,569	1,569	-
Other receivables—impaired	-	-	-	-	-	-	-	-	51,307	48,487	2,820
Overdue receivables	-	-	-	-	-	-	-	-	2,566	2,566	-

2. Credit quality analysis on investments in securities

Units: In thousands of TWD											
March 31, 2022											
	12-month ECL				Lifetime ECL—without impairment				Lifetime ECL – with impairment	Total	Accumulated impairment (Note)
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income											
Debt investments	\$ 5,757,622	-	-	5,757,622	-	-	-	-	-	5,757,622	4,293

Note: Accumulated impairment on investments in debt instruments designated at fair value through other comprehensive income are adjusted to other equity items.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(iv) Liquidity risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Source and definition of liquidity risk

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

b) Management strategy and principles

Taipei Fubon Bank (The Bank)

- i) The Bank's strategy is to lower liquidity risk by acquiring stable, low interest rate, sufficient funding to cover asset size growth and meet obligation on matured liabilities and to escape gaps from between funding availability and demand.
- ii) 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. The Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdown and repayment, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.
- iii) The Bank has set funding liquidity risk limit indicators to monitor and manage the liquidity risk of the Bank. The general manager is authorized to set up the funding liquidity risk limit within the scope of regulations and risk appetite and regularly reports to Assets and Liabilities Management Committee and the Board of Directors (Managing Directors).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Fubon Bank (China)

- i) The liquidity risk management strategy of Fubon Bank (China) aims not only at meeting compliance and regulatory requirements but also finding sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term assets allocation and dispersing sources of funds on the basis of market conditions, Fubon Bank (China) manages its liquidity risk exposure at an acceptable level to ensure its sustainable business operations and sound reputation.
 - ii) The liquidity risk management of Fubon Bank (China) is centralized given the size and complexity of its current business scope with an organizational structure suitable for its liquidity exposure. The Board of Directors take the ultimate responsibility of the bank's liquidity risk management. The management is in charge of implementations of liquidity management, authoring the Asset & Liability Management Committee (ALCO) to implement daily management duties. Liquidity risk assessment reports are submitted via ALCO to the Risk & Related Party Transaction Committee and Board of Directors on a quarterly basis.
 - iii) The liquidity risk management of Fubon Bank (China) involves the full participation of staff in the dynamic prevention, scientific quantification and prudent management of risk to ensure that Fubon Bank (China) has sufficient funding for its capital growth and various obligations.
- c) Maturity analysis

The Bank's management policy is to match the maturities and interest rates of assets and liabilities, and to control the un-matched gap. Because of uncertain terms and different conditions, the maturities and interest rates of assets and liabilities usually do not match perfectly, and may result in a potential gain or loss. To maintain proper liquidity, the Bank uses appropriate ways to group assets and liabilities in order to evaluate liquidity and to monitor the ratios of short-term negative funding gap to total asset in major currencies.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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An analysis of cash inflow and outflow in assets and liabilities held by Taipei Fubon Bank and its subsidiaries for managing liquidity risk for the remaining periods from the balance sheet date to the contractual maturity dates. The maturity analysis of financial assets and liabilities, derivatives assets and liabilities, and off-balance sheet items in main currencies was as follows (except for non-deliverable derivatives, all were non-discounted contractual cash flow):

i) The maturity analysis of financial assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

	March 31, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Cash and due from / call loans to banks	\$ 86,282,079	7,072,946	6,792,659	9,441,561	28,568,210	138,157,455
Investment in marketable securities (Note)	233,774,065	37,328,173	54,545,602	72,374,986	192,934,660	590,957,486
Securities purchased under resell agreements	18,515,838	-	-	-	-	18,515,838
Loans (included overdue loans)	51,307,872	85,039,981	124,583,398	94,228,604	1,114,787,119	1,469,946,974
Deliverable derivative assets	173,070,753	193,052,042	145,602,294	124,166,172	16,484,366	652,375,627
Non-deliverable derivative assets	5,812,054	-	147	-	32,868	5,845,069
Other capital inflow on maturity	35,491,395	12,618,901	11,375,611	7,213,989	30,969,266	97,669,162
Total assets	\$ 604,254,056	335,112,043	342,899,711	307,425,312	1,383,776,489	2,973,467,611
Liabilities						
Deposits from the central bank and banks	\$ 5,797,369	1,000	-	-	108,000	5,906,369
Deposits and remittances	146,370,415	222,378,681	213,596,442	296,891,690	896,760,556	1,775,997,784
Securities sold under repurchase agreements	2,897,927	2,314,307	42,035	13,272	-	5,267,541
Payables	391,412	1,909,526	913,972	739,450	80,632	4,034,992
Financial bonds payable	-	-	500,135	-	91,897,519	92,397,654
Deliverable derivative liabilities	225,186,760	243,313,077	162,163,783	133,871,895	14,407,760	778,943,275
Non-deliverable derivative liabilities	5,630,552	-	-	-	990,743	6,621,295
Other capital outflow on maturity	23,605,535	2,459,210	384,675	2,981,150	14,161,039	43,591,609
Total liabilities	\$ 409,879,970	472,375,801	377,601,042	434,497,457	1,018,406,249	2,712,760,519

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Cash and due from / call loans to banks	\$ 76,597,060	7,682,352	4,811,940	9,149,655	28,355,405	126,596,412
Investment in marketable securities (Note)	197,883,815	5,700,832	45,973,424	87,676,342	197,661,180	534,895,593
Securities purchased under resell agreements	10,713,908	170,095	-	-	-	10,884,003
Loans (included overdue loans)	57,112,670	123,407,105	94,744,167	105,389,737	1,090,658,929	1,471,312,608
Deliverable derivative assets	185,153,123	252,207,168	112,112,591	89,841,643	15,498,665	654,813,190
Non-deliverable derivative assets	5,578,874	-	-	689	30,592	5,610,155
Other capital inflow on maturity	38,739,380	11,544,780	11,416,863	7,356,904	30,870,787	99,928,714
Total assets	<u>\$ 571,778,830</u>	<u>400,712,332</u>	<u>269,058,985</u>	<u>299,414,970</u>	<u>1,363,075,558</u>	<u>2,904,040,675</u>
Liabilities						
Deposits from the central bank and banks	\$ 4,184,908	1,000	132,695	-	108,000	4,426,603
Deposits and remittances	164,613,713	238,706,142	149,536,135	284,335,218	879,620,463	1,716,811,671
Securities sold under repurchase agreements	-	5,104,109	10,628	31,031	-	5,145,768
Payables	408,103	494,376	546,519	788,285	71,910	2,309,193
Financial bonds payable and due to the central bank and banks	-	-	-	500,680	84,913,818	85,414,498
Deliverable derivative liabilities	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities	5,438,177	-	-	-	835,925	6,274,102
Other capital outflow on maturity	15,658,725	4,248,688	4,065,460	774,271	14,110,981	38,858,125
Total liabilities	<u>\$ 403,673,141</u>	<u>570,124,720</u>	<u>311,901,507</u>	<u>379,850,733</u>	<u>994,700,117</u>	<u>2,660,250,218</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

	March 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Cash and due from / call loans to banks	\$ 81,857,541	5,169,385	4,733,059	8,138,049	26,735,203	126,633,237
Investment in marketable securities (Note)	242,031,710	28,227,613	23,504,405	24,609,480	247,218,255	565,591,463
Securities purchased under resell agreements	12,739,497	200,000	-	-	-	12,939,497
Loans (included overdue loans)	65,106,493	110,092,082	106,807,775	86,971,054	1,049,503,230	1,418,480,634
Deliverable derivative assets	130,235,786	182,127,398	137,632,060	156,807,602	43,958,891	650,761,737
Non-deliverable derivative assets	4,953,625	4,708	-	-	23,395	4,981,728
Other capital inflow on maturity	30,597,303	9,433,930	9,842,411	6,578,939	29,934,900	86,387,483
Total assets	\$ 567,521,955	335,255,116	282,519,710	283,105,124	1,397,373,874	2,865,775,779
Liabilities						
Deposits from the central bank and banks	\$ 4,340,112	1,000	-	-	108,000	4,449,112
Deposits and remittances	171,335,438	169,081,427	154,839,945	266,232,658	872,994,601	1,634,484,069
Securities sold under repurchase agreements	2,070,278	1,247,090	10,988	41,601	-	3,369,957
Payables	265,981	577,932	480,341	423,288	56,362	1,803,904
Financial bonds payable	-	4,704,608	11,103,990	-	73,262,151	89,070,749
Deliverable derivative liabilities	208,817,931	188,363,949	235,346,839	160,371,382	58,130,490	851,030,591
Non-deliverable derivative liabilities	5,140,511	-	-	-	961,945	6,102,456
Other capital outflow on maturity	11,470,818	1,649,752	274,787	2,731,007	11,913,452	28,039,816
Total liabilities	\$ 403,441,069	365,625,758	402,056,890	429,799,936	1,017,427,001	2,618,350,654

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

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) The maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Assets						
Cash and due from / call loans to banks	\$ 1,017,496	485,000	849,000	1,244,000	-	3,595,496
Investment in marketable securities (Note 2)	734,170	86,415	114,332	336,938	9,475,909	10,747,764
Securities purchased under resell agreements	16,914	87,657	-	-	-	104,571
Loans (included overdue loans)	671,255	746,477	467,551	202,600	1,654,869	3,742,752
Deliverable derivative assets	10,697,412	8,687,017	5,855,060	4,709,422	555,874	30,504,785
Non-deliverable derivative assets	80,123	97	75	1,985	219,474	301,754
Other capital inflow on maturity	776,628	315,721	75,245	40,570	144,956	1,353,120
Total assets	<u>\$ 13,993,998</u>	<u>10,408,384</u>	<u>7,361,263</u>	<u>6,535,515</u>	<u>12,051,082</u>	<u>50,350,242</u>
Liabilities						
Deposits from the central bank and banks	\$ 1,863,774	740,000	-	30,000	-	2,633,774
Deposits and remittances	5,017,682	5,914,056	2,018,428	3,833,174	3,177,176	19,960,516
Securities sold under repurchase agreements	534,439	408,220	-	-	-	942,659
Payables	41,394	65,107	16,020	10,785	275	133,581
Financial bonds payable	-	-	-	-	410,658	410,658
Deliverable derivative liabilities	7,188,286	6,937,586	5,242,518	4,353,221	616,974	24,338,585
Non-deliverable derivative liabilities	41,106	-	-	-	86,124	127,230
Other capital outflow on maturity	373,729	202,286	66,990	77,386	841,383	1,561,774
Total liabilities	<u>\$ 15,060,410</u>	<u>14,267,255</u>	<u>7,343,956</u>	<u>8,304,566</u>	<u>5,132,590</u>	<u>50,108,777</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of USD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Assets						
Cash and due from / call loans to banks	\$ 1,646,667	505,000	495,000	945,000	-	3,591,667
Investment in marketable securities (Note 2)	756,729	115,833	121,021	189,738	9,404,364	10,587,685
Securities purchased under resell agreements	11,186	93,834	-	-	-	105,020
Loans (included overdue loans)	488,538	627,881	443,556	188,370	1,722,971	3,471,316
Deliverable derivative assets	11,250,939	11,290,859	5,451,592	3,494,085	560,523	32,047,998
Non-deliverable derivative assets	95,662	123	360	345	256,758	353,248
Other capital inflow on maturity	863,143	405,795	56,433	22,073	131,249	1,478,693
Total assets	\$ 15,112,864	13,039,325	6,567,962	4,839,611	12,075,865	51,635,627
Liabilities						
Deposits from the central bank and banks	\$ 1,003,028	800,000	60,000	20,000	-	1,883,028
Deposits and remittances	5,082,047	6,821,020	1,894,724	3,529,341	3,975,897	21,303,029
Securities sold under repurchase agreements	309,174	1,231,302	-	-	-	1,540,476
Payables	31,880	59,914	15,272	7,361	187	114,614
Financial bonds payable	-	-	-	-	391,189	391,189
Deliverable derivative liabilities	7,795,178	8,835,581	3,861,826	3,264,049	565,845	24,322,479
Non-deliverable derivative liabilities	33,500	-	-	-	95,769	129,269
Other capital outflow on maturity	266,720	117,732	73,930	72,162	985,193	1,515,737
Total liabilities	\$ 14,521,527	17,865,549	5,905,752	6,892,913	6,014,080	51,199,821

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of USD

	March 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Assets						
Cash and due from / call loans to banks	\$ 2,007,323	535,000	482,000	651,000	-	3,675,323
Investment in marketable securities (Note 2)	1,213,009	62,087	107,522	222,849	9,619,672	11,225,139
Securities purchased under resell agreements	65,757	63,084	-	-	-	128,841
Loans (included overdue loans)	1,318,408	603,632	676,906	142,082	1,487,035	4,228,063
Deliverable derivative assets	11,511,967	7,857,428	8,853,037	5,903,783	2,121,761	36,247,976
Non-deliverable derivative assets	76,667	-	-	266	84,207	161,140
Other capital inflow on maturity	1,060,828	246,227	69,087	19,608	206,839	1,602,589
Total assets	\$ 17,253,959	9,367,458	10,188,552	6,939,588	13,519,514	57,269,071
Liabilities						
Deposits from the central bank and banks	\$ 1,311,026	2,197,000	225,000	-	-	3,733,026
Deposits and remittances	5,387,930	4,964,029	3,304,861	3,075,952	5,038,965	21,771,737
Securities sold under repurchase agreements	1,538,352	1,530,525	-	-	-	3,068,877
Payables	18,284	17,319	11,030	575	7	47,215
Financial bonds payable	-	-	-	-	432,268	432,268
Deliverable derivative liabilities	6,017,251	7,856,632	5,403,265	5,812,159	1,599,853	26,689,160
Non-deliverable derivative liabilities	72,334	81	181	669	82,099	155,364
Other capital outflow on maturity	563,055	65,516	15,142	14,788	383,294	1,041,795
Total liabilities	\$ 14,908,232	16,631,102	8,959,479	8,904,143	7,536,486	56,939,442

Note1 : The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

Note2 : Investment in marketable securities includes financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and debt investments measured at amortized cost.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii) The maturity analysis of financial assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	March 31, 2023					Total
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	
Assets						
Cash and due from / call loans to banks	\$ 2,680,510	2,527	-	-	5,909,656	8,592,693
Investment in marketable securities (Note)	6,220,760	5,141,418	12,068,657	46,914,874	215,000	70,560,709
Securities purchased under resell agreements	276,213	-	-	-	-	276,213
Loans (included overdue loans)	6,866,442	10,559,886	13,772,918	20,117,663	-	51,316,909
Deliverable derivative assets	69,398,030	35,276,331	82,765,935	375,732	-	187,816,028
Non-deliverable derivative assets	1,586	6,224	38,182	4,113	-	50,105
Other capital inflow on maturity	1,132,854	1,102,983	1,783,625	-	663,231	4,682,693
Total assets	<u>\$ 86,576,395</u>	<u>52,089,369</u>	<u>110,429,317</u>	<u>67,412,382</u>	<u>6,787,887</u>	<u>323,295,350</u>
Liabilities						
Deposits from the central bank and banks	\$ 3,654,955	640,680	396,252	-	-	4,691,887
Due to the central bank and banks	-	-	605,841	-	-	605,841
Deposits and remittances	36,260,070	18,089,250	21,817,128	12,219,058	-	88,385,506
Securities sold under repurchase agreements	2,336,752	45,256	90,304	-	-	2,472,312
Payables	1,521,415	1,102,983	1,783,625	536	-	4,408,559
Financial bonds payable	52,000	-	1,134,300	3,623,629	-	4,809,929
Deliverable derivatives liabilities	69,085,827	35,244,656	82,720,420	375,277	-	187,426,180
Non-deliverable derivatives liabilities	341	413	7,161	2,886	-	10,801
Other capital outflow on maturity	4,783,096	4,555,758	4,277,336	236,393	433	13,853,016
Total liabilities	<u>\$ 117,694,456</u>	<u>59,678,996</u>	<u>112,832,367</u>	<u>16,457,779</u>	<u>433</u>	<u>306,664,031</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of CNY

	December 31, 2022					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
Assets						
Cash and due from / call loans to banks	\$ 7,608,114	3,052	-	-	6,096,376	13,707,542
Investments in marketable securities (Note)	3,003,534	1,031,316	14,479,068	50,082,968	666,888	69,263,774
Securities purchased under resell agreements	1,988,451	-	-	-	-	1,988,451
Loans (included overdue loans)	6,418,714	11,674,880	16,507,504	22,667,215	-	57,268,313
Deliverable derivative assets	53,259,317	41,155,121	69,911,669	169,242	-	164,495,349
Non-deliverable derivative assets	3,073	4,158	36,434	2,939	-	46,604
Other capital inflow on maturity	928,242	690,556	2,589,592	-	601,868	4,810,258
Total assets	\$ 73,209,445	54,559,083	103,524,267	72,922,364	7,365,132	311,580,291
Liabilities						
Deposits from the central bank and banks	\$ 4,509,766	2,248,789	771,036	-	-	7,529,591
Due to the central bank and banks	-	-	222,180	-	-	222,180
Deposits and remittances	42,049,959	14,603,627	20,940,976	9,924,352	-	87,518,914
Securities sold under repurchase agreements	8,053,978	-	45,548	-	-	8,099,526
Payables	1,755,749	680,519	2,389,592	537	-	4,826,397
Financial bonds payable	20,400	1,032,000	1,165,900	3,643,312	-	5,861,612
Deliverable derivatives liabilities	52,944,742	40,969,628	69,523,374	169,135	-	163,606,879
Non-deliverable derivatives liabilities	1,183	2,503	13,595	1,951	-	19,232
Other capital outflow on maturity	4,023,940	4,907,194	4,153,819	230,609	433	13,315,995
Total liabilities	\$ 113,359,717	64,444,260	99,226,020	13,969,896	433	291,000,326

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of CNY

	March 31, 2022					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
Assets						
Cash and due from / call loans to banks	\$ 3,248,458	66,258	-	-	7,991,493	11,306,209
Investments in marketable securities (Note)	2,015,574	1,192,103	9,626,233	53,752,504	3,488,238	70,074,652
Securities purchased under resell agreements	377,774	-	-	-	-	377,774
Loans (included overdue loans)	9,316,304	14,242,587	18,081,011	24,898,655	-	66,538,557
Deliverable derivative assets	42,664,763	26,778,429	48,621,050	-	-	118,064,242
Non-deliverable derivative assets	3,270	8,079	17,985	707	-	30,041
Other capital inflow on maturity	1,459,754	655,591	3,191,610	97,870	21,867	5,426,692
Total assets	\$ 59,085,897	42,943,047	79,537,889	78,749,736	11,501,598	271,818,167
Liabilities						
Deposits from the central bank and banks	\$ 6,177,538	1,985,293	191,523	-	-	8,354,354
Due to the central bank and banks	-	-	159,392	-	-	159,392
Deposits and remittances	39,705,719	18,477,719	18,256,228	16,692,285	-	93,131,951
Securities sold under repurchase agreements	5,266,998	-	45,018	-	-	5,312,016
Payables	556,354	641,031	2,981,572	98,403	-	4,277,360
Financial bonds payable	52,000	-	1,218,243	4,757,099	-	6,027,342
Deliverable derivatives liabilities	42,732,462	26,845,243	48,649,169	-	-	118,226,874
Non-deliverable derivatives liabilities	5,785	7,207	15,388	356	-	28,736
Other capital outflow on maturity	3,523,392	6,593,534	6,894,758	77,446	433	17,089,563
Total liabilities	\$ 98,020,248	54,550,027	78,411,291	21,625,589	433	252,607,588

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

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) The maturity analysis of derivatives assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 1,542,744	780,869	439,796	461,182	101,733	3,326,324
– Currency swap	170,024,883	187,908,027	135,004,847	118,595,872	8,593,053	620,126,682
– Cross currency swap	1,503,126	4,363,146	10,157,651	5,109,118	7,789,580	28,922,621
Subtotal	<u>173,070,753</u>	<u>193,052,042</u>	<u>145,602,294</u>	<u>124,166,172</u>	<u>16,484,366</u>	<u>652,375,627</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	481,834	-	-	-	-	481,834
– Interest rate derivative instruments – hedging	-	-	147	-	32,868	33,015
– Interest rate derivative instruments – non-hedging	4,905,318	-	-	-	-	4,905,318
– Equity derivative instruments	424,902	-	-	-	-	424,902
Subtotal	<u>5,812,054</u>	<u>-</u>	<u>147</u>	<u>-</u>	<u>32,868</u>	<u>5,845,069</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 2,761,749	1,643,875	53,952	-	-	4,459,576
– Currency swap	220,452,471	237,358,727	145,268,210	130,342,080	13,349,845	746,771,333
– Cross currency swap	1,972,540	4,310,475	16,841,621	3,529,815	1,057,915	27,712,366
Subtotal	<u>225,186,760</u>	<u>243,313,077</u>	<u>162,163,783</u>	<u>133,871,895</u>	<u>14,407,760</u>	<u>778,943,275</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	481,835	-	-	-	-	481,835
– Interest rate derivative instrument – hedging	-	-	-	-	990,743	990,743
– Interest rate derivative instruments – non-hedging	4,720,516	-	-	-	-	4,720,516
– Equity derivative instruments	428,201	-	-	-	-	428,201
Subtotal	<u>5,630,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>990,743</u>	<u>6,621,295</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 539,799	1,870,901	760,101	70,806	128,812	3,370,419
– Currency swap	183,405,049	233,445,878	106,363,880	75,568,963	7,324,453	606,108,223
– Cross currency swap	<u>1,208,275</u>	<u>16,890,389</u>	<u>4,988,610</u>	<u>14,201,874</u>	<u>8,045,400</u>	<u>45,334,548</u>
Subtotal	<u>185,153,123</u>	<u>252,207,168</u>	<u>112,112,591</u>	<u>89,841,643</u>	<u>15,498,665</u>	<u>654,813,190</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instruments – hedging	-	-	-	689	30,592	31,281
– Interest rate derivative instruments – non-hedging	4,623,963	-	-	-	-	4,623,963
– Equity derivative instruments	503,471	-	-	-	-	503,471
Subtotal	<u>5,578,874</u>	<u>-</u>	<u>-</u>	<u>689</u>	<u>30,592</u>	<u>5,610,155</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 2,276,650	3,768,387	56,118	-	-	6,101,155
– Currency swap	209,396,915	316,372,018	151,270,937	74,358,077	14,200,150	765,598,097
– Cross currency swap	<u>1,695,950</u>	<u>1,430,000</u>	<u>6,283,015</u>	<u>19,063,171</u>	<u>838,870</u>	<u>29,311,006</u>
Subtotal	<u>213,369,515</u>	<u>321,570,405</u>	<u>157,610,070</u>	<u>93,421,248</u>	<u>15,039,020</u>	<u>801,010,258</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instrument – hedging	-	-	-	-	835,925	835,925
– Interest rate derivative instruments – non-hedging	4,480,765	-	-	-	-	4,480,765
– Equity derivative instruments	505,972	-	-	-	-	505,972
Subtotal	<u>5,438,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,925</u>	<u>6,274,102</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

	March 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 1,499,395	632,993	1,874,977	129,245	-	4,136,610
– Currency swap	128,565,186	179,271,499	121,798,357	128,832,002	20,350,581	578,817,625
– Cross currency swap	<u>171,205</u>	<u>2,222,906</u>	<u>13,958,726</u>	<u>27,846,355</u>	<u>23,608,310</u>	<u>67,807,502</u>
Subtotal	<u>130,235,786</u>	<u>182,127,398</u>	<u>137,632,060</u>	<u>156,807,602</u>	<u>43,958,891</u>	<u>650,761,737</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	311,892	-	-	-	-	311,892
– Interest rate derivative instruments – hedging	-	4,708	-	-	23,395	28,103
– Interest rate derivative instruments – non-hedging	4,150,330	-	-	-	-	4,150,330
– Equity derivative instruments	491,403	-	-	-	-	491,403
Subtotal	<u>4,953,625</u>	<u>4,708</u>	<u>-</u>	<u>-</u>	<u>23,395</u>	<u>4,981,728</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 2,040,381	2,252,564	40,109	-	-	4,333,054
– Currency swap	204,206,250	182,828,885	231,485,080	147,097,772	31,945,434	797,563,421
– Cross currency swap	<u>2,571,300</u>	<u>3,282,500</u>	<u>3,821,650</u>	<u>13,273,610</u>	<u>26,185,056</u>	<u>49,134,116</u>
Subtotal	<u>208,817,931</u>	<u>188,363,949</u>	<u>235,346,839</u>	<u>160,371,382</u>	<u>58,130,490</u>	<u>851,030,591</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	311,892	-	-	-	-	311,892
– Interest rate derivative instruments – hedging	-	-	-	-	961,945	961,945
– Interest rate derivative instruments – non-hedging	4,334,852	-	-	-	-	4,334,852
– Equity derivative instruments	493,767	-	-	-	-	493,767
Subtotal	<u>5,140,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>961,945</u>	<u>6,102,456</u>

Note: The above amounts include only New Taiwan dollar amounts (exclude foreign currencies) held by headquarter and domestic branches of Taipei Fubon Bank.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v) The maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 450,423	124,098	37,384	39,441	-	651,346
– Currency swap	10,176,989	8,407,919	5,214,676	4,544,981	520,874	28,865,439
– Cross currency swap	70,000	155,000	603,000	125,000	35,000	988,000
Subtotal	<u>10,697,412</u>	<u>8,687,017</u>	<u>5,855,060</u>	<u>4,709,422</u>	<u>555,874</u>	<u>30,504,785</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	14,869	-	-	-	-	14,869
– Interest rate derivative instruments – hedging	5	97	75	1,985	219,474	221,636
– Interest rate derivative instruments – non-hedging	65,010	-	-	-	-	65,010
– Equity derivative instruments	163	-	-	-	-	163
– Commodity derivative instruments	76	-	-	-	-	76
Subtotal	<u>80,123</u>	<u>97</u>	<u>75</u>	<u>1,985</u>	<u>219,474</u>	<u>301,754</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 170,572	168,385	166,017	92,579	25,430	622,983
– Currency swap	6,965,899	6,616,154	4,717,773	4,078,340	318,525	22,696,691
– Cross currency swap	51,815	153,047	358,728	182,302	273,019	1,018,911
Subtotal	<u>7,188,286</u>	<u>6,937,586</u>	<u>5,242,518</u>	<u>4,353,221</u>	<u>616,974</u>	<u>24,338,585</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	21,258	-	-	-	-	21,258
– Interest rate derivative instruments – hedging	-	-	-	-	86,124	86,124
– Interest rate derivative instruments – non-hedging	19,623	-	-	-	-	19,623
– Equity derivative instruments	149	-	-	-	-	149
– Commodity derivative instruments	76	-	-	-	-	76
Subtotal	<u>41,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,124</u>	<u>127,230</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of USD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 357,432	203,387	13,636	38,093	-	612,548
– Currency swap	10,833,507	11,037,472	5,212,956	2,772,992	530,523	30,387,450
– Cross currency swap	60,000	50,000	225,000	683,000	30,000	1,048,000
Subtotal	<u>11,250,939</u>	<u>11,290,859</u>	<u>5,451,592</u>	<u>3,494,085</u>	<u>560,523</u>	<u>32,047,998</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	17,206	-	-	-	-	17,206
– Interest rate derivative instruments – hedging	-	123	360	345	256,758	257,586
– Interest rate derivative instruments – non-hedging	78,167	-	-	-	-	78,167
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>95,662</u>	<u>123</u>	<u>360</u>	<u>345</u>	<u>256,758</u>	<u>353,248</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 153,813	229,200	99,684	125,725	4,300	612,722
– Currency swap	7,598,802	8,016,842	3,585,510	2,634,015	278,526	22,113,695
– Cross currency swap	42,563	589,539	176,632	504,309	283,019	1,596,062
Subtotal	<u>7,795,178</u>	<u>8,835,581</u>	<u>3,861,826</u>	<u>3,264,049</u>	<u>565,845</u>	<u>24,322,479</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	21,111	-	-	-	-	21,111
– Interest rate derivative instruments – hedging	11	-	-	-	95,769	95,780
– Interest rate derivative instruments – non-hedging	12,089	-	-	-	-	12,089
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,769</u>	<u>129,269</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of USD

	March 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 397,514	331,141	100,578	43,791	-	873,024
– Currency swap	11,024,453	7,416,287	8,622,459	5,395,992	1,183,761	33,642,952
– Cross currency swap	90,000	110,000	130,000	464,000	938,000	1,732,000
Subtotal	<u>11,511,967</u>	<u>7,857,428</u>	<u>8,853,037</u>	<u>5,903,783</u>	<u>2,121,761</u>	<u>36,247,976</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	19,767	-	-	-	-	19,767
– Interest rate derivative instruments – hedging	-	-	-	266	84,207	84,473
– Interest rate derivative instruments – non-hedging	56,407	-	-	-	-	56,407
– Equity derivative instruments	195	-	-	-	-	195
– Commodity derivative instruments	298	-	-	-	-	298
Subtotal	<u>76,667</u>	<u>-</u>	<u>-</u>	<u>266</u>	<u>84,207</u>	<u>161,140</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 223,666	326,619	193,924	123,486	-	867,695
– Currency swap	5,789,485	7,455,847	4,728,897	4,703,707	756,259	23,434,195
– Cross currency swap	4,100	74,166	480,444	984,966	843,594	2,387,270
Subtotal	<u>6,017,251</u>	<u>7,856,632</u>	<u>5,403,265</u>	<u>5,812,159</u>	<u>1,599,853</u>	<u>26,689,160</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	21,436	-	-	-	-	21,436
– Interest rate derivative instruments – hedging	2	81	181	669	82,099	83,032
– Interest rate derivative instruments – non-hedging	50,407	-	-	-	-	50,407
– Equity derivative instruments	191	-	-	-	-	191
– Commodity derivative instruments	298	-	-	-	-	298
Subtotal	<u>72,334</u>	<u>81</u>	<u>181</u>	<u>669</u>	<u>82,099</u>	<u>155,364</u>

Note: The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

vi) The maturity analysis of derivative assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	March 31, 2023				
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Assets					
Deliverable derivative assets					
– Forward contracts	\$ 751,218	390,984	219,320	-	1,361,522
– Currency swap	<u>68,646,812</u>	<u>34,885,348</u>	<u>82,546,615</u>	<u>375,732</u>	<u>186,454,507</u>
Subtotal	<u>69,398,030</u>	<u>35,276,332</u>	<u>82,765,935</u>	<u>375,732</u>	<u>187,816,029</u>
Non-deliverable derivative assets					
– Interest rate derivative instruments – non-hedging	1,586	6,224	7,839	4,113	19,762
– Option contracts	-	-	<u>30,343</u>	-	<u>30,343</u>
Subtotal	<u>1,586</u>	<u>6,224</u>	<u>38,182</u>	<u>4,113</u>	<u>50,105</u>
Liabilities					
Deliverable derivative liabilities					
– Forward contracts	\$ 782,023	401,884	223,345	-	1,407,252
– Currency swap	<u>68,303,804</u>	<u>34,842,772</u>	<u>82,497,075</u>	<u>375,277</u>	<u>186,018,928</u>
Subtotal	<u>69,085,827</u>	<u>35,244,656</u>	<u>82,720,420</u>	<u>375,277</u>	<u>187,426,180</u>
Non-deliverable derivative liabilities					
– Interest rate derivative instruments – non-hedging	341	327	4,256	2,886	7,810
– Option contracts	-	<u>86</u>	<u>2,905</u>	-	<u>2,991</u>
Subtotal	<u>341</u>	<u>413</u>	<u>7,161</u>	<u>2,886</u>	<u>10,801</u>

Units: In thousands of CNY

	December 31, 2022				
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Asset					
Deliverable derivatives assets					
– Forward contracts	\$ 525,225	671,610	758,194	-	1,955,029
– Currency swap	<u>52,734,092</u>	<u>40,483,511</u>	<u>69,153,475</u>	<u>169,242</u>	<u>162,540,320</u>
Subtotal	<u>53,259,317</u>	<u>41,155,121</u>	<u>69,911,669</u>	<u>169,242</u>	<u>164,495,349</u>
Non-deliverable derivatives assets					
– Interest rate derivatives instruments – non-hedging	2,751	3,734	8,796	2,939	18,220
– Option contracts	322	424	27,638	-	28,384
Subtotal	<u>3,073</u>	<u>4,158</u>	<u>36,434</u>	<u>2,939</u>	<u>46,604</u>
Liabilities					
Deliverable derivatives liabilities					
– Forward contracts	\$ 533,671	697,236	800,570	-	2,031,477
– Currency swap	<u>52,411,071</u>	<u>40,272,392</u>	<u>68,722,804</u>	<u>169,135</u>	<u>161,575,402</u>
Subtotal	<u>52,944,742</u>	<u>40,969,628</u>	<u>69,523,374</u>	<u>169,135</u>	<u>163,606,879</u>
Non-deliverable derivatives liabilities					
– Interest rate derivatives instruments – non-hedging	1,068	2,082	9,810	1,951	14,911
– Option contracts	<u>115</u>	<u>421</u>	<u>3,785</u>	-	<u>4,321</u>
Subtotal	<u>1,183</u>	<u>2,503</u>	<u>13,595</u>	<u>1,951</u>	<u>19,232</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of CNY

	March 31, 2022				
	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Assets					
Deliverable derivative assets					
– Forward contracts	\$ 1,571,591	485,916	1,214,811	-	3,272,318
– Currency swap	41,093,172	26,292,513	47,406,239	-	114,791,924
Subtotal	42,664,763	26,778,429	48,621,050	-	118,064,242
Non-deliverable derivative assets					
– Interest rate derivative instruments – non-hedging	2,962	7,533	17,035	707	28,237
– Option contracts	308	546	950	-	1,804
Subtotal	3,270	8,079	17,985	707	30,041
Liabilities					
Deliverable derivative liabilities					
– Forward contracts	\$ 1,561,550	483,455	1,204,711	-	3,249,716
– Currency swap	41,170,912	26,361,788	47,444,458	-	114,977,158
Subtotal	42,732,462	26,845,243	48,649,169	-	118,226,874
Non-deliverable derivative liabilities					
– Interest rate derivative instruments – non-hedging	6,550	7,207	16,338	356	30,451
– Option contracts	765	-	950	-	1,715
Subtotal	7,315	7,207	17,288	356	32,166

vii) The 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 are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

March 31, 2023	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 111,051,209	-	-	-	-	111,051,209
Standby letters of credit	2,118,537	3,836,553	1,604,194	661,064	1,185	8,221,533
Financial guarantees	20,842,973	2,753,900	253,681	179,137	3,055,787	27,085,478
Total	\$ 134,012,719	6,590,453	1,857,875	840,201	3,056,972	146,358,220

Units: In thousands of TWD

December 31, 2022	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 113,406,036	-	-	-	-	113,406,036
Standby letters of credit	2,652,896	2,974,661	1,394,865	445,548	21,405	7,489,375
Financial guarantees	20,195,338	474,500	157,000	253,681	3,254,731	24,335,250
Total	\$ 136,254,270	3,449,161	1,551,865	699,229	3,276,136	145,230,661

Units: In thousands of TWD

March 31, 2022	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 250,985,346	-	-	-	-	250,985,346
Standby letters of credit	11,414,175	-	-	-	-	11,414,175
Financial guarantees	16,725,764	2,793,000	-	-	2,784,480	22,303,244
Total	\$ 279,125,285	2,793,000	-	-	2,784,480	284,702,765

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Fubon Bank (China)

Units: In thousands of CNY

March 31, 2023	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 22,347	136,019	431,083	45,277	634,726
Standby letters of credit	4,426	51,767	20,950	-	77,143
Financial guarantees	14,145	124,113	365,720	25,868	529,846
Total	\$ 40,918	311,899	817,753	71,145	1,241,715

Units: In thousands of CNY

December 31, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 98,035	78,608	380,935	179,279	736,857
Standby letters of credit	-	9,840	-	-	9,840
Financial guarantees	32,977	31,430	350,975	94,839	510,221
Total	\$ 131,012	119,878	731,910	274,118	1,256,918

Units: In thousands of CNY

March 31, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 121,640	65,000	456,926	90,236	733,802
Standby letters of credit	12,416	7,766	-	-	20,182
Financial guarantees	41,651	122,875	178,127	88,321	430,974
Total	\$ 175,707	195,641	635,053	178,557	1,184,958

2) Fubon Life Insurance and its subsidiaries

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that Fubon Life Insurance does not possess sufficient cash and is not able to raise funds in time and finally failed to fulfill the obligation (debt repayment). Market liquidity risk refers to the risk that Fubon Life Insurance is not able to settle or offset current position with reasonable market price due to the shallow market depth or market disorder or the oversized possession of the investment position and finally Fubon Life Insurance may suffer from losses.

In terms of capital liquidity risk, Fubon Life Insurance and its subsidiaries manage it in two aspects, short term and mid-to-long term. In addition to setting indicators for short-term liquidity risk management, the relevant business departments have established a real-time cash reporting mechanism and use appropriate currency market instruments for the daily capital movement. Besides, mid- and long-term liquidity management targets are set and reviewed regularly through the Asset and Liability Management Committee, and cash flow analysis models are used to monitor the asset-liability alignment to plan for risk reduction.

Regarding market liquidity risk, the risk management department of Fubon Life Insurance and its subsidiaries established a monitoring mechanism for the concentration of stock and the overall liquidity of investment positions in accordance with the internal management policies and relevant regulations, and the investment department assesses market liquidity risk before trading to avoid market liquidity risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In addition, Fubon Life Insurance and its subsidiaries establish complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

Fubon Life Insurance and its subsidiaries possess sufficient operating funds, including cash and cash equivalent and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of Fubon Life Insurance and its subsidiaries is extremely low. In addition, the derivative financial instruments Fubon Life Insurance and its subsidiaries engage in, such as delivery forward exchange contracts and foreign exchange swaps, are all of highly liquid currencies. The possibility that they are not able to be sold at reasonable prices in the market is minimum, and therefore the market liquidity risk is low. Furthermore, forward exchange contracts and foreign exchange swaps, which matured are mostly rolled forward and the capital to pay for the settlements is sufficient. Thus, the capital liquidity risk is insignificant.

The maturity structure of the non-derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

March 31, 2023					
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Accounts payable	\$ 35,911,933	242,142	-	-	36,154,075
Short-term liabilities	8,173,200	-	-	-	8,173,200
Bonds payables (Note)	3,926,776	5,007,822	38,586,993	38,880,825	86,402,416
Total	\$ 48,011,909	5,249,964	38,586,993	38,880,825	130,729,691

December 31, 2022					
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Accounts payable	\$ 61,814,967	256,964	-	-	62,071,931
Short-term liabilities	12,217,500	-	-	-	12,217,500
Bonds payables (Note)	4,243,366	5,067,478	38,927,930	39,757,754	87,996,528
Total	\$ 78,275,833	5,324,442	38,927,930	39,757,754	162,285,959

March 31, 2022					
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Accounts payable	\$ 46,587,885	225,645	-	-	46,813,530
Short-term liabilities	3,927,712	5,909,058	32,670,362	40,017,058	82,524,190
Total	\$ 50,515,597	6,134,703	32,670,362	40,017,058	129,337,720

Note: The disclosed amounts include estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, the bonds payable has no maturity date, the contractual cash flows are calculated based on a remaining maturity of 10 years.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The maturity structure of the derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

	March 31, 2023				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities measured at fair value through profit or loss	\$ 18,194,714	38,038	-	-	18,232,752
Financial liabilities for hedging	3,404,098	281,009	-	-	3,685,107
Total	<u>\$ 21,598,812</u>	<u>319,047</u>	<u>-</u>	<u>-</u>	<u>21,917,859</u>
	December 31, 2022				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities measured at fair value through profit or loss	\$ 29,234,427	-	-	-	29,234,427
Financial liabilities for hedging	3,790,282	164,170	-	-	3,954,452
Total	<u>\$ 33,024,709</u>	<u>164,170</u>	<u>-</u>	<u>-</u>	<u>33,188,879</u>
	March 31, 2022				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Financial liabilities measured at fair value through profit or loss	\$ 26,464,706	1,564,795	-	-	28,029,501
Financial liabilities for hedging	2,137,055	1,049,187	-	-	3,186,242
Total	<u>\$ 28,601,761</u>	<u>2,613,982</u>	<u>-</u>	<u>-</u>	<u>31,215,743</u>

3) Fubon Insurance and its subsidiaries

Liquidity risks are divided into “funding liquidity risk” and “market liquidity risk.” Fubon Insurance and its subsidiaries monitor liquidity risks in compliance with their risk management rules. Funding liquidity risk is the risk that the entity cannot provide sufficient funding to meet the needs for the growth of asset level and the settlement of the obligation of matured liabilities, which caused late-payment to counterparties or called for an emergency fund raising requirement to cover the funding gaps. Market liquidity risk is the loss incurred as a market participant unable to easily exit a position on a prevailing market price or to liquidate a position immediately while not hitting the best price due to insufficiency of market depth or market transparency, or market failure.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

a) Management process of liquidity risk

i) Risk identification

To achieve liquidity risk management goal, Fubon Insurance and its subsidiaries identify potential liquidity risk factors encountered during operation process. Those risk factors are such as funding liquidity risk factors, market liquidity risk factors and characteristics of products being traded.

ii) Risk measurement

Fubon Insurance and its subsidiaries measure the possibility of occurrence and the degree of negative impact of risk events and risk factors by qualitative or quantitative method, and compare these influences with risk limits set by the management which is used as a basis for the setting of the priority in risk control and the response measures subsequently.

iii) Risk monitoring

Fubon Insurance and its subsidiaries establish liquidity risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limits are breached. Fubon Insurance and its subsidiaries have established proper monitor frequency and hierarchical reporting mechanism to deal with whenever there is any abnormal situation occurred or deficiency identified. A specific reporting procedure would be followed to ensure the timely response to significant liquidity risk.

iv) Risk responding

As liquidity risk occurs, the head of any related unit being impacted or relevant unit with the authority to deal with the event would respond to the event immediately, and report to risk management and related departments in accordance with the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the event, and develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- b) Liquidity risk management mechanism
- i) Management strategies of funding liquidity risk in operation and investment are as follows: ensuring balance of capital inflow and outflow, examining and predicting capital demand at present and in the future in accordance with strategies of operational management and investment activities, establishing critical indicators of funding liquidity risk, and making appropriate adjustment with business strategy and market condition.

Fubon Insurance and its subsidiaries manage the liquidity risk efficiently in two aspects, short-term and medium-long term. Besides setting the percentage of liquid assets in total assets and the net everyday cash flow as standards of measurement and control, Fubon Insurance and its subsidiaries have already established the immediate cash-using information system, using proper market monetary instruments or foreign exchange instruments to allocate daily cash. Medium-long term liquidity management decreases related risk through annual reviewing on the assessment report of using assets and liabilities and applying the model of cash flow analysis to monitor the using of assets and liabilities.

- ii) Market liquidity risk management mainly considers the proportionality of trade volumes and holding position. Fubon Insurance and its subsidiaries set up key indicators of market liquidity risk management in accordance with the market size, depth, dimension and liquidity of each product, as well as with the operation strategy and target budget. In order to avoid market liquidity risk, Fubon Insurance and its subsidiaries establish control mechanism to concentrate for daily transactions and investment position limits.
- iii) Fubon Insurance and its subsidiaries establish complete risk management system to deal with the mass demand of cash in abnormal or urgent condition. To monitor daily net cash flow, Fubon Insurance and its subsidiaries have established immediate cash flow estimation system and preserved proper amount of equivalent cash for future response. Financial department and accounting office provide risk management department with the condition of cash liquidity monthly, while risk management department also regularly reviews the limitation of market liquidity risk and it should inform the Risk Management Committee with the indicators of the market liquidity risk and the management of the limitation. If the management indicator approaches the limitation, it should enhance the intention of the capital variation.

Fubon Insurance and its subsidiaries possess sufficient operating capital, government bonds and other securities to satisfy the capital demand in investment, pay liabilities matured and execute contracts' obligation. Therefore, the liquidity risk is low and in compliance with rules.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) The maturity analyses of financial assets and liabilities are as follows:

		March 31, 2023							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 752,490	550,024	1,579,278	942,396	1,487,569	2,948,874	2,565,997	10,826,628
	Financial assets measured at amortized cost	-	-	-	-	95,419	1,462,501	-	1,557,920
		<u>\$ 752,490</u>	<u>550,024</u>	<u>1,579,278</u>	<u>942,396</u>	<u>1,582,988</u>	<u>4,411,375</u>	<u>2,565,997</u>	<u>12,384,548</u>
The maturity analysis of financial liabilities									
	Short-term liabilities	<u>\$ 29,707,977</u>	-	-	-	-	-	-	<u>29,707,977</u>
		December 31, 2022							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 603,107	699,839	1,846,080	1,207,446	1,457,389	2,849,539	2,488,231	11,151,631
	Financial assets measured at amortized cost	-	-	-	-	99,078	1,461,879	-	1,560,957
		<u>\$ 603,107</u>	<u>699,839</u>	<u>1,846,080</u>	<u>1,207,446</u>	<u>1,556,467</u>	<u>4,311,418</u>	<u>2,488,231</u>	<u>12,712,588</u>
The maturity analysis of financial liabilities									
	Bank loans	<u>\$ 9,780,000</u>	-	-	-	-	-	-	<u>9,780,000</u>
		March 31, 2022							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 1,680,209	2,285,123	3,963,279	4,408,181	2,693,971	5,370,952	3,118,870	23,520,585
	Financial assets measured at amortized cost	-	-	-	-	104,394	1,328,066	-	1,432,460
		<u>\$ 1,680,209</u>	<u>2,285,123</u>	<u>3,963,279</u>	<u>4,408,181</u>	<u>2,798,365</u>	<u>6,699,018</u>	<u>3,118,870</u>	<u>24,953,045</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) The maturity analyses of derivative financial assets and liabilities

All of the forward rate contracts and swap contracts are not held for trading, but mainly for avoiding the foreign exchange rate risk generated from the foreign investment capital. Being high liquidity monetary, whose probability of being unable to sale in the market is extremely small, the liquidity risk of the currency held is low. Matured forward rate contracts and swap contracts almost will be continued and there is enough capital for settlement. Therefore, the liquidity risk of the capital is low. The maturity analysis of derivative financial instruments is as follows:

		March 31, 2023				
		Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	No maturity date
		Total				
Maturity analysis of financial assets	\$	<u>8,083</u>	-	-	-	-
Maturity analysis of financial liabilities	\$	<u>35,741</u>	-	-	-	-
						<u>8,083</u>
						<u>35,741</u>
		December 31, 2022				
		Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	No maturity date
		Total				
Maturity analysis of financial assets	\$	<u>68,226</u>	-	-	-	-
Maturity analysis of financial liabilities	\$	<u>106,214</u>	-	-	-	-
						<u>68,226</u>
						<u>106,214</u>
		March 31, 2022				
		Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	No maturity date
		Total				
Maturity analysis of financial assets	\$	<u>2,644</u>	-	-	-	-
Maturity analysis of financial liabilities	\$	<u>391,011</u>	-	-	-	-
						<u>2,644</u>
						<u>391,011</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Fubon Securities and its subsidiaries

Liquidity risk is the risk that Fubon Securities and its subsidiaries cannot provide sufficient funding for asset size growth or matured liabilities, do not have sufficient cash to meet obligations to counterparties, or cannot raise emergency funding to cover funding gaps.

a) Capital liquidity risk measurement analysis

<u>Financial assets</u>	<u>March 31, 2023</u>					
	<u>Cash flow gap</u>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Cash and cash equivalents	\$ 12,582,359	16,123,168	223,900	595,420	-	29,524,847
Customer margin account	22,087,443	-	-	-	-	22,087,443
Financial assets mandatorily measured at fair value through profit or loss — current	22,217,985	-	-	-	2,302,046	24,520,031
Open-end funds, money market instruments and other securities	261,137	-	-	-	-	261,137
Operating securities	20,301,152	-	-	-	1,929,576	22,230,728
Derivatives — OTC	602,324	-	-	-	-	602,324
Derivatives — Futures trading margin	559,305	-	-	-	-	559,305
Foreign exchange derivatives	14,553	-	-	-	-	14,553
Other debt securities	-	-	-	-	372,470	372,470
Call option — Futures	2,703	-	-	-	-	2,703
Securities invested by brokers	476,811	-	-	-	-	476,811
Financial assets measured at fair value through other comprehensive income — current and non-current	-	-	-	5,291,195	7,851,482	13,142,677
Receivables from pecuniary finance	9,754,242	1,308,496	475,817	356,862	-	11,895,417
Collateral for borrowed securities	6,935	-	-	-	-	6,935
Margin deposits for borrowed securities	4,913,702	-	-	-	-	4,913,702
Accounts receivables(including related party)	16,875,242	24,857	15,246	6,711	-	16,922,056
Total	<u>\$ 88,437,908</u>	<u>17,456,521</u>	<u>714,963</u>	<u>6,250,188</u>	<u>10,153,528</u>	<u>123,013,108</u>
Proportion of the total	<u>71.90 %</u>	<u>14.19 %</u>	<u>0.58 %</u>	<u>5.08 %</u>	<u>8.25 %</u>	<u>100.00 %</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financial liabilities	March 31, 2023					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Short-term borrowings	\$ 404,309	-	-	-	-	404,309
Commercial papers issued	15,788,909	-	-	-	-	15,788,909
Held-for-trading financial liabilities — current	9,957,415	-	-	-	-	9,957,415
Call (put) warrants	171,605	-	-	-	-	171,605
Derivatives—OTC	6,121,726	-	-	-	-	6,121,726
Liabilities in sale of borrowed securities	3,515,536	-	-	-	-	3,515,536
Replenishable bond	148,548	-	-	-	-	148,548
Financial liabilities designated as at fair value through profit or loss	2,590,958	-	-	-	-	2,590,958
Securities sold under repurchase agreements	5,405,969	-	-	-	-	5,405,969
Securities financing refundable deposits	1,182,306	158,602	57,674	43,255	-	1,441,837
Deposits payable for securities financing	1,239,731	166,305	60,475	45,356	-	1,511,867
Securities lending refundable deposits	26,565,354	-	-	-	-	26,565,354
Futures customers' equity	22,087,443	-	-	-	-	22,087,443
Accounts payable(including related party)	16,117,953	46	17	13	-	16,118,029
Lease liabilities—current and non-current (Note)	16,184	30,624	41,440	66,874	175,086	330,208
Receipts under custody	1,705,675	230	-	-	-	1,705,905
Total	\$ 103,062,206	355,807	159,606	155,498	175,086	103,908,203
Proportion of the total	99.19 %	0.34 %	0.15 %	0.15 %	0.17 %	100.00 %
Cash inflow	88,437,908	17,456,521	714,963	6,250,188	10,153,528	123,013,108
Cash outflow	103,062,206	355,807	159,606	155,498	175,086	103,908,203
Net cash flow	(14,624,298)	17,100,714	555,357	6,094,690	9,978,442	19,104,905

Note: The disclosed amounts include estimated interests.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Financial assets</u>	December 31, 2022					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Cash and cash equivalents	\$ 22,447,195	10,227,763	80,700	508,810	20,000	33,284,468
Customer margin account	22,455,436	-	-	-	-	22,455,436
Financial assets mandatorily measured at fair value through profit or loss – current	18,399,583	-	-	-	6,046,109	24,445,692
Open-end funds, money market instruments and other securities	246,005	-	-	-	-	246,005
Operating securities	16,659,346	-	-	-	5,669,105	22,328,451
Derivatives – OTC	570,586	-	-	-	-	570,586
Derivatives – Futures trading margin	395,621	-	-	-	-	395,621
Other debt securities	-	-	-	-	377,004	377,004
Call option – Futures	6	-	-	-	-	6
Securities invested by brokers	521,313	-	-	-	-	521,313
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Financial assets measured at fair value through other comprehensive income – current and non-current	-	-	-	4,052,597	7,749,003	11,801,600
Receivables from pecuniary finance	9,085,634	1,218,805	443,202	332,401	-	11,080,042
Collateral for borrowed securities	66,922	-	-	-	-	66,922
Margin deposits for borrowed securities	4,849,541	-	-	-	-	4,849,541
Accounts receivables(including related party)	10,503,024	29,693	17,126	7,934	-	10,557,777
Total	\$ 87,807,335	11,476,261	541,028	4,901,742	13,815,112	118,541,478
Proportion of the total	<u>74.07 %</u>	<u>9.68 %</u>	<u>0.46 %</u>	<u>4.14 %</u>	<u>11.65 %</u>	<u>100.00 %</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financial liabilities	December 31, 2022					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Short-term borrowings	\$ 130,000	60,000	-	-	-	190,000
Commercial papers issued	1,799,554	5,589,825	-	-	-	7,389,379
Held-for-trading financial liabilities – current	9,188,964	-	-	-	-	9,188,964
Call (put) warrants	193,965	-	-	-	-	193,965
Derivatives – OTC	5,557,330	-	-	-	-	5,557,330
Liabilities in sale of borrowed securities	3,437,627	-	-	-	-	3,437,627
Put option – Futures	42	-	-	-	-	42
Financial liabilities designated as at fair value through profit or loss	922,636	-	-	-	-	922,636
Securities sold under repurchase agreements	9,203,271	-	-	-	-	9,203,271
Securities financing refundable deposits	3,088,422	414,300	150,655	112,991	-	3,766,368
Deposits payable for securities financing	2,758,019	369,978	134,538	100,903	-	3,363,438
Securities lending refundable deposits	30,514,817	-	-	-	-	30,514,817
Futures customers' equity	22,455,436	-	-	-	-	22,455,436
Accounts payable(including related party)	9,949,135	123	45	33	-	9,949,336
Lease liabilities – current and non-current (Note)	16,727	33,152	44,037	71,697	190,163	355,776
Receipts under custody	2,216,837	197	-	-	-	2,217,034
Total	\$ 92,243,818	6,467,575	329,275	285,624	190,163	99,516,455
Proportion of the total	92.69 %	6.50 %	0.33 %	0.29 %	0.19 %	100.00 %
Cash inflow	87,807,335	11,476,261	541,028	4,901,742	13,815,112	118,541,478
Cash outflow	92,243,818	6,467,575	329,275	285,624	190,163	99,516,455
Net cash flow	(4,436,483)	5,008,686	211,753	4,616,118	13,624,949	19,025,023

Note: The disclosed amounts include estimated interests.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financial assets	March 31, 2022					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Cash and cash equivalents	\$ 12,908,121	3,393,615	6,047,694	426,920	-	22,776,350
Customer margin account	24,654,871	-	-	-	-	24,654,871
Financial assets mandatorily measured at fair value through profit or loss – current	19,928,939	-	-	-	6,519,398	26,448,337
Open-end funds, money market instruments and other securities	375,763	-	-	-	-	375,763
Operating securities	17,880,042	-	-	-	6,087,037	23,967,079
Derivatives – OTC	629,819	-	-	-	-	629,819
Derivatives – Futures trading margin	549,283	-	-	-	-	549,283
Foreign exchange derivatives	4,288	-	-	-	-	4,288
Other debt securities	-	-	-	-	432,361	432,361
Call option – Futures	8,537	-	-	-	-	8,537
Securities invested by brokers	481,207	-	-	-	-	481,207
Financial assets measured at fair value through other comprehensive income – current and non-current	-	-	-	9,841,677	12,409,113	22,250,790
Bond purchased under resell agreement	3,714,891	-	-	-	-	3,714,891
Receivables from pecuniary finance	15,412,400	1,401,127	525,423	175,141	-	17,514,091
Collateral for borrowed securities	8,935	-	-	-	-	8,935
Margin deposits for borrowed securities	4,403,485	-	-	-	-	4,403,485
Accounts receivables(including related party)	24,166,739	29,753	18,048	3,603	-	24,218,143
Total	<u>\$ 105,198,381</u>	<u>4,824,495</u>	<u>6,591,165</u>	<u>10,447,341</u>	<u>18,928,511</u>	<u>145,989,893</u>
Proportion of the total	<u>72.06 %</u>	<u>3.30 %</u>	<u>4.51 %</u>	<u>7.16 %</u>	<u>12.97 %</u>	<u>100.00 %</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Financial liabilities	March 31, 2022					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Short-term borrowings	\$ 1,181,749	-	-	-	-	1,181,749
Commercial papers issued	13,995,088	-	-	-	-	13,995,088
Held-for-trading financial liabilities – current	18,059,460	-	-	-	-	18,059,460
Call (put) warrants	236,275	-	-	-	-	236,275
Derivatives – OTC	6,366,928	-	-	-	-	6,366,928
Liabilities in sale of borrowed securities	5,661,147	-	-	-	-	5,661,147
Bonds purchased under resell agreement – Borrowed securities	3,672,298	-	-	-	-	3,672,298
Replenishable bond	2,120,556	-	-	-	-	2,120,556
Put option – Futures	1,742	-	-	-	-	1,742
Equity derivative instruments	514	-	-	-	-	514
Financial liabilities designated as at fair value through profit or loss	2,694,410	-	-	-	-	2,694,410
Securities sold under repurchase agreements	14,658,939	-	-	-	-	14,658,939
Securities financing refundable deposits	1,118,657	101,696	38,136	12,712	-	1,271,201
Deposits payable for securities financing	1,225,816	111,438	41,789	13,930	-	1,392,973
Securities lending refundable deposits	18,935,529	-	-	-	-	18,935,529
Futures customers' equity	24,654,871	-	-	-	-	24,654,871
Accounts payable (including related party)	21,182,505	103	39	13	-	21,182,660
Lease liabilities – current and non-current (Note)	15,453	29,077	42,393	75,712	145,440	308,075
Receipts under custody	3,647,244	230	-	-	-	3,647,474
Total	\$ 121,369,721	242,544	122,357	102,367	145,440	121,982,429
Proportion of the total	<u>99.50 %</u>	<u>0.20 %</u>	<u>0.10 %</u>	<u>0.08 %</u>	<u>0.12 %</u>	<u>100.00 %</u>
Cash inflow	105,198,381	4,824,495	6,591,165	10,447,341	18,928,511	145,989,893
Cash outflow	121,369,721	242,544	122,357	102,367	145,440	121,982,429
Net cash flow	(16,171,340)	4,581,951	6,468,808	10,344,974	18,783,071	24,007,464

Note: The disclosed amounts include estimated interests.

As of the reporting date, the cash flows of Fubon Securities and its subsidiaries have shown an increase in net cash inflow in most of the periods. Fubon Securities and its subsidiaries maintained great net cash inflow to accumulated capital deficit for a long-term period which shows Fubon Securities and its subsidiaries could sustain adequate quality of capital volatility.

b) Capital liquidity risk management

In order to allocate capital effectively, Fubon Securities and its subsidiaries utilize liquidity risk management mechanisms to evaluate and monitor short-term cash flow requirements for various types of business, and consider local short-term, cross-border, or cross-market demand for capital.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Financial Department provides capital requirement evaluating information to the Risk Management Department, and the Risk Management Department provides a capital deficit analysis stress test evaluation report to the Financial Department every six months to evaluate Fubon Securities and its subsidiaries' related action taken while facing periods of high market volatility. If a stressful situation occurs, the department reports the result to the management and performs the following procedures to prevent the occurrence of a stressful event when necessary.

In order to increase liquidity reserve, Fubon Securities and its subsidiaries sell the low-risk assets of dealing positions from trading departments. Fubon Securities and its subsidiaries dispose of high-liquidity stocks, government bonds, and other securities in order to respond to adverse shocks affecting the market. Fubon Securities and its subsidiaries also use secured loan credit lines and long-term financing credit lines from banks and bills corporations to implement Fubon Securities and its subsidiaries' capital allocation emergency response plan.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) Management strategy and principles

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes Fubon Bank (Hong Kong) and its subsidiaries' ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity maintenance ratio, and to make new loans and investments as opportunities arise.

Fubon Bank (Hong Kong) and its subsidiaries have a Liquidity Risk Management Policy which covers Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy, a mechanism to identify, measure, monitor and control liquidity risks, and also Fubon Bank (Hong Kong) and its subsidiaries' contingency funding plan. A Liquidity Risk Management Guideline covers risk measurement, risk reporting and operational requirements in implementing Fubon Bank (Hong Kong) and its subsidiaries' liquidity management strategy. The policy and guideline are both reviewed by the Asset and Liability Committee ("ALCO"). The policy and guideline are approved by Risk Committee of the Board ("RCB") and the ALCO respectively.

RCB reviews and approves Fubon Bank (Hong Kong) and its subsidiaries' risk appetite statement at least annually. Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy is to maintain a healthy liquidity position with adequate stock of liquid assets, well-diversified funding structure relying on a broad customer deposit portfolio with prudent loan-to-deposit ratio and money market funding ratio to support Fubon Bank (Hong Kong) and its subsidiaries' liquidity needs under both normal and stressed conditions.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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It is the responsibility of management to ensure compliance with local regulatory requirements and limits set by RCB. Liquidity is managed on a daily basis by Funding Desk unit. The Funding Desk unit is responsible for ensuring that Fubon Bank (Hong Kong) and its subsidiaries have adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to minimize price and reinvestment rate risk in the case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

Compliance with liquidity and funding requirements is monitored by the ALCO and is reported to the RCB on a regular basis. This process includes:

- i) maintaining balances within relevant regulatory requirements;
- ii) predicting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- iii) maintaining adequate intraday liquidity position and assessing how the intraday liquidity profile will change in conditions of stress.
- iv) monitoring balance sheet liquidity and loan to deposit ratios against internal requirements;
- v) maintaining diversified sources of liquidity with adequate back-up facilities;
- vi) managing the concentration and profile of debt maturities;
- vii) managing lending commitment to customers within pre-determined management alert triggers;
- viii) managing debt financing plans;
- ix) monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix;
- x) setting up funding contingency plans, which identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systematic or other crises, while minimizing adverse long-term implications for the business; and
- xi) managing liquidity on a legal entity and on a group basis. Intragroup funding transactions are carried out at arm's length and treated in the same way as transactions with non-related third parties and controlled within pre-determined management alert triggers.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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b) Qualitative explanation

i) The management of funding and liquidity risk

As part of its liquidity risk management, Fubon Bank (Hong Kong) and its subsidiaries focus on a number of components, including maintaining sufficient liquid assets, maintaining diversified sources of liquidity, reserving necessary funding capacity and contingent planning. Fubon Bank (Hong Kong) and its subsidiaries manage liquidity risk by holding sufficient liquid assets (e.g. cash and short-term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudential level. Debt securities held are marked to the market on daily basis to ensure their market liquidity. Fubon Bank (Hong Kong) and its subsidiaries also adopt a funding strategy that is to achieve diversification of funding by controlling the concentration of top deposits, wholesale funding and reliance of foreign exchange swap markets. Moreover, adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

In addition to observing the statutory liquidity ratio, Fubon Bank (Hong Kong) and its subsidiaries have established different liquidity risk metrics, including but not limited to the liquidity maintenance ratio, loan-to-deposit ratio, cumulative cash flow gap and concentration of funding sources to measure and analyze its liquidity risks. Financial Management Division is responsible for measurement and monitoring of these liquidity metrics and reporting to the ALCO regularly.

Fubon Bank (Hong Kong) and its subsidiaries applied the following different risks indicators to assess and monitor the balance sheet structure and concentration of funding sources at intervals throughout the year 2022:

- The loan-to-deposit ratio of all currencies remained below 80%, and each individual major loan did not exceed its relevant management alert triggers;
- Core funding ratio remained above 125%;
- Irrevocable and unfulfilled loan commitments (in terms of liquidity maintenance ratio) maintained at not more than HKD 9 billion;
- the concentration of single depositor maintained at less than 5% of total customer deposits;
- The concentration of the first ten depositors maintained at less than 20% of total customer deposits;
- The deposit concentration of financial organizations usually maintained at less than 15% of the total customer deposits;

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- the ratio of swap fund (a measure of reliance on foreign exchange and/or currency swap markets) maintained at less than 15%;
- the wholesale fund remained at less than 20% of total fund;
- Certificates of deposit and other issued debt securities shall not exceed 10% of the total customer deposits (including certificates of deposit and other issued debt securities); and
- Group's internal funds shall maintain at a low level of not more than USD \$53,000 thousand.

ii) Core deposits

Fubon Bank (Hong Kong) and its subsidiaries monitor the stability of customer deposits by means of the core deposit ratio, which is the ratio of core deposits to total customer deposits. Fubon Bank (Hong Kong) and its subsidiaries categorize customer deposits into core deposits after taking into consideration of nature of deposits, relationship history with customers and stability of customer's total balance. An alert trigger level is set on the core deposits ratio which is monitored by the ALCO. In 2022, the core deposit ratio maintained above 25%.

iii) Loan to deposit ratio

Fubon Bank (Hong Kong) and its subsidiaries emphasize the importance of customer deposits as a source of funds to finance lending to customers, and mitigate against reliance on short-term interbank funding. A limit on the loan to deposit ratio is established and approved by the RCB and monitored by the ALCO.

iv) Cash flow forecasting and stress testing

Fubon Bank (Hong Kong) and its subsidiaries conduct cash flow analysis and cash flow forecasting arising from on-and off-balance sheet items over a set of time horizons on a regular basis to identify funding needs in specific time buckets. Fubon Bank (Hong Kong) and its subsidiaries also regularly perform stress tests on its liquidity position to ensure that proper liquidity is maintained. In the stress test, both on-and off-balance sheet items with a cash flow impact are considered, with applicable hypothetical and historical assumptions. Three stressed scenarios, namely an institution-specific crisis scenario, a general market crisis scenario, and a combined scenario are adopted with minimum survival period defined pursuant to HKMA's Supervisory Policy Manual guideline "Sound Systems and Controls for Liquidity Risk Management". Stress testing assumptions are reviewed and approved by the ALCO regularly to ensure their continued appropriateness.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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v) Liquidity Cushion

Fubon Bank (Hong Kong) and its subsidiaries maintain a stock of high-quality readily liquefiable assets as a liquidity cushion against a range of stressed scenarios. The eligible assets are unencumbered, low credit risk and low market risk. The liquidity cushion is segregated from debt securities held for trading purposes. A certain portion of the liquidity cushion is made up of the most liquid and readily marketable assets (such as debt securities issued by government or multinational development banks) that can be easily liquidated to meet funding needs in the initial phase of liquidity stress.

The size of the liquidity cushion shall be adequate to meet Fubon Bank (Hong Kong) and its subsidiaries' day-to-day liquidity needs and also emergency funding needs under both normal and stress market conditions. The minimum required liquidity cushion size is determined with reference to the funding gap arising from the results of the periodic liquidity stress tests of Fubon Bank (Hong Kong) and its subsidiaries. Management alert triggers are established by the ALCO to ensure sufficient size of liquidity cushion is maintained and appropriate diversification among the liquidity cushion is achieved. The size and mix of the liquidity cushion is reviewed by the ALCO regularly.

Size and portfolio of liquidity cushion were maintained above all relevant management alert triggers throughout the year 2022:

- net long position of Exchange Fund Bills/Notes held was maintained at not less than HKD 2.0 billion;
- assets eligible for Lenders of Last Resort purpose was maintained at not less than 30% of total customer deposits;
- level 1 high-quality readily liquefiable assets were maintained at not less than 9% of total customer deposits;
- non-financial institution high-quality readily liquefiable assets were maintained at not less than 26% of total customer deposits; and
- total high-quality readily liquefiable assets were maintained at not less than 32% of total customer deposits.

vi) Contingent liquidity risk

Fubon Bank (Hong Kong) and its subsidiaries provide customers with committed and standby facilities. These facilities increase the funding requirements of Fubon Bank (Hong Kong) and its subsidiaries when customers drawdown. The liquidity risk associated with the potential drawdown on committed facilities is factored into our stressed scenarios and a management alert trigger is set for these facilities.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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vii) Contingency funding plan

Fubon Bank (Hong Kong) and its subsidiaries have formulated a Contingency Funding Plan (“CFP”) that describes Fubon Bank (Hong Kong) and its subsidiaries’ strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations. The CFP is designed to be pro-active and pre-emptive. Fubon Bank (Hong Kong) and its subsidiaries utilize early warning indicators, which cover both qualitative and quantitative measures, monitoring both internal and external factors. Should there be any early signs of significant impact on Fubon Bank (Hong Kong) and its subsidiaries’ liquidity position, the management would be informed for their consideration. Once the CFP is triggered, a Crisis Management Team, which is led by the senior management, is formed to handle the crisis. Strategy and procedures in obtaining contingency funding, as well as roles and responsibilities of parties concerned are clearly stated. The CFP also includes the analysis of cash flow projections to estimate potential liquidity needs under stress scenarios.

The CFP is subject to regular testing to ensure its effectiveness and operational feasibility, particularly in respect of the availability of the contingency sources of funding listed in it. The CFP is also subject to review and update on a regular basis to ensure it remains robust over time. Any changes to the CFP would be approved by the RCB.

Moreover, in accordance with the HKMA’s Supervisory Policy Manual “Recovery Planning”, Fubon Bank (Hong Kong) and its subsidiaries have established a Recovery Plan, which has been approved by the Board. The Recovery Plan helps ensure that Fubon Bank (Hong Kong) and its subsidiaries are able to recover quickly from period of severe stress and preserve or restore its liquidity level. The Recovery Plan is subject to a regular, at least annual, review and update.

c) The maturity analysis of non-derivative financial liabilities

Units: In thousands of HKD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 396,649	-	1,401,029	-	-	1,797,678
Securities sold under repurchase agreements	2,824,651	3,749,530	-	-	-	6,574,181
Others	40,356,552	35,725,168	12,883,975	14,906,932	152,791	104,025,418

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 349,961	1,305,495	-	-	-	1,655,456
Securities sold under repurchase agreements	3,030,771	3,158,711	-	-	-	6,189,482
Others	48,829,749	29,081,891	17,713,654	11,204,119	346,959	107,176,372

Units: In thousands of HKD

	March 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 1,150,101	535,951	-	-	-	1,686,052
Securities sold under repurchase agreements	3,242,524	2,936,489	-	-	-	6,179,013
Others	49,138,096	34,512,189	10,210,210	5,139,965	208,946	99,209,406

d) The maturity analysis of derivative financial liabilities

i) Net settlement derivative instruments

Units: In thousands of HKD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Derivative financial liabilities measured at fair value through profit or loss						
— Foreign exchange derivative instruments	\$ 8,814,737	2,072,623	901,438	485,903	2,121,433	14,396,134
Derivative financial liabilities for hedging						
— Interest rate derivative instruments	634,276	981,244	1,707,364	889,194	16,593,508	20,805,586
Total	\$ 9,449,013	3,053,867	2,608,802	1,375,097	18,714,941	35,201,720

Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Derivative financial liabilities measured at fair value through profit or loss						
— Foreign exchange derivative instruments	\$ 9,307,786	1,927,248	1,605,177	785,015	-	13,625,226
Derivative financial liabilities for hedging						
— Interest rate derivative instruments	452,960	648,201	1,607,226	2,092,986	21,245,908	26,047,281
Total	\$ 9,760,746	2,575,449	3,212,403	2,878,001	21,245,908	39,672,507

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of HKD

	March 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 10,916,150	1,664,605	1,078,918	817,866	-	14,477,539
– Interest rate derivative instruments	-	-	-	-	726,800	726,800
Derivatives financial liabilities for hedging						
– Interest rate derivative instruments	610,689	1,881,129	988,669	1,879,044	22,285,192	27,644,723
Total	\$ 11,526,839	3,545,734	2,067,587	2,696,910	23,011,992	42,849,062

ii) The maturity analysis of off-balance sheet items

Units: In thousands of HKD

	March 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 101	57,540	196,761	264,967	1,777,532	2,296,901
Standby letters of credit	74,282	104,479	49,763	-	-	228,524
Financial guarantees	669	5,300	3,326	88,091	33,613	130,999
Total	\$ 75,052	167,319	249,850	353,058	1,811,145	2,656,424

Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 99,843	218,982	95,383	344,533	1,536,322	2,295,063
Standby letters of credit	166,585	144,261	31,710	-	-	342,556
Financial guarantees	3,320	12,132	5,600	71,576	33,634	126,262
Total	\$ 269,748	375,375	132,693	416,109	1,569,956	2,763,881

Units: In thousands of HKD

	March 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 100,135	284,270	309,327	353,198	1,131,354	2,178,284
Standby letters of credit	65,446	225,603	186,039	-	-	477,088
Financial guarantees	20,473	4,300	3,226	67,188	34,575	129,762
Total	\$ 186,054	514,173	498,592	420,386	1,165,929	2,785,134

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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6) JihSun Bank and its subsidiaries

a) Definition and sources

Fund liquidity risk refers to the inability to liquidate assets or obtain financing to meet its due obligations, and thus impact JihSun Bank and its subsidiaries' earnings or shareholders' equity.

b) Management policy

i) Strategies

In addition to meeting the relevant liquidity preparation requirements of the competent authorities and the minimum current ratio, a fund liquidity analysis, management indicators and quotas of indicators shall be established so as to formulate response strategies and prevent fund liquidity crisis occurring.

ii) Management process

1. Financial investment division uses the daily estimated funding gap as the basis for allocation of funds.
2. The risk management division conducts stress tests of fund liquidity to assess the level of risk it can bear when encountering crisis and the result will be reported to senior management.
3. Financial investment division convenes "Asset Liability Management Committee" every month to review JihSun Bank and its subsidiaries' fund liquidity risk.
4. Risk management division monitors external warning indicators to control the warning of fund liquidity risk.
5. Risk management division produces fund liquidity risk management report to top executives regularly. The report includes indicators of JihSun Bank and its subsidiaries' fund liquidity risk management and tables of gap analysis. The risk management division monitors and analyzes the fund liquidity risk profiles and then submits a report to the Assets and Liabilities Management Committee. The regularly fund liquidity risk analysis report will be reported to the top executives, audit committee and Board of Directors.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- c) Evaluation method
- i) Prepare tables of structure analysis of maturity in accordance with the competent authority.
 - ii) The indicators of fund liquidity risk management are “LTD ratio of TWD and foreign currency”, “liquidity reserve ratio”, “ratio of the amount of liquidity gap of New Taiwan Dollar that will mature within 30 days to total assets”, “liquidity coverage ratio” and “net stable funding ratio”. Limit of indicators are set in accordance with risk tolerance level to develop coping strategies.
 - iii) Setting scenarios for stress test for fund liquidity is in order to assess JihSun Bank and its subsidiaries’ duration under stress scenarios. Appropriate strategies for capital allocation and countermeasures are developed when it’s necessary.
 - iv) JihSun Bank and its subsidiaries set “Business Crisis Contingency Measures” in accordance with the “Operational Measures when Handling Business Crisis for Financial Institutions” issued by FSC. When JihSun Bank and its subsidiaries face events such as business interruption, abnormal deposits withdrawals, severe liquidity shortage or severe internal control, relevant procedures will be dealt with it immediately.
- d) Liquidity risk analysis
- i) Maturity analysis of non derivatives liabilities

Table below shows the analysis of cash outflows of non derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the consolidated balance sheets.

Units: In thousands of TWD						
March 31, 2023						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 753,471	19	3,000,021	3,801,613	412	7,555,536
Lease liabilities	1,138	30,107	39,975	77,085	323,263	471,568
Payables	440,108	238,222	111,811	177,095	154,551	1,121,787
Deposits	30,504,075	20,048,194	24,128,773	34,770,832	114,165,991	223,617,865
Other financial liabilities	9,136	10,659	11,268	18,911	1,196,809	1,246,783
Units: In thousands of TWD						
December 31, 2022						
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 7,027,947	1,702,354	2,541	6,305,480	49,869	15,088,191
Lease liabilities	16,393	31,969	47,342	89,061	374,284	559,049
Securities sold under repurchase agreements	1,050,263	550,000	-	-	-	1,600,263
Payables	1,117,600	107,244	59,011	53,979	55,316	1,393,150
Deposits	34,216,793	24,033,046	18,846,947	39,651,427	115,139,797	231,888,010
Other financial liabilities	9,213	30,710	19,962	20,576	1,210,607	1,291,068

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Units: In thousands of TWD

	March 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 12,274,590	964,852	1,377,936	274,977	3,491,993	18,384,348
Due to the central bank and banks	-	74,610	-	-	-	74,610
Lease liabilities	16,552	32,693	46,907	86,169	470,760	653,081
Securities sold under repurchase agreements	1,350,000	500,000	-	-	-	1,850,000
Payables	770,961	70,978	27,676	187,004	48,366	1,104,985
Deposits	33,534,888	13,906,551	21,480,775	36,755,051	121,976,249	227,653,514
Other financial liabilities	-	100,196	198,286	91,597	1,128,302	1,518,381

ii) Maturity analysis of derivatives liabilities

Table below shows the analysis of cash outflows of derivatives liabilities based on the maturity date:

Units: In thousands of TWD

	March 31, 2023					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign currency swap	\$ 6,561	-	-	-	-	6,561
– FX options	-	-	-	-	77,052	77,052
– Interest rate instruments	109,036	-	-	-	-	109,036
– Equity instruments	3,842	-	-	-	-	3,842
Total	<u>\$ 119,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,052</u>	<u>196,491</u>

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign currency swap	\$ 7,628	-	-	-	-	7,628
– FX options	-	187	-	-	73,598	73,785
– Interest rate instruments	123,011	-	-	-	-	123,011
– Equity instruments	12,533	-	-	-	-	12,533
Total	<u>\$ 143,172</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>73,598</u>	<u>216,957</u>

Units: In thousands of TWD

	March 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign currency swap	\$ 68,480	-	-	-	-	68,480
– FX options	-	-	943	-	55,378	56,321
– Interest rate instruments	107,010	-	-	-	-	107,010
– Equity instruments	72,620	-	-	-	-	72,620
Total	<u>\$ 248,110</u>	<u>-</u>	<u>943</u>	<u>-</u>	<u>55,378</u>	<u>304,431</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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iii) Maturity analysis of off-balance sheet items

Table below shows the maturity analysis of off balance sheet items for the JihSun Bank. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised anytime by clients.

Units: In thousands of TWD						
March 31, 2023						
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days -1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Amount of irrevocable credit commitments of credit card	\$ 2,108	1,287	374,620	1,878,690	15,038,578	17,295,283
Unused amount of issued letter of credit	2,810	61,435	5,000	-	-	69,245
Various guarantee proceeds	-	275,500	90,000	145,031	432,555	943,086
Amount of issued and irrevocable loan commitments	1,712,160	1,475,361	2,055,062	2,006,273	9,271,438	16,520,294

Units: In thousands of TWD						
December 31, 2022						
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days -1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Amount of irrevocable credit commitments of credit card	\$ 26,018	568,971	897,358	1,920,101	13,868,558	17,281,006
Unused amount of issued letter of credit	28,634	99,509	9,658	-	10,800	148,601
Various guarantee proceeds	107,222	228,502	70,000	524,776	120,000	1,050,500
Amount of issued and irrevocable loan commitments	2,061,317	3,832,276	1,777,396	2,139,743	6,636,815	16,447,547

Units: In thousands of TWD						
March 31, 2022						
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181 days -1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Amount of irrevocable credit commitments of credit card	\$ 250	98,298	360,145	1,211,672	16,193,288	17,863,653
Unused amount of issued letter of credit	82,745	159,289	43,778	-	-	285,812
Various guarantee proceeds	190,000	655,341	90,000	158,661	514,839	1,608,841
Amount of issued and irrevocable loan commitments	1,780,350	3,142,943	3,206,069	4,907,080	3,422,023	16,458,465

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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7) JihSun Securities and its subsidiaries

a) Maturity analysis of non derivatives liabilities

Table below shows the analysis of cash outflows of non derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the consolidated balance sheets.

	March 31, 2023				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Securities financing refundable deposits	\$ 379,519	-	-	-	379,519
Deposits payable for securities financing	398,878	-	-	-	398,878
Futures customers' equity	6,978,475	-	-	-	6,978,475
Account payables	6,938,896	-	-	-	6,938,896
Receipts under custody	36,500	-	-	-	36,500
Other payables	650,603	-	-	-	650,603
Lease liabilities	<u>25,290</u>	<u>50,900</u>	<u>90,807</u>	<u>29</u>	<u>167,026</u>
Total	<u>\$ 15,408,161</u>	<u>50,900</u>	<u>90,807</u>	<u>29</u>	<u>15,549,897</u>
	December 31, 2022				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Securities financing refundable deposits	\$ 1,580,829	-	-	-	1,580,829
Deposits payable for securities financing	1,459,781	-	-	-	1,459,781
Securities lending refundable deposits	178,069	-	-	-	178,069
Futures customers' equity	8,969,983	-	-	-	8,969,983
Account payables	5,040,027	-	-	-	5,040,027
Receipts under custody	492,375	-	-	-	492,375
Other payables	702,911	-	-	-	702,911
Lease liabilities	<u>25,307</u>	<u>67,604</u>	<u>127,781</u>	<u>43</u>	<u>220,735</u>
Total	<u>\$ 18,449,282</u>	<u>67,604</u>	<u>127,781</u>	<u>43</u>	<u>18,644,710</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Commercial papers issued	\$ 4,398,488	-	-	-	4,398,488
Securities sold under repurchase agreements	7,155,471	-	-	-	7,155,471
Securities financing refundable deposits	674,964	-	-	-	674,964
Deposits payable for securities financing	824,613	-	-	-	824,613
Securities lending refundable deposits	41,957	-	-	-	41,957
Futures customers' equity	7,932,510	-	-	-	7,932,510
Account payables	10,112,023	-	-	-	10,112,023
Receipts under custody	305,402	-	-	-	305,402
Other payables	644,226	-	-	-	644,226
Lease liabilities	28,378	73,185	160,210	-	261,773
Total	\$ 32,118,032	73,185	160,210	-	32,351,427

b) Maturity analysis of derivatives liabilities

	March 31, 2023				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Structured instruments	\$ <u>204,476</u>	<u>17,656</u>	<u>-</u>	<u>-</u>	<u>222,132</u>

	December 31, 2022				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Structured instruments	\$ <u>61,717</u>	<u>3,792</u>	<u>-</u>	<u>-</u>	<u>65,509</u>

	March 31, 2022				
	Within 3 months	3 to 12 months	1 to 5 year	Over 5 year	Total
Call (Put) warrants	\$ 7,598	-	-	-	7,598
Structured instruments	399,435	26,143	-	-	425,578
Put option – Futures	462	-	-	-	462
Total	\$ 407,495	26,143	-	-	433,638

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(v) Market risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) The definition and classification of market risk

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 and its subsidiaries' 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.

b) Market risk strategy and procedures

Taipei Fubon Bank (The Bank)

The Bank has comprehensive policies on market risk management and has a systematic mechanism for deal execution, clearing and settlement. The risk management strategies, which are exposed to risk factors, 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)

Pursuant to the guidance of relevant laws and regulations, a series of policies and procedures regarding market risk management policies and procedure control are stipulated to regulate internal control of market risks as well as trading strategies and limits. IT systems are also established to identify, quantify, monitor and control market risks, ensuring that market risk exposures of Fubon Bank (China) are managed strongly and effectively.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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c) Organization and framework

Taipei Fubon Bank (The Bank)

To strengthen risk management function, the Bank has established the Risk Management Committee, which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to review related significant market risk policies, monitor changes in the Bank's significant market risk information and compliance with the quota. The Bank has established the Risk Management Division, which 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 Board of Directors is an added support for 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 front trading desk and back settlement desk, is responsible for implementing market risk policies authorized by the Board and the senior management. Internal Audit Department is responsible for reviewing and evaluating the effectiveness and independence of the risk management system. Compliance Department, on the other hand, is accountable for monitoring compliance risk and reporting to the Board and senior management.

d) Market risk management, 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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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e) Measurement of trading book market risk

Taipei Fubon Bank (The Bank)

The Bank's measurement of trading book market risk includes methods for determining degrees (known as the "Greeks") of sensitivity to risk 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.

i) VaR (Value at Risk)

VaR is a tool that measures "the worst expected loss over a given time horizon under normal market conditions at a given level of confidence." The Bank adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level. The Bank adopts the historical simulation to calculate current VaR and stressed VaR, covering most market risk scenarios. To ensure the VaR's quality, the Bank performs back-testing and statistical tests regularly.

VaR information of trading book is shown below:

<u>Common VaR</u>	For the three months ended March 31, 2023			
	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	<u>End of period</u>
Equity group	\$ 4,730	3,852	4,284	4,730
Interest rate group	137,842	87,009	117,614	87,009
Exchange rate group	15,315	11,047	13,507	15,315
Volatility group	379	309	349	379
Diversification effect	-	-	(19,553)	(16,633)
Common VaR of trading book			<u>\$ 116,201</u>	<u>90,800</u>

<u>Common VaR</u>	For the three months ended March 31, 2022			
	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	<u>End of period</u>
Equity group	\$ 20,117	3,417	9,185	20,117
Interest rate group	50,248	24,258	33,340	24,258
Exchange rate group	15,769	8,499	11,319	15,769
Volatility group	680	425	591	667
Diversification effect	-	-	(21,408)	(37,250)
Common VaR of trading book			<u>\$ 33,027</u>	<u>23,561</u>

Note: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because it has no significant meaning.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The above VaRs are calculated on the basis of changes in risk factors. If one product includes several risk factors, it will 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.

ii) Stress testing

As described earlier, VaR is the worst loss likely to occur over a holding period with a given confidence level during normal fluctuation. However, VaR cannot be used to predict the losses when an extreme event or the systematic risk appears in the market. Therefore, stress testing is introduced to compensate the insufficiency of VaR, and capture the above risk by measuring the potential impact on trading book portfolio during the abnormal market period.

Fubon Bank (China)

To manage the trading book market risks, Fubon Bank (China) has set appropriate market risk measurements and relevant risk limits based on its trading products and the features and complexity of its risk exposures, including position limits on notional amounts, net exposures of foreign currencies, stop loss limits of various products, and sensitivity limits. Fubon Bank (China)'s main currency businesses of trading book are spot trade and options. The main interest rate businesses of trading book are bonds, forward contracts, currency swap and CNY interest rate swap. The market risk level is normal.

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

f) Banking Book Market Risk

Taipei Fubon Bank (The Bank)

i) 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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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 March 31, 2023, December 31 and March 31, 2022, and all other factors been held constant, the profit would have decreased/increased by \$6 million, \$8 million and \$1 million, respectively.

ii) 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 branch's investment accounted for using the equity method. These exchange rate differences are reflected under either the statement of comprehensive income or "exchange differences on translation of foreign operations under equity.

The Bank has a foreign exchange business, overseas branches, overseas subsidiaries branch's investment accounted for using the equity method. As of March 31, 2023, the percentage of the exchange differences on translation of foreign operation is immaterial when compared with the Bank's entire foreign currency position.

iii) Equity securities 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 the stockholder's equity, the Bank holds these investments for a long term and has strict regulations on buying or selling these investments.

The sensitivity analysis for equity positions of banking book is listed below:

	March 31, 2023		December 31, 2022		March 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Stock prices increased by 10%	\$ -	3,752,330	-	3,190,628	-	3,151,252
Stock prices decreased by 10%	-	(3,752,330)	-	(3,190,628)	-	(3,151,252)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Fubon Bank (China)

i) Interest rate risk

The interest rate risk of Fubon Bank (China) is mainly from the risk of interest repricing. Calculate the repricing gap of interest-rate sensitive assets and liabilities according to the standardized measurement framework designated by local regulatory authorities, and set risk indicators for monitoring. Assuming the other conditions remain the same, the following sensitivity analysis is performed for the risk measure in terms of a 50 basis point increase or decrease in interest rate:

	March 31, 2023		December 31, 2022		Units: In thousands of CNY March 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
	Interest rate increased by \$ 50 basis points	(152,756)	(329,011)	(150,321)	(328,971)	(167,339)
Interest rate decreased by 50 basis points	156,206	253,144	150,970	238,370	167,834	313,950

ii) Exchange rate risk

Fubon Bank (China) uses CNY to perform the loan/deposit and inter-bank borrowing and foreign currency is composed of USD. In order to effectively control the exchange rate risk, Fubon Bank (China) establishes the foreign exchange gap controlling conditions and simultaneously conducts the foreign currency sensitivity analysis on assets/liabilities, based on its risk-taking ability and operating strategy. Assuming CNY appreciates or depreciates 5% compared to all foreign currency spot rate and forward rate, the outcome is as follows:

	March 31, 2023		December 31, 2022		Units: In thousands of CNY March 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
	Foreign exchange rate for USD and HKD against CNY increased by 5%	\$ (301,723)	335,564	(275,313)	341,540	(244,128)
Foreign exchange rate for USD and HKD against CNY decreased by 5%	301,723	(335,564)	275,313	(341,540)	244,128	(209,416)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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g) Effect of interest rate benchmark reform

Taipei Fubon 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 March 31, 2023, changes required to IT systems and internal processes have been identified and have been partially implemented. Taipei Fubon 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 Taipei Fubon Bank and its subsidiaries’ 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 transitioned to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following tables show the carrying amounts of non-derivative financial assets of unreformed contracts, and those without appropriate fallback clauses.

	March 31, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 52,271,283	48,497,927
Debts investments	41,291,297	30,670,363

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	December 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 72,907,957	70,276,270
Debts investments	43,835,291	33,313,504

	March 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 79,625,392	79,248,385
Debts investments	40,993,764	32,127,201

The following tables show the carrying amounts of unreformed contracts, and include derivative instruments at notional value without appropriate fallback clauses:

	March 31, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 145,707,460	-
Foreign exchange swap contracts	9,708,549	-
Equity swap contracts	2,350,217	-
Cross currency swap contracts	2,013,122	-

	December 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 147,128,620	-
Foreign exchange swap contracts	9,786,443	-
Equity swap contracts	2,377,676	-
Cross currency swap contracts	2,146,022	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 143,625,588	-
Cross currency swap contracts	9,116,926	-
Foreign exchange swap contracts	4,130,644	-
Equity swap contracts	2,297,156	-

2) Fubon Life Insurance and its subsidiaries

Market risk refers to the risk that the value of assets decreases due to disadvantageous movement of the market price and this may result in a loss to Fubon Life Insurance and its subsidiaries. The risk factors of the market price fluctuation include interest rates, foreign exchange rates, stock prices, and commodity prices.

Guided by Assets and Liabilities Management Committee and other operations, Fubon Life Insurance takes financial environment, all the economic indicators, liability risk properties and ALM into account, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee or other operations. This is to allow assets and liabilities to coordinate better in terms of payment terms and profits, to pursue long term business and protect the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to Fubon Life Insurance and its subsidiaries.

Fubon Life Insurance and its subsidiaries widely apply various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these two instruments, Fubon Life Insurance and its subsidiaries are able to measure, monitor and manage market risk completely and effectively.

a) Value at Risk

Value at Risk is to apply statistical techniques to measure the maximum potential loss of the investment portfolio resulted from market risk factor variation in a given period of time and under certain confidence interval. Fubon Life Insurance and its subsidiaries apply 99% as the confidence interval to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure that Fubon Life Insurance and its subsidiaries are able to measure the maximum potential risk of the portfolios reasonably, completely and accurately.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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b) Sensitivity analysis

Besides using VaR to manage market risk, Fubon Life Insurance and its subsidiaries adopt sensitivity analysis to serve as a basis for corporate risk analysis, risk alert and operation management. Sensitivity analysis is to measure the amount changed in the portfolio value resulted from the variation of single risk factor. This will facilitate Fubon Life Insurance and its subsidiaries to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (Fubon Life Insurance)

Units: In thousands of TWD

March 31, 2023			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	74,956,955
	Price decline by 10%	-	(74,956,955)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(9,671)	(24,479,446)
	Yield curve (TWD) incline by 50BPS	-	(12,016,883)
	Yield curve (Other) incline by 50BPS	(240)	(236,516)
	Yield curve (USD) decline by 50BPS	9,705	24,297,555
	Yield curve (TWD) decline by 50BPS	-	12,009,033
	Yield curve (Other) decline by 50BPS	241	241,337
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(14,313,381)	(10,343,452)
	TWD to all currency decline by 3%	14,313,381	10,343,452

Units: In thousands of TWD

December 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	66,468,482
	Price decline by 10%	-	(66,468,482)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(6,905)	(39,515,967)
	Yield curve (TWD) incline by 50BPS	-	(12,438,041)
	Yield curve (Other) incline by 50BPS	(320)	(363,382)
	Yield curve (USD) decline by 50BPS	6,928	41,241,659
	Yield curve (TWD) decline by 50BPS	-	12,599,425
	Yield curve (Other) decline by 50BPS	321	375,488
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(12,294,522)	(10,281,863)
	TWD to all currency decline by 3%	12,294,522	10,281,863

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Units: In thousands of TWD

March 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	80,904,307
	Price decline by 10%	-	(80,904,307)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(7,488)	(38,268,888)
	Yield curve (TWD) incline by 50BPS	-	(13,259,524)
	Yield curve (Other) incline by 50BPS	(235)	(427,738)
	Yield curve (USD) decline by 50BPS	7,514	40,627,741
	Yield curve (TWD) decline by 50BPS	-	13,044,237
	Yield curve (Other) decline by 50BPS	236	442,838
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(11,726,122)	(12,695,546)
	TWD to all currency decline by 3%	11,726,122	12,695,546

Sensitivity analysis (Fubon Hyundai Life Insurance)

Units: In thousands of KRW

March 31, 2023			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	126,515,805
	Price decline by 10%	-	(126,515,805)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	-	(44,999,457)
	Yield curve (KRW) incline by 50BPS	-	(38,166,063)
	Yield curve (USD) decline by 50BPS	-	47,664,246
	Yield curve (KRW) decline by 50BPS	-	39,419,606
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	14,822,040	-
	KRW to all currency decline by 3%	(14,822,040)	-

Units: In thousands of KRW

December 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	125,434,910
	Price decline by 10%	-	(125,434,910)
Interest rate risk (Yield curve)	Yield curve (KRW) incline by 50BPS	-	(52,211,254)
	Yield curve (KRW) decline by 50BPS	-	54,095,718
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	4,511,659	-
	KRW to all currency decline by 3%	(4,511,659)	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of KRW

March 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	123,889,269
	Price decline by 10%	-	(123,889,269)
Interest rate risk (Yield curve)	Yield curve (KRW) incline by 50BPS	-	(67,124,973)
	Yield curve (Other) incline by 50BPS	-	(3,049)
	Yield curve (KRW) decline by 50BPS	-	69,691,029
	Yield curve (Other) decline by 50BPS	-	3,057
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	19,962,248	-
	KRW to all currency decline by 3%	(19,962,248)	-

Note 1: The sensitivity analysis of equity risk and interest rate risk mainly includes financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The scenario of equity risk includes stocks and funds, but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The exchange rate risk sensitivity analysis excludes foreign currency policy, OIU assets, and overseas funds denominated in TWD.

Note 2: The abovementioned sensitivity analysis is a scenario assumed that the impact of changes in risk factor on fair value is based on other factors which remained constant.

Note 3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect \$(199) thousand, \$(145) thousand and \$(155) thousand in profit or loss and \$(734,221) thousand, \$(1,065,296) thousand and \$(1,061,554) thousand in equity of Fubon Life Insurance on March 31, 2023, December 31 and March 31, 2022, respectively.

Note 4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect KRW (1,701,710) thousand, KRW (1,062,692) thousand and KRW (1,367,708) thousand in equity of Fubon Hyundai Life Insurance Co., Ltd on March 31, 2023, December 31 and March 31, 2022, respectively.

Hong Kong and Vietnam subsidiaries are considered insignificant to the consolidated disclosures after Fubon Life Insurance and its subsidiaries' assessment; therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

c) Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. Fubon Life Insurance and its subsidiaries have exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. Fubon Life Insurance and its subsidiaries consider that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Fubon Life Insurance and its subsidiaries' remaining IBOR exposures at the reporting date are financial assets indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). In March, 2021, the Financial Conduct Authority announced that US dollar setting will cease to be provided after June 30, 2023, but Fubon Life Insurance and its subsidiaries plan to finish the process of amending contractual terms or implementing appropriate fallback provisions in response to IBOR reform by the middle of 2023.

Fubon Life Insurance and its subsidiaries anticipate that IBOR reform will impact its operational and risk management processes and hedge accounting. The main risks to which Fubon Life Insurance and its subsidiaries are exposed as a result of IBOR reform are operational. For example, the renegotiation of borrowing contracts through bilateral negotiation with counterparties, implementing new fallback provisions with its derivative counterparties, updating of contractual terms, and revision of operational controls related to the reform.

Fubon Life Insurance and its subsidiaries monitor and manage the transition to alternative rates. Fubon Life Insurance and its subsidiaries evaluate the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of IBOR reform and how to manage communication about IBOR reform with counterparties. Fubon Life Insurance and its subsidiaries report to the Board of Directors semiannually. Fubon Life Insurance and its subsidiaries provide periodic reports to management on interest rate risk and the risks arising from IBOR reform.

The following tables show the total amounts of unreformed contracts and those without appropriate fallback clauses on March 31, 2023, December 31 and March 31, 2022. The amounts of financial assets and liabilities are shown at their carrying amounts, and derivatives are shown at their notional amounts.

	March 31, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Bond investment (Note)	\$ 31,734,904	-
Asset securitization group	30,147,744	-
Structured products	254,776	254,776

Note: this includes \$30,709,915 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	December 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Bond investment (Note)	\$ 31,575,645	-
Asset securitization group	30,399,071	-
Structured products	346,539	346,539

Note: this includes \$30,542,287 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

	March 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Bond investment (Note)	\$ 30,905,988	-
Asset securitization group	28,334,453	-
Structured products	282,318	282,318

Note: this includes \$29,943,826 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

	March 31, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap	\$ 7,849,519	-

	December 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap	\$ 7,914,987	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap	\$ 7,377,321	-

3) Fubon Insurance and its subsidiaries

Market risk is the risk of losses in the value of assets in a given period resulting from unfavorable changes in the asset's market prices. Fubon Insurance and its subsidiaries management set a monitor system on the concentration of daily transactions, established a sound crisis response mechanism to deal with working capital demand due to emergency or abnormal event.

a) Management process of market risk

i) Risk identification

To achieve market risk management goal, Fubon Insurance and its subsidiaries have identified potential market risk factors encountered during operation process. Positions in different financial instruments were classified into four categories, mainly interest, foreign exchange rate, equity security and commodity.

ii) Risk measurement

1. Establish a risk quantification model, adopt basic statistical measurement, sensitivity analysis and scenario analysis etc., for different risk factors to measure market risk.
2. Analyze outcome from the risk model for better market risk planning, supervision and control.
3. Measure possible losses from the holding position daily under normal market fluctuation and perform stress testing monthly.
4. Evaluate accuracy of the risk model by retroactive testing or other methodologies.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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iii) Risk monitoring

Fubon Insurance and its subsidiaries have established market risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limit is breached. Fubon Insurance and its subsidiaries have established proper monitoring frequency and hierarchical reporting mechanism to ensure proper reporting whenever there is any abnormal situation occurred or any deficiency identified. A specific reporting procedure would be followed to ensure the control of timing in dealing with significant market risk.

iv) Risk responding

As market risk occurs, the head of any related unit being impacted or in-charge unit with relevant authority would respond to the event immediately, and report to risk management and related departments based on the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the risk event, develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

b) Concentration of market risk

The main counterparty and buyer of financial instruments of Fubon Insurance and its subsidiaries are companies in financial industry. There are rules about limitation of the government bonds, fixed income bonds, bonds, convertible bonds, funds, stocks, derivative financial instruments, structured notes and bonds securitization to control the risk.

c) Market risk management mechanism

i) Risk tolerance management

Risk tolerance refers to the maximum amount of risk an entity is willing to withstand. Market risk tolerance is submitted to and approved by the Risk Management Committee annually.

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ii) Risk limit management

Establishment of risk limits is to put risk tolerance management into practice. Risk limits for different financial products were made by trading position, investment position and hedging position separately. When setting risk limits, various factors were taken into account, such as risk tolerance, business history, expected budget target, market liquidity of a specific product, historical utilization of risk limits, traders' trading experiences, trading system and supports by the operation department. The amendments of risk limits should first be proposed to Risk Control Department of the Company and signed by internal delegates. After reviewed by the Risk Management Committee of the Company and Fubon Insurance, the amendments are presented to the Board of Directors. Under system support, Fubon Insurance and its subsidiaries' limits include VaR and foreign exchange risk.

iii) Valuation management

Commodity is evaluated based on the market value if it is available. If the market value is not readily available, the product value will be calculated using the latest market price, quotation from the counterparty or valuation model.

d) Risk value model

Risk value is a statistical estimate of probable worst outcome during normal fluctuation. Fubon Insurance and its subsidiaries use value at risk (VaR) model to measure the potential maximum loss in value of an investment portfolio at risk over a period of ten-day for a 99% confidence interval with respect to different market factors.

Fubon Insurance and its subsidiaries apply retroactive testing which provides estimates of the accuracy of VaR model to check whether a VaR methodology is being used appropriately, completely and accurately in measuring the potential maximum loss in value of an investment portfolio. The retroactive testing procedure consists of calculating the number or percentage of times that the actual portfolio returns fall outside the VaR estimate. A VaR is computed over a period of one year with reconciled profit and loss on a daily basis. Fubon Insurance and its subsidiaries periodically monitor the outcome of the aforementioned model and test the accuracy of parameters and assumptions being used.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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i) Fubon Insurance

Units: In thousands of TWD			
March 31, 2023			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 447,474	488,528	417,414
Equity group	604,576	622,208	577,371
Fund group	7,507	9,814	6,608
Asset securitization group	117,175	118,823	115,471
Total position	955,474	1,094,986	820,375
December 31, 2022			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 708,052	863,621	421,746
Equity group	1,371,072	2,470,680	571,023
Fund group	90,095	167,767	6,645
Asset securitization group	54,310	128,969	37,857
Total position	1,686,053	2,632,476	1,072,385
March 31, 2022			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 633,686	790,440	421,746
Equity group	1,983,032	2,470,680	1,379,485
Fund group	102,495	132,305	82,180
Asset securitization group	52,960	80,768	43,630
Total position	1,945,512	2,632,476	1,409,389

ii) Fubon Property and Casualty Insurance

Units: In thousands of TWD			
March 31, 2023			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 6,698	14,956	6,018
Equity group	35,066	39,248	33,478
Total position	37,358	49,979	34,914
December 31, 2022			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 9,027	48,122	3,262
Equity group	44,281	61,648	16,211
Total position	46,741	80,134	25,910

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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<u>Common VaR</u>	<u>March 31, 2022</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 13,242	18,688	9,515
Equity group	29,768	33,563	26,388
Total position	35,045	57,945	26,030

Note 1: VaR was adopted for the three months ended March 31, 2023 and 2022 and for the year ended December 31, 2022.

Note 2: VaR was computed over a period of ten days.

Since Vietnam, Thailand and Philippines subsidiaries did not have any investment, it was unnecessary to disclose their risk value.

4) Fubon Securities and its subsidiaries

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on or off the balance sheet. According to Fubon Securities and its subsidiaries' internal administrative policies, the positions in the trading book are for the purpose of market risk measurement and management.

Trading book positions fit the following definitions:

- a) Positions held for earning profits from changes in bid-ask spread or changes in price and interest rate.
- b) Positions held for brokerage business or dealing trading.
- c) Positions held for offsetting risk from other positions (either entirely or partly).
- d) Positions held for trading within approved market risk limits.

Trading book positions should not be under any restrictive trading terms and should be completely hedged against risks.

i) Guidelines and Procedures

Fubon Securities and its subsidiaries have enacted comprehensive policies of market risk management and have established mechanism for deal execution, clearing and settlement. Based on the risk factors they are exposed to trading book positions are categorized in the following four groups: interest rates instruments, exchange rates instruments, securities and commodities. Fubon Securities and its subsidiaries have established management policies and market risk limits that implement the risk management systems to identify, measure, monitor and control the market risk.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) Organization and Framework

Under the supervision of the Board of Directors, the Risk and Asset-liability Management Committee is composed of the senior managers from each department, while the chairman of the board oversees this committee. To improve market risk management, the Committee supervises the suitability of market risk exposures and the effectiveness of market risk management.

The Risk Management Department is responsible for formulating policies and procedures on market risk management, for executing market risk limits control, for reporting market risk events immediately, and for verifying valuation models independently. In addition, the independent Audit Department, which is under the Board of Directors, plays the role of the third line of defense in the market risk management framework.

iii) Procedure for Market Risk Control, Reporting and Verification

The Risk Management Department is responsible for monitoring the daily risk limit (including the analysis of risk sensitivity factors such as Delta, Vega, DV01, and VaR etc.), notional quota, and profit and loss (P&L). Based on the authorized daily limit, this department controls the quota used and the monthly / yearly P&L. However, a position exceeding the approved limit is treated as an exceptional case to be monitored. Fubon Securities and its subsidiaries have established related mechanism and procedures for VaR limit management while also applying back-testing to check the VaR model calculation and the effectiveness of the valuation methodology. Fubon Securities and its subsidiaries also keep upgrading and improving its trading system with a market risk control function. Moreover, the valuation models and VaR models are verified independently by the Risk Management Department to ensure their effectiveness and stability.

iv) Market Risk Measurement of Trading Book

Fubon Securities and its subsidiaries' market risk measurement of the trading book includes individual risk measures (such as Greeks) and integrated risk measures (such as VaR and stress-testing). The integrated measures provide consistent and comparable measurement across different trading desks or risk types.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Value at Risk (VaR)

VaR is defined as ‘the worst expected loss over a target horizon with a given level of confidence and normal market environment’. Fubon Securities and its subsidiaries adopt Historical Simulation risk models to evaluate the one-day worst loss on current net positions, with a 99% confidence level. Historical Simulation is used to calculate Common VaR and Stressed VaR, which reflects the impact on position held by Fubon Securities and its subsidiaries in the historical scenario. To conform to Basel Committee on Banking Supervision’s suggestion after the financial crisis in 2008, a new Stressed VaR used a 12-month period of market turmoil to assess potential losses above the 99% confidence level used in the VaR model. The outcome of Historical Simulation was easier to explain and understand, and the method could also avoid mistaken risk factor hypotheses being used. To ensure the quality of VaR measures, Fubon Securities and its subsidiaries execute statistical hypothesis testing and back-testing periodically. In addition to Bernoulli trials, Fubon Securities and its subsidiaries have also adopted statistical tests suggested by the Basel Committee after the financial crisis.

Common VaR information of trading book was as follows:

Units: In thousands of TWD

For the three months ended March 31, 2023

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 3,677	437	1,727
Interest rate	33,645	16,411	22,850
Equity	62,935	39,569	51,847
Fluctuation	5,549	1,542	3,715

Units: In thousands of TWD

For the three months ended March 31, 2022

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 1,300	280	680
Interest rate	29,760	10,358	20,226
Equity	60,524	36,583	47,154
Fluctuation	3,992	1,042	2,213

(The highest and lowest VaR in the table may appear on different dates, so its diversification effect is not significant. Therefore, it is not disclosed in the table.)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Stress Testing

As described earlier, VaR is the worst 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 the systematic risk appears in the market. Therefore, stress testing is introduced to capture the above risk by measuring the potential impact on the trading book portfolio during the abnormal market period, compensating the insufficiency of VaR.

Some techniques can be used when executing stress testing, such as sensitivity analysis, scenario analysis, and maximum loss analysis. Fubon Securities and its subsidiaries selected and implemented stress testing periodically within the scope of market risk set by the Company's risk control system. The result from the stress testing would be reported to the Risk and Asset-Liability Management Committee as a reference for management setting each managerial objective and quota.

Sensitivity analysis

Sensitivity analysis is used to measure the impact and effect of the products and portfolios when these are changes in the factors of a specific market. Fubon Securities and its subsidiaries use the following sensitivities to measure and monitor the risk exposure based on each type of risk.

1. Delta: Measure the changing value of a specific asset whose price changes 1%.
 2. Gamma: Measure the changing Delta value of a specific asset whose price changes 1%.
 3. Vega: Measure the changing value of a specific asset whose price volatility changes 1%.
 4. Price Value of Basis Point (PVBP): Measure the changing value of the yield rate curve when it moves 1 bp in parallel.
- v) Interest Rate Benchmark Reform—Phase 2 Amendment

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. As of December 31, 2022, these settings had been replaced by the Secured Overnight Financing Rate (SOFR). In March, 2021, the Financial Conduct Authority (FCA) announced that the US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after June 30, 2023.

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The following tables show the total amounts of unreformed contracts and those with appropriate fallback clause. The amounts of financial assets and liabilities are shown at their carrying amounts.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) The definition and classification of market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and other derivative instruments, as well as from balance sheet or structural positions. Fubon Bank (Hong Kong) and its subsidiaries transact in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, market making activities, and offsetting transactions in order to hedge Fubon Bank (Hong Kong) and its subsidiaries' open position. Fubon Bank (Hong Kong) and its subsidiaries do not engage in significant proprietary trading.

b) Guidelines and procedures

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce Fubon Bank (Hong Kong) and its subsidiaries' exposure to the volatility inherent in financial instruments.

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

Fubon Bank (Hong Kong) and its subsidiaries have also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board of Directors. Market risk is managed within various limits approved by the Board of Directors. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits. The Asset and Liability Committee reviews and approves these restrictions, which are approved by the Board of Directors at least once a year. Regular monitoring is performed daily and the results are reported to the members of the Asset and Liability Committee. The risk exposures are also reported to the Risk Committee at least monthly.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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The sale of derivatives to customers as risk management products and the subsequent use of derivatives to manage the resulting position is an integral part of Fubon Bank (Hong Kong) and its subsidiaries' business activities. These instruments are also used to manage Fubon Bank (Hong Kong) and its subsidiaries' own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by Fubon Bank (Hong Kong) and its subsidiaries are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. Fubon Bank (Hong Kong) and its subsidiaries also purchases exchange traded derivatives. Most of Fubon Bank (Hong Kong) and its subsidiaries' derivatives positions have been entered into to meet customer demand and to hedge these and other positions.

One of the tools used by Fubon Bank (Hong Kong) and its subsidiaries to monitor and limit market risk exposure is Value-at-risk (VaR). VaR is one of the techniques that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The calculation uses the historical simulation method as the means to estimate the statistical confidence level.

The VaR technique is only effective for potential loss events which are not correlated. Fubon Bank (Hong Kong) and its subsidiaries therefore augment its VaR limits with other positions and sensitivity limit structures. Additionally, Fubon Bank (Hong Kong) and its subsidiaries apply a wide range of sensitivity analysis and stress testing, both on individual portfolios and on Fubon Bank (Hong Kong) and its subsidiaries' consolidated positions to assess the potential impact on Fubon Bank (Hong Kong) and its subsidiaries' earnings as a result of extreme movements in market prices.

c) Organization and framework

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- d) Evaluation technique of market risk: Value at risk (VaR). Fubon Bank (Hong Kong) adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level.

The following table shows the relevant market risk VaR:

Units: In thousands of HKD

March 31, 2023

VaR	Average	Highest	Lowest
Foreign exchange risk	\$ 206	1,409	42
Interest rate risk	145	1,338	76
Total risk	194	1,515	77

Units: In thousands of HKD

December 31, 2022

VaR	Average	Highest	Lowest
Foreign exchange risk	\$ 181	2,059	21
Interest rate risk	69	1,110	1
Total risk	171	2,062	30

Units: In thousands of HKD

March 31, 2022

VaR	Average	Highest	Lowest
Foreign exchange risk	\$ 127	2,059	21
Interest rate risk	16	106	1
Total risk	135	2,062	30

- e) Sensitivity information of interest rate risk, foreign exchange risk and equity risk

Units: In thousands of HKD

March 31, 2023

Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(157,400)
Foreign exchange risk	10% decrease in HKD	-	157,400
Interest rate risk	+100 basis points shift in yield curves	603,870	(554,592)
Interest rate risk	-100 basis points shift in yield curves	(603,870)	554,592
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

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Units: In thousands of HKD

December 31, 2022			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(155,300)
Foreign exchange risk	10% decrease in HKD	-	155,300
Interest rate risk	+100 basis points shift in yield curves	491,227	(517,461)
Interest rate risk	-100basis points shift in yield curve	(491,227)	517,461
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

Units: In thousands of HKD

March 31, 2022			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(253,200)
Foreign exchange risk	10% decrease in HKD	-	253,200
Interest rate risk	+100 basis points shift in yield curves	484,325	(393,240)
Interest rate risk	-100 basis points shift in yield curves	(484,325)	393,240
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

f) Interest Rate Benchmark Reform—Phase 2 Amendment

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. Fubon Bank (Hong Kong) has exposures to IBORs on its financial instruments that will be reformed as part of these market-wide initiatives. Fubon Bank's (Hong Kong) remaining IBOR exposures at the reporting date are financial assets indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). In March, 2021, the Financial Conduct Authority announced that US dollar setting will cease to be provided after June 30, 2023, but Fubon Bank (Hong Kong) plans to finish the process of amending contractual terms or implementing appropriate fallback provisions in response to IBOR reform by the middle of 2023.

Fubon Bank (Hong Kong) anticipates that IBOR reform will impact its operational and risk management processes and hedge accounting. The main risks to which the Group is exposed as a result of IBOR reform are operational. For example, the renegotiation of borrowing contracts through bilateral negotiation with counterparties, implementing new fallback provisions with its derivative counterparties, updating of contractual terms, and revision of operational controls related to the reform.

IBOR Reform Monitoring Committee is formed to handle the related issues of IBOR Reform. The Committee provides periodic reports to management on interest rate risk and the risks arising from IBOR reform.

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Fubon Bank (Hong Kong) monitors the progress of transition from IBORs to new benchmark rates by reviewing the total amounts of contracts that have yet to transition to an alternative benchmark rate and the amounts of such contracts that include an appropriate fallback provision. Fubon Bank (Hong Kong) considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback provision that deals with the cessation of the existing IBOR (referred to as an ‘unreformed contract’).

The following tables show the carrying amounts of non-derivative financial assets and liabilities of unreformed contracts and those without appropriate fallback clauses.

	Units: In thousands of HKD March 31, 2023	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 3,537,729	-
Debts investments	62,800	-
	Units: In thousands of HKD December 31, 2022	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 4,640,505	-
Debts investments	62,477	-
	Units: In thousands of HKD March 31, 2022	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 8,319,043	-
Debts investments	109,611	-
Financial liabilities linked to USD LIBOR		
Bonds payable	156,587	-

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The following tables show the carrying amounts of unreformed contracts, and include derivative instruments at notional value without appropriate fallback clauses:

		Units: In thousands of HKD March 31, 2023	
		the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR			
Interest rate swap contracts	\$	20,785,883	-
		Units: In thousands of HKD December 31, 2022	
		the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR			
Interest rate swap contracts	\$	21,702,236	-
		Units: In thousands of HKD March 31, 2022	
		the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR			
Interest rate swap contracts	\$	26,027,891	-

- 6) JihSun Bank and its subsidiaries
- a) Sources and definition of market risk

Market risk results from the changes in market prices, such as interest rates, foreign exchange rates, stocks prices and commodity prices, and will cause JihSun Bank and its subsidiaries' risk of loss.

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b) Market risk management policy

i) Strategy

1. The market risk positions of JihSun Bank and its subsidiaries are monitored in accordance with the limits of indicators approved by the board of directors.
2. To fulfill market risk management and the operational goals of JihSun Bank and its subsidiaries, the risk management division of JihSun Bank and its subsidiaries comply with JihSun Bank and its subsidiaries' Risk management Rules and Market Risk Management Measures.
3. Establishing market risk management mechanism helps effectively monitor the financial instruments positions of JihSun Bank and its subsidiaries, including limitation management, profit and loss evaluation, stress test execution, and risk measurement. All of above will be reported to the senior management as references for decision making.

ii) Policies and procedures

In order to establish the market risk management mechanism of JihSun Bank and its subsidiaries and its operating segments and to ensure that market risk is within tolerable range, rules approaches, and operating articles are enacted by JihSun Bank and its subsidiaries and its operating segments. These regulations would help JihSun Bank and its subsidiaries and its operating segments effectively monitor all possible risks deriving from financial instruments.

c) Market risk management process

i) Recognition and evaluation

To effectively evaluate the degree of market risk exposure, JihSun Bank and its subsidiaries have set management indicators and its limit by establishing scientific methods and system of market risk management. The evaluation can serve as a basis to manage and monitor JihSun Bank and its subsidiaries' possible market risk. JihSun Bank and its subsidiaries' internal market risk estimation model includes interest rate, foreign exchange, equity, product and other risk factors. In addition to the traditional control methods such as authorize position limit, loss limit, limit of risk indicators (e.g., Greeks, DV01... ..), Value at risk (VaR), stress test and limit on permission suspension are applied to measure market risk.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) Monitoring and reporting

1. Daily supervision is conducted by each business unit by following related internal policies and executing hierarchical authorization control. Furthermore, reports should be submitted. When a divergence or exception occurs, an analysis should be accompanied with the report. When submitting a report, one should not only follow JihSun Bank and its subsidiaries' notification procedures, but also require countersignature of the risk management division of the financial holding company when overall sensitivity limit exceeds the limit. If the risk value or monthly loss exceeds the limit in each business unit, it should take measures within a certain period of time after receiving the notification, and fill in the over-limit report for approval to the senior management. If the loss of each business unit exceeds its annual loss limit, it shall reduce each position to the specified specification within a certain period of time after receiving the notification, and fill in the over-limit report for approval to the senior management. If the business units of JihSun Bank and its subsidiaries have the conditions of exception management, they should get an approval from the supervisor of the competent authority according to the current regulations. In addition to that, the business units should establish clear rules and review the conditions of exception management at least every three months. The review report should be resubmitted to the supervisor of the competent authority for approval. However, in the event of a major market emergency or anomaly, the conditions of exception management should be reviewed immediately and resubmitted to the supervisor of the competent authority for approval.
2. Risk management division: Risk management division would supervise the indicators of market risk of JihSun Bank and its subsidiaries and its managed business unit on the daily basis. If JihSun Bank and its subsidiaries' risk indicator exceeds the limit, risk management division should analyze the irregularity and report to JihSun Bank and its subsidiaries' senior management, require countersignature of the risk management division of the financial holding company. When necessary, JihSun Bank and its subsidiaries may convene the Risk Management Committee to determine responding measures and report to the board of directors.

d) Trading book risk management policies

Trading book is established in compliance with the rule of "the Methods for calculating Bank's regulatory capital and Risk Weighted Assets". Trading book includes the position of financial instruments and physical products which are evaluated frequently and actively managed for trading or for hedging.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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i) Strategies

1. Intend to make a profit through the spreads of actual or expected price of held position.
2. Intend to make a profit through the changes of other prices or interest rate of held position.
3. Positions held for the brokerage and proprietary business.
4. Positions held for offsetting risk all or most of the risks of another asset positions or portfolios on trading book.
5. Other all transactions under predetermined investment limit.

ii) Policies and procedures

Financial Investment Limit Authorization and Suspension Policies of the Division of Investments is established by JihSun Bank and its subsidiaries as a basis of governance of trading book.

iii) Evaluation policy

Position of trading book is evaluated daily according to its fair value or models. Market price data needed by the valuation models should be updated daily.

iv) Measurement approach

1. The assumptions and calculations of Value at Risk (VaR) refer to i. Technique of market risk valuation i. Value at Risk (VaR).
2. Stress tests carried out by JihSun Bank and its subsidiaries include single-factor sensitivity test, historical scenario test, custom scenario test. These tests are conducted to understand the influence on JihSun Bank and its subsidiaries' existing trading portfolio assuming a recurrence of significant international and domestic events or occurrence of customized extreme condition and to verify extreme situation which may cause extraordinary loss.

e) Trading book interest rate risk management

i) The Definition of interest rate risk

Interest risk means the earnings and fair value of positions on the trading book suffer losses due to changes in interest rates. Primary interest rate related instruments include domestic and overseas bonds/notes, interest rate derivatives instruments, domestic and overseas interest rate futures and the interest rate derivatives instruments issued by JihSun Bank and its subsidiaries and the hedging positions.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Management procedure of trading book

In order to effectively supervise the interest rate market and the possible effect on JihSun Bank and its subsidiaries' profitability, authorized trading limit, suspension limit and limit of related risk indicator are established for each business unit, traders, and interest related products.

iii) Measurement approach

DV01 limit is set for domestic and overseas bonds/notes, interest rate derivative instruments, domestic and overseas interest rate futures, and interest rate derivative instruments issued by JihSun Bank and its subsidiaries and related hedging positions.

f) Banking book interest rate risk management

Banking book interest rate risk refers to the risk that the economic value of earnings and assets and liabilities will be impacted due to adverse changes in interest rates.

i) Strategies

In order to decrease the degree of interest risk exposure, JihSun Bank and its subsidiaries have built up indicators of banking book interest rate risk management and established limits of indicators for setting strategies and hedging programs.

ii) Management process

1. Measurement

JihSun Bank and its subsidiaries have built up indicators of change in economic value of equity (Δ EVE) to tier 1 capital ratio and net interest income (Δ NII) to equity ratio in the next year as the main indicators of banking book interest rate risk, and limits of indicators according to the risk tolerance level for setting response strategies.

2. Monitor and report

a. Monitoring the banking book interest rate risk exposure and reviewing indicators of banking book interest rate risk management on a regular basis. During the Asset Liability Committee, a report should be put forward. Moreover, a report of banking book interest rate risk management analysis should be submitted to senior management, audit committee and board of directors regularly.

b. Holding the Asset Liabilities Committee on a monthly basis and the committee should examine banking book interest rate risk.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c. When the banking book interest rate risk exceeds the predetermined threshold (medium and high risk or up), the risk management division should analyze and report to the Asset Liabilities Committee and the Risk Management Committee, and hand it over to the business unit for follow-up matters according to the conclusion of the meeting, and the risk management division of the financial holding company must also be notified.

g) **Interest Rate Benchmark Reform—Phase 2 Amendment**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. On the reporting date, JihSun Bank and its subsidiaries listed some financial instruments related risks linked to the London Interbank Offered Rate (LIBOR). LIBOR is also part of the change in interest rate benchmark reform. JihSun Bank and its subsidiaries consider that a contract has been not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an ‘unreformed contract’).

JihSun Bank and its subsidiaries planned to implement appropriate fallback clause for all USD LIBOR indexed exposed by the end of March, 2023. JihSun Bank and its subsidiaries will determine the alternative rate when USD LIBOR ceases or is no longer representative.

The following tables show the carrying amounts of non-derivative financial assets and liabilities of unreformed contracts, and those without appropriate fallback clauses.

	March 31, 2023	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Debts investments	\$ 639,270	639,270
Discounts and loans	2,970,355	2,965,597
December 31, 2022		
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Debts investments	\$ 1,198,542	1,198,542
Discounts and loans	5,321,733	5,315,974

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	March 31, 2022	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Debts investments	\$ 3,154,875	3,154,875
Discounts and loans	11,390,563	11,383,407

The following tables show the carrying amounts of unreformed contracts, and include derivative instruments at notional value without appropriate fallback clauses:

	March 31, 2023	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
FX options	\$ 210,126	-
Interest rate instruments	1,218,120	-

	December 31, 2022	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
FX options	\$ 211,899	-
Interest rate instruments	1,842,600	-

	March 31, 2022	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
FX options	\$ 228,992	-
Interest rate instruments	1,717,440	-
Equity instruments	307,994	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

h) Foreign exchange risk management

i) The definition of foreign exchange risk

The foreign exchange risk shall mean the potential loss of an exchange of two different currencies at different period of time. The main foreign exchange products operated by JihSun Bank and its subsidiaries are non-option foreign exchange products, foreign exchange options, and the foreign exchange derivative instruments issued by JihSun Bank and its subsidiaries and the hedging position.

ii) Foreign exchange risk management policies, procedures and evaluation methods

1. In order to effectively manage the risk incurred due to foreign exchange market operation and gauge the influence on JihSun Bank and its subsidiaries' profit, transaction limit, loss limit and related risk indicator are established to each business unit, traders and foreign exchange related products.
2. Overall and individual position's limit of every kinds of foreign currency position are set by JihSun Bank and its subsidiaries' operation of non-option foreign exchange products, including spot exchange, forward exchange, foreign exchange swap and NDF and foreign exchange rate futures.
3. Overall and individual positions's Greeks limit (e.g., Delta, Gamma and Vega) are set for the operation of foreign exchange option.
4. Gap exposure, overall and individual position's Greeks limit (i.e. Delta, Gamma and Vega) are set for foreign exchange derivative instruments issued by JihSun Bank and its subsidiaries and related hedged position.

i) Management of price risk of equity securities

i) The definition of equity security risk

Equity security market risk includes specific risk incurs due to the price change of a specific equity security and a general market risk incurs due to the price change of whole market. Primary equity instruments held in JihSun Bank and its subsidiaries' trading portfolios include listed and OTC stocks, ETF and stock equity funds, domestic and oversea equity index futures, domestic equity index options, stock futures, warrants, convertible bonds, securities lending of convertible bonds and the equity derivative instruments issued by JihSun Bank and its subsidiaries and the hedging position.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- ii) Equity securities risk management policies, procedures and evaluation methods
1. In order to efficiently control the risks which arise from trading of equity securities and the impact on profits, JihSun Bank and its subsidiaries regulate the authorized transaction limit, loss limit and related risk indicator for each business unit, traders and other equity security instruments.
 2. Alert for a decline of single share and stop-loss percentage are set for listed stock, convertible bond, securities lending of convertible bonds, ETF and stock mutual funds.
 3. Greeks limit (e.g., Delta, Gamma and Vega) is set for equity instruments.
- j) Technique of market risk valuation
- i) Value at Risk (VaR)

Incompliance with Basel Internal Model Approach for Market Risk, JihSun Bank and its subsidiaries update market data on a daily basis. Exponentially weighted moving average (EWMA) is applied to compute volatility based on the market price range for the past year. Additionally, correlation of different market risk factor is considered and assumption of price changed of risk factor follow certain pattern is made. With an assistance of a computer, simulation of possible price path is identified. JihSun Bank and its subsidiaries use the simulation as the basis of investment portfolio's profit allocation. Monte Carlo simulations may be applied to compute Value at Risk of 99% confidence interval. Variance covariance matrices or Historical simulations can also be applied. Furthermore, JihSun Bank and its subsidiaries would exercise back testing to evaluate the appropriateness of Value at Risk model on a daily basis.

Tables shown as below are the Value at Risk portfolios of JihSun Bank and its subsidiaries:

99%C.L.1 day(VaR)	Unit: In thousands of TWD		
	For the three months ended March 31, 2023		
	Average	Highest	Lowest
Exchange Rate risk	391	682	72
Interest Rate risk	54	54	73
Equity Price risk	-	-	-
Securities in all	390	660	107

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Unit: In thousands of TWD

99%C.L.1 day(VaR)	For the three months ended March 31, 2022		
	Average	Highest	Lowest
Exchange Rate risk	770	1,819	138
Interest Rate risk	233	721	51
Equity Price risk	-	-	-
Securities in all	785	1,832	150

Note: The risk value of exchange, interest rate and equity instrument showed on the highest and the lowest column in the table are disclosed on the dates with the highest and lowest VaR during the period.

ii) Stress testing

Stress testing is used to measure the potential maximum loss of risk weighted assets under the worst hypothetical scenarios. The stress test of JihSun Bank and its subsidiaries is composed by three parts: (1) Single factor sensitivity test: The purpose of this test is to observe the change on a portfolio's value whenever a specific risk factor changes. Assuming that the risk factor is the stock price of common stocks, the single factor sensitivity test is to evaluate the value change on a portfolio when the stock price changes. (2) Historical scenario test: The purpose of this test is to simulate the portfolio under a historical period, where the portfolio is applied to following the historical returns. (3) Custom scenario test: This test is similar to the single factor sensitivity test and in addition, takes the correlation of risk factors into consideration.

iii) Sensitivity analysis

Unit: In thousands of TWD

March 31, 2023			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest Rate Risk	Interest rate curve shift up 100bps	(681)	(215,311)
	Interest rate curve shift down 100bps	671	223,786
Exchange Rate Risk	Foreign currency appreciate 7% against TWD	(659)	254,242
	Foreign currency depreciate 7% against TWD	659	(254,242)
Equity Price Risk	Equity price appreciate 20%	-	-
	Equity price depreciate 20%	-	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Unit: In thousands of TWD

December 31, 2022			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest Rate Risk	Interest rate curve shift up 100bps	(388)	(246,615)
	Interest rate curve shift down 100bps	368	256,231
Exchange Rate Risk	Foreign currency appreciate 7% against TWD	(5,051)	293,752
	Foreign currency depreciate 7% against TWD	5,051	(293,752)
Equity Price Risk	Equity price appreciate 20%	-	-
	Equity price depreciate 20%	-	-

Unit: In thousands of TWD

March 31, 2022			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest Rate Risk	Interest rate curve shift up 100bps	9,796	(305,534)
	Interest rate curve shift down 100bps	(9,999)	309,402
Exchange Rate Risk	Foreign currency appreciate 7% against TWD	(4,694)	400,689
	Foreign currency depreciate 7% against TWD	4,694	(400,689)
Equity Price Risk	Equity price appreciate 20%	-	-
	Equity price depreciate 20%	-	-

7) JihSun Securities and its subsidiaries

a) Market risk analysis

Market risk results from the changes in market prices, such as price risk, interest rates risk, foreign exchange rates risk and product risk will cause the risk of loss.

i) Value at Risk (VaR)

Value at risk is the risk measure of the maximal expected loss on a specific portfolio for given time horizon and confidence level under normal market. JihSun Securities and its subsidiaries currently adopts 99% C.L.1 day to measure the risk of loss on portfolio. JihSun Securities and its subsidiaries exercises back testing to evaluate the appropriateness of Value at Risk model on a daily basis to ensure that the greatest probable risk can be evaluated effectively.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1. Value at Risk

Unit: In thousands of TWD

99%C.L.1 day(VaR)	March 31, 2023	Average	The highest	The lowest
Total of departments	2,203	3,012	7,397	1,861
Covariance adjustments	(163)	(133)	(193)	(86)
Securities in all	2,040	2,879	7,204	1,775

Unit: In thousands of TWD

99%C.L.1 day(VaR)	December 31, 2022	Average	The highest	The lowest
Total of departments	2,742	14,574	33,511	3,398
Covariance adjustments	(169)	(5,809)	(13,317)	(1,045)
Securities in all	2,573	8,765	20,194	2,353

Unit: In thousands of TWD

99%C.L.1 day(VaR)	March 31, 2022	Average	The highest	The lowest
Total of departments	26,860	26,241	33,511	20,499
Covariance adjustments	(10,917)	(11,359)	(13,317)	(10,082)
Securities in all	15,943	14,882	20,194	10,417

2. The table of Value at Risk by risk factors

Unit: In thousands of TWD

99%C.L.1 day(VaR)	For the three months ended March 31, 2023		
	Average	The highest	The lowest
Exchange rate	-	-	-
Interest rate	-	-	-
Equity price	2,879	7,204	1,775
Securities in all	2,879	7,204	1,775

Unit: In thousands of TWD

99%C.L.1 day(VaR)	For the three months ended March 31, 2022		
	Average	The highest	The lowest
Exchange rate	-	-	-
Interest rate	935	778	204
Equity price	9,955	12,050	7,775
Securities in all	14,882	20,194	10,417

Note: The risk value of exchange rate, interest rate and equity price showed on the highest and the lowest column in the table are disclosed on the dates with the highest and lowest VaR during the period.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

ii) Stress testing

Integration of different techniques can be used when executing stress testing, such as sensitivity analysis and historical scenario analysis. JihSun Securities and its subsidiaries implements stress testing periodically within the scope of market risk stress testing condition. The result from the stress testing would be reported to the Risk and Asset-Liability Management Committee regularly as a reference for management setting each managerial objective and quota.

The table of stress testing

		Unit : In thousands of TWD		
		<u>Changes in gain and loss of positions</u>		
<u>Risk factor</u>	<u>Movements</u>	<u>March 31,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u>	<u>March 31,</u> <u>2022</u>
Equity Price risk	Equity securities prices decreased by 20%	(13,928)	(25,862)	(85,964)
Interest Rate risk	Interest rate curve shift up 100bps	19	(571)	(7,524)
Exchange Rate risk	Foreign currency depreciate 7% against TWD	-	-	(4,096)

b) Interest Rate Benchmark Reform—Phase 2 Amendment

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates. On the reporting date, JihSun Securities and its subsidiaries listed some financial instruments related risks linked to the London Interbank Offered Rate (LIBOR). LIBOR is also part of the change in interest rate benchmark reform. JihSun Securities and its subsidiaries consider that a contract has been not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an ‘unreformed contract’).

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Transfer of financial assets

1) Taipei Fubon Bank and its subsidiaries

Transferred financial assets that are not completely derecognized

The transferred financial assets of Taipei Fubon Bank and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Taipei Fubon Bank and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Taipei Fubon Bank and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized.

Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

<u>Types of financial assets</u>	March 31, 2023	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 5,429,430	5,382,495
Debt investments measured at amortized cost		
Repurchase agreements	47,704,737	42,599,711
<u>Types of financial assets</u>	December 31, 2022	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 14,848,002	14,318,154
Debt investments measured at amortized cost		
Repurchase agreements	94,285,019	84,222,285
<u>Types of financial assets</u>	March 31, 2022	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 13,324,007	12,835,136
Debt investments measured at amortized cost		
Repurchase agreements	109,957,247	105,847,205

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fubon Life Insurance and its subsidiaries

The transferred financial assets of Fubon Life Insurance and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Life Insurance and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. Therefore, Fubon Life Insurance and its subsidiaries do not completely derecognize the transferred assets. The table below discloses the information of financial assets that are not completely derecognized and the associated financial liabilities:

Units: In thousands of TWD					
March 31, 2023					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 1,416,949	-	1,416,949	-	1,416,949
Financial assets measured at fair value through other comprehensive income					
Repurchase agreement	1,437,758	1,197,538	1,437,758	1,197,538	240,220
Financial assets measured at amortized cost					
Repurchase agreement	8,768,042	6,975,662	7,481,140	6,975,662	505,478

Units: In thousands of TWD					
December 31, 2022					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 858,140	-	858,140	-	858,140
Financial assets measured at fair value through other comprehensive income					
Security lending agreements	5,879,628	5,168,385	5,879,628	5,168,385	711,243
Financial assets measured at amortized cost					
Repurchase agreement	8,836,429	7,049,115	7,142,855	7,049,115	93,740

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of TWD

<u>Types of financial assets</u>	<u>March 31, 2022</u>				
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 538,341	-	538,341	-	538,341

3) Fubon Insurance and its subsidiaries

Transferred financial assets that are completely derecognized

The transferred financial assets of Fubon Insurance and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Insurance and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Fubon Insurance and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized.

There is no financial asset which is not completely derecognized on March 31, 2023, December 31 and March 31, 2022.

4) Fubon Securities and its subsidiaries

Transferred financial assets that are not completely derecognized

The transferred financial assets of Fubon Securities and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Securities and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Fubon Securities and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized.

Fubon Securities and its subsidiaries split the convertible bonds into corporate bonds and option, and sell them to separate investors with varying needs. Because the transactions involved ownership transfer, the entry for disposal of corporate bonds is the same as the normal bond transactions. The agreed exchanged interest payments are recorded as net value and evaluate at the market price as of balance sheet date.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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When engaging in convertible bond option transactions, buyers pay premium to obtain the right to purchase or sell a security at a predetermined price on or before a specified day; sellers have the corresponding obligation to sell his options at a predetermined price on or before a specified day. The premium of the options will be shown on the balance sheet.

Notional amounts of the option should be recorded by memorandum entries. When options' owner fulfills his obligation, Fubon Securities and its subsidiaries will sell repurchased bonds to options' owner. Thus, the entry for disposal of corporate bonds is the same as the normal bond transactions. However, Fubon Securities and its subsidiaries still have the right to control the underlying interest; therefore, the financial assets are not derecognized in their entirety. Analyses of financial assets that are not completely derecognized and the associated liabilities are as follows.

<u>Types of financial assets</u>	<u>March 31, 2023</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 1,467,450	1,417,414
Convertible bonds transferred to counter parties of asset exchange option	4,558,185	4,027,255
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	3,932,060	3,788,555
<u>Types of financial assets</u>	<u>December 31, 2022</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 5,669,105	5,692,361
Convertible bonds transferred to counter parties of asset exchange option	4,409,904	4,012,151
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	3,621,437	3,510,910
<u>Types of financial assets</u>	<u>March 31, 2022</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 6,816,463	6,722,870
Convertible bonds transferred to counter parties of asset exchange option	4,501,288	3,786,246
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	7,955,886	7,936,069

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Fubon Bank (Hong Kong) and its subsidiaries

Transferred financial assets that are not completely derecognized

The transferred financial assets of Fubon Bank (Hong Kong) and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Bank (Hong Kong) and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Fubon Bank (Hong Kong) and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized. The table below shows the financial assets that are not completely derecognized and the associated liabilities.

Unit: In thousands of HKD					
March 31, 2023					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,856,045	6,500,293	6,863,430	6,500,293	363,137
Unit: In thousands of HKD					
December 31, 2022					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,497,523	6,123,565	6,490,650	6,123,565	367,085
Unit: In thousands of HKD					
March 31, 2022					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,323,489	6,172,362	6,330,123	6,172,362	157,761

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) JihSun bank and its subsidiaries

Transferred financial assets that are not completely derecognized:

The transferred financial assets of JihSun bank and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, JihSun bank and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since JihSun bank and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized.

Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

December 31, 2022					
Category of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Debt investments measured at amortized cost					
Repurchase agreements	\$ <u>1,657,035</u>	<u>1,600,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
March 31, 2022					
Category of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Debt investments measured at amortized cost					
Repurchase agreements	\$ <u>1,868,465</u>	<u>1,850,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note: The counter parties of securities sold under repurchase agreements with JihSun Securities and JihSun Bank have the rights of recourse not only on the transferred assets but also on assets of JihSun Securities and JihSun Bank. There is no need to disclose fair value of transferred assets, fair value of related financial liabilities and fair value net position according to IFRS 7 p42 D (d).

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) JihSun Securities and its subsidiaries

Transferred financial assets that are not completely derecognized:

The transferred financial assets of JihSun Securities and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, JihSun Securities and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since JihSun Securities and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized. Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

<u>Category of financial assets</u>	March 31, 2022				
	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Financial assets measured at fair value through profit or loss					
Repurchase agreements	\$ 6,808,860	7,155,471	-	-	-

Note: The counter parties of securities sold under repurchase agreements with JihSun Securities have the rights of recourse not only on the transferred assets but also on assets of JihSun Securities. There is no need to disclose fair value of transferred assets, fair value of related financial liabilities and fair value net position according to IFRS 7 p42 D (d).

(vii) Offsetting financial assets and financial liabilities

1) Taipei Fubon Bank and its subsidiaries

Taipei Fubon Bank and its subsidiaries did not hold any financial instruments which meet Section 42 of the IAS 32 endorsed by the FSC. Therefore, the financial instrument will be offset on the balance sheet.

Although Taipei Fubon Bank and its subsidiaries do not engage in any transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The offsetting information of financial assets and financial liabilities is shown below:

March 31, 2023						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 40,808,023	-	40,808,023	22,262,879	8,200,566	10,344,578
Securities purchased under resell agreements	22,925,675	-	22,925,675	22,584,310	-	341,365
Total	\$ 63,733,698	-	63,733,698	44,847,189	8,200,566	10,685,943

March 31, 2023						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash Collaterals	
Derivative financial instruments (Note 2)	\$ 30,333,241	-	30,333,241	21,811,651	6,210,952	2,310,638
Securities sold under repurchase agreements	47,982,206	-	47,982,206	47,839,544	30,481	112,181
Total	\$ 78,315,447	-	78,315,447	69,651,195	6,241,433	2,422,819

December 31, 2022						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 61,110,064	-	61,110,064	35,056,695	14,945,226	11,108,143
Securities purchased under resell agreements	22,884,498	-	22,884,498	22,588,127	-	296,371
Total	\$ 83,994,562	-	83,994,562	57,644,822	14,945,226	11,404,514

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash Collaterals	
Derivative financial instruments (Note 2)	\$ 45,305,650	-	45,305,650	32,430,842	6,970,316	5,904,492
Securities sold under repurchase agreements	98,540,439	-	98,540,439	98,329,428	24,897	186,114
Total	\$ 143,846,089	-	143,846,089	130,760,270	6,995,213	6,090,606

March 31, 2022						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 40,863,022	-	40,863,022	28,564,271	3,445,053	8,853,698
Securities purchased under resell agreements	18,332,866	-	18,332,866	18,158,970	-	173,896
Total	\$ 59,195,888	-	59,195,888	46,723,241	3,445,053	9,027,594

March 31, 2022						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash Collaterals	
Derivative financial instruments (Note 2)	\$ 39,097,330	-	39,097,330	26,867,135	7,769,070	4,461,125
Securities sold under repurchase agreements	118,682,341	-	118,682,341	118,518,943	107,751	55,647
Total	\$ 157,779,671	-	157,779,671	145,386,078	7,876,821	4,516,772

Note 1: Netting settlement agreement and non-cash financial collaterals are included.

Note 2: Derivative financial assets for hedging are included.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fubon Life Insurance and its subsidiaries

Although Fubon Life Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 60,615,463	-	60,615,463	6,231,158	170,500	54,213,805
Securities purchased under resell agreements	81,701,527	-	81,701,527	81,701,527	-	-
Total	\$ 142,316,990	-	142,316,990	87,932,685	170,500	54,213,805

March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash collaterals	
Derivative financial instruments	\$ 21,917,859	-	21,917,859	8,079,126	6,760,321	7,078,412
Securities sold under repurchase agreements	8,173,200	-	8,173,200	8,173,200	-	-
Total	\$ 30,091,059	-	30,091,059	16,252,326	6,760,321	7,078,412

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 80,363,755	-	80,363,755	19,443,116	-	60,920,639
Securities purchased under resell agreements	69,629,996	-	69,629,996	69,629,996	-	-
Total	\$ 149,993,751	-	149,993,751	89,073,112	-	60,920,639

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash collaterals	
Derivative financial instruments	\$ 33,188,879	-	33,188,879	20,997,053	8,102,359	4,089,467
Securities purchased under resell agreements	12,217,500	-	12,217,500	12,217,500	-	-
Total	\$ 45,406,379	-	45,406,379	33,214,553	8,102,359	4,089,467

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 59,187,058	-	59,187,058	8,361,599	140,248	50,685,211
Securities purchased under resell agreements	100,288,479	-	100,288,479	100,288,479	-	-
Total	\$ 159,475,537	-	159,475,537	108,650,078	140,248	50,685,211

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 31,215,743	-	31,215,743	10,789,604	5,521,184	14,904,955

Note: General agreement of net amount settlement and non-cash collateral are included.

3) Fubon Insurance and its subsidiaries

Although Fubon Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 8,083	-	8,083	8,083	-	-

March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 35,741	-	35,741	8,083	-	27,658

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash received as collaterals	
Derivative financial instruments	\$ 68,226	-	68,226	68,226	-	-

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Pledged cash collaterals	
Derivative financial instruments	\$ 106,214	-	106,214	68,226	-	37,988

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash received as collaterals	
Derivative financial instruments	\$ 2,644	-	2,644	2,644	-	-

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Pledged cash collaterals	
Derivative financial instruments	\$ 391,011	-	391,011	2,644	-	388,367

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries did not hold any financial instruments contract which meets Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Securities and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

The offsetting information of financial assets and liabilities is shown below:

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial assets	\$ 619,580	-	619,580	-	-	619,580

March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities	\$ 6,121,726	-	6,121,726	-	-	6,121,726
Repurchase agreements	5,405,969	-	5,405,969	5,405,969	-	-
Total	\$ 11,527,695	-	11,527,695	5,405,969	-	6,121,726

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial assets	\$ 577,298	-	577,298	-	-	577,298

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities	\$ 5,557,372	-	5,557,372	-	-	5,557,372
Repurchase agreements	9,203,271	-	9,203,271	9,203,271	-	-
Total	\$ 14,760,643	-	14,760,643	9,203,271	-	5,557,372

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial assets	\$ 642,644	-	642,644	-	-	642,644
Resell agreements	3,714,891	-	3,714,891	3,714,891	-	-
Total	\$ 4,357,535	-	4,357,535	3,714,891	-	642,644

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities	\$ 6,369,184	-	6,369,184	-	-	6,369,184
Repurchase agreements	14,658,939	-	14,658,939	14,658,939	-	-
Total	\$ 21,028,123	-	21,028,123	14,658,939	-	6,369,184

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Fubon Bank (Hong Kong) and its subsidiaries

Fubon Bank (Hong Kong) and its subsidiaries hold financial instruments contracts which meet Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Bank (Hong Kong) and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

Units: In thousands of HKD

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 831,646	-	831,646	18,376	-	813,270
March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 26,180	-	26,180	18,376	-	7,804
Securities sold under repurchase agreements	6,500,293	-	6,500,293	-	-	6,500,293
Total	\$ 6,526,473	-	6,526,473	18,376	-	6,508,097

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of HKD

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 2,122,983	-	2,122,983	13,585	-	2,109,398

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 31,192	-	31,192	13,585	-	17,607
Securities sold under repurchase	6,123,565	-	6,123,565	-	-	6,123,565
Total	\$ 6,154,757	-	6,154,757	13,585	-	6,141,172

Units: In thousands of HKD

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 983,083	-	983,083	26,884	-	956,199

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 51,292	-	51,292	26,884	-	24,408
Securities sold under repurchase agreements	6,172,362	-	6,172,362	-	-	6,172,362
Total	\$ 6,223,654	-	6,223,654	26,884	-	6,196,770

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) JihSun Bank and its subsidiaries

JihSun Bank and its subsidiaries did not hold any financial instruments contract which meets Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although JihSun Bank and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

The offsetting information of financial assets and liabilities is shown below:

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 207,890	-	207,890	9,755	-	198,135

March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 196,491	-	196,491	9,755	-	186,736

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 225,617	-	225,617	10,978	-	214,639
Structured products	1,480,828	-	1,480,828	1,480,828	-	-
Total	\$ 1,706,445	-	1,706,445	1,491,806	-	214,639

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 216,957	-	216,957	10,978	-	205,979
Repurchase agreements	1,600,263	-	1,600,263	1,600,263	-	-
Total	\$ 1,817,220	-	1,817,220	1,611,241	-	205,979

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 242,502	-	242,502	74,975	-	167,527

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 304,431	-	304,431	74,975	-	229,456
Repurchase agreements	1,850,000	-	1,850,000	1,850,000	-	-
Total	\$ 2,154,431	-	2,154,431	1,924,975	-	229,456

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

7) JihSun Securities and its subsidiaries

JihSun Securities and its subsidiaries did not hold any financial instruments contract which meets Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although JihSun Securities and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

The offsetting information of financial assets and liabilities is shown below:

March 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 164,864	-	164,864	-	-	164,864

March 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Financial liabilities designated as at fair value through profit or loss-current	\$ 222,132	-	222,132	-	-	222,132

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 54,904	-	54,904	-	-	54,904

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 65,509	-	65,509	-	-	65,509

March 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 271,458	-	271,458	-	-	271,458

March 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Financial liabilities designated as at fair value through profit or loss-current	\$ 425,578	-	425,578	-	-	425,578
Repurchase agreements	7,155,471	-	7,155,471	7,155,471	-	-
Total	\$ 7,581,049	-	7,581,049	7,155,471	-	425,578

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aj) Structured entities

(i) Taipei Fubon Bank and its subsidiaries

- 1) Taipei Fubon Bank and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Taipei Fubon Bank and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Taipei Fubon Bank and its subsidiaries
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by unconsolidated structured entities
Property trust plans	Invest in property trust plans to gain repayments of debts	Invest in trust issued by unconsolidated structured entities
Private fund investment	For investment purposes	Investment in units or limited partnership equity issued by such funds

- 2) The carrying amounts of the unconsolidated structured entities recognized by Taipei Fubon Bank and its subsidiaries were as below:

<u>March 31, 2023</u>	<u>Asset securitization products</u>	<u>Property trust plans</u>	<u>Private fund investment</u>
Assets possessed			
— Financial assets measured at \$ fair value through profit or loss	808,572	130,882	25,340
— Financial assets measured at fair value through other comprehensive income	9,733,707	-	-
— Debt investments measured at amortized cost	37,799,968	-	-
Total assets possessed	<u>\$ 48,342,247</u>	<u>130,882</u>	<u>25,340</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>December 31, 2022</u>	<u>Asset securitization products</u>	<u>Property trust plans</u>	<u>Asset management plans</u>
Assets possessed			
— Financial assets measured at fair value through profit or loss	\$ 798,448	130,398	12,674
— Financial assets measured at fair value through other comprehensive income	10,274,904	-	-
— Debt investments measured at amortized cost	37,973,252	-	-
Total assets possessed	<u>\$ 49,046,604</u>	<u>130,398</u>	<u>12,674</u>

<u>March 31, 2022</u>	<u>Asset securitization products</u>	<u>Property trust plans</u>
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ 814,073	133,762
— Financial assets measured at fair value through other comprehensive income	10,519,837	-
— Debt investments measured at amortized cost	35,344,213	-
Total assets possessed	<u>\$ 46,678,123</u>	<u>133,762</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the three months ended March 31, 2023 and 2022, Taipei Fubon Bank and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products, property trust plans and private fund investment.
- (ii) Fubon Life Insurance and its subsidiaries
- 1) Consolidated structured entities

The consolidated structured entity of Fubon Life Insurance and its subsidiaries is the real estate investment and management entity. The structured entity is consolidated because the involvement in it exposes Fubon Life Insurance and its subsidiaries to variability of returns from performance and their influence over it. As of March 31, 2023, December 31 and March 31, 2022, Fubon Life Insurance and its subsidiaries offered \$28,863,377 thousand, \$28,431,649 thousand and \$29,272,383 thousand of non-contractual obligation loan for the entity, respectively.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Unconsolidated structured entities

- a) Fubon Life Insurance and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Life Insurance and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Life Insurance and its subsidiaries
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products, REIT and collateral asset	Invest in assets securitization products, REIT and collateral asset to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities, principle and income

- b) The carrying amounts of the unconsolidated structured entities recognized by Fubon Life Insurance and its subsidiaries were as below:

March 31, 2023	Private fund investment	Asset securitization products, REIT and asset-based loan
Assets possessed		
– Financial assets measured at fair value through profit or loss	\$ 175,225,611	34,228,852
– Financial assets measured at fair value through other comprehensive income	-	13,680,067
– Financial assets measured at amortized cost	-	54,943,463
– Loan	-	22,269,298
Total assets possessed	<u>\$ 175,225,611</u>	<u>125,121,680</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>December 31, 2022</u>	<u>Private fund investment</u>	<u>Asset securitization products, REIT and asset-based loan</u>
Assets possessed		
– Financial assets measured at fair value through profit or loss	\$ 174,850,508	36,785,958
– Financial assets measured at fair value through other comprehensive income	-	23,282,895
– Financial assets measured at amortized cost	-	45,001,408
– Loan	-	<u>22,693,445</u>
Total assets possessed	<u>\$ 174,850,508</u>	<u>127,763,706</u>
<u>March 31, 2022</u>	<u>Private fund investment</u>	<u>Asset securitization products, REIT and asset-based loan</u>
Assets possessed		
– Financial assets measured at fair value through profit or loss	\$ 177,740,237	39,789,877
– Financial assets measured at fair value through other comprehensive income	-	24,547,875
– Financial assets measured at amortized cost	-	42,551,685
– Loan	-	<u>22,256,918</u>
Total assets possessed	<u>\$ 177,740,237</u>	<u>129,146,355</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- c) For the three months ended March 31, 2023 and 2022, Fubon Life Insurance and its subsidiaries did not offer any financial support to those unconsolidated private fund investment, asset securitization products, REITs and asset-based loan.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Fubon Insurance and its subsidiaries

- 1) Fubon Insurance and its subsidiaries possess the equities of the following structured entities which are not included in the consolidated financial statements. The fund is from Fubon Insurance and its subsidiaries and an external third party:

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Insurance and its subsidiaries
Private equity fund	Invest in funds that cannot be traded in a public market	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products of commercial real estate and financial asset beneficiary certificates	Invest in asset-backed securities issued by the entity

- 2) The carrying amounts of the assets related to the structured entities recognized by Fubon Insurance and its subsidiaries but not yet included in the consolidated financial statements were as follows:

March 31, 2023	Private equity fund	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss (Note)	\$ 57,900	1,835,656
— Financial assets measured at fair value through other comprehensive income	-	300,744
— Financial assets measured at amortized cost	-	95,419
Total assets possessed	<u>\$ 57,900</u>	<u>2,231,819</u>
December 31, 2022	Private equity fund	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ 60,128	1,864,448
— Financial assets measured at amortized cost	-	299,422
— Debt investments without active market	-	99,078
Total assets possessed	<u>\$ 60,128</u>	<u>2,262,948</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>March 31, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ 64,637	2,071,826
— Financial assets measured at amortized cost	-	104,394
Total assets possessed	<u>\$ 64,637</u>	<u>2,176,220</u>

Note: Guarantee deposits were included.

The maximum exposure of the possible loss from an entity is the carrying amount of the assets possessed.

- 3) For the three months ended March 31, 2023 and 2022, Fubon Insurance and its subsidiaries did not offer any financial support to those unconsolidated private equity fund and asset securitization products.
- (iv) Fubon Securities and its subsidiaries
- 1) Fubon Securities and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Securities and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Securities and its subsidiaries
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by the entity

- 2) The carrying amounts of the unconsolidated structured entities recognized by Fubon Securities and its subsidiaries were as below:

<u>March 31, 2023</u>	<u>Asset securitization products</u>
Assets possessed	
— Financial assets measured at fair value through profit or loss - current	<u>\$ 372,470</u>
December 31, 2022	
Assets possessed	
— Financial assets measured at fair value through profit or loss - current	<u>\$ 377,004</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022	Asset securitization products
Assets possessed	
— Financial assets measured at fair value through profit or loss - current	\$ <u>432,361</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the three months ended March 31, 2023 and 2022, Fubon Securities and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products.

(v) Other subsidiaries

- 1) Other subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from the subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by other subsidiaries
Private fund investment	Invest in private fund to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by the entity

- 2) The carrying amounts of the unconsolidated structured entities recognized by other subsidiaries were as below:

March 31, 2023	Private fund investment	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ <u>170,628</u>	<u>72,955</u>
December 31, 2022	Private fund investment	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ <u>171,997</u>	<u>74,147</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022	Private fund investment	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ <u>106,049</u>	<u>172,013</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the three months ended March 31, 2023 and 2022, other subsidiaries did not offer any financial support to those unconsolidated private investment fund and asset securitization products.

(ak) Capital Management

(i) General information

Objectives for managing capital are as follows:

- 1) The Company's basic objective of capital management shall be in compliance with the capital requirements of FSC and achieve the statutory capital adequacy ratio. The qualified capital calculation is in accordance with regulation by competent authorities.
- 2) Maintain an optimal capital structure to respond to possible operational or economic risks, to sustain future development of the business, and to make appropriate and effective capital allocation through dynamic adjustment.

(ii) Procedure for capital management

The Company maintained capital adequacy ratio to meet the requirements of the authority and report to the authority every quarter.

The Company complies with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The subsidiaries shall comply with the related capital adequacy norms, and overseas subsidiaries shall comply with local ordinances.

The Capital is managed by the authority of the Company according to the Company Capital Adequacy Monitoring Standard, and set internal control indicators for capital adequacy ratio. In the event that the capital adequacy ratio of the Company or its subsidiaries falls below the statutory minimum requirement, the responsible units of the Company shall report the improvement measures to the Chairman and the Board of Directors of the Company and report the improvement measures to the competent authorities.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(a) Significant impact of related foreign currency information

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial assets:									
Monetary items									
USD	\$ 121,766,010	30.479 /30.454 /30.244 /30.446	3,708,980,866	118,357,747	30.708 /30.522 /30.723 /30.966 /30.710	3,635,929,437	122,022,119	28.621 /28.622 /28.466 /28.624 /28.623 /28.576	3,492,379,111
HKD	78,709,598	3.882	305,511,795	80,647,182	3.940 /3.939 /3.938	317,714,130	73,762,193	3.656 /3.347	269,606,170
CNY	128,411,000	4.430	568,848,206	138,637,651	4.413 /4.408 /4.406	612,218,246	146,061,580	4.508 /4.507 /4.505	658,495,184
Non-Monetary items									
USD	12,292,133	30.479 /30.454 /30.446	374,366,379	12,187,590	30.708 /30.723 /30.966	374,300,598	15,938,856	28.621 /28.622 /28.576	456,195,101
EUR	1,211,891	33.146 /33.100	40,114,339	1,474,537	32.765 /32.755	48,313,858	1,477,934	31.750	46,925,327
KRW	1,183,576,091	0.023	27,697,786	1,118,441,563	0.024	27,260,713	1,087,777,804	0.024	25,689,939
Derivatives									
USD	331,938	30.479 /30.454 /30.446	10,112,310	1,003,292	30.708 /30.723 /30.966	30,845,924	172,128	28.621 /28.622 /28.576	4,925,616
Investments accounted for using equity method									
CNY	4,375,407	4.430	19,382,286	4,248,014	4.413	18,748,350	4,055,984	4.508	18,285,181
HKD	2,635,931	3.882	10,231,446	2,640,228	3.940	10,401,308	2,813,475	3.655	10,284,550
KRW	732,577,658	0.023	17,107,153	735,013,733	0.024	17,960,061	341,623,566	0.024	8,062,658
Financial liabilities:									
Monetary items									
USD	\$ 42,157,772	30.479 /30.454	1,284,730,119	43,793,383	30.708 /30.723 /30.710	1,345,749,809	47,874,473	28.621 /28.622 /28.624 /28.623	1,370,206,971
HKD	75,654,711	3.882	293,655,418	77,063,114	3.940 /3.939 /3.938	303,593,908	70,197,739	3.656 /3.437	256,605,319
CNY	105,938,221	4.430	469,307,484	113,933,034	4.413 /4.408	502,952,563	116,968,630	4.508 /4.507 /4.505	527,310,811
Non-Monetary items									
USD	1,282,498	30.479	39,085,904	1,405,620	30.723	43,186,769	1,594,082	28.621	45,624,454
CNY	873,005	4.430	3,867,259	1,571,538	4.413	6,935,889	583,098	4.508	2,628,724
Derivatives									
USD	718,483	30.454 /30.446 /30.479	21,879,860	1,083,244	30.708 /30.966 /30.723	33,295,093	1,108,035	28.621 /28.622 /28.576	31,709,160

Note: Each balance listed is greater than 5% of total monetary items.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(am) Non-cash trading investing and financing activities

	<u>January 1, 2023</u>	<u>Changes in cash flows from financing activities</u>	<u>Non-cash adjustment</u>				<u>March 31, 2023</u>
			<u>Effect of exchange rate changes</u>	<u>Fair value fluctuation</u>	<u>Other changes</u>	<u>Other</u>	
Bonds payable	\$ 257,381,535	6,609,505	(862,039)	310,337	151,227	-	263,590,565
Lease liabilities	21,792,236	(962,581)	(10,163)	-	338,881	(134,399)	21,023,974
	<u>\$ 279,173,771</u>	<u>5,646,924</u>	<u>(872,202)</u>	<u>310,337</u>	<u>490,108</u>	<u>(134,399)</u>	<u>284,614,539</u>

	<u>January 1, 2022</u>	<u>Changes in cash flows from financing activities</u>	<u>Non-cash adjustment</u>				<u>March 31, 2022</u>
			<u>Effect of exchange rate changes</u>	<u>Fair value fluctuation</u>	<u>Other changes</u>	<u>Others</u>	
Bonds payable	\$ 266,168,615	(4,932,188)	1,997,612	(2,338,334)	130,396	-	261,026,101
Lease liabilities	21,477,286	(912,910)	50,109	-	1,251,625	(178,658)	21,687,452
	<u>\$ 287,645,901</u>	<u>(5,845,098)</u>	<u>2,047,721</u>	<u>(2,338,334)</u>	<u>1,382,021</u>	<u>(178,658)</u>	<u>282,713,553</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(an) The following disclosures are only applicable to Taipei Fubon Bank and JihSun Bank, in accordance with relevant regulations

(i) Asset quality of overdue loans and overdue receivables

Taipei Fubon Bank

Units: In thousands of TWD, %

Item		March 31, 2023					
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)	
Corporate loan	Secured	880,322	248,300,044	0.35	3,217,281	365.47	
	Unsecured	294,866	474,599,089	0.06	5,656,467	1,918.32	
Consumer loan	Mortgage (Note 4)	284,100	574,986,427	0.05	8,617,839	3,033.38	
	Cash card	-	645	-	13	-	
	Micro credit (Note 5)	66,549	49,693,294	0.13	558,731	839.58	
	Others (Note 6)	Secured	802,607	343,197,322	0.23	3,588,954	447.16
		Unsecured	33,595	34,961,499	0.10	363,105	1,080.83
Total		2,362,039	1,725,738,320	0.14	22,002,390	931.50	
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)	
Credit card		61,303	61,972,062	0.10	450,603	735.04	
Accounts receivable – factoring with no recourse (Note 7)		-	23,355,291	-	268,945	-	
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		8,579					
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		23,229					
Excluded NPL as a result of debt solvency and restart plan (Note 9)		332,789					
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		351,553					

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD, %

		March 31, 2022					
Item		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)	
Corporate loan	Secured	1,168,870	242,512,091	0.48	2,910,882	249.03	
	Unsecured	408,702	467,968,482	0.09	5,509,058	1,347.94	
Consumer loan	Mortgage (Note 4)	272,451	539,780,741	0.05	8,081,799	2,966.33	
	Cash card	-	829	-	17	-	
	Micro credit (Note 5)	52,656	53,069,125	0.10	576,931	1,095.66	
	Others (Note 6)	Secured	932,362	319,632,287	0.29	3,353,191	359.64
		Unsecured	30,144	35,802,174	0.08	368,258	1,221.66
Total		2,865,185	1,658,765,729	0.17	20,800,136	725.96	
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)	
Credit card		36,732	53,608,711	0.07	334,407	910.40	
Accounts receivable – factoring with no recourse (Note 7)		-	17,550,145	-	212,712	-	
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		12,160					
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		31,638					
Excluded NPL as a result of debt solvency and restart plan (Note 9)		358,477					
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		371,749					

JihSun Bank

Units: In thousands of TWD, %

		March 31, 2023					
Item		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)	
Corporate loan	Secured	44,034	36,919,610	0.12	448,753	1,019.11	
	Unsecured	12,487	37,110,640	0.03	407,783	3,265.66	
Consumer loan	Mortgage (Note 4)	38,283	49,460,960	0.08	742,762	1,940.19	
	Cash card	-	-	-	-	-	
	Micro credit (Note 5)	-	379,606	-	4,487	-	
	Others (Note 6)	Secured	38,514	40,493,121	0.10	419,424	1,089.02
		Unsecured	-	116,523	-	3,022	-
Total		133,318	164,480,460	0.08	2,026,231	1,519.85	
		Overdue receivable	Account receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)	
Credit card		1,265	461,067	0.27	16,170	1,278.26	
Account receivable factoring with no recourse (Note 7)		-	-	-	-	-	

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD, %

Item		March 31, 2022				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	92,612	44,110,083	0.21	534,724	577.38
	Unsecured	61,432	48,211,872	0.13	561,795	914.50
Consumer loan	Mortgage (Note 4)	58,060	47,777,144	0.12	718,206	1,237.01
	Cash card	-	-	-	-	-
	Micro credit (Note 5)	270	410,766	0.07	5,476	2,028.15
	Others (Note 6)					
	Secured	40,691	37,361,096	0.11	386,367	949.51
	Unsecured	1,369	167,946	0.82	6,604	482.40
Total		254,434	178,038,907	0.14	2,213,172	869.84
		Overdue receivable	Account receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		1,216	532,879	0.23	16,218	1,333.72
Account receivable factoring with no recourse (Note 7)		-	299,991	-	3,275	-

	March 31, 2023		March 31, 2022	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loans agreement (Note 8)	4,584	-	7,225	-
As a result of debt solvency and restart plan (Note 9)	3,236	3,355	5,748	4,127
Total	7,820	3,355	12,973	4,127

Note 1: For loan business: Overdue loans represent the amounts of reported overdue loans pursuant to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the MOF.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL Ratio = NPL/Total Loans.

For credit card business: Delinquency Ratio = Overdue receivable/Account receivable.

Note 3: For loan business: Coverage Ratio = LLR/NPL

For credit card business: Coverage Ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage means the purpose of financing is to purchase, build, or fix up the dwelling, and the dwelling owned by the borrower, spouse, or children fully secures the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loan refer to secured or non-secured loans excluding mortgage, cash card, micro credit, and credit card.

Note 7: Accounts receivable – factoring with no recourse: As required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), provision for bad debt is recognized once no compensation is received from the factoring or insurance company.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 8: The amounts of excluded NPL and excluded overdue receivables through financial debt negotiation and loan agreement were disclosed based on the interpretation issued by the Banking Bureau dated April 25, 2006 (Ref. 09510001270).

Note 9: The amounts of excluded NPL and excluded overdue receivables through debt solvency and restart plan were disclosed based on the interpretation issued by the Banking Bureau dated September 15, 2008 (Ref. 09700318940) and September 20, 2016 (Ref. 10500134790).

(ii) Concentration of credit extensions

Taipei Fubon Bank

Units: In thousands of TWD, %

March 31, 2023			
Rank (Note 1)	Group name (Note 2)	Credit extensions balance (Note 3)	% of net asset value
1	A group (semiconductor assembly and testing industry)	10,816,285	4.40
2	B group (other electronic component manufacturing industry)	9,808,347	3.99
3	C group (other electronic component manufacturing industry)	8,800,000	3.58
4	D group (residential and building development, rental and sales)	7,960,000	3.24
5	E group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	7,806,739	3.17
6	F group (LCD and its component manufacturing industry)	7,394,929	3.01
7	G group (cable and other subscription programming)	7,064,239	2.87
8	H group (passive electronic components manufacturing industry)	6,820,855	2.77
9	I group (footwear and garment manufacturing)	6,604,770	2.69
10	J group (other computer peripheral equipment manufacturing industry)	6,518,224	2.65

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD, %

March 31, 2022			
Rank (Note 1)	Group name (Note 2)	Credit extensions balance (Note 3)	% of net asset value
1	A group (semiconductor assembly and testing industry)	13,403,385	5.75
2	B group (other electronic component manufacturing industry)	10,010,419	4.30
3	C group (other electronic component manufacturing industry)	8,800,000	3.78
4	D group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	8,600,938	3.69
5	E group (cable and other subscription programming)	8,097,154	3.47
6	F group (computers and related equipment and software development)	7,917,960	3.40
7	G group (footwear and garment manufacturing)	7,691,318	3.30
8	H group (petrochemical raw material manufacturing industry)	7,253,445	3.11
9	I group (residential and building development, rental and sales)	7,032,000	3.02
10	J group (computers and related equipment, communications, optoelectronics, power management and consumer electronics)	6,475,040	2.78

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 a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm 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: Groups enterprise refers to a group 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, discounted, 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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

JihSun Bank

Units: In thousands of TWD, %

March 31, 2023			
Rank	Group name	Credit extensions balance	% of net asset value
1	A group – ocean freight forwarding	2,898,505	12.49
2	B group – real estate development	2,880,547	12.41
3	C group – LCD and its component manufacturing industry	2,640,000	11.38
4	D group – cement manufacture	2,461,653	10.61
5	E group – manufacture of man-made fibers	2,379,050	10.25
6	F group – real estate development	1,762,297	7.59
7	G group – motor rental industry	1,395,000	6.01
8	H group – real estate development	1,340,000	5.77
9	I group – real estate development	1,200,000	5.17
10	J group – general warehousing	1,134,000	4.89

Units: In thousands of TWD, %

March 31, 2022			
Rank	Group name	Credit extensions balance	% of net asset value
1	A group – real estate development	4,847,266	20.53
2	B group – other chemical materials manufacturing	2,878,774	12.19
3	C group – financial leasing	2,744,658	11.62
4	D group – other amusement and recreation activities	2,626,730	11.12
5	E group – manufacture of man-made fibers	2,588,450	10.96
6	F group – wholesale electronic and communication equipment and parts	2,154,553	9.12
7	G group – manufacture of other electronic parts and components not elsewhere classified	1,800,000	7.62
8	H group – real estate development	1,545,034	6.54
9	I group – financial leasing	1,431,656	6.06
10	J group – data storage media manufacturing	1,272,480	5.39

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Interest rate sensitivity information

Interest Rate Sensitivity (TWD)

Taipei Fubon Bank

Units: In thousands of TWD, %

March 31, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,708,182,186	126,207,813	91,628,917	159,001,099	2,085,020,015
Interest rate-sensitive liabilities	596,807,129	1,120,770,056	49,507,139	105,159,324	1,872,243,648
Interest rate sensitivity gap	1,111,375,057	(994,562,243)	42,121,778	53,841,775	212,776,367
Net worth					244,006,689
Ratio of interest rate-sensitive assets to liabilities (%)					111.36
Ratio of the interest rate sensitivity gap to net worth (%)					87.20

Units: In thousands of TWD, %

March 31, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,698,147,807	76,072,876	38,481,908	207,431,826	2,020,134,417
Interest rate-sensitive liabilities	484,140,396	1,063,992,423	72,356,471	94,911,758	1,715,401,048
Interest rate sensitivity gap	1,214,007,411	(987,919,547)	(33,874,563)	112,520,068	304,733,369
Net worth					231,415,572
Ratio of interest rate-sensitive assets to liabilities (%)					117.76
Ratio of the interest rate sensitivity gap to net worth (%)					131.68

Note 1: The above amounts include only New Taiwan Dollar amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities 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).

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

JihSun Bank

Units: In thousands of TWD, %

March 31, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 166,373,155	10,678,978	9,010,337	24,151,872	210,214,342
Interest rate-sensitive liabilities	68,625,570	124,856,297	5,682,206	915,183	200,079,256
Interest rate sensitivity gap	97,747,585	(114,177,319)	3,328,131	23,236,689	10,135,086
Net worth					22,951,835
Ratio of interest rate-sensitive assets to liabilities (%)					105.07
Ratio of the interest rate sensitivity gap to net worth (%)					44.16

Units: In thousands of TWD, %

March 31, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 203,616,436	2,891,393	3,955,454	22,726,999	233,190,282
Interest rate-sensitive liabilities	72,096,203	128,424,248	13,759,813	1,884,997	216,165,261
Interest rate sensitivity gap	131,520,233	(125,532,855)	(9,804,359)	20,842,002	17,025,021
Net worth					23,386,924
Ratio of interest rate-sensitive assets to liabilities (%)					107.88
Ratio of the interest rate sensitivity gap to net worth (%)					72.80

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches held by JihSun Bank. (Excluding foreign currency amounts) are denominated in New Taiwan dollars.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

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)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Interest Rate Sensitivity (USD)

Taipei Fubon Bank

Units: In thousands of USD, %

March 31, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 13,499,712	1,546,428	1,957,409	9,735,725	26,739,274
Interest rate-sensitive liabilities	27,681,165	2,360,692	3,192,117	1,040,995	34,274,969
Interest rate sensitivity gap	(14,181,453)	(814,264)	(1,234,708)	8,694,730	(7,535,695)
Net worth					43,051
Ratio of interest rate-sensitive assets to liabilities (%)					78.01
Ratio of the interest rate sensitivity gap to net worth (%)					(17,504.11)

Units: In thousands of USD, %

March 31, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 14,314,983	1,129,465	1,310,751	9,842,434	26,597,633
Interest rate-sensitive liabilities	32,714,787	3,054,367	1,290,186	660,691	37,720,031
Interest rate sensitivity gap	(18,399,804)	(1,924,902)	20,565	9,181,743	(11,122,398)
New worth					63,472
Ratio of interest rate-sensitive assets to liabilities (%)					70.51
Ratio of the interest rate sensitivity gap to net worth (%)					(17,523.31)

Note 1: The above amounts include only USD amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest-rate sensitive 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).

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

JihSun Bank

Units: In thousands of USD, %

March 31, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 339,930	98,634	19,600	261,411	719,575
Interest rate-sensitive liabilities	176,499	434,978	124,742	1,922	738,141
Interest rate sensitivity gap	163,431	(336,344)	(105,142)	259,489	(18,566)
Net worth					8,366
Ratio of interest rate-sensitive assets to liabilities (%)					97.48
Ratio of the interest rate sensitivity gap to net worth (%)					(221.92)

Units: In thousands of USD, %

March 31, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 448,340	73,961	32,728	203,386	758,415
Interest rate-sensitive liabilities	74,572	657,320	60,716	487	793,095
Interest rate sensitivity gap	373,768	(583,359)	(27,988)	202,899	(34,680)
Net worth					8,913
Ratio of interest rate-sensitive assets to liabilities (%)					95.63
Ratio of the interest rate sensitivity gap to net worth (%)					(389.09)

Note 1: Listed amounts of the head office, domestic branches and offshore banking unit held by JihSun Bank (excluding contingent assets and liabilities) are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest-rate sensitive 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)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Profitability

Taipei Fubon Bank

Unit: %

		For the three months ended March 31	
Item		2023	2022
Return on total assets	Before income tax	0.21	0.21
	After income tax	0.18	0.18
Return on net worth	Before income tax	3.15	3.24
	After income tax	2.65	2.70
Profit margin		41.52	43.17

JihSun Bank

Unit: %

		For the three months ended March 31	
Item		2023	2022
Return on total assets	Before income tax	0.07	0.12
	After income tax	(0.06)	0.11
Return on net worth	Before income tax	0.76	1.45
	After income tax	(0.63)	1.34
Profit margin		(12.24)	31.63

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2023 and 2022.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Maturity analysis

Maturity Analysis of Assets and Liabilities (TWD)

Taipei Fubon Bank

Units: In thousands of TWD

March 31, 2023							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 2,973,467,611	287,782,346	316,471,710	335,112,043	342,899,711	307,425,312	1,383,776,489
Main capital outflow on maturity	3,564,402,997	168,256,749	296,918,077	582,965,515	543,485,613	710,364,105	1,262,412,938
Gap	(590,935,386)	119,525,597	19,553,633	(247,853,472)	(200,585,902)	(402,938,793)	121,363,551

Units: In thousands of TWD

March 31, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 2,865,775,779	292,020,666	275,501,289	335,255,116	282,519,710	283,105,124	1,397,373,874
Main capital outflow on maturity	3,485,754,654	144,783,562	316,532,454	481,375,652	575,681,731	718,538,682	1,248,842,573
Gap	(619,978,875)	147,237,104	(41,031,165)	(146,120,536)	(293,162,021)	(435,433,558)	148,531,301

Note: The above amounts are book value of assets and liabilities held by headquarter and domestic branches of Taipei Fubon Bank and denominated is New Taiwan dollars.

JihSun Bank

Units: In thousands of TWD

March 31, 2023							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 227,286,483	16,140,883	26,324,598	31,653,886	14,751,396	16,085,856	122,329,864
Main capital outflow on maturity	275,286,224	5,212,173	12,075,664	27,187,980	38,525,173	54,574,856	137,710,378
Gap	(47,999,741)	10,928,710	14,248,934	4,465,906	(23,773,777)	(38,489,000)	(15,380,514)

Units: In thousands of TWD

March 31, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 244,064,274	22,302,598	35,092,798	31,215,172	14,195,251	15,573,103	125,685,352
Main capital outflow on maturity	297,549,143	13,127,600	16,982,122	24,665,370	35,979,171	57,250,659	149,544,221
Gap	(53,484,869)	9,174,998	18,110,676	6,549,802	(21,783,920)	(41,677,556)	(23,858,869)

Note: Listed amounts of the head office and domestic branches held by JihSun Bank (excluding foreign currency amounts) are denominated in New Taiwan dollars.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Maturity Analysis of Assets and Liabilities (USD)

Taipei Fubon Bank

Units: In thousands of USD

March 31, 2023						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 66,768,794	21,250,574	13,859,159	9,066,003	8,348,950	14,244,108
Main capital outflow on maturity	74,582,230	23,536,507	19,376,871	11,502,414	12,563,695	7,602,743
Gap	(7,813,436)	(2,285,933)	(5,517,712)	(2,436,411)	(4,214,745)	6,641,365

Units: In thousands of USD

March 31, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 74,789,793	23,994,518	13,311,858	12,120,470	9,555,880	15,807,067
Main capital outflow on maturity	82,163,618	22,920,931	21,921,552	12,386,017	14,094,128	10,840,990
Gap	(7,373,825)	1,073,587	(8,609,694)	(265,547)	(4,538,248)	4,966,077

Note: The above amounts are book value of assets and liabilities held by Taipei Fubon Bank and denominated in U.S. dollars.

JihSun Bank

Units: In thousands of USD

March 31, 2023						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 801,205	243,598	150,481	103,740	25,599	277,787
Main capital outflow on maturity	936,631	161,676	102,435	157,327	262,811	252,382
Gap	(135,426)	81,922	48,046	(53,587)	(237,212)	25,405

Units: In thousands of USD

March 31, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 930,133	379,611	125,058	109,332	66,199	249,933
Main capital outflow on maturity	1,055,203	162,028	120,759	132,662	243,605	396,149
Gap	(125,070)	217,583	4,299	(23,330)	(177,406)	(146,216)

Note1: Listed amounts of the head office and domestic branches and offshore banking unit held by JihSun Bank are denominated in U.S. dollars. The amounts were listed by book value unless there is additional statement. Non-recorded amount shall not be listed. (For example: planning to issue negotiable certificates of deposit, bonds or stocks.)

Note2: The supplementary disclosure of information shall be provided, if the overseas assets accounts for more than 10% to the total assets.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions:

(a) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Fubon Property Management Co., Ltd. (Fubon Property Management)	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock Exchange)	Related parties in substance
Taipei Exchange (TPEX)	Related parties in substance
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
momo.com Inc. (momo)	Related parties in substance
Fubon Land Development Co., Ltd. (Fubon Land Development)	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Fubon Cultural and Educational Foundation	Related parties in substance
Taiwan Bio-development Foundation (TBF)	Related parties in substance
Funds Managed by Fubon Asset Management	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Related parties in substance
Taiwan High Speed Rail Corporation (Taiwan High Speed Rail)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Taipei New Horizon Co., Ltd. (Taipei New Horizon)	Related parties in substance
Kbro Media Co., Ltd. (Kbro Media)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd. (Taihsin Property Insurance Agent)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
China United Insurance Group Co., Ltd. (China United Insurance Group)	Related parties in substance
Taiwan Win TV Media Co., Ltd. (Taiwan Win TV)	Related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
LINE Biz+ Taiwan Co., Ltd. (LINE Biz+ Taiwan)	Related parties in substance
Sharehope Medicine Co., Ltd. (Sharehope Medicine)	Related parties in substance
Yong Hsin Shing Ye Co., Ltd. (Yong Hsin Shing Ye)	Related parties in substance
Carplus Auto Leasing Corporation (Carplus Auto Leasing)	Related parties in substance
Beijing Global Media Technology Co., Ltd. (Beijing Global)	Related parties in substance
MediaTek (Chengdu) Inc.(MediaTek Software)	Related parties in substance
MediaTek (Shenzhen) Inc. (MediaTek (Shenzhen))	Related parties in substance
Mstar Semi (Shenzhen) Inc. (Mstar Semi)	Related parties in substance
Wuxi GIH Innovation Industrial Development Inc. (Wuxi GIH)	Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
Tokio Marine Newa Insurance Co., Ltd. (Tokio Marine Newa Insurance)	Related parties in substance
Line Bank Co., Ltd. (Line Bank)	Related parties in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related parties in substance
Century Development Corporation (Century Development)	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd. (Sichuan VipFubon)	Related parties in substance
JihSun Securities Investment Trust Co., Ltd. (JihSun Securities Investment Trust)	Related parties in substance
Taiwan Cement Corporation	Related parties in substance
Taiwan Shin Kong Security Co., Ltd. (Taiwan Shin Kong Security)	Related parties in substance
Chung Hsing Land Development Co., Ltd. (Chung Hsing Land Development)	A major stockholder of the Company
Ming-Dong Industrial Co., Ltd. (Ming-Dong Industrial)	A major stockholder of the Company
Taipei City Government	A major stockholder of the Company
Hui Yang Venture Capital Co., Ltd.(Hui Yang Venture Capital)	Related parties in substance
eChem Solutions Corp. (eChem Solutions)	Related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Taipei Rapid Transit Corporation (Taipei Rapid Transit)	Related parties in substance
Probright Technology Inc.	Related parties in substance
PJ Asset Management Co., Ltd (PJ Asset Management)	Related parties in substance
Chang Wah Technology CO.,LTD. (CWTC)	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
H GREEN POWER INC.	Related parties in substance
Bluewalnut Co., Ltd	Related parties in substance
CAPITAL TARGET LIMITED	Related parties in substance
TA-HO MARITIME CORPORATION	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and the related parties in substance

(b) Significant transactions with related parties

(i) Bank deposits and deposits

1) Bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Far Eastern Bank	\$ 9,156,142	0~4.75	7,864,962	0~4.4	8,986,952	0~0.47
Taiwan Business Bank	330,018	0~0.58	1,315,825	0.46~1.25	8,825,968	0.08~0.45
Xiamen Bank	216,487	0~0.35	173,613	0~0.35	177,103	0.35~1.73
Total	<u>\$ 9,702,647</u>		<u>9,354,400</u>		<u>17,990,023</u>	

2) Restricted bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Far Eastern Bank	\$ 31,520	1.70~4.70	77,413	0.45~4.20	20,307	0~0.05

3) Deposits in related parties

<u>Name of related party</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Others	<u>\$ 100,731,914</u>	0~6.60	<u>105,042,000</u>	0~11.00	<u>82,645,449</u>	0~6.10

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Due to banks, due from banks and call loans from banks

1) Due from banks

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Xiamen Bank	\$ <u>111,789</u>	<u>117,387</u>	<u>60,630</u>

2) Deposits from related parties (accounted for other financial assets)

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Sichuan VipFubon	\$ <u>-</u>	<u>882,688</u>	<u>901,640</u>

3) Call loans from banks

<u>Name of related party</u>	<u>March 31, 2023</u>		<u>December 31, 2022</u>		<u>March 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taiwan Business Bank	\$ 420,716	2.25~2.50	488,642	1.85~2.5	-	-
Xiamen Bank	110,050	0.05~0.75	96,956	0.05~0.75	70,485	0.01~0.05
Total	\$ <u>530,766</u>		<u>585,598</u>		<u>70,485</u>	

(iii) Financial instruments

1) Transaction of derivative financial instruments

The amount of the related parties' contracts for dealing in derivative financial commodities is as follows:

<u>March 31, 2023</u>						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Far Eastern Bank	Interest rate swap contracts	2018.07.11~2023.07.13	\$ 300,000	(822)	CCS contract value (liabilities)	822
<u>December 31, 2022</u>						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Far Eastern Bank	Interest rate swap contracts	2018.01.09~2023.02.27	\$ 1,500,000	275	CCS contract value (assets)	275
Far Eastern Bank	Interest rate swap contracts	2018.07.11~2023.07.13	300,000	(946)	CCS contract value (liabilities)	946
Far Eastern Bank	IRS asset swap contracts	2022.11.01~2025.11.22	75,000	(6,210)	IRS asset swap contracts value (liabilities)	6,210

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022						
Name of related party	Derivative instruments	period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Far Eastern Bank	Interest rate swap contracts	2018.01.09~2023.07.13	\$ 1,800,000	(5,402)	CCS contract value (liabilities)	5,402
Far Eastern Bank	Interest rate swap contracts	2018.12.18~2022.12.20	300,000	(772)	Financial liabilities measured at fair value through profit or loss	(67)
CTBC Securities	IRS asset swap contracts	2019.11.05~2022.10.29	20,000	(254)	IRS asset swap contracts value (liabilities)	254

- 2) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

Name of related party	December 31,		
	March 31, 2023	2022	March 31, 2022
Funds managed by Fubon Asset Management	\$ 19,286,734	17,594,019	12,853,445
Funds managed by JihSun Securities Investment Trust	3,917,857	4,316,600	1,423,205
Total	<u>\$ 23,204,591</u>	<u>21,910,619</u>	<u>14,276,650</u>

- 3) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

Name of related party	December 31,		
	March 31, 2023	2022	March 31, 2022
Fubon REIT I Fund	\$ 3,064,539	3,102,741	3,562,410
Fubon REIT II Fund	2,192,251	2,230,965	2,376,782
Total	<u>\$ 5,256,790</u>	<u>5,333,706</u>	<u>5,939,192</u>

- (iv) Receivables

Name of related party	December 31,		
	March 31, 2023	2022	March 31, 2022
Funds managed by Fubon Asset Management	\$ 291,130	137,894	138,020
Taiwan Mobile	28,177	46,673	13,033
Far Eastern Bank	11,645	16,985	2,269
Taiwan Win TV	300	550	27,500
momo	32,381	435	3,510
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	13,918	24,494	16,371
Total	<u>\$ 377,551</u>	<u>227,031</u>	<u>200,703</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Details of financing activities:

1) Loans

Name of related party	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %	Amount	Interest rate range %
Others	<u>\$ 18,571,411</u>	0~15.00	<u>16,587,762</u>	0~15.00	<u>8,174,680</u>	0~14.71

Units: In thousands of TWD

March 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 28,177	23,096	✓	-	None	None
Residential mortgage loans	303	3,093,808	2,885,720	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	11,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	8,000,000	4,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	159,070	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Probright Technology Inc.	3,381	1,694	✓	-	Small & Medium Enterprise Credit Guarantee Fund	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees (The approval date was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)	None
	Beijing Global	88,503	67,904	✓	-	Certificate of deposit	None
	Other loans	13,610	7,717	✓	-	Credit Guarantee Fund and real estate	None
Total		\$ 24,828,576	18,571,411				

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 57,954	22,595	✓	-	None	None
Residential mortgage loans	302	3,731,955	2,905,720	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	28,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees (The approval date was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None
	Other loans	217,227	16,389	✓	-	Credit Guarantee Fund and real estate	None
Total		\$ 24,781,708	16,587,762				

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

March 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	78	\$ 38,697	28,349	✓	-	None	None
Residential mortgage loans	343	3,436,326	3,165,108	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,000,000	-	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	-	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,233,926	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Beijing Global	81,142	81,142	✓	-	Certificate of deposit	None
	Other loans	659,738	622,155	✓	-	Credit Guarantee Fund, real estate, securities and Debt	None
Total		\$ 24,512,829	8,174,680				

2) Secured loans

March 31, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	25 related parties in substance	\$ 158,934	151,052	Normal loans	Real estate	None

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	31 related parties in substance	\$ 203,608	174,138	Normal loans	Real estate	None

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	33 related parties in substance	\$ 235,124	229,224	Normal loans	Real estate	None

The transaction terms between related parties are identical to those of other market participants.

3) Life insurance loans:

March 31, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	77 related parties in substance	\$ 40,745	38,586	Normal loans	Policy value	None

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	97 related parties in substance	\$ 47,232	37,148	Normal loans	Policy value	None

March 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	82 related parties in substance	\$ 37,428	36,768	Normal loans	Policy value	None

The transaction terms between related parties are identical to those of other market participants.

(vi) Customer margin account

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Futures Exchange	\$ <u>4,707,807</u>	<u>1,765,528</u>	<u>5,920,217</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Refundable deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ 1,310,626	1,310,576	1,291,633
Taiwan Stock Exchange	1,019,560	769,560	1,278,814
Taiwan Futures Exchange	-	107,316	174,429
TPEX	101,206	59,206	129,256
Fubon REIT I Fund	53,541	52,067	53,347
Chung Hsing Land Development	37,436	37,436	37,436
Fubon REIT II Fund	37,034	36,930	36,067
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	17,750	17,497	19,784
Total	<u>\$ 2,577,153</u>	<u>2,390,588</u>	<u>3,020,766</u>

(viii) Clearing and settlement fund

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Stock Exchange	\$ 242,653	186,365	245,627
Taiwan Futures Exchange	221,239	219,832	233,903
TPEX	159,250	155,120	155,120
Total	<u>\$ 623,142</u>	<u>561,317</u>	<u>634,650</u>

(ix) Prepayments

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Land Development	\$ 21,190	876	876
Taiwan Fixed Network	4,243	2,978	-
Fubon REIT I Fund	1,882	1,259	2,819
Taipei Rapid Transit	1,556	1,773	2,479
momo	801	802	1,096
Taiwan Shin Kong Security	18	2,219	740
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	2,604	2,852	1,166
Total	<u>\$ 32,294</u>	<u>12,759</u>	<u>9,176</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Payables

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Stock Exchange	\$ 49,017	38,542	73,612
Taiwan Futures Exchange	33,668	28,696	40,193
Taihsin Property Insurance Agent	28,937	3,483	25,200
TPEX	18,877	14,440	18,030
Hyundai Commercial Inc.	13,927	14,956	12,822
Funds managed by Fubon Asset Management	11,725	531	479,084
CAPITAL TARGET LIMITED	-	-	262,607
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	18,412	17,865	21,597
Total	<u>\$ 174,563</u>	<u>118,513</u>	<u>933,145</u>

(xi) Deal on credit

As of March 31, 2023, December 31 and March 31, 2022, the balance of financing and loans from other related parties to the Company and its subsidiaries are \$133,132, \$287,108 thousand and \$40,343 thousand, respectively.

(xii) Principal of structured products

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
MediaTek (Shenzhen)	\$ 221,491	286,874	924,181
MediaTek Software	212,632	719,391	446,312
Wuxi GIH	20,687	20,699	20,693
Mstar Semi	-	489,848	500,365
Related parties in substance (individual)	55,980	58,542	32,696
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	7,315	7,373	6,869
Total	<u>\$ 518,105</u>	<u>1,582,727</u>	<u>1,931,116</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xiii) Futures traders' equity

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 5,430,977	4,459,397	5,024,121
PJ Asset Management	-	-	500,000
Total	<u>\$ 5,430,977</u>	<u>4,459,397</u>	<u>5,524,121</u>

(xiv) Advance receipts

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Mobile	\$ 33,928	44,661	20,791
momo	27,199	163	20,449
JihSun Securities Investment Trust	10,310	2,034	240
Funds managed by Fubon Asset Management	9,182	15,125	30,962
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	4,530	4,775	4,650
Total	<u>\$ 85,149</u>	<u>66,758</u>	<u>77,092</u>

(xv) Guarantees

March 31, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	-	0.55%	Credit guarantees (The approval date was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	-	0.55%	Credit guarantees (The approval date was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)

March 31, 2022: none.

(xvi) Transaction for retirement pension savings:

Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
Hyundai Mobis Co., Ltd.	\$ 9,329,931	9,649,589	6,830,960
Hyundai Card Co., Ltd.	2,811,777	2,990,213	-
Hyundai Commercial Inc.	1,205,222	1,298,868	1,043,463
HYUNDAI IHL CORPORATION	118,635	-	-
H GREEN POWER INC.	44,394	-	-
Bluewalnut Co., Ltd	19,296	-	-
Total	<u>\$ 13,529,255</u>	<u>13,938,670</u>	<u>7,874,423</u>

(xvii) Income

1) Service fees

Name of related party	For the three months ended March 31	
	2023	2022
LINE Biz+ Taiwan	\$ 206,212	134,896
momo	197,125	154,938
Taiwan Mobile	44,104	42,083
Taipei City Government	3,715	11,569
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	25,640	24,530
Total	<u>\$ 476,796</u>	<u>368,016</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Management income

Name of related party	For the three months ended March 31	
	2023	2022
Funds managed by Fubon Asset Management	\$ <u>404,875</u>	<u>358,079</u>

3) Sales commissions

Name of related party	For the three months ended March 31	
	2023	2022
Funds managed by Fubon Asset Management	\$ <u>12,376</u>	<u>22,214</u>

4) Handling fee income

Name of related party	For the three months ended March 31	
	2023	2022
Funds managed by Fubon Asset Management	\$ 14,220	30,807
Related parties in substance (individual)	1,701	6,394
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	246	1,369
Total	\$ <u>16,167</u>	<u>38,570</u>

5) Sponsorship income, sales revenue and royalty income

Name of related party	For the three months ended March 31	
	2023	2022
Taiwan Mobile	\$ 14,498	9,234
momo	5,964	4,414
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	287
Total	\$ <u>20,462</u>	<u>13,935</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xviii) Expenses

1) Insurance claims and payments

<u>Name of related party</u>	For the three months ended March 31	
	2023	2022
Taiwan Mobile	\$ 73,564	61,032
Taiwan High Speed Rail	3,508	16,239
Carplus Auto Leasing	-	43,784
Tokio Marine Nawa Insurance	-	37,908
Related parties in substance (individual)	16,773	3,913
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	3,249	40,296
Total	\$ 97,094	203,172

2) Donations

<u>Name of related party</u>	For the three months ended March 31	
	2023	2022
Fubon Charity Foundation	\$ 15,320	15,635
TBF	2,500	5,000
Fubon Cultural and Educational Foundation	1,554	5,024
Fubon Art Foundation	-	6,065
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	100
Total	\$ 19,374	31,824

3) Other expenses

<u>Name of related party</u>	<u>Category</u>	For the three months ended March 31	
		2023	2022
LINE Biz+ Taiwan	Service fee	\$ 775,813	669,029
momo	Rental expenses and service fee	348,572	141,381
Taiwan Stock Exchange	Stock listing fee, brokerage commissions, computer information fee, issuing call/put warrant fee and security lending expenses	128,769	202,681

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022</u>
Taiwan Futures Exchange	Brokerage commissions, computer information fee and clearing and settlement fee	\$ 114,981	102,263
Taihsin Property Insurance Agent	Commission expenses	110,099	105,186
Taiwan Fixed Network	Rental expenses, telecom expenses, maintenance costs and service fee	64,986	55,075
Fubon Property Management	Management fees, investment property expenses and service fee	55,622	59,993
TPEX	Stock listing fee, computer information fee and brokerage commissions	52,008	58,173
Taiwan High Speed Rail	Rental expenses, transportation expenses and service fee	20,793	16,466
Taiwan Mobile	Rental expenses, telecom expenses, advertising expenses, operational service charges and maintenance costs	17,287	16,085
Funds managed by Fubon Asset Management	Service fee and security lending expenses	10,978	6,582
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		59,575	71,837
Total		\$ <u>1,759,483</u>	<u>1,504,751</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xix) Insurance Receivable and Insurance Revenue

1) Insurance receivable

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Cement Corporation	\$ 16,722	2,593	-
TA-HO MARITIME CORPORATION	15,280	61	-
MediaTek	11,718	1,798	13,191
Taiwan High Speed Rail	2,826	85,265	3,218
momo	1,199	12,504	1,324
Taipei New Horizon	-	15,590	-
Line Bank	-	2,800	11,200
CWTC	6,094	116	7,174
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	32,701	28,608	28,948
Total	<u>\$ 86,540</u>	<u>149,335</u>	<u>65,055</u>

2) Insurance Revenue

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
momo	\$ 49,410	46,739
Taiwan Cement Corporation	15,526	-
TA-HO MARITIME CORPORATION	15,071	-
MediaTek	10,959	12,650
Line Bank	-	11,200
Carplus Auto Leasing	-	98,759
Related parties in substance (individual)	147,959	208,260
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	80,602	76,202
Total	<u>\$ 319,527</u>	<u>453,810</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xx) Bonds payable and Interest Expense

1) Bonds payable

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Hyundai Commercial Inc.	\$ 233,520	244,350	236,010
Hyundai Commercial Inc. (Note)	2,335,200	2,443,500	2,360,100
Total	<u>\$ 2,568,720</u>	<u>2,687,850</u>	<u>2,596,110</u>

Note: recognized as equity of the Company and its subsidiaries.

2) Interest Expense

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Hyundai Commercial Inc.	<u>\$ 43,749</u>	<u>38,837</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(xxi) Leasing

1) The company rents from related parties

a) Right-of-use asset

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ 28,668,228	28,703,681	29,703,057
Fubon REIT I Fund	253,413	282,006	249,218
Chung Hsing Land Development	167,070	222,265	390,915
Fubon REIT II Fund	126,220	159,484	201,284
Ming-Dong Industrial	37,051	42,880	19,184
Fubon Charity Foundation	35,739	41,549	59,301
Taiwan Mobile	6,685	7,648	10,589
Taiwan Fixed Network	4,761	5,498	10,568
Related parties in substance (individual)	58,364	66,593	91,747
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	3,170	4,654	10,770
Total	\$ <u>29,360,701</u>	<u>29,536,258</u>	<u>30,746,633</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Lease liability

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ 7,757,207	8,041,556	7,872,145
Fubon REIT I Fund	233,463	281,550	245,487
Chung Hsing Land Development	172,649	229,902	398,501
Fubon REIT II Fund	139,409	172,498	210,343
Ming-Dong Industrial	37,861	43,767	19,761
Fubon Charity Foundation	36,984	42,915	60,374
Taiwan Mobile	6,673	7,638	10,470
Taiwan Fixed Network	4,828	5,582	10,530
Related parties in substance (individual)	60,526	68,809	93,661
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	3,218	4,769	10,959
Total	\$ <u>8,452,818</u>	<u>8,898,986</u>	<u>8,932,231</u>

2) The company leases to related parties

a) Guarantee deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
momo	\$ 46,649	46,649	46,649
Fubon Art Foundation	29,719	29,719	26,884
Hyundai Card Co., Ltd.	16,730	20,987	-
Sharehope Medicine	17,912	17,912	17,912
Taiwan Mobile	10,186	10,182	11,823
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	36,888	36,799	39,481
Total	\$ <u>158,084</u>	<u>162,248</u>	<u>142,749</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Performance guarantee

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Sharehope Medicine (Note)	\$ 269,296	269,296	267,956
Kbro Media	-	-	27,135
Total	<u>\$ 269,296</u>	<u>269,296</u>	<u>295,091</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) paid \$269,296 thousand jointly for performance bond.

c) Rental revenue

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
momo	\$ 46,749	45,158
Hyundai Card Co., Ltd.	12,014	-
Taiwan Mobile	10,647	12,773
Kbro Media	466	37,737
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	46,034	37,175
Total	<u>\$ 115,910</u>	<u>132,843</u>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(xxii) Acquisition of property and equipment

1) Transaction of debt instrument

a) Repurchase agreement

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Related parties in substance (individual)	<u>\$ 4,557,427</u>	<u>4,436,373</u>	<u>2,622,291</u>

b) Resell agreement

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
CTBC Securities	<u>\$ 651,000</u>	<u>-</u>	<u>400,052</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

c) Bonds sold/matured

<u>Name of related party</u>	For the three months ended March 31	
	2023	2022
Taiwan Mobile	\$ -	302,685
Funds managed by JihSun Securities Investment Trust	-	50,473
Total	\$ -	353,158

2) Transaction of equity instruments:

Shares undertaken

<u>Name of related party</u>	March 31, 2023	December 31, 2022	March 31, 2022
China United Insurance Group	\$ 8,474,946	8,281,059	7,531,957
Century Development	202,297	216,282	356,133
Hui Yang Venture Capital	18,847	15,620	1,957
eChem Solutions	-	59,115	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,259	14,086	9,204
Total	\$ 8,697,349	8,586,162	7,899,251

3) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	For the three months ended March 31	
	2023	2022
Taipei City Government	\$ 53,085	-
Fubon Land Development	24,175	5,215
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	4	-
Total	\$ 77,264	5,215

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Compensation to executive officers

Executive officers' compensation comprised:

	For the three months ended	
	March 31	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 510,315	586,870
Post-employment benefits	13,338	11,125
Other long-term employee benefits	<u>1,532</u>	<u>1,442</u>
	<u>\$ 525,185</u>	<u>599,437</u>

(d) Information on related party transactions amounting to more than \$100,000 thousand

If a transaction occurs between two subsidiaries, only one subsidiary needs to disclose its related party information, and the inter-company transaction is eliminated in the consolidated financial statements.

(i) The Company

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	The subsidiary
Fubon Insurance Co., Ltd. (Fubon Insurance)	The subsidiary
Fubon Securities Co., Ltd. (Fubon Securities)	The subsidiary
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	The subsidiary
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	The subsidiary

2) Significant transactions with related parties were as follows:

a) Bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	<u>\$ 2,402,307</u>	<u>155,146</u>	<u>17,790,966</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) The investment balance details:

i) Balance of investment

<u>Name of security</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance - non-cumulative perpetual subordinated corporate bonds	\$ <u>19,864,137</u>	<u>19,625,671</u>	<u>20,164,137</u>

ii) Interest receivables

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ <u>9,863</u>	<u>552,329</u>	<u>9,863</u>

iii) Interest revenue

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ <u>177,534</u>	<u>177,534</u>

c) Income tax receivables

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ 1,318,811	48,830	13,502,947
Taipei Fubon Bank	3,206,967	2,388,885	1,844,884
Fubon Insurance	1,021	4,417	748,503
Fubon Securities	879,496	814,780	1,291,391
Fubon Asset Management	173,674	135,586	105,149
Total	\$ <u>5,579,969</u>	<u>3,392,498</u>	<u>17,492,874</u>

d) Lease Agreement

<u>Name of related party</u>	<u>Right-of-use assets</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ <u>234,839</u>	<u>237,528</u>	<u>226,547</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Lease liabilities</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ <u>244,780</u>	<u>247,050</u>	<u>232,716</u>

(ii) Fubon Insurance and its subsidiaries

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd. (Fubon Financial Holdings)	Parent Company
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Xiamen Bank (China) Co., Ltd. (Xiamen Bank)	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd. (Taihsin Property Insurance Agent)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Others	Directors, supervisors, managers and their close relatives, etc.

2) Significant transactions with related parties were as follows:

a) Bank deposits

<u>Name of related party</u>	<u>December 31,</u>		
	<u>March 31, 2023</u>	<u>2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ 1,243,597	2,275,402	2,486,901
Xiamen Bank	216,487	173,613	177,103
Far Eastern Bank	<u>269</u>	<u>128</u>	<u>496,058</u>
Total	<u>\$ 1,460,353</u>	<u>2,449,143</u>	<u>3,160,062</u>

b) Receivables

<u>Name of related party</u>	<u>December 31,</u>		
	<u>March 31, 2023</u>	<u>2022</u>	<u>March 31, 2022</u>
Fubon Financial Holdings	\$ <u>3,297,296</u>	<u>2,067,260</u>	<u>-</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Premium revenues with related party were as follows:

Name of related party	For the three months ended March 31	
	2023	2022
Taipei Fubon Bank	\$ 115,396	105,048

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

- d) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

Name of related party	March 31, 2023	December 31, 2022	March 31, 2022
	Fubon REIT I Fund	\$ 882,574	894,217
Fubon REIT II Fund	953,082	970,231	1,042,230
Total	\$ 1,835,656	1,864,448	2,071,826

- e) Acquisition commission and service fees were as follows:

Name of related party	For the three months ended March 31	
	2023	2022
Taihsin Property Insurance Agent	\$ 110,099	105,186

- f) Right-of-use asset and lease liability

Name of related party	Right-of-use asset		
	March 31, 2023	December 31, 2022	March 31, 2022
Fubon Life Insurance	\$ 489,532	525,305	634,613

Name of related party	Lease liability		
	March 31, 2023	December 31, 2022	March 31, 2022
Fubon Life Insurance	\$ 515,243	550,500	654,077

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Fubon Life Insurance and its subsidiaries

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd. (Fubon Financial Holdings)	Parent Company
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Funds Managed by Fubon Asset Management	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance
Century Development Corporation (Century Development)	Related parties in substance
China United Insurance Group Co., Ltd. (China United Insurance Group)	Related parties in substance
Sharehope Medicine Co., Ltd. (Sharehope Medicine)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Significant transactions with related parties

a) Bank deposits

<u>Nature of deposits</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank:			
Check deposits	\$ 37,117	13,159	184,166
Demand deposits	13,316,688	20,677,980	18,011,181
Time deposits	4,452,779	9,952,779	25,752,779
Fubon Bank (Hong Kong):			
Demand deposits	96,023	105,879	5,119,684
Far Eastern Bank:			
Time deposits	9,000,000	7,500,000	7,600,000
Taiwan Business Bank:			
Demand deposits	275,872	260,837	269,347
Time deposits	-	1,000,000	8,500,000
Total	\$ <u>27,178,479</u>	<u>39,510,634</u>	<u>65,437,157</u>

b) Loans

Secured loans

March 31, 2023						
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>	<u>Differences in transaction terms between related and non related parties</u>
Residential mortgage loans	25 related parties in substance	\$ <u>158,934</u>	<u>151,052</u>	Normal loan	Real Estate	None
December 31, 2022						
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>	<u>Differences in transaction terms between related and non related parties</u>
Residential mortgage loans	31 related parties in substance	\$ <u>203,608</u>	<u>174,138</u>	Normal loan	Real Estate	None
March 31, 2022						
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>	<u>Differences in transaction terms between related and non related parties</u>
Residential mortgage loans	33 related parties in substance	\$ <u>235,124</u>	<u>229,224</u>	Normal loan	Real Estate	None

The transaction terms are identical to those of other market participants.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Discretionary investment from related parties

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Asset Management	\$ <u>6,199,449</u>	<u>5,592,184</u>	<u>6,561,819</u>

- d) Transaction for retirement pension savings:

<u>Retirement Pension Savings</u>			
<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Hyundai Mobis Co., Ltd.	\$ 9,329,931	9,649,589	6,830,960
Hyundai Commercial Inc.	1,205,222	1,298,868	1,043,463
Hyundai Card Co., Ltd.	2,811,777	2,990,213	-
HYUNDAI IHL CORPORATION	118,635	-	-
Total	\$ <u>13,465,565</u>	<u>13,938,670</u>	<u>7,874,423</u>

- e) Certain investment funds held from related parties are as follows:

<u>Fund</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 17,861,560	16,406,561	11,394,450
Funds managed by JihSun Securities Investment Trust	3,917,857	4,316,601	1,401,840
Total	\$ <u>21,779,417</u>	<u>20,723,162</u>	<u>12,796,290</u>

- f) Shares undertaken from related parties are as follows:

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Century Development	\$ 202,297	216,282	356,133
China United Insurance Group	8,474,945	8,281,059	7,531,957
Total	\$ <u>8,677,242</u>	<u>8,497,341</u>	<u>7,888,090</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

g) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon REIT I Fund	\$ 886,445	897,235	1,028,981
Fubon REIT II Fund	1,089,350	1,108,308	1,173,202
Total	<u>\$ 1,975,795</u>	<u>2,005,543</u>	<u>2,202,183</u>

h) Bond transactions and derivatives financial instruments transactions:

i) Issuing bonds

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Hyundai Commercial Inc.	\$ 233,520	244,350	236,010
Hyundai Commercial Inc. (Note)	2,335,200	2,443,500	2,360,100
Total	<u>\$ 2,568,720</u>	<u>2,687,850</u>	<u>2,596,110</u>

Note: recognized as equity of the Company and its subsidiaries.

ii) Bonds sold/matured

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	<u>\$ 199,161</u>	<u>-</u>

iii) Derivative financial instruments (notional amount)

The contract amounts

<u>Name of related party</u>	<u>Financial instrument</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	Foreign exchange swap contracts	<u>\$ 25,581,360</u>	<u>21,495,600</u>	<u>30,339,320</u>

i) Other receivables:

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Financial Holdings	\$ 6,689,137	6,867,487	3,144,355
Fubon Insurance	236,075	276,799	254,591
Total	<u>\$ 6,925,212</u>	<u>7,144,286</u>	<u>3,398,946</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

j) Leasing transaction:

i) Refundable deposits:

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ <u>1,305,636</u>	<u>1,305,586</u>	<u>1,286,644</u>

ii) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon REIT I Fund	\$ 108,841	140,096	224,280
Fubon Insurance	71,914	95,855	169,461
Total	\$ <u>180,755</u>	<u>235,951</u>	<u>393,741</u>

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon REIT I Fund	\$ 108,957	139,917	220,787
Fubon Insurance	69,578	92,491	160,878
Total	\$ <u>178,535</u>	<u>232,408</u>	<u>381,665</u>

iii) Right-of-use asset and lease liability – Investment property – Superficies

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ <u>28,629,629</u>	<u>28,656,799</u>	<u>29,630,867</u>

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei City Government	\$ <u>7,722,507</u>	<u>7,992,975</u>	<u>7,804,357</u>

The above-mentioned leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iv) Performance guarantee

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Sharehope Medicine (Note)	\$ <u>269,296</u>	<u>269,296</u>	<u>267,956</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) paid \$269,296 thousand jointly for performance bond.

k) Integrate business revenue and cross-selling commission:

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ <u>243,968</u>	<u>243,455</u>

l) Premium Income:

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Related parties in substance	\$ <u>140,071</u>	<u>10,162</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

(iv) Fubon Securities and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Funds managed by Fubon Asset Management	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock Exchange)	Related parties in substance
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
Taipei Exchange (TPEX)	Related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
JihSun Securities Co., Ltd. (JihSun Securities)	Company controlled by Fubon Financial Holdings
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Bank deposits, cash equivalents, short-term borrowings, and other current assets

Cash deposits in Taipei Fubon Bank and Fubon Bank (Hong Kong) were as follows:

<u>Items</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Demand deposits (excluding settlement accounts)	\$ <u>2,080,743</u>	<u>2,550,186</u>	<u>3,090,436</u>
Demand deposits (booked as customer margin accounts)	\$ <u>233,011</u>	<u>310,587</u>	<u>461,686</u>
Time deposits	\$ <u>480,000</u>	<u>460,000</u>	<u>445,000</u>
Pledged time deposit	\$ <u>105,000</u>	<u>105,000</u>	<u>105,000</u>
Foreign currency deposits (excluding settlement accounts)	\$ <u>147,833</u>	<u>210,409</u>	<u>184,101</u>
Foreign time deposit	\$ <u>11,465,632</u>	<u>13,399,493</u>	<u>13,288,841</u>

As of March 31, 2023, December 31 and March 31, 2022, Fubon Securities and its subsidiaries had put bank deposits in Far Eastern Bank and Taiwan Business Bank amounting to \$270 thousand, \$272 thousand and \$115,924 thousand, respectively.

As of March 31, 2023, December 31 and March 31, 2022, Fubon Securities and its subsidiaries had put time deposits in Taipei Fubon Bank as operating deposits refundable deposits amounting to \$1,080,000 thousand, \$660,000 thousand and \$660,000 thousand, respectively.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Balances of short-term borrowings from Taipei Fubon Bank as of March 31, 2023, December 31 and March 31, 2022, were all nil, unused credit facilities from Taipei Fubon Bank were all \$6,000,000 thousand. As of March 31, 2023, December 31 and March 31, 2022, the carrying value of lands and buildings pledged to Taipei Fubon Bank were \$1,420,504 thousand, \$1,423,429 thousand and \$1,443,573 thousand, respectively, and time deposits pledged to Taipei Fubon Bank for short-term borrowing were all \$105,000 thousand. Fubon Securities also provided stock investments amounting to \$4,619,990 thousand, \$4,646,287 thousand and \$2,457,000 thousand (recognized as financial assets measured at fair value through other comprehensive income) to Taipei Fubon Bank as collateral for short-term borrowings and overdrafts as of March 31, 2023, December 31 and March 31, 2022.

Fubon Securities and its subsidiaries earned interest revenue on bank deposits:

Name of related party	For the three months ended March 31	
	2023	2022
Taipei Fubon Bank	\$ 132,756	12,826

b) Operating securities-dealing

The balance of related parties' shares held by Fubon Securities and its subsidiaries and the gain or loss on valuation were as follows:

Name of security	March 31, 2023	
	Cost	Gains (losses) on valuation
Funds managed by Fubon Asset Management	\$ 1,011,020	20,502
Fubon REIT I Fund	243,380	129,090
Total	\$ 1,254,400	149,592

Name of security	December 31, 2022	
	Cost	Gains (losses) on valuation
Funds managed by Fubon Asset Management	\$ 806,699	304
Fubon REIT I Fund	243,380	133,624
Total	\$ 1,050,079	133,928

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of security</u>	<u>March 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Funds managed by Fubon Asset Management	\$ 671,935	18,520
Fubon REIT I Fund	243,380	188,981
Total	<u>\$ 915,315</u>	<u>207,501</u>

c) Operating securities-hedging

The details of related parties' securities held by Fubon Securities and its subsidiaries were as follows:

<u>Name of security</u>	<u>March 31, 2023</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
MediaTek	<u>\$ 198,242</u>	<u>5,169</u>

<u>Name of security</u>	<u>December 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
MediaTek	<u>\$ 38,084</u>	<u>(2,201)</u>

<u>Name of security</u>	<u>March 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
MediaTek	<u>\$ 108,487</u>	<u>(4,392)</u>

d) Finance assets measured at fair value through other comprehensive income

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on valuation were as follows:

<u>Name of security</u>	<u>March 31, 2023</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Mobile	<u>\$ 1,428,277</u>	<u>313,166</u>

<u>Name of security</u>	<u>December 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Mobile	<u>\$ 1,428,277</u>	<u>204,541</u>

<u>Name of security</u>	<u>March 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Mobile	<u>\$ 1,428,277</u>	<u>382,134</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

e) Derivative financial instrument transaction

Unit: In thousands of TWD

March 31, 2023					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern Bank	Cross Currency Swap (CCS)	2018.07.11~2023.07.13	\$ 300,000	CCS contract value (liabilities)	822

Unit: In thousands of TWD

December 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern Bank	Cross Currency Swap (CCS)	2018.01.09~2023.02.27	\$ 1,500,000	CCS contract value (assets)	275
Far Eastern Bank	Cross Currency Swap (CCS)	2018.07.11~2023.07.13	300,000	CCS contract value (liabilities)	946

Unit: In thousands of TWD

March 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern Bank	Cross Currency Swap (CCS)	2018.01.09~2023.07.13	\$ 1,800,000	CCS contract value (liabilities)	5,402

f) Structured products of related parties

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
JihSun Securities	<u>\$ 163,350</u>	<u>57,420</u>	<u>282,150</u>

g) Customer margin account

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Futures Exchange	<u>\$ 3,408,079</u>	<u>41,163</u>	<u>4,073,596</u>

h) Accounts receivable

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by Fubon Asset Management	<u>\$ 136,272</u>	<u>6,909</u>	<u>72</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

i) Settlement and clearing funds

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Stock Exchange	\$ 161,679	105,418	164,680
Taiwan Futures Exchange	111,315	110,408	122,407
TPEX	<u>122,872</u>	<u>78,547</u>	<u>78,547</u>
Total	<u>\$ 395,866</u>	<u>294,373</u>	<u>365,634</u>

j) Deal on credit

As of March 31, 2023, December 31 and March 31, 2022, the balance of financing and loans from other related parties to Fubon Securities and its subsidiaries are \$133,132 thousand, \$287,108 thousand and \$40,343 thousand, respectively.

k) Refundable deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
TPEX	<u>\$ 94,000</u>	<u>52,000</u>	<u>102,050</u>

l) Futures traders' equity

Related parties engaging in futures have Fubon Futures traders' equity deposited in Fubon Securities and its subsidiaries were as follow:

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ 525,420	544,065	373,394
Funds managed by Fubon Asset Management	5,430,977	4,459,397	5,524,121
Total	<u>\$ 5,956,397</u>	<u>5,003,462</u>	<u>5,897,515</u>

m) Facility rental revenue

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	<u>\$ 94,938</u>	<u>101,510</u>

n) Brokerage handling fee expense

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Taiwan Stock Exchange	<u>\$ 65,483</u>	<u>104,424</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Taipei Fubon Bank and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holding Co., Ltd. (Fubon Financial Holdings)	Parent Company
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Fubon Futures Co., Ltd. (Fubon Futures)	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	Company controlled by Fubon Financial Holdings
JihSun International Commercial Bank Co., Ltd. (JihSun Bank)	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Chung Hsing Land Development Co., Ltd. (Chung Hsing Land Development)	A major shareholder of Fubon Financial Holdings
LINE Biz+ Taiwan Co., Ltd. (LINE Biz+ Taiwan)	Related parties in substance
momo.com Inc. (momo)	Related parties in substance
Beijing Global Media Technology Co., Ltd. (Beijing Global)	Related parties in substance
MediaTek (Shenzhen) Inc. (MediaTek (Shenzhen))	Related parties in substance
MediaTek (Chengdu) Inc. (MediaTek Software)	Related parties in substance
Mstar Semi (Shenzhen) Inc. (Mstar Semi)	Related parties in substance
Yong Hsin Shing Ye Co., Ltd. (Yong Hsin Shing Ye)	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd. (Sichuan VipFubon)	Related parties in substance
Taiwan Cement Corporation (Taiwan Cement)	Related parties in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Probright Technology Inc. (Probright Technology)	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Loans, deposits and due to banks

<u>Item</u>	<u>For the three months ended March 31, 2023</u>		
	<u>March 31, 2023 Ending balance</u>	<u>Interest rate/ service fee rate (%)</u>	<u>Interest revenue (expense)</u>
Loans	\$ <u>18,345,683</u>	0~15.00	<u>15,930</u>
Deposits	\$ <u>136,068,957</u>	0~6.595	<u>(317,384)</u>
Due from banks	\$ <u>538,868</u>		<u>52</u>
Call loans to banks	\$ <u>420,716</u>	2.25~2.5	<u>(2,513)</u>

Units: In thousands of TWD

March 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	77	\$ 26,529	21,531	✓	-	None	None
Residential mortgage loans	272	2,861,466	2,669,257	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,240,210	11,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	8,000,000	4,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	159,070	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Probright Technology	3,381	1,694	✓	-	Small & Medium Enterprise Credit Guarantee Fund	None
	Taiwan Cement	158,000	158,000	✓	-	Credit guarantees (The approval date of the bank subsidiary was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)	None
	Beijing Global	88,503	67,904	✓	-	Certificate of deposit	None
	Other loans	47	17	✓	-	Credit Guarantee Fund	None
Total		\$ 24,581,023	18,345,683				

Item	2022		
	December 31, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ <u>16,362,923</u>	0~15.00	<u>74,124</u>
Deposits	\$ <u>153,636,562</u>	0~11.00	<u>(638,551)</u>
Due from banks	\$ <u>516,570</u>	0~1.03	<u>1,756</u>
Call loans to banks	\$ <u>488,642</u>	1.85~2.5	<u>(13,473)</u>

Units: In thousands of TWD

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	77	\$ 55,994	20,947	✓	-	None	None
Residential mortgage loans	272	3,504,327	2,698,881	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Yong Hsin Shing Ye	44,000	28,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees (The approval date of the bank subsidiary was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None
	Other loans	117	37	✓	-	Credit Guarantee Fund	None
Total		\$ 24,335,010	16,362,923				

For the three months ended March 31, 2022

Item	March 31, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ <u>7,147,144</u>	0~14.71	<u>13,623</u>
Deposits	\$ <u>162,718,206</u>	0~6.10	<u>(71,766)</u>
Due from banks	\$ <u>572,556</u>		<u>386</u>

Units: In thousands of TWD

March 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	74	\$ 36,291	26,040	✓	-	None	None
Residential mortgage loans	281	3,026,600	2,761,939	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,000,000	-	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	-	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,233,926	✓	-	Credit guarantees	None

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

March 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Beijing Global	81,142	81,142	✓	-	Certificate of deposit	None
	Other loans	117	97	✓	-	Credit Guarantee Fund	None
Total		\$ 23,441,076	7,147,144				

In accordance with Article 32 and Article 33 of the Banking Law, except for the amount of consumer loans and loans to the government, no credit can be granted for unsecured credit; at the time, there should be full guarantees, and their conditions must not be better than other similar credit grantees.

- b) Handled several guarantees

Units: In thousands of TWD

March 31, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	-	0.55%	Credit guarantees (The approval date of the bank subsidiary was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

December 31, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	-	0.55%	Credit guarantees (The approval date of the bank subsidiary was on March 15, 2022. The Company lists as a stakeholder since August 12, 2022.)

March 31, 2022: None.

c) Bond transactions:

Name of related party	Subject	Transaction types	March 31, 2023	December 31, 2022	March 31, 2022
CTBC Securities	Bonds	Resell agreement	\$ 651,000	-	400,052
Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance	Bonds	Repurchase agreement	4,557,427	4,436,373	2,622,291

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Fund and stock transactions

<u>Name of Funds</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon REIT I Fund	\$ 900,385	911,344	1,045,162
Fubon REIT II Fund	129,201	131,450	139,146
Total	\$ 1,029,586	1,042,794	1,184,308

<u>Name of related party</u>	<u>Subject</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Asset Management	Discretionary Investment Transaction Net Assets	\$ 2,256,860	2,073,253	2,546,047

e) Derivative financial instruments

Units: In thousands of TWD

March 31, 2023						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2023.01.19~ 2023.07.31	\$14,995,975	148,316	Valuation adjustment of financial asset measured at fair value through profit or loss	148,316
Fubon Life Insurance	Foreign currency swap contracts	2023.03.01~ 2023.09.18	10,331,150	(28,010)	Valuation adjustment of financial liability measured at fair value through profit or loss	28,010
JihSun Bank	Interest rate swap contracts	2018.08.31~ 2023.09.04	300,000	(110)	Valuation adjustment of financial asset measured at fair value through profit or loss	776
JihSun Bank	Interest rate swap contracts	2018.05.17~ 2024.03.25	700,000	221	Valuation adjustment of financial liability measured at fair value through profit or loss	2,910

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

December 31, 2022						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	(losses) Gains on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2022.12.26~2023.03.06	\$ 9,170,100	7,256	Valuation adjustment of financial asset measured at fair value through profit or loss	7,256
Fubon Life Insurance	Foreign currency swap contracts	2022.11.01~2023.03.31	12,604,150	(383,736)	Valuation adjustment of financial liability measured at fair value through profit or loss	383,736
JihSun Bank	Interest rate swap contracts	2018.03.05~2023.09.04	607,233	(6,287)	Valuation adjustment of financial asset measured at fair value through profit or loss	1,393
JihSun Bank	Interest rate swap contracts	2018.05.17~2024.03.25	700,000	(6,143)	Valuation adjustment of financial liability measured at fair value through profit or loss	3,129

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

March 31, 2022						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2021.10.27~2022.12.30	\$22,186,255	691,622	Valuation adjustment of financial asset measured at fair value through profit or loss	587,427
Fubon Life Insurance	Foreign currency swap contracts	2022.03.29~2022.05.05	7,483,684	(41,828)	Valuation adjustment of financial liability measured at fair value through profit or loss	41,828
JihSun Bank	Interest rate swap contracts	2018.03.05~2023.09.04	1,286,214	(9,051)	Valuation adjustment of financial asset measured at fair value through profit or loss	4,277
JihSun Bank	Interest rate swap contracts	2018.12.18~2024.03.25	1,200,000	(2,584)	Valuation adjustment of financial liability measured at fair value through profit or loss	4,695

f) Lease

Lease agreement

Name of related party	Right-of-use asset		
	March 31, 2023	December 31, 2022	March 31, 2022
Fubon Life Insurance	\$ 118,537	129,660	163,650
Fubon Insurance	130,900	148,081	202,493
Chung Hsing Land Development	159,204	211,307	370,512
Fubon REIT II Fund	82,729	107,344	134,432
	<u>\$ 491,370</u>	<u>596,392</u>	<u>871,087</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ 127,931	139,284	172,645
Fubon Insurance	133,785	150,923	203,161
Chung Hsing Land Development	164,987	219,025	378,153
Fubon REIT II Fund	95,965	120,463	144,607
	<u>\$ 522,668</u>	<u>629,695</u>	<u>898,566</u>

The house rental expenses which are from the leasing contracts with related parties of Taipei Fubon Bank and its subsidiaries refer the quotation of nearby buildings or entrust Real Estate Appraisers Firms to analysis. The rental expenses are calculated with the number of pings rented by related parties monthly or quarterly.

g) Others

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Receivables – Fubon Financial Holdings	\$ 77,046	163,173	111,249
Receivables – Fubon Life Insurance	402,343	155,191	263,478
Receivables – Others	66,489	53,789	110,014
Principal of structured products – MediaTek Software	212,632	719,391	446,312
Principal of structured products – MediaTek (Shenzhen)	221,491	286,874	924,181
Principal of structured products – Mstar Semi	-	489,848	500,365
Other financial asset – Sichuan VipFubon	-	882,688	901,640
Refundable deposits – Fubon Futures	525,420	544,066	373,394

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended	
	March 31	
	2023	2022
Service fee income—Fubon Life Insurance	\$ 1,938,364	1,455,697
Service fee income—Others	656,873	593,130
Service expenses—LINE Biz+ Taiwan	774,620	667,321
Service expenses—momo	347,809	140,436
Operating expenses—Others	124,157	73,476

Transactions between Taipei Fubon 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.

(vi) Fubon Bank (Hong Kong)

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance (Hong Kong) Limited (Fubon Life Insurance (Hong Kong))	Company controlled by Fubon Financial Holdings
Fubon Securities (Hong Kong) Co., Ltd (Fubon Securities (Hong Kong))	Company controlled by Fubon Financial Holdings
Fubon Digital Music GP Limited	Company controlled by Fubon Financial Holdings
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related parties in substance

2) Significant transactions with related parties

a) Deposits and remittances

<u>Name of related party</u>	December 31,		
	<u>March 31, 2023</u>	2022	<u>March 31, 2022</u>
Fubon Life Insurance (Hong Kong)	\$ <u>97,742</u>	<u>123,450</u>	<u>5,124,757</u>
Fubon Securities (Hong Kong)	\$ <u>173,444</u>	<u>221,376</u>	<u>3,363</u>
Fubon Digital Music GP Limited	\$ <u>717,775</u>	<u>767,285</u>	<u>422,974</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Deposits from the central bank and banks

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ <u>427,832</u>	<u>401,600</u>	<u>514,762</u>
Xiamen Bank	\$ <u>110,050</u>	<u>96,956</u>	<u>70,485</u>

c) Commission income

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Fubon Life Insurance (Hong Kong)	\$ <u>58,326</u>	<u>106,736</u>

(vii) Fubon Financial Holding Venture Capital and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ <u>498,606</u>	<u>371,478</u>	<u>429,119</u>

b) Other receivables

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ <u>135,509</u>	<u>74,400</u>	<u>106,544</u>

(viii) Fubon Marketing and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ <u>346,330</u>	<u>274,530</u>	<u>213,452</u>

b) Operating revenue

Remuneration of commissions and project service fees due to the appointment of agents by related parties, to sell their products or provide consulting services, their related details are as follows:

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ <u>123,088</u>	<u>115,090</u>

(ix) Fubon Asset Management and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited. (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Funds managed by Fubon Asset Management	Related parties in substance

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	\$ 308,257	182,614	441,786
Fubon Bank (Hong Kong)	34,953	49,552	515,006
Total	\$ <u>343,210</u>	<u>232,166</u>	<u>956,792</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Financial Assets at Fair Value through profit or loss

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by	\$ <u>325,021</u>	<u>324,376</u>	<u>666,652</u>
Fubon Asset Management			

c) Accounts receivable

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by	\$ <u>154,392</u>	<u>130,985</u>	<u>137,949</u>
Fubon Asset Management			

d) The Company and its subsidiaries hold the funds issued by Fubon Asset Management which is traded outside the exchange market (excluding the index funds)

<u>Name of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by	\$ <u>2,484,288</u>	<u>2,249,037</u>	<u>3,131,518</u>
Fubon Asset Management			

e) Fully fiduciary discretionary investment balance by the related party

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Life Insurance	\$ 6,168,913	5,590,962	6,561,819
Taipei Fubon Bank	2,256,860	2,073,253	2,546,047
Total	\$ <u>8,425,773</u>	<u>7,664,215</u>	<u>9,107,866</u>

f) Other current liabilities

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Funds managed by	\$ <u>-</u>	<u>-</u>	<u>478,905</u>
Fubon Asset Management			

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

g) Management income

Name of related party	For the three months ended March 31	
	2023	2022
Funds managed by Fubon Asset Management	\$ 404,875	358,079

(x) JihSun Bank and its subsidiaries

1) Name and relationship with related party

Name of related party	Relationship with the Company
Fubon Financial Holdings Co., Ltd. (Fubon Financial Holdings)	Parent Company
JihSun Securities Co., Ltd. (JihSun Securities)	Company controlled by Fubon Financial Holdings
JihSun Futures Co., Ltd. (JihSun Futures)	Company controlled by Fubon Financial Holdings
JihSun Venture Capital Co., Ltd. (JihSun Venture Capital)	Company controlled by Fubon Financial Holdings
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
JihSun Financial Holding Co., Ltd. (JihSun Financial Holding)	The Parent Company of JihSun Bank, merged with Fubon Financial holdings and eliminated in November 2022
Taipei Exchange (TPEX)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Financial Information Service Co., Ltd. (Financial Information Service)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Others	The directors, managers and supervisors of JihSun Bank and its subsidiaries and their spouse, Fubon Group and Fubon Group's other related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Significant related party transactions

a) Bank deposits:

<u>Name of related party</u>	For the three months ended March 31 2023		
	Ending balance	Interest Expense	Interest rate rang %
	JihSun Securities	\$ 2,688,372	7,429
JihSun Futures	841,978	272	0.00~0.95%
TPEX	292,100	389	0.00~1.43%
Total	\$ 3,822,450	8,090	

<u>Name of related party</u>	For the three months ended March 31 2022		
	Ending balance	Interest Expense	Interest rate rang %
	JihSun Securities	\$ 1,219,452	148
JihSun Financial Holding	382,231	-	0.00~0.77%
JihSun Futures	748,329	524	0.00~0.79%
JihSun Venture Capital	263,340	-	0.00~0.04%
TPEX	213,200	437	0.00~0.79%
Total	\$ 2,826,552	1,109	

The above interest rates on deposits are substantially the same as comparable transactions with non-related parties except for the preferential interest rates for employees' savings in JihSun Bank within a certain amount.

b) Loans

March 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Employee Consumer Loan	3	\$ 1,648	1,565	1,565	-	None	None
House mortgages	31	232,342	216,463	216,463	-	Real estate	None
Others	Other loans	13,563	7,700	7,700	-	Real estate	None

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Employee Consumer Loan	3	\$ 1,960	1,648	1,648	-	None	None
House mortgages	30	227,628	206,839	206,839	-	Real estate	None
Others	Other loans	217,110	16,352	16,352	-	Real estate	None

March 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Employee Consumer Loan	4	\$ 2,406	2,309	2,309	-	None	None
House mortgages	62	409,726	403,169	403,169	-	Real estate	None
Others	Other loans	659,621	622,058	622,058	-	Real estate, Securities and Debt	None

As of March 31, 2023, December 31, 2022, and March 31, 2022, JihSun Bank's guaranteed line of credit to JihSun Securities Co., Ltd. were both amounted to \$1,200,000 thousand, and the loan balances were both \$0.

As of March 31, 2023, December 31, 2022, and March 31, 2022, there were no overdue loans from the related parties. Allowance for bad debts is estimated in accordance with the accounting policy of JihSun Bank. In relation to the related party credit policy, JihSun Bank follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collateral. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and its related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to \$100,000 thousand or 1% of the JinSun Bank's net worth, whichever is lower, must be presented to the Board of Directors and Supervisors for deliberation. Moreover, the meeting must be attended by more than two thirds of the directors and approved by more than three fourths of the directors in attendance. The terms and conditions of loans to related parties are not superior to those given to non related parties.

c) Bonds and securities transactions

Sales of bonds and securities

Name of related party	For the three months ended March 31	
	2023	2022
Taiwan Mobile	\$ -	300,967

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

d) Equity instruments of related parties held by JihSun Bank and its subsidiaries

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Financial Information Service	\$ <u>259,387</u>	<u>243,398</u>	<u>252,572</u>

e) Derivatives financial instruments transactions

March 31, 2023						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Taipei Fubon Bank	Interest rate swap contracts	2018.03.05~2023.03.07	USD 10,000	518	Financial liability measured at fair value through profit or loss	-
Taipei Fubon Bank	Interest rate swap contracts	2018.05.17~2024.03.25	NTD 700,000	(285)	Financial asset measured at fair value through profit or loss	2,862
Taipei Fubon Bank	Interest rate swap contracts	2018.08.31~2023.09.04	NTD 300,000	133	Financial liability measured at fair value through profit or loss	(817)
December 31, 2022						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Taipei Fubon Bank	Interest rate swap contracts	2018.03.05~2023.03.07	USD 10,000	8,866	Financial liability measured at fair value through profit or loss	(520)
Taipei Fubon Bank	Interest rate swap contracts	2018.05.17~2024.03.25	NTD 700,000	7,298	Financial asset measured at fair value through profit or loss	3,147
Taipei Fubon Bank	Interest rate swap contracts	2018.08.31~2023.09.04	NTD 300,000	(2,948)	Financial liability measured at fair value through profit or loss	(950)
Far Eastern Bank	Interest rate swap contracts	2018.12.18~2022.12.20	NTD 300,000	(705)	Financial liability measured at fair value through profit or loss	-
March 31, 2022						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Taipei Fubon Bank	Interest rate swap contracts	2018.03.05~2023.03.07	USD 10,000	6,972	Financial liability measured at fair value through profit or loss	(2,227)
Taipei Fubon Bank	Interest rate swap contracts	2019.05.28~2022.05.30	NTD 600,000	(136)	Financial asset measured at fair value through profit or loss	339
Taipei Fubon Bank	Interest rate swap contracts	2018.12.18~2024.03.25	NTD 600,000	5,928	Financial asset measured at fair value through profit or loss	4,408
Taipei Fubon Bank	Interest rate swap contracts	2018.05.15~2023.05.21	NTD 600,000	2,137	Financial liability measured at fair value through profit or loss	(495)
Taipei Fubon Bank	Interest rate swap contracts	2018.08.31~2023.09.04	NTD 400,000	(2,439)	Financial liability measured at fair value through profit or loss	(916)
Far Eastern Bank	Interest rate swap contracts	2018.12.18~2022.12.20	NTD 300,000	(772)	Financial liability measured at fair value through profit or loss	(67)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) Tax refund receivable from joint filing of tax

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Financial Holdings	\$ -	324,245	-
JihSun Financial Holding	-	-	506,808
Total	<u>\$ -</u>	<u>324,245</u>	<u>506,808</u>

g) Other assets

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taipei Fubon Bank	<u>\$ 10,572,421</u>	<u>-</u>	<u>-</u>

h) Commission income

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	<u>\$ 151,755</u>	<u>50,125</u>

(xi) JihSun Securities

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Securities Co., Ltd. (Fubon Securities)	Company controlled by Fubon Financial Holdings
Fubon Futures Co., Ltd. (Fubon Futures)	Company controlled by Fubon Financial Holdings
JihSun International Commercial Bank Co., Ltd. (JihSun Bank)	Company controlled by Fubon Financial Holdings
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock Exchange)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Significant related party transactions

a) Bank deposits and short-term borrowings

March 31, 2023			
<u>Name of related party</u>	<u>Ending balance</u>	<u>Interest expense</u>	<u>Interest rate</u>
JihSun Bank	\$ 3,442,766	8,123	0~2.75%
Taipei Fubon Bank	389,025	3,239	0~4.75%
Far Eastern Bank	185,290	2,600	0~4.75%
	\$ 4,017,081	13,962	

December 31, 2022			
<u>Name of related party</u>	<u>Ending balance</u>	<u>Interest expense</u>	<u>Interest rate</u>
JihSun Bank	\$ 3,817,804	11,055	0~2.75%
Taipei Fubon Bank	595,987	4,354	0~4.95%
Far Eastern Bank	440,128	6,149	0~4.40%
	\$ 4,853,919	21,558	

March 31, 2022			
<u>Name of related party</u>	<u>Ending balance</u>	<u>Interest expense</u>	<u>Interest rate</u>
JihSun Bank	\$ 2,295,458	755	0%~0.80%
Taipei Fubon Bank	52,434	7	0%~0.17%
Far Eastern Bank	793,531	525	0%~0.47%
	\$ 3,141,423	1,287	

As the deposits mentioned above, JihSun Securities and its subsidiaries recorded them in cash and cash equivalents, operation guarantee deposits, refundable deposits, amounts held for settlement, receipts under custody from exercise of warrant and receipts under custody from customers' security subscription, customer margin account, customer trust account and restricted assets - current, etc.

As of March 31, 2023, December 31, 2022, and March 31, 2022 JihSun Bank had approved a guaranteed line of credit amounted to \$1,200,000 thousand to JihSun Securities and its subsidiaries, and as of March 31, 2023, December 31 and March 31, 2022, the loan balances were both \$0. JihSun Securities and its subsidiaries had provided securities and time deposits as pledged assets.

As of March 31, 2023, December 31 and March 31, 2022, Taipei Fubon Bank Co., Ltd. had approved a guaranteed line of credit amounted to \$2.5 billion, \$2.5 billion and \$500 million, respectively, to JihSun Securities and its subsidiaries, and as of March 31, 2023, December 31 and March 31, 2022, the loan balance were both \$0.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

b) Futures margin – own funds

As of March 31, 2023, December 31 and March 31, 2022, JihSun Securities and its subsidiaries' futures trading margin and excess margin on futures amounted to \$0 thousand, \$1,664 thousand and \$16,514 thousand, respectively, and \$0 thousand, \$107,316 thousand and \$157,915 thousand, respectively, for futures transactions in Taiwan Futures Exchange Corporation.

c) Equity instruments from related parties

<u>Name of related party</u>	<u>March 31, 2023</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Stock Exchange	\$ 1,657,722	3,752,361
Taiwan Futures Exchange	360,441	2,135,703
Total	<u>\$ 2,018,163</u>	<u>5,888,064</u>

<u>Name of related party</u>	<u>December 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Stock Exchange	\$ 1,657,722	4,353,437
Taiwan Futures Exchange	360,441	1,881,461
Total	<u>\$ 2,018,163</u>	<u>6,234,898</u>

<u>Name of related party</u>	<u>March 31, 2022</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Taiwan Stock Exchange	\$ 1,657,722	4,779,840
Taiwan Futures Exchange	360,441	1,987,696
Total	<u>\$ 2,018,163</u>	<u>6,767,536</u>

d) Customer margin deposit

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Taiwan Futures Exchange	<u>\$ 1,299,728</u>	<u>1,722,701</u>

e) Settlement fund

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
	Taiwan Futures Exchange	<u>\$ 109,924</u>	<u>109,424</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

f) Security borrowing deposit

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Taiwan Stock Exchange	\$ <u>1,019,560</u>	<u>769,560</u>	<u>1,199,560</u>

g) Structured products

<u>Name of related party</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Fubon Securities	\$ <u>163,350</u>	<u>57,420</u>	<u>282,150</u>

h) Transaction of bonds selling

<u>Name of related party</u>	<u>For the three months ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	\$ <u>-</u>	<u>204,500</u>

i) As of March 31, 2023, December 31 and March 31, 2022, JihSun Securities and its subsidiaries appointed Fubon Futures to conduct discretionary futures trading business with a discretionary trading limit of \$200 million.

(8) Pledged assets

The fair value of assets provided by Company for being pledged as collateral is as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Demand deposits (accounted for other financial assets)	Performance bond	\$ 15,000	15,000	15,000
Demand deposits (accounted for refundable deposits)	Note 1	-	-	10,676
Checking accounts (accounted for other financial assets)	Note 1	70	73	71
Time deposits (accounted for refundable deposits)	Guarantee deposits for Insurance business and performance bond	1,015,645	1,012,028	1,106,399

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Time deposits (accounted for refundable deposits)	Note 1	\$ 1,452,518	1,452,517	1,452,459
Time deposits (accounted for other financial assets)	Bank loans	1,334,000	-	-
Time deposits (accounted for other assets)	Bank loans	-	149,037	104,013
Deposit reserves(accounted for due from the central bank and call loans to banks)	Collaterals for project finance	-	-	16,000,000
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	-	2,200,000	-
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	32,495,484	32,493,814	19,995,977
Due from banks (accounted for other financial assets)	Note 1	500,650	500,650	500,000
Stocks (accounted for financial assets measured at fair value through other comprehensive income)	Bank loans	3,142,153	3,419,651	5,540,334

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Beneficiary securities (accounted for refundable deposits)	Bank loans	\$ 1,584,754	-	-
Government bonds (accounted for financial assets measured at fair value through profit or loss)	Pledged for securities trading guarantee	6,977,743	6,522	-
Government bonds(accounted for financial assets measured at fair value through other comprehensive income)	Pledged for securities trading guarantee	-	-	6,166,907
Government bonds(accounted for financial assets measured at fair value through other comprehensive income)	Note 1	875,392	571,960	1,332,754
Government bonds (accounted for debt investment measured at amortized cost)	Note 1	4,189,620	6,614,665	11,479,645
Government bonds (accounted for refundable deposits)	Guarantee deposits for Insurance business	16,705,493	16,651,930	16,622,753
Government bonds (accounted for refundable deposits)	Bank loans	1,676,629	1,674,444	-
Corporate bonds(accounted for refundable deposits)	Bank loans	2,254,917	-	-
Financial bonds (accounted for refundable deposits)	Bank loans	1,192,347	-	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Investment property — land and buildings	Bank loans	\$ 9,018,919	5,890,088	526,335
Property and equipment— land and buildings	Bank loans	6,435,302	6,062,726	1,732,054
Total		<u>\$ 90,866,636</u>	<u>78,715,105</u>	<u>82,585,377</u>

Note 1: Those 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) superficies performance bond, (e) new construction guarantee deposit, (f) foreign governments for the Bank's potential obligations on its overseas operations, (g) transactions for bonds business, (h) collaterals for derivatives transactions, (i) overdrafts of collateral, (j) securities brokerage deposit, (k) collaterals required for capital scheduling, (l) guarantee deposit for insurance business and (m) claims litigation.

(9) Commitments and contingencies:

(a) Taipei Fubon Bank and its subsidiaries

- (i) Except for disclosed in other notes of consolidated financial statements, Taipei Fubon Bank and its subsidiary had commitments as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Undrawn credit card commitments	\$ 495,174,914	405,726,710	379,690,882
Collections for customers	25,161,948	22,429,541	27,536,134
Agency loans payable	1,301,531	1,374,816	1,569,517
Designated deposits	1,494,582	1,621,049	2,186,334
Designated loans	1,494,582	1,621,049	2,186,334
Designated financial management	3,752,859	3,926,946	23,288,319
Marketable securities under custody	561,756,333	558,643,707	523,066,615
Management for book-entry government bonds	184,230,800	167,605,900	176,145,000

- (ii) Taipei Fubon Bank and its subsidiaries' capital expenditure commitment were \$1,427,086 thousand, \$1,545,623 thousand and \$925,549 thousand as of March 31, 2023, December 31 and March 31, 2022.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) As of March 31, 2023, December 31 and March 31, 2022, the unfunded commitments (ceiling) of Taipei Fubon Bank and its subsidiaries' private fund agreements were as below (in thousands):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
USD	\$ <u>2,100</u>	<u>2,550</u>	<u>-</u>

- (b) Fubon Life Insurance and its subsidiaries

- (i) Fubon Life Insurance and its subsidiaries have contingent liability of lawsuits arising from operating activities. Other than cases which have already made provision, several lawsuits are still in process and appointed to lawyers. Fubon Life Insurance and its subsidiaries will recognize relevant losses when professional opinions and reasonable estimated loss are available.

- (ii) Significant unrecognized commitment

The signed but unrecognized new construction contract and acquisitions amount of investment and owner-occupied properties of Fubon Life Insurance and its subsidiaries are as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
New construction	\$ 6,529,890	3,908,441	7,547,885
Purchase of investment property	<u>2,251,093</u>	<u>2,251,093</u>	<u>25,556</u>
Total	<u>\$ 8,780,983</u>	<u>6,159,534</u>	<u>7,573,441</u>

- (iii) The unfunded commitments (ceiling) of Fubon Life Insurance and its subsidiaries' private fund agreements were as below (in thousands):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
USD	\$ <u>2,987,885</u>	<u>3,379,453</u>	<u>3,739,523</u>
EUR	<u>\$ 670,637</u>	<u>665,749</u>	<u>605,451</u>
KRW	<u>\$ 174,860,541</u>	<u>182,756,598</u>	<u>201,254,789</u>
TWD	<u>\$ 343,667</u>	<u>470,333</u>	<u>282,000</u>

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

- (iv) On March 31, 2020, Fubon Life Insurance and its subsidiaries signed a joint investment contract to participate in a cash capital increase for Star Shining Energy Corporation in installments with a total investment amount not exceeding \$1,500 million. As of March 31, 2023, Fubon Life Insurance and its subsidiaries had invested \$1,200 million in accordance with the aforementioned agreement.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) On June 24, 2022, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Aquastar Energy Corporation in installments with a total investment amount not exceeding \$315 million. As of March 31, 2023, Fubon Life Insurance and its subsidiaries had invested \$180 million in accordance with the aforementioned agreement.

(c) Fubon Insurance and its subsidiaries

(i) Fubon Insurance and its subsidiaries have several insurance disputes and are requested to pay indemnities amounting to approximately \$1,263,461 thousand, of which approximately \$837,901 thousand has been reinsured. The difference not covered by reinsurance related to these claims has been accrued. These cases are still pending with the district court and have not been resolved as of March 31, 2023.

(ii) The unfunded commitments (ceiling) of Fubon Insurance and its subsidiaries' private equity agreements were as below (in thousands):

	March 31, 2023	December 31, 2022	March 31, 2022
USD	\$ 13,624	13,734	12,794
EUR	\$ 13,784	13,621	13,248

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

(iii) As of March 31, 2023, Fubon Insurance and its subsidiaries had signed an engineering contract with the building contractor for the construction of the new building, and the total price was \$2,794,394 thousand. The actual payment was \$250,500 thousand.

(iv) As of March 31, 2023, Fubon Insurance and its subsidiaries' unused letters of credit for reinsurance business are JPY\$2,000 thousand.

(d) JihSun Bank and its subsidiaries and JihSun Securities and its subsidiaries

(i) Capital expenditure commitment

The capital expenditure commitment of JihSun Bank and JihSun Securities is the contractual commitments signed for obtaining buildings and equipment.

Maturity analysis of capital expenditure commitment of JihSun Bank and JihSun Securities is as follows:

1) JihSun Bank and its subsidiaries

	March 31, 2023	December 31, 2022	March 31, 2022
Less than one year	\$ 44,699	26,930	6,825
Between one and five years	3,360	9,870	6,720
Total	\$ 48,059	36,800	13,545

Units: In thousands of TWD

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) JihSun Securities and its subsidiaries

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Less than one year	\$ 11,824	18,877	-
Between one and five years	-	3,160	3,160
Total	<u>\$ 11,824</u>	<u>22,037</u>	<u>3,160</u>

(ii) JihSun Bank and its subsidiaries and JihSun Securities and its subsidiaries have contingent liability of lawsuits arising from daily operating activities. Other than cases which have already made provision, several lawsuits are still in process. JihSunBank and JihSun Securities will adjust the relevant losses according to the litigation status.

(iii) Other significant commitments and contingencies of subsidiaries, JihSun Bank

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Acted as an agent for various collections	\$ 21,712	35,904	34,219
Handled several guarantees	943,086	1,050,500	1,608,841
Outstanding bank acceptance liabilities	57,839	22,990	-
Letters of credit	69,245	148,601	285,812
Acted as custodian of post-dated checks for its clients (excluding next day's checks for clearing)	5,013,469	4,627,977	6,269,641
Loans commitments (including revocable loan commitments)	53,537,024	49,636,072	58,612,713
Credit card commitments	17,295,283	17,281,006	17,863,653
Total	<u>\$ 76,937,658</u>	<u>72,803,050</u>	<u>84,674,879</u>

(iv) Other significant commitments and contingencies of subsidiaries, JihSun Securities

- 1) As of March 31, 2023, December 31 and March 31, 2022, JihSun Securities had issued post-dated checks for future rental payments, which amounted to \$0 thousand, \$1,032 thousand and \$17,764 thousand.
- 2) As of March 31, 2023, December 31 and March 31, 2022, in connection with securities financing activities, JihSun Securities held client-owned stocks which amounted to approximately 391,763,770 shares, 389,639,448 shares and 467,585,227 shares. JihSun Securities lent client-owned stocks which amounted to approximately 8,213,000 shares, 23,907,000 shares and 12,818,000 shares and had received refundable deposits in full from the clients for the lent securities.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

- (a) The Taipei Fubon Bank issued 1,349,674,000 ordinary shares on April 1, 2023, and used the shares as the consideration for the merger to acquire the ordinary shares of Jih Sun Bank held by the Company. This merger is a reorganization under common control. Taking April 1, 2023 as the effective date of merger, the Taipei Fubon Bank would be the surviving company while Jih Sun Bank would be the extinguished company, and the assets and liabilities transferred to the Taipei Fubon Bank on the aforementioned base date are 259,680 million and 235,059 million, respectively.
- (b) Fubon Life Insurance was approved to inject capital to Fubon Life Insurance (Hong Kong) Co., Ltd in accordance with the resolution of the Board of Directors on March 13, 2023. The investment amount will not exceed HKD 600 million, which was authorized by the Financial Supervisory Commission Jin Guan Bao Shou Letter No.120134777 on April 6, 2023, and will be submitted to the Investment Commission, MOEA for permission.
- (c) Fubon Insurance had passed a resolution during the board meeting held on April 7, 2023, for the issuance of 1 billion shares under private placement, with issue price of \$16 per share, and had sent an application to the Insurance Bureau, FSC, for this capital increase, which was approved on April 11, 2023, the subsequent procedures of capital increase is in progress. On April 27, 2023, the Company's Board of Directors resolved to participate in the subscription of private placement of common shares of Fubon Insurance in the amount of \$16 billion in cash.
- (d) On April 9, 2023, Fubon Securities issued 561,500 thousand ordinary shares with \$15 billion in cash as the consideration for the merger to acquire the common stock of JihSun Securities held by the Company. This merger is a reorganization under common control. The effective date of merger was April 9, 2023, with Fubon Securities as the surviving company and JihSun Securities as the extinguished company. The assets and liabilities acquired by Fubon Securities on the aforementioned base date were 20,806 million and 3,630 million, respectively.
- (e) Fubon Futures' merger with JihSun Futures was approved by Rule No. 1120380679 issued by the FSC on February 21, 2023. The effective date of merger was April 9, 2023, with Fubon Futures as the surviving company and JihSun Futures as the extinguished company. The assets and liabilities acquired by Fubon Futures on the aforementioned base date were 9,532 million and 9,441 million, respectively.
- (f) The book value of the capacity transfer land road and capacity deposit for Fubon Life Insurance's Nangang development project is \$1,085,207 thousand in total, and the amount was accounted under the investment property. Fubon Life Insurance acquired the permit certificate of capacity transfer from the Taipei City Government on April 20, 2023 in the project.
- (g) The original interest rate of the Company's Series A preferred stock was 4.1% per year. According to conditions of issue, the dividend rate will be reset on the day after the 7th anniversary of the issue date. The interest rate reset base date shall be two Taipei financial business days prior to the interest rate reset date. According to Reuters, the arithmetic average of the seven-year IRS "TAIFXIRS" and "COSMOS3" was 1.36625% at 11:00 a.m. on April 20, 2023, plus a 3.215% interest rate mark-up at the time of issuance. As of April 22, 2023, the reset dividend rate has been 4.58125%.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (h) Fubon Hyundai Life Insurance Co., Ltd. plans to issue KRW 80 billion, 10-year unsecured subordinated bonds in order to strengthen the financial structure and align with development plan, which were approved by the Korean authorities on April 21, 2023, and issued on April 26, 2023.
- (i) Fubon Insurance repaid the loan amount of \$2 billion from April 1, 2023 to April 26, 2023, for the benefit payment of a large amount of insurance premiums, and as of April 26, 2023, the balance of bank loans was \$14,980 million. Fubon Insurance also issued commercial papers, the amount of which was \$3 billion, and the issued price was \$3,495,878 thousand (face value of \$3.5 billion), and repaid \$2.5 billion of commercial paper.
- (j) Fubon Life Insurance was approved to inject capital to Fubon Hyundai Life Insurance Co., Ltd in accordance with the resolution of the Board Directors on April 27, 2023. The investment amount will not exceed KRW 392.5 billion, and Fubon Life Insurance will apply to the Financial Supervisory Commission and the Investment Commission, MOEA for permission.
- (k) Fubon Life Insurance was approved to inject capital to Whole Max Green Power Co, Ltd by phases on April 27, 2023, by the Board of Directors. The investment amount will not exceed NTD 300 million.
- (l) Fubon Life Insurance signed a contract for \$2,648,345 thousand to purchase the land which is located at Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County, as an investment property on April 27, 2022, and the transfer was completed on April 27, 2023.
- (m) The Board of Directors of the Taipei Fubon Bank resolved to merge Jih Sun International Property Insurance Agency (Jih Sun Insurance Agency) and Jih Sun Life Insurance Agency (Jih Sun Life Insurance Agency) on April 12, 2023, with the Taipei Fubon Bank as the surviving company and Jih Sun Insurance Agency and Jih Sun Life Insurance Agency as the extinguished companies. The Taipei Fubon Bank, together with Jih Sun Insurance Agency and Jih Sun Life Insurance Agency, jointly determined the effective date of merger as May 16, 2023. Should it be necessary to alter the effective date of merger, the boards of directors of each company shall authorize the chairman of each company or their designee to facilitate and announce the change.

(12) Other

- (a) The US stocks had plummeted on February 6, 2018, resulting in the equity of customer margin to be negative. The clients of Fubon Futures Co., Ltd. breached the contract due to their failure to fully pay the additional guarantee deposits within three working days after having been noticed. Therefore, Fubon Futures Co., Ltd. had to recognize the future exchanges margins receivable with the approximate amount of \$185 million. This matter had been reported to the Taiwan Futures Exchange. As of March 31, 2023, the unpaid amount was \$161,757 thousand. After considering the actual recovery situation, Fubon Futures Co., Ltd. had recognized the allowance for doubtful accounts amounting to \$155,210 thousand.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Business or trading behaviors within subsidiaries:

(i) Business or trading behaviors:

Please refer to note 7 for related-party transactions.

(ii) Integrate business activities:

Subsidiaries operating in cross-selling, under the Company, included Taipei Fubon Bank Co. Ltd., Fubon Insurance Co. Ltd., Fubon Life Insurance Co. Ltd., Fubon Securities Co. Ltd., Fubon Futures Co. Ltd., Fubon Insurance Agency Co. Ltd., Fu Sheng Insurance Agency Co. Ltd., JihSun International Commercial Bank Co., Ltd. and JihSun Securities Co., Ltd. The cooperation among the subsidiaries, from planning their products, advocating different channels to train their personnel on cross-selling, and increasing cooperation in digital service, makes their relationship much closer and brings multi-business benefits.

(iii) Cross utilization of information:

In accordance with Financial Holding Company Act, Marketing Collaboration Agreement for Financial Holdings Company and its subsidiaries, and the self-discipline standard for financial holding company and its subsidiaries, the Company and its subsidiaries which joined the cross-selling business signed the “Agreement of Privacy Exchange” to keep the customers’ data confidential or to limit the use of the data. In addition, they also announced the “Jointly Privacy Statement” and disclosed the statement in each subsidiary’s website and the Company’s website, as well as facilitate customers to online searching and browsing.

(iv) Locations and business utilities:

The Company has been approved to conduct integrate business activities in “operation place” by the authorities. Thus, the customers can directly handle their relevant businesses in banking, securities and futures operation places.

(v) Allocation on revenues, costs, expenses, profits and losses:

Allocation of Revenue, Cost and Expense is calculated based on the proportion of actual sales among subsidiaries. For the three months ended March 31, 2023 and 2022, the estimated amounts were as follows:

	For the three months ended	
	March 31	
	2023	2022
Fubon Insurance	\$ 636,656	611,338
Taipei Fubon Bank	11,676	13,125
Fubon Life Insurance	21,338	51,549
Fubon Securities	46,015	51,975

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial information classified by business type:

For the three months ended March 31, 2023

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others (Note)	Consolidation
Net interest revenue	10,563,013	28,060,962	248,078	993,369	39,865,422
Net non-interest revenue	8,370,090	(21,647,188)	3,063,833	2,386,144	(7,827,121)
Net revenue	18,933,103	6,413,774	3,311,911	3,379,513	32,038,301
Bad debt expenses and guarantee liability provisions	(853,652)	(389,940)	(504)	158,023	(1,086,073)
Net change in provisions for insurance liability	-	1,315,094	-	98,888	1,413,982
Operating expenses	(8,713,289)	(6,288,794)	(1,456,122)	(1,884,122)	(18,342,327)
Income from continuing operations before income tax	9,366,162	1,050,134	1,855,285	1,752,302	14,023,883
Income tax benefit (expense)	(1,493,855)	1,843,657	(169,639)	(331,256)	(151,093)
Net income	7,872,307	2,893,791	1,685,646	1,421,046	13,872,790

For the three months ended March 31, 2022

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others (Note)	Consolidation
Net interest revenue	11,357,533	26,389,571	308,322	857,314	38,912,740
Net non-interest revenue	5,792,689	87,190,523	2,782,418	(583,311)	95,182,319
Net revenue	17,150,222	113,580,094	3,090,740	274,003	134,095,059
Bad debt expenses and guarantee liability provisions	(1,054,940)	(77,513)	2,000	76,098	(1,054,355)
Net change in provisions for insurance liability	-	(58,763,904)	-	82,472	(58,681,432)
Operating expenses	(7,318,345)	(6,437,766)	(1,912,013)	(1,133,730)	(16,801,854)
Income from continuing operations before income tax	8,776,937	48,300,911	1,180,727	(701,157)	57,557,418
Income tax benefit (expense)	(1,470,904)	(8,618,376)	(311,844)	(175,670)	(10,576,794)
Net income	7,306,033	39,682,535	868,883	(876,827)	46,980,624

Note: Including JihSun Financial Holding and its subsidiaries.

(Continued)

d) Financial statements of Fubon Financial Holding Co., Ltd.

Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022**FUBON FINANCIAL HOLDING CO., LTD.****Balance Sheets****March 31, 2023, December 31 and March 31, 2022****(Expressed in thousands of New Taiwan Dollars)**

Assets	March 31, 2023		December 31, 2022		March 31, 2022 (Restatement)		Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022 (Restatement)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Cash and cash equivalents	\$ 2,454,908	-	175,093	-	18,179,797	2	Commercial papers issued, net	\$ 32,617,104	4	42,854,598	6	14,552,910	2
Financial assets measured at fair value through profit or loss	19,864,137	2	19,625,671	3	20,164,137	2	Payables	599,078	-	598,765	-	1,017,994	-
Receivables, net	9,863	-	552,374	-	14,203	-	Current tax liabilities	14,818,597	2	13,052,250	2	23,357,358	2
Current tax assets	5,783,115	1	3,698,041	-	18,244,059	2	Bonds payable	89,878,007	10	79,888,159	11	83,094,528	8
Investments accounted for using equity method, net	833,973,103	97	688,566,805	97	957,476,633	94	Other borrowings	3,300,000	-	3,000,000	-	-	-
Property and equipment, net	57,429	-	56,489	-	41,514	-	Lease liabilities	259,141	-	269,331	-	259,884	-
Right-of-use assets, net	249,147	-	260,253	-	254,159	-	Deferred tax liabilities	7,937,255	1	7,678,286	1	6,541,409	1
Intangible assets, net	7,549	-	8,691	-	8,146	-	Other liabilities	15,326	-	13,097	-	15,280	-
Deferred tax assets	4,002	-	3,544	-	4,421	-	Total liabilities	149,424,508	17	147,354,486	20	128,839,363	13
Other assets, net	135,457	-	98,076	-	98,351	-	Equity:						
							Share capital:						
							Common stock	123,952,126	14	123,952,126	17	118,049,644	12
							Preferred stock	15,999,900	2	15,999,900	2	15,999,900	1
							Total share capital	139,952,026	16	139,952,026	19	134,049,544	13
							Capital surplus	170,933,870	20	171,017,736	24	173,404,074	17
							Retained earnings:						
							Legal reserve	90,913,681	11	90,913,681	13	76,665,185	8
							Special reserve	30,311,999	4	30,311,999	4	29,125,366	3
							Undistributed earnings	373,521,891	43	359,918,631	51	419,504,008	41
							Total retained earnings	494,747,571	58	481,144,311	68	525,294,559	52
							Total other equity interest	(92,519,265)	(11)	(226,423,522)	(31)	29,197,798	3
							Business combination not under common control	-	-	-	-	23,700,082	2
							Total equity	713,114,202	83	565,690,551	80	885,646,057	87
Total assets	\$ 862,538,710	100	713,045,037	100	1,014,485,420	100	Total liabilities and equity	\$ 862,538,710	100	713,045,037	100	1,014,485,420	100

(Continued)

Reviewed only, not audited in accordance with the Standards on Auditing**FUBON FINANCIAL HOLDING CO., LTD.****Statement of Comprehensive Income****For the three months ended March 31, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars, except earnings per share)**

	For the three months ended March 31			
	2023		2022 (Restatement)	
	Amount	%	Amount	%
Revenue :				
Share of profit of associates and joint ventures accounted for using equity method	\$ 14,131,775	97	47,119,012	100
Other revenues	<u>428,832</u>	<u>3</u>	<u>62,977</u>	<u>-</u>
Net revenue	<u>14,560,607</u>	<u>100</u>	<u>47,181,989</u>	<u>100</u>
Expense:				
Operating expenses	202,252	2	229,852	1
Other expenses and losses	<u>342,393</u>	<u>2</u>	<u>201,111</u>	<u>-</u>
Total expenses	<u>544,645</u>	<u>4</u>	<u>430,963</u>	<u>1</u>
Net income before tax from continuing operations	14,015,962	96	46,751,026	99
Less : Income tax expenses	32,816	-	125,827	-
Less : Net income of business combination not under common control	-	-	148,137	-
Net income	<u>\$ 13,983,146</u>	<u>96</u>	<u>46,477,062</u>	<u>99</u>
Other comprehensive income:				
Items not to be reclassified to profit or loss				
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified to profit or loss	4,451,345	31	(611,190)	(1)
Less: income tax related to items not to be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal of items not to be reclassified to profit or loss	<u>4,451,345</u>	<u>31</u>	<u>(611,190)</u>	<u>(1)</u>
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	(654,714)	(5)	2,655,199	6
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items that may be subsequently reclassified to profit or loss	129,727,740	891	(136,062,293)	(290)
Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal of items that may be reclassified subsequently to profit or loss	<u>129,073,026</u>	<u>886</u>	<u>(133,407,094)</u>	<u>(284)</u>
Other comprehensive income, net of income tax	<u>133,524,371</u>	<u>917</u>	<u>(134,018,284)</u>	<u>(285)</u>
Other comprehensive income of business combination not under common control	-	-	(126,304)	-
Total comprehensive income	<u>\$ 147,507,517</u>	<u>1,013</u>	<u>(87,667,526)</u>	<u>(186)</u>
Basic earnings per share (in New Taiwan Dollars)	<u>\$ 1.13</u>		<u>3.75</u>	

(Continued)

Reviewed only, not audited in accordance with the Standards on Auditing

FUBON FINANCIAL HOLDING CO., LTD.

Statement of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Share capital			Capital surplus	Retained earnings				Total other equity interest					Equity attributable to former owner of business combination under common control	Total equity	
	Common stock	Preferred stock	Total		Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach			Total
													Total			
Balance at January 1, 2022 (Restatement)	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	23,617,642	973,186,951
Net income (Restatement)	-	-	-	-	-	-	46,477,062	46,477,062	-	-	-	-	-	-	148,137	46,625,199
Other comprehensive income (Restatement)	-	-	-	-	-	-	(3,157)	(3,157)	5,704,650	(49,422,034)	(305,969)	4,062	(90,122,140)	(134,141,431)	126,304	(134,018,284)
Total comprehensive income (Restatement)	-	-	-	-	-	-	46,473,905	46,473,905	5,704,650	(49,422,034)	(305,969)	4,062	(90,122,140)	(134,141,431)	274,441	(87,393,085)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	10,341	-	-	-	-	-	-	-	-	-	-	-	10,341
Changes in ownership interests in subsidiaries	-	-	-	30,123	-	-	-	-	-	-	-	-	-	-	(30,123)	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	128,420	128,420	-	(128,420)	-	-	-	(128,420)	-	-
Organizational restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(164,108)	(164,108)
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	2,230	5,958
Balance at March 31, 2022 (Restatement)	\$ 118,049,644	15,999,900	134,049,544	173,404,074	76,665,185	29,125,366	419,504,008	525,294,559	(21,166,899)	(39,487,386)	16,394	2,455,282	87,380,407	29,197,798	23,700,082	885,646,057
Balance at January 1, 2023	\$ 123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	-	565,690,551
Net income	-	-	-	-	-	-	13,983,146	13,983,146	-	-	-	-	-	-	-	13,983,146
Other comprehensive income	-	-	-	-	-	-	29	29	(1,282,900)	80,851,689	43,998	1,041	53,910,514	133,524,342	-	133,524,371
Total comprehensive income	-	-	-	-	-	-	13,983,175	13,983,175	(1,282,900)	80,851,689	43,998	1,041	53,910,514	133,524,342	-	147,507,517
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	7,062	-	-	-	-	-	-	-	-	-	-	-	7,062
Changes in ownership interests in subsidiaries	-	-	-	(90,928)	-	-	-	-	-	-	-	-	-	-	-	(90,928)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(379,915)	(379,915)	-	379,915	-	-	-	379,915	-	-
Balance at March 31, 2023	\$ 123,952,126	15,999,900	139,952,026	170,933,870	90,913,681	30,311,999	373,521,891	494,747,571	(17,609,295)	(49,157,027)	53,941	2,477,303	(28,284,187)	(92,519,265)	-	713,114,202

(Continued)

Reviewed only, not audited in accordance with the Standards on Auditing**FUBON FINANCIAL HOLDING CO., LTD.****Statement of Cash Flows****For the three months ended March 31, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars)**

	For the three months ended March 31	
	2023	2022 (Restatement)
Cash flows from (used in) operating activities:		
Income before income tax	\$ 14,015,962	46,751,026
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	14,932	11,629
Amortization expenses	4,347	4,663
Net gain on financial assets or liabilities at fair value through profit or loss	(416,000)	(54,000)
Interest expense	337,095	193,905
Interest income	(7,318)	(8,627)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(14,131,775)	(47,119,012)
Other adjustments	-	4,277
Subtotal of adjustments to reconcile profit (loss)	<u>(14,198,719)</u>	<u>(46,967,165)</u>
Changes in operating assets and liabilities:		
Decrease in receivables	46	-
Increase in other assets	(40,412)	(6,600)
Decrease in payables	(169,772)	(237,427)
Increase (decrease) in other liabilities	3,504	(255)
Subtotal of all adjustments	<u>(14,405,353)</u>	<u>(47,211,447)</u>
Cash used in operating activities	(389,391)	(460,421)
Interest received	727,318	730,869
Dividends received	2,165,982	-
Interest paid	(164,766)	(75,500)
Income tax paid	(93,031)	(37,105)
Net cash flows from operating activities	<u>2,246,112</u>	<u>157,843</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(164,107)
Proceeds from capital reduction of investments accounted for using equity method	-	853
Acquisition of property and equipment	(4,196)	(1,606)
Acquisition of intangible assets	(64)	(376)
Net cash flows used in investing activities	<u>(4,260)</u>	<u>(165,236)</u>
Cash flows from (used in) financing activities:		
Decrease in commercial papers payable	(10,237,494)	(340,865)
Proceeds from issuing bonds	9,988,573	4,294,374
Repayments of bonds	-	(3,900,000)
Increase in other borrowings	300,000	-
Repayment of lease liabilities	(13,116)	(9,704)
Appraisal of dissenting shareholders	-	(28,888)
Net cash flows from financing activities	<u>37,963</u>	<u>14,917</u>
Net Increase in cash and cash equivalents	2,279,815	7,524
Cash and cash equivalents at beginning of period	<u>175,093</u>	<u>18,172,273</u>
Cash and cash equivalents at end of period	<u>\$ 2,454,908</u>	<u>18,179,797</u>
Components of cash and cash equivalents:		
Cash and cash equivalents recognized in balance sheet	\$ 2,454,908	18,179,797
Cash and cash equivalents at end of period	<u>\$ 2,454,908</u>	<u>18,179,797</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Subsidiaries' concise balance sheets and concise statements of comprehensive income

(i) Concise Balance sheets

	Taipei Fubon Bank	
	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 48,749,634	39,960,596
Due from the central bank and call loans to banks	340,486,266	314,300,947
Financial assets measured at fair value through profit or loss	128,607,822	118,324,759
Financial assets measured at fair value through other comprehensive income	136,350,284	126,837,175
Debt investments measured at amortized cost	805,470,459	801,056,363
Financial assets for hedging	7,268,478	2,662,096
Securities purchased under resell agreements	21,703,044	16,629,893
Receivables, net	105,230,825	85,395,274
Current income tax assets	321,722	355,980
Discounts and loans, net	1,703,245,089	1,637,588,091
Investments accounted for using equity method	45,597,238	43,469,612
Other financial assets, net	4,713,752	10,647,648
Property and equipment, net	11,424,897	11,320,156
Right-of-use assets, net	3,731,604	3,984,786
Investment property	3,212,960	3,061,400
Intangible assets, net	3,050,894	2,990,908
Deferred tax assets	715,231	649,144
Other assets	8,929,243	13,937,978
Total assets	\$ 3,378,809,442	3,233,172,806

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Taipei Fubon Bank	
	March 31, 2023	March 31, 2022
Deposits to the central bank and banks	\$ 112,395,004	124,342,128
Due to the central bank and banks	-	11,103,990
Financial liabilities measured at fair value through profit or loss	21,814,416	31,398,813
Financial liabilities for hedging	10,164,072	6,453,530
Securities sold under repurchase agreements	37,041,186	94,760,218
Payables	33,078,862	23,026,360
Current tax liabilities	4,071,635	2,255,147
Deposits and remittances	2,738,383,552	2,582,734,425
Bonds payable	104,706,300	90,278,047
Other financial liabilities	31,071,801	10,914,951
Provisions	2,819,171	3,191,728
Lease liabilities	3,843,048	4,059,446
Deferred tax liabilities	2,754,950	2,128,704
Other liabilities	<u>30,695,445</u>	<u>13,505,381</u>
Total liabilities	<u>3,132,839,442</u>	<u>3,000,152,868</u>
Common stock	129,774,223	122,562,088
Capital surplus	18,493,041	18,491,599
Retained earnings	100,950,364	91,755,689
Other equity	<u>(3,247,628)</u>	<u>210,562</u>
Total equity	<u>245,970,000</u>	<u>233,019,938</u>
Total liabilities and equity	<u>\$ 3,378,809,442</u>	<u>3,233,172,806</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Insurance	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 9,047,445	16,236,578
Receivables	6,971,844	6,200,116
Current income tax assets	3,297,296	-
Financial assets measured at fair value through profit or loss	4,159,016	29,213,010
Financial assets measured at amortized cost	1,557,920	1,432,460
Investments accounted for using equity method, net	1,426,040	1,338,671
Financial assets measured at fair value through other comprehensive income	7,123,974	24,712,444
Right-of-use assets	594,611	743,640
Investment property	9,810,078	9,600,852
Reinsurance contract assets	44,295,656	22,380,658
Property and equipment	6,023,129	5,947,834
Intangible assets	200,328	193,923
Deferred tax assets	9,351,907	978,644
Other assets	7,738,915	826,114
Total assets	<u>\$ 111,598,159</u>	<u>119,804,944</u>
Short-term borrowings	\$ 29,707,977	-
Payables	12,716,242	12,496,328
Current tax liabilities	1,021	748,503
Financial liabilities measured at fair value through profit or loss	35,741	391,011
Insurance liabilities	63,709,397	60,321,915
Lease liabilities	611,635	752,041
Deferred tax liabilities	1,539,117	1,342,041
Other liabilities	1,341,207	1,130,311
Provisions	851,583	1,088,687
Total liabilities	<u>110,513,920</u>	<u>78,270,837</u>
Common stock	4,678,396	3,178,396
Capital surplus	19,678,389	6,178,389
Retained earnings	(24,002,651)	27,854,795
Other equity	730,105	4,322,527
Total equity	<u>1,084,239</u>	<u>41,534,107</u>
Total liabilities and equity	<u>\$ 111,598,159</u>	<u>119,804,944</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Life Insurance	
	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 207,397,680	289,410,001
Receivables	38,855,649	43,536,662
Current tax assets	8,454,450	4,222,400
Financial assets measured at fair value through profit or loss	1,265,500,056	1,248,542,091
Financial assets measured at fair value through other comprehensive income	267,288,959	667,848,967
Financial assets for hedging	15,229	77,561
Financial assets measured at amortized cost	2,479,742,549	2,010,404,367
Investments accounted for using equity method, net	62,567,753	67,526,118
Investment property	262,140,252	255,401,405
Loans	217,395,194	239,105,402
Reinsurance contract assets	3,587,485	3,099,789
Property and equipment	18,978,659	19,025,675
Right-of-use assets	1,051,340	1,462,740
Intangible assets	275,901	308,148
Deferred tax assets	33,323,594	27,484,486
Other assets	30,641,451	28,835,971
Assets on insurance product, separate account	<u>269,700,842</u>	<u>266,060,343</u>
Total assets	<u>\$ 5,166,917,043</u>	<u>5,172,352,126</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Life Insurance	
	March 31, 2023	March 31, 2022
Payables	\$ 25,736,527	43,000,567
Current tax liabilities	1,911,750	14,116,487
Financial liabilities measured at fair value through profit or loss	18,232,752	28,029,501
Financial liabilities for hedging	198,359	76,112
Bonds payable	55,000,000	55,000,000
Lease liabilities	15,146,165	15,526,068
Insurance liabilities	4,305,861,268	4,201,046,181
Reserve for insurance contract with nature of financial instrument futures	3,407,217	3,569,932
Foreign exchange valuation reserve	32,909,274	19,200,228
Provisions	7,160,779	7,905,339
Deferred tax liabilities	16,774,546	8,801,781
Other liabilities	6,677,074	5,707,156
Liabilities on insurance product, separate account	<u>269,700,842</u>	<u>266,060,343</u>
Total liabilities	<u>4,758,716,553</u>	<u>4,668,039,695</u>
Common stock	110,831,140	110,831,140
Capital surplus	31,065,428	31,198,634
Retained earnings	344,891,924	323,884,435
Other equity	<u>(78,588,002)</u>	<u>38,398,222</u>
Total equity	<u>408,200,490</u>	<u>504,312,431</u>
Total liabilities and equity	<u>\$ 5,166,917,043</u>	<u>5,172,352,126</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Securities	
	March 31, 2023	March 31, 2022
Current assets	\$ 105,345,776	126,243,652
Financial assets measured at fair value through other comprehensive income – non-current	3,583,943	4,053,505
Investments accounted for using equity method	6,544,834	5,083,647
Property and equipment	1,898,566	1,921,171
Right-of-use assets	268,066	263,700
Investment property	690,030	682,582
Intangible assets	107,277	104,093
Deferred tax assets	458,231	534,181
Other non-current assets	<u>1,693,532</u>	<u>1,104,292</u>
Total assets	\$ <u>120,590,255</u>	<u>139,990,823</u>
Current liabilities	\$ 84,539,998	99,451,362
Provisions – non-current	644,656	833,777
Lease liabilities – non-current	153,927	125,859
Deferred tax liabilities	263,250	100,014
Other non-current liabilities	<u>3,745</u>	<u>3,412</u>
Total liabilities	<u>85,605,576</u>	<u>100,514,424</u>
Common stock	10,643,550	10,643,550
Capital surplus	69,674	69,686
Retained earnings	20,630,289	24,320,135
Other equity	<u>3,641,166</u>	<u>4,443,028</u>
Total equity	<u>34,984,679</u>	<u>39,476,399</u>
Total liabilities and equity	\$ <u>120,590,255</u>	<u>139,990,823</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Asset Management	
	March 31, 2023	March 31, 2022
Current assets	\$ 3,558,063	3,278,703
Financial assets measured at fair value through other comprehensive income – non-current	328,902	328,837
Investments accounted for using equity method	417,755	505,433
Property and equipment	21,895	22,090
Right-of-use assets	50,152	8,274
Intangible assets	1,459	360
Deferred tax assets	18,457	20,955
Other non-current assets	<u>134,442</u>	<u>136,539</u>
Total assets	\$ 4,531,125	4,301,191
Current liabilities	\$ 401,162	311,835
Provisions – non-current	48,700	57,694
Lease liabilities – non-current	25,888	1,143
Deferred tax liabilities	<u>12</u>	<u>26</u>
Total liabilities	475,762	370,698
Common stock	2,710,085	2,710,085
Capital surplus	549,384	549,384
Retained earnings	831,209	707,994
Other equity	<u>(35,315)</u>	<u>(36,970)</u>
Total equity	4,055,363	3,930,493
Total liabilities and equity	\$ 4,531,125	4,301,191

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Marketing	
	March 31, 2023	March 31, 2022
Current assets	\$ 83,513	164,605
Investments accounted for using equity method	312,393	334,449
Property and equipment	69	10
Right-of-use assets	1,242	2,205
Intangible assets	84	156
Other non-current assets	<u>19,136</u>	<u>10,843</u>
Total assets	\$ 416,437	512,268
Current liabilities	\$ 6,424	7,268
Provisions — non-current	232	257
Lease liabilities — non-current	401	1,264
Deferred tax liabilities	<u>4,841</u>	<u>4,080</u>
Total liabilities	<u>11,898</u>	<u>12,869</u>
Common stock	145,000	145,000
Capital surplus	9,880	9,880
Retained earnings	<u>249,659</u>	<u>344,519</u>
Total equity	<u>404,539</u>	<u>499,399</u>
Total liabilities and equity	\$ 416,437	512,268

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Financial Holding Venture Capital	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Current assets	\$ 12,270,289	8,628,570
Financial assets measured at fair value through profit or loss – non-current	3,324,952	3,675,625
Financial assets measured at fair value through other comprehensive income – non-current	1,179,891	1,780,066
Investments accounted for using equity method	87,862	137,069
Property and equipment	906	1,039
Right-of-use assets	7,749	14,076
Intangible assets	65	125
Deferred tax assets	100,663	30,475
Other non-current assets	<u>1,192</u>	<u>1,355</u>
Total assets	\$ <u>16,973,569</u>	<u>14,268,400</u>
Current liabilities	\$ 58,302	49,173
Provisions – non-current	7,645	7,864
Lease liabilities – non-current	3,875	9,457
Deferred tax liabilities	<u>-</u>	<u>6,851</u>
Total liabilities	<u>69,822</u>	<u>73,345</u>
Common stock	12,622,196	6,815,000
Capital surplus	1,362,478	1,362,585
Retained earnings	389,140	5,659,111
Other equity	<u>2,529,933</u>	<u>358,359</u>
Total equity	<u>16,903,747</u>	<u>14,195,055</u>
Total liabilities and equity	\$ <u>16,973,569</u>	<u>14,268,400</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon AMC	
	March 31, 2023	March 31, 2022
Current assets	\$ 253,715	250,414
Property and equipment	324	364
Right-of-use assets	4,729	12,834
Investment property	2,367,623	2,373,128
Intangible assets	1,008	1,507
Deferred tax assets	358,666	378,523
Other non-current assets	13,646	13,647
Total assets	\$ 2,999,711	3,030,417
Current liabilities	\$ 112,516	120,509
Long-term bank borrowings	176,000	370,000
Provisions – non-current	24,366	24,469
Lease liabilities – non-current	12	4,830
Deferred tax liabilities	85,227	104,219
Other non-current liabilities	6,428	4,679
Total liabilities	404,549	628,706
Common stock	2,500,000	2,500,000
Capital surplus	3,141	3,141
Retained earnings	239,972	46,521
Other equity	(147,951)	(147,951)
Total equity	2,595,162	2,401,711
Total liabilities and equity	\$ 2,999,711	3,030,417

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Units: In thousands of CNY	
	Fubon Bank (China)	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 1,369,204	1,259,093
Due from the central bank and call loans to banks	7,219,051	10,039,881
Financial assets measured at fair value through profit or loss	3,274,445	5,063,941
Financial assets measured at fair value through other comprehensive income	37,304,392	35,922,090
Financial assets measured at amortized cost	25,538,457	23,167,238
Securities purchased under resell agreements	275,808	377,410
Receivables, net	4,784,845	5,534,599
Current tax assets	37,827	2,628
Discounts and loans, net	44,010,248	56,732,588
Investments accounted for using equity method, net	100,593	99,545
Other financial assets	694,667	824,334
Property and equipment, net	1,041,794	1,071,023
Right-of-use assets, net	139,336	168,797
Intangible assets, net	152,614	119,810
Deferred tax assets	284,510	228,181
Other assets, net	95,930	69,530
Total assets	\$ 126,323,721	140,680,688

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Units: In thousands of CNY	
	Fubon Bank (China)	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Deposits from the central bank and banks	\$ 4,657,447	8,324,950
Due to the central bank and banks	570,351	158,705
Financial liabilities measured at fair value through profit or loss	1,106,714	1,110,484
Securities sold under repurchase agreements	2,469,854	5,306,359
Payables	5,552,751	5,280,153
Deposits and remittances	85,440,505	90,762,030
Bonds payable	3,999,329	4,998,612
Other financial liabilities	13,637,044	16,778,400
Provisions	4,175	7,839
Lease liabilities	139,352	170,898
Deferred tax liabilities	365	-
Other liabilities	531	572
Total liabilities	<u>117,578,418</u>	<u>132,899,002</u>
Common stock	2,445,382	2,445,382
Other Equity Instruments	800,000	-
Capital surplus	747,795	747,795
Retained earnings	5,196,656	4,827,061
Other equity	(444,530)	(238,552)
Total equity	<u>8,745,303</u>	<u>7,781,686</u>
Total liabilities and equity	<u>\$ 126,323,721</u>	<u>140,680,688</u>

Note: The concise balance sheet of Fubon Bank (China) as of March 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Hyundai Life Insurance	
	March 31, 2023	March 31, 2022
Cash and cash equivalents	\$ 12,302,268	11,448,476
Receivables	2,796,960	3,986,113
Financial assets measured at fair value through profit or loss	32,848,932	34,730,187
Financial assets measured at fair value through other comprehensive income	49,381,866	48,954,973
Financial assets for hedging	1,557,535	491,964
Financial assets measured at amortized cost	91,278,691	97,133,430
Other financial assets, net	2,568,443	2,595,830
Investment property	2,428,710	2,382,062
Loans	53,422,098	53,924,197
Reinsurance contract assets	200,234	216,284
Property and equipment	309,700	248,133
Right-of-use assets	96,366	159,976
Intangible assets	805,769	746,701
Deferred tax assets	6,902,159	3,690,250
Other assets	1,168,541	1,183,306
Assets on insurance product, separate account	<u>190,778,029</u>	<u>212,504,862</u>
Total assets	<u>\$ 448,846,301</u>	<u>474,396,744</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Hyundai Life Insurance	
	March 31, 2023	March 31, 2022
Payables	\$ 7,035,115	1,206,048
Current tax liabilities	128,366	23,984
Short-term borrowings	8,173,200	-
Financial liabilities for hedging	3,486,748	3,110,130
Bonds payable	14,543,413	11,572,213
Lease liabilities	104,219	166,463
Insurance liabilities	188,147,290	208,681,492
Provisions	339,871	308,022
Other liabilities	176,193	1,556,009
Liabilities on insurance product, separate account	<u>212,784,716</u>	<u>223,378,891</u>
Total liabilities	<u>434,919,131</u>	<u>450,003,252</u>
Common stock	32,307,166	32,337,897
Capital surplus	1,007,201	1,008,058
Retained earnings	6,243,737	5,152,874
Other equity	<u>(25,630,934)</u>	<u>(14,105,337)</u>
Total equity	<u>13,927,170</u>	<u>24,393,492</u>
Total liabilities and equity	<u>\$ 448,846,301</u>	<u>474,396,744</u>

Note: The concise balance sheet of Fubon Hyundai Life Insurance as of March 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Financial Holding
	March 31, 2022
Cash and cash equivalents	\$ 383,728
Receivables, net	491,550
Current tax assets	31,484
Investments accounted for using equity method	59,041,983
Property and equipment, net	470
Right-of-use assets, net	7,191
Intangible assets, net	485
Other assets, net	<u>17,489</u>
Total assets	\$ 59,974,380
Commercial paper issued, net	\$ 3,657,611
Payables	839,515
Current tax liabilities	436,860
Provisions	1,124
Lease liabilities	7,243
Deferred tax liabilities	2,686
Other liabilities	<u>934</u>
Total liabilities	4,945,973
Common stock	38,347,145
Capital surplus	142,483
Retained earnings	7,805,498
Other equity	8,762,169
Treasury stock	<u>(28,888)</u>
Total equity	55,028,407
Total liabilities and equity	\$ 59,974,380

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Bank	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Cash and cash equivalents	\$ 8,444,970	3,737,321
Due from the central bank and call loans to banks	12,432,295	15,464,729
Financial assets measured at fair value through profit or loss	207,890	242,502
Financial assets measured at fair value through other comprehensive income	27,474,875	31,998,079
Debt investments measured at amortized cost	30,542,386	39,391,975
Receivables, net	1,114,357	2,735,503
Current tax assets	-	32,823
Discounts and loans, net	162,446,815	175,811,720
Investments accounted for using equity method, net	64,070	57,282
Other financial assets, net	129,480	1,174,567
Property and equipment, net	3,251,294	3,313,227
Right-of-use assets, net	471,644	627,487
Investment property, net	444,688	415,700
Intangible assets, net	65,049	100,430
Deferred tax assets	113,578	46,514
Other assets, net	10,943,013	417,319
Total assets	\$ <u>258,146,404</u>	<u>275,567,178</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Bank	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Deposits from the central bank and banks	\$ 7,555,536	18,384,348
Due to the central bank and banks	-	74,610
Financial liabilities measured at fair value through profit or loss	196,491	304,431
Securities sold under repurchase agreements	-	1,850,000
Payables	1,107,404	1,085,343
Current tax liabilities	191,504	25,545
Deposits and remittances	223,660,738	227,732,845
Other financial liabilities	1,246,783	1,518,381
Provisions	370,574	146,520
Lease liabilities	463,557	636,307
Deferred tax liabilities	67,174	54,564
Other liabilities	80,047	112,222
Total liabilities	<u>234,939,808</u>	<u>251,925,116</u>
Common stock	18,448,253	18,448,253
Capital surplus	2	-
Retained earnings	4,389,118	4,790,820
Other equity	369,223	402,989
Total equity	<u>23,206,596</u>	<u>23,642,062</u>
Total liabilities and equity	<u>\$ 258,146,404</u>	<u>275,567,178</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Securities	
	March 31, 2023	March 31, 2022
Current assets	\$ 26,471,360	44,835,942
Financial assets measured at fair value through other comprehensive income — non-current	8,080,838	9,168,240
Investments accounted for using equity method	2,927,855	3,939,282
Property and equipment	1,541,816	1,602,757
Right-of-use assets	163,475	251,640
Investment property	323,089	328,913
Intangible assets	87,741	120,474
Deferred tax assets	96,951	53,165
Other non-current assets	<u>876,532</u>	<u>944,240</u>
Total assets	\$ <u>40,569,657</u>	<u>61,244,653</u>
Current liabilities	\$ 8,982,429	25,198,715
Provisions	80,117	-
Lease liabilities	89,958	252,705
Deferred tax liabilities	55,298	69,060
Other non-current liabilities	<u>7,878</u>	<u>205,512</u>
Total liabilities	<u>9,215,680</u>	<u>25,725,992</u>
Common stock	11,572,127	11,572,127
Capital surplus	1,298,456	1,298,456
Retained earnings	11,724,807	14,333,737
Other equity	<u>6,758,587</u>	<u>8,314,341</u>
Total equity	<u>31,353,977</u>	<u>35,518,661</u>
Total liabilities and equity	\$ <u>40,569,657</u>	<u>61,244,653</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Property Insurance Agency	
	March 31, 2023	March 31, 2022
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Current assets	\$ 6,894	9,312
Property and equipment	96	149
Intangible assets	65	40
Right-of-use assets	73	617
Other assets	397	296
Total assets	\$ 7,525	10,414
Current liabilities	\$ 1,010	1,901
Lease liabilities	17	437
Other non-current liabilities	579	254
Total liabilities	1,606	2,592
Common stock	5,000	5,000
Capital surplus	1,400	1,400
Retained earnings	(481)	1,422
Total equity	5,919	7,822
Total liabilities and equity	\$ 7,525	10,414

(ii) Concise Statements of comprehensive income

	Taipei Fubon Bank	
	For the three months ended	
	March 31	
	2023	2022
Interest revenue	\$ 20,571,907	9,601,230
Interest expense	(13,158,980)	(2,381,698)
Net interest revenue	7,412,927	7,219,532
Net non-interest revenues	7,807,862	6,551,822
Net revenue	15,220,789	13,771,354
Bad debt expenses and guarantee liability provisions	(535,301)	(625,951)
Operating expenses	(6,427,643)	(5,161,156)
Income before income tax	8,257,845	7,984,247
Less: income tax expense	1,349,669	1,457,967
Net income	6,908,176	6,526,280
Other comprehensive income (net of income tax)	3,077,495	63,444
Total comprehensive income	\$ 9,985,671	6,589,724
Earnings per share (In New Taiwan Dollars)	\$ 0.53	0.50

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Insurance	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 11,416,015	13,203,624
Operating cost	(14,966,401)	(7,516,845)
Operating expenses	(1,885,168)	(2,221,083)
Net operating income (loss)	(5,435,554)	3,465,696
Non-operating income and expense	79,434	(80,535)
Income (loss) before income tax	(5,356,120)	3,385,161
Less: income tax expense (benefit)	(1,102,356)	432,022
Net income (loss)	(4,253,764)	2,953,139
Other comprehensive income (net of income tax)	852,798	(6,080,582)
Total comprehensive income	\$ (3,400,966)	(3,127,443)
Basic earnings per share (In New Taiwan Dollars)	\$ (9.09)	9.29
	Fubon Life Insurance	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 113,036,573	156,340,080
Operating cost	(103,392,304)	(109,305,738)
Operating expenses	(3,503,683)	(3,332,269)
Operating income	6,140,586	43,702,073
Non-operating income and expense	280,427	223,846
Income before income tax	6,421,013	43,925,919
Less: income tax expense	(827,404)	7,562,686
Net income	7,248,417	36,363,233
Other comprehensive income (net of income tax)	130,118,305	(131,201,690)
Total comprehensive income	\$ 137,366,722	(94,838,457)
Basic earnings per share (In New Taiwan Dollars)	\$ 0.65	3.28

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Securities	
	For the three months ended	
	March 31	
	2023	2022
Revenue	\$ 2,699,853	3,017,591
Expenses	(1,692,823)	(1,822,610)
Net operating income	1,007,030	1,194,981
Non-operating income and expense	641,626	(161,553)
Income before income tax	1,648,656	1,033,428
Less: income tax expense	114,354	268,481
Net income	1,534,302	764,947
Other comprehensive income (net of income tax)	287,770	165,565
Total comprehensive income	\$ 1,822,072	930,512
Basic earnings per share (In New Taiwan Dollars)	\$ 1.44	0.72
	Fubon Asset Management	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 420,812	405,920
Operating expenses	(236,890)	(230,270)
Operating income	183,922	175,650
Non-operating income and expense	4,441	(34,431)
Income before income tax	188,363	141,219
Less: income tax expense	38,563	36,291
Net income	149,800	104,928
Other comprehensive income (net of income tax)	780	11,212
Total comprehensive income	\$ 150,580	116,140
Basic earnings per share (In New Taiwan Dollars)	\$ 0.55	0.39

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Marketing	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 556	285
Operating cost	(446)	(242)
Operating expenses	(3,838)	(4,520)
Operating loss	(3,728)	(4,477)
Non-operating income and expense	52,178	35,466
Income before income tax	48,450	30,989
Less: income tax expense	-	-
Net income	48,450	30,989
Other comprehensive income (net of income tax)	-	-
Total comprehensive income	\$ 48,450	30,989
Basic earnings per share (In New Taiwan Dollars)	\$ 3.34	2.14
	Fubon Financial Holding Venture	
	Capital	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 1,916,537	(2,715,326)
Operating expenses	(26,588)	(22,157)
Operating income (loss)	1,889,949	(2,737,483)
Non-operating income and expense	(1,610)	34,657
Income (loss) before income tax	1,888,339	(2,702,826)
Less: income tax expense (benefit)	15,639	(67,272)
Net income (loss)	1,872,700	(2,635,554)
Other comprehensive income (net of income tax)	213,903	35,238
Total comprehensive income	\$ 2,086,603	(2,600,316)
Basic earnings per share (In New Taiwan Dollars)	\$ 1.48	(2.09)

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon AMC	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 104,949	101,939
Operating expenses	<u>(41,935)</u>	<u>(30,538)</u>
Operating income	63,014	71,401
Non-operating income and expense	<u>42,493</u>	<u>10,483</u>
Income before income tax	105,507	81,884
Less: income tax expense	<u>17,238</u>	<u>19,442</u>
Net income	<u>88,269</u>	<u>62,442</u>
Total comprehensive income	<u>\$ 88,269</u>	<u>62,442</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ 0.35</u>	<u>0.25</u>

	Units: In thousands of CNY	
	Fubon Bank (China)	
	For the three months ended	
	March 31	
	2023	2022
Interest revenue	\$ 1,151,525	1,367,716
Interest expense	<u>(827,690)</u>	<u>(710,472)</u>
Net interest revenue	323,835	657,244
Net non-interest revenues	<u>53,690</u>	<u>(202,671)</u>
Net revenue	<u>377,525</u>	<u>454,573</u>
Bad debt expenses and guarantee liability provisions	(56,381)	(79,397)
Operating expenses	<u>(270,407)</u>	<u>(279,267)</u>
Income before income tax	50,737	95,909
Less: income tax expense (benefit)	<u>(10,142)</u>	<u>(23,312)</u>
Net income	<u>60,879</u>	<u>119,221</u>
Other comprehensive income (net of income tax)	<u>79,718</u>	<u>(175,190)</u>
Total comprehensive income	<u>\$ 140,597</u>	<u>(55,969)</u>

Note: The concise statements of comprehensive income of Fubon Bank (China) for the three months ended March 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Fubon Hyundai Life Insurance	
	For the three months ended	
	March 31	
	2023	2022
Operating Revenue	\$ 18,968,708	14,217,285
Operating cost	(18,941,469)	(11,584,158)
Operating expenses	<u>(527,526)</u>	<u>(497,101)</u>
Net operating income	(500,287)	2,136,026
Non-operating income and expense	<u>13,619</u>	<u>8,874</u>
Income before income tax	(486,668)	2,144,900
Less: income tax expense	<u>19,437</u>	<u>559,292</u>
Net income	<u>(506,105)</u>	<u>1,585,608</u>
Other comprehensive income (net of income tax)	<u>5,485,040</u>	<u>(12,112,826)</u>
Total comprehensive income	<u><u>\$ 4,978,935</u></u>	<u><u>(10,527,218)</u></u>

Note: The concise statements of comprehensive income of Fubon Hyundai Life Insurance for the three months ended March 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

	JihSun Financial
	Holding
	For the three
	months ended
	2022
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	\$ 779,332
Other revenues	<u>215</u>
Subtotal of revenues	<u>779,547</u>
Operating expenses	(18,502)
Other expenses and losses	<u>(4,242)</u>
Income before income tax	756,803
Less: income tax benefit	<u>(1)</u>
Net Income	<u>756,804</u>
Other comprehensive income (net of income tax)	<u>935,142</u>
Total comprehensive income	<u><u>\$ 1,691,946</u></u>
Earnings per share (In New Taiwan Dollars)	<u><u>\$ 0.20</u></u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	JihSun Bank	
	For the three months ended	
	March 31	
	2023	2022
Interest revenue	\$ 1,336,898	856,827
Less: Interest expense	435,045	145,438
Net interest revenue	901,853	711,389
Net non-interest revenues	310,346	272,208
Net revenue	1,212,199	983,597
Bad debt expenses and guarantee liability provisions reversal gains	168,993	62,907
Operating expenses	(1,207,307)	(707,605)
Income before income tax	173,885	338,899
Income tax expense	(324,295)	(23,936)
Net income	(150,410)	314,963
Other comprehensive income	28,945	(158,253)
Total comprehensive income	\$ (121,465)	156,710
Earnings per share (In New Taiwan Dollars)	\$ (0.08)	0.17
	JihSun Securities	
	For the three months ended	
	March 31	
	2023	2022
Revenues	\$ 966,124	1,371,246
Service charge and commission expenses	(50,598)	(75,283)
Employee benefits expenses	(747,939)	(494,853)
Share of profit of associates and joint ventures accounted for using equity method	9,129	(8,970)
Operating expenses	(291,967)	(300,723)
Other gain and loss	94,959	104,523
Income before income tax	(20,292)	595,940
Income tax expense	37,934	(132,375)
Net income	17,642	463,565
Other comprehensive income	(354,600)	1,093,395
Total comprehensive income	\$ (336,958)	1,556,960
Earnings per share (In New Taiwan Dollars)	\$ 0.02	0.40

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

JihSun Property Insurance Agency
For the three months ended
March 31

	2023	2022
Operating revenue	\$ 1,993	2,072
Operating cost	(1,073)	(1,128)
Operating expenses	(1,473)	(1,434)
Net operating income	(553)	(490)
Non-operating income and expense	5	(2)
Income before income tax	(548)	(492)
Less: income tax expense (benefit)	2	-
Net income	(550)	(492)
Total comprehensive income	<u>\$ (550)</u>	<u>(492)</u>
Earnings per share (In New Taiwan Dollars)	<u>\$ (1.10)</u>	<u>(0.98)</u>

(f) Profitability of the Company and bank, insurance and security subsidiaries

March 31, 2023

		Unit: %										
Item	Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities	JihSun Securities	JihSun Bank	
Return on total assets	Before income tax	0.53 %	7.12 %	0.98 %	0.87 %	0.15 %	0.50 %	(0.41)%	(19.78)%	5.60 %	(0.20)%	0.26 %
	After income tax	0.52 %	7.10 %	0.82 %	0.73 %	0.18 %	0.57 %	(0.43)%	(15.71)%	5.22 %	0.17 %	(0.22)%
Return on equity	Before income tax	8.66 %	8.77 %	13.71 %	8.15 %	2.34 %	7.56 %	(17.15)%	(769.36)%	19.35 %	(0.25)%	2.92 %
	After income tax	8.56 %	8.75 %	11.47 %	6.85 %	2.81 %	8.54 %	(17.83)%	(611.01)%	18.01 %	0.22 %	(2.52)%
Profit margin		43.30 %	98.35 %	45.39 %	42.02 %	16.13 %	6.41 %	(2.67)%	(37.26)%	56.83 %	1.83 %	(12.41)%

March 31, 2022

		Unit: %											
Item	Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities	JihSun Financial Holding	JihSun Securities	JihSun Bank	
Return on total assets	Before income tax	2.18 %	17.70 %	1.00 %	0.67 %	0.27 %	3.40 %	1.71 %	11.22 %	2.93 %	5.12 %	3.37 %	0.49 %
	After income tax	1.78 %	17.59 %	0.82 %	0.56 %	0.34 %	2.82 %	1.27 %	9.79 %	2.17 %	5.12 %	2.62 %	0.45 %
Return on equity	Before income tax	24.52 %	20.12 %	13.90 %	6.25 %	4.91 %	31.85 %	29.23 %	31.42 %	10.60 %	5.59 %	6.86 %	5.75 %
	After income tax	20.01 %	20.00 %	11.36 %	5.23 %	6.11 %	26.36 %	21.61 %	27.41 %	7.84 %	5.59 %	5.34 %	5.35 %
Profit margin		35.04 %	98.93 %	47.39 %	37.14 %	26.23 %	23.26 %	11.15 %	22.37 %	25.35 %	97.61 %	33.33 %	32.02 %

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 net worth of equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax is the income for the three months ended March 31, 2023 and 2022.

Note 5: The return on assets and return on equity are presented annualized ratios.

- (g) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies have followed suit by downgrading the credit rating for Russian bonds. Fubon Life Insurance and its subsidiaries have closely monitored and evaluated the credit risk of the Russian Bonds, and continuously reviewed the interest payment and principal repayment of the relevant bonds, and recognized the expected credit loss based on the assessed credit risk.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Financial assets reclassification

(i) Fubon Life Insurance reclassified financial assets

Since 2022, the major central banks led by Federal Reserve System have adopted the tight monetary policy, which made the stock, bond and foreign exchange markets experience drastic and unprecedented changes. Then, the interest rates have risen to the extreme level defined by the International Insurance Capital Standards (ICS). Therefore, in accordance with the Regulation of IFRS 9 "Financial Instruments" and the Ji Mi No.0000000354 "Financial Asset Reclassification Concerns of an insurer arising from Changes in the Business Model for Managing Financial Assets due to Drastic Changes in the International Economic Situation" issued on October 7, 2022 by the Accounting Research and Development Foundation of the Republic of China (ARDF), the subsidiary, Fubon Life Insurance, adjusted the business model of related managed activities and oversea bonds investment based on the major changes from the external financial environment. Fubon Life Insurance reclassified part of the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost on January 1, 2023.

After the reclassification of financial assets on January 1, 2023, other equity increased by \$69,877,356 thousand, financial assets measured at amortized cost increased by \$380,841,976 thousand, financial assets measured at fair value through other comprehensive income decreased by \$293,497,526 thousand, and deferred tax assets decreased by \$17,467,094 thousand.

(ii) Fubon Hyundai Life Insurance Co., Ltd. reclassified financial assets

The major management of Fubon Hyundai Life Insurance Co., Ltd., decided to change the business model because the local government has changed the supervision system of risk based capital related regulations. The major management of Fubon Life Insurance, approved on December 15, 2022 that the reclassification date would be January 1, 2023 according to the Regulation of IFRS 9 "Financial Instruments".

Fubon Hyundai Life Insurance Co., Ltd., reclassified part of the U.S. bonds from financial assets measured at amortized cost to financial assets measured at fair value through other comprehensive income to increase cash management flexibility and avoid significant increases in capital requirements. At the same time, considering the relatively low cost of Korean debt capital demand and asset-liability management, Fubon Hyundai Life Insurance planned to manage domestic debts by collecting the contractual cash flow. Therefore, Fubon Hyundai Life Insurance reclassified part of Korea bonds from financial assets measured at value through other comprehensive income to financial assets measured at amortized cost.

After the reclassification of financial assets by Fubon Hyundai Life Insurance Co., Ltd., on January 1, 2023, Fubon Life Insurance and its subsidiaries' other equity increased by \$129,337 thousand, financial assets measured at amortized cost decreased by \$7,232,181 thousand, financial assets measured at fair value through other comprehensive income increased by \$7,449,761 thousand, deferred tax assets decreased by \$50,478 thousand, and non-controlling interests increased by \$37,765 thousand.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) The above financial assets of Fubon Life Insurance and its subsidiaries were reclassified from the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized. As of March 31, 2023, the fair value of those underecognized parts was \$311,773,826 thousand. Without reclassification on January 1, 2023, the proposed mandatory information on March 31, 2023, other equity interest would have been decreased by \$62,030,627 thousand and non-controlling interests would have been decreased by \$246,800 thousand. Then, for the three months ended March 31, 2023, the fair value gain (after tax) to be recognized in other comprehensive income would have been \$9,105,377 thousand (including the derecognized parts at the end of the period). Of which, equity attributable to owners of the parent company and non-controlling interests were \$9,010,277 thousand and \$95,100 thousand, respectively.
- (iv) Fubon Life Insurance will follow the regulations of Gin Guan Bao Tsai No.11104942741. Fubon Life Insurance and its subsidiaries reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The changes in the fair value should be included in the net decrease in other equity in accordance with Gin Guan Bao Tsai No. 11004920441. The amount incurred in the current year shall be appropriated in the special reserve. If there is a reversal of the net amount of changes in the fair value of financial assets (including disposals) and net decrease in other equity, the special reserve appropriated may be distributed for the reversed portion. The Company will follow Rule No. 11102279031 issued by the FSC. When distributing earnings, the same amount of special reserve should be appropriated for the changes in the fair value of the financial assets reclassified by Fubon Life Insurance. If there is a reversal of changes in the fair value of financial assets reclassified by Fubon Life Insurance, the reversed portion of special reserve could be distributed.
- (i) Due to the COVID-19 pandemic and the epidemic prevention measures promoted by the government, Fubon Insurance and its subsidiaries' branch offices operated normally as of March 31, 2023, and the premium for the three months ended March 31, 2023 did not decrease significantly due to the COVID-19 pandemic. Fubon Insurance and its subsidiaries sold COVID-19 insurance and vaccine insurance for the COVID-19 epidemic, and there were about 0 thousand and 115 thousand underwritten cases (the premium income were about \$0.00 billion and 0.141 billion) and about 356 thousand and 3 thousand pieces of the insurance claim (the insurance claim payment were about \$13.487 billion and 0.128 billion), and had recognized claim reserves and the insurance claim payment following the regulations in order to protect customer equity. Fubon Insurance and its subsidiaries have taken corresponding measures and are continuously evaluating and dealing with the subsequent events.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (j) Due to the impact of the claims of pandemic policies, Capital Adequacy Ratio for the three months ended March 31, 2023 fail to meet the ratio specified in Article 143-4 of the Insurance Act, as of March 31, 2023, the amount of accumulated deficit of the subsidiary, Fubon Insurance, is \$40,674,493 thousand. Fubon Insurance will submit a report to the shareholders' meeting in accordance with regulations of Corporation law. In August, 2022, Fubon Insurance has completed a private placement for cash capital increase amounting \$15,000,000 thousand. The pandemic policies, which cause loss, are no longer be sold and, since the pandemic policies will due constantly in the first half year of 2023, causing claim amount decrease, Fubon Insurance's operations will gradually stabilize. To improve financial business performance, Fubon Insurance propose several improvements. Specific improve measures are as follows:
- (i) Increase Regulatory Capital and improve management policy
- 1) Capital increase

The most rapid way to increase self-owned capital is to increase capital from shareholders, by continuing providing funds to meet the need for Fubon Insurance's operations. The Company's financial commitment letter was obtained on December 31, 2022, promising to continue to provide the working capital for at least one year in the future, and a resolution was passed during the board meeting held on April 7, 2023, for the issuance of 1,000,000 thousand ordinary shares under a private placement, with a total capital increase of \$16 billion. The Company participated in the subscription of all of its cash capital increase for the private placement of ordinary shares on April 27, 2023, by a resolution of the board meeting.
 - 2) Improve business performance and make profit
 - a) With the development of the Internet and the sharing platforms, Fubon Insurance launches fragmentation products, enhancing the performance of businesses. Combining the application of digital technology, including long-distance solicitation and digital insurance book platform, Fubon Insurance decrease cost of operation, increase efficiency of underwriting, and control sales advantageously.
 - b) Enhance risk identification of products, sales restriction, the management of early warning system and the arrangement of reinsurance, preventing loss from systematic risk . Enhance additional rate of high-quality business and implement the response of the adequacy of commodity rates.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- c) Grasp the business opportunities driven by the development of emerging technologies and government policies, keep innovating products and improving the technique of preventing loss. Continue engaging in renewable energy and broaden the business opportunities of green energy industry chain. Meanwhile, establish various systems of corporate governance, information security and employee security, extend the business opportunities of insurance development and provide added value with complete services.
 - d) To respond to emerging risks, market trends and regulatory revisions, Fubon Insurance promote various products, examine the rationality of risk, and replace price competition with high-quality services, ensuring premium rate adequacy. Meanwhile, by accumulating data and analyzing risk items and factors, provide risk assessment suggestions to strengthen the function of risk assessment assistance.
- (ii) Strengthen asset allocation and stabilize use of funds
- 1) Strengthen the ability of fund using
 - a) As Central Bank of the Republic of China has followed the trend of lifting interest rates in major central banks around the world, Taiwan's bond interest rates have rebounded sharply. Estimated interest rate are expected to fluctuate in a range, Fubon Insurance's investment strategy in Taiwan will mainly focuses on steadily collecting interest income.
 - b) U.S. Federal Reserve continues to sharply tighten monetary policy, and the labor market is structural tighten. It is expected that the policy rate will remain at a restrictive level for a period of time. The foreign investment is mainly focus on corporate bonds with high investment grade and good quality.
 - 2) Strengthen the quality of investment assets
 - a) There are relevant investment and risk assessment standard operating procedures on investment assets. Only after a complete assessment, investment can be made to reduce risks and improve asset quality.
 - b) Fubon Insurance has enacted post-investment risk control measures, conducted regular and non-regular assessments of risk control of investments, and kept implementing the risk warning mechanism, performing various internal auditing.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

For the three months ended March 31, 2023, according to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the related information on significant transactions by the Company and subsidiaries that should be further disclosed as follows:

(i) Loans to others:

Units: In thousands of TWD

Number (Note 1)	Name of lender	Name of borrower	Account name	Relate d party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short- term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 5)
													Item	Value		
1	Fubon Asset Management Service Co., Ltd.	Ruo-Shuei Environment Integration Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	108,000	108,000	-	3%-4%	1	-	-	-	None	-	129,758	13,412,882
2	Fubon Asset Management Service Co., Ltd.	De-Cheng International Development Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	108,000	108,000	50,800	3%-4%	1	50,800	-	508	None	-	129,758	13,412,882
3	Fubon Asset Management Service Co., Ltd.	Yung-Sheng Real Estate Development Co., Ltd.	Accounts receivable - reimbursable expenditure	No	116,000	116,000	-	3%-4%	1	-	-	-	None	-	129,758	13,412,882
4	Fubon Asset Management Service Co., Ltd.	YI LIAN Construction Co., Ltd.	Accounts receivable - reimbursable expenditure	No	100,000	100,000	-	3%-4%	1	-	-	-	None	-	129,758	13,412,882

Note 1: Serial number is determined as follows:

- (1) 0 represents parent company.
- (2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note 2: Those ending balances are effective credit/amount as of the reporting date.

Note 3: The natures of loans are determined as follows:

- (1) Please fill 1 if the category belongs to business relation.
- (2) Please fill 2 if the category belongs to short-term loan.

Note 4: The limit to the individual borrower: 5% of the creditor's net worth on March 31, 2023.

Note 5: The total limit of the loan: 7 times of the creditor's net worth, deducting capital infusion and real estate purchase on March 31, 2023.

(ii) Endorsement and guarantees for others: None

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Marketable securities held as of March 31, 2023:

Units: In thousands of TWD / Thousands shares

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Yuen Foong Yu Consumer Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss	790	29,546	-	29,546	Listed stock
Fubon Securities Venture Capital Co., Ltd.	DINGZING ADVANCED MATERIALS INCORPORATED	-	Financial assets measured at fair value through profit or loss	193	12,101	-	12,101	Listed stock
Fubon Securities Venture Capital Co., Ltd.	Timing Pharmaceutical Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,300	27,974	0.02	27,974	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	PocketNet Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,078	4,089	0.02	4,089	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Amis Technology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	48,750	-	0.22	-	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Cinema Pro Limited	-	Financial assets measured at fair value through profit or loss	2,800	611	0.15	611	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	HUANG CHIEH METAL HOLDINGS CO.,LTD.	-	Financial assets measured at fair value through profit or loss	495	17,535	0.01	17,535	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Artlux Inc.	-	Financial assets measured at fair value through profit or loss	392	-	0.01	-	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	700	32,649	0.04	32,649	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Mega Union Technology Incorporated	-	Financial assets measured at fair value through profit or loss	5	291	-	291	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	400	11,979	0.03	11,979	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	3S System Technology Inc	-	Financial assets measured at fair value through profit or loss	255	14,369	-	14,369	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	BASECOM TELECOMMUNICATION CO., LTD.	-	Financial assets measured at fair value through profit or loss	600	10,180	0.03	10,180	Unlisted stock

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	ION ELECTRONIC MATERIALS CO., LTD.	-	Financial assets measured at fair value through profit or loss	1,000	73,479	0.03	73,479	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	Noodoe Group	-	Financial assets measured at fair value through profit or loss	450	76,063	0.06	76,063	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	GLORY WHEEL ENTERPRISE CO., LTD.	-	Financial assets measured at fair value through profit or loss	260	24,311	0.01	24,311	Unlisted stock
Fubon Securities Venture Capital Co., Ltd.	APEX Flight Academy	-	Financial assets measured at fair value through profit or loss	1,313	-	0.03	-	Unlisted stock
Fubon Mintou Venture Capital Co., Ltd.	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	4,018	51,354	-	51,354	Beneficiary certificates
Fubon Mintou Venture Capital Co., Ltd.	FSITC Taiwan Money Market	-	Financial assets measured at fair value through profit or loss	3,293	51,350	-	51,350	Beneficiary certificates
Fubon Mintou Venture Capital Co., Ltd.	Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,120	51,261	-	51,261	Beneficiary certificates
Fubon Mintou Venture Capital Co., Ltd.	Yuanta De-Li Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,472	41,068	-	41,068	Beneficiary certificates
Fubon Futures Co., Ltd.	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,862,576	51,451	0.08	51,451	Beneficiary certificates
Fubon Futures Co., Ltd.	JKO S&P GSCI Soybeans ER Futures ETF	-	Financial assets measured at fair value through profit or loss	1,000,000	26,210	0.08	26,210	Beneficiary certificates
Fubon Futures Co., Ltd.	JKO Dow Jones Copper ER Futures ETF	-	Financial assets measured at fair value through profit or loss	500,000	12,870	0.06	12,870	Beneficiary certificates
Fubon Futures Co., Ltd.	Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF	-	Financial assets measured at fair value through profit or loss	500,000	5,900	-	5,900	Beneficiary certificates
Fubon Futures Co., Ltd.	Yuanta Global Leaders Balanced Fund-USD (A)	-	Financial assets measured at fair value through profit or loss	100,000	31,775	0.01	31,775	Beneficiary certificates
Fubon Futures Co., Ltd.	Cathay Nikkei 225 Currency-hedged ETF Fund	-	Financial assets measured at fair value through profit or loss	400,000	13,428	0.09	13,428	Beneficiary certificates
Fubon Futures Co., Ltd.	Taiwan Futures Exchange Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	2,264	236,248	-	236,248	Unlisted stock

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Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Fubon Taiwan Technology ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	343	37,564	-	37,564	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon MSCI Taiwan ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	29	2,579	-	2,579	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon SSE180 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	35	1,114	-	1,114	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon FTSE TWSE Taiwan 50 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	759	-	759	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon SZSE 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	20	269	-	269	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon TOPIX ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	9	249	-	249	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon NIFTY ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	316	-	316	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon NASDAQ-100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	6	320	-	320	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon 1-3 Years US Treasury Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	8	185	-	185	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon FTSE Developed Europe ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	10	145	-	145	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon S&P US Preferred Stock ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	507	10,122	-	10,122	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon China Policy Bank Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	625	11,819	-	11,819	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon Dow Jones Taiwan High-Quality Dividend 30 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	10,018	159,854	-	159,854	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon Chi Hsiang Money Market	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	229	10,807	-	10,807	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Eastspring Investments Well Pool Money Market Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	990	9,937	-	9,937	Beneficiary certificates

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Fubon Aggressive Growth Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	2,353	30,078	-	30,078	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon Global Investment-grade Bond Fund A	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	3,277	40,101	-	40,101	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon Global Dividend REITs and Infrastructure ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	3,393	35,904	-	35,904	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fubon 9-35 Years US Corporate Bond A ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	500	18,180	-	18,180	Beneficiary certificates
Fubon Asset Management Co., Ltd.	Fund Rich Securities Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	2,018	26,455	3.36	26,455	Unlisted stock
Fubon Asset Management Co., Ltd.	103 Central Government Development Bond 13	-	Financial assets measured at fair value through other comprehensive income	-	302,447	-	302,447	Government bond
Fubon Fund Management (HK) Limited	Fubon HS SH-SZ-HK (Selected Corp) High Div Yield Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	400	16,473	-	16,473	Beneficiary certificates
Fubon Fund Management (HK) Limited	Fubon FTSE Taiwan Daily (2x) Leveraged Product	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	120	3,601	-	3,601	Beneficiary certificates
Fubon Fund Management (HK) Limited	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	184	4,824	-	4,824	Beneficiary certificates
Fubon Marketing Co., Ltd.	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	1,391	21,714	-	21,714	Beneficiary securities
Fubon Marketing Co., Ltd.	Fubon R2	Related parties in substance	Financial assets measured at fair value through profit or loss	1,380	20,617	-	20,617	Beneficiary securities
Fubon Marketing Co., Ltd.	Cathay R2	-	Financial assets measured at fair value through profit or loss	250	4,400	-	4,400	Beneficiary securities
Fubon Insurance Agency Co., Ltd.	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	61	952	-	952	Beneficiary securities
Fubon Insurance Agency Co., Ltd.	Cathay R2	-	Financial assets measured at fair value through profit or loss	722	12,707	-	12,707	Beneficiary securities

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Insurance Agency Co., Ltd.	Millerful R1	-	Financial assets measured at fair value through profit or loss	1,249	12,565	-	12,565	Beneficiary securities
Fubon Insurance Agency Co., Ltd.	96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	216	-	167	Government bond
Fu Sheng Insurance Agency Co., Ltd.	96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	216	-	167	Government bond
Fubon Financial Holding Venture Capital Co., Ltd.	momo.com. Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,022	4,534,541	2.30	4,534,541	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Drewloong Precision Inc.	-	Financial assets measured at fair value through profit or loss	45	6,234	0.13	6,234	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Tanvex BioPharma, Inc.	-	Financial assets measured at fair value through profit or loss	2,006	161,694	1.70	161,694	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	VisEra Technologies Company Limited	-	Financial assets measured at fair value through profit or loss	580	132,240	0.18	132,240	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	HD Renewable Energy Co., Ltd.	-	Financial assets measured at fair value through profit or loss	7,441	1,004,559	7.44	1,004,559	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	An Shin Food Service Co., Ltd.	-	Financial assets measured at fair value through profit or loss	97	7,202	0.30	7,202	TPEX listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Inergy Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,600	107,040	3.50	107,040	TPEX listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	KD Holding Corporation	-	Financial assets measured at fair value through profit or loss	470	127,096	0.66	127,096	TPEX listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Airoha Technology Corp.	Related parties in substance	Financial assets measured at fair value through profit or loss	444	279,594	0.31	279,594	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	Long time tech. Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	10,000	386,900	8.39	386,900	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	TaiRx, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	2,760	92,488	3.06	92,488	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	Sunny Pharmtech Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	13,622	312,208	9.83	312,208	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	TwI Biotechnology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	2,700	59,454	3.98	59,454	Emerging stock

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Alar Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	3,522	686,262	6.18	686,262	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	Taiwan Microloops Corp.	-	Financial assets measured at fair value through profit or loss	1,950	102,628	4.49	102,628	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	FORMOSA PHARMACEUTICAL S, INC.	-	Financial assets measured at fair value through profit or loss	1,470	88,950	1.29	88,950	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	BRIM Biotechnology, Inc.	-	Financial assets measured at fair value through profit or loss	1,300	99,580	1.39	99,580	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	One Production Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,131	29,015	3.16	29,015	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	H.H. GALAXY CO., LTD.	-	Financial assets measured at fair value through profit or loss	637	82,135	2.90	82,135	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	ConforMIS, Inc.	-	Financial assets measured at fair value through profit or loss	4	196	0.05	196	US listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	ESUN HOLDINGS LIMITED	-	Financial assets measured at fair value through profit or loss	1,653	1,989	0.09	1,989	Hong Kong listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Grand Academy Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	145,337	4.17	145,337	Private fund
Fubon Financial Holding Venture Capital Co., Ltd.	Starview Heights Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	25,290	4.17	25,290	Private fund
Fubon Financial Holding Venture Capital Co., Ltd.	Bigbest Solutions, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	8,000	48,823	11.43	48,823	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Century Development Corporation	Related parties in substance	Financial assets measured at fair value through profit or loss	3,509	21,826	1.00	21,826	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	StemCyte International, Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,075	159,556	9.95	159,556	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Asian Crown International Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	824	-	6.94	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	DETKET Technology Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	990	3,446	13.38	3,446	Unlisted stock

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	TeTanTi Agricultural Biotechnology Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,500	16,445	6.00	16,445	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Beseye Cloud Security Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	6,200	25,528	25.53	25,528	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Jeoutai Technology	Related parties in substance	Financial assets measured at fair value through profit or loss	2,714	46,458	8.06	46,458	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Annji Pharmaceutical Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	7,688	177,304	11.67	177,304	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	OmniEyes Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,841	60,925	19.39	60,925	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Gaius Automotive Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,750	218,375	8.02	218,375	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	FOOTPRINTKU INC.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,800	26,065	8.28	26,065	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	550	16,471	4.15	16,471	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	URSrobot Holding Ltd.	-	Financial assets measured at fair value through profit or loss	1,328	98,124	3.98	98,124	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Elixiron Immunotherapeutics (Cayman) Limited	-	Financial assets measured at fair value through profit or loss	2,010	1,027	2.59	1,027	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	TIPCO International Limited	-	Financial assets measured at fair value through profit or loss	1	2,721	4.54	2,721	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	PHALANX BIOTECH GROUP, INC.	-	Financial assets measured at fair value through profit or loss	29	239	0.04	239	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	LoneStar Heart, Inc.	-	Financial assets measured at fair value through profit or loss	294	-	4.01	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	DoDoPal Holdings Ltd.	-	Financial assets measured at fair value through profit or loss	42	-	6.78	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Crystal Bright Developments Limited	-	Financial assets measured at fair value through profit or loss	10	-	1.91	-	Unlisted stock

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Eva Technologies Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,340	1,607	6.50	1,607	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	ABG II-WX Limited	-	Financial assets measured at fair value through profit or loss	-	656,807	9.30	656,807	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Aeolus Robotics Corporation Limited	-	Financial assets measured at fair value through profit or loss	6,000	16,393	7.35	16,393	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	RenalPro Medical, Inc.	-	Financial assets measured at fair value through profit or loss	1,581	-	12.83	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Artlux Corporation	-	Financial assets measured at fair value through profit or loss	2,784	-	4.16	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Black Light Surgical, Inc	-	Financial assets measured at fair value through profit or loss	628	3,540	3.23	3,540	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Triller Hold Co LLC	-	Financial assets measured at fair value through profit or loss	3,539	132,615	1.51	132,615	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Ever Victory Global Ltd.	-	Financial assets measured at fair value through profit or loss	5,000	99,769	0.81	99,769	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	SuperMetalix, Inc	-	Financial assets measured at fair value through profit or loss	788	7,946	6.67	7,946	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	ACP Barite Investment L.P.	-	Financial assets measured at fair value through profit or loss	-	462,543	7.50	462,543	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	New Epoch capital L.P	-	Financial assets measured at fair value through profit or loss	-	251,326	3.50	251,326	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	T-E Pharma Holding	-	Financial assets measured at fair value through profit or loss	3,750	28,633	1.42	28,633	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	AP BIOSCIENCES INC.	-	Financial assets measured at fair value through profit or loss	1,000	58,235	1.54	58,235	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Neuchips Inc.	-	Financial assets measured at fair value through profit or loss	2,500	100,113	2.73	100,113	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	AVOCOR TECHNOLOGIES USA, INC.	-	Financial assets measured at fair value through profit or loss	254	60,957	3.54	60,957	Unlisted stock

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Yoda Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	5,000	60,958	9.07	60,958	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Stampede Entertainment, Inc.	-	Financial assets measured at fair value through profit or loss	629	289,549	3.43	289,549	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Evergreen Aviation Technologies Corp	-	Financial assets measured at fair value through other comprehensive income	571	55,844	0.15	55,844	Listed stock
Fubon Financial Holding Venture Capital Co., Ltd.	Diamond Bioventure	Related parties in substance	Financial assets measured at fair value through other comprehensive income	31,648	2,773,349	4.98	2,773,349	Emerging stock
Fubon Financial Holding Venture Capital Co., Ltd.	Kbro Media Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,638	44,098	11.66	44,098	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Star River Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,341	15,203	1.49	15,203	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Star Shining Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	49,000	492,864	7.00	492,864	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Wholex Max Green Power Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,090	11,265	1.00	11,265	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Fubon Hospitality Management Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	5,000	5,341	17.86	5,341	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Xin-Yao Bioventure Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	17,500	199,600	5.00	199,600	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	P. LEAGUE+	Related parties in substance	Financial assets measured at fair value through other comprehensive income	500	2,414	8.33	2,414	Unlisted stock

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Cofit Healthcare Inc.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	275	2,097	10.20	2,097	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Jing Ying Investment Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,805	67,867	5.00	67,867	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	26,124	267,797	3.50	267,797	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Omniad Media Incorporation	-	Financial assets measured at fair value through other comprehensive income	7,675	-	10.21	-	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	240	25,284	2.00	25,284	Unlisted stock
Fubon Financial Holding Venture Capital Co., Ltd.	Taiwania Capital Management Corporation	-	Financial assets measured at fair value through other comprehensive income	20,720	46,061	8.29	46,061	Unlisted stock
Fubon Sports & Entertainment Co., Ltd.	CHOXUE Holdings	-	Financial assets measured at fair value through other comprehensive income	298	-	-	-	Unlisted stock
TFB Capital Co., Ltd.	Franklin Templeton Sinoam Money Market Fund	-	Financial assets measured at fair value through profit or loss	483	5,083	-	5,083	Beneficiary certificates
TFB Capital Co., Ltd.	PineBridge Global ESG Quantitative Bond Fund	-	Financial assets measured at fair value through profit or loss	25,084	224,514	-	224,514	Beneficiary certificates
TFB Capital Co., Ltd.	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets measured at fair value through profit or loss	25,484	237,607	-	237,607	Beneficiary certificates
TFB Capital Co., Ltd.	Nomura Global Financial Bond Fund	-	Financial assets measured at fair value through profit or loss	14,403	139,327	-	139,327	Beneficiary certificates
TFB Capital Co., Ltd.	Allianz Global Investors US Bond Fund	-	Financial assets measured at fair value through profit or loss	852	253,781	-	253,781	Beneficiary certificates

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	March 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
TFB Capital Co., Ltd.	Fin Regatta II, LP	-	Financial assets measured at fair value through profit or loss	3,000	25,340	5.00	25,340	Private fund
TFB Capital Co., Ltd.	Stash Financial, Inc.	-	Financial assets measured at fair value through profit or loss	-	76,139	-	76,139	Convertible bonds
TFB Capital Co., Ltd.	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	500	23,320	2.63	23,320	Unlisted stock
TFB Capital Co., Ltd.	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	524	4,216	0.07	4,216	Unlisted stock
TFB Capital Co., Ltd.	URSrobot Holding Ltd.	-	Financial assets measured at fair value through profit or loss	1,328	98,124	3.98	98,124	Unlisted stock
TFB Capital Co., Ltd.	Welab Sky Limited.	-	Financial assets measured at fair value through profit or loss	10,000	522,711	2.67	522,711	Unlisted stock
TFB Capital Co., Ltd.	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,320	382,569	5.00	382,569	Unlisted stock
JihSun Futures Co., Ltd.	Taiwan Futures Exchange Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	8,159	851,340	1.70	851,340	Unlisted stock

- (iv) Cumulative purchase or sales of the same investee's capital stock up to \$300,000 thousand or 10% of paid-in capital: None
- (v) Acquisition or disposal amount of the same securities up to \$300,000 thousand or 10% of paid-in capital: None.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Obtain of real estate up to \$300,000 thousand or 10% of paid-in capital:

(In Thousands of TWD)

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party,				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance	Land: Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County	2022.04.27	2,648,345 (Note 1)	Paid in accordance with the contract	TA SAN SHANG International Container Terminal Co., Ltd.	Not related party	-	-	-	-	Referred to market price and appraisal reports.	Real estate investment	The project acquired the ownership on April 27, 2023, and the relevant transaction procedures including handover inspection and payment of the remaining balance will be completed in accordance with the contract.
Fubon Life Insurance	Capacity transfer for land development case of Lane No. 723, 725, 2 Lane, Yucheng Section, Nangang District, Taipei City.	2022.08.12	1,085,207 (Note 2)	In accordance with the Regulations of Capacity Transfer in Taipei City	Taipei City Government	Related party	NA	NA	NA	-	NA	Apply capacity transfer for development case	The project acquired the permit certificate of capacity transfer from the Taipei City Government on April 20, 2023.

Note 1: It is the total purchase price of contract. Transaction cost is separately counted.

Note 2: The book value of capacity transfer land road and capacity deposit were \$1,085,207 thousand in total.

(vii) Disposal of real estate up to \$300,000 thousand or 10% of paid-in capital: None

(viii) Discount of commission fees for transaction with related parties up to \$5,000 thousand: None

(ix) Receivables from related parties up to \$300,000 thousand or 10% of paid-in capital:

Unit: In thousands of TWD

Company of receivable	Counter-party	Relation-ship	Balance of receivables from related party	Turnover rate	Post-due receivables – related parties		Subsequently received amount of receivables from related party	Allowance for doubtful accounts
					Amount	Resolution		
The Company	Taipei Fubon Bank	Subsidiary of the Company	3,206,967 (Note 1)	-	-	-	-	-
"	Fubon Securities	"	879,496 (Note 1)	-	-	-	-	-
"	Fubon Life Insurance	"	1,318,811 (Note 1)	-	-	-	-	-
Taipei Fubon Bank	Fubon Life Insurance	Subsidiary of the Parent	402,343	-	-	-	-	-
Fubon Insurance	Fubon Financial Holding	Parent Company	3,297,296 (Note 2)	-	-	-	-	-
Fubon Life Insurance	Fubon Financial Holding	"	6,689,137 (Note 2)	-	-	-	-	-

Note 1: The tax receivable by tax link mainly of subsidiary of company estimated payment that Company should be paid.

Note 2: The tax receivables to the subsidiaries, which derived from tax receivable of the Company as a result of combined income tax declaration.

Note 3: The inter-company transactions have been eliminated.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Transactions of financial derivatives: for future information please refer to notes 6(c), 6(f) and 6(ag).

(xi) Transaction information of NPL disposition:

1) Summary of transaction information of NPL disposition:

Unit: In Thousands of TWD

Trade date	Counterparty	Debt component	Book value (Note)	Sale price	Gains (Losses) on disposal	Additional term	Relationship
2023.02.27	Korea Asset Management Corporation	Mortgage loan	33,900	36,096	1,755	None	None
			KRW 1,451,695	KRW 1,525,888	KRW 74,193		

Note 1: The book value is the NPL amount, less, allowance for doubtful accounts.

Note 2: The foreign currency is converted into TWD using closing exchange rate on March 31, 2023, and average exchange rate for the three months ended March 31, 2023.

2) The information of a transaction of NPL disposition up to \$1,000,000 thousand should be disclosed: None

(xii) Types of securitization instruments and other relevant information approved to issue pursuant to financial assets securitization rules or real estate securitization rules: None

(xiii) Business relationships and significant inter-company transactions

Unit: In thousands of TWD

No.	Company	Counter-party	Relationship	Transaction details			Rates of operation income/total asset
				Accounts	Amounts	Transaction terms	
0	Fubon Financial Holding	Fubon Life Insurance	1	Gain and loss on financial assets and liabilities measured at fair value through profit or loss	177,534	Same as non related-party transactions	0.55 %
0	Fubon Financial Holding	Fubon Life Insurance	1	Financial assets measured at fair value through profit or loss	19,864,137	Same as non related-party transactions	0.19 %
1	Taipei Fubon Bank	Fubon Life Insurance	3	Net service fee revenue	1,938,364	Same as non related-party transactions	6.05 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Cash and cash equivalents	17,806,584	Same as non related-party transactions	0.17 %
2	Fubon Life Insurance	Fubon Insurance	3	Net insurance service revenue	243,968	Same as non related-party transactions	0.76 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net insurance service revenue	26,643	Same as non related-party transactions	0.08 %
2	Fubon Life Insurance	Fubon Insurance	3	Gains (losses) on investment property	38,062	Same as non related-party transactions	0.12 %
2	Fubon Life Insurance	Fubon Financial Holding	2	Current tax assets	6,689,137	Same as non related-party transactions	0.06 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net interest revenue	96,554	Same as non related-party transactions	0.30 %
3	Fubon Securities	Taipei Fubon Bank	3	Other non-interest revenue, net	94,938	Same as non related-party transactions	0.30 %

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

No.	Company	Counter-party	Relationship	Transaction details			Rates of operation income/total asset
				Accounts	Amounts	Transaction terms	
3	Fubon Securities	Taipei Fubon Bank	3	Cash and cash equivalents	14,252,422	Same as non related-party transactions	0.13 %
3	Fubon Securities	Taipei Fubon Bank	3	Net interest revenue	132,756	Same as non related-party transactions	0.41 %
3	Fubon Securities	Fubon Life Insurance	3	Net service fee and commission income	23,047	Same as non related-party transactions	0.07 %
3	Fubon Securities	Taipei Fubon Bank	3	Net service fee and commission income	20,456	Same as non related-party transactions	0.06 %
3	Fubon Securities	Fubon Asset Management	3	Net service fee and commission income	18,193	Same as non related-party transactions	0.06 %
4	Fubon Insurance	Taipei Fubon Bank	3	Net insurance service revenue	115,396	Same as non related-party transactions	0.36 %
4	Fubon Insurance	Taipei Fubon Bank	3	Gains (losses) on investment property	19,165	Same as non related-party transactions	0.06 %
4	Fubon Insurance	Fubon Life Insurance	3	Gains (losses) on investment property	22,655	Same as non related-party transactions	0.07 %
5	Fubon Insurance Agency	Fubon Insurance	3	Net service fee and commission income	123,088	Same as non related-party transactions	0.38 %
6	Fu Sheng Insurance Agency	Fubon Life Insurance	3	Net service fee and commission income	58,825	Same as non related-party transactions	0.18 %
7	Fubon Bank (Hong Kong)	Fubon Life Insurance (Hong Kong)	3	Net service fee and commission income	58,326	Same as non related-party transactions	0.18 %
8	JihSun Life Insurance Agency	Fubon Life Insurance	3	Net service fee and commission income	151,755	Same as non related-party transactions	0.47 %
9	JihSun Securities	Fubon Securities	3	Other non-interest revenue, net	42,821	Same as non related-party transactions	0.13 %
9	JihSun Securities	JihSun Bank	3	Other non-interest revenue, net	52,981	Same as non related-party transactions	0.17 %
10	JihSun Bank	Taipei Fubon Bank	3	Other assets	10,572,421	Same as non related-party transactions	0.10 %

Note 1: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on the companies' category.

Note 2: The relation category among traders is determined as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Above listed are the significant transactions that comprised over 0.05% of the consolidated revenue or total assets.

(xiv) Other significant transactions that may have substantial influence upon the decision made by financial statement user: None.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investment in Mainland China:

(i) Information of the Company and its subsidiaries' investees in Mainland China:

Units: In thousands

Investee Company	Main Business	Total Amount of Paid-in Capital (thousand)	Investment types (Note 1)	Accumulated investment of Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2023	Net income from investee	Percentage of ownership	Equity in the Earnings (gains)	Carrying value as of March 31, 2023	Accumulated inward remittance of earnings as of March 31, 2023
					Outflow	Inflow						
Fubon Bank (China)	Banking	10,832,614 (CNY2,445,382)	(1)	46,444,152	-	-	46,444,152	269,040 (CNY60,879)	100.00 %	174,004	48,706,974	168,999
Sichuan VipFubon Consumer Finance Ltd.	Loan for Personal Consumption	2,214,913 (CNY500,000)	(2)	-	-	-	-	(29,955) (CNY(6,778))	25.00 %	(7,489)	445,610	-
Xiamen Bank	Banking	11,690,875 (CNY2,639,128)	Note 2	52,288	-	-	52,288	3,110,592 (CNY703,871)	18.03 %	560,856	18,346,396	1,309,221
Fubon Property and Casualty Insurance Limited	Property Insurance	4,961,404 (CNY1,120,000)	(1)	4,310,273	-	-	4,310,273	27,144 (CNY6,142)	80.00 %	21,714	969,640	-
Teng Fu Bo Investment Limited (Note 7)	Investment advisory	3,306,421 (CNY746,400)	(3)	-	-	-	-	71,587 (CNY16,199)	6.54 %	3,286	96,844	-
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd. (Note 9)	Insurance risk and loss assessment	8,860 (CNY2,000)	(3)	-	-	-	-	369 (CNY83)	19.96 %	(14)	2,156	-
Teng Fu Bo Investment Limited (Note 7)	Investment advisory	3,306,421 (CNY746,400)	(1)	724,863	-	-	724,863	71,587 (CNY16,199)	8.50 %	4,276	125,995	-
CITIC Fulljoy (Dalian) Limited	Real estate development	1,397,351 (HKD360,000)	(2)	-	-	-	-	5,511 (CNY1,247)	18.00 %	992	Note 6	-
Shang Hsing Real Estate (Shenyang) Limited	Real estate leasing	1,940,765 (HKD500,000)	(2)	-	-	-	-	(8,974) (CNY(2,031))	18.00 %	(1,615)	Note 6	-
CITIC Capital Holdings (Tianjin) Ltd.	Investment Holdings	19,918,402 (CNY4,496,431)	(2)	-	-	-	-	29,572 (CNY6,692)	12.27 %	3,629	Note 6	-
Hui Zhi Ju Xin(Shenzhen) Investment Ltd..	Investment Management	442,983 (CNY100,000)	(2)	-	-	-	-	33,512 (CNY7,583)	12.27 %	4,112	Note 6	-
Shanghai Ling Hui Business Information Consultancy Ltd.	Real estate leasing	3,292,835 (CNY743,333)	(2)	-	-	-	-	(29,780) (CNY(6,739))	8.76 %	(2,608)	Note 6	-
Shanghai Jing Rong Industrial Development Ltd.	Real estate leasing	1,665,614 (CNY376,000)	(2)	-	-	-	-	(26,820) (CNY(6,069))	8.76 %	(2,349)	Note 6	-
Murkden Tzu Tsai Heating & Development Ltd	Real estate leasing	287,939 (CNY65,000)	(2)	-	-	-	-	(24,621) (CNY(5,571))	18.00 %	(4,432)	Note 6	-
CITIC FUTONG Financial Leasing Ltd.	Financial leasing	4,124,318 (CNY931,034)	(1)	1,356,479	-	-	1,356,479	(81,523) (CNY(18,447))	25.00 %	-	-	-
Founder Fubon Fund Management Ltd.	Fund raising and asset management	2,923,685 (CNY660,000)	(1)	1,029,119	-	-	1,029,119	6,000	33.30 %	1,998	340,535	-

Note 1: Investment types are as follows.

1. Direct investment in Mainland China.
2. Reinvestment in Mainland China through a third regional company (CITIC Capital Holdings Ltd. / Fubon Bank (China))
3. Others.

Note 2: The company has invested in the mainland China directly rather than invested through 100% owned subsidiary, Fubon Bank (Hong Kong), since November 30, 2018.

Note 3: Xiamen Bank was listed on October 27, 2020. The net income from investee was based on March 31, 2023 financial statements announced by Xiamen Bank, which were not reviewed by independent auditors.

Note 4: Fubon Life Insurance and Fubon Insurance set up Fubon Property and Casualty Insurance Ltd., which engaged in the insurance business in Mainland China in 2010. The related registration procedure had been approved by Insurance Bureau of FSC, the Investment Commission, MOEA and CBIRC. In 2012, Fubon Life Insurance and Fubon Insurance signed a joint investment contract with Xiamen Port Holding Group, wherein Fubon Life Insurance, Fubon Insurance and Xiamen Port Holding Group would be holding 40%, 40% and 20% shares, respectively, of Fubon Property and Casualty Insurance Ltd. As of March 31, 2023, the total investment of Fubon Life Insurance and Fubon Insurance amounted to CNY 896 million.

Note 5: The recognition of equity in the earnings is based on the reviewed financial statements of the investees.

Note 6: Fubon Life Insurance and its subsidiaries indirectly invested in Mainland China through CITIC Capital Holdings Limited including the following disclosed companies: Zhongxin Fengyue (Dalian) Co., Ltd., Xiang Xin Real Estate (Shenyang) Co., Ltd., CITIC Capital Equity Investment (Tianjin) Co., Ltd., Shenzhen Huizhi Juxin Investment Management Co., Ltd., Shanghai Yuhui Business Information Consulting Co., Ltd., Shanghai Jingrong Industrial Development Co., Ltd., Shenyang Zucai Heating Development Co., Ltd., etc., a total of 99 companies. The carrying amount of each investment at the period end was not available from the self-prepared financial statements of the third region company.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Note 7: Fubon Property and Casualty Insurance Ltd. originally held 31.1% of the total investment of Teng Fu Bo Investment Limited. On July 16, 2020, the Board of Fubon Property and Casualty Insurance Ltd. had resolved not to participate in the capital increase of Teng Fu Bo Investment Limited. It has been approved by the China Banking and Insurance Regulatory Commission on August 19, 2020, and the percentage of ownership of Fubon Property and Casualty Insurance Ltd. decreased from 31.1% to 16.667%. On August 13, 2020, Fubon Property and Casualty Insurance Co., Ltd shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. On October 6, 2021, the case had been approved by the competent authority to sell the shareholding to Fubon Financial Holding Venture Capital Co., Ltd. and TFB Capital Co., Ltd. The equity transfer was completed on October 15, 2021, which resulted in the shareholdings to decrease from 16.667% to 8.167%. As of March 31, 2023, total investment is CNY 60,956 thousand. The Company and its subsidiaries also indirectly invested in WeSure Insurance Ltd. through Teng Fu Bo Investment Ltd.

Note 8: Fubon AMC discontinued to recognize their shares of further losses of CITIC FUTONG Financial Leasing Limited on December 31, 2019 since it has not incurred any obligations. Please refer to Note 6 (k) for details.

Note 9: On April 8, 2021, Fubon Property & Casualty Insurance Co., Ltd. acquired 24.96% shares of Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co., Ltd. As of March 31, 2023, total investment is CNY 668 thousand.

Note 10: The foreign currency is converted into TWD using CNY closing exchange rate on March 31, 2023 and average exchange rate for the three months ended March 31, 2023.

(ii) Upper limit on investment:

Units: In thousands

Company	Accumulated investment in Mainland China as of March 31, 2023	Investment amounts authorized by investment commission, MOEA	Upper limit on investment (Note)
Fubon Financial Holding Co., Ltd.	21,916,862 (CNY4,503,293)	29,735,500 (CNY6,143,036)	427,868,521
Taipei Fubon Bank Co., Ltd.	24,579,578 (CNY5,093,113)	24,579,578 (CNY5,093,113)	147,582,000
Fubon Life Insurance Co., Ltd.	25,781,503	25,781,597	244,920,293
Fubon Insurance Co., Ltd.	2,154,951 (CNY448,000)	2,154,951 (CNY448,000)	650,543
TFB Capital Co., Ltd.	425,612 (CNY97,405)	425,612 (CNY97,405)	1,230,487
Fubon Financial Holding Venture Capital Co., Ltd.	299,251 (CNY68,184)	299,251 (CNY68,184)	10,142,248
Fubon Assets Management Service Co., Ltd.	1,356,479 (CNY270,000)	1,356,479 (CNY270,000)	1,557,097
Fubon Asset Management Co., Ltd.	1,029,119 (CNY219,780)	1,029,119 (CNY219,780)	2,433,218

Note : It was calculated by each company's net value as of March 31, 2023.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Major shareholders:

Units: In shares

Shareholder's Name	Shareholding	Shares	Percentage
Taipei City Government		1,619,904,447	11.57 %
Ming-Dong Industrial Co., Ltd.		1,033,429,378	7.38 %
Dao-Ying Industrial Co., Ltd.		944,879,605	6.75 %

Note: (i) The information of major shareholders who hold 5 percent or more of the issuer's common stocks and preferred stocks, including treasury stocks, is provided by Taiwan Depository and Clearing Corp. for every quarter. The share capital disclosed on financial report and the actual numbers of dematerialized securities may be different due to their discrepancies calculation basis.

(ii) If the shareholder entrusts the shares to the trust, the shareholding will be disclosed by the trustee's account individually. As for those shareholders who are responsible for the declaration of insiders' shareholding with more than 10 percent in accordance with the Securities and Exchange Act, their shareholdings shall include their own shares and the trust in which they have the authority to decide the allocation of their trust assets. Please refer to the Market Observation Post System for information on the insiders' shareholding.

(14) Segment Information:

(a) Operating segment information

The reportable segments of the Company are as follows:

- (i) Bank business: Engaged in banking business.
- (ii) Insurance business: Providing a variety of life and property insurance services.
- (iii) Life insurance business: Providing a variety of life and property insurance services.
- (iv) Securities business: Engaged in securities business.
- (v) Others: Engaged in financial holding venture capital and asset management business, etc.

Financial information classified by business type please refer to note 12(c).

The Company reports segments information by business type to offer different business and services. All of these business types are administered separately and have different finance and marketing strategies.

The Company does not allocate tax expenses to reporting segments. The accounting policies of the operating segments are the same as those described in Note 2. The income of the operating segments is based on income before tax, which also serves as the basis for the performance measurement. The sales and transfer between the departments are regarded as third party sales and transfer, and are measured at current market value.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Business information

Operating Segments information was as follows:

	For the three months ended March 31, 2023						Total
	Bank business	Property insurance business	Life insurance business	Securities business	Others (Note 2)	Adjustment and elimination	
Net revenues							
Revenue by external customers	\$ 16,672,043	(11,015,779)	19,233,657	2,890,294	4,258,086	-	32,038,301
Revenue between segments	2,261,060	(85,466)	(1,718,638)	421,616	14,541,742	(15,420,314)	-
Total	\$ 18,933,103	(11,101,245)	17,515,019	3,311,910	18,799,828	(15,420,314)	32,038,301
Segment income (Note 1)	\$ 9,366,162	(5,332,357)	6,382,491	1,855,285	16,226,411	(14,474,109)	14,023,883
Segment assets	\$ 4,406,427,009	120,145,847	5,668,952,079	148,546,968	1,189,869,669	(904,322,161)	10,629,619,411

	For the three months ended March 31, 2022						Total
	Bank business	Property insurance business	Life insurance business	Securities business	Others (Note 2)	Adjustment and elimination	
Net revenues							
Revenue by external customers	\$ 14,931,571	6,568,272	109,753,271	3,221,960	(380,015)	-	134,095,059
Revenue between segments	2,218,651	(109,189)	(2,632,260)	(131,220)	47,205,347	(46,551,329)	-
Total	\$ 17,150,222	6,459,083	107,121,011	3,090,740	46,825,332	(46,551,329)	134,095,059
Segment income (Note 1)	\$ 8,776,937	3,409,542	44,891,369	1,180,727	44,943,577	(45,644,734)	57,557,418
Segment assets	\$ 4,288,238,881	129,877,653	5,681,105,145	172,169,231	1,347,168,197	(1,041,303,895)	10,577,255,212

Note 1: Income tax expense information is not included in segments information.

Note 2: Including JihSun Financial Holding and its subsidiaries.