

(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' Report
For the Six Months Ended June 30, 2023 and 2022**

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The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Fubon Financial Holding Co., Ltd. (“the Company”) and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2023, December 31 and June 30, 2022, and the consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2023, December 31 and June 30, 2022, and their consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as their consolidated cash flows for the six months ended June 30, 2023 and 2022, in accordance with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies” and with the International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants”, Rule No. 10802731571 issued by the Financial Supervisory Commission, and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The valuation of financial instruments

Please refer to Note 4 (f) “Financial instruments” of the consolidated financial statements for the year ended December 31, 2022 for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (ah) “Disclosure of financial instruments” for details of valuation of financial instruments.

The valuation of several financial instruments of the Company and its subsidiaries are measured using the valuation models, which involved the exercise of professional judgments on valuation techniques and important parameters. Therefore, the valuation of financial instruments measured using the valuation models has been identified as a key audit matter in our audit.

We performed our audit procedures by:

- Tested the effectiveness of internal control procedures for fair value measurement performed by the management.
- Appointed our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models are used to ensure that the applied valuation techniques are in accordance with IFRS 13 “Fair Value Measurement”.
- Verified whether the presentation and disclosure of financial instruments are in accordance with the International Financial Reporting Standards.

2. The valuation of insurance liabilities

Please refer to Note 4 (r) “Insurance liability” of the consolidated financial statements for the year ended December 31, 2022 for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (ai) “Insurance contracts” for details of the valuation of insurance liabilities.

The Company and its subsidiaries measure their insurance liabilities in accordance with the “Regulations Governing the Provision of Various Reserves” and related administrative interpretations. The important parameters, which involved the exercise of professional judgments in determining various statutory reserves, such as claim development factors, expected claim rates and discount rate, will affect the amount, recognized as insurance liabilities, and net movements in insurance liabilities. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

We performed our audit procedures by:

- Inspected the effectiveness of internal control procedures related to insurance liabilities.
- Adopted the audit on insurance liabilities performed by our actuarial specialists, which included
 - inspecting whether the calculation and applied parameters are in accordance with the related ordinances, administrative interpretations and code of conduct announced by the Actuarial Institute of the Republic of China;

- assessing the appropriateness of actuarial assumptions derived from empirical data and product specification, and conducting liability adequacy test to assess the reasonableness of test scope and assumptions adopted by the management;
- selecting samples to inspect the completeness of data used in the calculation of reserves and independently setting up models to recalculate the amount of the reserves;
- analyzing movements in insurance liabilities, including assessing the reasonableness of the amount of reserves appropriated by the management based on the understanding of the industry and market.

3. Impairment of discounts and loans

Please refer to Note 4 (q) “Assets impairment” of the consolidated financial statements for the year ended December 31, 2022 for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (j) “Discounts and loans” and Note 6 (aj) “Financial risk management” for details of the impairment of discounts and loans, respectively.

The management assesses the impairment of discounts and loans based on the timely amended assumptions about the probability of default and the expected loss rate which are based on historical experience, existing market conditions, forward-looking estimates, etc. Amending and adjusting key assumptions used are critical judgments and estimates. Therefore, the impairment of discounts and loans has been identified as a key audit matter in our audit.

We performed our audit procedures by:

- Understood whether the management’s methodology, assumptions and inputs used in the impairment model in IFRS 9 appropriately reflect the actual outcome of discounts and loans.
- Assessed whether the key assumptions used are reasonable and consistent with the calculation of expected credit losses, as well as selected samples of discounts and loans cases, and verified their completeness and calculation accuracy.
- Considered related guidelines issued by the authorities and examined whether the allowance for loans and receivables complied with the regulation.

4. The valuation of investment property

Please refer to Note 4 (m) “Investment property” of the consolidated financial statements for the year ended December 31, 2022 for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (o) “Investment property” for details of the valuation of investment properties.

The Company and its subsidiaries hold several investment properties. The investment property appraisals are performed by appraisers from independent professional valuation agencies using the valuation techniques provided by the “Regulations on Real Estate Appraisal” and market evidences in accordance with the “Regulations Governing the Preparation of Financial Reports” complied by the subsidiaries. Since the selection of appraising methods involved the exercise of significant professional judgments. Therefore, the valuation of investment properties has been identified as a key audit matters in our audit.

We performed our audit procedures by:

- Inspected the procedure of investment property appraisals performed by professional evaluation agencies and analyzed how they select the appropriate valuation method and adoption of significant assumptions.

- Verified whether the presentation and disclosure of investment property are in accordance with IFRSs and the “Regulations Governing the Preparation of Financial Reports” complied by the subsidiaries.
- Evaluated reasonableness of the management’s assessment on the valuation of investment property based on the evidences obtained from the audit team and the external estate appraisers joint firms, as well as appraisal reports and observable market evidences.

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

The 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 with the International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company and its subsidiaries’ financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries’ internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
August 17, 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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****June 30, 2023, December 31 and June 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (notes 6(a))	\$ 199,667,625	2	316,596,903	3	246,959,132	2	21000	Deposits from the central bank and banks	\$ 168,002,473	2	149,533,515	1	150,989,807	2
11500	Due from the central bank and call loans to banks (notes 6(b))	401,597,977	4	415,990,658	4	329,396,148	3	21500	Due to the central bank and banks	2,257,039	-	922,135	-	744,374	-
12000	Financial assets measured at fair value through profit or loss (notes 6(c) and 8)	1,643,445,162	15	1,418,586,039	13	1,420,244,599	14	22000	Financial liabilities measured at fair value through profit or loss (note 6(c))	96,487,234	1	87,590,556	1	116,134,001	1
12150	Financial assets measured at fair value through other comprehensive income (notes 6(d) and 8)	675,101,298	6	961,531,664	9	1,068,282,852	10	22300	Financial liabilities for hedging (note 6(f))	12,878,557	-	12,922,639	-	13,756,008	-
12200	Debt investments measured at amortized cost (notes 6(e) and 8)	3,747,997,357	34	3,356,346,543	32	3,272,791,187	31	22500	Securities sold under repurchase agreements (note 6(t))	118,211,267	1	145,685,557	1	126,854,205	1
12300	Financial assets for hedging (note 6(f))	19,758,241	-	19,304,960	-	11,418,211	-	22600	Commercial papers issued, net (note 6(u))	59,840,671	1	50,243,977	1	21,571,314	-
12500	Securities purchased under resell agreements (note 6(g))	106,612,083	1	94,887,192	1	117,766,130	1	23000	Payables (note 6(v))	195,878,151	2	171,470,259	2	207,671,897	2
13000	Receivables, net (note 6(h))	287,945,611	3	243,228,598	2	258,356,081	2	23200	Current tax liabilities	5,119,963	-	6,390,844	-	8,719,744	-
13200	Current tax assets	3,222,011	-	2,262,308	-	1,792,148	-	23500	Deposits and remittances (note 6(w))	3,746,522,571	34	3,656,769,828	35	3,551,291,016	34
13300	Assets classified as held for sale, net (note 6(i))	71,042	-	-	-	-	-	24000	Bonds payable (note 6(x))	284,790,186	3	257,381,535	2	260,322,456	3
13500	Discounts and loans, net (note 6(j))	2,677,772,940	24	2,586,477,476	24	2,615,255,793	25	24400	Other borrowings (notes 6(y) and 8)	17,555,808	-	13,696,500	-	1,289,017	-
13700	Reinsurance contract assets, net (note 6(k))	48,968,243	-	48,389,563	-	42,520,499	-	24600	Provisions (note 6(z))	4,724,516,798	43	4,710,169,640	45	4,656,631,031	44
15000	Investments accounted for using equity method, net (note 6(l))	57,177,705	1	57,812,659	1	55,289,134	1	25500	Other financial liabilities (notes 6(n) and (aa))	619,570,741	6	612,042,078	6	599,127,608	6
15500	Other financial assets, net (notes 6(n) and 8)	520,770,235	5	520,064,178	5	500,595,438	5	26000	Lease liabilities (note 6(q))	20,735,710	-	21,792,236	-	22,052,421	-
18000	Investment property, net (notes 6(o) and 8)	315,446,924	3	305,826,478	3	305,160,279	3	29300	Deferred tax liabilities	37,361,844	-	32,848,412	-	21,366,158	-
18500	Property and equipment, net (notes 6(p) and 8)	65,339,054	1	65,272,146	1	64,992,481	1	29500	Other liabilities (note 6(ab))	73,434,191	1	84,687,792	1	66,314,676	1
18600	Right-of-use assets, net (note 6(q))	9,099,771	-	9,974,378	-	10,497,407	-		Total liabilities	10,183,163,204	94	10,014,147,503	95	9,824,835,733	94
19000	Intangible assets, net (note 6(r))	33,215,244	-	34,192,088	-	33,860,627	-		Equity attributable to owners of parent (note 6(ad)):						
19300	Deferred tax assets	55,331,835	-	74,819,172	1	56,584,568	1		Share capital:						
19500	Other assets, net (notes 6(s) and 8)	66,333,025	1	56,193,707	1	59,309,293	1	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	-
								31107	Stock dividend to be distributed	6,197,606	-	-	-	5,902,482	-
									Total share capital	146,149,632	1	139,952,026	1	139,952,026	1
								31500	Capital surplus	164,734,663	2	171,017,736	2	168,823,026	2
									Retained earnings:						
								32001	Legal reserve	95,593,238	1	90,913,681	1	90,913,681	1
								32003	Special reserve	261,752,640	2	30,311,999	-	30,311,999	-
								32011	Undistributed earnings	144,013,785	1	359,918,631	3	382,137,112	4
									Total retained earnings	501,359,663	4	481,144,311	4	503,362,792	5
								32500	Total other equity interest	(68,934,675)	(1)	(226,423,522)	(2)	(185,341,957)	(2)
									Total equity attributable to owners of parent	743,309,283	6	565,690,551	5	626,795,887	6
								39500	Non-controlling interests (notes 6(m) and (ad))	8,400,896	-	7,918,656	-	19,440,387	-
									Total equity	751,710,179	6	573,609,207	5	646,236,274	6
									Total liabilities and equity	\$ 10,934,873,383	100	10,587,756,710	100	10,471,072,007	100
	Total assets	\$ 10,934,873,383	100	10,587,756,710	100	10,471,072,007	100								

See accompanying notes to consolidated financial statements.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
41000	Interest revenue (note 6(ag))	\$ 66,047,205	100	50,286,405	55	128,295,020	131	96,138,282	43
51000	Less: Interest expenses (note 6(ag))	24,313,813	37	8,685,277	9	46,696,206	48	15,624,414	7
	Net interest revenue	41,733,392	63	41,601,128	46	81,598,814	83	80,513,868	36
	Net non-interest revenue								
49800	Net service charge and commissions (note 6(n) and 6(ag))	(460,001)	(1)	(76,568)	-	(719,323)	(1)	460,812	-
49810	Net income (losses) of insurance operations (note 6(ag))	(6,527,769)	(10)	5,047,882	5	(30,472,920)	(31)	30,968,420	14
49820	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (note 6(c))	14,813,814	23	(177,491,348)	(193)	95,773,411	98	(268,505,451)	(119)
49825	Gains on investment property (note 6(o))	2,699,076	4	2,156,553	2	5,452,484	6	3,153,798	1
49835	Realized gains on financial assets measured at fair value through other comprehensive income (note 6(d))	575,274	1	1,344,472	1	1,017,655	1	2,963,647	1
49850	Gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(e))	8,833	-	(6,141)	-	154,297	-	6,242,100	3
49870	Foreign exchange gains	37,638,403	57	66,725,565	73	25,596,717	26	122,289,200	54
49880	Reversal gains (impairment losses) on assets	(493,992)	(1)	546,965	1	(1,013,003)	(1)	(1,549,472)	(1)
49890	Share of profit of associates and joint ventures accounted for using equity method (note 6(l))	650,786	1	1,041,341	1	1,318,637	1	1,353,954	1
49898	Profits or losses reclassified by applying overlay approach (note 6(c))	(23,206,284)	(35)	149,962,221	163	(78,894,381)	(80)	244,021,871	108
49900	Net other non-interest revenue (expense) (notes 6(l))	(1,310,138)	(2)	1,193,059	1	(1,652,693)	(2)	4,227,441	2
	Net revenue	66,121,394	100	92,045,129	100	98,159,695	100	226,140,188	100
58100	Bad debt expenses and guarantee liability provisions	(2,877,475)	(4)	(1,779,224)	(2)	(3,963,548)	(4)	(2,833,579)	(1)
58300	Net change in provisions for insurance liabilities (note 6(ag))	(11,873,396)	(18)	(43,229,059)	(47)	(10,459,414)	(11)	(101,910,491)	(45)
	Operating expenses:								
58501	Employee benefits expenses (note 6(ag))	(10,247,432)	(16)	(9,559,071)	(10)	(20,494,227)	(21)	(19,376,769)	(9)
58503	Depreciation and amortization expenses (note 6(ag))	(1,822,491)	(3)	(1,714,173)	(2)	(3,633,724)	(4)	(3,467,399)	(2)
58599	Other general and administrative expenses (note 6(ag))	(6,934,848)	(10)	(6,090,093)	(7)	(13,219,147)	(13)	(11,321,023)	(5)
	Total operating expenses	(19,004,771)	(29)	(17,363,337)	(19)	(37,347,098)	(38)	(34,165,191)	(16)
	Net income before tax from continuing operations	32,365,752	49	29,673,509	32	46,389,635	47	87,230,927	38
61003	Less: Income tax expenses (note 6(ac))	3,736,419	6	6,370,395	7	3,887,512	4	16,947,189	7
	Net income	28,629,333	43	23,303,114	25	42,502,123	43	70,283,738	31
69500	Other comprehensive income (losses):								
69560	Items not to be reclassified to profit or loss								
69561	Gains on remeasurements of defined benefit plans	1,723	-	15,992	-	1,913	-	11,555	-
69562	Revaluation gains on property	5,053	-	177,405	-	6,094	-	184,265	-
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	(32,485)	-	(29,953)	-	(26,849)	-	(28,499)	-
69567	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	3,481,011	5	(9,040,656)	(10)	7,936,465	8	(10,205,352)	(4)
69569	Income tax related to items not to be reclassified to profit or loss (note 6(ac))	74,689	-	(115,958)	-	65,194	-	434,650	-
	Subtotal of items not to be reclassified to profit or loss	3,529,991	5	(8,993,170)	(10)	7,982,817	8	(9,603,381)	(4)
69570	Items that may be subsequently reclassified to profit or loss								
69571	Exchange differences on translation of foreign operations	1,241,332	2	(705,665)	(1)	(200,494)	-	5,288,544	2
69581	Gains (losses) on financial instruments for hedging	(14,132)	-	21,305	-	51,249	-	(353,782)	-
69583	Unrealized gains (losses) on debt instruments measured at fair value through other comprehensive income	(1,813,272)	(3)	(82,360,508)	(89)	94,823,681	97	(145,616,978)	(64)
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	(259,994)	-	(241,081)	-	(211,429)	-	(170,966)	-
69590	Other comprehensive income (losses) reclassified by applying overlay approach	23,206,284	35	(149,962,221)	(163)	78,894,381	80	(244,021,871)	(108)
69579	Income tax related to items that may be subsequently reclassified to profit or loss (note 6(ac))	(2,847,965)	(4)	23,356,966	25	(23,591,832)	(24)	38,934,676	17
	Subtotal of items that may be subsequently reclassified to profit or loss	19,512,253	30	(209,891,204)	(228)	149,765,556	153	(345,940,377)	(153)
69500	Other comprehensive income	23,042,244	35	(218,884,374)	(238)	157,748,373	161	(355,543,758)	(157)
	Total comprehensive income	\$ 51,671,577	78	(195,581,260)	(213)	200,250,496	204	(285,260,020)	(126)
	Consolidated net income attributable to:								
69901	Owners of parent	\$ 28,921,890	43	22,926,829	25	42,905,036	43	69,403,891	31
69903	Non-controlling interests	(292,557)	-	376,285	-	(402,913)	-	879,847	-
		\$ 28,629,333	43	23,303,114	25	42,502,123	43	70,283,738	31
	Total comprehensive income attributable to:								
69951	Owners of parent	\$ 52,301,575	79	(192,365,721)	(209)	199,809,092	204	(280,033,247)	(124)
69953	Non-controlling interests	(629,998)	(1)	(3,215,539)	(4)	441,404	-	(5,226,773)	(2)
		\$ 51,671,577	78	(195,581,260)	(213)	200,250,496	204	(285,260,020)	(126)
	Basic earnings per share (in New Taiwan Dollars) (note 6(ae))	\$ 2.05		1.61		3.18		5.36	

See accompanying notes to consolidated financial statements.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									Total other equity interest								
	Share capital				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	Stock dividend to be distributed	Total	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total									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	-	-	-	-	-	-	-	69,403,891	69,403,891	-	-	-	-	-	-	69,403,891	879,847	70,283,738
Other comprehensive income	-	-	-	-	-	-	-	(20,269)	(20,269)	5,201,034	(123,830,985)	(211,981)	156,148	(230,731,085)	(349,416,869)	(349,437,138)	(6,106,620)	(355,543,758)
Total comprehensive income	-	-	-	-	-	-	-	69,383,622	69,383,622	5,201,034	(123,830,985)	(211,981)	156,148	(230,731,085)	(349,416,869)	(280,033,247)	(5,226,773)	(285,260,020)
Appropriation and distribution of retained earnings:																		
Special reserve appropriated	-	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	(41,317,375)	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	(3,026,121)	-	(3,026,121)
Stock dividends from capital surplus	-	-	5,902,482	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(24,786)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	(26,453)	-	(26,453)
Changes in ownership interests in subsidiaries	-	-	-	-	1,386,684	-	-	-	-	(138)	239,500	-	-	-	239,362	1,626,046	(1,626,669)	(623)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,981,589)	(7,981,589)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(369,568)	(369,568)	-	369,568	-	-	-	369,568	-	-	-
Others	-	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	3,728	2,230	5,958
Balance at June 30, 2022	\$ 118,049,644	15,999,900	5,902,482	139,952,026	168,823,026	90,913,681	30,311,999	382,137,112	503,362,792	(21,670,653)	(113,160,516)	110,382	2,607,368	(53,228,538)	(185,341,957)	626,795,887	19,440,387	646,236,274
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	-	-	-	-	-	-	-	42,905,036	42,905,036	-	-	-	-	-	-	42,905,036	(402,913)	42,502,123
Other comprehensive income	-	-	-	-	-	-	-	(19,332)	(19,332)	(402,558)	83,517,167	(27,955)	6,094	73,830,640	156,923,388	156,904,056	844,317	157,748,373
Total comprehensive income	-	-	-	-	-	-	-	42,885,704	42,885,704	(402,558)	83,517,167	(27,955)	6,094	73,830,640	156,923,388	199,809,092	441,404	200,250,496
Appropriation and distribution of retained earnings:																		
Special reserve appropriated	-	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	(18,592,819)	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	(3,515,980)	-	(3,515,980)
Stock dividends from capital surplus	-	-	6,197,606	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	7,673	-	-	-	-	-	-	-	-	-	-	7,673	-	7,673
Changes in ownership interests in subsidiaries	-	-	-	-	(93,140)	-	-	-	-	-	3,906	-	-	-	3,906	(89,234)	88,377	(857)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,541)	(47,541)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(561,553)	(561,553)	-	561,553	-	-	-	561,553	-	-	-
Balance at June 30, 2023	\$ 123,952,126	15,999,900	6,197,606	146,149,632	164,734,663	95,593,238	261,752,640	144,013,785	501,359,663	(16,728,953)	(46,306,005)	(18,012)	2,482,356	(8,364,061)	(68,934,675)	743,309,283	8,400,896	751,710,179

See accompanying notes to consolidated financial statements.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Income before income tax	\$ 46,389,635	87,230,927
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation expenses	2,647,030	2,605,961
Amortization expenses	986,694	861,438
Allowance on bad debts	3,970,539	2,852,163
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(62,787,914)	315,474,517
Interest expenses	46,696,206	15,624,414
Interest income	(128,295,020)	(96,138,282)
Dividend income	(26,360,868)	(18,995,875)
Net change in insurance liabilities	18,317,020	86,582,158
Net change in provisions for guarantee liabilities	(1,445)	25,682
Net change in other provisions	(6,763,899)	17,578,028
Share of profit of associates and joint ventures accounted for using equity method	(1,324,472)	(1,353,954)
Loss (profit) reclassified by applying overlay approach	78,894,381	(244,021,871)
Gain on disposal of investment properties	(6,174)	(19,023)
Gain on disposal of investments	(28,648,661)	(63,681,499)
Impairment loss on financial assets	1,019,404	1,554,535
Impairment reversal gain on non-financial assets	(167)	(6,993)
Unrealized foreign exchange gain	(25,004,403)	(126,200,810)
Loss (gain) on fair value adjustment of investment property	(2,138,442)	173,670
Other adjustments	(15,265)	(5,826,240)
Subtotal of adjustments to reconcile profit or loss	(128,815,456)	(112,911,981)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in due from the central bank and call loans to banks	(81,012,664)	29,243,598
Increase in financial assets for hedging and measured at fair value through profit or loss	(135,586,390)	(10,619,359)
Decrease (increase) in financial assets measured at fair value through other comprehensive income	4,389,221	(88,133,487)
Decrease in investments in debt instruments measured at amortized cost	17,063,917	67,523,216
Increase in securities purchased under agreements to resell	(357,569)	(1,052,199)
Decrease (increase) in receivables	(32,251,783)	4,952,130
Increase in discounts and loans	(101,104,286)	(94,347,456)
Increase in reinsurance assets	(2,291,543)	(2,509,856)
Decrease in other financial assets	262,737	8,651,596
Decrease (increase) in other assets	(5,784,283)	15,027,166
Subtotal of changes in operating assets	(336,672,643)	(71,264,651)
Changes in operating liabilities:		
Increase (decrease) in due to the central bank and banks	19,516,137	(37,189,045)
Increase in financial liabilities for hedging and measured at fair value through profit or loss	6,884,219	12,047,408
Decrease in securities sold under repurchase agreement	(26,517,740)	(40,856,216)
Decrease in payables	(877,084)	(37,661,203)
Increase in deposits and remittances	97,891,681	165,885,068
Decrease in provisions	(276,597)	(1,063,430)
Increase in other financial liabilities	12,048,740	19,670,022
Decrease in other liabilities	(11,178,498)	(17,148,397)
Subtotal of changes in operating liabilities	97,490,858	63,684,207
Subtotal of all adjustments	(367,997,241)	(120,492,425)

See accompanying notes to consolidated financial statements.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows (CONT'D)****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash outflow generated from operations	\$ (321,607,606)	(33,261,498)
Interest received	118,046,008	89,467,798
Dividends received	17,114,983	13,152,295
Interest paid	(41,435,858)	(13,150,244)
Income taxes paid	(6,100,272)	(17,456,649)
Net Cash flows from (used in) operating activities	(233,982,745)	38,751,702
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(305,000)	(12,626,762)
Net cash flow from acquisition of subsidiaries	-	(7,276,448)
Acquisition of property and equipment	(1,925,130)	(1,032,064)
Proceeds from disposal of property and equipment	23,226	2,283
Acquisition of intangible assets	(426,361)	(483,258)
Acquisition of investment properties	(4,937,525)	(2,386,274)
Proceeds from disposal of investment properties	59,543	119,626
Other investing activities	(814)	(74)
Net cash flows used in investing activities	(7,512,061)	(23,682,971)
Cash flows from (used in) financing activities:		
Increase (decrease) in due to the central bank and banks	1,361,176	(12,848,780)
Increase (decrease) in commercial papers payable	9,596,694	(7,869,956)
Proceeds from issuing bonds	23,833,453	8,932,992
Repayments of bonds	(1,804,957)	(4,598,370)
Proceeds from issuing bank financial debentures	18,400,324	11,886,073
Repayments of bank financial debentures	(11,915,637)	(21,483,200)
Increase in other borrowings	3,859,308	18,151
Repayments of lease liabilities	(1,573,871)	(1,456,077)
Change in non-controlling interests	(47,541)	(1,604)
Other financing activities	(857)	-
Net cash flows from (used in) financing activities	41,708,092	(27,420,771)
Effect of exchange rate changes on cash and cash equivalents	(440,026)	4,992,632
Net decrease in cash and cash equivalents	(200,226,740)	(7,359,408)
Cash and cash equivalents at beginning of period	573,733,858	503,419,124
Cash and cash equivalents at end of period	\$ 373,507,118	496,059,716
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 199,667,625	246,959,132
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	69,484,183	134,751,131
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	104,355,310	114,349,453
Cash and cash equivalents at end of period	\$ 373,507,118	496,059,716

See accompanying notes to consolidated financial statements.

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

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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).

On April 1 and May 16, 2023, due to the Company's corporate restructuring, JihSun Bank and JihSun Property Insurance Agency completed their respective mergers with Taipei Fubon Bank. After the mergers, JihSun Bank and JihSun Property Insurance Agency became the extinguished companies. On April 9, 2023, due to the Company's corporate restructuring, JihSun Securities completed its merger with Fubon Securities. After the merger, JihSun Securities became the extinguished company. According to (100) Ji Mi No. 390 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF), the transaction is a business combination under common control, and should be deemed as merged from the beginning. Therefore, Taipei Fubon Bank and Fubon Securities have retrospectively restated the consolidated financial statements for the six months ended June 30, 2022.

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.

(Continued)

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

- (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.

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.

(Continued)

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

- (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. On April 1, 2023, with Taipei Fubon Bank as the surviving company, the merger with Taipei Fubon Bank was completed.
- (ix) JihSun Securities 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). On April 9, 2023, with Fubon Securities as the surviving company, the merger with Fubon Securities was completed.
- (x) JihSun Property Insurance Agency was incorporated on August 9, 2004. Its major business activity is operating in the property insurance agency business. On May 16, 2023, with Taipei Fubon Bank as the surviving company, the merger with Taipei Fubon Bank was completed.

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

On August 17, 2023, the consolidated financial statements were presented to the Board of Directors and authorized for issuance 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"

In addition, the Company and its subsidiaries have adopted Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" on May 23, 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which applies retrospectively, and require new disclosures about the Pillar Two exposure for annual reporting periods beginning on or after January 1, 2023. However, because on December 31, 2022, no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Company and its subsidiaries operate and no related deferred taxes were recognized at that date, the retrospective application has no impact on the Company and its subsidiaries' condensed interim financial statements. The Company and its subsidiaries are closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

(Continued)

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

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

The Company and its subsidiaries assess that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>
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>
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>
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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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<u>Standards or Interpretations</u>	<u>Content of amendment</u>
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	The amendments require the company to disclose information about its supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the company’s liabilities and cash flows and on the company’s exposure to liquidity risk.

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.

- (c) 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	It has been clarified that a full gain or loss resulting from the sale or contribution of an investor's subsidiary between an investor and its associate or joint venture is recognized when a transaction involves a business (whether it is housed in a subsidiary or not), as the investor has lost its control over that business. When a transaction involves assets that do not constitute a business, unrealized gains and losses shall be recognized in the investor’s financial statement only to the extent of unrelated investors’ interests in the associate or joint venture.	Effective date to be determined by IASB

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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>
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
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

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	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.	January 1, 2023

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.

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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	-	-	73.95 %

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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>June 30,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u>	<u>June 30,</u> <u>2022</u>	<u>%</u>
The Company	JihSun Bank (Note 1 and 2)	Banking	-	%	100.00	%
The Company	JihSun Securities (Note 1 and 3)	Securities business	-	%	100.00	%
The Company	JihSun Property Insurance Agency (Note 1 and 2)	Property and casualty insurance agent	-	%	100.00	%
The Company, Fubon Life Insurance, Fubon Insurance and Fubon Securities	Fubon Financial Holding Venture Capital	Venture Capital	100.00	%	100.00	%
The Company	Fubon Bank (Hong Kong)	Banking	100.00	%	100.00	%
The Company	Fubon AMC	Creditor's rights management	100.00	%	100.00	%
The Company	Fubon Asset Management	Investment trust	100.00	%	100.00	%
The Company and Taipei Fubon Bank	Fubon Bank (China)	Banking	100.00	%	100.00	%
Taipei Fubon Bank	TFB Capital	Venture Capital	100.00	%	100.00	%
Fubon Securities	Fubon Futures	Futures	100.00	%	100.00	%
Fubon Securities	Fubon Investment Service	Investment Service	100.00	%	100.00	%
Fubon Securities	Fubon investment holding BVI	Investment Holding	100.00	%	100.00	%
Fubon Securities	Fubon Securities Venture Capital	Venture Capital	100.00	%	100.00	%
Fubon Securities	Fubon Mintou Venture Capital	Venture Capital	67.00	%	67.00	%
Fubon Securities	JihSun International Investment Holding (Note 3 and 8)	Investment Holding	100.00	%	-	%
JihSun International Investment Holding	JS CRESVALE Securities International	Securities business	100.00	%	100.00	%
JS CRESVALE Securities International	JS CRESVALE Capital (note 8)	Stock and futures brokerage, sales of mutual funds	100.00	%	100.00	%
Fubon investment holding BVI	Fubon Securities (Hong Kong)	Securities business	100.00	%	100.00	%
Fubon Asset Management	Fubon Private Equity	Investment and investment service management	100.00	%	100.00	%
Fubon Asset Management	Fubon Fund Management (Hong Kong)	Asset Management	100.00	%	100.00	%
Fubon Private Equity	Fubon Digital Music Asset Management	Venture Capital	51.00	%	51.00	%
Fubon Digital Music Asset Management	Fubon Digital Music GP Limited	General Partner of Private Equity	100.00	%	100.00	%
Fubon Insurance	Fubon Insurance (Vietnam)	Insurance business	100.00	%	100.00	%
Fubon Insurance	Fubon Insurance Broker (Thailand) (Note 4)	Insurance Broker	48.97	%	48.97	%

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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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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	Fubon Insurance Agency (Note 11)	Life and property and casualty 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 5)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Credit (Hong Kong) (Note 5)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	FB Securities (Hong Kong) (Note 5)	Securities brokerage	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Insurance Brokers (Note 5)	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 2 and 6)	Life insurance agent	-	100.00 %	99.72 %
JihSun Securities	JihSun Futures (Note 7)	Futures	-	98.14 %	98.14 %
JihSun Securities	JihSun International Investment Holding (Note 8)	Securities business	-	100.00 %	100.00 %

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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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
JihSun Securities	JihSun Securities Investment Consulting (Note 9)	Investment services	- %	100.00 %	100.00 %
JihSun Securities	JihSun Venture Capital (Note 10)	Venture Capital	- %	- %	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: Taipei Fubon Bank acquired 100% of the shares of JihSun Bank on April 1, 2023, The merger was completed, and JihSun Bank became the extinguished company. Since that date, Taipei Fubon Bank has directly held 100% of the equity interest in JihSun Life Insurance Agency. On May 16, 2023, Taipei Fubon Bank completed its merger with JihSun Property Insurance Agency and JihSun Life Insurance Agency, and JihSun Property Insurance Agency and JihSun Life Insurance Agency became the extinguished companies.

Note 3: Fubon Securities acquired 100% of the shares of JihSun Securities on April 9, 2023, and the merger was completed with JihSun Securities as the extinguished company. Since that date, Fubon Securities has directly held 100% of the equity interest in JihSun International Investment Holding.

Note 4: 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 5: These entities are the major subsidiaries of Fubon Bank (Hong Kong).

Note 6: JihSun Bank acquired the minority shareholding of JihSun Life Insurance Agency and completed the settlement and transfer on October 20, 2022. The shareholding ratio was 100%.

Note 7: Fubon Futures acquired 100% of the shares of JihSun Futures on April 9, 2023, and the merger was completed with JihSun Futures as the extinguished company.

Note 8: 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 9: The Board of Directors of JihSun Securities Investment Consulting resolved the dissolution in October, 2022, and the liquidation was completed on May 29 2023.

Note 10: The Board of Directors of JihSun Venture Capital resolved the dissolution on May 3, 2022, and the liquidation was completed on December 6, 2022.

Note 11: Fu Sheng Insurance Agency was renamed as Fubon Insurance Agency on May 29, 2023.

(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.

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.

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

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 (ah).

(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.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

- (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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand and petty cash	\$ 8,509,730	15,178,201	7,670,022
Bank deposits	109,030,053	145,428,103	114,567,390
Cash equivalents	31,940,730	45,991,965	39,510,415
Notes and checks for clearing	1,381,363	2,941,279	1,658,490
Due from banks	48,856,453	107,107,981	83,626,841
Less: Guarantee deposits	50,704	50,626	74,026
Total	<u>\$ 199,667,625</u>	<u>316,596,903</u>	<u>246,959,132</u>

For consolidated statements of cash flows, cash and cash equivalents include accounts as of June 30, 2023 and 2022, listed below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents in consolidated balance sheets	\$ 199,667,625	246,959,132
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	69,484,183	134,751,131
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	104,355,310	114,349,453
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 373,507,118</u>	<u>496,059,716</u>

The amounts of loss allowance were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Loss allowance	<u>\$ 10,372</u>	<u>16,681</u>	<u>17,015</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

	June 30, 2023	December 31, 2022	June 30, 2022
Call loans to banks	\$ 252,996,345	285,646,426	198,521,510
Deposit reserves	135,173,924	111,067,679	113,182,355
Due from the central bank – others	13,427,708	19,276,553	17,692,283
Total	<u>\$ 401,597,977</u>	<u>415,990,658</u>	<u>329,396,148</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 were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Deposit reserves for checking account	\$ <u>40,705,192</u>	<u>20,675,037</u>	<u>23,261,912</u>
Required deposit reserves	\$ <u>65,581,135</u>	<u>62,231,546</u>	<u>55,738,767</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:

	June 30, 2023	December 31, 2022	June 30, 2022
Loss allowance	\$ <u>7,218</u>	<u>2,189</u>	<u>252</u>

For credit risk, the assessment of impairment and the change of loss allowance, please refer to note 6 (aj) 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
Notes to the Consolidated Financial Statements

(c) Financial Instruments Measured at Fair Value through Profit or Loss

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments			
Interest rate contracts	\$ 9,398,050	8,341,566	8,460,239
Currency rate contracts	45,647,954	60,329,960	41,693,972
Options contracts	1,189,918	1,032,716	1,273,173
Cross currency swap contracts	2,480,266	2,745,460	2,152,884
Others	<u>1,575,015</u>	<u>1,284,655</u>	<u>1,537,903</u>
	<u>60,291,203</u>	<u>73,734,357</u>	<u>55,118,171</u>
Non-derivative financial assets			
Government bonds	15,034,119	3,868,243	4,573,292
Corporate bonds	20,988,231	15,844,077	9,259,960
Financial bonds	52,790,671	52,934,353	44,521,799
Stocks	568,550,452	462,890,198	499,746,296
Beneficiary certificates	722,238,864	637,900,666	640,468,256
Commercial papers	68,245,291	46,116,564	31,263,546
Treasury bills	18,111,830	3,529,242	3,771,617
Beneficiary securities	39,858,020	39,523,000	40,981,555
Negotiable certificates of deposit	1,060,001	2,994,212	6,308,512
Others	1,953,919	2,861,338	2,012,863
Less: Guarantee deposits	<u>1,512,181</u>	<u>-</u>	<u>-</u>
	<u>1,507,319,217</u>	<u>1,268,461,893</u>	<u>1,282,907,696</u>
Hybrid financial assets			
Convertible corporate bonds	28,834,682	29,117,824	34,650,898
Structured products	<u>47,000,060</u>	<u>47,271,965</u>	<u>47,567,834</u>
	<u>75,834,742</u>	<u>76,389,789</u>	<u>82,218,732</u>
Total	<u>\$ 1,643,445,162</u>	<u>1,418,586,039</u>	<u>1,420,244,599</u>
Financial liabilities designated as at fair value through profit or loss:			
Structured products	\$ 1,676,014	942,466	2,897,146
Exchange traded notes	<u>45,534</u>	<u>45,679</u>	<u>48,660</u>
	<u>1,721,548</u>	<u>988,145</u>	<u>2,945,806</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Held-for-trading financial liabilities:			
Non-hedge derivative instruments			
Interest rate contracts	\$ 6,971,515	5,884,614	6,249,443
Currency rate contracts	68,784,452	60,523,473	83,934,982
Options contracts	7,966,453	5,907,595	6,511,119
Others	<u>3,120,640</u>	<u>4,327,354</u>	<u>3,903,706</u>
	<u>86,843,060</u>	<u>76,643,036</u>	<u>100,599,250</u>
Non-derivative financial liabilities			
Stock borrowing and short selling	1,065,809	3,437,627	5,614,441
Bonds borrowing and short selling	<u>6,856,817</u>	<u>6,521,748</u>	<u>6,974,504</u>
	<u>7,922,626</u>	<u>9,959,375</u>	<u>12,588,945</u>
Total	<u>\$ 96,487,234</u>	<u>87,590,556</u>	<u>116,134,001</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.
- (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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets measured at fair value through profit or loss:			
Stocks	\$ 549,273,568	451,389,288	486,887,268
Corporate bonds	1,083,622	1,050,834	1,027,290
Financial bonds	45,876,196	45,646,078	39,856,762
Beneficiary securities	2,125,767	1,982,954	2,071,017
Beneficiary certificates	750,695,709	666,882,999	657,996,138
Structured products	45,282,909	45,522,531	45,826,550
Others	<u>1,092,323</u>	<u>1,108,976</u>	<u>1,048,332</u>
Total	<u>\$ 1,395,430,094</u>	<u>1,213,583,660</u>	<u>1,234,713,357</u>

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

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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Gains (losses) reported as profit or loss under IFRS 9	\$ 51,222,406	(122,277,823)	132,154,362	(168,990,210)
Less: Gains reported as profit or loss if applied IAS 39	(28,016,122)	(27,684,398)	(53,259,981)	(75,031,661)
Gains (losses) reclassified by applying overlay approach	<u>\$ 23,206,284</u>	<u>(149,962,221)</u>	<u>78,894,381</u>	<u>(244,021,871)</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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Gains (losses) of financial assets before adjustment	<u>\$ 14,813,814</u>	<u>(177,491,348)</u>	<u>95,773,411</u>	<u>(268,505,451)</u>
Gains (losses) of financial assets after adjustment	<u>\$ (8,392,470)</u>	<u>(27,529,127)</u>	<u>16,879,030</u>	<u>(24,483,580)</u>

- 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 six months ended June 30, 2023 and 2022, nor did the insurance subsidiaries release the designation.

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

	June 30, 2023	December 31, 2022	June 30, 2022
	Carrying amount	<u>\$ 11,325,831</u>	<u>5,669,105</u>

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 247,725,049	288,264,348	357,764,941
Corporate bonds	156,794,027	328,664,752	340,211,523
Financial bonds	105,468,062	161,650,309	181,060,476
Commercial papers	1,191,980	21,344,701	22,603,639
Negotiable certificates of deposits	21,750,247	18,349,953	3,113,017
Beneficiary securities	15,214,776	25,708,057	26,020,835
Asset-backed security	709,076	-	-
Discount notes and loans	40,612,659	49,516,190	52,041,492
Central bank notes	3,505,932	-	-
Treasury bills	1,441,080	-	-
Less: Guarantee deposits	<u>15,318,628</u>	<u>11,880,287</u>	<u>9,955,946</u>
Subtotal	<u>579,094,260</u>	<u>881,618,023</u>	<u>972,859,977</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	87,774,248	71,580,176	87,129,820
Others	<u>8,232,790</u>	<u>8,333,465</u>	<u>8,293,055</u>
Subtotal	<u>96,007,038</u>	<u>79,913,641</u>	<u>95,422,875</u>
Total	<u>\$ 675,101,298</u>	<u>961,531,664</u>	<u>1,068,282,852</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.

Dividend income from abovementioned financial assets measured at fair value through other comprehensive income was as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Derecognized during the period	\$ 249,657	402,635	278,526	402,635
Held at the end of the period	<u>1,121,076</u>	<u>981,336</u>	<u>1,410,836</u>	<u>1,179,838</u>
	<u>\$ 1,370,733</u>	<u>1,383,971</u>	<u>1,689,362</u>	<u>1,582,473</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Fair value	<u>\$ 4,934,549</u>	<u>8,247,648</u>	<u>8,243,051</u>	<u>10,187,360</u>
Accumulated losses on disposal (after tax)	<u>\$ (181,638)</u>	<u>(497,988)</u>	<u>(561,553)</u>	<u>(369,568)</u>

- (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 (aj) 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:

	June 30, 2023	December 31,	June 30, 2022
	2023	2022	2022
Carrying amount	<u>\$ 9,046,012</u>	<u>24,349,067</u>	<u>15,002,015</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 (k).

(e) Debt Investments Measured at Amortized Cost

	June 30, 2023	December 31,	June 30, 2022
	2023	2022	2022
Government bonds	\$ 508,639,503	434,433,780	419,118,070
Corporate bonds	1,680,941,389	1,419,907,851	1,383,163,580
Financial bonds	1,106,490,455	1,018,981,633	983,779,065
Negotiable certificates of deposits	294,566,970	325,055,368	347,031,101
Beneficiary securities	99,622,973	82,973,705	77,400,963
Structured products	57,970,460	58,020,876	57,949,234
Others	10,209,224	26,268,836	13,589,534
Less: Guarantee deposits	<u>6,447,288</u>	<u>6,446,087</u>	<u>6,444,874</u>
Subtotal	3,751,993,686	3,359,195,962	3,275,586,673
Less: Loss allowance	<u>3,996,329</u>	<u>2,849,419</u>	<u>2,795,486</u>
Total	<u>\$ 3,747,997,357</u>	<u>3,356,346,543</u>	<u>3,272,791,187</u>

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

- (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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Carrying amount of derecognition	\$ <u>2,533,152</u>	<u>12,005,085</u>	<u>9,481,270</u>	<u>107,570,297</u>
Current gains recognized	\$ <u>8,833</u>	<u>(6,141)</u>	<u>154,297</u>	<u>6,242,100</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 (aj) 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount	\$ <u>106,601,050</u>	<u>130,375,795</u>	<u>113,896,823</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 (k).

- (f) Financial Instruments for Hedging

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets for hedging:			
Interest rate swap contracts	\$ 18,510,160	16,741,096	10,625,606
Foreign exchange swap contracts	976,848	2,226,971	791,474
Forward exchange contracts	118,321	4,919	-
Cross currency swap contracts	<u>152,912</u>	<u>331,974</u>	<u>1,131</u>
	<u>\$ 19,758,241</u>	<u>19,304,960</u>	<u>11,418,211</u>
Financial liabilities for hedging:			
Interest rate swap contracts	\$ 4,203,346	4,045,705	3,497,742
Foreign exchange swap contracts	823,358	1,355,157	3,501,750
Forward exchange contracts	8,839	98,784	-
Cross currency swap contracts	1,644,910	2,233,423	2,968,550
Call loans from banks	<u>6,198,104</u>	<u>5,189,570</u>	<u>3,787,966</u>
	<u>\$ 12,878,557</u>	<u>12,922,639</u>	<u>13,756,008</u>

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

(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.

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
June 30, 2023					
Fair value hedges					
Forward exchange					
Nominal amount	\$ 170,256	294,078	363,110	-	-
Average exchange rate (KRW/USD)	1,290.57	1,300.27	1,284.42	-	-
Nominal amount	\$ 321,654	5,598,014	-	-	-
Average exchange rate (TWD/USD)	30.46	30.45	-	-	-
Foreign exchange swap					
Nominal amount	\$ 4,659,603	20,387,329	17,187,813	18,125,434	-
Average exchange rate (KRW/USD)	1,270.82	1,301.47	1,318.48	1,266.29	-
Nominal amount	\$ 955,683	-	4,608,310	-	-
Average exchange rate (TWD/USD)	28.98	-	29.49	-	-

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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
June 30, 2023					
Fair value hedges					
Cross currency swap					
Nominal amount	\$ 1,622,414	3,678,898	4,415,053	-	-
Average interest rate	0.15 %	0.28 %	0.34 %	-	-
Average exchange rate (KRW/USD)	1,147.81	1,165.42	1,186.18	-	-
Cash flow hedges					
Interest rate swap					
Nominal amount	\$ -	2,381,827	12,809,934	2,833,285	-
Average fixed interest rate	-	1.25 %	1.63 %	2.78 %	-
Cross currency swap					
Nominal amount	\$ -	1,503,700	1,143,896	5,542,368	-
Average interest rate	-	0.29 %	(0.03)%	(0.74)%	-
Average exchange rate (KRW/USD)	-	1,160.64	1,216.60	1,315.45	-
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	-

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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
June 30, 2022					
Fair value hedges					
Foreign exchange swap					
Nominal amount	\$ 9,292,820	9,526,409	26,737,746	6,331,767	-
Average exchange rate (KRW/USD)	1,195.73	1,221.63	1,199.94	1,238.56	-
Nominal amount	\$ 5,486,948	4,343,179	3,806,282	-	-
Average exchange rate (TWD/USD)	27.68	28.49	29.18	-	-
Cross currency swap					
Nominal amount	\$ -	-	10,014,991	9,451,175	-
Average interest rate	-	-	(0.04)%	0.29 %	-
Average exchange rate (KRW/USD)	-	-	1,120.63	1,171.91	-
Cash flow hedges					
Interest rate swap					
Nominal amount	\$ -	-	582,630	17,661,876	-
Average fixed interest rate	-	-	1.21 %	1.76 %	-
Cross currency swap					
Nominal amount	\$ -	-	-	3,577,211	-
Average interest rate	-	-	-	0.01 %	-
Average exchange rate (KRW/USD)	-	-	-	1,202.89	-

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 second quarter of 2023
		Assets	Liabilities		
June 30, 2023					
Fair value hedges					
— Forward exchange contracts	\$ 6,747,112	118,321	8,839	Financial assets / liabilities for hedging	120,296
— Foreign exchange swap contracts	65,924,172	976,848	823,358	Financial assets / liabilities for hedging	(1,712,293)
— Cross currency swap contracts	9,716,365	-	1,271,524	Financial liabilities for hedging	(774,670)
Cash flow hedges					
— Interest rate swap contracts	\$ 18,025,046	6,505	205,491	Financial assets / liabilities for hedging	(207,477)
— Cross currency swap contracts	8,189,964	152,912	373,386	Financial assets / liabilities for hedging	(366,024)

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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 2022
		Assets	Liabilities		
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)
June 30, 2022					
Fair value hedges					
— Forward exchange contracts	\$ -	-	-	Not applicable	(9,447)
— Foreign exchange swap contracts	65,525,151	791,474	3,501,750	Financial assets / liabilities for hedging	(3,388,611)
— Cross currency swap contracts	19,466,166	-	2,673,650	Financial liabilities for hedging	(1,859,397)
Cash flow hedges					
— Interest rate swap contracts	\$ 18,244,506	54,740	146,294	Financial assets / liabilities for hedging	345,436
— Cross currency swap contracts	3,577,211	1,132	294,900	Financial assets / liabilities for hedging	(400,754)

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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:

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 second 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					
June 30, 2023									
Items designated as hedged									
Stocks	\$ 13,384,928	-	139,733	-	Financial assets measured at fair value through profit or loss	302,686	None	190,280	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	18,357,571	-	619,533	-	Financial assets measured at fair value through other comprehensive income	614,547	None	(60,059)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	50,084,097	-	1,480,438	-	Financial assets measured at amortized cost	1,452,320	None	(127,335)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
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

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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 second 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					
June 30, 2022									
Items designated as hedged									
Stocks	\$ 15,678,103	-	613,090	-	Financial assets measured at fair value through profit or loss	718,268	None	327,602	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	4,342	None	2,653	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	67,442,922	-	5,405,484	-	Financial assets measured at amortized cost	5,524,918	None	659,818	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

Cash flow hedges

	Fair value changes used to calculate the hedge ineffectiveness for second 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
June 30, 2023								
Items designated as hedged								
Floating bonds	\$ (203,756)	(199,560)	Not applicable	147,496	(157)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(118,017)	Interest revenue
Fixed interest rate bonds	345,911	179,282	Not applicable	(320,676)	-	Not applicable	342,446	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

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

	Fair value changes used to calculate the hedge ineffectiveness for 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 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
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
June 30, 2022								
Items designated as hedged								
Floating bonds	\$ 459,121	(92,747)	Not applicable	(601,072)	793	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	105,581	Interest revenue
Fixed interest rate bonds	263,035	171,249	Not applicable	(259,289)	-	Not applicable	400,998	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

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 six months ended June 30		For the six months ended June 30	
	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	(173,180)	(860,361)	-	-
The amount be reclassified from provisions for cash flow hedges to profit or loss	224,429	506,579	-	-
Ending balance	<u>\$ (20,278)</u>	<u>78,502</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.

(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.

(Continued)

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

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 second quarter of 2023
		Assets	Liabilities		
June 30, 2023					
Fair value hedges					
— Interest rate swap contracts	\$ 209,949,508	9,754,001	3,997,855	Financial assets / liabilities for hedging	915,242
— Call loans from banks	6,198,104	-	6,198,104	Financial liabilities for hedging	122,658
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)
June 30, 2022					
Fair value hedges					
— Interest rate swap contracts	\$ 179,787,854	5,069,515	3,347,569	Financial assets / liabilities for hedging	6,076,959
— Call loans from banks	3,787,966	-	3,787,966	Financial liabilities for hedging	56,292

(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 second quarter of 2023
	Assets	Liabilities	Assets	Liabilities	
June 30, 2023					
Hedged items					
Interest rate risk					
Financial bonds payable	\$ -	66,923,068	-	(3,147,984)	212,367
Financial assets measured at fair value through other comprehensive income – government bonds	3,749,024	-	(150,179)	-	(142,436)
Financial assets measured at fair value through other comprehensive income – corporate bonds	433,380	-	(33,196)	-	(29,457)
Financial assets measured at fair value through other comprehensive income – financial bonds	2,788,039	-	(154,981)	-	(27,969)
Financial assets measured at amortized cost – government bonds	20,764,267	-	(448,311)	-	(219,362)
Financial assets measured at amortized cost – corporate bonds	82,699,775	-	(6,238,036)	-	(623,968)
Financial assets measured at amortized cost – financial bonds	24,255,117	-	(1,866,642)	-	(82,585)
Exchange rate risk					
Financial assets measured at fair value through other comprehensive income – stocks	1,804,215	-	(17,010)	-	(53,334)
Financial assets measured at fair value through other comprehensive income – REITs	4,085,937	-	(22,539)	-	(69,324)

(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					
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)
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

(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 second quarter of 2022
	Assets	Liabilities	Assets	Liabilities	
June 30, 2022					
Hedged items					
Interest rate risk					
Financial bonds payable	\$ -	66,182,502	-	(2,132,901)	3,145,719
Financial assets measured at fair value through other comprehensive income – government bonds	145,097	-	(4,498)	-	(6,764)
Financial assets measured at fair value through other comprehensive income – corporate bonds	297,250	-	(1,786)	-	(10,263)
Financial assets measured at fair value through other comprehensive income – financial bonds	1,947,601	-	(98,163)	-	(122,435)
Financial assets measured at amortized cost – government bonds	16,546,396	-	444,327	-	(1,527,501)
Financial assets measured at amortized cost – corporate bonds	71,985,359	-	(2,950,050)	-	(5,913,074)
Financial assets measured at amortized cost – financial bonds	21,286,748	-	(1,240,305)	-	(1,638,410)
Exchange rate risk					
Financial assets measured at fair value through other comprehensive income – stocks	479,381	-	(1,188)	-	(1,188)
Financial assets measured at fair value through other comprehensive income – REITs	2,983,658	-	(55,104)	-	(55,104)

(Continued)

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

Impact of profit or loss	<u>Gains (losses) on ineffective hedges recognized in profit or loss</u>				The line item in the Statements of Comprehensive Income for Comprehensive Income for ineffective portion
	For the three months ended June 30		For the six months ended June 30		
	2023	2022	2023	2022	
Fair value hedges					
Interest rate risk					
Financial bonds payable	\$ 1,845	2,239	1,832	4,231	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:

	<u>Maturity</u>				
	<u>Less than one month</u>	<u>Between one and three months</u>	<u>Between three months and one year</u>	<u>Between one and five years</u>	<u>More than five years</u>
June 30, 2023					
Fair value hedges					
Interest rate swap					
Nominal amount	\$ 2,585,401	4,345,342	10,755,155	60,626,967	28,074,171
Average fixed interest rate	3.95 %	4.15 %	4.29 %	3.31 %	3.04 %
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 %
June 30, 2022					
Fair value hedges					
Interest rate swap					
Nominal amount	\$ 148,660	3,605,747	13,373,494	57,215,677	25,455,355
Average fixed interest rate	2.75 %	3.81 %	3.56 %	3.38 %	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 second quarter of 2023
		Assets	Liabilities		
June 30, 2023					
Fair value hedges					
Interest rate risk					
— Interest rate swap contracts	\$ 106,387,035	8,749,653	-	Financial assets/liabilities for hedging	506,434
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)
June 30, 2022					
Fair value hedges					
Interest rate risk					
— Interest rate swap contracts	\$ 99,798,933	5,501,350	3,878	Financial assets for hedging	(3,173)

(Continued)

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 second quarter of 2023
	Assets	Liabilities	Assets	Liabilities	
June 30, 2023					
Hedged items					
Financial assets measured at amortized cost—financial bonds	\$ 99,316,930	-	(7,434,791)	-	344,421
	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					
Financial assets measured at amortized cost—financial bonds	\$ 96,323,257	-	(7,418,217)	-	(2,777)
	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for second quarter of 2022
	Assets	Liabilities	Assets	Liabilities	
June 30, 2022					
Hedged items					
Financial assets measured at amortized cost—financial bonds	\$ 94,939,558	-	(5,036,331)	-	(1,331)

(g) Securities Purchased Under Resell Agreements

	June 30, 2023	December 31, 2022	June 30, 2022
Securities purchased under resell agreements	<u>\$ 106,612,083</u>	<u>94,887,192</u>	<u>117,766,130</u>

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

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

(h) Receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable — credit card	\$ 75,743,297	66,845,669	56,935,411
Accounts receivable — forfeiting	942,288	912,517	1,531,473
Notes receivable, accounts receivable and acceptance	21,850,262	21,241,848	27,634,887
Accounts receivable — factoring	22,421,551	20,471,156	22,455,610
Interest receivable	55,984,445	52,356,164	46,111,318
Revenues receivable	4,409,482	4,096,906	3,736,084
Premiums receivable	6,067,693	3,173,325	6,391,061
Margin loans receivable	25,452,246	21,505,925	25,576,667
Accounts receivable — settlement	44,146,291	20,737,772	42,071,430
Others	<u>32,849,277</u>	<u>33,686,623</u>	<u>28,019,531</u>
Subtotal	289,866,832	245,027,905	260,463,472
Less: Allowance for doubtful accounts	<u>1,921,221</u>	<u>1,799,307</u>	<u>2,107,391</u>
Total	<u>\$ 287,945,611</u>	<u>243,228,598</u>	<u>258,356,081</u>

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

(i) Assets Classified as Held for Sale, Net

Fubon Bank (Hong Kong) approved the sale of an investment property in accordance with the resolution of the Board of Directors on June 1, 2023, and signed a temporary sales agreement to begin processing the sale on June 8. According to the sales agreement, it is expected to be sold in July 2023, and the property is listed as assets held for sale accordingly. The net amount of assets held for sale was \$71,042 thousand as of June 30, 2023, which was measured at the lower of the carrying amount and fair value less costs to sell.

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

(j) Discounts and Loans

	June 30, 2023	December 31, 2022	June 30, 2022
Discounts and overdrafts	\$ 3,963,038	3,755,707	4,840,231
Short-term advances	13,225,277	13,255,621	13,132,719
Accounts receivable — financing	1,811,840	1,883,360	2,723,730
Short-term loans	330,172,218	346,232,264	439,260,864
Short-term secured loans	200,518,427	191,764,390	189,120,673
Medium-term loans	401,127,990	384,702,556	366,279,833
Medium-term secured loans	255,887,215	250,614,345	251,209,498
Long-term loans	153,978,777	138,933,337	119,717,933
Long-term secured loans	1,258,315,343	1,194,964,935	1,168,091,567
Insurance policy loans	72,492,579	73,429,784	72,664,854
Import and export bill negotiation	15,230,701	13,529,886	13,366,964
Nonperforming loans	5,659,810	5,382,661	6,483,016
Subtotal	2,712,383,215	2,618,448,846	2,646,891,882
Less: Allowance for doubtful accounts	32,994,727	31,511,378	31,199,704
Adjustments of premium and discount	1,615,548	459,992	436,385
Total	<u>\$ 2,677,772,940</u>	<u>2,586,477,476</u>	<u>2,615,255,793</u>

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

	For the six months ended June 30, 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	237,253	2,855,530	798,262	3,891,045
Write-off	(105,464)	(1,589,716)	(166,267)	(1,861,447)
Recovery from write-off	9,750	299,673	135,001	444,424
Effects of exchange rate changes and others	(19,625)	(82,138)	16,634	(85,129)
Ending balance	<u>\$ 1,921,221</u>	<u>32,994,727</u>	<u>2,096,844</u>	<u>37,012,792</u>

(Continued)

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

For the six months ended June 30, 2022

	<u>Receivables</u>	<u>Discounts and loans</u>	<u>Other financial assets</u>	<u>Total</u>
Beginning balance	\$ 1,514,401	29,797,686	499,826	31,811,913
Allowance for doubtful accounts	572,615	2,043,064	252,462	2,868,141
Write-off	(25,668)	(1,324,868)	(103,240)	(1,453,776)
Recovery from write-off	16,824	304,409	137,274	458,507
Effects of exchange rate changes and others	29,219	379,413	370	409,002
Ending balance	<u>\$ 2,107,391</u>	<u>31,199,704</u>	<u>786,692</u>	<u>34,093,787</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amount	\$ -	-	194,609

(k) Reinsurance Contract Assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Claims recoverable from reinsurers	\$ 6,580,198	8,173,867	5,771,103
Due from reinsurers and ceding companies	20,646,104	17,254,031	6,278,801
Subtotal	<u>27,226,302</u>	<u>25,427,898</u>	<u>12,049,904</u>
Reinsurance reserve assets:			
Ceded unearned premium reserve	10,155,961	8,301,246	10,313,507
Ceded claim reserve	11,502,286	14,552,211	19,930,735
Ceded premium deficiency reserve	80,917	105,181	223,085
Ceded liability reserve	<u>2,777</u>	<u>3,027</u>	<u>3,268</u>
Subtotal	<u>21,741,941</u>	<u>22,961,665</u>	<u>30,470,595</u>
Total	<u>\$ 48,968,243</u>	<u>48,389,563</u>	<u>42,520,499</u>

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

(l) 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.

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Xiamen Bank Co., Ltd.	\$ 17,561,124	17,719,167	16,735,985
Fubon Construction Management Co., Ltd.	137,410	136,359	137,454
Line Biz+ Taiwan Co., Ltd.	3,134,501	3,091,602	3,047,880
Fubon Health Management Co., Ltd.	20,497	24,046	24,399
Founder Fubon Fund Management Ltd.	329,844	337,280	357,619
CITIC Capital Holdings Ltd.	9,378,031	9,566,427	9,935,887
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Ltd.)	-	-	-
Teng Fu Bo Investment Ltd.	226,851	237,762	307,718
Star River Energy Corporation	234,111	226,152	235,788
Bravelog Sport Technology Co., Ltd.	-	-	-
Star Shining Energy Corporation	2,691,640	2,679,682	2,669,056
Wholex Max Green Power Co., Ltd.	503,710	359,133	345,899
Zhong An Life Insurance Ltd.	813,780	834,881	866,081
Line Bank Co., Ltd.	3,481,540	3,627,479	3,864,403
JihSun Securities Investment Trust Co., Ltd.	250,611	228,862	226,274
Hsin Ting Yi Hao Energy Corporation	300,738	149,773	149,524
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	2,874	2,701	2,922
Sichuan VipFubon Consumer Finance Ltd.	451,863	451,440	415,406
Hyundai Card Co., Ltd.	17,478,761	17,960,061	15,786,846
Aquastar Energy Corporation	179,819	179,852	179,993
	<u>\$ 57,177,705</u>	<u>57,812,659</u>	<u>55,289,134</u>

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

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Attributable to the Company and its subsidiaries:				
Net income	\$ 656,621	1,041,341	1,324,472	1,353,954
Other comprehensive income	(292,853)	(271,034)	(238,651)	(199,465)
Total comprehensive income	<u>\$ 363,768</u>	<u>770,307</u>	<u>1,085,821</u>	<u>1,154,489</u>

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

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
The share of profit of associates accounted for using equity method	<u>\$ 336,584</u>	<u>823,891</u>	<u>1,060,194</u>	<u>1,291,101</u>

	December 31,	
	June 30, 2023	2022
	June 30, 2022	
Investments accounted for using equity method	<u>\$ 23,237,619</u>	<u>18,968,331</u>
	<u>40,993,770</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 Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: 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		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Unrecognized loss (gain)	<u>\$ (13,121)</u>	<u>15,012</u>	<u>12,047</u>	<u>58,147</u>

(Continued)

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Accumulated unrecognized loss	\$ <u>977,765</u>	<u>965,717</u>	<u>562,723</u>

As of June 30, 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.

(m) 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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>26.05 %</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Total assets	\$ 449,051,458	511,577,972	461,101,641
Total liabilities	(435,030,697)	(500,237,727)	(445,530,194)
Non-common equity	<u>(2,490,432)</u>	<u>(2,465,815)</u>	<u>(2,312,528)</u>
Net assets	<u>\$ 11,530,329</u>	<u>8,874,430</u>	<u>13,258,919</u>
Equity attributable to non-controlling interest	<u>\$ 4,731,862</u>	<u>4,093,461</u>	<u>4,954,565</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net revenue	<u>\$ 18,839,623</u>	<u>15,022,338</u>	<u>37,806,173</u>	<u>29,229,559</u>
Net income	\$ (1,275,980)	404,178	(1,797,323)	1,956,731
Other comprehensive income	(964,355)	(14,006,294)	4,483,284	(25,781,724)
Total comprehensive income	<u>\$ (2,240,335)</u>	<u>(13,602,116)</u>	<u>2,685,961</u>	<u>(23,824,993)</u>
Consolidated net income for the period attributable to non-controlling interests	<u>\$ (288,371)</u>	<u>91,344</u>	<u>(406,195)</u>	<u>442,221</u>
Consolidated other comprehensive income attributable to non-controlling interests	<u>\$ (492,581)</u>	<u>(3,116,985)</u>	<u>552,918</u>	<u>(5,407,937)</u>

	For the six months ended June 30	
	2023	2022
Cash flows		
Operating activities	<u>\$ (10,462,145)</u>	<u>(21,514,338)</u>
Investing activities	<u>\$ (380,753)</u>	<u>(1,972,488)</u>
Financing activities	<u>\$ (9,416,077)</u>	<u>3,897,807</u>

(ii) Summarized financial information of JihSun Financial Holding

	June 30, 2022
Total assets	\$ 340,179,941
Total liabilities	(288,165,173)
Net assets	<u>\$ 52,014,768</u>
Equity attributable to non-controlling interest	<u>\$ 14,218,914</u>

	For the three months ended June 30, 2022	For the six months ended June 30, 2022
	Net revenue	<u>\$ 2,503,786</u>
Net income	\$ 839,353	1,596,489
Other comprehensive income	(1,213,418)	(275,365)
Total comprehensive income	<u>\$ (374,065)</u>	<u>1,321,124</u>
Consolidated net income for the period attributable to non-controlling interests	<u>\$ 270,795</u>	<u>419,264</u>
Consolidated other comprehensive income attributable to non-controlling interests	<u>\$ (111,694)</u>	<u>164,969</u>

	For the six months ended June 30, 2022
Cash flows	
Operating activities	<u>\$ (4,742,022)</u>
Investing activities	<u>\$ 1,236,108</u>
Financing activities	<u>\$ (3,483,283)</u>

(Continued)

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

(n) Other Financial Assets, Net

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Assets on insurance product— separate account	\$ 470,826,500	469,805,004	444,015,252
Margin deposits paid for borrowed securities	5,535,079	5,619,101	5,605,053
Collateral for borrowed securities	-	66,922	41,144
Overdue receivables	4,030,828	2,086,301	1,638,557
Customer margin deposit	29,291,636	31,438,437	37,753,424
Buy nonperforming loan	102,563	113,921	114,737
Deposits not qualifying as cash equivalents	15,456,223	14,503,969	14,466,138
Others	58,832	208,283	217,247
Subtotal	525,301,661	523,841,938	503,851,552
Less: Guarantee deposits— others	2,434,582	2,464,546	2,469,422
Allowance for doubtful accounts	2,096,844	1,313,214	786,692
Total	<u>\$ 520,770,235</u>	<u>520,064,178</u>	<u>500,595,438</u>

- (i) For credit risk, the assessment of impairment and the change of allowance for loss, please refer to note 6 (aj) 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Assets on insurance product— separate account:			
Bank deposits	\$ 11,165,676	12,043,010	12,082,130
Financial assets measured at fair value through profit or loss	272,509,879	246,518,822	234,462,777
Receivables	1,825,864	1,319,530	1,516,926
Total	<u>\$ 285,501,419</u>	<u>259,881,362</u>	<u>248,061,833</u>

(Continued)

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
Liabilities on insurance product — separate account:				
Reserve—insurance contract	\$ 138,959,046	129,837,793	126,560,745	
Reserve—investment contract	146,511,468	130,010,488	121,471,799	
Payables	<u>30,905</u>	<u>33,081</u>	<u>29,289</u>	
Total	<u>\$ 285,501,419</u>	<u>259,881,362</u>	<u>248,061,833</u>	
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Separate account products revenues:				
Premiums income	\$ 3,069,907	4,473,112	6,179,261	9,192,891
Interest revenue	831,281	786,666	1,628,841	1,569,644
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	4,821,138	(13,368,305)	8,423,463	(18,906,333)
Gains (losses) on foreign exchange	<u>171,486</u>	<u>43,307</u>	<u>172,435</u>	<u>(110,167)</u>
Total	<u>\$ 8,893,812</u>	<u>(8,065,220)</u>	<u>16,404,000</u>	<u>(8,253,965)</u>
Separate account products expenses:				
Net changes in reserve, Insurance contract	\$ 4,716,305	(11,502,330)	8,766,792	(15,629,331)
Insurance claims and payment	3,298,790	2,453,163	5,814,760	5,484,806
Administrative expenses	901,639	981,710	1,820,296	1,888,749
Other disbursements	<u>(22,922)</u>	<u>2,237</u>	<u>2,152</u>	<u>1,811</u>
Total	<u>\$ 8,893,812</u>	<u>(8,065,220)</u>	<u>16,404,000</u>	<u>(8,253,965)</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 June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rebate	<u>\$ 183,497</u>	<u>164,528</u>	<u>350,167</u>	<u>333,579</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Assets on corporate and individual annuity insurance products - separate account :			
Bank deposits	\$ 4,422,697	2,586,365	5,027,992
Financial assets measured at fair value through profit or loss	20,716,520	16,055,614	18,461,210
Financial assets measured at fair value through other comprehensive income	126,355,876	127,098,518	137,932,962
Financial assets for hedging	964,931	1,778,258	211,433
Loan	27,207,224	33,641,356	31,470,719
Interest receivables	1,220,769	1,217,800	1,319,534
Other receivables	4,437,064	27,545,731	1,529,569
Total	<u>\$ 185,325,081</u>	<u>209,923,642</u>	<u>195,953,419</u>
Liabilities on corporate and individual annuity insurance products - separate account:			
Financial liabilities for hedging	\$ 1,310,321	2,129,372	4,763,970
Other payables	145,529	13,653,153	713,146
Insurance separate account value reserve	207,911,427	201,055,408	212,722,301
Short-term debt	-	20,769,750	-
Total	<u>\$ 209,367,277</u>	<u>237,607,683</u>	<u>218,199,417</u>

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenues on corporate and individual annuity insurance products - separate account:				
Interest revenue	\$ 1,655,157	1,540,486	3,261,318	3,068,089
Gains on financial assets or liabilities measured at fair value through profit or loss	173,182	265,965	563,760	671,701
Gains on financial assets or liabilities measured at fair value through comprehensive profit or loss	-	11,301	-	86,915
Reversal of ECL on investments	18,009	10,843	33,703	39,970
Gains on foreign exchange	405,844	3,818,445	2,048,586	5,016,240
Other revenues	<u>1,113,752</u>	<u>493,338</u>	<u>1,931,417</u>	<u>502,420</u>
Total	<u>\$ 3,365,944</u>	<u>6,140,378</u>	<u>7,838,784</u>	<u>9,385,335</u>
Expenses on corporate and individual annuity insurance products - separate account:				
Insurance claims and payment	\$ -	766	-	2,344
Insurance value reserve provisions - separated account	2,561,485	1,139,981	4,802,585	2,296,269
Losses on financial assets or liabilities measured at fair value through profit or loss	657,411	5,240,465	2,284,650	6,909,094
Losses on financial assets or liabilities measured at fair value through comprehensive profit or loss	5,594	2,097	5,594	2,097
Expected credit losses on investments	2,307	(6,125)	8,343	3,108
Losses on foreign exchange	51,784	(21,010)	120,500	42,015
Administrative expenses	86,804	(215,799)	476,421	127,735
Other expenses	<u>559</u>	<u>3</u>	<u>140,691</u>	<u>2,673</u>
Total	<u>\$ 3,365,944</u>	<u>6,140,378</u>	<u>7,838,784</u>	<u>9,385,335</u>

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

Account	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets measured at fair value through other comprehensive income	<u>\$ 665,186</u>	<u>1,303,589</u>	<u>5,433,973</u>

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

(o) Investment Property

	<u>Land and improvements</u>	<u>Buildings</u>	<u>Investment property under construction</u>	<u>Prepayment for investment property</u>	<u>Right-of-use assets</u>	<u>Total</u>
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	2,305,963	2,038,619	537,449	26,212	29,282	4,937,525
Disposals	(36,713)	(16,656)	-	-	-	(53,369)
Reclassification	1,525,301	12,285,970	(12,042,183)	(1,035,790)	-	733,298
Gains (losses) generated from fair value adjustments	4,797,074	(3,817,579)	-	-	1,158,947	2,138,442
Effects of exchange rate changes	603,182	1,188,071	-	-	73,297	1,864,550
Balance as of June 30, 2023	<u>\$ 198,415,235</u>	<u>67,195,255</u>	<u>3,678,691</u>	<u>154,159</u>	<u>46,003,584</u>	<u>315,446,924</u>
Balance as of January 1, 2022	\$ 192,485,319	54,663,434	9,775,163	199,889	45,928,224	303,052,029
Additions	85,896	(10,400)	2,236,457	74,321	-	2,386,274
Disposals	(94,462)	(6,141)	-	-	-	(100,603)
Reclassification	367,158	312,889	168,980	(127,757)	(21,770)	699,500
Gains (losses) generated from fair value adjustments	2,373,251	(1,265,871)	-	-	(1,281,050)	(173,670)
Reassessment	-	-	-	-	300,300	300,300
Effects of exchange rate changes	(407,715)	(544,047)	-	-	(51,789)	(1,003,551)
Balance as of June 30, 2022	<u>\$ 194,809,447</u>	<u>53,149,864</u>	<u>12,180,600</u>	<u>146,453</u>	<u>44,873,915</u>	<u>305,160,279</u>

Please refer to note 6 (q) for the details of lease liabilities of superficies.

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rental revenue	<u>\$ 1,993,130</u>	<u>1,881,179</u>	<u>3,955,273</u>	<u>3,778,093</u>
Direct operation expenses	<u>\$ 535,245</u>	<u>437,899</u>	<u>1,045,670</u>	<u>838,408</u>
Direct operation expenses belonging to investment properties that did not generate rental income	<u>\$ 86,688</u>	<u>39,847</u>	<u>132,115</u>	<u>79,063</u>

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.

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than one year	\$ 8,233,667	7,818,197	7,646,449
One to two years	7,578,323	7,355,359	6,596,439
Two to three years	6,411,382	6,444,793	5,744,097
Three to four years	5,592,084	5,118,938	4,769,134
Four to five years	4,486,053	4,656,236	4,099,710
More than five years	<u>27,184,559</u>	<u>24,538,825</u>	<u>21,562,647</u>
	<u>\$ 59,486,068</u>	<u>55,932,348</u>	<u>50,418,476</u>

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 June 30, 2023, December 31 and June 30, 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
- 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, 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, 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

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

- 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 Pomélie, David Poole
- 14) Colliers International Valuation Taiwan LLP and Colliers International Valuation GmbH: Ku Chien-Hui, Kamill Georg Wipyewski, Robert Becker, Dmitry Stul
- 15) 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, and land development analysis of cost approach and so on.

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:

	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	<u>Mainly</u>	<u>Mainly</u>	<u>Mainly</u>
Income capitalization rate	0.26%~6.00%	0.25%~5.75%	0.25%~5.20%
Year-end income capitalization rate	1.76%~6.10%	1.70%~5.90%	1.74%~6.35%
Discount rate	2.87%~8.25%	2.82%~8.25%	2.48%~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”.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Buildings that finished constructing within the first half of the year 2023, due to the changing of housing types to combination compound of house and land, external appraisers used the cost method and the discounted cash flow analysis method to evaluate the compound as a whole, thus increasing the fair value compared to the developing period.

Due to Fubon Life Insurance and its subsidiaries cannot evaluate the fair value of the land obtained after May 11, 2020, based on the specifications amended by the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the carrying amount is evaluated by cost. As of June 30, 2023, December 31 and June 30, 2022, the amounts are \$32,038,078 thousand, \$28,299,074 thousand and \$28,384,928 thousand respectively.

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.

(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 June 30, 2023, December 31 and June 30, 2022.

Valuation agencies as of June 30, 2023, December 31, and June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Direct capitalization rate (net)	0.858%~4.65%	0.858%~4.65%	1.30%~4.65%
Profit rate	18.00%~22.00%	18.00%~22.00%	18.00%~22.00%
Overall capital interest rate	2.49%~3.37%	2.19%~2.97%	1.87%~2.52%

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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 June 30, 2023 and 2022, the fair values of the aforementioned investment property at December 31, 2022 and 2021 were considered valid, respectively.

	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Expected future cash inflows	\$ 5,491,408	5,150,855	4,822,256
Expected future cash outflows	(205,019)	(222,856)	(166,697)
Expected future cash inflows, net	\$ 5,286,389	4,927,999	4,655,559
Discount rate	3.845%	3.595~4.095%	3.095~3.595%

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 June 30, 2023, December 31 and June 30, 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%.

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

(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 March 31, 2023, December 31 and March 31, 2022 and December 31, 2021. Fubon Securities has consulted the appraisers about the effectiveness of the original appraisal report. As of June 30, 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.

The appraisers were Tsai You-Xiang and Hsu Hsiang-I from Repro International Inc. on March 31, 2023 and 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 March 31, 2022 and 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 June 30, 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:

	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Discount rate	3.32%~4.20%	1.845%~4.345%	1.845%~4.345%

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

(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, appraisers Zhan Xiu Ying, Ke Feng Ru and Ku Chien Hui of Colliers International Real Estate Appraiser Office and appraiser Yang Jun Wei of Zheng Da 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 June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(p) Property and Equipment

	Land	Buildings	Machinery and computer equipment	Transportation equipment	Other equipment	Prepayment for purchases of equipment, and construction in progress	Total
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	-	6,286	485,904	3,820	451,029	978,091	1,925,130
Disposals	(13,790)	(12,184)	(752,255)	(10,855)	(246,492)	-	(1,035,576)
Reclassification	(79,143)	(1,324,165)	131,461	18,417	31,289	(354,630)	(1,576,771)
Effects of exchange rates changes	(1,894)	(182,025)	(52,496)	(1,481)	14,340	(18)	(223,574)
Balance as of June 30, 2023	<u>\$ 38,415,083</u>	<u>29,305,496</u>	<u>9,940,122</u>	<u>405,015</u>	<u>13,851,065</u>	<u>2,190,097</u>	<u>94,106,878</u>
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	-	(43)	161,102	6,579	319,919	544,507	1,032,064
Disposals	-	(775)	(178,799)	(6,805)	(137,927)	-	(324,306)
Reclassification	(272,450)	(191,050)	55,842	520	90,064	(315,720)	(632,794)
Effects of exchange rates changes	(811)	390,618	28,633	3,729	294,731	(104)	716,796
Balance as of June 30, 2022	<u>\$ 38,129,215</u>	<u>30,620,866</u>	<u>9,806,895</u>	<u>398,992</u>	<u>13,068,205</u>	<u>1,752,055</u>	<u>93,776,228</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	-	352,009	422,925	11,325	499,359	-	1,285,618
Disposals	-	(1,476)	(743,785)	(10,475)	(240,722)	-	(996,458)
Reclassification	(3,140)	(1,169,636)	(9,741)	15,306	(16,856)	-	(1,184,067)
Impairment loss	7	3	-	-	-	-	10
Effects of exchange rates changes	-	(44,586)	(36,790)	(1,265)	(161)	-	(82,802)
Balance as of June 30, 2023	<u>\$ 1,013,284</u>	<u>9,367,970</u>	<u>7,607,310</u>	<u>353,232</u>	<u>10,426,028</u>	<u>-</u>	<u>28,767,824</u>
Balance as of January 1, 2022	\$ 1,065,034	9,478,590	7,444,634	329,287	9,293,990	-	27,611,535
Depreciations	-	375,101	424,912	12,347	460,141	-	1,272,501
Disposals	-	(775)	(178,342)	(6,376)	(130,056)	-	(315,549)
Reclassification	(51,750)	(53,056)	-	-	3,081	-	(101,725)
Impairment loss	(313)	(5,298)	-	-	-	-	(5,611)
Effects of exchange rates changes	-	94,251	21,012	2,938	204,395	-	322,596
Balance as of June 30, 2022	<u>\$ 1,012,971</u>	<u>9,888,813</u>	<u>7,712,216</u>	<u>338,196</u>	<u>9,831,551</u>	<u>-</u>	<u>28,783,747</u>
Carrying amounts:							
Balance as of June 30, 2023	<u>\$ 37,401,799</u>	<u>19,937,526</u>	<u>2,332,812</u>	<u>51,783</u>	<u>3,425,037</u>	<u>2,190,097</u>	<u>65,339,054</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 June 30, 2022	<u>\$ 37,116,244</u>	<u>20,732,053</u>	<u>2,094,679</u>	<u>60,796</u>	<u>3,236,654</u>	<u>1,752,055</u>	<u>64,992,481</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(o) for details.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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 8 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.

(q) Lease Agreement

(i) Right-of-use assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Carrying amounts			
Land—superficies	\$ 3,235,473	3,261,851	3,288,230
Buildings	4,984,021	5,870,890	6,412,101
Machinery	591,823	562,846	523,823
Transportation equipment	62,934	73,039	76,125
Other equipment	<u>225,520</u>	<u>205,752</u>	<u>197,128</u>
	<u>\$ 9,099,771</u>	<u>9,974,378</u>	<u>10,497,407</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
	<u>2022</u>	<u>2023</u>	<u>2022</u>
Additions	<u>\$ 522,659</u>	<u>932,548</u>	<u>866,221</u>
	<u>1,800,345</u>		
Depreciation			
Land—superficies	\$ 11,686	11,598	23,371
Buildings	591,290	597,400	1,187,868
Machinery	44,382	33,141	85,542
Transportation equipment	11,255	14,155	24,182
Other equipment	<u>20,163</u>	<u>18,652</u>	<u>40,449</u>
Total	<u>\$ 678,776</u>	<u>674,946</u>	<u>1,361,412</u>
	<u>1,333,460</u>		

(ii) Lease liabilities

The maturity analysis of undiscounted lease payments was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Less than one year	\$ 2,854,618	3,125,580	3,133,981
One to five years	7,575,915	6,136,875	6,561,684
More than five years	<u>22,810,890</u>	<u>25,255,976</u>	<u>25,357,462</u>
Total	<u>\$ 33,241,423</u>	<u>34,518,431</u>	<u>35,053,127</u>

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

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	\$ 1,859,013	1,815,627

(iii) Other lease information

1) Real estate leases

As of June 30, 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 June 30, 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 six months ended June 30, 2023, the Company and its subsidiaries did not recognize profit and loss by applying the practical expedient. For the three months and six months ended June 30, 2022, the amount recognized in profit and loss as following:

	For the three months ended June 30	For the six months ended June 30
	2022	2022
	\$ 1,562	1,323

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.

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

(r) Intangible Assets

	June 30, 2023	December 31, 2022	June 30, 2022
License and operating rights	\$ 8,029,554	8,338,036	8,234,578
Core deposits	4,292,283	4,591,235	4,780,028
Goodwill	15,679,787	15,831,049	15,742,712
Computer software	3,909,721	4,017,197	3,719,231
Customer relationship	276,515	292,670	308,299
Others	1,027,384	1,121,901	1,075,779
	<u>\$ 33,215,244</u>	<u>34,192,088</u>	<u>33,860,627</u>

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

	Goodwill	Other intangible assets	Total
Cost :			
Balance as of January 1, 2023	\$ 15,831,049	18,361,039	34,192,088
Additions	-	426,361	426,361
Disposals	-	(16,117)	(16,117)
Amortization	-	(952,074)	(952,074)
Reclassification	-	160,340	160,340
Effects of exchange rate changes	(151,262)	(444,092)	(595,354)
Balance as of June 30, 2023	<u>\$ 15,679,787</u>	<u>17,535,457</u>	<u>33,215,244</u>
Balance as of January 1, 2022	\$ 15,707,483	18,141,122	33,848,605
Additions	-	483,258	483,258
Disposals	-	(25)	(25)
Amortization	-	(829,742)	(829,742)
Reclassification	-	170,259	170,259
Effects of exchange rate changes	35,229	153,043	188,272
Balance as of June 30, 2022	<u>\$ 15,742,712</u>	<u>18,117,915</u>	<u>33,860,627</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.

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

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	6 to 14 years
Other	3 to 20 years

No significant impairment was incurred as of June 30, 2023, December 31 and June 30, 2022, after evaluating the carrying amount of goodwill.

(s) Other Assets

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Refundable deposits	\$ 50,096,842	38,810,289	42,367,271
Foreclosed collaterals and residuals taken over	106,092	187,504	183,651
Operation guarantee deposits and settlement fund	587,363	1,179,702	1,170,683
Deferred assets	2,431,788	2,338,751	2,255,946
Prepayments	3,587,400	3,646,968	3,272,747
Collections for underwriting stock value	6	1,232,356	146,678
Others	9,523,534	8,798,137	9,912,317
Total	<u>\$ 66,333,025</u>	<u>56,193,707</u>	<u>59,309,293</u>

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

(t) Securities Sold under Repurchase Agreements

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Securities sold under repurchase agreements	<u>\$ 118,211,267</u>	<u>145,685,557</u>	<u>126,854,205</u>

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

(u) Commercial Paper Issued

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Par value	\$ 59,900,000	50,300,000	21,580,000
Less: Discount on commercial paper issued	59,329	56,023	8,686
Total	<u>\$ 59,840,671</u>	<u>50,243,977</u>	<u>21,571,314</u>
Interest rate range	1.36%~1.65%	1.30%~1.66%	0.66%~1.08%

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

(v) Payables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Other payables	\$ 16,670,595	40,654,966	14,454,613
Acceptance bill payable	18,513,241	17,451,783	23,160,121
Account payable for securities purchased	46,618,316	19,777,031	31,992,044
Accrued expenses	19,229,559	21,617,313	21,376,241
Accrued interests	20,305,926	15,371,390	11,170,285
Accrued insurance claim payments	11,746,188	14,488,617	10,849,927
Due to reinsurers and ceding companies	16,133,428	11,375,958	13,463,157
Dividends payable	22,108,798	-	45,042,327
Others	24,552,100	30,733,201	36,163,182
Total	<u>\$ 195,878,151</u>	<u>171,470,259</u>	<u>207,671,897</u>

(w) Deposits and Remittances

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Checking accounts	\$ 20,896,159	14,373,479	20,088,330
Public treasury deposits	65,821,717	63,104,435	47,891,292
Demand deposits	681,243,326	754,023,257	796,969,097
Time deposits	1,448,126,973	1,402,074,920	1,249,348,434
Negotiable certificates of deposit	133,749,114	103,522,064	160,470,256
Savings accounts	1,395,999,235	1,318,987,426	1,275,992,560
Others	686,047	684,247	531,047
Total	<u>\$ 3,746,522,571</u>	<u>3,656,769,828</u>	<u>3,551,291,016</u>

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

(x) Bonds Payable

(i) The bonds payable was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unsecured corporate bonds	\$ 99,568,275	79,888,159	83,094,759
Subordinated corporate bonds	52,436,895	50,636,657	50,125,884
Financial bonds	<u>132,785,016</u>	<u>126,856,719</u>	<u>127,101,813</u>
Total	<u>\$ 284,790,186</u>	<u>257,381,535</u>	<u>260,322,456</u>

(ii) Unsecured corporate bonds

Name	Issue period		Issue amount	Interest rate	June 30, 2023	December 31, 2022	June 30, 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 5
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 3
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 5
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 3
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 5
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 3
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 5
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 2
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 4
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 6
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 8
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 2
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 5
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 7
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 2
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 5

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Name	Issue period		Issue amount	Interest rate	June 30, 2023	December 31, 2022	June 30, 2022	Note
	Issue date	Maturity date						
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 7
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 3
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 5
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 7
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 9
First 2022 unsecured domestic corporate bonds-bond A	2022.01.17	2026.01.17	1,300,000	0.60	1,298,901	1,298,689	1,298,476	Note 2
First 2022 unsecured domestic corporate bonds-bond B	2022.01.17	2029.01.17	1,900,000	0.70	1,898,017	1,897,839	1,897,662	Note 5
First 2022 unsecured domestic corporate bonds-bond C	2022.01.17	2032.01.17	1,100,000	0.80	1,098,765	1,098,693	1,098,621	Note 7
Second 2022 unsecured domestic corporate bonds-bond A	2022.08.30	2026.08.30	2,800,000	1.65	2,797,273	2,796,842	-	Note 2
Second 2022 unsecured domestic corporate bonds-bond B	2022.08.30	2027.08.30	3,400,000	1.70	3,396,514	3,396,096	-	Note 3
First 2023 unsecured domestic corporate bonds-bond A	2023.01.12	2027.01.12	3,400,000	2.10	3,396,600	-	-	Note 2
First 2023 unsecured domestic corporate bonds-bond B	2023.01.12	2028.01.12	6,600,000	2.15	6,593,212	-	-	Note 3
Second 2023 unsecured domestic corporate bonds-bond A	2023.06.20	2026.06.20	1,000,000	1.52	998,865	-	-	Note 1
Second 2023 unsecured domestic corporate bonds-bond B	2023.06.20	2029.06.20	1,800,000	1.64	1,797,958	-	-	Note 4
Second 2023 unsecured domestic corporate bonds-bond C	2023.06.20	2033.06.20	6,900,000	1.82	6,892,170	-	-	Note 7
					\$ 99,568,275	79,888,159	83,094,759	

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

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

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

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

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

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

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

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

Note 9: Fixed interest, interest payable annually; pay in full upon fifteen years.

(Continued)

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

(iii) Subordinated corporate bonds

Name	Issue Period		Coupon rate	Issue Amount	Unamortized premium (discount) amount	June 30, 2023	December 31, 2022	June 30, 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 7 (private placement)	2016.12.28	2022.07.28	4.75 %	471,180	-	-	-	458,435	
Hyundailife Insurance 8 (private placement)	2017.06.26	2023.01.26	4.90 %	212,031	-	-	219,959	206,579	
Hyundailife Insurance 9 (private placement)	2017.07.20	2023.01.20	4.90 %	188,472	-	-	195,536	183,864	
Hyundailife Insurance 11 (private placement)	2017.12.28	2023.06.28	5.60 %	1,413,540	-	-	1,470,251	1,382,865	
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 3)	1,177,950	(2,065)	1,175,885	1,219,460	1,143,514	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 3)	2,355,900	(6,604)	2,349,296	2,436,178	2,284,300	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 3)	353,385	(688)	352,697	365,768	342,989	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 3)	1,177,950	(3,844)	1,174,106	1,217,534	1,141,634	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 3)	1,283,966	(2,750)	1,281,216	1,328,707	1,245,970	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 3)	2,238,105	(7,152)	2,230,953	2,313,534	2,169,365	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 3)	1,177,950	(4,128)	1,173,822	1,217,278	1,141,431	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 3)	3,533,850	(11,857)	3,521,993	3,652,452	3,424,938	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 3)	1,884,720	(7,867)	1,876,853	-	-	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 3)	2,308,782	(8,708)	2,300,074	-	-	
Total					\$ (55,663)	52,436,895	50,636,657	50,125,884	

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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)	3,896,920	3,767,483	3,572,479
Second issuance of dominant bank debentures in 2018; zero interest rate; maturity: March 8, 2048 (US\$195,000 thousand)	7,616,985	7,355,264	6,966,162
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

(Continued)

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fifth issuance of dominant bank debentures in 2018; zero interest rate; maturity: November 20, 2048 (US\$80,000 thousand)	\$ 3,107,147	2,992,573	2,826,762
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
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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
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
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	1,000,000
Second issuance of dominant bank debentures in 2022; fixed 2.00%; maturity: June 28, 2029	2,000,000	2,000,000	2,000,000

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Third issuance of subordinated bank debentures in 2022; fixed 3.00%; perpetual	\$ 2,300,000	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	-	-
Third issuance of subordinated bank debentures in 2023; fixed 1.40%; maturity: April 27, 2028	1,300,000	-	-
Valuation adjustments of bank debentures	(3,147,984)	(2,906,349)	(2,132,901)
Subtotal	<u>105,923,068</u>	<u>97,188,971</u>	<u>90,682,502</u>
First issuance of 2018 Fubon Bank (China) Tier 2 capital; fixed 5.43%; maturity: December 6, 2028 (CNY 1,000,000 thousand)	4,278,881	4,413,439	4,436,475
First issuance of 2019 Fubon Bank (China) Tier 2 capital; fixed 5.20%; maturity: April 27, 2029 (CNY 1,000,000 thousand)	4,278,881	4,413,439	4,436,475
First issuance of FBCN in 2020; fixed 4.08%; maturity: January 9, 2025 (CNY 1,000,000 thousand)	4,277,300	4,409,895	4,432,900
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	4,436,475

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Second issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.92%; maturity: December 1, 2023 (CNY 1,000,000 thousand)	\$ 4,278,881	4,413,439	4,436,475
First issuance of Fubon Bank (China) bank debentures in 2023; fixed 3.25%; maturity: April 28, 2026 (CNY 2,000,000 thousand)	8,557,762	-	-
Subtotal	<u>25,671,705</u>	<u>22,063,651</u>	<u>22,178,800</u>
Total	<u>\$ 131,594,773</u>	<u>119,252,622</u>	<u>112,861,302</u>
2) Fubon Bank (Hong Kong) and its subsidiaries			
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
3-year bonds issued in August 2019; floating; maturity: August 2022	\$ -	-	594,597
3-year bonds issued in October 2019; fixed 2.39%; maturity: October 2022	-	-	871,488
3-year bonds issued in December 2019; floating; maturity: December 2022	-	-	568,332
3-year bonds issued in January 2020; fixed 2.42%; maturity: January 2023	-	315,118	302,852
3-year bonds issued in February 2020; fixed 2%; maturity: February 2023	-	1,023,684	982,769
3-year bonds issued in February 2020; fixed 2.25%; maturity: February 2023	-	590,796	567,884
1-year bonds issued in August 2021; zero interest rate; maturity: August 2022	-	-	891,634
1-year bonds issued in August 2021; zero interest rate; maturity: August 2022	-	-	1,485,898
1-year bonds issued in October 2021; zero interest rate; maturity: October 2022	-	-	1,188,062

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	\$ -	393,927	1,136,219
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	1,181,807	378,741
1-year bonds issued in January 2022; fixed 0.6%; maturity: January 2023	-	1,969,749	1,894,384
1-year bonds issued in January 2022; fixed 0.7%; maturity: January 2023	-	922,982	891,814
1-year bonds issued in January 2022; fixed 0.71%; maturity: January 2023	-	615,330	594,642
1-year bonds issued in April 2022; fixed 1.65%; maturity: April 2023	-	590,704	567,795
0.5-year bonds issued in April 2022; zero interest rate; maturity: October 2022	-	-	944,572
0.5-year bonds issued in April 2022; fixed 1%; maturity: October 2022	-	-	378,828
1-year bonds issued in January 2023; fixed 4.6%; maturity: January 2024	1,190,243	-	-
Subtotal	<u>\$ 1,190,243</u>	<u>7,604,097</u>	<u>14,240,511</u>
Total	<u>\$ 132,785,016</u>	<u>126,856,719</u>	<u>127,101,813</u>
 (y) Other Borrowings			
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Credit and guarantee loan	<u>\$ 17,555,808</u>	<u>13,696,500</u>	<u>1,289,017</u>
Interest rate range	1.75%~5.91%	1.50%~2.33%	1.06%~2.08%

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

(z) Provisions

(i) Provisions

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unearned premium reserves (Note)	\$ 43,705,607	40,788,157	43,694,597
Claim reserves (Note)	40,058,082	52,086,761	56,193,748
Liability reserves (Note)	4,536,419,921	4,504,597,546	4,449,546,635
Special reserves (Note)	21,017,802	20,473,066	21,455,758
Premium deficiency reserves (Note)	6,356,683	7,886,396	8,691,649
Reserves for insurance contract with nature of financial instrument (Note)	3,430,112	3,366,163	3,556,938
Foreign exchange valuation reserves (Note)	30,382,107	37,131,393	28,009,238
Provisions for guarantee liabilities	258,431	259,574	263,431
Provisions for financing commitment	420,108	417,423	445,215
Provisions for employment benefits	11,050,942	11,274,950	12,940,058
Others	<u>31,417,003</u>	<u>31,888,211</u>	<u>31,833,764</u>
Total	<u>\$ 4,724,516,798</u>	<u>4,710,169,640</u>	<u>4,656,631,031</u>

Note: For further information of insurance contracts, please refer to note 6 (ai) 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:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Pension expense	<u>\$ 114,991</u>	<u>140,192</u>	<u>269,613</u>	<u>268,927</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:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Pension expense	<u>\$ 401,188</u>	<u>375,810</u>	<u>762,681</u>	<u>744,999</u>

(aa) Other Financial Liabilities

	June 30, 2023	December 31,	June 30, 2022
		2022	
Principal of structured products	\$ 95,813,384	83,427,536	95,435,354
Liabilities on insurance product— separate account	494,868,696	497,489,045	466,261,250
Future traders' equity	28,712,756	30,881,354	37,328,623
Others	<u>175,905</u>	<u>244,143</u>	<u>102,381</u>
Total	<u>\$ 619,570,741</u>	<u>612,042,078</u>	<u>599,127,608</u>

For related revenue and expenses of insurance separate account instrument regarding liabilities, please refer to note 6 (n), "Other financial assets", for details.

(ab) Other Liabilities

	June 30, 2023	December 31,	June 30, 2022
		2022	
Advance receipts	\$ 8,080,528	7,967,476	8,445,684
Temporary receipts	4,432,457	4,821,657	5,831,906
Guarantee deposits received	18,662,551	26,297,914	13,665,785
Advance premiums	3,938,828	7,701,904	10,298,628
Deferred revenue	4,041,424	3,641,793	3,423,888
Deposit-in for borrowed securities	32,308,911	30,692,886	22,197,627
Collections for underwriting stock value	-	1,232,253	146,669
Others	<u>1,969,492</u>	<u>2,331,909</u>	<u>2,304,489</u>
Total	<u>\$ 73,434,191</u>	<u>84,687,792</u>	<u>66,314,676</u>

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

(ac) Income Tax

(i) Income tax expenses

The components of income tax expense were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 1,205,361	(252,121)	3,187,803	3,513,899
Adjustment for prior periods	17,840	(234,125)	17,840	(425,664)
Surtax on undistributed earnings	-	4,135,317	-	4,135,317
Foreign income withholding tax	776,062	415,597	913,588	627,843
Others	(50)	(27)	-	-
	<u>1,999,213</u>	<u>4,064,641</u>	<u>4,119,231</u>	<u>7,851,395</u>
Deferred tax expense (benefit)				
Incurrence and reversal of temporary differences	1,737,206	2,305,754	(231,719)	9,095,794
Total income tax expenses	<u>\$ 3,736,419</u>	<u>6,370,395</u>	<u>3,887,512</u>	<u>16,947,189</u>

Income tax expenses (benefit) recognized directly in other comprehensive income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Items not to be reclassified to profit or loss:				
Remeasurements of the defined benefit plans	\$ 398	3,870	519	2,796
Revaluation gains on property	-	28,118	-	28,118
Gains/ losses on valuation of equity instruments measured at fair value through other comprehensive income	(69,990)	90,594	(60,615)	(458,704)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(5,097)	(6,624)	(5,098)	(6,860)
	<u>\$ (74,689)</u>	<u>115,958</u>	<u>(65,194)</u>	<u>(434,650)</u>

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

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	\$ 363,248	(242,788)	380,371	(43,207)
Gains/ losses on financial instruments for hedging	(2,778)	9,051	10,767	(64,805)
Gains/ losses on debt instruments measured at fair value through other comprehensive income	(601,553)	(14,314,221)	18,638,157	(26,553,045)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(26,840)	(64,096)	(98,874)	(56,537)
Other comprehensive income reclassified by applying overlay approach	3,115,888	(8,744,912)	4,661,411	(12,217,082)
	<u>\$ 2,847,965</u>	<u>(23,356,966)</u>	<u>23,591,832</u>	<u>(38,934,676)</u>
	<u>\$ 2,773,276</u>	<u>(23,241,008)</u>	<u>23,526,638</u>	<u>(39,369,326)</u>

(ii) Income tax assessment situation

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

<u>Company Name</u>	<u>Assessed Year</u>	<u>Assessment Status</u>
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
Fubon Securities	2017	Administrative remedies have been applied from 2011, 2013 to 2014, and from 2016 to 2017
Fubon Assets Management (Note 1)	2019	
Fubon Direct Market Consulting (Note 2)	2017	
Fubon Financial Holding Venture Capital (Note 3)	2021	

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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 AMC	2017	
Taiwan Sport Lottery (Note 4)	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 Asset Management filed consolidated tax returns with the Company since FY2021.

Note 2: Fubon Marketing will be dissolved on July 1, 2023. According to Article 49 of Financial Holding Company Act, Fubon Marketing will no longer file consolidated tax returns with the Company starting from FY2023.

Note 3: 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 4: Taiwan Sport Lottery was dissolved on September 10, 2021. According to Article 49 of Financial Holding Company Act, Taiwan Sport Lottery will no longer file consolidated tax returns with the Company starting from 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, its former jointly reporting subsidiaries, JihSun Bank, JihSun Securities and JihSun Property Insurance Agency, separately filed income tax returns for profit-seeking enterprise in 2022. In 2023, JihSun Bank and JihSun Property Insurance Agency merged with Taipei Fubon Bank, with JihSun Bank and JihSun Property Insurance Agency as the extinguished companies. JihSun Securities merged with Fubon Securities, with JihSun Securities as the extinguished company.

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.

(Continued)

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

- (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:

	<u>June 30, 2023</u>		
	<u>Estimate for the six months ended June 30, 2023</u>	<u>Filed in previous years</u>	<u>Total</u>
Linked tax receivables from subsidiaries:			
Taipei Fubon Bank	\$ 1,453,542	51,924	1,505,466
Fubon Life Insurance	1,175,346	48,830	1,224,176
Fubon Insurance	-	1,021	1,021
Fubon Securities	255,502	157,027	412,529
Fubon AMC	34,565	-	34,565
Fubon Asset Management	83,938	-	83,938
Total	<u>\$ 3,002,893</u>	<u>258,802</u>	<u>3,261,695</u>
	<u>June 30, 2023</u>		
	<u>Estimate for the six months ended June 30, 2023</u>	<u>Filed in previous years</u>	<u>Total</u>
Linked tax payables to subsidiaries:			
Taipei Fubon Bank	\$ -	77,046	77,046
Fubon Life Insurance	-	6,999,347	6,999,347
Fubon Insurance	958,010	2,109,192	3,067,202
Total	<u>\$ 958,010</u>	<u>9,185,585</u>	<u>10,143,595</u>

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

	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
	June 30, 2022		
	Estimate for the six months ended June 30, 2022	Filed in previous years	Total
Linked tax receivables from subsidiaries:			
Taipei Fubon Bank	\$ 1,208,285	-	1,208,285
Fubon Life Insurance	60,836	40,734	101,570
Fubon Insurance	-	14,994	14,994
Fubon Securities	417,174	143,590	560,764
Fubon AMC	34,781	-	34,781
Fubon Asset Management	73,021	-	73,021
Total	\$ 1,794,097	199,318	1,993,415

(Continued)

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

	June 30, 2022		
	Estimate for the six months ended June 30, 2022	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 Insurance	14,059	-	14,059
Fubon Marketing	113	-	113
Total	\$ 14,172	3,255,604	3,269,776

- (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	June 30, 2022
linked tax payables - JihSun Bank	\$ (324,245)

(ad) Capital and Other Equity

(i) Share capital

- 1) As of June 30, 2022, the authorized and paid-in capital amounted to \$150,000,000 thousand, with a par value of \$10 per share. Approved by the shareholders' meeting on June 9, 2023, the Company increased the authorized share capital to \$200,000,000 thousand and the change in registration was completed on July 20, 2023. Share capital includes common stock and preferred stock. 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. 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 issued 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. Approved by the shareholders' meeting on June 9, 2023, the Company issued new shares out of its capital reserve in the amount of \$6,197,606 thousand, with a par value of \$10 per share. The Company issued 619,761 thousand shares of common stock, with 50 bonus shares to be allocated for every 1,000 shares. This capital increase is still pending approval from the competent authority. As of June 30, 2023 and 2022, the abovementioned new shares were recognized as "stock dividends to be distributed".

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

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. As of April 22, 2023, the reset dividend rate has been 4.58125%. 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.		

(Continued)

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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Additional paid-in capital	\$ 156,644,813	162,842,419	162,842,419
Equity-accounted investees	2,423,282	2,415,609	2,443,562
Changes in ownership interests in subsidiaries	5,039,822	5,132,962	2,910,299
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>\$ 164,734,663</u>	<u>171,017,736</u>	<u>168,823,026</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 June 30, 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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 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	25,746,092	26,032,339	26,032,339
Special reserve for bargain purchase gains	6,597,660	1,294,294	1,294,294
Net amount of contra equity account	226,423,522	-	-
	<u>\$ 261,752,640</u>	<u>30,311,999</u>	<u>30,311,999</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.

According to the Ruling No.10310006310 issued by the FSC, special reserves which amount is equal to the increase in retained earnings recognized from the gain on bargain purchase due to acquisition shall be appropriated.

(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.

(Continued)

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

The amount of appropriations of earnings for 2022 and 2021 was approved by the Shareholders' meeting on June 9, 2023 and June 17, 2022, respectively. These earnings were appropriated 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.

(Continued)

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	(391,216)	-	-	-	-	(391,216)
Share of exchange differences on translation of the associates accounted for using equity method	(11,342)	-	-	-	-	(11,342)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	82,883,395	-	-	-	82,883,395
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	671,707	-	-	-	671,707
Disposal of equity instruments measured at fair value through other comprehensive income	-	561,553	-	-	-	561,553
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	(37,935)	-	-	-	(37,935)
Fair value changes of financial instruments for hedging	-	-	36,663	-	-	36,663
Fair value changes of financial instruments for hedging of the associates accounted for using equity method	-	-	(64,618)	-	-	(64,618)
Revaluation gains	-	-	-	6,094	-	6,094
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	73,830,640	73,830,640
Changes in ownership interests in subsidiaries	-	3,906	-	-	-	3,906
Balance as of June 30, 2023	<u>\$ (16,728,953)</u>	<u>(46,306,005)</u>	<u>(18,012)</u>	<u>2,482,356</u>	<u>(8,364,061)</u>	<u>(68,934,675)</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	5,389,505	-	-	-	-	5,389,505
Share of exchange differences on translation of the associates accounted for using equity method	(188,471)	-	-	-	-	(188,471)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(122,444,968)	-	-	-	(122,444,968)
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	(1,381,174)	-	-	-	(1,381,174)
Disposal of equity instruments measured at fair value through other comprehensive income	-	369,568	-	-	-	369,568
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	(4,843)	-	-	-	(4,843)
Fair value changes of financial instruments for hedging	-	-	(211,981)	-	-	(211,981)
Revaluation gains	-	-	-	156,148	-	156,148
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	(230,731,085)	(230,731,085)
Changes in equity of associates and joint ventures accounted for using equity method	-	(1,667)	-	-	-	(1,667)
Changes in ownership interests in subsidiaries	(138)	239,500	-	-	-	239,362
Others	-	3,137	-	-	-	3,137
Balance as of June 30, 2022	<u>\$ (21,670,653)</u>	<u>(113,160,516)</u>	<u>110,382</u>	<u>2,607,368</u>	<u>(53,228,538)</u>	<u>(185,341,957)</u>

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

(viii) Non-controlling interests

	For the six months ended June 30	
	2023	2022
Beginning balance	\$ 7,918,656	34,273,188
Changes in ownership interests in subsidiaries	88,377	(1,626,669)
Changes in non-controlling interests	(47,541)	(7,981,589)
Attributable to non-controlling interests		
Net income	(402,913)	879,847
Exchange differences on translation of foreign operations	(189,649)	(57,752)
Losses on financial assets measured at fair value through other comprehensive income	627,502	(5,001,027)
Gains (losses) on remeasurements of defined benefit plans	315	1,588
Other comprehensive income reclassified by applying overlay approach	402,330	(1,073,704)
Gains on financial instruments for hedging	3,819	24,275
Others	-	2,230
Ending balance	<u>\$ 8,400,896</u>	<u>19,440,387</u>

(ae) Earnings Per Share

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Net income of equity holders	\$ 28,921,890	22,926,829	42,905,036	69,403,891
Less: Declared dividends of preferred stock	3,515,980	3,026,121	3,515,980	3,026,121
Net income of ordinary equity holders	<u>\$ 25,405,910</u>	<u>19,900,708</u>	<u>39,389,056</u>	<u>66,377,770</u>
Weighted average number of common shares outstanding (thousands)	<u>12,395,213</u>	<u>12,395,213</u>	<u>12,395,213</u>	<u>12,395,213</u>
Basic EPS (Dollars)	<u>\$ 2.05</u>	<u>1.61</u>	<u>3.18</u>	<u>5.36</u>

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.

(Continued)

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

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 June 30, 2022 and the six months ended June 30, 2022 are as follows:

	<u>Before retrospectively adjusted</u>		<u>After retrospectively adjusted</u>	
	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2022</u>	<u>For the three months ended June 30, 2022</u>	<u>For the six months ended June 30, 2022</u>
Basic EPS (Dollars)	\$ <u>1.69</u>	<u>5.62</u>	<u>1.61</u>	<u>5.36</u>

(af) 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:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Employees' compensation	\$ <u>4,000</u>	<u>4,000</u>	<u>8,000</u>	<u>8,000</u>
Directors' remuneration	\$ <u>15,000</u>	<u>33,750</u>	<u>30,000</u>	<u>67,500</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
Notes to the Consolidated Financial Statements

(ag) Income and Expenses

(i) Net interest revenue

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest revenue:				
Discounts and loans	\$ 21,957,390	15,312,540	42,340,293	29,178,053
Investment in securities	38,100,513	32,274,776	74,412,094	62,120,430
Others	<u>5,989,302</u>	<u>2,699,089</u>	<u>11,542,633</u>	<u>4,839,799</u>
Subtotal	<u>66,047,205</u>	<u>50,286,405</u>	<u>128,295,020</u>	<u>96,138,282</u>
Interest expense:				
Deposits	18,306,750	5,724,053	34,818,928	10,102,985
Debt securities issued	1,578,583	1,108,062	3,049,588	2,200,557
Call loans from the central Bank and banks	1,399,178	417,674	2,722,279	670,708
Securities sold under repurchase agreements	827,884	300,269	1,718,116	508,248
Others	<u>2,201,418</u>	<u>1,135,219</u>	<u>4,387,295</u>	<u>2,141,916</u>
Subtotal	<u>24,313,813</u>	<u>8,685,277</u>	<u>46,696,206</u>	<u>15,624,414</u>
Net interest revenue	<u>\$ 41,733,392</u>	<u>41,601,128</u>	<u>81,598,814</u>	<u>80,513,868</u>

(ii) Net service charge and commissions loss

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Service fee and commission income:				
Brokerage service fees	\$ 2,510,178	2,500,754	4,685,201	5,379,438
Trust and custody services	1,484,532	1,266,339	2,932,163	2,723,831
Credit card service fees	659,263	176,102	932,905	271,602
Commission income	952,144	824,370	1,632,633	1,519,079
Loan service fees	364,177	483,173	771,893	921,874
Others	<u>1,843,321</u>	<u>1,915,241</u>	<u>3,733,575</u>	<u>3,964,640</u>
Subtotal	<u>7,813,615</u>	<u>7,165,979</u>	<u>14,688,370</u>	<u>14,780,464</u>
Service charge and commission expense:				
Commission expense	6,820,209	5,686,676	12,838,186	11,393,201
Interbank service charge	99,963	93,115	189,266	181,416
Brokerage service charge	212,478	228,419	397,436	483,774
Credit card service charge	528,885	365,628	717,754	537,925
Others	<u>612,081</u>	<u>868,709</u>	<u>1,265,051</u>	<u>1,723,336</u>
Subtotal	<u>8,273,616</u>	<u>7,242,547</u>	<u>15,407,693</u>	<u>14,319,652</u>
Net service charge and commissions loss	<u>\$ (460,001)</u>	<u>(76,568)</u>	<u>(719,323)</u>	<u>460,812</u>

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

(iii) Net income of insurance operations

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Premiums income	\$ 93,392,193	85,672,004	186,113,632	183,817,485
Separate account products revenues	<u>12,259,756</u>	<u>(1,924,842)</u>	<u>24,242,784</u>	<u>1,131,370</u>
Income from insurance business	<u>105,651,949</u>	<u>83,747,162</u>	<u>210,356,416</u>	<u>184,948,855</u>
Acquisition expenses	18,127	7,806	24,844	13,109
Insurance claims payment	99,694,646	80,391,202	216,186,297	152,346,669
Separate account products expenses	12,259,756	(1,924,842)	24,242,784	1,131,370
Disbursement toward industry stability	<u>207,189</u>	<u>225,114</u>	<u>375,411</u>	<u>489,287</u>
Insurance business expenses	<u>112,179,718</u>	<u>78,699,280</u>	<u>240,829,336</u>	<u>153,980,435</u>
Net income of insurance operations	<u><u>\$ (6,527,769)</u></u>	<u><u>5,047,882</u></u>	<u><u>(30,472,920)</u></u>	<u><u>30,968,420</u></u>

(iv) Net change in provisions for insurance liabilities

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Net change of claim reserves	\$ (1,657,458)	10,684,395	(8,827,147)	11,378,253
Net change of liability reserves	16,294,326	26,206,118	27,180,342	72,828,536
Net change of special reserves	150,763	(2,752,982)	523,493	83,049
Net change of reserves for premium deficiency	(314,565)	363,033	(1,508,629)	134,768
Net change of reserves for insurance contract with nature of financial instrument	50,751	26,279	104,765	78,494
Net change of reserves for foreign exchange valuation	(2,527,166)	8,809,010	(6,749,285)	17,619,771
Net change of other reserves	<u>(123,255)</u>	<u>(106,794)</u>	<u>(264,125)</u>	<u>(212,380)</u>
	<u><u>\$ 11,873,396</u></u>	<u><u>43,229,059</u></u>	<u><u>10,459,414</u></u>	<u><u>101,910,491</u></u>

(v) Employee benefits expenses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Salaries and wages	\$ 8,391,708	7,758,979	16,356,763	15,734,283
Labor insurance, national health insurance, and group insurance for life	900,556	849,854	1,795,338	1,716,050
Pension	488,891	477,952	975,244	956,436
Director's remuneration	48,514	99,670	133,165	205,662
Other employee benefits expenses	<u>417,763</u>	<u>372,616</u>	<u>1,233,717</u>	<u>764,338</u>
	<u><u>\$ 10,247,432</u></u>	<u><u>9,559,071</u></u>	<u><u>20,494,227</u></u>	<u><u>19,376,769</u></u>

(Continued)

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

(vi) Depreciation and amortization expenses

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Depreciation expenses	\$ 1,326,568	1,280,099	2,647,030	2,605,961
Amortization expenses	495,923	434,074	986,694	861,438
	\$ 1,822,491	1,714,173	3,633,724	3,467,399

(vii) Other general and administrative expenses

	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Taxation and government fee	\$ 1,413,690	1,287,576	2,571,355	2,562,821
Rental expense	321,014	277,731	615,471	536,941
Professional services	860,032	819,949	1,589,921	1,458,882
Business activities	626,669	471,449	1,040,941	614,059
Cross-selling expense	(7,861)	24,533	45,652	108,888
Postage expense	394,857	369,122	752,077	700,846
Others	3,326,447	2,839,733	6,603,730	5,338,586
	\$ 6,934,848	6,090,093	13,219,147	11,321,023

(ah) 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	June 30, 2023			
	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>				
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				
Stock investment	\$ 573,175,179	568,137,165	220,836	4,817,178
Bond investment	169,689,410	38,442,503	122,324,882	8,922,025
Others	841,801,551	554,083,934	87,931,269	199,786,348
Financial assets measured at fair value through other comprehensive income				
Stock investment	87,774,248	57,757,811	-	30,016,437
Bond investment (Note 1)	538,593,588	213,939,012	313,841,745	10,812,831
Others	64,052,090	9,006,034	54,057,673	988,383
Investment property (Note 2)	279,576,341	-	-	279,576,341
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	7,922,626	1,326,778	6,595,848	-
Financial liabilities designated as at fair value through profit or loss	45,534	45,534	-	-
Financial liabilities for hedging	6,198,104	-	6,198,104	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss	\$ 60,291,203	1,106,240	55,622,013	3,562,950
Financial assets for hedging	19,758,241	-	19,758,241	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	86,843,060	340,569	83,614,171	2,888,320
Financial liabilities designated as at fair value through profit or loss	1,676,014	-	42,502	1,633,512
Financial liabilities for hedging	6,680,453	-	6,680,453	-
<u>Non-recurring fair value measurement</u>				
Assets classified as held for sale	71,042	-	-	71,042

(Continued)

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

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)
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	\$ 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
Notes to the Consolidated Financial Statements

June 30, 2022				
Financial instruments - 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)
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	\$ 502,490,970	497,705,467	590,579	4,194,924
Bond investment	146,979,198	43,174,697	94,007,521	9,796,980
Others	715,656,260	465,821,050	47,998,953	201,836,257
Financial assets measured at fair value through other comprehensive income				
Stock investment	87,129,820	56,840,608	-	30,289,212
Bond investment (Note 1)	928,016,112	595,309,768	323,475,223	9,231,121
Others	63,092,866	8,598,409	53,645,032	849,425
Investment property (Note 2)	264,501,104	-	-	264,501,104
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	12,588,945	12,470,919	118,026	-
Financial liabilities designated as at fair value through profit or loss	48,660	48,660	-	-
Financial liabilities for hedging	3,787,966	-	3,787,966	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 55,118,171	968,333	51,855,501	2,294,337
Financial assets for hedging	11,418,211	-	11,418,211	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	100,599,250	165,958	98,583,516	1,849,776
Financial liabilities designated as at fair value through profit or loss	2,897,146	-	10,487	2,886,659
Financial liabilities for hedging	9,968,042	-	9,968,042	-

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 wide 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 (o) for details.

(Continued)

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 six months ended June 30, 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 six months ended June 30, 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	846,305	2,593,587	16,158,686	1,415,979	9,586,559	1,104,544	217,088,501
Financial assets measured at fair value through other comprehensive income	38,200,524	(24,814)	720,806	5,074,582	3,895,717	2,706,143	3,343,021	41,817,651
Assets classified as held for sale	-	-	1,292	-	69,750	-	-	71,042
Investment property	261,180,539	2,138,442	1,864,550	2,067,949	12,486,028	53,369	107,798	279,576,341
Total	\$ 506,146,110	2,959,933	5,180,235	23,301,217	17,867,474	12,346,071	4,555,363	538,553,535

(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 six months ended June 30, 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	1,552,817	10,624,353	24,359,779	1,868,250	16,678,527	2,597,511	218,122,498
Financial assets measured at fair value through other comprehensive income	54,558,345	1,286,022	(2,617,108)	700,231	1,867,593	1,325,771	14,099,554	40,369,758
Investment property	264,904,823	(173,670)	(1,003,551)	342,747	536,211	100,603	4,853	264,501,104
Total	\$ 518,456,505	2,665,169	7,003,694	25,402,757	4,272,054	18,104,901	16,701,918	522,993,360

(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
Notes to the Consolidated Financial Statements

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

Units: In thousands of TWD

Name	For the six months ended June 30, 2023						Ending balance
	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		
			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	452,069	-	168,406	62,462	-	2,888,320
Financial liabilities designated as at fair value through profit or loss	911,731	17,274	13,181,286	-	12,421,875	54,904	1,633,512
Total	\$ 3,242,038	469,343	13,181,286	168,406	12,484,337	54,904	4,521,832

Units: In thousands of TWD

Name	For the six months ended June 30, 2022						Ending balance
	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		
			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	621,455	1,126	-	73,365	-	1,849,776
Financial liabilities designated as at fair value through profit or loss	2,901,172	(118,936)	18,282,965	-	18,178,542	-	2,886,659
Total	\$ 4,201,732	502,519	18,284,091	-	18,251,907	-	4,736,435

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 six months ended June 30	
	2023	2022
Changes in unrealized gains or losses		
Recognized as profit or loss	\$ 2,644,398	1,048,292
Recognized as other comprehensive income	\$ 4,536,498	7,513,781

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 (o) 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Valuation techniques and inputs for level 3 fair value measurements	\$ 507,153,618	475,195,625	490,096,313

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

a) Taipei Fubon Bank

Taipei Fubon Bank

	June 30, 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)	\$ 1,717,151	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	\$ 874	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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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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December 31, 2022					
Name	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					
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.
Derivative financial instruments					
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.
June 30, 2022					
Name	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					
Credit linked note (CLN)	\$ 1,628,300	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.
Derivative financial instruments					
Assets:					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 3,949	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.

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

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

JihSun Bank

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.

June 30, 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	\$ 739,821	Comparable company approach	Evaluation multiplier	0.90~1.00	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	7.72%	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

b) Fubon Life Insurance

June 30, 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	\$ 2,307,313	Asset-based Approach	Discount for lack of marketability	5%~10%(6%)	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	14.6	The higher the P/E ratio, the higher the fair value.		
				P/B ratio	5.1	The higher the P/B ratio, the higher the fair value.		
			Black-Scholes Model	Risk-free rate	0.5 year: 3.61%~4.41% 1 year: 3.67%~4.48% 3 year: 3.37%~4.12% 10 year: 3.34%~4.08%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.		
				Volatility	6 year: 25.16%~30.75% 39.78%~48.62%	The higher the volatility, the higher the fair value.		
				Underlying stock price	HK\$185,539,356 ~\$226,770,324 US\$2,485,757 ~\$3,038,147	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	9,862,734	Asset-based Approach	Discount for lack of marketability	0%~20% (11.00%)	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	12.28%~50% (29.09%)				The higher the discount for lack of marketability, the lower the fair value.		
	P/B ratio	2.2~4.3(3.25)				The higher the P/B ratio, the higher the fair value.		
Discounted cash flow	Discount rate	4.28%~4.52%				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.		

(Continued)

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

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%	The higher the risk free rate, the higher the call warrant value but the lower the put option value.
					5 year: 3.33%~4.07%	
					10 year: 3.49%~4.26%	
				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	0%~20% (10.56%)	The higher the discount for lack of marketability, the lower the fair value.	
			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

June 30, 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	\$ 1,933,577	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	11.8	The higher the P/E ratio, the higher the fair value.
				P/B ratio	1.0~9.7(5.35)	The higher the P/B ratio, the higher the fair value.
			Discounted cash flow	Discount rate	15.75%	The higher the discount rate, the lower the fair value.
			Black-Scholes Model	Risk-free rate	3 year: 2.44%~2.98% 5 year: 2.53%~3.09% 10 year: 2.85%~3.49%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.
				Volatility	3 year: 22.29%~27.25% 35.19%~43.01%	The higher the volatility, the higher the fair value.
				Underlying stock price	HK\$209,716,305 ~\$256,319,928 US\$3,055,664 ~\$3,734,701	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	9,571,784	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	11.12%~28%(20.37%)				The higher the discount for lack of marketability, the lower the fair value.
	P/B ratio	1.8~3(2.4)				The higher the P/B ratio, the higher the fair value.
Discounted cash flow	Discount rate	2.71%~3.94%				The higher the discount rate, the lower the fair value.
	Credit spread	0.02%~18.08%				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

June 30, 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	\$ 2,022,374	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.
			Non-controlling interest discount	0%~20% (8.75%)	The higher the non-controlling interest discount, the lower the fair value.
			Discount for lack of marketability	25%~50% (38%)	The higher the discount for lack of marketability, the lower the fair value.
			P/B ratio	2.2~4.3(3.3)	The higher the P/B ratio, the higher the fair value.
		Market approach – comparable company			

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.
			Non-controlling interest discount	0%~20% (10%)	The higher the non-controlling interest discount, the lower the fair value.
			Discount for lack of marketability	22%~28% (25%)	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.
		Market approach – comparable company			

June 30, 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	\$ 1,654,946	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.
			Non-controlling interest discount	0%~29.7% (15.48%)	The higher the non-controlling interest discount, the lower the fair value.
			Discount for lack of marketability	22%~28% (25%)	The higher the discount for lack of marketability, the lower the fair value.
			P/B ratio	1.8~3(2.4)	The higher the P/B ratio, the higher the fair value.
		Market approach – comparable company			

(Continued)

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

d) Fubon Securities

		June 30, 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>					
<u>Assets:</u>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Bond investment	\$ 9,431	Quoted prices of the counter party	Not applicable	Not applicable	Not applicable
Securities invested by brokers	326,917	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	12,470,783	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>					
<u>Liabilities:</u>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	1,633,512	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.
		December 31, 2022(Restatement)			
<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>					
<u>Assets:</u>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Stock investment	\$ 9,025	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	13,244,818	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>					
<u>Liabilities:</u>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	856,827	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

		June 30, 2022(Restatement)				
		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						
Financial assets mandatorily measured at fair value through profit or loss						
	Stock investment	\$	17	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		372,422	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		14,024,358	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		2,773,675	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.

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

Taipei Fubon Bank

Units : In thousands

<u>June 30, 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>	<u>Negative change (-10%)</u>
Assets				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,092	(1,123)	-	-

<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>	<u>Negative change (-10%)</u>
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)	-	-

(Continued)

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

June 30, 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	\$ 2,403	(2,359)	-	-

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

JihSun Bank

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)

June 30, 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	\$ -	-	62,577	(48,845)

b) Fubon Life Insurance

June 30, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets measured at fair value through profit or loss	\$ 103,189	(95,071)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	118,818	(118,018)
Total	\$ 103,189	(95,071)	118,818	(118,018)

(Continued)

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

December 31, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
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>

June 30, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
Assets				
Financial assets measured at fair value through profit or loss	\$ 65,616	(64,884)	12	(13)
Financial assets measured at fair value through other comprehensive income	-	-	103,700	(103,691)
Total	<u>\$ 65,616</u>	<u>(64,884)</u>	<u>103,712</u>	<u>(103,704)</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.

c) Fubon Securities

June 30, 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 mandatorily measured at fair value through profit or loss	\$ 33,635	(33,635)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,247,078	(1,247,078)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	163,351	(163,351)	-	-

(Continued)

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

December 31, 2022 (Restatement)	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	\$ 38,578	(38,578)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,324,482	(1,324,482)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	85,683	(85,683)	-	-

June 30, 2022 (Restatement)	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	\$ 37,244	(37,244)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,402,436	(1,402,436)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	277,368	(277,368)	-	-

(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 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. Since their book value is a reasonable approximation to fair value, there is no fair value disclosure.

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

Items	Book value	Fair value
June 30, 2023		
Financial assets		
Debt investments measured at amortized cost (Note)	\$ 3,754,444,645	3,261,309,273
Financial liabilities		
Bonds payable	284,790,186	281,500,370
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
June 30, 2022		
Financial assets		
Debt investments measured at amortized cost (Note)	3,279,236,061	2,964,584,596
Financial liabilities		
Bonds payable	260,322,456	257,122,706

Note: Included government bonds accounted for refundable deposits.

2) Fair value hierarchy

Financial instruments measured at fair value	Total	June 30, 2023		
		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	\$ 3,261,309,273	1,612,612,619	1,332,751,403	315,945,251
Financial liabilities:				
Bonds payable	281,500,370	91,103,652	173,453,121	16,943,597
Financial instruments measured at fair value	Total	December 31, 2022		
		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

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

Financial instruments measured at fair value	June 30, 2022			
	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	\$ 2,964,584,596	1,335,781,307	1,291,675,794	337,127,495
Financial liabilities:				
Bonds payable	257,122,706	75,090,669	167,206,199	14,825,838

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

(ai) 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	June 30, 2023			
	Unearned premium reserves		Ceded unearned premium reserves	
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	Retained business
Fire insurance	\$ 1,902,631	3,542	873,134	1,033,039
Marine cargo insurance	625,629	847	250,899	375,577
Marine hull fishing vessel	378,989	623	317,150	62,462
Voluntary motor insurance	10,683,361	83,776	755,248	10,011,889
Compulsory motor TPL insurance	2,497,097	818,652	1,498,258	1,817,491
Liability insurance	2,353,873	8,771	561,696	1,800,948
Engineering and nuclear insurance	2,234,348	29,430	1,603,623	660,155
Surety and credit insurance	177,687	638	134,796	43,529
Other property insurance	609,747	44	398,104	211,687
Accident insurance	3,557,828	12,395	56,456	3,513,767
Typhoon, flood and earthquake insurance	2,996,874	45,529	1,947,357	1,095,046
Personal and commercial multiple peril insurance	588,160	-	67,956	520,204
Health insurance	778,908	-	30,160	748,748
Overseas reinsurance assumed	-	139,338	2,470	136,868
Overseas subsidiaries	1,761,618	601,285	741,912	1,620,991
Less: Accumulated impairment	-	-	(21)	21
Total	\$ 31,146,750	1,744,870	9,239,198	23,652,422

(Continued)

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

December 31, 2022				
Particular	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	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
June 30, 2022				
Particular	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	
Fire insurance	\$ 1,693,141	1,486	805,766	888,861
Marine cargo insurance	515,896	1,130	194,925	322,101
Marine hull fishing vessel	346,683	560	260,702	86,541
Voluntary motor insurance	9,915,922	232,142	482,490	9,665,574
Compulsory motor TPL insurance	2,412,917	790,367	1,447,750	1,755,534
Liability insurance	2,062,796	5,886	541,250	1,527,432
Engineering and nuclear insurance	2,657,359	25,919	2,049,845	633,433
Surety and credit insurance	169,810	593	128,450	41,953
Other property insurance	1,950,267	232	620,983	1,329,516
Accident insurance	3,198,140	13,421	56,123	3,155,438
Typhoon, flood and earthquake insurance	2,796,287	46,079	1,765,855	1,076,511
Personal and commercial multiple peril insurance	588,087	-	32,594	555,493
Health insurance	1,181,597	1	198,171	983,427
Overseas reinsurance assumed	-	282,257	3,917	278,340
Overseas subsidiaries	1,857,169	944,708	839,727	1,962,150
Less: Accumulated impairment	-	-	(238)	238
Total	\$ 31,346,071	2,344,781	9,428,310	24,262,542

(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 \$21 thousand, \$0 thousand and \$238 thousand as of June 30, 2023, December 31 and June 30, 2022, respectively.

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

Particular	For the six months ended June 30, 2023	
	Unearned premium reserves	Ceded unearned premium reserves
Beginning balance	\$ 30,420,835	7,392,289
Provision	32,946,122	9,251,972
Recovered	(30,420,835)	(7,392,289)
Impairment loss	-	(21)
Other — effect of change in exchange rates	(54,502)	(12,753)
Ending balance	<u>\$ 32,891,620</u>	<u>9,239,198</u>

Particular	For the six months ended June 30, 2022	
	Unearned premium reserves	Ceded unearned premium reserves
Beginning balance	\$ 30,272,634	7,857,368
Provision	33,617,168	9,401,383
Recovered	(30,272,634)	(7,858,235)
Reversal of impairment loss	-	629
Other — effect of change in exchange rates	73,684	27,165
Ending balance	<u>\$ 33,690,852</u>	<u>9,428,310</u>

(Continued)

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

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 accordance to type of insurance. This method cannot be changed, unless approved by the Authority.

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” and Jin-Guan-Bao-Chan-Zi No.11104617461 on November 30, 2022.
 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.

(Continued)

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

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.

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”.

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

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.

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.

(Continued)

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

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.

- 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 six months ended June 30	
	2023	2022
Beginning balance	\$ 370,227	281,716
Provision	130,002	140,349
Recovered	(90,887)	(177,514)
Ending balance	\$ 409,342	244,551

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

Particular	For the six months ended June 30, 2023						
	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

Particular	For the six months ended June 30, 2022						
	Liability			Special Reserve			
	Catastrophe	Dangerous Change	Total	Catastrophe	Dangerous Change	Travel Insurance	Total
Beginning balance	\$ 314,980	5,488,187	5,803,167	3,722,205	7,033,793	5,054	10,761,052
Recovered(Note 1)	-	(3,000,000)	(3,000,000)	(3,722,205)	-	-	(3,722,205)
Ending balance	\$ 314,980	2,488,187	2,803,167	-	7,033,793	5,054	7,038,847

Note 1: The recovery of the catastrophe special reserve of \$3,722,205 thousand under the special reserve was made in accordance with Jin-Guan-Bao-Cai-Zi No. 1110431535 and Subparagraph 2, Paragraph 1 Article 9 of the “Regulations Governing the Provision of Various Reserves”, and was reported to the competent authority for inspection. The recovery of the special reserves for fluctuation of risks of \$3,000,000 thousand under liabilities was made in accordance with Paragraph 8 of “Notes on Strengthening Catastrophe Provisions for Non-Life Insurance Companies” in the letter of Jin-Guan-Bao-Cai-Zi No. 11101405951.

Note 2: 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.

(Continued)

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

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

Particular	June 30, 2023				
	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
Fire insurance	\$ -	1,869	5,038,836	185,731	5,224,567
Marine cargo insurance	-	1,538	1,015,742	230,345	1,246,087
Marine hull fishing vessel	-	92	495,059	118,618	613,677
Voluntary motor insurance	-	54,776	6,771,493	1,665,760	8,437,253
Compulsory motor TPL insurance	-	14,049	1,028,412	3,686,223	4,714,635
Liability insurance	-	11,771	1,977,299	915,243	2,892,542
Engineering and Nuclear insurance	-	389	1,632,951	341,409	1,974,360
Surety and credit insurance	-	(7)	132,452	36,063	168,515
Other property insurance	-	7,367	174,837	352,660	527,497
Accident insurance	-	13,491	704,100	1,438,726	2,142,826
Typhoon, flood and earthquake insurance	-	1,152	201,107	237,816	438,923
Personal and commercial multiple peril insurance	-	669	65,174	154,340	219,514
Health insurance	-	24,062	158,745	1,061,197	1,219,942
Overseas reinsurance assumed	-	-	646,318	39,975	686,293
Overseas subsidiaries	-	18,751	1,063,541	1,249,135	2,312,676
Total	\$ -	149,969	21,106,066	11,713,241	32,819,307

(Continued)

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

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

June 30, 2022					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid		Reported but unpaid	Unreported	Total
	Fire insurance	\$ -	3	6,314,918	48,168
Marine cargo insurance	-	1,797	819,058	191,185	1,010,243
Marine hull fishing vessel	-	63	332,561	91,891	424,452
Voluntary motor insurance	-	46,198	5,373,699	1,096,290	6,469,989
Compulsory motor TPL insurance	-	13,546	921,936	3,554,342	4,476,278
Liability insurance	-	9,351	1,699,542	807,852	2,507,394
Engineering and Nuclear insurance	-	291	923,221	231,176	1,154,397
Surety and credit insurance	-	1	137,607	38,785	176,392
Other property insurance	-	53,856	430,283	6,207,508	6,637,791
Accident insurance	-	9,954	476,515	1,263,801	1,740,316
Typhoon, flood and earthquake insurance	-	1,153	291,156	231,052	522,208
Personal and commercial multiple peril insurance	-	288	45,432	94,348	139,780
Health insurance	-	60,309	434,410	13,315,677	13,750,087
Overseas reinsurance assumed	-	-	747,629	48,643	796,272
Overseas subsidiaries	-	30,471	1,881,706	1,345,691	3,227,397
Total	\$ -	227,281	20,829,673	28,566,409	49,396,082

(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	June 30, 2023		
	Reported but unpaid	Unreported	Total
Fire insurance	\$ 4,008,800	58,897	4,067,697
Marine cargo insurance	308,086	102,197	410,283
Marine hull fishing vessel	365,745	103,783	469,528
Voluntary motor insurance	359,340	42,792	402,132
Compulsory motor TPL insurance	416,798	1,759,509	2,176,307
Liability insurance	743,255	207,749	951,004
Engineering and Nuclear insurance	1,082,035	289,071	1,371,106
Surety and credit insurance	72,285	29,707	101,992
Other property insurance	84,827	104,933	189,760
Accident insurance	30,921	41,351	72,272
Typhoon, flood and earthquake insurance	123,986	189,656	313,642
Personal and commercial multiple peril insurance	6,962	5,561	12,523
Health insurance	-	65,571	65,571
Overseas reinsurance assumed	19,689	970	20,659
Overseas subsidiaries	175,105	437,880	612,985
Less: Accumulated impairment	(803)	(240)	(1,043)
Total	\$ 7,797,031	3,439,387	11,236,418

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

<u>Particular</u>	<u>December 31, 2022</u>		
	<u>Reported but unpaid</u>	<u>Unreported</u>	<u>Total</u>
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	\$ <u>9,284,506</u>	<u>4,989,984</u>	<u>14,274,490</u>

(Continued)

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

<u>Particular</u>	June 30, 2022		
	<u>Reported but unpaid</u>	<u>Unreported</u>	<u>Total</u>
Fire insurance	\$ 4,855,593	26,856	4,882,449
Marine cargo insurance	336,878	85,753	422,631
Marine hull fishing vessel	252,596	71,727	324,323
Voluntary motor insurance	215,500	32,814	248,314
Compulsory motor TPL insurance	362,559	1,696,365	2,058,924
Liability insurance	750,209	184,644	934,853
Engineering and Nuclear insurance	377,403	193,256	570,659
Surety and credit insurance	80,420	30,106	110,526
Other property insurance	247,829	2,607,226	2,855,055
Accident insurance	2,237	17,782	20,019
Typhoon, flood and earthquake insurance	135,465	163,074	298,539
Personal and commercial multiple peril insurance	6,224	4,753	10,977
Health insurance	140,754	5,627,049	5,767,803
Overseas reinsurance assumed	14,044	1,513	15,557
Overseas subsidiaries	604,648	562,419	1,167,067
Less: Accumulated impairment	(730)	(165)	(895)
Total	\$ <u>8,381,629</u>	<u>11,305,172</u>	<u>19,686,801</u>

Reserves above were expressed in net amount and the estimated accumulated impairment losses amounted to \$1,043 thousand, \$1,241 thousand and \$895 thousand as of June 30, 2023, December 31 and June 30, 2022, respectively.

(Continued)

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 six months ended June 30, 2023	
	Claim reserves	Ceded claim reserves
Beginning balance	\$ 44,903,387	14,274,490
Provision	32,884,430	11,256,045
Recovered	(44,903,387)	(14,275,731)
Reversal of impairment loss	-	198
Other — effect of change in exchange rates	(65,123)	(18,584)
Ending Balance	\$ 32,819,307	11,236,418

Particular	For the six months ended June 30, 2022	
	Claim reserves	Ceded claim reserves
Beginning balance	\$ 28,102,700	10,102,557
Provision	49,308,956	19,645,176
Recovered	(28,102,700)	(10,104,204)
Reversal of impairment loss	-	752
Other — effect of change in exchange rates	87,126	42,520
Ending balance	\$ 49,396,082	19,686,801

(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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Fire insurance	\$ 1,548	13,587	4,933	15,179
Marine cargo insurance	8,861	11,698	17,174	16,248
Marine hull fishing vessel	-	-	-	-
Voluntary motor insurance	364,399	276,115	670,565	552,539
Compulsory motor TPL insurance	45,724	75,235	92,144	120,529
Liability insurance	3,267	9,243	9,724	17,218
Engineering and Nuclear insurance	-	6,704	30	10,388
Surety and credit insurance	3,962	6,120	8,427	8,019
Other property insurance	678	191	1,663	2,424
Accident insurance	7	1	203	262
Personal and commercial multiple peril insurance	151	4	406	255
Typhoon, flood and earthquake insurance	-	68	-	69
Health insurance	1,558	54	3,515	184
Overseas reinsurance assumed	-	-	-	-
Overseas subsidiaries	1,976	2,408	3,133	5,209
Total	\$ 432,131	401,428	811,917	748,523

(Continued)

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

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.

- 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:

Particular	For the six months ended June 30			
	2023		2022	
	Liability reserve	Ceded liability reserve	Liability reserve	Ceded liability reserve
Beginning balance	\$ 445	-	471	-
Provision	1	-	3	-
Maturity refund	(51)	-	(31)	-
Ending balance	<u>\$ 395</u>	<u>-</u>	<u>443</u>	<u>-</u>

(Continued)

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

- e) Premium deficiency reserve
i) Premium deficiency reserve

Particular	June 30, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance- assumed business	Reinsurance- ceded business	
Fire insurance	\$ 142,946	301	33,612	109,635
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	4,686	-	-	4,686
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	-	5,115	-	5,115
Overseas subsidiaries	19,037	48,506	47,305	20,238
Total	\$ 166,669	53,922	80,917	139,674

(Continued)

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

<u>Particular</u>	<u>December 31, 2022</u>			
	<u>Premium deficiency reserve</u>		<u>Ceded premium deficiency reserve</u>	<u>Retained business</u>
	<u>Direct business</u>	<u>Reinsurance- assumed business</u>	<u>Reinsurance- ceded business</u>	
	<u>Direct business</u>	<u>Reinsurance- assumed business</u>	<u>Reinsurance- ceded business</u>	<u>Retained business</u>
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	June 30, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Reinsurance-assumed business		Reinsurance-ceded business	
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	Retained business
Fire insurance	\$ 131,666	134	39,656	92,144
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	7,183	-	-	7,183
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	366,166	-	39,415	326,751
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	117,874	-	27,379	90,495
Overseas reinsurance assumed	-	2,933	-	2,933
Overseas subsidiaries	24,500	110,059	116,635	17,924
Total	\$ 647,389	113,126	223,085	537,430

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

Particular	For the six months ended June 30, 2023									
	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	\$ 142,946	102,847	301	572	39,828	33,612	25,246	8,366	31,462	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull fishing vessel	4,686	6,034	-	-	(1,348)	-	-	-	(1,348)	
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	-	-	5,115	3,745	1,370	-	68	(68)	1,438	
Overseas subsidiaries	18,961	26,560	49,636	72,746	(30,709)	48,407	79,979	(31,572)	863	
Other—effect of change in exchange rates	76	287	(1,130)	(102)	(1,239)	(3,052)	(2,075)	(977)	(262)	
Total	\$ 166,669	896,992	53,922	76,961	(753,362)	78,967	103,218	(24,251)	(729,111)	

(Continued)

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

For the six months ended June 30, 2022									
Particular	Direct underwrite		Reinsurance-assumed		Net change of premium deficiency reserve	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve
	Provision	Recovered	Provision	Recovered		Provision	Recovered		
Fire insurance	\$ 131,666	96,794	134	403	34,603	39,656	19,312	20,344	14,259
Marine cargo insurance	-	-	-	-	-	-	-	-	-
Marine hull fishing vessel	7,183	8,511	-	-	(1,328)	-	-	-	(1,328)
Voluntary motor insurance	-	-	-	-	-	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-
Surety and credit insurance	-	-	-	-	-	-	-	-	-
Other property insurance	366,166	-	-	-	366,166	39,415	-	39,415	326,751
Accident insurance	-	-	-	-	-	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-
Health insurance	117,874	-	-	-	117,874	27,379	-	27,379	90,495
Overseas reinsurance assumed	-	-	2,933	1,888	1,045	-	-	-	1,045
Overseas subsidiaries	24,216	31,704	109,844	125,877	(23,521)	116,408	136,370	(19,962)	(3,559)
Other — effect of change in exchange rates	284	(12)	215	228	283	(1,969)	(2,797)	828	(545)
Total	<u>\$ 647,389</u>	<u>136,997</u>	<u>113,126</u>	<u>128,396</u>	<u>495,122</u>	<u>220,889</u>	<u>152,885</u>	<u>68,004</u>	<u>427,118</u>

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

Particular	For the six months ended June 30, 2023	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 973,953	105,181
Provision	222,271	82,610
Recovered	(973,953)	(105,181)
Other — effect of change in exchange rate	(1,680)	(1,693)
Ending balance	<u>\$ 220,591</u>	<u>80,917</u>

(Continued)

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

<u>Particular</u>	For the six months ended June 30, 2022	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 265,393	155,928
Provision	756,891	220,308
Recovered	(265,393)	(155,928)
Other— effect of change in exchange rate	3,624	2,777
Ending balance	<u>\$ 760,515</u>	<u>223,085</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.

- 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.

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

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.

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.

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

- 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. Regularly 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.
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.

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

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.

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 insurant.

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.

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

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.

- b) Insurance risk information
- i) The sensitivity test of insurance risk

Test Hypothesis

Particular	For the three months ended June 30, 2023						
	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	\$ 1,228,215	59.3%	8,127	3,216	6,502	2,573	
Marine cargo insurance	582,309	61.2%	5,547	2,740	4,438	2,192	
Marine hull fishing vessel	228,644	71.2%	2,114	186	1,691	149	
Voluntary motor insurance	4,982,234	66.6%	48,546	45,432	38,837	36,346	
Compulsory motor TPL insurance	1,663,790	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Liability insurance	1,043,973	68.2%	9,991	7,565	7,993	6,052	
Engineering and Nuclear insurance	603,567	60.6%	6,455	883	5,164	706	
Surety and credit insurance	104,222	67.9%	564	162	451	130	
Other property insurance	408,306	66.3%	5,809	2,874	4,647	2,299	
Accident insurance	1,800,157	67.5%	17,765	17,459	14,212	13,967	
Typhoon, flood and earthquake insurance	1,669,724	66.4%	12,117	1,767	9,694	1,414	
Personal and commercial multiple peril insurance	321,159	68.2%	3,570	3,301	2,856	2,641	
Health insurance	469,112	61.6%	5,253	4,918	4,202	3,934	
Overseas reinsurance assumed	16,974	62.2%	1,288	1,237	1,030	990	
Overseas subsidiaries	1,183,301	63.4%	11,518	9,043	9,214	7,234	

(Continued)

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

For the three months ended June 30, 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	\$ 1,005,954	59.6%	6,970	2,553	5,576	2,042
Marine cargo insurance	481,004	61.4%	4,946	2,610	3,957	2,088
Marine hull fishing vessel	231,413	71.3%	1,851	405	1,481	324
Voluntary motor insurance	4,666,387	66.9%	47,309	44,703	37,847	35,762
Compulsory motor TPL insurance	1,669,546	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	874,199	68.1%	8,839	6,648	7,071	5,318
Engineering and Nuclear insurance	923,476	61.0%	4,805	1,043	3,844	834
Surety and credit insurance	116,910	67.7%	645	177	516	142
Other property insurance	1,869,452	66.3%	10,509	2,964	8,407	2,371
Accident insurance	1,413,528	67.9%	15,646	15,350	12,517	12,280
Typhoon, flood and earthquake insurance	1,649,536	67.8%	10,937	2,683	8,750	2,146
Personal and commercial multiple peril insurance	276,261	68.2%	2,746	2,616	2,197	2,093
Health insurance	907,523	61.5%	6,095	4,517	4,876	3,614
Overseas reinsurance assumed	77,210	62.0%	1,481	1,453	1,185	1,162
Overseas subsidiaries	1,304,865	63.8%	12,953	10,490	10,362	8,392

For the six months ended June 30, 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	\$ 2,058,138	59.3%	15,921	6,129	12,737	4,903
Marine cargo insurance	1,241,492	61.2%	10,235	5,574	8,188	4,459
Marine hull fishing vessel	564,386	71.4%	4,152	527	3,322	422
Voluntary motor insurance	10,215,341	66.6%	96,375	90,271	77,100	72,217
Compulsory motor TPL insurance	3,346,089	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	2,243,106	68.2%	19,521	14,706	15,617	11,765
Engineering and Nuclear insurance	1,833,407	60.6%	14,681	1,272	11,745	1,018
Surety and credit insurance	175,568	67.9%	1,381	337	1,105	270
Other property insurance	850,127	66.3%	14,677	7,991	11,742	6,393
Accident insurance	3,575,260	67.5%	34,793	34,164	27,834	27,331
Typhoon, flood and earthquake insurance	3,484,640	66.2%	23,678	3,927	18,942	3,142
Personal and commercial multiple peril insurance	699,525	68.2%	6,794	6,313	5,435	5,050
Health insurance	987,565	61.6%	11,193	10,310	8,954	8,248
Overseas reinsurance assumed	112,234	61.9%	2,925	2,861	2,340	2,289
Overseas subsidiaries	2,139,949	63.4%	21,992	16,832	17,594	13,466

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

For the six months ended June 30, 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	\$ 1,749,038	59.5%	13,721	5,629	10,977	4,503
Marine cargo insurance	1,016,047	61.4%	8,603	4,701	6,882	3,761
Marine hull fishing vessel	453,899	71.1%	3,453	781	2,762	625
Voluntary motor insurance	9,813,049	66.9%	94,067	88,936	75,254	71,149
Compulsory motor TPL insurance	3,287,478	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	1,956,106	68.1%	17,408	13,130	13,926	10,504
Engineering and Nuclear insurance	2,033,081	61.0%	9,027	1,685	7,222	1,348
Surety and credit insurance	185,664	67.7%	1,405	360	1,124	288
Other property insurance	2,392,367	66.3%	22,579	6,989	18,063	5,591
Accident insurance	3,004,531	67.9%	31,505	30,938	25,204	24,750
Typhoon, flood and earthquake insurance	2,946,516	68.0%	21,629	5,648	17,303	4,518
Personal and commercial multiple peril insurance	606,555	68.2%	5,490	5,217	4,392	4,174
Health insurance	1,371,174	61.5%	12,118	8,741	9,694	6,993
Overseas reinsurance assumed	258,537	61.3%	2,954	2,807	2,363	2,246
Overseas subsidiaries	2,452,845	63.9%	26,198	21,130	20,958	16,904

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 June 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, typhoon, flood and earthquake insurance, compulsory motor TPL insurance and fire insurance. For the three months ended June 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, other property insurance, compulsory motor TPL insurance, typhoon, flood and earthquake insurance and accident insurance. For the six months ended June 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, typhoon, flood and earthquake insurance, compulsory motor TPL insurance and liability insurance. For the six months ended June 30, 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 other property insurance. The voluntary motor insurance has the highest proportion accounts for 30.6%, 26.7%, 30.5% and 29.3% for the three months and six months ended June 30, 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 June 30			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 1,228,215	7.5 %	1,005,954	5.8 %
Marine cargo insurance	582,309	3.6 %	481,004	2.7 %
Marine hull fishing vessel	228,644	1.4 %	231,413	1.3 %
Voluntary motor insurance	4,982,234	30.6 %	4,666,387	26.7 %
Compulsory motor TPL insurance	1,663,790	10.2 %	1,669,546	9.6 %
Liability insurance	1,043,973	6.4 %	874,199	5.0 %
Engineering and nuclear insurance	603,567	3.7 %	923,476	5.3 %
Surety and credit insurance	104,222	0.6 %	116,910	0.7 %
Other property insurance	408,306	2.5 %	1,869,452	10.7 %
Accident insurance	1,800,157	11.0 %	1,413,528	8.1 %
Typhoon, flood and earthquake insurance	1,669,724	10.2 %	1,649,536	9.4 %
Personal and commercial multiple peril insurance	321,159	2.0 %	276,261	1.6 %
Health insurance	469,112	2.9 %	907,523	5.2 %
Foreign business	16,974	0.1 %	77,210	0.4 %
Overseas subsidiaries	<u>1,183,301</u>	<u>7.3 %</u>	<u>1,304,865</u>	<u>7.5 %</u>
Total	<u>\$ 16,305,687</u>	<u>100.0 %</u>	<u>17,467,264</u>	<u>100.0 %</u>

(Continued)

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

Insurance type	For the six months ended June 30			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 2,058,138	6.1 %	1,749,038	5.2 %
Marine cargo insurance	1,241,492	3.7 %	1,016,047	3.0 %
Marine hull fishing vessel	564,386	1.7 %	453,899	1.4 %
Voluntary motor insurance	10,215,341	30.5 %	9,813,049	29.3 %
Compulsory motor TPL insurance	3,346,089	10.0 %	3,287,478	9.8 %
Liability insurance	2,243,106	6.7 %	1,956,106	5.8 %
Engineering and nuclear insurance	1,833,407	5.5 %	2,033,081	6.1 %
Surety and credit insurance	175,568	0.5 %	185,664	0.5 %
Other property insurance	850,127	2.5 %	2,392,367	7.1 %
Accident insurance	3,575,260	10.7 %	3,004,531	9.0 %
Typhoon, flood and earthquake insurance	3,484,640	10.4 %	2,946,516	8.8 %
Personal and commercial multiple peril insurance	699,525	2.1 %	606,555	1.8 %
Health insurance	987,565	2.9 %	1,371,174	4.1 %
Foreign business	112,234	0.3 %	258,537	0.8 %
Overseas subsidiaries	<u>2,139,949</u>	<u>6.4 %</u>	<u>2,452,845</u>	<u>7.3 %</u>
Total	<u>\$ 33,526,827</u>	<u>100.0 %</u>	<u>33,526,887</u>	<u>100.0 %</u>

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 June 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and fire insurance. For the three months ended June 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, other property insurance, compulsory motor TPL insurance and health insurance. For the six months ended June 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and health insurance. For the six months ended June 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and other property insurance. The voluntary motor insurance which has the highest proportion accounts for 40.2%, 36.5%, 41.6% and 39.4% for the three months and six months ended June 30, 2023 and 2022, respectively. Fubon Insurance and its subsidiaries considered that the loss experience of voluntary

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

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.

The proportion of retained business premium is as follows:

<u>Insurance type</u>	<u>For the three months ended June 30</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fire insurance	\$ 553,450	4.8 %	328,899	2.7 %
Marine cargo insurance	267,773	2.3 %	248,312	2.1 %
Marine hull fishing vessel	(130)	- %	41,438	0.3 %
Voluntary motor insurance	4,584,428	40.2 %	4,422,107	36.5 %
Compulsory motor TPL insurance	1,083,825	9.5 %	1,074,804	8.9 %
Liability insurance	806,742	7.1 %	657,065	5.4 %
Engineering and nuclear insurance	62,229	0.5 %	102,479	0.8 %
Surety and credit insurance	22,232	0.2 %	22,892	0.2 %
Other property insurance	113,709	1.0 %	1,212,231	10.0 %
Accident insurance	1,773,216	15.5 %	1,396,559	11.5 %
Typhoon, flood and earthquake insurance	492,607	4.3 %	543,982	4.5 %
Personal and commercial multiple peril insurance	296,492	2.6 %	273,569	2.3 %
Health insurance	440,086	3.9 %	717,807	5.9 %
Foreign business	16,978	0.2 %	75,218	0.6 %
Overseas subsidiaries	903,368	7.9 %	1,005,944	8.3 %
Total	<u>\$ 11,417,005</u>	<u>100.0 %</u>	<u>12,123,306</u>	<u>100.0 %</u>

(Continued)

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

Insurance type	For the six months ended June 30			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 843,526	3.7 %	657,544	2.8 %
Marine cargo insurance	644,415	2.8 %	528,907	2.3 %
Marine hull fishing vessel	59,777	0.3 %	81,456	0.3 %
Voluntary motor insurance	9,522,818	41.6 %	9,265,731	39.4 %
Compulsory motor TPL insurance	2,164,843	9.4 %	2,110,488	9.0 %
Liability insurance	1,727,527	7.5 %	1,443,099	6.1 %
Engineering and nuclear insurance	190,616	0.8 %	254,213	1.1 %
Surety and credit insurance	40,884	0.2 %	41,258	0.2 %
Other property insurance	242,514	1.1 %	1,421,636	6.0 %
Accident insurance	3,504,135	15.3 %	2,928,328	12.4 %
Typhoon, flood and earthquake insurance	717,597	3.1 %	914,967	3.9 %
Personal and commercial multiple peril insurance	600,112	2.6 %	560,202	2.4 %
Health insurance	939,225	4.1 %	1,156,725	4.9 %
Foreign business	108,852	0.5 %	257,365	1.1 %
Overseas subsidiaries	1,614,302	7.0 %	1,906,423	8.1 %
Total	<u>\$ 22,921,143</u>	<u>100.0 %</u>	<u>23,528,342</u>	<u>100.0 %</u>

iii) Claim development trend:

1. Sum of accumulated and reported claims

Occurrence year	June 30, 2023					
	≤ 2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	29,359,379	30,549,759	34,203,844	118,829,450	24,827,765
The first year	-	28,038,256	28,567,327	30,302,904	118,905,267	-
The second year	-	27,480,322	28,351,123	29,926,918	-	-
The third year	-	27,394,539	28,006,307	-	-	-
The fourth year	-	27,335,704	-	-	-	-
Estimation of accumulated claims	-	27,335,704	28,006,307	29,926,918	118,905,267	24,827,765
Accumulated claims paid	-	26,605,208	26,289,110	26,855,062	107,904,047	10,030,391
Subtotal	1,306,857	730,496	1,717,197	3,071,856	11,001,220	14,797,374
Reconciliations (Note)						484,027
Consolidated write-offs						(289,720)
Total amount recognized in balance sheet						32,819,307

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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	-	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	June 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,636,176	29,448,311	30,665,330	34,337,096	39,349,161
The first year	-	23,841,595	28,142,131	28,644,708	35,252,666	-
The second year	-	23,356,298	27,558,240	28,359,007	-	-
The third year	-	23,208,934	27,399,594	-	-	-
The fourth year	-	23,225,276	-	-	-	-
Estimation of accumulated claims	-	23,225,276	27,399,594	28,359,007	35,252,666	39,349,161
Accumulated claims paid	-	22,871,007	26,381,271	25,138,810	22,333,637	8,676,234
Subtotal	1,088,685	354,269	1,018,323	3,220,197	12,919,029	30,672,927
Reconciliations (Note)						499,211
Consolidated write-offs						(376,559)
Total amount recognized in balance sheet						49,396,082

Note: Reconciliations are non-distributable paid off claims.

2. Sum of accumulated and reported claims, net

Occurrence year	June 30, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	22,039,651	22,531,659	25,105,242	86,329,001	19,812,087
The first year	-	21,006,361	21,442,089	22,963,709	86,665,007	-
The second year	-	20,812,177	21,324,967	22,769,006	-	-
The third year	-	20,757,668	21,229,027	-	-	-
The fourth year	-	20,715,026	-	-	-	-
Estimation of accumulated claims	-	20,715,026	21,229,027	22,769,006	86,665,007	19,812,087
Accumulated claims paid	-	20,422,860	20,554,892	20,894,175	80,198,917	8,657,447
Subtotal	635,957	292,166	674,135	1,874,831	6,466,090	11,154,640
Reconciliations (Note)						485,070
Total amount recognized in balance sheet						21,582,889

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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	June 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,938,279	22,112,799	22,604,803	25,203,503	23,709,199
The first year	-	18,916,377	21,078,015	21,492,132	25,841,325	-
The second year	-	18,724,029	20,873,765	21,371,302	-	-
The third year	-	18,619,188	20,790,581	-	-	-
The fourth year	-	18,642,246	-	-	-	-
Estimation of accumulated claims	-	18,642,246	20,790,581	21,371,302	25,841,325	23,709,199
Accumulated claims paid	-	18,400,290	20,293,349	19,972,998	17,792,250	5,152,872
Subtotal	466,281	241,956	497,232	1,398,304	8,049,075	18,556,327
Reconciliations (Note)						500,106
Total amount recognized in balance sheet						29,709,281

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 June 30, 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.
 - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
 - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.

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

3. As of June 30, 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.
 - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
 - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.
 4. For the three months ended and the six months ended June 30, 2023 and 2022, the unauthorized reinsurance expenses amounted to \$36,129 thousand, \$35,829 thousand, \$35,882 thousand and \$32,386 thousand, respectively.
 5. As of June 30, 2023, December 31 and June 30, 2022, the reserve for unauthorized reinsurance amounted to \$25,725 thousand, \$22,136 thousand and \$32,354 thousand, respectively. The components of this account include: (a) The unearned premium reserve of \$22,450 thousand, \$18,498 thousand and \$26,434 thousand, respectively. (b) The claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$64 thousand, \$267 thousand and \$237 thousand, respectively. (c) The claims recoverable from reinsurers which were reported but unpaid amounted to \$3,211 thousand, \$3,371 thousand and \$5,683 thousand, respectively.
- 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.

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

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.

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 six months ended June 30, 2023 will decrease or increase by \$898 thousand, mainly due to the short-term borrowings and the commercial papers of Fubon Insurance and its subsidiaries.

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

(ii) Fubon Life Insurance and its subsidiaries

1) Various reserves

a) Unearned premium reserves

	June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,428	-	7,428
Individual injury insurance	5,580,038	-	5,580,038
Individual health insurance	2,794,012	-	2,794,012
Group insurance	2,312,993	-	2,312,993
Investment-linked insurance	119,516	-	119,516
Gross reserve	<u>10,813,987</u>	<u>-</u>	<u>10,813,987</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	708,754	-	708,754
Individual injury insurance	14,693	-	14,693
Individual health insurance	29,090	-	29,090
Group insurance	153,105	-	153,105
Investment-linked insurance	11,121	-	11,121
Total ceded reserve	<u>916,763</u>	<u>-</u>	<u>916,763</u>
Net reserve	<u>\$ 9,897,224</u>	<u>-</u>	<u>9,897,224</u>
	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>

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

	June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,244	-	7,244
Individual injury insurance	4,908,986	-	4,908,986
Individual health insurance	2,755,393	-	2,755,393
Group insurance	2,218,520	-	2,218,520
Investment-linked insurance	113,602	-	113,602
Gross reserve	<u>10,003,745</u>	<u>-</u>	<u>10,003,745</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	677,048	-	677,048
Individual injury insurance	18,586	-	18,586
Individual health insurance	31,664	-	31,664
Group insurance	146,940	-	146,940
Investment-linked insurance	10,959	-	10,959
Total ceded reserve	<u>885,197</u>	<u>-</u>	<u>885,197</u>
Net reserve	<u>\$ 9,118,548</u>	<u>-</u>	<u>9,118,548</u>

The movements in unearned premium reserves were as follows:

	For the six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 10,367,322	-	10,367,322
Current provisions	10,807,565	-	10,807,565
Current reclaims	(10,356,963)	-	(10,356,963)
Gain and loss on foreign exchange	(3,937)	-	(3,937)
Ending balance	<u>10,813,987</u>	<u>-</u>	<u>10,813,987</u>
Deduction of provision for ceded reinsurance			
Beginning balance	908,957	-	908,957
Current provisions	916,484	-	916,484
Current reclaims	(907,803)	-	(907,803)
Gain and loss on foreign exchange	(875)	-	(875)
Ending balance	<u>916,763</u>	<u>-</u>	<u>916,763</u>
Net ending balance	<u>\$ 9,897,224</u>	<u>-</u>	<u>9,897,224</u>

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

	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 9,485,914	-	9,485,914
Current provisions	10,005,030	-	10,005,030
Current reclaims	(9,485,955)	-	(9,485,955)
Gain and loss on foreign exchange	(1,244)	-	(1,244)
Ending balance	10,003,745	-	10,003,745
Deduction of provision for ceded reinsurance			
Beginning balance	853,684	-	853,684
Current provisions	885,198	-	885,198
Current reclaims	(853,670)	-	(853,670)
Gain and loss on foreign exchange	(15)	-	(15)
Ending balance	885,197	-	885,197
Net ending balance	\$ 9,118,548	-	9,118,548

(Continued)

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

b) Claim reserves

	June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
– Reported but not paid	\$ 3,196,522	5,327	3,201,849
– Incurred but not reported	226,525	-	226,525
Individual injury insurance			
– Reported but not paid	169,932	-	169,932
– Incurred but not reported	692,535	-	692,535
Individual health insurance			
– Reported but not paid	631,350	-	631,350
– Incurred but not reported	1,117,625	-	1,117,625
Group insurance			
– Reported but not paid	132,299	-	132,299
– Incurred but not reported	657,426	-	657,426
Investment-linked insurance			
– Reported but not paid	366,821	-	366,821
– Incurred but not reported	42,413	-	42,413
Total reserve	<u>7,233,448</u>	<u>5,327</u>	<u>7,238,775</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	126,043	-	126,043
Individual injury insurance	31,287	-	31,287
Individual health insurance	61,524	-	61,524
Group insurance	34,444	-	34,444
Investment-linked insurance	12,570	-	12,570
Total ceded reserve	<u>265,868</u>	<u>-</u>	<u>265,868</u>
Net reserve	<u>\$ 6,967,580</u>	<u>5,327</u>	<u>6,972,907</u>

(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
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	<u>7,125,393</u>	<u>57,981</u>	<u>7,183,374</u>
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	<u>277,721</u>	<u>-</u>	<u>277,721</u>
Net reserve	<u>\$ 6,847,672</u>	<u>57,981</u>	<u>6,905,653</u>

(Continued)

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

	June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— Reported but not paid	\$ 3,213,421	62,939	3,276,360
— Incurred but not reported	244,854	-	244,854
Individual injury insurance			
— Reported but not paid	169,071	-	169,071
— Incurred but not reported	696,653	-	696,653
Individual health insurance			
— Reported but not paid	531,521	-	531,521
— Incurred but not reported	1,018,965	-	1,018,965
Group insurance			
— Reported but not paid	150,939	-	150,939
— Incurred but not reported	530,137	-	530,137
Investment-linked insurance			
— Reported but not paid	136,731	-	136,731
— Incurred but not reported	42,435	-	42,435
Total reserve	<u>6,734,727</u>	<u>62,939</u>	<u>6,797,666</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	119,712	-	119,712
Individual injury insurance	31,582	-	31,582
Individual health insurance	63,255	-	63,255
Group insurance	15,647	-	15,647
Investment-linked insurance	13,738	-	13,738
Total ceded reserve	<u>243,934</u>	<u>-</u>	<u>243,934</u>
Net reserve	<u>\$ 6,490,793</u>	<u>62,939</u>	<u>6,553,732</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 six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,125,393	57,981	7,183,374
Current provisions	7,214,915	5,327	7,220,242
Current reclaims	(6,995,310)	(57,981)	(7,053,291)
Gain and loss on foreign exchange	(111,550)	-	(111,550)
Ending balance	<u>7,233,448</u>	<u>5,327</u>	<u>7,238,775</u>
Deduction of provision for ceded reinsurance			
Beginning balance	277,721	-	277,721
Current provisions	264,985	-	264,985
Current reclaims	(270,158)	-	(270,158)
Gain and loss on foreign exchange	(6,680)	-	(6,680)
Ending balance	<u>265,868</u>	<u>-</u>	<u>265,868</u>
Net ending balance	<u>\$ 6,967,580</u>	<u>5,327</u>	<u>6,972,907</u>

(Continued)

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

	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,084,225	63,517	7,147,742
Current provisions	6,786,522	62,939	6,849,461
Current reclaims	(7,081,031)	(63,517)	(7,144,548)
Gain and loss on foreign exchange	(54,989)	-	(54,989)
Ending balance	<u>6,734,727</u>	<u>62,939</u>	<u>6,797,666</u>
Deduction of provision for ceded reinsurance			
Beginning balance	254,952	-	254,952
Current provisions	246,795	-	246,795
Current reclaims	(254,851)	-	(254,851)
Gain and loss on foreign exchange	(2,962)	-	(2,962)
Ending balance	<u>243,934</u>	<u>-</u>	<u>243,934</u>
Net ending balance	<u>\$ 6,490,793</u>	<u>62,939</u>	<u>6,553,732</u>

(Continued)

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

c) Liability reserve:

	June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,936,272,349	-	3,936,272,349
Injury insurance	794,103	-	794,103
Health insurance	387,553,869	-	387,553,869
Annuity insurance	70,710,987	140,602,595	211,313,582
Investment-linked insurance	229,746	-	229,746
Total (Note 1)	<u>4,395,561,054</u>	<u>140,602,595</u>	<u>4,536,163,649</u>
Deduction of liability reserve ceded			
Life insurance	2,777	-	2,777
Net reserve (Note 1)	<u>\$ 4,395,558,277</u>	<u>140,602,595</u>	<u>4,536,160,872</u>

Note 1: As of June 30, 2023, liability reserve amounted to \$4,536,419,526 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,536,416,749 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	<u>3,027</u>	<u>-</u>	<u>3,027</u>
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

	June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,871,877,651	-	3,871,877,651
Injury insurance	844,979	-	844,979
Health insurance	363,867,340	-	363,867,340
Annuity insurance	61,061,323	151,457,418	212,518,741
Investment-linked insurance	192,092	-	192,092
Total (Note 3)	<u>4,297,843,385</u>	<u>151,457,418</u>	<u>4,449,300,803</u>
Deduction of liability reserve ceded			
Life insurance	3,268	-	3,268
Net reserve (Note 3)	<u>\$ 4,297,840,117</u>	<u>151,457,418</u>	<u>4,449,297,535</u>

Note 3: As of June 30, 2022, liability reserve amounted to \$4,449,546,192 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,449,542,924 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 six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,358,777,993	145,575,777	4,504,353,770
Current provisions	342,991,719	3,151,645	346,143,364
Current reclaims	(310,640,850)	(8,322,457)	(318,963,307)
Gain and loss on foreign exchange	4,432,192	197,630	4,629,822
Ending balance	4,395,561,054	140,602,595	4,536,163,649
Deduction of liability reserve ceded			
Beginning balance	3,027	-	3,027
Current reclaims	(284)	-	(284)
Gain and loss on foreign exchange	34	-	34
Ending balance	2,777	-	2,777
Net ending balance	\$ 4,395,558,277	140,602,595	4,536,160,872

(Continued)

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

	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,166,701,866	153,045,681	4,319,747,547
Current provisions	366,970,639	4,998,128	371,968,767
Current reclaims	(292,122,995)	(7,017,254)	(299,140,249)
Gain and loss on foreign exchange	56,293,875	430,863	56,724,738
Ending balance	4,297,843,385	151,457,418	4,449,300,803
Deduction of liability reserve ceded			
Beginning balance	3,062	-	3,062
Current reclaims	(15)	-	(15)
Gain and loss on foreign exchange	221	-	221
Ending balance	3,268	-	3,268
Net ending balance	\$ 4,297,840,117	151,457,418	4,449,297,535

d) Special reserves

	June 30, 2023			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participation policies	\$ 18,931,566	-	-	18,931,566
Provision for risk of bonus	243,317	-	-	243,317
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 19,174,883	-	652,267	19,827,150

	December 31, 2022			
	Insurance contracts	Financial instruments with 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

	June 30, 2022			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participation policies	\$ 17,755,773	-	-	17,755,773
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 17,755,773	-	652,267	18,408,040

The movements in special reserves were as follows:

	For the six months ended June 30, 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	1,544,473	-	-	1,544,473
Reversal of dividend provision for participation policies	(1,303,412)	-	-	(1,303,412)
Provision for risk of bonus	243,317	-	-	243,317
Gain and loss on foreign exchange	21,243	-	-	21,243
Ending balance	\$ 19,174,883	-	652,267	19,827,150

	For the six months ended June 30, 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	4,398,309	-	-	4,398,309
Reversal of dividend provision for participation policies	(1,278,095)	-	-	(1,278,095)
Gain and loss on foreign exchange	63,521	-	-	63,521
Ending balance	\$ 17,755,773	-	652,267	18,408,040

(Continued)

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

e) Premium deficiency reserve

	June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,093,372	-	6,093,372
Individual health insurance	42,720	-	42,720
Total	\$ 6,136,092	-	6,136,092
	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
	June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 7,847,696	-	7,847,696
Individual health insurance	83,438	-	83,438
Total	\$ 7,931,134	-	7,931,134

(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 six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 6,912,443	-	6,912,443
Current reversal, net	(779,518)	-	(779,518)
Gain and loss on foreign exchange	3,167	-	3,167
Ending balance	\$ 6,136,092	-	6,136,092
	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 8,172,613	-	8,172,613
Current reversal, net	(292,350)	-	(292,350)
Gain and loss on foreign exchange	50,871	-	50,871
Ending balance	\$ 7,931,134	-	7,931,134

(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	June 30, 2023	December 31, 2022	June 30, 2022
Liability reserve	\$ 4,476,311,989	4,448,386,611	4,398,472,043
Unearned premium reserves	10,811,154	10,364,407	10,000,875
Premium deficiency reserve	6,028,815	6,787,110	7,768,631
Special reserves	17,472,595	17,638,119	16,908,586
Claim reserves	4,208,439	4,056,565	3,336,819
Carrying amount of insurance liabilities	4,514,832,992	4,487,232,812	4,436,486,954
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	4,060,408	4,298,114	4,055,559
Carrying amount of insurance liabilities after adjustment	<u>\$ 4,518,893,400</u>	<u>4,491,530,926</u>	<u>4,440,542,513</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,809,359,165</u>	<u>4,198,101,165</u>	<u>3,826,481,818</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>	<u>-</u>

The liability adequacy test method adopted by Fubon Life Insurance as of June 30, 2023, December 31 and June 30, 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):

June 30, 2023				
Financial instruments with				
	Insurance contracts	discretionary participation	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				
	Insurance contracts	discretionary participation	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>
June 30, 2022				
Financial instruments with				
	Insurance contracts	discretionary participation	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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Life insurance	\$ 3,207,983	3,184,863	3,394,553
Investment-linked insurance	222,129	181,300	162,385
Total	<u>\$ 3,430,112</u>	<u>3,366,163</u>	<u>3,556,938</u>
		<u>For the six months ended June 30</u>	
		<u>2023</u>	<u>2022</u>
Beginning balance		\$ 3,366,163	3,557,753
Current claims payment		(41,610)	(81,813)
Current net provision for legal reserve		105,559	80,998
Ending balance		<u>\$ 3,430,112</u>	<u>3,556,938</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.

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

	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 37,131,393	10,389,467
Current provision :		
Compulsory provision	1,055,320	2,540,660
Additional provision	1,739,290	18,329,697
Subtotal	<u>2,794,610</u>	<u>20,870,357</u>
Recovered	(9,543,895)	(3,250,586)
Ending balance	<u>\$ 30,382,108</u>	<u>28,009,238</u>

(Continued)

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

3. Effect of foreign exchange fluctuation reserve

<u>Item</u>	<u>Unapplied amount</u>	<u>Applied amount</u>	<u>Effected amount</u>
June 30, 2023			
Foreign exchange fluctuation reserve	\$ -	30,382,108	(30,382,108)
Equity attributable to owners of parent	471,395,189	448,694,666	22,700,523
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
June 30, 2022			
Foreign exchange fluctuation reserve	-	28,009,238	(28,009,238)
Equity attributable to owners of parent	332,802,395	312,000,168	20,802,227

<u>Item</u>	<u>For the six months ended June 30</u>					
	<u>2023</u>			<u>2022</u>		
	<u>Unapplied amount</u>	<u>Applied amount</u>	<u>Effected amount</u>	<u>Unapplied amount</u>	<u>Applied amount</u>	<u>Effected amount</u>
Net income attributable to owners of parent	\$ 20,828,281	26,227,709	(5,399,428)	77,342,983	63,247,166	14,095,817
Earnings per share	1.88	2.37	(0.49)	6.98	5.71	1.27

(Continued)

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

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 six months ended June 30	
	2023	2022
Beginning balance	\$ 2,158,159	1,995,000
Addition	140,826	121,159
Amortization	<u>(42,453)</u>	<u>(38,435)</u>
Ending balance	<u>\$ 2,256,532</u>	<u>2,077,724</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 six months ended June 30	
	2023	2022
Beginning balance	\$ 3,080,908	2,604,828
Addition	386,275	290,540
Amortization	<u>(62,064)</u>	<u>(53,212)</u>
Ending balance	<u>\$ 3,405,119</u>	<u>2,842,156</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 June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 82,083,111	1,223,971	83,307,082
Reinsurance premium	-	-	-
Premium income	<u>82,083,111</u>	<u>1,223,971</u>	<u>83,307,082</u>
Less: Reinsurance premium expenditure	(725,035)	-	(725,035)
Net change in unearned premium reserve	(223,980)	-	(223,980)
Subtotal	<u>(949,015)</u>	<u>-</u>	<u>(949,015)</u>
Retained earned premiums	<u>\$ 81,134,096</u>	<u>1,223,971</u>	<u>82,358,067</u>

	For the three months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 75,017,582	833,413	75,850,995
Reinsurance premium	-	-	-
Premium income	<u>75,017,582</u>	<u>833,413</u>	<u>75,850,995</u>
Less: Reinsurance premium expenditure	(735,059)	-	(735,059)
Net change in unearned premium reserve	(222,232)	-	(222,232)
Subtotal	<u>(957,291)</u>	<u>-</u>	<u>(957,291)</u>
Retained earned premiums	<u>\$ 74,060,291</u>	<u>833,413</u>	<u>74,893,704</u>

(Continued)

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

	For the six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 163,734,978	2,124,576	165,859,554
Reinsurance premium	-	-	-
Premium income	<u>163,734,978</u>	<u>2,124,576</u>	<u>165,859,554</u>
Less: Reinsurance premium expenditure	(1,322,199)	-	(1,322,199)
Net change in unearned premium reserve	(441,921)	-	(441,921)
Subtotal	<u>(1,764,120)</u>	<u>-</u>	<u>(1,764,120)</u>
Retained earned premiums	<u><u>\$ 161,970,858</u></u>	<u><u>2,124,576</u></u>	<u><u>164,095,434</u></u>
	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Direct written premium	\$ 160,624,984	3,459,792	164,084,776
Reinsurance premium	-	-	-
Premium income	<u>160,624,984</u>	<u>3,459,792</u>	<u>164,084,776</u>
Less: Reinsurance premium expenditure	(1,319,339)	-	(1,319,339)
Net change in unearned premium reserve	(487,547)	-	(487,547)
Subtotal	<u>(1,806,886)</u>	<u>-</u>	<u>(1,806,886)</u>
Retained earned premiums	<u><u>\$ 158,818,098</u></u>	<u><u>3,459,792</u></u>	<u><u>162,277,890</u></u>

(Continued)

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

ii) Retained claims payment

	For the three months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 88,033,025	4,417,070	92,450,095
Reinsurance claims payment incurred	8	-	8
Insurance claims payment	88,033,033	4,417,070	92,450,103
Less: Claims payment recovered from reinsures	(548,618)	-	(548,618)
Retained claims payment	<u>\$ 87,484,415</u>	<u>4,417,070</u>	<u>91,901,485</u>
	For the three months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 70,108,611	3,793,478	73,902,089
Reinsurance claims payment incurred	3	-	3
Insurance claims payment	70,108,614	3,793,478	73,902,092
Less: Claims payment recovered from reinsures	(404,389)	-	(404,389)
Retained claims payment	<u>\$ 69,704,225</u>	<u>3,793,478</u>	<u>73,497,703</u>

(Continued)

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

	For the six months ended June 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 179,874,747	8,578,834	188,453,581
Reinsurance claims payment incurred	24	-	24
Insurance claims payment	179,874,771	8,578,834	188,453,605
Less: Claims payment recovered from reinsures	(1,093,524)	-	(1,093,524)
Retained claims payment	\$ 178,781,247	8,578,834	187,360,081
	For the six months ended June 30, 2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 133,333,247	7,277,286	140,610,533
Reinsurance claims payment incurred	25	-	25
Insurance claims payment	133,333,272	7,277,286	140,610,558
Less: Claims payment recovered from reinsures	(857,559)	-	(857,559)
Retained claims payment	\$ 132,475,713	7,277,286	139,752,999

(Continued)

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.

(Continued)

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.

(Continued)

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.

(Continued)

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 six months ended June 30, 2023				
		Change in	Change in	Change in
		assumption	income before	stockholder's
			tax	equity
Mortality/Morbidity	Increase	10 %	(2,277,223)	(1,818,850)
Rate of return	Decrease	0.1 %	(2,489,718)	(1,988,091)
Expense (fixed expense)	Increase	5 %	(266,038)	(210,658)
Lapse and surrender rate	Increase	10 %	118,766	94,936

For the six months ended June 30, 2022				
		Change in	Change in	Change in
		assumption	income before	stockholder's
			tax	equity
Mortality/Morbidity	Increase	10 %	(1,937,552)	(1,546,277)
Rate of return	Decrease	0.1 %	(2,457,728)	(1,960,951)
Expense (fixed expense)	Increase	5 %	(259,134)	(205,117)
Lapse and surrender rate	Increase	10 %	106,951	85,499

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:

June 30, 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	6,851,349	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,339	7,219,034	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,742	7,754,354	-	-	4,058
2020	6,426,045	7,924,896	8,088,216	8,107,365	-	-	-	16,908
2021	6,529,528	8,147,422	8,268,809	-	-	-	-	101,482
2022	7,749,002	9,338,346	-	-	-	-	-	1,197,382
2023	3,244,224	-	-	-	-	-	-	836,771
IBNR Reserve								2,156,601
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								2,038,009
The balance of claim reserve								4,194,610

June 30, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,439,582	1,766,066	1,806,039	1,833,064	1,843,875	-
2020	1,493,743	1,830,542	1,867,876	1,893,258	-	9,267
2021	1,479,905	1,800,302	1,852,709	-	-	26,105
2022	1,535,906	1,908,675	-	-	-	46,419
2023	1,526,070	-	-	-	-	480,359
IBNR Reserve						562,150
Plus: RBNA Reserve						2,464,242
The balance of claim reserve						3,026,392

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

(Continued)

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

June 30, 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	6,411,261	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,848,748	-	5,825
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,190,099	-	-	19,462
2019	6,173,797	7,578,255	7,721,002	7,734,607	-	-	-	37,296
2020	6,426,045	7,924,896	8,035,804	-	-	-	-	123,955
2021	6,529,528	7,829,254	-	-	-	-	-	1,008,236
2022	2,856,818	-	-	-	-	-	-	702,491
IBNR Reserve								1,897,265
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,424,895
The balance of claim reserve								3,322,160

June 30, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,390,355	1,706,076	1,745,383	1,760,470	1,768,526	-
2019	1,400,296	1,717,869	1,756,751	1,782,753	-	4,916
2020	1,452,974	1,780,718	1,816,485	-	-	26,298
2021	1,439,812	1,750,528	-	-	-	70,926
2022	1,485,380	-	-	-	-	516,231
IBNR Reserve						618,371
Plus: RBNA Reserve						2,839,727
The balance of claim reserve						3,458,098

Note 1: Amount shown above excludes investment contracts.

Note 2: As of June 30, 2023, December 31 and June 30, 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 claim reserves from direct businesses amounted to \$17,773 thousand, \$17,580 thousand and \$17,408 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:

June 30, 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	6,706,427	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,897	7,065,054	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,841	7,553,785	-	-	3,782
2020	6,423,414	7,747,404	7,906,281	7,924,918	-	-	-	16,484
2021	6,508,771	8,086,067	8,204,743	-	-	-	-	100,467
2022	7,583,241	9,109,316	-	-	-	-	-	1,171,876
2023	3,171,227	-	-	-	-	-	-	821,428
IBNR Reserve								2,114,037
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,993,047
The balance of claim reserve								4,107,084

June 30, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,102,762	1,341,012	1,368,750	1,387,395	1,395,853	-
2020	1,122,259	1,373,697	1,402,580	1,421,010	-	7,222
2021	1,113,883	1,351,218	1,391,138	-	-	20,345
2022	1,156,503	1,447,465	-	-	-	36,178
2023	1,138,704	-	-	-	-	374,376
IBNR Reserve						438,121
Plus: RBNA Reserve						2,411,954
The balance of claim reserve						2,850,075

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

June 30, 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	6,296,450	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,703,836	-	5,785
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,036,665	-	-	19,389
2019	6,156,966	7,379,306	7,521,266	7,534,720	-	-	-	37,000
2020	6,423,414	7,747,404	7,854,980	-	-	-	-	122,089
2021	6,508,771	7,773,233	-	-	-	-	-	1,002,020
2022	2,805,355	-	-	-	-	-	-	692,198
IBNR Reserve								1,878,481
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,382,388
The balance of claim reserve								3,260,869

June 30, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,025,525	1,278,927	1,306,474	1,316,245	1,320,059	-
2019	1,072,669	1,304,416	1,331,398	1,349,247	-	3,922
2020	1,091,629	1,336,342	1,363,891	-	-	20,977
2021	1,083,588	1,313,556	-	-	-	56,577
2022	1,117,692	-	-	-	-	411,789
IBNR Reserve						493,265
Plus: RBNA Reserve						2,784,251
The balance of claim reserve						3,277,516

Note 1: Amount shown above excludes investment contracts.

Note 2: As of June 30, 2023, December 31 and June 30, 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 \$15,748 thousand, \$15,505 thousand and \$15,347 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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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:

June 30, 2023

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	36,580	30,033	61,798	4,166,359	288,443	4,583,213
Proportion	0.8 %	0.7 %	1.3 %	90.9 %	6.3 %	100.0 %

(Continued)

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

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 %

June 30, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	33,907	43,726	36,382	4,089,088	292,488	4,495,591
Proportion	0.8 %	1.0 %	0.8 %	90.9 %	6.5 %	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

(aj) 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
Notes to the Consolidated Financial Statements

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.

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

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.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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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.

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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.

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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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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- j) Assessment of expected credit loss
- i) Financial assets measured at fair value through other comprehensive income
— debt instruments

Total carrying value

For the six months ended June 30, 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	\$ 276,471,637	-	1,634,460	-	-	278,106,097
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(98,463,820)	-	(810,198)	-	-	(99,274,018)
Originated or purchased new financial assets	105,390,184	-	2,283	-	-	105,392,467
Effects of exchange rate changes and others	(2,965,416)	-	(3,237)	-	-	(2,968,653)
Ending balance	<u>\$ 280,432,585</u>	<u>-</u>	<u>823,308</u>	<u>-</u>	<u>-</u>	<u>281,255,893</u>

For the six months ended June 30, 2022 (Restatement)						
	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	\$ 257,163,761	-	-	-	-	257,163,761
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(434,673)	-	434,673	-	-	-
— Derecognition of financial assets at current period	(148,401,319)	-	-	-	-	(148,401,319)
Originated or purchased new financial assets	173,462,447	-	-	-	-	173,462,447
Effects of exchange rate changes and others	4,428,104	-	8,975	-	-	4,437,079
Ending balance	<u>\$ 286,218,320</u>	<u>-</u>	<u>443,648</u>	<u>-</u>	<u>-</u>	<u>286,661,968</u>

Expected credit losses

For the six months ended June 30, 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	\$ 197,094	-	1,575	-	-	198,669	41,173	239,842
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(137,422)	-	(840)	-	-	(138,262)	-	(138,262)
Originated or purchased new financial assets	39,739	-	3	-	-	39,742	-	39,742
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(454)	(454)
Effects of exchange rate changes and others	(15,827)	-	(345)	-	-	(16,172)	(361)	(16,533)
Ending balance	<u>\$ 83,584</u>	<u>-</u>	<u>393</u>	<u>-</u>	<u>-</u>	<u>83,977</u>	<u>40,358</u>	<u>124,335</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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	For the six months ended June 30, 2022 (Restatement)							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	\$ 154,258	-	-	-	-	154,258	-	154,258
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(449)	-	449	-	-	-	-	-
— Derecognition of financial assets at current period	(86,421)	-	-	-	-	(86,421)	-	(86,421)
Originated or purchased new financial assets	102,161	-	-	-	-	102,161	-	102,161
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	29,304	29,304
Effects of exchange rate changes and others	(945)	-	9	-	-	(936)	-	(936)
Ending balance	<u>\$ 168,604</u>	<u>-</u>	<u>458</u>	<u>-</u>	<u>-</u>	<u>169,062</u>	<u>29,304</u>	<u>198,366</u>

ii) Debt investments measured at amortized cost

Total carrying value

	For the six months ended June 30, 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	\$ 921,031,324	-	14,966,171	-	-	935,997,495
Changes due to recognition of financial instruments at beginning:						
— Transfer to 12-month ECLs	313,260	-	(313,260)	-	-	-
— Derecognition of financial assets at current period	(335,007,424)	-	(1,510,163)	-	-	(336,517,587)
Originated or purchased new financial assets	325,012,045	-	156,572	-	-	325,168,617
Effects of exchange rate changes and others	(171,560)	-	659,244	-	-	487,684
Ending balance	<u>\$ 911,177,645</u>	<u>-</u>	<u>13,958,564</u>	<u>-</u>	<u>-</u>	<u>925,136,209</u>

	For the six months ended June 30, 2022 (Restatement)					
	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	\$ 901,798,191	-	12,240,241	-	-	914,038,432
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(4,336,679)	-	4,336,679	-	-	-
— Derecognition of financial assets at current period	(409,184,045)	-	(510,628)	-	-	(409,694,673)
Originated or purchased new financial assets	395,045,317	-	13,315	-	-	395,058,632
Effects of exchange rate changes and others	22,511,598	-	130,256	-	-	22,641,854
Ending balance	<u>\$ 905,834,382</u>	<u>-</u>	<u>16,209,863</u>	<u>-</u>	<u>-</u>	<u>922,044,245</u>

(Continued)

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

Expected credit losses

	For the six months ended June 30, 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	\$ 223,539	-	400,133	-	-	623,672	37,899	661,571
Changes due to recognition of financial instruments at beginning:								
– Transfer to 12-month ECLs	3,177	-	(3,177)	-	-	-	-	-
– Derecognition of financial assets at current period	(56,846)	-	(22,946)	-	-	(79,792)	-	(79,792)
Originated or purchased new financial assets	58,799	-	6,144	-	-	64,943	-	64,943
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1,518	1,518
Effects of exchange rate changes and others	7,287	-	19,102	-	-	26,389	(1,191)	25,198
Ending balance	<u>\$ 235,956</u>	<u>-</u>	<u>399,256</u>	<u>-</u>	<u>-</u>	<u>635,212</u>	<u>38,226</u>	<u>673,438</u>
	For the six months ended June 30, 2022 (Restatement)							
	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	\$ 217,382	-	397,036	-	-	614,418	-	614,418
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(257)	-	257	-	-	-	-	-
– Derecognition of financial assets at current period	(10,359)	-	(48,516)	-	-	(58,875)	-	(58,875)
Originated or purchased new financial assets	32,346	-	66	-	-	32,412	-	32,412
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	18,894	18,894
Effects of exchange rate changes and others	(8,380)	-	37,640	-	-	29,260	37	29,297
Ending balance	<u>\$ 230,732</u>	<u>-</u>	<u>386,483</u>	<u>-</u>	<u>-</u>	<u>617,215</u>	<u>18,931</u>	<u>636,146</u>

(Continued)

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

iii) Receivables

Total carrying value

For the six months ended June 30, 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	\$ 101,335,736	1,850,195	-	502,354	-	103,688,285
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(852,657)	854,589	-	(1,932)	-	-
— Transfer to credit-impaired financial assets	(97,013)	(85,696)	-	182,709	-	-
— Transfer to 12-month ECLs	624,659	(622,706)	-	(1,953)	-	-
— Derecognition of financial assets at current period	(58,504,384)	(645,947)	-	(211,034)	-	(59,361,365)
Originated or purchased new financial assets	71,282,046	832,246	-	94,438	-	72,208,730
Write-off	-	-	-	(3,963)	-	(3,963)
Effects of exchange rate changes and others	(626,808)	(84)	-	-	-	(626,892)
Ending balance	<u>\$ 113,161,579</u>	<u>2,182,597</u>	<u>-</u>	<u>560,619</u>	<u>-</u>	<u>115,904,795</u>

Note: Included only acceptances, accounts receivable— factoring and credit card receivables.

For the six months ended June 30, 2022 (Restatement)						
	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	\$ 92,780,947	1,101,636	-	502,700	-	94,385,283
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(797,188)	797,589	-	(401)	-	-
— Transfer to credit-impaired financial assets	(54,566)	(56,750)	-	111,316	-	-
— Transfer to 12-month ECLs	324,183	(323,827)	-	(356)	-	-
— Derecognition of financial assets at current period	(52,250,171)	(333,875)	-	(137,264)	-	(52,721,310)
Originated or purchased new financial assets	59,629,013	437,520	-	32,385	-	60,098,918
Write-off	-	-	-	(2,373)	-	(2,373)
Effects of exchange rate changes and others	95,122	280,034	-	(2,898)	-	372,258
Ending balance	<u>\$ 99,727,340</u>	<u>1,902,327</u>	<u>-</u>	<u>503,109</u>	<u>-</u>	<u>102,132,776</u>

Note: Included only acceptances, accounts receivable— factoring and credit card receivables.

(Continued)

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

Expected credit losses

	For the six months ended June 30, 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	\$ 200,633	86,950	674	163,704	-	451,961	209,630	661,591
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(6,849)	8,603	-	(1,754)	-	-	-	-
— Transfer to credit-impaired financial assets	(848)	(10,702)	-	11,550	-	-	-	-
— Transfer to 12-month ECLs	30,646	(28,912)	(92)	(1,642)	-	-	-	-
— Derecognition of financial assets at current period	(109,485)	(16,468)	(4)	(17,837)	-	(143,794)	-	(143,794)
Originated or purchased new financial assets	133,225	32,843	4	35,858	-	201,930	-	201,930
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	13,038	13,038
Write-off	-	-	-	(9,255)	-	(9,255)	-	(9,255)
Effects of exchange rate changes and others	(22,691)	48,418	79	8,952	-	34,758	(25)	34,733
Ending balance	<u>\$ 224,631</u>	<u>120,732</u>	<u>661</u>	<u>189,576</u>	<u>-</u>	<u>535,600</u>	<u>222,643</u>	<u>758,243</u>
	For the six months ended June 30, 2022 (Restatement)							
	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	\$ 178,767	54,825	542	417,275	-	651,409	176,344	827,753
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(6,338)	6,681	5	(348)	-	-	-	-
— Transfer to credit-impaired financial assets	(611)	(5,762)	-	6,373	-	-	-	-
— Transfer to 12-month ECLs	12,752	(12,588)	-	(164)	-	-	-	-
— Derecognition of financial assets at current period	(89,199)	(12,922)	(3)	(16,935)	-	(119,059)	-	(119,059)
Originated or purchased new financial assets	157,881	16,724	-	11,281	-	185,886	-	185,886
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	65,412	65,412
Write-off	-	-	-	(9,637)	-	(9,637)	-	(9,637)
Recovery from write-off	-	-	-	4,022	-	4,022	-	4,022
Effects of exchange rate changes and others	(1,686)	25,538	22	25,574	-	49,448	4	49,452
Ending balance	<u>\$ 251,566</u>	<u>72,496</u>	<u>566</u>	<u>437,441</u>	<u>-</u>	<u>762,069</u>	<u>241,760</u>	<u>1,003,829</u>

(Continued)

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

iv) Discounts and loans

Total carrying value

For the six months ended June 30, 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	\$ 2,051,733,632	43,542,343	-	9,211,963	-	2,104,487,938
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(11,040,415)	11,171,650	-	(131,235)	-	-
— Transfer to credit-impaired financial assets	(6,141,710)	(677,646)	-	6,819,356	-	-
— Transfer to 12-month ECLs	3,317,066	(3,262,614)	-	(54,452)	-	-
— Derecognition of financial assets at current period	(551,236,596)	(16,842,879)	-	(1,315,789)	-	(569,395,264)
Originated or purchased new financial assets	658,209,808	16,234,104	-	1,846,363	-	676,290,275
Write-off	-	-	-	(1,365,740)	-	(1,365,740)
Effects of exchange rate changes and others	3,671,590	(7,968,892)	-	(66,870)	-	(4,364,172)
Ending balance	<u>\$ 2,148,513,375</u>	<u>42,196,066</u>	<u>-</u>	<u>14,943,596</u>	<u>-</u>	<u>2,205,653,037</u>
For the six months ended June 30, 2022 (Restatement)						
	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	\$ 1,972,762,865	60,685,086	-	9,446,438	-	2,042,894,389
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(14,534,816)	14,600,346	-	(65,530)	-	-
— Transfer to credit-impaired financial assets	(759,956)	(355,193)	-	1,115,149	-	-
— Transfer to 12-month ECLs	5,692,441	(5,654,764)	-	(37,677)	-	-
— Derecognition of financial assets at current period	(648,826,844)	(32,745,451)	-	(2,058,311)	-	(683,630,606)
Originated or purchased new financial assets	748,747,544	25,395,331	-	1,681,731	-	775,824,606
Write-off	-	-	-	(758,299)	-	(758,299)
Effects of exchange rate changes and others	4,931,871	631,023	-	70,313	-	5,633,207
Ending balance	<u>\$ 2,068,013,105</u>	<u>62,556,378</u>	<u>-</u>	<u>9,393,814</u>	<u>-</u>	<u>2,139,963,297</u>

(Continued)

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

Expected credit losses

	For the six months ended June 30, 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	\$ 4,084,146	1,274,218	-	3,396,653	-	8,755,017	18,986,055	27,741,072
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(24,810)	39,224	-	(14,414)	-	-	-	-
– Transfer to credit-impaired financial assets	(18,517)	(141,571)	-	160,088	-	-	-	-
– Transfer to 12-month ECLs	278,210	(268,938)	-	(9,272)	-	-	-	-
– Derecognition of financial assets at current period	(1,134,190)	(234,082)	-	(360,440)	-	(1,728,712)	-	(1,728,712)
Originated or purchased new financial assets	1,177,942	424,157	-	864,670	-	2,466,769	-	2,466,769
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	915,367	915,367
Write-off	-	-	-	(1,365,740)	-	(1,365,740)	-	(1,365,740)
Recovery from write-off	-	-	-	198,937	-	198,937	-	198,937
Effects of exchange rate changes and others	(864,364)	610,542	-	1,360,876	-	1,107,054	(1,519)	1,105,535
Ending balance	<u>\$ 3,498,417</u>	<u>1,703,550</u>	<u>-</u>	<u>4,231,358</u>	<u>-</u>	<u>9,433,325</u>	<u>19,899,903</u>	<u>29,333,228</u>
	For the six months ended June 30, 2022 (Restatement)							
	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	\$ 4,745,774	1,530,317	-	2,910,357	-	9,186,448	16,624,387	25,810,835
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(206,803)	216,056	-	(9,253)	-	-	-	-
– Transfer to credit-impaired financial assets	(7,600)	(64,043)	-	71,643	-	-	-	-
– Transfer to 12-month ECLs	100,514	(81,521)	-	(18,993)	-	-	-	-
– Derecognition of financial assets at current period	(1,448,538)	(612,181)	-	(581,500)	-	(2,642,219)	-	(2,642,219)
Originated or purchased new financial assets	1,379,967	552,987	-	1,022,752	-	2,955,706	-	2,955,706
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1,459,251	1,459,251
Write-off	-	-	-	(773,970)	-	(773,970)	-	(773,970)
Recovery from write-off	-	-	-	206,364	-	206,364	-	206,364
Effects of exchange rate changes and others	(700,009)	502,179	-	212,836	-	15,006	406	15,412
Ending balance	<u>\$ 3,863,305</u>	<u>2,043,794</u>	<u>-</u>	<u>3,040,236</u>	<u>-</u>	<u>8,947,335</u>	<u>18,084,044</u>	<u>27,031,379</u>

(Continued)

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

v) Other financial assets

Total carrying value

	For the six months ended June 30, 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)	
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	(5,209,865)	-	-	(3,868)	-	(5,213,733)
Originated or purchased new financial assets	6,578,700	-	-	195,903	-	6,774,603
Write-off	-	-	-	(156,329)	-	(156,329)
Effects of exchange rate changes and others	(110,775)	-	-	(131)	-	(110,906)
Ending balance	<u>\$ 9,932,932</u>	<u>-</u>	<u>-</u>	<u>105,595</u>	<u>-</u>	<u>10,038,527</u>
	For the six months ended June 30, 2022 (Restatement)					
	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	(21,830,942)	-	-	(5,974)	-	(21,836,916)
Originated or purchased new financial assets	5,186,795	-	-	118,307	-	5,305,102
Write-off	-	-	-	(103,232)	-	(103,232)
Effects of exchange rate changes and others	66,300	-	-	4,987	-	71,287
Ending balance	<u>\$ 8,996,129</u>	<u>-</u>	<u>-</u>	<u>61,084</u>	<u>-</u>	<u>9,057,213</u>

Expected credit losses

	For the six months ended June 30, 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	\$ 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)	-	-	(3,752)	-	(4,547)	-	(4,547)
Originated or purchased new financial assets	608	-	-	89,775	-	90,383	-	90,383
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	-	-	-	(156,329)	-	(156,329)	-	(156,329)
Recovery from write-off	-	-	-	134,783	-	134,783	-	134,783
Effects of exchange rate changes and others	(14)	-	-	(28,361)	-	(28,375)	-	(28,375)
Ending balance	<u>\$ 594</u>	<u>-</u>	<u>-</u>	<u>100,971</u>	<u>-</u>	<u>101,565</u>	<u>-</u>	<u>101,565</u>

(Continued)

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

	For the six months ended June 30, 2022 (Restatement)							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	\$ -	-	-	43,212	-	43,212	-	43,212
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	-	-	-	(5,929)	-	(5,929)	-	(5,929)
Originated or purchased new financial assets	797	-	-	45,876	-	46,673	-	46,673
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	-	-	-	(103,232)	-	(103,232)	-	(103,232)
Recovery from write-off	-	-	-	137,274	-	137,274	-	137,274
Effects of exchange rate changes and others	2	-	-	(60,929)	-	(60,927)	-	(60,927)
Ending balance	<u>\$ 799</u>	<u>-</u>	<u>-</u>	<u>56,272</u>	<u>-</u>	<u>57,071</u>	<u>1</u>	<u>57,072</u>

vi) Provisions for guarantee liabilities, loan commitments and other— letter of credit

Expected credit losses

	For the six months ended June 30, 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	\$ 264,934	62,790	-	8,718	-	336,442	217,473	553,915
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(4,071)	4,434	-	(363)	-	-	-	-
— Transfer to credit-impaired financial assets	(147)	(649)	-	796	-	-	-	-
— Transfer to 12-month ECLs	27,798	(27,697)	-	(101)	-	-	-	-
— Derecognition of financial assets at current period	(68,965)	(9,381)	-	(1,608)	-	(79,954)	-	(79,954)
Originated or purchased new financial assets	122,370	35,487	-	7,300	-	165,157	-	165,157
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	8,667	8,667
Effects of exchange rate changes and others	(84,028)	5,355	-	(1,715)	-	(80,388)	-	(80,388)
Ending balance	<u>\$ 257,891</u>	<u>70,339</u>	<u>-</u>	<u>13,027</u>	<u>-</u>	<u>341,257</u>	<u>226,140</u>	<u>567,397</u>

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

	For the six months ended June 30, 2022 (Restatement)							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	\$ 286,508	110,962	-	10,999	-	408,469	190,322	598,791
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(5,206)	5,638	-	(432)	-	-	-	-
– Transfer to credit-impaired financial assets	(54)	(310)	-	364	-	-	-	-
– Transfer to 12-month ECLs	14,131	(13,372)	-	(759)	-	-	-	-
– Derecognition of financial assets at current period	(69,148)	(17,128)	-	(3,178)	-	(89,454)	-	(89,454)
Originated or purchased new financial assets	72,033	11,297	-	1,823	-	85,153	-	85,153
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	35,537	35,537
Effects of exchange rate changes and others	(57,646)	12,215	-	(2,313)	-	(47,744)	-	(47,744)
Ending balance	<u>\$ 240,618</u>	<u>109,302</u>	<u>-</u>	<u>6,504</u>	<u>-</u>	<u>356,424</u>	<u>225,859</u>	<u>582,283</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		
	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Irrevocable loan commitments	\$ 144,392,364	129,853,583	269,391,424
Standby letters of credit	8,209,557	7,637,976	9,566,065
Financial guarantees	25,295,952	25,385,750	25,505,354
Total	\$ 177,897,873	162,877,309	304,462,843

Fubon Bank (China)

Units: In thousands of CNY

Off-balance sheet items	Maximum exposure amount		
	June 30, 2023	December 31, 2022	June 30, 2022
Irrevocable loan commitments	\$ 646,348	736,857	940,477
Standby letters of credit	88,508	9,840	4,346
Financial guarantees	705,219	510,221	391,663
Total	\$ 1,440,075	1,256,918	1,336,486

(Continued)

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

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)

June 30, 2023					
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>	
Loans	3.39 %	64.38 %	2.94 %	1.46 %	
Guarantees receivable	12.42 %	11.42 %	0.80 %	2.54 %	
Acceptances and other credits	0.24 %	0.46 %	-	0.03 %	
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	3.11 %	-	
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.05 %	-	
Debt investments measured at amortized cost	-	-	10.07 %	-	
December 31, 2022					
<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 %	-	

(Continued)

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

<u>June 30, 2022</u>				
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>
Loans	3.43 %	61.60 %	3.53 %	1.50 %
Guarantees receivable	9.95 %	9.08 %	0.83 %	2.70 %
Acceptances and other credits	0.36 %	0.77 %	-	-
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	5.21 %	-
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.49 %	-
Debt investments measured at amortized cost	-	-	9.23 %	-

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

Fubon Bank (China)

<u>June 30, 2023</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	8.36 %	36.83 %	1.35 %
Guarantees receivable	22.23 %	6.14 %	59.39 %
Acceptances	8.72 %	0.80 %	29.44 %

<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>June 30, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	7.82 %	22.63 %	4.09 %
Guarantees receivable	44.66 %	18.00 %	13.36 %
Acceptances	39.58 %	2.77 %	36.53 %

(Continued)

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

JihSun Bank

<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	<u>436,028</u>	-	<u>100,455</u>	<u>536,483</u>
Total	<u>\$ 130,131,335</u>	<u>-</u>	<u>3,499,091</u>	<u>133,630,426</u>
<u>June 30, 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	11,824	-	-	11,824
Loans discounted	131,308,351	-	4,483,808	135,792,159
<u>Off-balance sheet items</u>				
Unused amount of issued letter of credit	10,996	-	19,881	30,877
Various guarantee proceeds	<u>480,309</u>	-	<u>45,500</u>	<u>525,809</u>
Total	<u>\$ 131,811,480</u>	<u>-</u>	<u>4,549,189</u>	<u>136,360,669</u>

1) 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.

(Continued)

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

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>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Private	\$ 1,132,551,178	56.47	996,655,036	56.79	970,380,447	54.86
Private enterprise	683,138,693	34.06	589,047,263	33.56	639,923,825	36.18
Financial organization	113,021,037	5.64	89,157,027	5.08	41,023,447	2.32
Government institution	40,980,984	2.04	39,555,615	2.26	72,294,622	4.09
Public enterprise	35,023,306	1.75	39,883,340	2.27	44,688,495	2.53
Non-profit organization	865,596	0.04	750,364	0.04	432,766	0.02
Total	\$ 2,005,580,794	100.00	1,755,048,645	100.00	1,768,743,602	100.00

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

ii) By geographical area

<u>Area</u>	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Domestic	\$ 1,739,481,757	86.73	1,530,526,555	87.21	1,551,236,342	87.70
Asia	139,280,545	6.95	113,909,182	6.49	102,157,966	5.78
America	74,959,362	3.74	66,172,775	3.77	72,833,350	4.12
Others	51,859,130	2.58	44,440,133	2.53	42,515,944	2.40
Total	\$ 2,005,580,794	100.00	1,755,048,645	100.00	1,768,743,602	100.00

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

iii) By collateral

<u>Collateral</u>	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unsecured	\$ 586,296,581	29.23	513,255,890	29.25	557,888,116	31.54
Secured	1,419,284,213	70.77	1,241,792,755	70.75	1,210,855,486	68.46
Properties	1,262,754,932	62.96	1,098,478,855	62.59	1,062,057,299	60.05
Guarantees	57,756,175	2.88	57,578,009	3.28	60,867,236	3.44
Financial collaterals	69,484,463	3.47	58,145,445	3.31	61,546,568	3.48
Others	29,288,643	1.46	27,590,446	1.57	26,384,383	1.49
Total	\$ 2,005,580,794	100.00	1,755,048,645	100.00	1,768,743,602	100.00

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

(Continued)

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

JihSun Bank

i) By industry

<u>Industry</u>	<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Private	\$ 102,781,613	57.69	99,820,103	55.03
Private enterprise	73,666,735	41.35	79,486,042	43.82
Financial organization	1,688,403	0.95	2,065,360	1.14
Others	9,648	0.01	9,932	0.01
Total	<u>\$ 178,146,399</u>	<u>100.00</u>	<u>181,381,437</u>	<u>100.00</u>

ii) By geographical area

As of June 30 and December 31, 2022, JihSun Bank primarily engaged its businesses in Taiwan and there was no significant geographically concentrated credit risk.

iii) By collateral

<u>Collateral</u>	<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unsecured	45,101,642	25.32	45,589,278	25.13
Secured	133,044,757	74.68	135,792,159	74.87
Stocks	12,557,767	7.05	14,827,593	8.17
Bonds	749,678	0.42	815,653	0.45
Real estate	116,566,930	65.43	116,496,861	64.23
Movables	1,010,194	0.57	1,465,323	0.81
Notes receivable	643,488	0.36	630,241	0.35
Guaranty	520,276	0.29	844,420	0.47
Others	996,424	0.56	712,068	0.39
Total	<u>178,146,399</u>	<u>100.00</u>	<u>181,381,437</u>	<u>100.00</u>

(Continued)

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.

June 30, 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	\$ 119,197,982	406,557	-	119,604,539	-	-	-	-	-	-	35,142	119,569,397
Debt investments measured at amortized cost	790,333,758	1,736,377	-	792,070,135	12,539,864	1,418,700	-	13,958,564	-	-	628,162	805,400,537
Receivables												
Credit card receivables	53,938,392	18,484,967	77,725	72,501,084	-	267,182	1,514,580	1,781,762	560,619	-	285,802	74,557,663
Accounts receivable -factoring	21,584,666	884,911	-	22,469,577	-	383,888	-	383,888	-	-	255,482	22,597,983
Acceptances	218,976	324,015	-	542,991	-	14,495	-	14,495	-	-	5,655	551,831
Loans												
Personal finance	837,799,501	162,445,881	178,815	1,000,424,197	-	4,890,348	5,941,027	10,831,375	3,576,405	-	13,389,524	1,001,442,453
Corporate banking	444,395,732	454,790,674	6,242,170	905,428,576	-	24,773,180	2,234,055	27,007,235	9,000,695	-	11,465,817	929,970,689
Other financial assets	6,203,145	-	-	6,203,145	-	-	-	-	100,799	-	96,755	6,207,189
Off-balance sheet assets												
Financing commitments	608,716,652	151,998,293	57,364	760,772,309	-	2,477,787	1,571,218	4,049,005	444,178	-	289,855	764,975,637
Guarantees receivable	15,217,136	9,722,563	-	24,939,699	-	356,253	-	356,253	-	-	254,848	25,041,104
Credit receivable	4,373,350	3,759,928	12,085	8,145,363	-	64,194	-	64,194	-	-	4,831	8,204,726

(Continued)

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

December 31, 2022 (Restatement)	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	\$ 122,140,267	-	-	122,140,267	-	-	-	-	-	-	39,611	122,100,656
Debt investments measured at amortized cost	802,101,270	1,640,447	-	803,741,717	14,189,882	776,289	-	14,966,171	-	-	618,029	818,089,859
Receivables												
Credit card receivables	47,101,401	16,226,833	74,271	63,402,505	460	268,383	1,356,725	1,625,568	502,355	-	216,254	65,314,174
Accounts receivable -factoring	20,289,531	742,537	99	21,032,167	-	219,940	-	219,940	-	-	246,546	21,005,561
Acceptances	712,040	525,476	-	1,237,516	-	2,265	-	2,265	-	-	12,421	1,227,360
Loans												
Personal finance	832,197,309	141,208,063	176,324	973,581,696	223,920	3,683,639	4,860,435	8,767,994	2,544,262	-	13,001,273	971,892,679
Corporate banking	431,282,004	425,895,540	7,756,267	864,933,811	-	29,167,539	2,202,484	31,370,023	4,763,546	-	11,438,913	889,628,467
Other financial assets	4,693,417	-	-	4,693,417	-	-	-	-	67,473	-	62,883	4,698,007
Off-balance sheet assets												
Financing commitments	480,477,195	90,372,349	1,931,233	572,780,777	23,955	2,196,300	1,252,876	3,473,131	117,860	-	257,873	576,113,895
Guarantees receivable	15,486,085	9,682,289	-	25,168,374	-	217,376	-	217,376	-	-	256,202	25,129,548
Credit receivable	4,567,452	3,047,406	7,000	7,621,858	-	16,119	-	16,119	-	-	6,419	7,631,558

(Continued)

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

June 30, 2022 (Restatement)	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	\$ 131,913,091	-	-	131,913,091	-	-	-	-	-	-	43,029	131,870,062
Debt investments measured at amortized cost	799,163,814	1,619,669	-	800,783,483	15,457,584	752,278	-	16,209,862	-	-	611,635	816,381,710
Receivables												
Credit card receivables	39,346,970	14,812,980	60,482	54,220,432	192	253,810	1,210,379	1,464,381	503,110	-	190,498	55,997,425
Accounts receivable -factoring	21,959,909	1,024,027	561	22,984,497	104,076	286,264	-	390,340	-	-	271,983	23,102,854
Acceptances	680,163	535,875	-	1,216,038	-	44,086	-	44,086	-	-	12,921	1,247,203
Loans												
Personal finance	805,123,408	140,721,622	154,182	945,999,212	258,010	3,428,276	5,118,638	8,804,924	2,663,974	-	12,617,436	944,850,674
Corporate banking	464,772,409	431,722,021	9,067,291	905,561,721	-	30,609,640	3,005,984	33,615,624	4,647,638	-	10,883,565	932,941,418
Other financial assets	5,824,420	-	-	5,824,420	-	-	-	-	59,782	-	55,294	5,828,908
Off-balance sheet assets												
Financing commitments	610,919,411	87,240,897	2,167,995	700,328,303	19,286	2,191,174	1,513,746	3,724,206	97,891	-	278,595	703,871,805
Guarantees receivable	15,618,583	9,673,166	-	25,291,749	-	213,605	-	213,605	-	-	257,000	25,248,354
Credit receivable	4,942,666	4,295,801	-	9,238,467	-	321,055	6,543	327,598	-	-	5,677	9,560,388

(Continued)

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	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Personal loans	\$ 33,288,765	57.12	23,288,873	47.04	24,666,877	45.85
Finance and insurance	6,107,141	10.48	5,430,229	10.97	5,767,488	10.72
Wholesale and retailing	5,914,949	10.15	6,188,907	12.50	6,543,590	12.16
Manufacturing	2,489,984	4.27	3,079,253	6.22	4,830,540	8.98
Construction	1,941,257	3.33	2,187,293	4.42	2,755,937	5.12
Leasing and business service	1,843,009	3.16	1,620,462	3.27	1,361,705	2.53
Real estate	1,676,233	2.88	2,378,123	4.80	2,706,022	5.03
Others	5,021,319	8.61	5,340,766	10.78	5,165,102	9.61
Total (Note)	<u>\$ 58,282,657</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>53,797,261</u>	<u>100.00</u>

Note: Included only discounts and loans.

ii) By geographical area

Units: In thousands of CNY

Area	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
East China	\$ 9,593,807	16.46	10,712,311	21.63	11,707,019	21.76
South west region	3,719,925	6.38	3,008,051	6.08	3,423,327	6.36
North China	3,181,725	5.46	3,712,912	7.50	5,019,348	9.33
Central China	3,277,725	5.62	3,165,199	6.39	3,385,604	6.29
South China	1,824,278	3.13	1,955,836	3.95	2,247,929	4.18
North west region	1,167,897	2.00	1,940,802	3.92	1,957,091	3.64
Others	35,517,300	60.95	25,018,795	50.53	26,056,943	48.44
Total (Note)	<u>\$ 58,282,657</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>53,797,261</u>	<u>100.00</u>

Note: Included only discounts and loans.

iii) By collateral

Units: In thousands of CNY

Collateral	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Credit loans	\$ 31,158,111	53.46	32,131,982	64.89	35,216,011	65.46
Guarantees loans	786,858	1.35	1,468,542	2.97	2,198,941	4.09
Collateral loans	26,337,688	45.19	15,913,382	32.14	16,382,309	30.45
Mortgage loans	21,467,097	36.83	11,308,870	22.84	12,172,424	22.63
Pledge loans	4,870,591	8.36	4,604,512	9.30	4,209,885	7.82
Total (Note)	<u>\$ 58,282,657</u>	<u>100.00</u>	<u>49,513,906</u>	<u>100.00</u>	<u>53,797,261</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

June 30, 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	\$ 37,586,473	-	-	37,586,473	192,412	-	-	192,412	-	-	20,360	37,758,525
Debt investments measured at amortized cost	27,836,135	-	-	27,836,135	-	-	-	-	-	-	10,581	27,825,554
Receivables												
Acceptances	4,002,437	-	-	4,002,437	-	-	-	-	-	-	6,121	3,996,316
Credit card receivables	109,044	-	-	109,044	573	-	-	573	-	-	1,977	107,640
Loans												
Personal finance	32,806,928	-	66,155	32,873,083	132,386	-	9,042	141,428	274,254	-	489,061	32,799,704
Corporate banking	13,945,355	9,130,879	761,912	23,838,146	536,936	-	340,000	876,936	278,810	-	557,448	24,436,444
Other financial assets	871,673	-	-	871,673	-	-	-	-	1,121	-	1,124	871,670
Off-balance sheet assets												
Loan commitments	1,142,654	-	-	1,142,654	-	-	-	-	-	-	3,243	1,139,411
Guarantees receivable	705,219	-	-	705,219	-	-	-	-	-	-	837	704,382
Credit receivable	88,508	-	-	88,508	-	-	-	-	-	-	14	88,494

(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

(Continued)

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

Units: In thousands of CNY

June 30, 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	\$ 34,781,043	-	-	34,781,043	100,000	-	-	100,000	-	-	35,082	34,845,961
Debt investments measured at amortized cost	23,678,912	-	-	23,678,912	-	-	-	-	-	-	5,525	23,673,387
Receivables												
Acceptances	4,721,428	-	-	4,721,428	-	-	-	-	-	-	13,053	4,708,375
Credit card receivables	81,118	-	-	81,118	793	-	-	793	-	-	1,314	80,597
Loans												
Personal finance	24,162,352	-	181,820	24,344,172	122,136	37,996	-	160,132	162,573	-	372,556	24,294,321
Corporate banking	24,395,399	23,619	26,033	24,445,051	-	4,378,569	-	4,378,569	306,764	-	423,206	28,707,178
Other financial assets	714,916	-	-	714,916	-	-	-	-	294	-	401	714,809
Off-balance sheet assets												
Loan commitments	1,367,268	-	-	1,367,268	-	-	-	-	-	-	7,794	1,359,474
Guarantees receivable	391,663	-	-	391,663	-	-	-	-	-	-	1,450	390,213
Credit receivable	4,346	-	-	4,346	-	-	-	-	-	-	-	4,346

(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.

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)

June 30, 2023	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.65 %	1.41 %	0.09 %
Loans	0.07 %	35.05 %	20.22 %	1.78 %
Other financial assets	- %	- %	- %	- %

(Continued)

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

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	- %	- %	- %	- %

June 30, 2022	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.51 %	0.38 %	1.03 %
Loans	- %	50.38 %	27.19 %	2.50 %
Other financial assets	- %	- %	- %	- %

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

Fubon Bank (China)

June 30, 2023	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	6.84 %	9.41 %	0.68 %

December 31, 2022	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	8.78 %	1.74 %	0.17 %

June 30, 2022	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	8.57 %	1.52 %	0.17 %

JihSun Bank

December 31, 2022	Collateral	Netting agreement	Other credit enhancement obtained	Total
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>244,955</u>	<u>-</u>	<u>11,481</u>	<u>256,436</u>

June 30, 2022	Collateral	Netting agreement	Other credit enhancement obtained	Total
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>347,287</u>	<u>-</u>	<u>12,842</u>	<u>360,129</u>

- iii) The outstanding contract amount of the financial assets that have been written off, and there are recourse activities on them.

As of June 30, 2023, December 31 and June 30, 2022, the outstanding contract amount of the financial assets that have been written off and still have recourse activities, amounting to \$1,516,301 thousand, \$2,729,558 thousand and \$870,266 thousand, were held by the Bank.

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

- 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 June 30, 2023, December 31 and June 30, 2022, the carrying value amounted to \$51,347 thousand, \$52,961 thousand and \$53,238 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.

Credit risk exposure—by industry

Financial assets	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Industrial enterprise	\$ 174,194,269	5.27	163,091,149	5.04	162,862,399	5.04
Public business	138,212,077	4.18	133,703,650	4.13	129,861,048	4.02
Diversification	7,449,974	0.22	7,348,880	0.23	7,113,656	0.22
Mortgage backed securities	38,210,335	1.16	37,682,168	1.16	38,079,746	1.18
Financial sector	1,222,300,174	36.97	1,207,727,549	37.29	1,147,349,233	35.53
Consumer staples	300,209,362	9.08	281,768,117	8.70	276,931,124	8.57
Government	499,233,609	15.10	506,140,174	15.63	574,148,706	17.78
Technology	104,480,895	3.16	97,494,116	3.01	88,013,633	2.73
Raw material	76,487,457	2.31	71,574,169	2.21	74,395,053	2.30
Consumer discretionary	69,128,116	2.09	67,864,310	2.09	65,991,177	2.04
Energy	211,155,628	6.39	199,413,020	6.16	196,960,742	6.10
Asset backed securities	30,654,421	0.93	30,235,763	0.93	29,268,864	0.91
Telecommunication	229,454,472	6.94	219,539,422	6.78	214,295,688	6.64
Others	205,068,624	6.20	215,183,498	6.64	224,262,731	6.94
Subtotal	3,306,239,413	100.00	3,238,765,985	100.00	3,229,533,800	100.00
Fair value adjustment from business combinations	(260,847)	-	(105,734)	-	(87,646)	-
Total	<u>\$ 3,305,978,566</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,229,446,154</u>	<u>100.00</u>

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

Credit risk exposure — by geographic area

Financial assets	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 517,351,618	15.65	565,437,802	17.46	609,631,358	18.88
Asia except Taiwan	408,127,542	12.34	401,819,753	12.41	400,954,636	12.41
North America	1,516,168,009	45.86	1,438,416,855	44.41	1,389,314,917	43.02
Middle and South America	111,662,213	3.37	103,495,174	3.19	106,599,795	3.30
Europe	526,585,508	15.93	511,526,899	15.80	508,624,002	15.75
Africa/Middle East	226,344,523	6.85	218,069,502	6.73	214,409,092	6.64
Subtotal	3,306,239,413	100.00	3,238,765,985	100.00	3,229,533,800	100.00
Fair value adjustment from business combinations	(260,847)	-	(105,734)	-	(87,646)	-
Total	<u>\$ 3,305,978,566</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,229,446,154</u>	<u>100.00</u>

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.

(Continued)

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

- iv) Fubon Life Insurance and its subsidiaries' credit quality information of debt instruments, loans, other financial assets and related other receivables is shown below:

Credit analysis of financial assets

	June 30, 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	\$ 30,887,196	868,811	396	31,756,403	172	140	1	313	1,578,891	-	1,578,891	1,612,718	31,722,889
Financial assets measured at fair value through other comprehensive income— debt instruments (Note 2)	290,728,894	6,228,268	-	296,957,162	-	2,542	-	2,542	3,225,424	-	3,225,424	(Note 1)	300,185,128
Financial assets measured at amortized cost (Note 2)	2,616,028,769	41,114,836	-	2,657,143,605	-	-	-	-	15,283,636	-	15,283,636	3,094,429	2,669,332,812
Other financial assets	4,044,269	500,596	-	4,544,865	-	-	-	-	-	-	-	3,035	4,541,830
Loans (Note 2)	194,539,120	40,022,441	341,197	234,902,758	2,906,339	735,221	472	3,642,032	680,354	-	680,354	1,731,676	237,493,468
Total	\$ 3,136,228,248	88,734,952	341,593	3,225,304,793	2,906,511	737,903	473	3,644,887	20,768,305	-	20,768,305	6,441,858	3,243,276,127

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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 (Note 2)	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

	June 30, 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	\$ 29,547,869	1,060,322	356	30,608,547	109	109	2	220	496,608	1	496,609	448,505	30,656,871
Financial assets measured at fair value through other comprehensive income—debt instruments (Note 2)	654,619,599	14,585,433	-	669,205,032	740	5,847	-	6,587	1,688,608	-	1,688,608	(Note 1)	670,900,227
Financial assets measured at amortized cost (Note 2)	2,142,713,648	51,517,178	-	2,194,230,826	-	-	-	-	14,655,752	-	14,655,752	1,931,701	2,206,954,877
Other financial assets	3,973,539	482,962	-	4,456,501	-	-	-	-	-	-	-	2,992	4,453,509
Loans (Note 2)	212,454,010	46,876,443	401,013	259,731,466	589,670	676,721	1,227	1,267,618	680,195	818	681,013	2,048,124	259,631,973
Total	\$ 3,043,308,665	114,522,338	401,369	3,158,232,372	590,519	682,677	1,229	1,274,425	17,521,163	819	17,521,982	4,431,322	3,172,597,457

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 June 30, 2023, December 31 and June 30, 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 \$(117,959) thousand, \$(97,816) thousand and \$(45,072) thousand, \$0 thousand, \$(56,094) thousand and \$(49,640) thousand and \$0 thousand, \$(42,840) thousand and \$(44,806) 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.

(Continued)

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.

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:

	<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, 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	(1,219)	2,508	270	(1,559)	-	-	-	-
— Transfer to credit-impaired financial assets	(32)	(860)	-	892	-	-	-	-
— Transfer to 12-month ECLs	3,752	(2,928)	(12)	(812)	-	-	-	-
— Derecognition of financial assets at current period	(1,200)	(2,348)	(8)	(4,130)	(31)	(7,717)	-	(7,717)
Originated or purchased new financial assets	974	391	-	-	-	1,365	-	1,365
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(151,549)	(151,549)
Write-off	-	-	-	(5,923)	-	(5,923)	-	(5,923)
Changes in models/risk parameters	(2,870)	6,523	(350)	8,663	-	11,966	-	11,966
Effects of exchange rate changes and others	(778)	(475)	-	(1,435)	-	(2,688)	-	(2,688)
Balance as of June 30, 2023	<u>\$ 20,621</u>	<u>16,526</u>	<u>109</u>	<u>48,838</u>	<u>-</u>	<u>86,094</u>	<u>1,645,570</u>	<u>1,731,664</u>

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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	(331)	488	14	(171)	-	-	-	-
– Transfer to credit-impaired financial assets	-	(638)	-	638	-	-	-	-
– Transfer to 12-month ECLs	3,668	(3,553)	(115)	-	-	-	-	-
– Derecognition of financial assets at current period	(3,049)	(725)	(105)	(4,909)	(1)	(8,789)	-	(8,789)
Originated or purchased new financial assets	3,256	212	-	-	-	3,468	-	3,468
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(155,199)	(155,199)
Write-off	-	-	-	(832)	-	(832)	-	(832)
Changes in models/risk parameters	(10,799)	4,804	(433)	2,700	-	(3,728)	-	(3,728)
Effects of exchange rate changes and others	(457)	(209)	-	(644)	-	(1,310)	-	(1,310)
Balance as of June 30, 2022	<u>\$ 28,242</u>	<u>12,774</u>	<u>154</u>	<u>52,734</u>	<u>32</u>	<u>93,936</u>	<u>1,954,176</u>	<u>2,048,112</u>

Note: As of June 30, 2023 and 2022, 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

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	(86)	-	-	86	-	-
– Transfer to 12-month ECLs	5,499	(7)	-	(5,492)	-	-
– Derecognition of financial assets at current period	(9,380)	(18)	-	(11,183)	-	(20,581)
Originated or purchased new financial assets	6,240	-	-	-	-	6,240
Write-off	-	-	-	(118)	-	(118)
Changes in models/risk parameters	24,008	(6)	-	11,593	-	35,595
Effects of exchange rate changes and others	(81,074)	1	-	(3,821)	-	(84,894)
Balance as of June 30, 2023	<u>\$ 77,428</u>	<u>43</u>	<u>-</u>	<u>1,019,369</u>	<u>-</u>	<u>1,096,840</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	(26)	1,706	-	(1,680)	-	-
– Transfer to credit-impaired financial assets	(9,010)	(222)	-	9,232	-	-
– Transfer to 12-month ECLs	1,925	(22)	-	(1,903)	-	-
– Derecognition of financial assets at current period	(13,476)	(1,096)	-	(64,531)	-	(79,103)
Originated or purchased new financial assets	25,109	-	-	-	-	25,109
Write-off	(1)	-	-	(475)	-	(476)
Changes in models/risk parameters	(155,345)	(1,577)	-	889,333	-	732,411
Effects of exchange rate changes and others	7,854	(69)	-	51,026	-	58,811
Balance as of June 30, 2022	<u>\$ 177,092</u>	<u>222</u>	<u>-</u>	<u>1,024,625</u>	<u>-</u>	<u>1,201,939</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	(5,322)	-	-	-	-	(5,322)
Originated or purchased new financial assets	1,703	-	-	-	-	1,703
Changes in models/risk parameters	648,410	-	-	425,020	-	1,073,430
Effects of exchange rate changes and others	97,544	-	-	(9,475)	-	88,069
Balance as of June 30, 2023	<u>\$ 1,264,778</u>	<u>-</u>	<u>-</u>	<u>1,829,651</u>	<u>-</u>	<u>3,094,429</u>

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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>
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	(82,228)	-	-	-	-	(82,228)
Originated or purchased new financial assets	13,496	-	-	-	-	13,496
Changes in models/risk parameters	(659,039)	-	-	1,284,605	-	625,566
Effects of exchange rate changes and others	35,716	-	-	82,305	-	118,021
Balance as of June 30, 2022	<u>\$ 550,670</u>	<u>-</u>	<u>-</u>	<u>1,381,031</u>	<u>-</u>	<u>1,931,701</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	19	-	-	-	-	19
Changes in models/risk parameters	153	-	-	-	-	153
Effects of exchange rate changes and others	19	-	-	-	-	19
Balance as of June 30, 2023	<u>\$ 3,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,035</u>

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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>
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	(23)	-	-	-	-	(23)
Originated or purchased new financial assets	52	-	-	-	-	52
Changes in models/risk parameters	(292)	-	-	-	-	(292)
Effects of exchange rate changes and others	119	-	-	-	-	119
Balance as of June 30, 2022	<u>\$ 2,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,992</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 ($ECL=EAD \times PD \times LGD$).

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.

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

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.

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.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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

June 30, 2023						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ 29,888,730	4,096,940	4,798,391	-	816,022	39,600,083
Ratio of the total	75.48 %	10.34 %	12.12 %	-	2.06 %	100.00 %

December 31, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ 29,143,933	4,646,051	3,995,008	-	789,566	38,574,558
Ratio of the total	75.55 %	12.04 %	10.36 %	-	2.05 %	100.00 %

June 30, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ 46,513,308	7,135,981	9,564,455	570,252	5,953,833	69,737,829
Ratio of the total	66.70 %	10.23 %	13.71 %	0.82 %	8.54 %	100.00 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

	June 30, 2023		December 31, 2022		June 30, 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	\$ 11,824,078	11,824,078	10,897,303	10,897,303	14,849,595	14,849,595
Receivables	7,840,664	7,840,664	4,712,357	4,712,357	8,949,722	8,949,722
Current tax assets	3,067,202	3,067,202	2,067,260	2,067,260	14,059	14,059
Financial assets measured at fair value through profit or loss	6,344,196	6,344,196	7,335,850	7,335,850	24,336,305	24,336,305
Financial assets measured at amortized cost	1,599,893	1,599,893	1,560,957	1,560,957	1,494,413	1,494,413
Financial assets measured at fair value through other comprehensive income	7,683,422	7,683,422	10,696,822	10,696,822	22,798,801	22,798,801
Reinsurance contract assets	26,191,655	26,191,655	23,580,092	23,580,092	10,368,011	10,368,011
Other assets	8,367,640	8,367,640	4,160,281	4,160,281	2,416,075	2,416,075
Financial liabilities						
Short term liabilities and borrowings	12,898,375	12,898,375	9,780,000	9,780,000	-	-
Payables	17,534,281	17,534,281	16,482,543	16,482,543	16,146,587	16,146,587
Current tax liabilities	9,278	9,278	9,916	9,916	19,878	19,878
Lease liabilities	655,949	655,949	742,146	742,146	808,158	808,158
Other liabilities	93,613	93,613	435,812	435,812	442,393	442,393
<u>Derivative financial instruments</u>						
Financial assets						
Financial assets measured at fair value through profit or loss	-	-	68,226	68,226	3,110	3,110
Financial liabilities						
Financial liabilities measured at fair value through profit or loss	136,191	136,191	106,214	106,214	737,966	737,966

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
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- 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:

June 30, 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	\$ 11,305,482	-	-	11,305,482	-	-	-	-	-	-	11,305,482
Financial assets measured at amortized cost	1,600,486	-	-	1,600,486	-	-	-	-	-	593	1,599,893
Total	\$ 12,905,968	-	-	12,905,968	-	-	-	-	-	593	12,905,375
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
June 30, 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	\$ 21,329,689	-	-	21,329,689	-	-	-	-	-	-	21,329,689
Financial assets measured at amortized cost	1,494,915	-	-	1,494,915	-	-	-	-	-	502	1,494,413
Total	\$ 22,824,604	-	-	22,824,604	-	-	-	-	-	502	22,824,102

Note: There is no purchased or originated credit impaired financial assets in the above financial assets.

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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:

June 30, 2023					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
Expected credit loss rate	0%~20%	2%~5%	10%	25%~100%	
Carrying amount	\$ 25,583,065	1,563,957	289,250	977,986	28,414,258
Expected credit loss	166,948	35,208	19,505	27,276	248,937
December 31, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
Expected credit loss rate	0%~15%	2%~5%	10%~25%	25%~100%	
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
June 30, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
Expected credit loss rate	0%	2%~5%	10%~25%	25%~100%	
Carrying amount	\$ 10,345,571	2,367,819	435,823	274,117	13,423,330
Expected credit loss	-	50,903	24,526	131,933	207,362

- 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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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.

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 six months ended June 30, 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)
Purchased or originated financial assets	137	-	-	137
Effects of exchange rate changes and others	240	-	-	240
Ending balance	<u>\$ 5,449</u>	<u>-</u>	<u>-</u>	<u>5,449</u>

	For the six months ended June 30, 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	(605)	-	-	(605)
Purchased or originated financial assets	665	-	-	665
Effects of exchange rate changes and others	924	-	-	924
Ending balance	<u>\$ 11,150</u>	<u>-</u>	<u>-</u>	<u>11,150</u>

2. Changes in loss allowance of financial assets measured at amortized cost

	For the six months ended June 30, 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	66	-	-	66
Ending balance	<u>\$ 593</u>	<u>-</u>	<u>-</u>	<u>593</u>

	For the six months ended June 30, 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	37	-	-	37
Ending balance	<u>\$ 502</u>	<u>-</u>	<u>-</u>	<u>502</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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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	June 30, 2023					
	Credit risk exposure amount – by region					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	\$ 26,893,284	122,965	8,124,810	224	-	35,141,283
Customer margin account	25,867,103	701,207	2,634,582	-	68,700	29,271,592
Financial assets mandatorily measured at fair value through profit or loss – current	22,330,813	30,703	6,579,611	1,204,305	1,885,746	32,031,178
Debt securities	20,577,768	30,703	6,579,611	1,204,305	1,885,746	30,278,133
Derivatives – OTC	598,892	-	-	-	-	598,892
Derivatives – Futures trading margin	773,608	-	-	-	-	773,608
Foreign exchange derivatives	24,955	-	-	-	-	24,955
Other debt securities	355,529	-	-	-	-	355,529
Call option – Futures	61	-	-	-	-	61
Margin deposits for borrowed securities	5,535,079	-	-	-	-	5,535,079
Other refundable deposits	1,780,372	4,724	-	-	-	1,785,096
Other current assets	2,594,547	155,547	-	-	-	2,750,094
Financial assets measured at fair value through other comprehensive income – Debt instruments	1,502,547	-	1,458,892	182,611	2,729,561	5,873,611
Total	<u>\$ 86,503,745</u>	<u>1,015,146</u>	<u>18,797,895</u>	<u>1,387,140</u>	<u>4,684,007</u>	<u>112,387,933</u>
Proportion of the total	<u>76.97 %</u>	<u>0.90 %</u>	<u>16.73 %</u>	<u>1.23 %</u>	<u>4.17 %</u>	<u>100.00 %</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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<u>Financial assets</u>	December 31, 2022 (Restatement)					
	Credit risk exposure amount – by region					
	<u>Taiwan</u>	<u>Hong Kong</u>	<u>Asia</u>	<u>Europe</u>	<u>America</u>	<u>Total</u>
Cash and cash equivalents	\$ 31,564,881	427,533	12,019,691	121	-	44,012,226
Customer margin account	28,361,937	419,427	2,619,101	-	24,954	31,425,419
Financial assets mandatorily measured at fair value through profit or loss – current	20,138,409	-	250,257	-	-	20,388,666
Debt securities	18,785,129	-	250,257	-	-	19,035,386
Derivatives – OTC	570,586	-	-	-	-	570,586
Derivatives – Futures trading margin	398,978	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	5,619,101
Other refundable deposits	2,071,395	7,099	165	-	-	2,078,659
Other current assets	2,860,641	206,346	-	-	560	3,067,547
Financial assets measured at fair value through other comprehensive income – Debt instruments	1,675,151	-	905,793	-	1,199,250	3,780,194
Total	\$ 92,291,515	1,060,405	15,795,007	121	1,224,764	110,371,812
Proportion of the total	83.62 %	0.96 %	14.31 %	- %	1.11 %	100.00 %

<u>Financial assets</u>	June 30, 2022 (Restatement)					
	Credit risk exposure amount – by region					
	<u>Taiwan</u>	<u>Hong Kong</u>	<u>Asia</u>	<u>Europe</u>	<u>America</u>	<u>Total</u>
Cash and cash equivalents	\$ 25,107,890	394,849	5,508,823	10	-	31,011,572
Customer margin account	34,924,564	226,474	2,557,689	-	36,275	37,745,002
Financial assets mandatorily measured at fair value through profit or loss – current	16,966,078	-	869,499	-	144,219	17,979,796
Debt securities	15,328,581	-	869,499	-	144,219	16,342,299
Derivatives – OTC	663,299	-	-	-	-	663,299
Derivatives – Futures trading margin	572,175	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	4,208
Other debt securities	394,422	-	-	-	-	394,422
Call option – Futures	3,393	-	-	-	-	3,393
Margin deposits for borrowed securities	5,605,053	-	-	-	-	5,605,053
Other refundable deposits	2,226,340	6,836	159	-	-	2,233,335
Other current assets	1,516,767	1,151,217	-	-	-	2,667,984
Financial assets measured at fair value through other comprehensive income – Debt instruments	5,240,668	-	988,325	-	1,150,327	7,379,320
Total	\$ 91,587,360	1,779,376	9,924,495	10	1,330,821	104,622,062
Proportion of the total	87.54 %	1.70 %	9.49 %	- %	1.27 %	100.00 %

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023												
Credit risk exposure amount — by industry												
Financial assets	Central and local											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	Other services	
Cash and cash equivalents	\$ 34,565,316	-	-	-	-	-	-	-	-	-	575,967	35,141,283
Customer margin account	29,271,592	-	-	-	-	-	-	-	-	-	-	29,271,592
Financial assets mandatorily measured at fair value through profit or loss — current	9,736,709	30,703	187,355	1,744,488	844,453	220,109	616,753	10,899,465	3,318,162	887,239	3,545,742	32,031,178
Debt securities	7,983,664	30,703	187,355	1,744,488	844,453	220,109	616,753	10,899,465	3,318,162	887,239	3,545,742	30,278,133
Derivatives — OTC	598,892	-	-	-	-	-	-	-	-	-	-	598,892
Derivatives — Futures trading margin	773,608	-	-	-	-	-	-	-	-	-	-	773,608
Foreign exchange derivatives	24,955	-	-	-	-	-	-	-	-	-	-	24,955
Other debt securities	355,529	-	-	-	-	-	-	-	-	-	-	355,529
Call option — Futures	61	-	-	-	-	-	-	-	-	-	-	61
Margin deposits for borrowed securities	5,535,079	-	-	-	-	-	-	-	-	-	-	5,535,079
Other refundable deposits	1,781,982	-	-	-	-	-	-	-	-	-	3,114	1,785,096
Other current assets	1,692,842	-	-	-	-	-	-	-	-	-	1,057,252	2,750,094
Financial assets measured at fair value through other comprehensive income — debt instruments	3,316,327	99,476	-	448,925	-	-	197,880	1,430,436	282,728	-	97,839	5,873,611
Total	\$ 85,899,847	130,179	187,355	2,193,413	844,453	220,109	814,633	12,329,901	3,600,890	887,239	5,279,914	112,387,933
Proportion of the total	76.43 %	0.12 %	0.17 %	1.95 %	0.75 %	0.20 %	0.72 %	10.97 %	3.20 %	0.79 %	4.70 %	100.00 %

December 31, 2022 (Restatement)												
Credit risk exposure amount — by industry												
Financial assets	Central and local											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	Other services	
Cash and cash equivalents	\$ 43,155,960	-	-	-	-	-	-	-	-	-	856,266	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss — current	2,832,774	52,103	231,227	684,936	523,811	84,545	705,669	11,592,247	1,837,164	340,062	1,504,128	20,388,666
Debt securities	1,479,494	52,103	231,227	684,936	523,811	84,545	705,669	11,592,247	1,837,164	340,062	1,504,128	19,035,386
Derivatives — OTC	570,586	-	-	-	-	-	-	-	-	-	-	570,586
Derivatives — Futures trading margin	398,978	-	-	-	-	-	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	-	-	-	-	-	377,004
Call option — Futures	6	-	-	-	-	-	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	-	-	-	-	-	5,619,101
Other refundable deposits	2,072,989	-	-	2,408	-	-	-	-	-	-	3,262	2,078,659
Other current assets	2,404,384	-	-	-	-	-	-	-	-	-	663,163	3,067,547
Financial assets measured at fair value through other comprehensive income — Debt instruments	2,105,043	99,140	-	438,576	-	-	196,692	843,801	-	-	96,942	3,780,194
Total	\$ 89,615,670	151,243	231,227	1,125,920	523,811	84,545	902,361	12,436,048	1,837,164	340,062	3,123,761	110,371,812
Proportion of the total	81.19 %	0.14 %	0.21 %	1.02 %	0.47 %	0.08 %	0.82 %	11.27 %	1.66 %	0.31 %	2.83 %	100.00 %

June 30, 2022 (Restatement)												
Credit risk exposure amount — by industry												
Financial assets	Central and local											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	Other services	
Cash and cash equivalents	\$ 30,425,224	-	-	-	-	-	-	-	-	-	586,348	31,011,572
Customer margin account	37,745,002	-	-	-	-	-	-	-	-	-	-	37,745,002
Financial assets mandatorily measured at fair value through profit or loss — current	3,659,008	-	271,386	572,185	679,851	166,201	617,744	9,595,919	1,012,750	146,783	1,257,969	17,979,796
Debt securities	2,021,511	-	271,386	572,185	679,851	166,201	617,744	9,595,919	1,012,750	146,783	1,257,969	16,342,299
Derivatives — OTC	663,299	-	-	-	-	-	-	-	-	-	-	663,299
Derivatives — futures trading margin	572,175	-	-	-	-	-	-	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	-	-	-	-	-	-	4,208
Other debt securities	394,422	-	-	-	-	-	-	-	-	-	-	394,422
Call option — Futures	3,393	-	-	-	-	-	-	-	-	-	-	3,393
Margin deposits for borrowed securities	5,605,053	-	-	-	-	-	-	-	-	-	-	5,605,053
Other refundable deposits	2,227,868	-	-	2,323	-	-	-	-	-	-	3,144	2,233,335
Other current assets	1,180,757	-	-	-	-	-	-	-	-	-	1,487,227	2,667,984
Financial assets measured at fair value through other comprehensive income — debt instruments	2,138,652	100,278	-	436,581	-	-	197,751	2,267,019	2,141,339	-	97,700	7,379,320
Total	\$ 82,981,564	100,278	271,386	1,011,089	679,851	166,201	815,495	11,862,938	3,154,089	146,783	3,432,388	104,622,062
Proportion of the total	79.31 %	0.10 %	0.26 %	0.97 %	0.65 %	0.16 %	0.78 %	11.34 %	3.01 %	0.14 %	3.28 %	100.00 %

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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.

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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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.

(Continued)

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

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.

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:

June 30, 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	\$ 4,381,225	1,495,339	-	5,876,564	-	-	-	-	-	2,953	5,873,611

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December 31, 2022 (Restatement)										
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

June 30, 2022 (Restatement)										
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	\$ 3,843,578	3,538,277	-	7,381,855	-	-	-	-	2,535	7,379,320

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.

June 30, 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	\$ 27,016,477	8,124,806	-	-	-	-	35,141,283
Customer margin account	29,271,592	-	-	-	-	-	29,271,592
Financial assets mandatorily measured at fair value through profit or loss – current	22,775,222	9,105,288	150,668	-	-	-	32,031,178
Debt securities	21,498,085	8,629,380	150,668	-	-	-	30,278,133
Derivative assets – OTC	122,984	475,908	-	-	-	-	598,892
Derivative assets – Futures trading margin	773,608	-	-	-	-	-	773,608
Foreign exchange derivatives	24,955	-	-	-	-	-	24,955
Other debt securities	355,529	-	-	-	-	-	355,529
Call option – Futures	61	-	-	-	-	-	61
Margin deposits for borrowed securities	5,535,079	-	-	-	-	-	5,535,079
Other refundable deposits	1,785,096	-	-	-	-	-	1,785,096
Other current assets	2,750,094	-	-	-	-	-	2,750,094
Financial assets measured at fair value through other comprehensive income – debt instruments	4,381,225	1,495,339	-	-	-	2,953	5,873,611
Subtotal	93,514,785	18,725,433	150,668	-	-	2,953	112,387,933
Proportion of the total	83.20 %	16.66 %	0.14 %	- %	- %	- %	100.00 %
Receivables	42,177,101	13,923,212	761,968	-	180,316	180,316	56,862,281
Accounts receivable	31,403,188	6,847	-	-	180,316	180,316	31,410,035
Receivables from pecuniary finance	10,773,913	13,916,365	761,968	-	-	-	25,452,246
Total	\$ 135,691,886	32,648,645	912,636	-	180,316	183,269	169,250,214
Proportion of the total	80.17 %	19.29 %	0.54 %	- %	0.11 %	0.11 %	100.00 %

Note: There is no purchased or originated credit-impaired financial in the above financial assets.

(Continued)

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

December 31, 2022 (Restatement)							
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	\$ 31,992,535	12,019,691	-	-	-	-	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss – current	12,632,086	7,479,555	277,025	-	-	-	20,388,666
Debt securities	11,731,811	7,026,550	277,025	-	-	-	19,035,386
Derivative assets – OTC	117,581	453,005	-	-	-	-	570,586
Derivative assets – Futures trading margin	398,978	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	5,619,101
Other refundable deposits	2,078,659	-	-	-	-	-	2,078,659
Other current assets	3,067,547	-	-	-	-	-	3,067,547
Financial assets measured at fair value through other comprehensive income – debt instruments	2,520,956	1,261,389	-	-	-	2,151	3,780,194
Subtotal	<u>89,336,303</u>	<u>20,760,635</u>	<u>277,025</u>	<u>-</u>	<u>-</u>	<u>2,151</u>	<u>110,371,812</u>
Proportion of the total	<u>80.94 %</u>	<u>18.81 %</u>	<u>0.25 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>
Receivables	<u>25,259,941</u>	<u>11,026,107</u>	<u>753,710</u>	<u>-</u>	<u>180,150</u>	<u>180,150</u>	<u>37,039,758</u>
Accounts receivable	15,526,233	7,600	-	-	180,150	180,150	15,533,833
Receivables from pecuniary finance	<u>9,733,708</u>	<u>11,018,507</u>	<u>753,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,505,925</u>
Total	<u>\$ 114,596,244</u>	<u>31,786,742</u>	<u>1,030,735</u>	<u>-</u>	<u>180,150</u>	<u>182,301</u>	<u>147,411,570</u>
Proportion of the total	<u>77.74 %</u>	<u>21.56 %</u>	<u>0.70 %</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.

June 30, 2022 (Restatement)							
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	\$ 25,502,749	5,508,823	-	-	-	-	31,011,572
Customer margin account	37,745,002	-	-	-	-	-	37,745,002
Financial assets mandatorily measured at fair value through profit or loss – current	9,653,688	8,072,075	254,033	-	-	-	17,979,796
Debt securities	8,540,493	7,547,773	254,033	-	-	-	16,342,299
Derivative assets – OTC	138,997	524,302	-	-	-	-	663,299
Derivative assets – Futures trading margin	572,175	-	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	-	4,208
Other debt securities	394,422	-	-	-	-	-	394,422
Call option – Futures	3,393	-	-	-	-	-	3,393
Margin deposits for borrowed securities	5,605,053	-	-	-	-	-	5,605,053
Other refundable deposits	2,233,335	-	-	-	-	-	2,233,335
Other current assets	2,667,984	-	-	-	-	-	2,667,984
Financial assets measured at fair value through other comprehensive income – debt instruments	3,843,578	3,538,277	-	-	-	2,535	7,379,320
Subtotal	<u>87,251,389</u>	<u>17,119,175</u>	<u>254,033</u>	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>104,622,062</u>
Proportion of the total	<u>83.40 %</u>	<u>16.36 %</u>	<u>0.24 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>
Receivables	<u>39,777,548</u>	<u>11,441,745</u>	<u>756,737</u>	<u>-</u>	<u>181,742</u>	<u>181,742</u>	<u>51,976,030</u>
Accounts receivable	26,390,973	8,390	-	-	181,742	181,742	26,399,363
Receivables from pecuniary finance	<u>13,386,575</u>	<u>11,433,355</u>	<u>756,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,576,667</u>
Total	<u>\$ 127,028,937</u>	<u>28,560,920</u>	<u>1,010,770</u>	<u>-</u>	<u>181,742</u>	<u>184,277</u>	<u>156,598,092</u>
Proportion of the total	<u>81.12 %</u>	<u>18.23 %</u>	<u>0.65 %</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.

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

As seen in above tables, Fubon Securities and its subsidiaries have no financial assets which are overdue but not impaired. 0.54% 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.
- 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.

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

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.

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.

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

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 six months ended June 30, 2023 and 2022.

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.

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 June 30, 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 six months ended June 30, 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	(205)	-	-	-	-	(205)	(205)
Originated or purchased new financial assets	837	-	-	-	-	837	837
Effects of exchange rate changes and others	170	-	-	-	-	170	170
Ending balance	<u>\$ 2,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,953</u>	<u>2,953</u>

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

	For the six months ended June 30, 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	(2,422)	-	-	-	-	(2,422)	(2,422)
Originated or purchased new financial assets	1,032	-	-	-	-	1,032	1,032
Effects of exchange rate changes and others	(19)	-	-	-	-	(19)	(19)
Ending balance	<u>\$ 2,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>2,535</u>

For the six months ended June 30, 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 June 30, 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 six months ended June 30, 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	\$ -	-	212,681	36,644	-	249,325	249,325
Originated or purchased new financial assets	-	-	239	886	-	1,125	1,125
Effects of exchange rate changes and others	-	-	2,352	(1,814)	-	538	538
Ending balance	<u>\$ -</u>	<u>-</u>	<u>215,272</u>	<u>35,716</u>	<u>-</u>	<u>250,988</u>	<u>250,988</u>

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

	For the six months ended June 30, 2022 (Restatement)						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	\$ -	-	236,940	29,518	-	266,458	266,458
Originated or purchased new financial assets	-	-	1,542	1,613	-	3,155	3,155
Effects of exchange rate changes and others	-	-	(25,150)	(1,263)	-	(26,413)	(26,413)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>213,332</u>	<u>29,868</u>	<u>-</u>	<u>243,200</u>	<u>243,200</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 \$187,163 thousand, \$187,751 thousand and \$188,554 thousand, respectively, which has yet to be recovered, and therefore, the loss allowance amounting to \$180,316 thousand, \$180,150 thousand and \$180,164 thousand, respectively, after considering the actual recovery, had been recognized, as of June 30, 2023, restatement of December 31 and June 30, 2022.

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

vii) Impairment loss

As of June 30, 2023, December 31 and June 30, 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 June 30, 2023, December 31 and June 30, 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 June 30, 2023, December 31 and June 30, 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 ongoing 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
Notes to the Consolidated Financial Statements

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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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 derivate 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.

(Continued)

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

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.

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

i) Financial assets measured at amortized cost

Units: In thousands of HKD

For the six months ended June 30, 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:						
– Transfer to 12-month ECLs	126	-	(126)	-	-	-
– Derecognition of financial assets at current period	4,570	-	-	-	-	4,570
Originated or purchased new financial assets	13,307	-	-	-	-	13,307
Effects of exchange rate changes and others	(21,248)	-	(275)	-	-	(21,523)
Ending balance	<u>\$ 60,268</u>	<u>-</u>	<u>668</u>	<u>-</u>	<u>-</u>	<u>60,936</u>

Units: In thousands of HKD

For the six months ended June 30, 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:						
– Transfer to lifetime ECLs	(123)	-	123	-	-	-
– Transfer to 12-month ECLs	4,812	-	(4,812)	-	-	-
– Derecognition of financial assets at current period	(4,281)	-	889	-	-	(3,392)
Originated or purchased new financial assets	6,336	-	-	-	-	6,336
Effects of exchange rate changes and others	4,523	-	(1,897)	-	-	2,626
Ending balance	<u>\$ 60,830</u>	<u>-</u>	<u>372</u>	<u>-</u>	<u>-</u>	<u>61,202</u>

ii) Discounts and Loans

Units: In thousands of HKD

For the six months ended June 30, 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	(7,098)	-	7,098	-	-	-
– Transfer to 12-month ECLs	5,986	-	(5,986)	-	-	-
– Derecognition of financial assets at current period	(70,766)	-	(5,051)	-	-	(75,817)
Originated or purchased new financial assets	74,606	-	21,517	-	-	96,123
Write-off	-	-	(38,983)	-	-	(38,983)
Effects of exchange rate changes and others	(43,702)	-	69,504	-	-	25,802
Ending balance	<u>\$ 192,784</u>	<u>-</u>	<u>292,589</u>	<u>-</u>	<u>-</u>	<u>485,373</u>

(Continued)

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

Units: In thousands of HKD

For the six months ended June 30, 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	(1,478)	-	1,478	-	-	-
– Transfer to 12-month ECLs	2,537	-	(2,537)	-	-	-
– Derecognition of financial assets at current period	(16,444)	-	(7,556)	-	-	(24,000)
Originated or purchased new financial assets	44,462	-	3,176	-	-	47,638
Write-off	-	-	(123,891)	-	-	(123,891)
Effects of exchange rate changes and others	24,236	-	136,376	-	-	160,612
Ending balance	<u>\$ 222,332</u>	<u>-</u>	<u>337,150</u>	<u>-</u>	<u>-</u>	<u>559,482</u>

iii) Off-balance sheet guarantees and commitments

Units: In thousands of HKD

For the six months ended June 30, 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	(3,466)	-	(136)	-	-	(3,602)
Ending balance	<u>\$ 21,602</u>	<u>-</u>	<u>7,668</u>	<u>-</u>	<u>-</u>	<u>29,270</u>

Units: In thousands of HKD

For the six months ended June 30, 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	(1,035)	-	2,728	-	-	1,693
Ending balance	<u>\$ 26,058</u>	<u>-</u>	<u>8,785</u>	<u>-</u>	<u>-</u>	<u>34,843</u>

(Continued)

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

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>	Maximum exposure to credit risk		
	June 30, 2023	December 31, 2022	June 30, 2022
Irrevocable loan commitments	\$ 3,150,139	2,295,063	2,961,137
Standby letters of credit	300,800	342,556	487,559
Financial guarantees	128,512	126,262	128,217
Total	\$ 3,579,451	2,763,881	3,576,913

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>	June 30, 2023		
	Collaterals	General agreement of net amount settlement	Other credit enhancement tools
Discounts and loans	35.97 %	-	%
Financial assets measured at amortized cost			
– Bonds investments	-	%	4.64 %
<u>On-balance sheet items</u>	December 31, 2022		
	Collaterals	General agreement of net amount settlement	Other credit enhancement tools
Discounts and loans	35.16 %	-	%
Financial assets measured at amortized cost			
– Bonds investments	-	%	6.24 %
<u>On-balance sheet items</u>	June 30, 2022		
	Collaterals	General agreement of net amount settlement	Other credit enhancement tools
Discounts and loans	36.21 %	-	%
Financial assets measured at amortized cost			
– Bonds investments	-	%	4.15 %

(Continued)

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	June 30, 2023		December 31, 2022		Units: In thousands of HKD June 30, 2022	
	Amount	%	Amount	%	Amount	%
Gross advances for use in Hong Kong industrial, commercial and financial						
Property development	\$ 5,897,316	8.81	4,919,629	7.39	3,815,944	5.90
Property investment	8,980,483	13.42	9,292,497	13.97	9,518,217	14.72
Financial concerns	2,291,661	3.43	1,737,027	2.61	863,156	1.34
Stockbrokers	30,000	0.05	1,091,439	1.64	1,625,423	2.51
Wholesale and retail trade	1,426,645	2.13	1,360,563	2.04	1,435,010	2.22
Manufacturing	3,140,250	4.69	2,918,750	4.39	2,543,615	3.93
Transport and transport equipment	256,123	0.38	322,610	0.48	549,133	0.85
Information technology	702,039	1.05	702,039	1.06	910,675	1.41
Electricity and gas	275,666	0.41	569,626	0.86	514,128	0.80
Others	5,052,997	7.55	5,895,050	8.86	6,020,544	9.31
Individuals						
Project plan	2,011	-	2,255	-	2,703	-
Loan for the purchase of other residential properties	13,634,854	20.37	13,623,919	20.48	13,016,224	20.13
Credit card advances	823,107	1.23	795,183	1.20	703,663	1.09
Others	3,448,828	5.15	3,749,312	5.63	4,104,904	6.35
	45,961,980	68.67	46,979,899	70.61	45,623,339	70.56
Trade finance	5,440,118	8.13	5,141,619	7.73	5,110,225	7.90
Gross advances for use in Hong Kong	51,402,098	76.80	52,121,518	78.34	50,733,564	78.46
Gross advances for use outside Hong Kong	15,533,103	23.20	14,415,443	21.66	13,929,122	21.54
Gross advances to customers	<u>\$ 66,935,201</u>	<u>100.00</u>	<u>66,536,961</u>	<u>100.00</u>	<u>64,662,686</u>	<u>100.00</u>

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

	June 30, 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	\$ 19,476,774	-	-	19,476,774	-	252,023	-	252,023	6,593	25,510	19,709,880
– Consumer loans	2,927,515	-	-	2,927,515	-	287,462	-	287,462	4,475	23,417	3,196,035
Corporate finance											
– Commercial loans	39,640,459	-	-	39,640,459	-	1,433,813	-	1,433,813	633,572	510,554	41,197,290
Due from the central bank and call loans to banks	5,989,163	-	-	5,989,163	-	-	-	-	-	67	5,989,096
Financial assets measured at amortized cost – debt instruments	41,989,096	-	1,261,367	43,250,463	325,713	-	-	325,713	-	61,135	43,515,041
Off-balance sheet items:											
Guarantee and commitments	31,419,979	-	-	31,419,979	-	1,159,801	-	1,159,801	-	34,843	32,544,937

(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
Notes to the Consolidated Financial Statements

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
Notes to the Consolidated Financial Statements

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

	June 30, 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	\$ 74,873,509	7,385,042	7,287,957	10,527,779	33,629,262	133,703,549
Investment in marketable securities (Note)	220,115,977	48,343,420	39,455,122	80,325,650	208,957,793	597,197,962
Securities purchased under resell agreements	22,312,769	200,090	-	-	-	22,512,859
Loans (included overdue loans)	71,275,354	135,564,231	122,683,673	94,288,667	1,240,749,265	1,664,561,190
Deliverable derivative assets	183,560,463	229,636,306	141,484,949	122,850,326	9,746,008	687,278,052
Non-deliverable derivative assets	6,809,560	35	-	1,321	41,276	6,852,192
Other capital inflow on maturity	46,089,084	15,241,875	13,360,146	9,452,836	36,711,357	120,855,298
Total assets	<u>\$ 625,036,716</u>	<u>436,370,999</u>	<u>324,271,847</u>	<u>317,446,579</u>	<u>1,529,834,961</u>	<u>3,232,961,102</u>
Liabilities						
Deposits from the central bank and banks	\$ 8,934,548	3,001,000	3,301,581	600,469	108,000	15,945,598
Deposits and remittances	209,848,988	227,802,445	224,838,182	324,788,753	1,035,941,825	2,023,220,193
Securities sold under repurchase agreements	-	44,238	3,487,604	31,080	-	3,562,922
Payables	846,123	1,046,666	935,775	727,750	96,264	3,652,578
Financial bonds payable	-	500,028	-	4,495,125	88,533,411	93,528,564
Deliverable derivative liabilities	212,841,494	239,323,673	176,229,575	128,800,094	10,222,531	767,417,367
Non-deliverable derivative liabilities	6,475,082	-	-	6,130	1,111,885	7,593,097
Other capital outflow on maturity	10,920,908	734,370	453,347	7,250,274	15,080,920	34,439,819
Total liabilities	<u>\$ 449,867,143</u>	<u>472,452,420</u>	<u>409,246,064</u>	<u>466,699,675</u>	<u>1,151,094,836</u>	<u>2,949,360,138</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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	\$ 571,778,830	400,712,332	269,058,985	299,414,970	1,363,075,558	2,904,040,675
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	\$ 403,673,141	570,124,720	311,901,507	379,850,733	994,700,117	2,660,250,218

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

Units: In thousands of TWD

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

Note 1: The above amounts include only New Taiwan dollar amounts (exclude foreign currencies) held by headquarter and domestic branches of Taipei Fubon Bank.

Note 2: 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.

Note 3: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) The maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	June 30, 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	\$ 1,430,983	694,000	875,000	1,244,000	-	4,243,983
Investment in marketable securities (Note 2)	735,875	35,706	53,773	647,281	9,713,111	11,185,746
Securities purchased under resell agreements	36,877	67,767	-	-	-	104,644
Loans (included overdue loans)	1,274,071	538,082	410,282	344,410	1,672,460	4,239,305
Deliverable derivative assets	10,249,880	8,826,667	6,063,677	4,664,850	398,889	30,203,963
Non-deliverable derivative assets	81,556	-	136	7,142	283,740	372,574
Other capital inflow on maturity	1,289,745	295,877	85,277	50,552	139,394	1,860,845
Total assets	\$ 15,098,987	10,458,099	7,488,145	6,958,235	12,207,594	52,211,060
Liabilities						
Deposits from the central bank and banks	\$ 1,897,119	340,000	50,000	10,000	-	2,297,119
Deposits and remittances	3,931,271	4,958,389	2,876,191	3,983,267	3,279,582	19,028,700
Securities sold under repurchase agreements	615,346	1,030,883	-	-	-	1,646,229
Payables	37,187	59,101	23,769	14,917	279	135,253
Financial bonds payable	-	-	-	-	403,515	403,515
Deliverable derivative liabilities	8,183,215	8,292,239	4,859,805	4,433,250	378,372	26,146,881
Non-deliverable derivative liabilities	52,986	-	-	-	92,444	145,430
Other capital outflow on maturity	767,592	142,990	69,151	162,276	894,006	2,036,015
Total liabilities	\$ 15,484,716	14,823,602	7,878,916	8,603,710	5,048,198	51,839,142

(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						
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

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

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.

Note 3: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

(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

	June 30, 2023					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
Assets						
Cash and due from / call loans to banks	\$ 2,020,287	2,484	-	-	6,464,723	8,487,494
Investment in marketable securities (Note)	2,080,238	4,723,150	13,012,792	53,806,545	218,714	73,841,439
Securities purchased under resell agreements	200,029	-	-	-	-	200,029
Loans (included overdue loans)	7,671,297	11,397,824	16,184,956	35,344,345	-	70,598,422
Deliverable derivative assets	66,422,068	58,616,788	82,090,281	2,457,488	-	209,586,625
Non-deliverable derivative assets	1,722	6,981	20,693	4,764	-	34,160
Other capital inflow on maturity	806,079	1,237,730	1,341,113	1,198,818	584,563	5,168,303
Total assets	\$ 79,201,720	75,984,957	112,649,835	92,811,960	7,268,000	367,916,472
Liabilities						
Deposits from the central bank and banks	\$ 7,915,845	2,153,245	423,349	-	-	10,492,439
Due to the central bank and banks	-	-	637,060	-	-	637,060
Deposits and remittances	37,445,245	15,042,308	26,085,124	15,320,850	-	93,893,527
Securities sold under repurchase agreements	4,052,737	-	-	-	-	4,052,737
Payables	1,645,518	1,339,526	2,156,018	539	-	5,141,601
Financial bonds payable	20,400	-	1,230,900	5,701,629	-	6,952,929
Deliverable derivatives liabilities	66,067,772	58,678,876	81,571,352	2,443,326	-	208,761,326
Non-deliverable derivatives liabilities	2,681	9,929	55,763	111	-	68,484
Other capital outflow on maturity	5,551,711	4,953,165	3,950,872	220,599	433	14,676,780
Total liabilities	\$ 122,701,909	82,177,049	116,110,438	23,687,054	433	344,676,883

(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

	June 30, 2022					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
Assets						
Cash and due from / call loans to banks	\$ 3,591,519	2,544	-	-	7,067,209	10,661,272
Investments in marketable securities (Note)	4,175,906	1,059,417	9,530,415	50,315,330	3,491,542	68,572,610
Securities purchased under resell agreements	1,878,623	-	-	-	-	1,878,623
Loans (included overdue loans)	7,120,626	11,249,690	20,147,001	23,813,194	-	62,330,511
Deliverable derivative assets	40,234,416	34,343,095	54,918,435	1,133,876	-	130,629,822
Non-deliverable derivative assets	12,968	7,261	14,264	1,858	-	36,351
Other capital inflow on maturity	1,160,872	1,592,358	2,443,748	152,129	521,692	5,870,799
Total assets	\$ 58,174,930	48,254,365	87,053,863	75,416,387	11,080,443	279,979,988
Liabilities						
Deposits from the central bank and banks	\$ 3,191,131	1,707,738	492,910	-	-	5,391,779
Due to the central bank and banks	168,511	-	-	-	-	168,511
Deposits and remittances	45,920,816	17,385,604	18,951,331	14,018,012	-	96,275,763
Securities sold under repurchase agreements	1,060,882	45,247	-	-	-	1,106,129
Payables	1,936,806	1,654,714	2,324,297	535	-	5,916,352
Financial bonds payable	20,400	-	1,197,900	4,757,212	-	5,975,512
Deliverable derivatives liabilities	40,229,399	34,241,040	54,425,398	1,134,849	-	130,030,686
Non-deliverable derivatives liabilities	3,158	8,170	16,644	968	-	28,940
Other capital outflow on maturity	4,614,821	7,082,806	6,590,210	289,982	433	18,578,252
Total liabilities	\$ 97,145,924	62,125,319	83,998,690	20,201,558	433	263,471,924

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

	June 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 1,054,743	1,221,481	559,544	244,409	62,658	3,142,835
– Currency swap	174,431,078	225,621,626	136,456,289	117,606,707	5,162,370	659,278,070
– Cross currency swap	8,074,642	2,793,199	4,469,116	4,999,210	4,520,980	24,857,147
Subtotal	<u>183,560,463</u>	<u>229,636,306</u>	<u>141,484,949</u>	<u>122,850,326</u>	<u>9,746,008</u>	<u>687,278,052</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	550,846	-	-	-	-	550,846
– Interest rate derivative instruments – hedging	-	35	-	1,321	41,276	42,632
– Interest rate derivative instruments – non-hedging	5,832,170	-	-	-	-	5,832,170
– Equity derivative instruments	426,544	-	-	-	-	426,544
Subtotal	<u>6,809,560</u>	<u>35</u>	<u>-</u>	<u>1,321</u>	<u>41,276</u>	<u>6,852,192</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 1,449,819	1,319,690	70,853	-	-	2,840,362
– Currency swap	200,678,154	230,768,283	175,044,772	127,491,829	8,245,116	742,228,154
– Cross currency swap	10,713,521	7,235,700	1,113,950	1,308,265	1,977,415	22,348,851
Subtotal	<u>212,841,494</u>	<u>239,323,673</u>	<u>176,229,575</u>	<u>128,800,094</u>	<u>10,222,531</u>	<u>767,417,367</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	550,846	-	-	-	-	550,846
– Interest rate derivative instrument – hedging	-	-	-	6,130	1,111,885	1,118,015
– Interest rate derivative instruments – non-hedging	5,492,800	-	-	-	-	5,492,800
– Equity derivative instruments	431,436	-	-	-	-	431,436
Subtotal	<u>6,475,082</u>	<u>-</u>	<u>-</u>	<u>6,130</u>	<u>1,111,885</u>	<u>7,593,097</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	1,208,275	16,890,389	4,988,610	14,201,874	8,045,400	45,334,548
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	1,695,950	1,430,000	6,283,015	19,063,171	838,870	29,311,006
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>

(Continued)

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

Units: In thousands of TWD

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

Note 1: The above amounts include only New Taiwan dollar amounts (exclude foreign currencies) held by headquarter and domestic branches of Taipei Fubon Bank.

Note 2: The amount as of December 31 and June 30, 2022 excluded JihSun 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

	June 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$ 505,030	152,591	46,821	129,991	1,043	835,476
– Currency swap	9,361,850	8,414,076	5,976,856	4,489,859	332,846	28,575,487
– Cross currency swap	383,000	260,000	40,000	45,000	65,000	793,000
Subtotal	<u>10,249,880</u>	<u>8,826,667</u>	<u>6,063,677</u>	<u>4,664,850</u>	<u>398,889</u>	<u>30,203,963</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	19,734	-	-	-	-	19,734
– Interest rate derivative instruments – hedging	14	-	136	7,142	283,740	291,032
– Interest rate derivative instruments – non-hedging	61,662	-	-	-	-	61,662
– Equity derivative instruments	146	-	-	-	-	146
Subtotal	<u>81,556</u>	<u>-</u>	<u>136</u>	<u>7,142</u>	<u>283,740</u>	<u>372,574</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$ 182,771	250,016	105,925	141,253	26,260	706,225
– Currency swap	7,716,517	7,945,534	4,594,396	4,118,090	195,000	24,569,537
– Cross currency swap	283,927	96,689	159,484	173,907	157,112	871,119
Subtotal	<u>8,183,215</u>	<u>8,292,239</u>	<u>4,859,805</u>	<u>4,433,250</u>	<u>378,372</u>	<u>26,146,881</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	28,729	-	-	-	-	28,729
– Interest rate derivative instruments – hedging	-	-	-	-	92,444	92,444
– Interest rate derivative instruments – non-hedging	24,108	-	-	-	-	24,108
– Equity derivative instruments	149	-	-	-	-	149
Subtotal	<u>52,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,444</u>	<u>145,430</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>

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

Units: In thousands of USD

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

Note 1: The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

Note 2: The amount as of December 31 and June 30, 2022 excluded JihSun 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				
		June 30, 2023				
		0~30 days	31~90 days	91~365 days	Over 1 year	Total
Assets						
Deliverable derivative assets						
– Forward contracts	\$	346,353	263,500	126,895	-	736,748
– Currency swap		<u>66,075,715</u>	<u>58,353,288</u>	<u>81,963,386</u>	<u>2,457,488</u>	<u>208,849,877</u>
Subtotal		<u>66,422,068</u>	<u>58,616,788</u>	<u>82,090,281</u>	<u>2,457,488</u>	<u>209,586,625</u>
Non-deliverable derivative assets						
– Interest rate derivative instruments – non-hedging		1,722	6,981	5,883	4,545	19,131
– Option contracts		-	-	14,810	219	15,029
Subtotal		<u>1,722</u>	<u>6,981</u>	<u>20,693</u>	<u>4,764</u>	<u>34,160</u>
Liabilities						
Deliverable derivative liabilities						
– Forward contracts	\$	334,743	257,846	128,877	-	721,466
– Currency swap		<u>65,733,029</u>	<u>58,421,030</u>	<u>81,442,475</u>	<u>2,443,326</u>	<u>208,039,860</u>
Subtotal		<u>66,067,772</u>	<u>58,678,876</u>	<u>81,571,352</u>	<u>2,443,326</u>	<u>208,761,326</u>
Non-deliverable derivative liabilities						
– Interest rate derivative instruments – non-hedging		2,681	9,929	11,330	-	23,940
– Option contracts		-	-	44,433	111	44,544
Subtotal		<u>2,681</u>	<u>9,929</u>	<u>55,763</u>	<u>111</u>	<u>68,484</u>
		Units: In thousands of CNY				
		December 31, 2022				
		0~30 days	31~90 days	91~365 days	Over 1 year	Total
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		115	421	3,785	-	4,321
Subtotal		<u>1,183</u>	<u>2,503</u>	<u>13,595</u>	<u>1,951</u>	<u>19,232</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of CNY

	June 30, 2022				
	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Assets					
Deliverable derivative assets					
– Forward contracts	\$ 1,380,561	986,745	1,385,377	-	3,752,683
– Currency swap	<u>38,853,855</u>	<u>33,356,350</u>	<u>53,533,058</u>	<u>1,133,876</u>	<u>126,877,139</u>
Subtotal	<u>40,234,416</u>	<u>34,343,095</u>	<u>54,918,435</u>	<u>1,133,876</u>	<u>130,629,822</u>
Non-deliverable derivative assets					
– Interest rate derivative instruments – non-hedging	5,719	6,957	13,126	1,858	27,660
– Option contracts	<u>7,249</u>	<u>304</u>	<u>1,138</u>	<u>-</u>	<u>8,691</u>
Subtotal	<u>12,968</u>	<u>7,261</u>	<u>14,264</u>	<u>1,858</u>	<u>36,351</u>
Liabilities					
Deliverable derivative liabilities					
– Forward contracts	\$ 1,401,832	989,597	1,422,542	-	3,813,971
– Currency swap	<u>38,827,567</u>	<u>33,251,443</u>	<u>53,002,856</u>	<u>1,134,849</u>	<u>126,216,715</u>
Subtotal	<u>40,229,399</u>	<u>34,241,040</u>	<u>54,425,398</u>	<u>1,134,849</u>	<u>130,030,686</u>
Non-deliverable derivative liabilities					
– Interest rate derivative instruments – non-hedging	3,158	8,170	15,506	968	27,802
– Option contracts	<u>-</u>	<u>-</u>	<u>1,138</u>	<u>-</u>	<u>1,138</u>
Subtotal	<u>3,158</u>	<u>8,170</u>	<u>16,644</u>	<u>968</u>	<u>28,940</u>

vii) Maturity analysis of financial liabilities of JihSun Bank

1. Maturity analysis of non derivatives liabilities

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

Units: In thousands of TWD

	June 30, 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	\$ 9,419,026	1,756,525	3,362,978	93,610	1,197,339	15,829,478
Lease liabilities	15,794	31,575	44,542	84,322	433,084	609,317
Securities sold under repurchase agreements	1,770,340	-	-	-	-	1,770,340
Payables	1,074,154	56,743	49,149	281,477	53,517	1,515,040
Deposits	37,048,810	25,214,871	21,789,648	34,776,840	115,444,357	234,274,526
Other financial liabilities	15,459	188,408	86,211	47,565	1,146,366	1,484,009

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

2. Maturity analysis of derivatives liabilities

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	\$ 143,172	187	-	-	73,598	216,957

Units: In thousands of TWD

	June 30, 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	\$ 26,569	-	-	-	-	26,569
– FX options	-	1,187	-	-	75,136	76,323
– Interest rate instruments	100,295	-	-	-	-	100,295
– Equity instruments	137,163	-	-	-	-	137,163
Total	\$ 264,027	1,187	-	-	75,136	340,350

viii) 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

June 30, 2023	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 144,392,364	-	-	-	-	144,392,364
Standby letters of credit	2,518,658	3,353,950	1,838,027	498,276	646	8,209,557
Financial guarantees	18,492,760	3,340,981	-	136,217	3,325,994	25,295,952
Total	\$ 165,403,782	6,694,931	1,838,027	634,493	3,326,640	177,897,873

Units: In thousands of TWD

December 31, 2022 (Restatement)	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 115,467,353	3,832,276	1,777,396	2,139,743	6,636,815	129,853,583
Standby letters of credit	2,681,530	3,074,170	1,404,523	445,548	32,205	7,637,976
Financial guarantees	20,302,560	703,002	227,000	778,457	3,374,731	25,385,750
Total	\$ 138,451,443	7,609,448	3,408,919	3,363,748	10,043,751	162,877,309

Units: In thousands of TWD

June 30, 2022 (Restatement)	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 255,557,465	2,635,791	2,593,696	3,948,120	4,656,352	269,391,424
Standby letters of credit	2,347,362	5,615,714	1,294,917	153,016	155,056	9,566,065
Financial guarantees	18,601,848	3,069,000	246,000	199,488	3,389,018	25,505,354
Total	\$ 276,506,675	11,320,505	4,134,613	4,300,624	8,200,426	304,462,843

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

Fubon Bank (China)

Units: In thousands of CNY

June 30, 2023	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 11,250	122,203	374,695	138,200	646,348
Standby letters of credit	78,400	5,289	4,819	-	88,508
Financial guarantees	8,790	32,266	595,682	68,481	705,219
Total	\$ 98,440	159,758	975,196	206,681	1,440,075

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

June 30, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 16,907	74,977	344,639	503,954	940,477
Standby letters of credit	828	3,518	-	-	4,346
Financial guarantees	15,263	102,772	184,749	88,879	391,663
Total	\$ 32,998	181,267	529,388	592,833	1,336,486

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:

	June 30, 2023				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Accounts payable	\$ 39,503,132	253,475	-	-	39,756,607
Short-term liabilities	254,323	-	-	-	254,323
Bonds payables (Note)	2,815,276	5,630,552	38,925,317	44,552,954	91,924,099
Total	\$ 42,572,731	5,884,027	38,925,317	44,552,954	131,935,029

	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

	June 30, 2022				
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Accounts payable	\$ 34,980,208	229,211	-	-	35,209,419
Bonds payable (Note)	4,348,573	4,994,784	33,191,973	45,580,638	88,115,968
Total	\$ 39,328,781	5,223,995	33,191,973	45,580,638	123,325,387

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.

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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:

	June 30, 2023				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	
Financial liabilities measured at fair value through profit or loss	\$ 32,540,303	96,433	-	-	32,636,736
Financial liabilities for hedging	2,357,092	325,506	-	-	2,682,598
Total	<u>\$ 34,897,395</u>	<u>421,939</u>	<u>-</u>	<u>-</u>	<u>35,319,334</u>

	December 31, 2022				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	
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>

	June 30, 2022				Total
	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	
Financial liabilities measured at fair value through profit or loss	\$ 54,562,533	2,597,300	-	-	57,159,833
Financial liabilities for hedging	5,030,472	1,586,122	-	-	6,616,594
Total	<u>\$ 59,593,005</u>	<u>4,183,422</u>	<u>-</u>	<u>-</u>	<u>63,776,427</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.

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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.
- 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.

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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:

		June 30, 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	\$ 751,405	550,411	1,785,125	1,193,819	1,483,318	2,945,208	2,596,196	11,305,482
	Financial assets measured at amortized cost	-	-	-	11,112	81,353	1,507,428	-	1,599,893
		<u>\$ 751,405</u>	<u>550,411</u>	<u>1,785,125</u>	<u>1,204,931</u>	<u>1,564,671</u>	<u>4,452,636</u>	<u>2,596,196</u>	<u>12,905,375</u>
The maturity analysis of financial liabilities									
	Short-term liabilities	<u>\$ 12,898,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,898,375</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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,780,000</u>
		June 30, 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	\$ 895,333	2,602,173	3,852,440	4,036,625	2,485,795	4,789,236	2,668,087	21,329,689
	Financial assets measured at amortized cost	-	-	-	-	103,383	1,391,030	-	1,494,413
		<u>\$ 895,333</u>	<u>2,602,173</u>	<u>3,852,440</u>	<u>4,036,625</u>	<u>2,589,178</u>	<u>6,180,266</u>	<u>2,668,087</u>	<u>22,824,102</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:

		June 30, 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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Maturity analysis of financial liabilities	\$	<u>136,191</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,191</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>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,226</u>
Maturity analysis of financial liabilities	\$	<u>106,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,214</u>
		June 30, 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>3,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,110</u>
Maturity analysis of financial liabilities	\$	<u>737,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>737,966</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

Financial assets	June 30, 2023					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Cash and cash equivalents	\$ 16,572,228	13,679,233	3,909,942	782,880	197,000	35,141,283
Customer margin account	29,271,592	-	-	-	-	29,271,592
Financial assets mandatorily measured at fair value through profit or loss – current	28,021,431	-	-	-	14,296,688	42,318,119
Open-end funds, money market instruments and other securities	246,456	-	-	-	-	246,456
Operating securities	25,874,263	-	-	-	13,941,159	39,815,422
Derivatives – OTC	598,892	-	-	-	-	598,892
Derivatives – Futures trading margin	773,608	-	-	-	-	773,608
Foreign exchange derivatives	24,955	-	-	-	-	24,955
Other debt securities	-	-	-	-	355,529	355,529
Call option – Futures	61	-	-	-	-	61
Securities invested by brokers	503,196	-	-	-	-	503,196
Financial assets measured at fair value through other comprehensive income – current and non-current	233,527	-	-	8,612,704	18,344,394	27,190,625
Bond purchased under resell agreement	372,772	-	-	-	-	372,772
Receivables from pecuniary finance	20,870,842	2,799,747	1,018,090	763,567	-	25,452,246
Margin deposits for borrowed securities	5,535,079	-	-	-	-	5,535,079
Accounts receivables (including related party)	31,377,942	51,570	22,336	11,818	-	31,463,666
Total	<u>\$ 132,255,413</u>	<u>16,530,550</u>	<u>4,950,368</u>	<u>10,170,969</u>	<u>32,838,082</u>	<u>196,745,382</u>
Proportion of the total	<u>67.22 %</u>	<u>8.40 %</u>	<u>2.52 %</u>	<u>5.17 %</u>	<u>16.69 %</u>	<u>100.00 %</u>

(Continued)

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

	June 30, 2023					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Financial liabilities						
Short-term borrowings	\$ 1,963,808	-	-	-	-	1,963,808
Commercial papers issued	27,412,707	8,400,000	-	-	-	35,812,707
Held-for-trading financial liabilities — current	8,090,016	-	-	-	-	8,090,016
Call (put) warrants	340,008	-	-	-	-	340,008
Derivatives — OTC	6,684,199	-	-	-	-	6,684,199
Liabilities in sale of borrowed securities	698,975	-	-	-	-	698,975
Bonds purchased under resell agreements — borrowed securities	366,834	-	-	-	-	366,834
Financial liabilities designated as at fair value through profit or loss	1,721,548	-	-	-	-	1,721,548
Securities sold under repurchase agreements	16,579,427	-	-	-	-	16,579,427
Securities financing refundable deposits	2,102,025	281,979	102,538	76,903	-	2,563,445
Deposits payable for securities financing	2,331,003	312,696	113,707	85,281	-	2,842,687
Securities lending refundable deposits	32,308,911	-	-	-	-	32,308,911
Futures customers' equity	29,271,592	-	-	-	-	29,271,592
Accounts payable (including related party)	32,711,780	44	16	12	-	32,711,852
Lease liabilities — current and non-current (Note)	23,679	41,064	56,610	95,720	259,519	476,592
Receipts under custody	3,403,166	214	-	-	-	3,403,380
Total	\$ 157,919,662	9,035,997	272,871	257,916	259,519	167,745,965
Proportion of the total	<u>94.14 %</u>	<u>5.40 %</u>	<u>0.16 %</u>	<u>0.15 %</u>	<u>0.15 %</u>	<u>100.00 %</u>
Cash inflow	132,255,413	16,530,550	4,950,368	10,170,969	32,838,082	196,745,382
Cash outflow	157,919,662	9,035,997	272,871	257,916	259,519	167,745,965
Net cash flow	(25,664,249)	7,494,553	4,677,497	9,913,053	32,578,563	28,999,417

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 (Restatement)					
	Cash flow gap					
	<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	\$ 27,439,846	15,245,870	600,700	508,810	217,000	44,012,226
Customer margin account	31,425,419	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss — current	18,566,468	-	-	-	6,103,809	24,670,277
Open-end funds, money market instruments and other securities	287,819	-	-	-	-	287,819
Operating securities	16,775,498	-	-	-	5,726,805	22,502,303
Derivatives — OTC	570,586	-	-	-	-	570,586
Derivatives — Futures trading margin	398,978	-	-	-	-	398,978
Other debt securities	-	-	-	-	377,004	377,004
Call option — Futures	6	-	-	-	-	6
Securities invested by brokers	526,875	-	-	-	-	526,875
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Financial assets measured at fair value through other comprehensive income — current and non-current	-	-	-	4,052,596	17,025,013	21,077,609
Receivables from pecuniary finance	17,530,600	2,469,910	860,237	645,178	-	21,505,925
Collateral for borrowed securities	66,922	-	-	-	-	66,922
Margin deposits for borrowed securities	5,619,101	-	-	-	-	5,619,101
Accounts receivables (including related party)	15,450,941	59,095	26,423	14,907	813	15,552,179
Total	<u>\$ 116,099,297</u>	<u>17,774,875</u>	<u>1,487,360</u>	<u>5,221,491</u>	<u>23,346,635</u>	<u>163,929,658</u>
Proportion of the total	<u>70.82 %</u>	<u>10.84 %</u>	<u>0.91 %</u>	<u>3.19 %</u>	<u>14.24 %</u>	<u>100.00 %</u>

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

Financial liabilities	December 31, 2022 (Restatement)					
	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	933,241	-	-	-	-	933,241
Securities sold under repurchase agreements	9,203,271	-	-	-	-	9,203,271
Securities financing refundable deposits	4,368,893	604,000	213,888	160,416	-	5,347,197
Deposits payable for securities financing	3,940,442	545,152	192,929	144,696	-	4,823,219
Securities lending refundable deposits	30,692,886	-	-	-	-	30,692,886
Futures customers' equity	31,425,419	-	-	-	-	31,425,419
Accounts payable (including related party)	14,988,852	237	83	62	-	14,989,234
Lease liabilities – current and non-current (Note)	25,163	50,024	68,800	114,537	317,988	576,512
Receipts under custody	2,755,258	198	-	-	-	2,755,456
Total	\$ 109,451,943	6,849,436	475,700	419,711	317,988	117,514,778
Proportion of the total	93.14 %	5.83 %	0.40 %	0.36 %	0.27 %	100.00 %
Cash inflow	116,099,297	17,774,875	1,487,360	5,221,491	23,346,635	163,929,658
Cash outflow	109,451,943	6,849,436	475,700	419,711	317,988	117,514,778
Net cash flow	6,647,354	10,925,439	1,011,660	4,801,780	23,028,647	46,414,880

Note: The disclosed amounts include estimated interests.

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

<u>Financial assets</u>	<u>June 30, 2022 (Restatement)</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	\$ 15,308,817	8,596,262	6,541,352	565,141	-	31,011,572
Customer margin account	37,745,002	-	-	-	-	37,745,002
Financial assets mandatorily measured at fair value through profit or loss — current	19,837,992	99,991	-	-	3,032,557	22,970,540
Open-end funds, money market instruments and other securities	331,434	-	-	-	-	331,434
Operating securities	17,680,312	99,991	-	-	2,638,135	20,418,438
Derivatives — OTC	663,299	-	-	-	-	663,299
Derivatives — Futures trading margin	572,175	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	4,208
Other debt securities	-	-	-	-	394,422	394,422
Call option — Futures	3,393	-	-	-	-	3,393
Securities invested by brokers	583,171	-	-	-	-	583,171
Financial assets measured at fair value through other comprehensive income — current and non-current	154,699	149,991	400,648	13,280,089	20,621,551	34,606,978
Bond purchased under resell agreement	117,598	-	-	-	-	117,598
Receivables from pecuniary finance	22,003,926	2,425,787	767,300	379,654	-	25,576,667
Collateral for borrowed securities	41,144	-	-	-	-	41,144
Margin deposits for borrowed securities	5,605,053	-	-	-	-	5,605,053
Accounts receivables (including related party)	26,424,978	56,810	24,488	9,567	-	26,515,843
Total	<u>\$ 127,239,209</u>	<u>11,328,841</u>	<u>7,733,788</u>	<u>14,234,451</u>	<u>23,654,108</u>	<u>184,190,397</u>
Proportion of the total	<u>69.08 %</u>	<u>6.15 %</u>	<u>4.20 %</u>	<u>7.73 %</u>	<u>12.84 %</u>	<u>100.00 %</u>

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

Financial liabilities	June 30, 2022 (Restatement)					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Short-term borrowings	\$ 547,017	-	-	-	-	547,017
Commercial papers issued	20,492,965	299,664	-	-	-	20,792,629
Held-for-trading financial liabilities – current	11,646,843	-	-	-	-	11,646,843
Call (put) warrants	165,017	-	-	-	-	165,017
Derivatives – OTC	5,866,539	-	-	-	-	5,866,539
Liabilities in sale of borrowed securities	5,446,415	-	-	-	-	5,446,415
Bonds purchased under resell agreement – Borrowed securities	118,026	-	-	-	-	118,026
Replenishable bond	50,000	-	-	-	-	50,000
Put option – Futures	846	-	-	-	-	846
Financial liabilities designated as at fair value through profit or loss	2,832,821	-	-	-	-	2,832,821
Securities sold under repurchase agreements	10,258,906	-	-	-	-	10,258,906
Securities financing refundable deposits	2,568,128	281,318	89,450	42,785	-	2,981,681
Deposits payable for securities financing	2,925,775	321,189	101,947	49,330	-	3,398,241
Securities lending refundable deposits	22,197,627	-	-	-	-	22,197,627
Futures customers' equity	37,745,002	-	-	-	-	37,745,002
Accounts payable (including related party)	23,757,716	38	12	6	-	23,757,772
Lease liabilities – current and non-current (Note)	26,104	50,820	72,264	127,156	323,932	600,276
Receipts under custody	3,123,183	190	-	-	-	3,123,373
Total	\$ 138,122,087	953,219	263,673	219,277	323,932	139,882,188
Proportion of the total	98.74 %	0.68 %	0.19 %	0.16 %	0.23 %	100.00 %
Cash inflow	127,239,209	11,328,841	7,733,788	14,234,451	23,654,108	184,190,397
Cash outflow	138,122,087	953,219	263,673	219,277	323,932	139,882,188
Net cash flow	(10,882,878)	10,375,622	7,470,115	14,015,174	23,330,176	44,308,209

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
Notes to the Consolidated Financial Statements

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
Notes to the Consolidated Financial Statements

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

	June 30, 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	\$ 357,596	1,366,976	-	-	-	1,724,572
Securities sold under repurchase agreements	2,065,332	3,994,759	-	-	-	6,060,091
Others	41,436,196	34,392,564	19,764,101	15,205,968	189,482	110,988,311

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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

	June 30, 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	\$ -	825,172	896,613	-	-	1,721,785
Securities sold under repurchase agreements	2,756,195	3,486,112	-	-	-	6,242,307
Others	45,167,762	29,811,578	12,773,908	13,295,917	59,362	101,108,527

d) The maturity analysis of derivative financial liabilities

i) Net settlement derivative instruments

Units: In thousands of HKD

	June 30, 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	\$ 12,371,464	1,329,393	1,024,923	360,333	3,272,135	18,358,248
Derivative financial liabilities for hedging						
— Interest rate derivative instruments	650,259	1,092,906	356,467	2,348,583	22,375,270	26,823,485
Total	\$ 13,021,723	2,422,299	1,381,390	2,708,916	25,647,405	45,181,733

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

	June 30, 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	\$ 9,596,665	1,671,719	1,125,122	836,094	-	13,229,600
Derivatives financial liabilities for hedging						
– Interest rate derivative instruments	39,229	951,490	808,112	2,720,906	21,815,360	26,335,097
Total	\$ 9,635,894	2,623,209	1,933,234	3,557,000	21,815,360	39,564,697

ii) The maturity analysis of off-balance sheet items

Units: In thousands of HKD

	June 30, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 317,375	100,227	335,875	80,829	2,315,833	3,150,139
Standby letters of credit	130,968	94,264	73,845	1,723	-	300,800
Financial guarantees	1,669	2,641	66,227	22,833	35,142	128,512
Total	\$ 450,012	197,132	475,947	105,385	2,350,975	3,579,451

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

	June 30, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 280,114	12,879	348,435	715,685	1,604,024	2,961,137
Standby letters of credit	111,971	351,665	23,923	-	-	487,559
Financial guarantees	950	4,670	3,633	67,422	51,542	128,217
Total	\$ 393,035	369,214	375,991	783,107	1,655,566	3,576,913

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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.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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VaR information of trading book is shown below:

For the six months ended June 30, 2023				
Common VaR	Highest	Lowest	Average	End of period
Equity group	\$ 5,598	2,614	4,051	3,244
Interest rate group	137,842	83,106	107,617	83,106
Exchange rate group	34,698	11,047	18,266	34,698
Volatility group	927	309	531	927
Diversification effect	-	-	(24,141)	(41,840)
Common VaR of trading book			\$ 106,324	80,135

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

Note 1: 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.

Note 2: The amount as of June 30, 2022 excluded JihSun Bank.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

JihSun Bank

Unit: In thousands of TWD

99%C.L.1 day (VaR)	For the six months ended June 30, 2022		
	2022		
	Average	Highest	Lowest
Exchange Rate risk	\$ 669	1,819	138
Interest Rate risk	209	721	51
Equity Price risk	-	-	-
Securities in all	686	1,832	150

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 June 30, 2023, December 31 and June 30, 2022, and all other factors been held constant, the profit would have decreased/increased by \$5 million, \$8 million and \$3 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 June 30, 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:

	June 30, 2023		December 31, 2022		June 30, 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%	\$ -	4,169,957	-	3,190,628	-	3,276,845
Stock prices decreased by 10%	-	(4,169,957)	-	(3,190,628)	-	(3,276,845)

Note: The amount as of December 31 and June 30, 2022 excluded JihSun Bank.

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

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:

	June 30, 2023		December 31, 2022		Units: In thousands of CNY June 30, 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	(169,452)	(377,641)	(150,321)	(328,971)	(154,420)
Interest rate decreased by 50 basis points	171,137	387,906	150,970	238,370	154,679	297,207

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:

	June 30, 2023		December 31, 2022		Units: In thousands of CNY June 30, 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%	\$ (164,445)	344,577	(275,313)	341,540	(206,258)
Foreign exchange rate for USD and HKD against CNY decreased by 5%	164,445	(344,577)	275,313	(341,540)	206,258	(238,972)

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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JihSun Bank

The sensitivity analysis for interest rate risk, exchange rate risk and equity price risk is listed below:

Unit: In thousands of TWD

December 31, 2022			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest	Interest rate curve shift up 100bps	\$ (388)	(246,615)
Rate Risk	Interest rate curve shift down 100bps	368	256,231
Exchange	Foreign currency appreciate 7% against TWD	(5,051)	293,752
Rate Risk	Foreign currency depreciate 7% against TWD	5,051	(293,752)
Equity	Equity price appreciate 20%	-	-
Price Risk	Equity price depreciate 20%	-	-

Unit: In thousands of TWD

June 30, 2022			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest	Interest rate curve shift up 100bps	\$ 6,102	(282,386)
Rate Risk	Interest rate curve shift down 100bps	(6,217)	289,362
Exchange	Foreign currency appreciate 7% against TWD	(3,162)	349,695
Rate Risk	Foreign currency depreciate 7% against TWD	3,162	(349,695)
Equity	Equity price appreciate 20%	-	-
Price Risk	Equity price depreciate 20%	-	-

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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) replaced USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Bank and its subsidiaries established a USD LIBOR transition project plan. This transition project is considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at June 30, 2023, changes required to IT systems and internal processes have been identified and have been 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 next repricing date.

The following tables show the carrying amounts of non-derivative financial assets and liabilities of unreformed contracts, and those without appropriate fallback clauses.

	June 30, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 15,002,672	3,147,821
Debts investments	27,730,125	-
	December 31, 2022 (Restatement)	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 78,229,690	75,592,244
Debts investments	45,033,833	34,512,046

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	<u>June 30, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 93,012,197	91,836,699
Debts investments	44,480,365	35,486,461

The following tables show the carrying amounts of unreformed contracts, and include derivative instruments at notional value without appropriate fallback clauses:

	<u>June 30, 2023</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 4,106,837	-

	<u>December 31, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 148,971,220	-
Foreign exchange swap contracts	9,786,443	-
Equity swap contracts	2,377,676	-
Cross currency swap contracts	2,357,921	-

	<u>June 30, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 148,276,572	-
Cross currency swap contracts	4,461,696	-
Equity swap contracts	2,677,368	-
Foreign exchange swap contracts	9,469,669	-

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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

June 30, 2023			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	83,176,567
	Price decline by 10%	-	(83,176,567)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(9,569)	(25,002,760)
	Yield curve (TWD) incline by 50BPS	-	(11,858,039)
	Yield curve (Other) incline by 50BPS	(518)	(222,716)
	Yield curve (USD) decline by 50BPS	9,600	24,987,188
	Yield curve (TWD) decline by 50BPS	-	12,189,160
	Yield curve (Other) decline by 50BPS	520	227,081
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(16,476,368)	(11,782,194)
	TWD to all currency decline by 3%	16,476,368	11,782,194

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

June 30, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	67,021,715
	Price decline by 10%	-	(67,021,715)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(7,595)	(39,038,562)
	Yield curve (TWD) incline by 50BPS	-	(12,815,877)
	Yield curve (Other) incline by 50BPS	(494)	(385,740)
	Yield curve (USD) decline by 50BPS	7,619	41,053,790
	Yield curve (TWD) decline by 50BPS	-	12,442,992
	Yield curve (Other) decline by 50BPS	496	399,616
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(11,344,287)	(12,049,703)
	TWD to all currency decline by 3%	11,344,287	12,049,703

Sensitivity analysis (Fubon Hyundai Life Insurance)

Units: In thousands of KRW

June 30, 2023			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	150,861,963
	Price decline by 10%	-	(150,861,963)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	-	(43,841,827)
	Yield curve (KRW) incline by 50BPS	-	(36,756,047)
	Yield curve (USD) decline by 50BPS	-	46,700,136
	Yield curve (KRW) decline by 50BPS	-	37,997,152
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	15,242,514	-
	KRW to all currency decline by 3%	(15,242,514)	-

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)	-

(Continued)

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

Units: In thousands of KRW

June 30, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	127,203,987
	Price decline by 10%	-	(127,203,987)
Interest rate risk	Yield curve (KRW) incline by 50BPS	-	(65,168,774)
	Yield curve (KRW) decline by 50BPS	-	67,580,064
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	29,123,921	-
	KRW to all currency decline by 3%	(29,123,921)	-

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 \$(202) thousand, \$(145) thousand and \$(162) thousand in profit or loss and \$(748,266) thousand, \$(1,065,296) thousand and \$(1,062,131) thousand in equity of Fubon Life Insurance on June 30, 2023, December 31 and June 30, 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 (1,652,132) thousand, KRW (1,062,692) thousand and KRW (1,327,007) thousand in equity of Fubon Hyundai Life Insurance Co., Ltd on June 30, 2023, December 31 and June 30, 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 either cease to be provided or no longer be representative 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 in July, 2023.

IBOR reform will mainly impact Fubon Life Insurance and its subsidiaries on the operational and risk management processes and hedge accounting. The risks to which Fubon Life Insurance and its subsidiaries are exposed as a result of IBOR reform are operational. For example, the renegotiation of contracts through bilateral negotiation with counterparties, implementing new fallback provisions, 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 June 30, 2023, December 31 and June 30, 2022. Financial assets and liabilities are shown at their carrying amounts, and derivatives are shown at their notional amounts.

	June 30, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Bond investment (Note)	\$ 32,433,605	-
Asset securitization group	30,819,218	-
Structured products	247,189	247,189

Note: This includes \$31,385,914 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

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

	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.

	June 30, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Bond investment (Note)	\$ 31,870,888	-
Asset securitization group	29,429,831	-
Structured products	311,503	311,503

Note: This includes \$30,870,918 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

	June 30, 2023	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap	\$ 8,025,046	-

	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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	June 30, 2022	
	The total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap	\$ 7,661,877	-

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.

(Continued)

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.

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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			
June 30, 2023			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 392,509	488,528	319,580
Equity group	595,639	633,202	488,180
Fund group	7,346	9,814	6,110
Asset securitization group	110,914	118,823	94,208
Total position	864,120	1,094,986	601,893
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
June 30, 2022			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 711,966	863,621	421,746
Equity group	1,809,757	2,470,680	1,340,854
Fund group	109,179	167,767	82,180
Asset securitization group	48,914	80,768	37,857
Total position	1,998,563	2,632,476	1,409,389

ii) Fubon Property and Casualty Insurance

Units: In thousands of TWD			
June 30, 2023			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 6,422	14,956	5,956
Equity group	34,707	41,072	32,936
Total position	37,235	49,979	34,611
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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Common VaR	June 30, 2022		
	Average	Highest	Lowest
Fixed income group	\$ 11,950	18,688	8,795
Equity group	39,252	60,825	26,315
Total position	41,825	60,673	25,958

Note 1: VaR was adopted for the six months ended June 30, 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.

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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ii) Organization and Framework

Under the supervision of the Board of Directors, the Asset-liability and Risk 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 follow the newest trend of international risk management, Fubon Securities and its subsidiaries calculated the stressed VaR with the Company’s assistance to observe the impact to Fubon Securities and its subsidiaries’ positions in a historical stress scenario, which was one year during the Covid-19 pandemic.

Common VaR information of trading book was as follows:

Units: In thousands of TWD

For the three months ended June 30, 2023

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 2,250	1,207	1,769
Interest rate	68,511	50,152	57,301
Equity	52,776	39,641	44,825
Fluctuation	2,050	1,214	15,665

Units: In thousands of TWD

For the three months ended June 30, 2022

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 1,094	934	1,034
Interest rate	38,154	27,581	31,158
Equity	51,560	37,337	45,558
Fluctuation	3,958	2,543	3,426

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Units: In thousands of TWD

For the six months ended June 30, 2023

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 3,677	437	1,748
Interest rate	68,511	16,411	40,076
Equity	62,935	39,569	48,336
Fluctuation	5,549	1,214	2,640

Units: In thousands of TWD

For the six months ended June 30, 2022

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ 1,300	280	857
Interest rate	38,154	10,358	25,692
Equity	60,524	36,583	46,356
Fluctuation	3,992	1,042	2,820

(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.)

In 2022, JihSun Securities utilized Monte Carlo simulations with a confidence level of 99% to measure the Value at Risk for its current portfolios in a business day. Since there is a difference in their methods of evaluating Value at Risk, information on JihSun Securities' previously disclosed Value at Risk in prior periods was as follows:

Units: In thousands of TWD

For the three months ended June 30, 2022

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ -	-	-
Interest rate	10,167	1,417	3,174
Equity	10,560	4,060	6,920
Fluctuation	-	-	-

(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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Units: In thousands of TWD

For the six months ended June 30, 2022

Common VaR	Highest	Lowest	Average
Foreign exchange rate	\$ -	-	-
Interest rate	18,445	1,417	9,291
Equity	12,301	4,060	8,614
Fluctuation	-	-	-

(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.)

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 Asset-liability and Risk 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 (PVBPP): Measure the changing value of the yield rate curve when it moves 1 bp in parallel.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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v) 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. 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.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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.

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			
June 30, 2023			
<u>VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Foreign exchange risk	\$ 184	1,500	42
Interest rate risk	120	1,338	67
Total risk	182	1,515	77

Units: In thousands of HKD			
December 31, 2022			
<u>VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
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			
June 30, 2022			
<u>VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Foreign exchange risk	\$ 170	2,059	21
Interest rate risk	33	139	1
Total risk	167	2,062	30

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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e) Sensitivity information of interest rate risk, foreign exchange risk and equity risk

Units: In thousands of HKD

June 30, 2023			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(55,600)
Foreign exchange risk	10% decrease in HKD	-	55,600
Interest rate risk	+100 basis points shift in yield curves	599,423	(584,789)
Interest rate risk	-100 basis points shift in yield curves	(599,423)	584,789
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

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	-100 basis points shift in yield curves	(491,227)	517,461
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

Units: In thousands of HKD

June 30, 2022			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(321,100)
Foreign exchange risk	10% decrease in HKD	-	321,100
Interest rate risk	+100 basis points shift in yield curves	490,008	(475,106)
Interest rate risk	-100 basis points shift in yield curves	(490,008)	475,106
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. As of June 30, 2023, Fubon Bank (Hong Kong) still have certain loans and investments in debt securities based on LIBOR, as these financial instruments are either on their last LIBOR coupon payment period or will mature afterwards. All these bond investments would be transitioned to SOFR based interest rate in their next coupon payment period based on the terms already agreed with customers or counterparties.

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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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.

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	
	June 30, 2023	
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 2,263,405	-
Debts investments	62,678	-
	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	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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Units: In thousands of HKD		
June 30, 2022		
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 6,906,536	-
Debts investments	109,841	-
Financial liabilities linked to USD LIBOR		
Bonds payable	156,915	-

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		
June 30, 2023		
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 9,039,388	-

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		
June 30, 2022		
	the total amounts of unreformed contracts	Without appropriate fallback clause amount
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 23,591,386	-

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(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>	<u>June 30, 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 other comprehensive income		
Repurchase agreements	\$ 3,271,877	3,261,783
Debt investments measured at amortized cost		
Repurchase agreements	81,608,144	74,289,045
	<u>December 31, 2022 (Restatement)</u>	
<u>Types of financial assets</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 other comprehensive income		
Repurchase agreements	\$ 14,848,002	14,318,154
Debt investments measured at amortized cost		
Repurchase agreements	95,942,054	85,822,549
	<u>June 30, 2022 (Restatement)</u>	
<u>Types of financial assets</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 other comprehensive income		
Repurchase agreements	\$ 10,493,310	9,849,028
Debt investments measured at amortized cost		
Repurchase agreements	89,317,741	82,968,651
Discounts and loans		
Repurchase agreements	194,609	198,729

(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 and government bonds 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 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

June 30, 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	\$ 2,873	-	2,873	-	2,873
Financial assets measured at amortized cost					
Repurchase agreement	238,478	254,323	249,412	254,323	(4,911)

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
Notes to the Consolidated Financial Statements

Units: In thousands of TWD

Types of financial assets	June 30, 2022				
	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	\$ 24,372	-	24,372	-	24,372

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 June 30, 2023, December 31 and June 30, 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>June 30, 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	\$ 11,325,831	11,087,500
Convertible bonds transferred to counter parties of asset exchange option	4,827,794	4,142,847
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	5,774,135	5,491,927
<u>Types of financial assets</u>	<u>December 31, 2022 (Restatement)</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>June 30, 2022 (Restatement)</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	\$ 5,006,811	5,828,630
Convertible bonds transferred to counter parties of asset exchange option	4,489,506	4,047,111
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	4,508,705	4,430,276

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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

Types of financial assets	June 30, 2023				
	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	\$ 6,226,036	5,992,699	6,239,782	5,992,699	247,083

Unit: In thousands of HKD

Types of financial assets	December 31, 2022				
	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

Types of financial assets	June 30, 2022				
	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	\$ 6,485,966	6,222,034	6,499,394	6,222,034	277,360

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

(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.

The offsetting information of financial assets and financial liabilities is shown below:

June 30, 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)	\$ 67,582,284	-	67,582,284	37,569,361	9,956,832	20,056,091
Securities purchased under resell agreements	26,628,546	-	26,628,546	26,183,935	-	444,611
Total	\$ 94,210,830	-	94,210,830	63,753,296	9,956,832	20,500,702

June 30, 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)	\$ 51,654,600	-	51,654,600	34,212,668	13,815,570	3,626,362
Securities sold under repurchase agreements	77,550,828	-	77,550,828	77,356,504	72,379	121,945
Total	\$ 129,205,428	-	129,205,428	111,569,172	13,887,949	3,748,307

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December 31, 2022 (Restatement)						
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)	\$ 61,331,157	-	61,331,157	35,066,280	14,945,226	11,319,651
Securities purchased under resell agreements	24,365,326	-	24,365,326	24,068,955	-	296,371
Total	\$ 85,696,483	-	85,696,483	59,135,235	14,945,226	11,616,022

December 31, 2022 (Restatement)						
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)	\$ 45,518,082	-	45,518,082	32,440,427	6,970,316	6,107,339
Securities sold under repurchase agreements	100,140,703	-	100,140,703	99,929,691	24,897	186,115
Total	\$ 145,658,785	-	145,658,785	132,370,118	6,995,213	6,293,454

June 30, 2022 (Restatement)						
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)	\$ 58,303,599	-	58,303,599	28,900,021	11,626,718	17,776,860
Securities purchased under resell agreements	22,052,308	-	22,052,308	18,680,978	-	3,371,330
Total	\$ 80,355,907	-	80,355,907	47,580,999	11,626,718	21,148,190

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June 30, 2022 (Restatement)						
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)	\$ 41,306,200	-	41,306,200	26,036,341	9,774,648	5,495,211
Securities sold under repurchase agreements	93,016,408	-	93,016,408	92,879,990	33,747	102,671
Total	\$ 134,322,608	-	134,322,608	118,916,331	9,808,395	5,597,882

Note 1: Netting settlement agreement and non-cash financial collaterals are included.

Note 2: Derivative financial assets for hedging are included.

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:

June 30, 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	\$ 59,894,958	-	59,894,958	8,915,439	143,953	50,835,566
Securities purchased under resell agreements	78,960,366	-	78,960,366	78,960,366	-	-
Total	\$ 138,855,324	-	138,855,324	87,875,805	143,953	50,835,566

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June 30, 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	\$ 35,319,334	-	35,319,334	10,441,413	7,429,567	17,448,354
Securities sold under repurchase agreements	254,323	-	254,323	254,323	-	-
Total	\$ 35,573,657	-	35,573,657	10,695,736	7,429,567	17,448,354

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

(Continued)

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

June 30, 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	\$ 58,877,087	-	58,877,087	14,687,361	-	44,189,726
Securities purchased under resell agreements	85,592,031	-	85,592,031	85,592,031	-	-
Total	\$ 144,469,118	-	144,469,118	100,279,392	-	44,189,726

June 30, 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	\$ 63,776,427	-	63,776,427	21,098,020	9,973,818	32,704,589

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:

June 30, 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	Cash received as collaterals	
Derivative financial instruments	-	-	-	-	-	-

(Continued)

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

June 30, 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	Pledged cash collaterals	
Derivative financial instruments	\$ 136,191	-	136,191	-	-	136,191
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
June 30, 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	\$ 3,110	-	3,110	3,110	-	-
June 30, 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	\$ 737,966	-	737,966	3,110	-	734,856

(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:

June 30, 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 (note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial assets	\$ 623,908	-	623,908	-	-	623,908
Resell agreements	372,772	-	372,772	372,772	-	-
Total	\$ 996,680	-	996,680	372,772	-	623,908

June 30, 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 (note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial liabilities	\$ 6,684,199	-	6,684,199	-	-	6,684,199
Repurchase agreements	16,579,427	-	16,579,427	16,579,427	-	-
Total	\$ 23,263,626	-	23,263,626	16,579,427	-	6,684,199

December 31, 2022 (Restatement)						
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 assets	\$ 577,298	-	577,298	-	-	577,298

(Continued)

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

December 31, 2022 (Restatement)						
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 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

June 30, 2022 (Restatement)						
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 assets \$	670,900	-	670,900	-	-	670,900
Resell agreements	117,598	-	117,598	117,598	-	-
Total	\$ 788,498	-	788,498	117,598	-	670,900

June 30, 2022 (Restatement)						
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 liabilities \$	5,867,385	-	5,867,385	-	-	5,867,385
Repurchase agreements	10,258,906	-	10,258,906	10,258,906	-	-
Total	\$ 16,126,291	-	16,126,291	10,258,906	-	5,867,385

Note: Netting settlement agreements and non-cash collaterals are included.

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.

(Continued)

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

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

June 30, 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 (note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 2,236,259	-	2,236,259	17,734	-	2,218,525

June 30, 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 sheet	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	\$ 34,208	-	34,208	17,734	-	16,474
Securities sold under repurchase agreements	5,992,699	-	5,992,699	-	-	5,992,699
Total	\$ 6,026,907	-	6,026,907	17,734	-	6,009,173

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

(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 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

June 30, 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	\$ 1,492,174	-	1,492,174	9,295	-	1,482,879

June 30, 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	\$ 56,528	-	56,528	9,295	-	47,233
Securities sold under repurchase agreements	6,222,034	-	6,222,034	-	-	6,222,034
Total	\$ 6,278,562	-	6,278,562	9,295	-	6,269,267

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

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

(ak) 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:

June 30, 2023	Asset securitization products	Property trust plans	Private fund investment
Assets possessed			
— Financial assets measured at \$ fair value through profit or loss	1,992,481	126,423	39,369
— Financial assets measured at fair value through other comprehensive income	10,359,447	-	-
— Debt investments measured at amortized cost	42,170,714	-	-
Total assets possessed	\$ 54,522,642	126,423	39,369

(Continued)

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

December 31, 2022 (Restatement)	Asset securitization products	Property trust plans	Private fund investment
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	\$ 49,046,604	130,398	12,674

June 30, 2022 (Restatement)	Asset securitization products	Property trust plans	Private fund investment
Assets possessed			
— Financial assets measured at \$ fair value through profit or loss	794,500	131,634	13,378
— Financial assets measured at fair value through other comprehensive income	9,726,046	-	-
— Debt investments measured at amortized cost	33,761,421	-	-
Total assets possessed	\$ 44,281,967	131,634	13,378

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the six months ended June 30, 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 June 30, 2023, December 31 and June 30, 2022, Fubon Life Insurance and its subsidiaries offered \$29,378,228 thousand, \$28,431,649 thousand and \$28,002,632 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:

June 30, 2023	Private fund investment	Asset securitization products, REIT and asset-based loan
Assets possessed		
– Financial assets measured at fair value through profit or loss	\$ 188,458,555	36,045,021
– Financial assets measured at fair value through other comprehensive income	-	13,303,066
– Financial assets measured at amortized cost	-	55,893,608
– Loan	-	21,962,302
Total assets possessed	<u>\$ 188,458,555</u>	<u>127,203,997</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	-	22,693,445
Total assets possessed	<u>\$ 174,850,508</u>	<u>127,763,706</u>

<u>June 30, 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	\$ 188,031,979	38,157,945
– Financial assets measured at fair value through other comprehensive income	-	24,073,370
– Financial assets measured at amortized cost	-	43,637,042
– Loan	-	21,741,263
Total assets possessed	<u>\$ 188,031,979</u>	<u>127,609,620</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- c) For the six months ended June 30, 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:

June 30, 2023	Private equity fund	Asset securitization products
Assets possessed		
– Financial assets measured at fair value through profit or loss (Note)	\$ 54,916	1,751,496
– Financial assets measured at fair value through other comprehensive income	-	300,926
– Financial assets measured at amortized cost	-	92,465
Total assets possessed	<u>\$ 54,916</u>	<u>2,144,887</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 fair value through other comprehensive income	-	299,422
– Financial assets measured at amortized cost	-	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>June 30, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ 64,129	1,952,980
— Financial assets measured at fair value through other comprehensive income	-	302,316
— Financial assets measured at amortized cost	-	103,383
Total assets possessed	<u>\$ 64,129</u>	<u>2,358,679</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 six months ended June 30, 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>June 30, 2023</u>	<u>Asset securitization products</u>
Assets possessed	
— Financial assets measured at fair value through profit or loss - current	<u>\$ 355,529</u>
December 31, 2022 (Restatement)	
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

June 30, 2022 (Restatement)	Asset securitization products
Assets possessed	
— Financial assets measured at fair value through profit or loss - current	\$ <u>394,422</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the six months ended June 30, 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:

June 30, 2023	Private fund investment	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ <u>174,999</u>	<u>69,023</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

June 30, 2022	Private fund investment	Asset securitization products
Assets possessed		
— Financial assets measured at fair value through profit or loss	\$ <u>178,646</u>	<u>76,130</u>

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

- 3) For the six months ended June 30, 2023 and 2022, other subsidiaries did not offer any financial support to those unconsolidated private investment fund and asset securitization products.

(al) 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

(am) Significant impact of related foreign currency information

	June 30, 2023			December 31, 2022			June 30, 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	\$ 121,865,196	31.152 /31.135 /30.894 /30.928	3,793,883,865	118,357,747	30.708 /30.522 /30.723 /30.966 /30.710	3,635,929,437	120,515,709	29.726 /29.550 /29.729 /29.628 /29.721 /29.728	3,582,452,758
HKD	86,552,821	3.976	344,110,989	80,647,182	3.940 /3.939 /3.938	317,714,130	75,930,583	3.789 /3.788 /3.790	287,745,206
CNY	143,727,871	4.279	615,045,223	138,637,651	4.413 /4.408 /4.406	612,218,246	140,225,562	4.441 /4.436 /4.437	622,131,412
Non-Monetary items									
USD	14,494,126	31.152 /31.135 /30.928	451,174,199	12,187,590	30.708 /30.723 /30.966	374,300,598	14,677,305	29.726 /29.729 /29.628	435,638,220
EUR	1,218,891	33.791 /33.767	41,187,265	1,474,537	32.765 /32.755	48,313,858	1,416,451	30.918 /31.027	43,793,912
KRW	1,301,281,009	0.024	30,673,712	1,118,441,563	0.024	27,260,713	1,022,416,050	0.023	23,413,606
Derivatives									
USD	357,640	31.152 /31.135 /30.928	11,133,365	1,003,292	30.708 /30.723 /30.966	30,845,924	222,448	29.726 /29.729 /29.628	6,610,988
Investments accounted for using equity method									
CNY	4,340,517	4.279	18,572,556	4,248,014	4.413	18,748,350	4,016,623	4.436	17,819,650
HKD	2,563,363	3.976	10,191,811	2,640,228	3.940	10,401,308	2,850,440	3.790	10,801,969
KRW	741,914,405	0.024	17,478,761	735,013,733	0.024	17,960,061	688,900,559	0.023	15,786,846
Financial liabilities:									
Monetary items									
USD	\$ 41,549,482	31.152 /31.135	1,293,268,187	43,793,383	30.708 /30.723 /30.710	1,345,749,809	46,350,170	29.726 /29.729 /29.721 /29.728	1,378,150,566
HKD	83,287,563	3.976	331,144,644	77,063,114	3.940 /3.939 /3.938	303,593,908	72,094,961	3.789 /3.788 /3.790	273,209,498
CNY	118,487,550	4.279	507,016,628	113,933,034	4.413 /4.408	502,952,563	115,919,482	4.437 /4.441 /4.436	514,296,118
Non-Monetary items									
USD	1,755,533	31.152	54,688,343	1,405,620	30.723	43,186,769	1,020,658	29.729	30,343,298
CNY	3,826,054	4.279	16,371,231	1,571,538	4.413	6,935,889	1,031,034	4.437	4,574,155
Derivatives									
USD	1,139,295	31.152 /30.928 /31.135	35,455,452	1,083,244	30.708 /30.966 /30.723	33,295,093	2,171,146	29.726 /29.628 /29.729	64,518,166

Note: Each balance listed is greater than 5% of total monetary items.

(Continued)

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

(an) Non-cash trading investing and financing activities

	January 1, 2023	Changes in cash flows from financing activities	Non-cash adjustment				June 30, 2023
			Effect of exchange rate changes	Fair value fluctuation	Other changes	Other	
Bonds payable	\$ 257,381,535	28,513,183	(1,168,439)	(241,635)	305,542	-	284,790,186
Lease liabilities	21,792,236	(1,573,871)	(6,245)	-	808,732	(285,142)	20,735,710
	<u>\$ 279,173,771</u>	<u>26,939,312</u>	<u>(1,174,684)</u>	<u>(241,635)</u>	<u>1,114,274</u>	<u>(285,142)</u>	<u>305,525,896</u>

	January 1, 2022	Changes in cash flows from financing activities	Non-cash adjustment				June 30, 2022
			Effect of exchange rate changes	Fair value fluctuation	Other changes	Others	
Bonds payable	\$ 266,168,615	(5,262,505)	2,315,810	(3,169,004)	269,540	-	260,322,456
Lease liabilities	21,477,286	(1,456,077)	48,329	-	2,342,433	(359,550)	22,052,421
	<u>\$ 287,645,901</u>	<u>(6,718,582)</u>	<u>2,364,139</u>	<u>(3,169,004)</u>	<u>2,611,973</u>	<u>(359,550)</u>	<u>282,374,877</u>

(ao) 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		June 30, 2023				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	873,348	284,833,879	0.31	3,740,299	428.27
	Unsecured	388,471	544,190,128	0.07	6,383,882	1,643.34
Consumer loan	Mortgage (Note 4)	334,582	637,153,408	0.05	9,549,923	2,854.28
	Cash card	-	617	-	12	-
	Micro credit (Note 5)	78,143	52,063,376	0.15	594,952	761.36
	Others (Note 6)	Secured	609,399	402,138,559	0.15	4,206,519
Unsecured		38,576	36,490,262	0.11	379,754	984.43
Total		2,322,519	1,956,870,229	0.12	24,855,341	1,070.19
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		88,490	76,192,265	0.12	576,647	651.65
Accounts receivable – factoring with no recourse (Note 7)		-	21,966,567	-	245,761	-
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		24,396				
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		21,128				
Excluded NPL as a result of debt solvency and restart plan (Note 9)		342,038				
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		363,758				

(Continued)

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

Units: In thousands of TWD, %

Item		June 30, 2022 (Restatement)					
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)	
Corporate loan	Secured	1,315,069	287,693,334	0.46	3,458,759	263.01	
	Unsecured	518,321	559,780,173	0.09	6,279,009	1,211.41	
Consumer loan	Mortgage (Note 4)	397,110	599,391,044	0.07	8,976,347	2,260.42	
	Cash card	-	766	-	15	-	
	Micro credit (Note 5)	53,675	53,937,799	0.10	589,624	1,098.51	
	Others (Note 6)	Secured	778,323	364,587,174	0.21	3,818,397	490.59
		Unsecured	35,118	36,301,056	0.10	378,850	1,078.79
Total		3,097,616	1,901,691,346	0.16	23,501,001	758.68	
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)	
Credit card		47,111	57,480,471	0.08	366,032	776.96	
Accounts receivable – factoring with no recourse (Note 7)		-	21,843,363	-	255,349	-	
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		17,522					
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		29,408					
Excluded NPL as a result of debt solvency and restart plan (Note 9)		354,759					
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		370,894					

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, %

June 30, 2023			
Rank (Note 1)	Group name (Note 2)	Credit extensions balance (Note 3)	% of net asset value
1	A group (other electronic component manufacturing industry)	15,402,089	5.67
2	B group (semiconductor assembly and testing industry)	10,475,065	3.86
3	C group (LCD and its component manufacturing industry)	9,201,221	3.39
4	D group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	8,924,971	3.28
5	E group (other electronic component manufacturing industry)	8,800,000	3.24
6	F group (computers manufacturing industry)	8,263,082	3.04
7	G group (financial leasing)	8,081,704	2.97
8	H group (residential and building development, rental and sales)	7,960,000	2.93
9	I group (LCD and its component manufacturing industry)	7,381,353	2.72
10	J group (passive electronic components manufacturing industry)	7,318,715	2.69

(Continued)

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

Units: In thousands of TWD, %

June 30, 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	5.95
2	B group (other electronic component manufacturing industry)	10,010,419	4.44
3	C group (other electronic component manufacturing industry)	8,800,000	3.90
4	D group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	8,600,938	3.82
5	E group (cable and other subscription programming)	8,097,154	3.59
6	F group (computers and related equipment and software development)	7,917,960	3.51
7	G group (footwear and garment manufacturing)	7,691,318	3.41
8	H group (petrochemical raw material manufacturing industry)	7,253,445	3.22
9	I group (residential and building development, rental and sales)	7,032,000	3.12
10	J group (computers and related equipment, communications, optoelectronics, power management and consumer electronics)	6,475,040	2.87

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.

Note 4: The amount as of June 30, 2022 excluded JihSun Bank.

(Continued)

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

JihSun Bank

Units: In thousands of TWD, %

June 30, 2022			
Rank	Group name	Credit extensions balance	% of net asset value
1	A group – real estate development	3,905,670	16.63
2	B group – other chemical materials manufacturing	2,934,626	12.49
3	C group – financial leasing	2,868,643	12.21
4	D group – manufacture of man-made fibers	2,779,242	11.83
5	E group – other amusement and recreation activities	2,453,730	10.45
6	F group – motor freight industry	2,283,195	9.72
7	G group – wholesale electronic and communication equipment and parts	2,089,946	8.90
8	H group – manufacture of other electronic parts and components not elsewhere classified	1,720,000	7.32
9	I group – financial leasing	1,530,405	6.51
10	J group – motor rental industry	1,395,000	5.94

(iii) Interest rate sensitivity information

Interest Rate Sensitivity (TWD)

Taipei Fubon Bank

Units: In thousands of TWD, %

June 30, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,907,607,063	106,581,219	97,145,019	174,702,484	2,286,035,785
Interest rate-sensitive liabilities	679,943,275	1,281,634,165	55,535,233	103,202,372	2,120,315,045
Interest rate sensitivity gap	1,227,663,788	(1,175,052,946)	41,609,786	71,500,112	165,720,740
Net worth					265,892,385
Ratio of interest rate-sensitive assets to liabilities (%)					107.82
Ratio of the interest rate sensitivity gap to net worth (%)					62.33

(Continued)

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

Units: In thousands of TWD, %

June 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,651,509,752	90,609,233	62,846,485	192,556,411	1,997,521,881
Interest rate-sensitive liabilities	513,169,769	1,020,335,340	71,344,367	94,467,221	1,699,316,697
Interest rate sensitivity gap	1,138,339,983	(929,726,107)	(8,497,882)	98,089,190	298,205,184
Net worth					221,535,019
Ratio of interest rate-sensitive assets to liabilities (%)					117.55
Ratio of the interest rate sensitivity gap to net worth (%)					134.61

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).

Note 5: The amount as of June 30, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of TWD, %

June 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 199,378,536	3,428,021	8,385,625	25,525,602	236,717,784
Interest rate-sensitive liabilities	82,306,758	123,397,242	10,844,740	1,508,437	218,057,177
Interest rate sensitivity gap	117,071,778	(119,969,221)	(2,459,115)	24,017,165	18,660,607
Net worth					23,189,581
Ratio of interest rate-sensitive assets to liabilities (%)					108.56
Ratio of the interest rate sensitivity gap to net worth (%)					80.47

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, %

June 30, 2023						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 14,470,924	1,552,548	2,329,173	10,050,958	28,403,603	
Interest rate-sensitive liabilities	26,075,199	3,002,792	3,515,956	1,060,120	33,654,067	
Interest rate sensitivity gap	(11,604,275)	(1,450,244)	(1,186,783)	8,990,838	(5,250,464)	
Net worth						123,018
Ratio of interest rate-sensitive assets to liabilities (%)						84.40
Ratio of the interest rate sensitivity gap to net worth (%)						(4,268.05)

Units: In thousands of USD, %

June 30, 2022						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 14,854,257	975,183	1,357,740	9,743,917	26,931,097	
Interest rate-sensitive liabilities	31,411,810	3,247,456	1,980,710	732,590	37,372,566	
Interest rate sensitivity gap	(16,557,553)	(2,272,273)	(622,970)	9,011,327	(10,441,469)	
New worth						109,764
Ratio of interest rate-sensitive assets to liabilities (%)						72.06
Ratio of the interest rate sensitivity gap to net worth (%)						(9,512.65)

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).

Note 5: The amount as of June 30, 2022 excluded JihSun Bank.

(Continued)

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

JihSun Bank

Units: In thousands of USD, %

June 30, 2022						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 479,736	41,332	29,066	248,415	798,549	
Interest rate-sensitive liabilities	151,653	590,728	59,793	4,120	806,294	
Interest rate sensitivity gap	328,083	(549,396)	(30,727)	244,295	(7,745)	
Net worth						10,126
Ratio of interest rate-sensitive assets to liabilities (%)						99.04
Ratio of the interest rate sensitivity gap to net worth (%)						(76.49)

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)

(iv) Profitability

Taipei Fubon Bank

Unit: %

		For the six months ended June 30	
		2023	2022 (Restatement)
Return on total assets	Before income tax	0.35	0.37
	After income tax	0.30	0.31
Return on net worth	Before income tax	5.19	5.57
	After income tax	4.44	4.75
Profit margin		36.01	41.49

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 six months ended June 30, 2023 and 2022.

(Continued)

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

June 30, 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	\$ 3,232,961,102	326,965,820	298,070,896	436,370,999	324,271,847	317,446,579	1,529,834,961
Main capital outflow on maturity	3,867,125,037	196,297,187	312,890,355	591,093,218	587,207,260	762,649,796	1,416,987,221
Gap	(634,163,935)	130,668,633	(14,819,459)	(154,722,219)	(262,935,413)	(445,203,217)	112,847,740

Units: In thousands of TWD

June 30, 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	\$ 2,785,735,190	232,288,370	314,178,966	285,100,952	308,430,787	247,099,048	1,398,637,067
Main capital outflow on maturity	3,431,031,777	142,962,460	318,266,270	541,153,164	487,602,432	720,830,981	1,220,216,470
Gap	(645,296,587)	89,325,910	(4,087,304)	(256,052,212)	(179,171,645)	(473,731,933)	178,420,597

Note 1: The above amounts are book value of assets and liabilities held by headquarter and domestic branches of Taipei Fubon Bank and denominated in New Taiwan dollars.

Note 2: The amount as of June 30, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of TWD

June 30, 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	\$ 246,138,576	26,333,492	35,387,104	29,962,070	11,719,267	14,994,440	127,742,203
Main capital outflow on maturity	293,697,544	13,018,478	17,769,603	32,371,024	37,152,723	53,042,154	140,343,562
Gap	(47,558,968)	13,315,014	17,617,501	(2,408,954)	(25,433,456)	(38,047,714)	(12,601,359)

Note: Listed amounts of the head office and domestic branches held by JihSun Bank (excluding foreign currency amounts) are denominated in New Taiwan dollars.

Maturity Analysis of Assets and Liabilities (USD)

Taipei Fubon Bank

Units: In thousands of USD

June 30, 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	\$ 67,058,983	20,641,871	13,749,989	8,901,228	9,161,484	14,604,411
Main capital outflow on maturity	74,771,285	22,666,407	20,808,935	10,761,752	12,988,365	7,545,826
Gap	(7,712,302)	(2,024,536)	(7,058,946)	(1,860,524)	(3,826,881)	7,058,585

(Continued)

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

Units: In thousands of USD

June 30, 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	\$ 68,648,531	22,739,064	12,952,958	9,293,778	8,393,945	15,268,786
Main capital outflow on maturity	76,399,327	21,335,269	20,144,583	13,326,472	11,291,398	10,301,605
Gap	(7,750,796)	1,403,795	(7,191,625)	(4,032,694)	(2,897,453)	4,967,181

Note 1: The above amounts are book value of assets and liabilities held by Taipei Fubon Bank and denominated in U.S. dollars.

Note 2: The amount as of June 30, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of USD

June 30, 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	\$ 938,489	299,228	241,579	56,834	47,474	293,374
Main capital outflow on maturity	1,014,149	160,872	164,230	119,770	194,017	375,260
Gap	(75,660)	138,356	77,349	(62,936)	(146,543)	(81,886)

(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>
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd. (Sichuan VipFubon)	Related parties in substance
CTBC Securities Co., Ltd. (CTBC Securities)	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
China United Property Insurance Company Limited (China United Property Insurance)	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock 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 and its subsidiaries</u>
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile) momo.com Inc. (momo)	Related parties in substance Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
Yong Hsin Shing Ye Co., Ltd. (Yong Hsin Shing Ye)	Related parties in substance
Probright Technology Inc.	Related parties in substance
Synnex Technology International Corporation (Synnex Technology)	Related parties in substance
Taiwan Cement Corporation	Related parties in substance
Beijing Global Media Technology Co., Ltd. (Beijing Global)	Related parties in substance
TAIWAN MINO GROUP CO., LTD. (TAIWAN MINO)	Related parties in substance
DediProg Technology Co., Ltd. (DediProg Technology)	Related parties in substance
POU CHEN CORPORATION	Related parties in substance
TacBright Optronics Corporation	Related parties in substance
Yulon Finance Corporation	Related parties in substance
Alexander Marine Co., Ltd. (Alexander Marine)	Related parties in substance
AMIA CO., LTD.	Related parties in substance
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Related parties in substance
Fubon Land Development Co., Ltd. (Fubon Land Development)	Related parties in substance
Taipei Rapid Transit Corporation (Taipei Rapid Transit)	Related parties in substance
Taiwan Shin Kong Security Co., Ltd. (Taiwan Shin Kong Security)	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd. (Taihsin Property Insurance Agent)	Related parties in substance
PJ Asset Management Co., Ltd (PJ Asset Management)	Related parties in substance
Mstar Semi (Shenzhen) Inc. (Mstar Semi)	Related parties in substance
MediaTek (Shenzhen) Inc. (MediaTek (Shenzhen))	Related parties in substance
MediaTek (Chengdu) Inc. (MediaTek Software)	Related parties in substance
You Hua Metallic Material (Shanghai) Co., Ltd.	Related parties in substance
Wuxi GIH Innovation Industrial Development Inc. (Wuxi GIH)	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>
JihSun Securities Investment Trust Co., Ltd. (JihSun Securities Investment Trust)	Related parties in substance
CAPITAL TARGET LIMITED	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Global Information Technology Co., Ltd.	Related parties in substance
H GREEN POWER INC.	Related parties in substance
Bluewalnut Co., Ltd.	Related parties in substance
LINE Biz+ Taiwan Co., Ltd. (LINE Biz+ Taiwan)	Related parties in substance
Taiwan Win TV Media Co., Ltd. (Taiwan Win TV)	Related parties in substance
Carplus Auto Leasing Corporation (Carplus Auto Leasing)	Related parties in substance
Tokio Marine Newa Insurance Co., Ltd. (Tokio Marine Newa Insurance)	Related parties in substance
Yuchang Motor Co., Ltd. (Yuchang Motor)	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Insurance Gallery Foundation	Related parties in substance
Fubon Cultural and Educational Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Taipei Fubon Commercial Bank Charity Foundation	Related parties in substance
Fubon Property Management Co., Ltd. (Fubon Property Management)	Related parties in substance
Taiwan High Speed Rail Corporation (Taiwan High Speed Rail)	Related parties in substance
Easycard Corporation (Easycard)	Related parties in substance
Convoy Financial Services Limited (Convoy Financial Services)	Related parties in substance
USI CORPORATION	Related parties in substance
Kbro Co., Ltd. (Kbro)	Related parties in substance
Line Bank Co., Ltd. (Line Bank)	Related parties in substance
Taipei New Horizon Co., Ltd. (Taipei New Horizon)	Related parties in substance
CHC RESOURCES CORPORATION (CHC RESOURCES)	Related parties in substance
Alpha Networks Inc. (Alpha Networks)	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>
TA-HO MARITIME CORPORATION	Related parties in substance
Sharehope Medicine Co., Ltd. (Sharehope Medicine)	Related parties in substance
Kbro Media Co., Ltd. (Kbro Media)	Related parties in substance
Taiwan Life Insurance Co., Ltd. (Taiwan Life Insurance)	Related parties in substance
China United Insurance Group Co., Ltd. (China United Insurance Group)	Related parties in substance
Century Development Corporation (Century Development)	Related parties in substance
Hui Yang Venture Capital Co., Ltd. (Hui Yang Venture Capital)	Related parties in substance
eChem Solutions Corp. (eChem Solutions)	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
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>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 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	\$ 8,002,214	0.60~1.40	7,864,962	0~4.4	12,114,580	0~2.45
Taiwan Business Bank	1,303,363	0.58~1.25	1,315,825	0.46~1.25	2,314,811	0.21~0.78
Xiamen Bank	223,030	0~0.35	173,613	0~0.35	267,591	0.35~1.73
Total	<u>\$ 9,528,607</u>		<u>9,354,400</u>		<u>14,696,982</u>	

2) Restricted bank deposits

<u>Name of related party</u>	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 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	\$ -	-	<u>77,413</u>	0.45~4.20	-	-

(Continued)

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

3) Deposits in related parties

Name of related party	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %	Amount	Interest rate range %
Others	\$ 98,914,258	0~6.60	105,042,000	0~11.00	90,240,039	0~6.22

(ii) Due to banks, due from banks and call loans from banks

1) Due from banks

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Xiamen Bank	\$ 115,103	117,387	117,825

2) Deposits from related parties (accounted for other financial assets)

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Sichuan VipFubon	\$ 855,776	882,688	887,295

3) Call loans from banks

Name of related party	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %	Amount	Interest rate range %
Taiwan Business Bank	\$ 171,155	2.25~2.50	488,642	1.85~2.5	-	-
Xiamen Bank	36,545	0.05~0.75	96,956	0.05-0.75	112,018	0~0.05
Total	\$ 207,700		585,598		112,018	

(iii) Financial instruments

1) Transaction of derivative financial instruments

June 30, 2023						
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	2018.07.11~2023.07.13	\$ 300,000	(447)	IRS contract value (liabilities)	447
December 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	2018.01.09~2023.02.27	\$ 1,500,000	275	IRS contract value (assets)	275
Far Eastern Bank	Interest rate swap contracts	2018.07.11~2023.07.13	300,000	(946)	IRS 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

June 30, 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	(5,101)	IRS contract value (liabilities)	5,101
Far Eastern Bank	Interest rate swap contracts	2018.12.18~ 2022.12.20	300,000	(827)	Financial liabilities measured at fair value through profit or loss	122
CTBC Securities	IRS asset swap contracts	2019.11.05~ 2022.10.29	20,000	(170)	IRS asset swap contracts value (liabilities)	170

- 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	June 30, 2023	December 31, 2022	June 30, 2022
Funds managed by Fubon Asset Management	\$ 24,635,303	17,594,019	17,003,246
Funds managed by JihSun Securities Investment Trust	5,031,721	4,316,600	2,211,406
Total	\$ 29,667,024	21,910,619	19,214,652

- 3) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Fubon REIT I Fund	\$ 2,924,900	3,102,741	3,249,815
Fubon REIT II Fund	2,090,974	2,230,965	2,311,787
Total	\$ 5,015,874	5,333,706	5,561,602

(Continued)

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

(iv) Receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Funds managed by Fubon Asset Management	\$ 175,102	137,894	238,661
China United Property Insurance	112,888	95,193	240,567
Taiwan Futures Exchange	97,370	4,762	95,309
Taiwan Mobile	54,238	46,673	12,840
Far Eastern Bank	14,201	16,985	4,308
momo	12,195	435	1,467
MediaTek	-	-	33,082
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	24,838	20,282	17,680
Total	\$ 490,832	322,224	643,914

(v) Details of financing activities:

1) Loans

<u>Name of related party</u>	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 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>\$ 27,834,648</u>	0~15.00	<u>16,587,762</u>	0~15.00	<u>8,080,512</u>	0~14.97

Units: In thousands of TWD

June 30, 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	69	\$ 34,933	22,511	✓	-	None	None
Residential mortgage loans	280	3,423,029	2,585,811	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	11,037,528	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	10,000,000	6,800,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	143,456	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction	None

(Continued)

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

Units: In thousands of TWD

June 30, 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 Inc.	3,381	-	✓	-	SME credit guarantee fund	None
	Synnex Technology	4,668,889	4,668,889	✓	-	Credit guarantees	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	85,487	65,590	✓	-	Certificate of deposit	None
	TAIWAN MINO	53,700	53,700	✓	-	Lands and buildings, certificate of deposit	None
	USI CORPORATION	324,800	324,800	✓	-	Credit guarantees	None
	TA-HO MARITIME CORPORATION	203,550	50,400	✓	-	Ships	None
	DediProg Technology	352,442	349,963	✓	-	Lands and buildings, SME credit guarantee fund	None
	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	None
	eChem Solutions	39,000	36,000	✓	-	Credit guarantees	None
	Alexander Marine	210,000	210,000	✓	-	Credit guarantees	None
	CHC RESOURCES	440,000	300,000	✓	-	Credit guarantees	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 35,440,355	27,834,648				

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

(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		
Others	Yong Hsin Shing Ye	44,000	28,000	✓	-	Building and land for construction	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	-	✓	-	Credit guarantees	None
	Other loans	17,227	16,389	✓	-	Credit guarantee fund and real estate	None
Total		\$ 24,781,708	16,587,762				

Units: In thousands of TWD

June 30, 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	82	\$ 43,927	28,613	✓	-	None	None
Residential mortgage loans	346	3,616,721	3,113,017	✓	-	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	4,216,447	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction	None
	Beijing Global	79,851	79,851	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	198,000	150,000	✓	-	Credit guarantees	None
	Yulon Finance Corporation	300,000	300,000	✓	-	Credit guarantees	None
	Alexander Marine	100,000	100,000	✓	-	Credit guarantees	None
	AMIA CO., LTD.	30,000	30,000	✓	-	Securities and debt	None
	Other loans	27,141	18,584	✓	-	Credit guarantee fund and real estate	None
Total		\$ 24,692,566	8,080,512				

(Continued)

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

2) Secured loans

June 30, 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	22 related parties in substance	\$ 149,865	128,499	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

June 30, 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	32 related parties in substance	\$ 222,340	218,507	Normal loans	Real estate	None

The transaction terms between related parties are identical to those of other market participants.

3) Life insurance loans:

June 30, 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	71 related parties in substance	\$ 37,015	33,932	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

(Continued)

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

June 30, 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	92 related parties in substance	\$ 43,443	41,260	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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taiwan Futures Exchange	\$ <u>5,839,785</u>	<u>5,333,417</u>	<u>5,867,660</u>

(vii) Refundable deposits

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei City Government	\$ 1,310,626	1,310,576	1,291,583
TPEX	54,500	59,206	203,506
Fubon REIT I Fund	48,157	52,067	53,264
Chung Hsing Land Development	37,436	37,436	37,436
Fubon REIT II Fund	34,767	36,930	36,930
Taiwan Stock Exchange	-	769,560	1,356,721
Taiwan Futures Exchange	-	107,316	209,472
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	25,297	17,497	19,777
Total	\$ <u>1,510,783</u>	<u>2,390,588</u>	<u>3,208,689</u>

(viii) Clearing and settlement fund

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taiwan Stock Exchange	\$ 238,462	186,365	187,461
Taiwan Futures Exchange	179,380	219,832	229,760
TPEX	122,807	155,120	155,120
Total	\$ <u>540,649</u>	<u>561,317</u>	<u>572,341</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(ix) Prepayments

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei City Government	\$ 89,419	305	-
Taiwan Fixed Network	2,726	2,978	-
Fubon Land Development momo	2,190	876	876
Taipei Rapid Transit	1,707	802	1,096
Fubon REIT I Fund	1,337	1,773	2,260
Taiwan Shin Kong Security	1,014	1,259	1,013
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	2,219	1,480
	6,192	2,547	1,286
Total	\$ 104,585	12,759	8,011

(x) Payables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
China United Property Insurance	\$ 125,513	72,269	167,478
Taiwan Stock Exchange	57,886	38,542	45,848
Taihsin Property Insurance Agent	28,596	3,483	26,740
Taiwan Futures Exchange	25,410	28,696	36,888
TPEX	17,330	14,440	14,271
Hyundai Commercial Inc.	14,170	14,956	12,424
Funds managed by Fubon Asset Management	435	531	490,772
CAPITAL TARGET LIMITED	-	-	240,352
PJ Asset Management	-	-	250,033
Related parties in substance (individual)	634	637	23,109
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	13,859	17,228	31,783
Total	\$ 283,833	190,782	1,339,698

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

(xi) Deal on credit

The balance of financing and loans from other related parties to Fubon Securities and its subsidiaries were as follows:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Related parties in substance (individual)	\$ <u>131,525</u>	<u>287,108</u>	<u>68,638</u>

(xii) Principal of structured products

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
You Hua Metallic Material	\$ 12,837	-	-
Wuxi GIH	-	20,699	20,541
Mstar Semi	-	489,848	492,404
MediaTek (Shenzhen)	-	286,874	1,226,330
MediaTek Software	-	719,391	536,813
Related parties in substance (individual)	54,287	58,542	40,229
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	7,373	6,869
Total	\$ <u>67,124</u>	<u>1,582,727</u>	<u>2,323,186</u>

(xiii) Futures traders' equity

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>5,459,052</u>	<u>4,459,397</u>	<u>6,037,793</u>

(xiv) Advance receipts

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taiwan Mobile	\$ 22,217	44,661	16,611
momo	21,379	163	12,650
JihSun Securities Investment Trust	7,574	2,034	248
Funds managed by Fubon Asset Management	4,598	15,125	27,674
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	4,632	4,775	4,627
Total	\$ <u>60,400</u>	<u>66,758</u>	<u>61,810</u>

(Continued)

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

(xv) Guarantees

June 30, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	1,570	0.55%	Credit guarantees
Synnex Technology	111,100	111,100	1,111	0.44%	Credit guarantees
TA-HO MARITIME CORPORATION	59,000	59,000	590	0.59%	Ships

December 31, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	1,570	0.55%	Credit guarantees

June 30, 2022: none.

(xvi) Transaction for retirement pension savings:

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Hyundai Mobis Co., Ltd.	\$ 8,061,605	9,649,589	7,096,561
Hyundai Card Co., Ltd.	2,824,434	2,990,213	2,305,953
Hyundai Commercial Inc.	1,224,805	1,298,868	1,008,660
HYUNDAI IHL CORPORATION	145,756	-	-
Global Information Technology Co., Ltd.	45,691	-	-
H GREEN POWER INC.	45,465	-	-
Bluewalnut Co., Ltd.	19,371	-	-
Total	<u>\$ 12,367,127</u>	<u>13,938,670</u>	<u>10,411,174</u>

(Continued)

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

(xvii) Income

1) Service fees

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
momo	\$ 217,135	147,679	414,260	302,617
LINE Biz+ Taiwan	205,010	158,473	411,222	293,369
Taiwan Mobile	43,663	41,601	87,767	83,684
Hyundai Mobis Co., Ltd.	5,257	3,874	10,562	7,688
Taipei City Government	3,953	1,896	7,668	13,465
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	21,615	27,687	41,950	48,403
Total	<u>\$ 496,633</u>	<u>381,210</u>	<u>973,429</u>	<u>749,226</u>

2) Management income

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>407,027</u>	<u>358,758</u>	<u>811,902</u>	<u>716,837</u>

3) Sales commissions

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>14,152</u>	<u>13,604</u>	<u>26,528</u>	<u>35,818</u>

4) Handling fee income

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ 22,875	28,711	37,095	59,518
Related parties in substance (individual)	(1,356)	6,788	345	13,182
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	(246)	3	-	1,372
Total	<u>\$ 21,273</u>	<u>35,502</u>	<u>37,440</u>	<u>74,072</u>

(Continued)

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

5) Sponsorship income, sales revenue and royalty income

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile	\$ 13,484	15,594	27,982	24,828
momo	19,813	19,496	25,777	23,910
Taiwan Win TV	-	17,460	-	17,460
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	190	-	477
Total	<u>\$ 33,297</u>	<u>52,740</u>	<u>53,759</u>	<u>66,675</u>

(xviii) Expenses

1) Insurance claims and payments

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile	\$ 77,099	60,114	150,663	121,146
China United Property Insurance	23,598	36,508	23,598	89,189
Taiwan High Speed Rail	1,943	22	5,451	16,261
Carplus Auto Leasing	-	34,367	-	78,151
Tokio Marine Newa Insurance	-	31,797	-	69,705
Yuchang Motor	-	6,476	-	15,790
Related parties in substance (individual)	1,736	5,942	18,509	9,855
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,031	24,017	4,280	54,999
Total	<u>\$ 105,407</u>	<u>199,243</u>	<u>202,501</u>	<u>455,096</u>

(Continued)

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

2) Donations

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Charity Foundation	\$ 23,510	37,006	38,830	52,641
Fubon Insurance Gallery Foundation	30,000	-	30,000	-
Fubon Cultural and Educational Foundation	20,352	25,985	21,906	31,009
Fubon Art Foundation	20,770	18,103	20,770	24,168
Taipei Fubon Commercial Bank Charity Foundation	15,250	18,110	15,250	18,110
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	17	2,500	5,117
Total	\$ 109,882	99,221	129,256	131,045

3) Other expenses

<u>Name of related party</u>	<u>Category</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
LINE Biz+ Taiwan	Service fee	\$ 514,282	623,608	1,290,095	1,292,637
momo	Rental expenses, miscellaneous purchases and service fee	430,644	306,129	779,216	447,510
Taiwan Futures Exchange	Service fee, brokerage commissions and computer information fee	191,326	105,279	306,307	207,542
Taiwan Stock Exchange	Stock listing fee, brokerage commissions and computer information fee	156,870	161,636	285,639	364,317
Taihsin Property Insurance Agent	Commission expenses	86,196	81,453	196,295	186,639
Hyundai Card Co., Ltd.	Service fee	176,354	10,095	180,578	10,095
Taiwan Fixed Network	Rental expenses, telecom expenses and communication service fee	82,908	72,305	147,894	127,380
Fubon Property Management	Management fees, utilities expenses and miscellaneous expenses	64,390	57,322	120,012	117,315
TPEX	Stock listing fee, brokerage commissions and computer information fee	55,173	54,064	107,181	112,237
Taiwan High Speed Rail	Rental expenses, transportation expenses, miscellaneous expenses and service fee	25,242	17,148	46,035	33,614
Taiwan Mobile	Postage expense, miscellaneous expenses and rental expenses	15,661	14,874	32,948	30,959
Easycard	Service fee	26,904	9,750	32,874	14,974
Funds managed by Fubon Asset Management	Service fee and security lending expenses	10,740	9,141	21,718	15,723
Fubon REIT I Fund	Rental expenses, management fees, transportation expenses and utilities expenses	5,656	8,158	12,519	14,897

(Continued)

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

Name of related party	Category	For the three months ended June 30		For the six months ended June 30	
		2023	2022	2023	2022
China United Property Insurance	Reinsurance commissions	\$ 11,590	27,273	11,590	55,734
Chung Hsing Land Development	Rental expenses and transportation expenses	5,439	7,371	10,989	11,319
Convoy Financial Services	Commission expenses	6	14,540	109	15,298
Tokio Marine Newa Insurance	Reinsurance commissions and reinsurance expenses	-	12,545	-	16,221
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		34,492	79,149	71,357	102,180
Total		<u>\$ 1,893,873</u>	<u>1,671,840</u>	<u>3,653,356</u>	<u>3,176,591</u>

(xix) Insurance Receivable and Insurance Revenue

1) Insurance receivable

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
USI CORPORATION	\$ 39,388	-	-
Taiwan Mobile	26,690	3,012	296
Kbro	14,679	3,525	14,395
Synnex Technology	10,734	-	-
Line Bank	9,831	2,800	9,880
Taiwan High Speed Rail momo	2,439	85,265	3,041
Taipei New Horizon	925	12,504	1,608
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	15,590	-
	27,635	26,639	13,792
Total	<u>\$ 132,321</u>	<u>149,335</u>	<u>43,012</u>

(Continued)

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

2) Insurance Revenue

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
CHC RESOURCES	\$ 98,387	13	104,279	3,880
momo	9,747	5,581	59,157	52,320
USI CORPORATION	39,388	-	39,388	-
Taipei City Government	36,137	13,181	39,085	15,896
Taiwan Mobile	30,520	26,073	32,513	32,714
Alpha Networks	19,448	13,618	20,339	15,585
Taiwan High Speed Rail	10,347	7,093	18,512	12,100
Taiwan Cement Corporation	533	-	16,059	-
TA-HO MARITIME CORPORATION	80	-	15,151	-
Kbro	13,785	13,972	14,075	16,177
Line Bank	12,072	(602)	12,072	10,598
MediaTek	627	1,261	11,586	13,911
Synnex Technology	10,561	-	10,561	-
Carplus Auto Leasing	-	78,800	-	177,559
Related parties in substance (individual)	134,579	130,969	282,538	339,229
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	40,320	36,336	100,743	90,136
Total	<u>\$ 456,531</u>	<u>326,295</u>	<u>776,058</u>	<u>780,105</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.

(xx) Bonds payable and Interest Expense

1) Bonds payable

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350	229,160
Hyundai Commercial Inc. (Note)	2,355,900	2,443,500	2,291,600
Total	<u>\$ 2,355,900</u>	<u>2,687,850</u>	<u>2,520,760</u>

Note: recognized as equity of the Company and its subsidiaries.

(Continued)

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

2) Interest Expense

<u>Name of related party</u>	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Hyundai Commercial Inc.	\$ <u>43,546</u>	<u>39,274</u>	<u>87,295</u>

(xxi) Leasing

1) The company rents from related parties

a) Right-of-use asset

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
Taipei City Government	\$ 30,438,456	28,703,681	29,694,682
Fubon REIT I Fund	272,060	282,006	381,047
Fubon REIT II Fund	218,535	159,484	229,146
Chung Hsing Land Development	111,262	222,265	335,107
Ming-Dong Industrial	47,451	42,880	54,796
Fubon Charity Foundation	29,865	41,549	53,427
Related parties in substance (individual)	50,031	66,593	83,413
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,537	17,800	30,960
Total	\$ <u>31,179,197</u>	<u>29,536,258</u>	<u>30,862,578</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei City Government	\$ 7,814,373	8,041,556	7,930,258
Fubon REIT I Fund	270,908	281,550	377,275
Fubon REIT II Fund	220,350	172,498	239,258
Chung Hsing Land Development	114,897	229,902	342,787
Ming-Dong Industrial	48,301	43,767	55,402
Fubon Charity Foundation	31,002	42,915	54,603
Related parties in substance (individual)	52,090	68,809	85,523
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,543	17,989	30,835
Total	\$ <u>8,563,464</u>	<u>8,898,986</u>	<u>9,115,941</u>

2) The company leases to related parties

a) Guarantee deposits

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
momo	\$ 46,649	46,649	46,649
Fubon Art Foundation	29,719	29,719	29,719
Sharehope Medicine	17,912	17,912	17,912
Taiwan Mobile	10,196	10,182	11,823
Hyundai Card Co., Ltd.	6,767	20,987	19,682
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	32,313	36,799	36,080
Total	\$ <u>143,556</u>	<u>162,248</u>	<u>161,865</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>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Sharehope Medicine	\$ <u>270,642</u>	<u>269,296</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

c) Rental revenue

<u>Name of related party</u>	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
momo	\$ 46,890	46,747	93,639	91,905
Taiwan Mobile	10,640	12,094	21,287	24,867
Hyundai Card Co., Ltd.	8,109	26,756	20,123	26,756
Sharehope Medicine	9,953	9,904	19,881	19,782
Taiwan Fixed Network	8,353	8,307	16,629	16,930
Kbro	5,872	5,877	11,744	11,725
Kbro Media	-	1,006	466	38,743
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	22,182	22,425	44,140	35,251
Total	\$ <u>111,999</u>	<u>133,116</u>	<u>227,909</u>	<u>265,959</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>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Related parties in substance (individual)	\$ <u>3,090,304</u>	<u>4,436,373</u>

b) Resell agreement

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	CTBC Securities	\$ <u>1,201,484</u>	<u>-</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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c) Bonds purchased

<u>Name of related party</u>	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Taiwan Life Insurance	\$ -	542,723

d) Bonds sold/matured

<u>Name of related party</u>	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>
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>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
China United Insurance Group	\$ 8,400,992	8,281,059	8,183,595
Century Development	357,109	216,282	294,013
Hui Yang Venture Capital	7,295	15,620	2,514
eChem Solutions	-	59,115	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,254	14,086	2,305
Total	\$ 8,766,650	8,586,162	8,482,427

3) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>
Taipei City Government	\$ 63,899	585
Fubon Land Development	24,175	23,215
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	4	33
Total	\$ 88,078	23,833

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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(c) Compensation to executive officers

Executive officers' compensation comprised:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 487,099	504,110	997,414	1,090,980
Post-employment benefits	20,581	11,672	33,919	22,797
Other long-term employee benefits	1,977	1,686	3,509	3,128
	\$ 509,657	517,468	1,034,842	1,116,905

(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

Name of related party	Relationship with the Company and its subsidiaries
Fubon Life Insurance Co., Ltd. (Fubon Life 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
JihSun Financial Holding Co., Ltd. (JihSun Financial Holding)	The subsidiary (merged with Fubon Financial holdings and eliminated in November 11, 2022)

2) Significant transactions with related parties were as follows:

a) Bank deposits

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
Taipei Fubon Bank	\$ 11,946,816	155,146	26,804,482

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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b) The investment balance details:

i) Balance of investment

<u>Name of security</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance - non-cumulative perpetual subordinated corporate bonds	\$ <u>19,872,630</u>	<u>19,625,671</u>	<u>19,816,630</u>

ii) Interest receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ <u>189,370</u>	<u>552,329</u>	<u>189,370</u>

iii) Interest revenue

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ <u>179,507</u>	<u>179,541</u>	<u>357,041</u>	<u>357,075</u>

c) Income tax receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ 1,224,176	48,830	101,570
Taipei Fubon Bank	1,505,466	2,388,885	1,208,285
Fubon Securities	412,529	814,780	560,764
Fubon Asset Management	83,938	135,586	73,021
Total	\$ <u>3,226,109</u>	<u>3,388,081</u>	<u>1,943,640</u>

d) Dividend receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
JihSun Financial Holding	\$ <u>-</u>	<u>-</u>	<u>1,983,878</u>

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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e) Lease Agreement

<u>Name of related party</u>	Right-of-use assets		
	June 30, 2023	December 31, 2022	June 30, 2022
Fubon Life Insurance	\$ 223,460	237,528	253,104

<u>Name of related party</u>	Lease liabilities		
	June 30, 2023	December 31, 2022	June 30, 2022
Fubon Life Insurance	\$ 234,791	247,050	260,213

(ii) Fubon Insurance and its subsidiaries

1) Name and relationship of related party

Name of related party	Relationship with the Company
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
CHC RESOURCES CORPORATION (CHC RESOURCES)	Related parties in substance
China United Property Insurance Company Limited (China United Property Insurance)	Related parties in substance
Carplus Auto Leasing Corporation (Carplus Auto Leasing)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Others	Directors, supervisors, managers and their close relatives, etc.

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

2) Significant transactions with related parties were as follows:

a) Bank deposits

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	\$ 3,221,999	2,275,773	2,063,513
Xiamen Bank	223,029	173,613	267,591
Far Eastern Bank	63	128	757,071
Total	<u>\$ 3,445,091</u>	<u>2,449,514</u>	<u>3,088,175</u>

b) Receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Financial Holdings	\$ 3,067,202	2,067,260	14,059
China United Property Insurance	112,888	95,193	240,567
Total	<u>\$ 3,180,090</u>	<u>2,162,453</u>	<u>254,626</u>

c) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon REIT I Fund	\$ 842,431	894,217	939,251
Fubon REIT II Fund	909,065	970,231	1,013,729
Total	<u>\$ 1,751,496</u>	<u>1,864,448</u>	<u>1,952,980</u>

d) Payables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
China United Property Insurance	\$ <u>125,513</u>	<u>72,269</u>	<u>167,478</u>

e) Premium revenues with related party were as follows:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	\$ 22,324	17,904	144,021	129,219
Carplus Auto Leasing	-	78,281	-	176,523
CHC RESOURCES	98,387	13	104,279	3,880
Total	<u>\$ 120,711</u>	<u>96,198</u>	<u>248,300</u>	<u>309,622</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

f) Acquisition commission and service fees were as follows:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Taihsin Property Insurance Agent	\$ <u>86,196</u>	<u>81,453</u>	<u>196,295</u>

g) Other revenue:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	China United Property Insurance	\$ <u>32,696</u>	<u>73,627</u>	<u>32,696</u>

h) Retained claims payment was as follows:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Taiwan Mobile	\$ <u>77,099</u>	<u>60,114</u>	<u>150,663</u>

i) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>December 31,</u>		
	<u>June 30, 2023</u>	<u>2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ <u>451,780</u>	<u>525,305</u>	<u>598,442</u>

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>December 31,</u>		
	<u>June 30, 2023</u>	<u>2022</u>	<u>June 30, 2022</u>
Fubon Life Insurance	\$ <u>478,118</u>	<u>550,500</u>	<u>619,843</u>

(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

(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>
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

2) Significant transactions with related parties

a) Bank deposits

<u>Nature of deposits</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank:			
Check deposits	\$ 38,995	13,159	251,262
Demand deposits	5,372,117	20,677,980	10,590,773
Time deposits	1,452,779	9,952,779	6,952,779
Fubon Bank (Hong Kong):			
Demand deposits	167,145	105,879	2,267,900
Far Eastern Bank:			
Time deposits	8,000,000	7,500,000	9,500,000
Taiwan Business Bank:			
Demand deposits	257,463	260,837	261,255
Time deposits	1,000,000	1,000,000	2,000,000
Total	<u>\$ 16,288,499</u>	<u>39,510,634</u>	<u>31,823,969</u>

(Continued)

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

b) Loans

Secured loans

June 30, 2023						
Category	Numbers or name of related party	Highest Balance	Ending Balance	Compliance situation	Type of Collateral	Differences in transaction terms between related and non related parties
Residential mortgage loans	22 related parties in substance	\$ 149,865	128,499	Normal loan	Real Estate	None
December 31, 2022						
Category	Numbers or name of related party	Highest Balance	Ending Balance	Compliance situation	Type of Collateral	Differences in transaction terms between related and non related parties
Residential mortgage loans	31 related parties in substance	\$ 203,608	174,138	Normal loan	Real Estate	None
June 30, 2022						
Category	Numbers or name of related party	Highest Balance	Ending Balance	Compliance situation	Type of Collateral	Differences in transaction terms between related and non related parties
Residential mortgage loans	32 related parties in substance	\$ 222,340	218,507	Normal loan	Real Estate	None

The transaction terms are identical to those of other market participants.

c) Discretionary investment from related parties

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Asset Management	\$ 6,464,347	5,592,184	5,682,427

d) Transaction for retirement pension savings:

Retirement Pension Savings			
<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Hyundai Mobis Co., Ltd.	\$ 8,061,605	9,649,589	7,096,561
Hyundai Commercial Inc.	1,224,805	1,298,868	1,008,660
Hyundai Card Co., Ltd.	2,824,434	2,990,213	2,305,953
HYUNDAI IHL CORPORATION	145,756	-	-
Total	\$ 12,256,600	13,938,670	10,411,174

(Continued)

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

- e) Certain investment funds held from related parties are as follows:

<u>Fund</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Funds managed by Fubon Asset Management	\$ 23,010,065	16,406,561	15,910,468
Funds managed by JihSun Securities Investment Trust	5,031,721	4,316,601	2,202,648
Total	\$ <u>28,041,786</u>	<u>20,723,162</u>	<u>18,113,116</u>

- f) Shares undertaken from related parties are as follows:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Century Development	\$ 357,109	216,282	294,013
China United Insurance Group	8,400,992	8,281,059	8,183,595
Total	\$ <u>8,758,101</u>	<u>8,497,341</u>	<u>8,477,608</u>

- g) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon REIT I Fund	\$ 846,126	897,235	938,689
Fubon REIT II Fund	1,039,039	1,108,308	1,141,120
Total	\$ <u>1,885,165</u>	<u>2,005,543</u>	<u>2,079,809</u>

- h) Bond transactions and derivatives financial instruments transactions:

- i) Issuing bonds

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350	229,160
Hyundai Commercial Inc. (Note)	2,355,900	2,443,500	2,291,600
Total	\$ <u>2,355,900</u>	<u>2,687,850</u>	<u>2,520,760</u>

Note: recognized as equity of the Company and its subsidiaries.

(Continued)

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

ii) Bonds sold/matured

<u>Name of related party</u>	<u>For the six months ended June 30</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	Foreign exchange swap contracts	<u>\$ 34,871,200</u>	<u>21,495,600</u>	<u>28,536,960</u>

i) Other receivables:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon Financial Holdings	\$ 6,999,347	6,867,487	3,144,355
Fubon Insurance	271,749	276,799	338,829
Total	<u>\$ 7,271,096</u>	<u>7,144,286</u>	<u>3,483,184</u>

j) Leasing transaction:

i) Refundable deposits:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei City Government	<u>\$ 1,305,636</u>	<u>1,305,586</u>	<u>1,286,594</u>

ii) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Fubon REIT I Fund	\$ 139,761	140,096	204,251
Fubon Insurance	48,105	95,855	145,358
Total	<u>\$ 187,866</u>	<u>235,951</u>	<u>349,609</u>

(Continued)

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

Name of related party	Lease liability		
	June 30, 2023	December 31, 2022	June 30, 2022
Fubon REIT I Fund	\$ 138,600	139,917	201,835
Fubon Insurance	46,615	92,491	138,576
Total	\$ 185,215	232,408	340,411

iii) Right-of-use asset and lease liability – Investment property – Superficies

Name of related party	Right-of-use asset		
	June 30, 2023	December 31, 2022	June 30, 2022
Taipei City Government	\$ 30,408,232	28,656,799	29,630,867

Name of related party	Lease liability		
	June 30, 2023	December 31, 2022	June 30, 2022
Taipei City Government	\$ 7,783,552	7,992,975	7,866,049

The above-mentioned leases were operating leases. The leasing term was not materially different from that with unrelated parties.

iv) Performance guarantee

Name of related party	December 31,		
	June 30, 2023	2022	June 30, 2022
Sharehope Medicine (Note)	\$ 270,642	269,296	267,956

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

k) Integrate business revenue and cross-selling commission:

Name of related party	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Fubon Insurance	\$ 293,667	329,474	537,635	572,929

l) Interest Revenue

Name of related party	For the three months ended		For the six months ended	
	June 30		June 30	
	2023	2022	2023	2022
Taipei Fubon Bank	\$ 78,575	18,864	175,129	44,982

(Continued)

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

m) Other expenses are as follows:

Name of related party	Category	For the three months ended June 30		For the six months ended June 30	
		2023	2022	2023	2022
Hyundai Card Co., Ltd.	Credit card service fees	\$ 176,354	4,185	180,578	10,095

(iv) Fubon Securities and its subsidiaries

1) Name and relationship with related party

Name of related party	Relationship with the Company
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
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
Synnex Technology International Corporation (Synnex Technology International)	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

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FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES
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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:

Items	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Demand deposits (excluding settlement accounts)	\$ <u>1,885,119</u>	<u>2,718,090</u>	<u>2,693,328</u>
Demand deposits (booked as customer margin accounts)	\$ <u>249,553</u>	<u>547,319</u>	<u>1,431,710</u>
Checking accounts	\$ <u>395,911</u>	<u>96,360</u>	<u>71,998</u>
Time deposits	\$ <u>470,000</u>	<u>2,935,600</u>	<u>941,400</u>
Pledged time deposit	\$ <u>170,000</u>	<u>204,000</u>	<u>144,000</u>
Foreign currency deposits (excluding settlement accounts)	\$ <u>191,650</u>	<u>339,188</u>	<u>521,285</u>
Foreign time deposit	\$ <u>13,389,975</u>	<u>14,098,558</u>	<u>9,470,500</u>

As of June 30, 2023, December 31 and June 30, 2022, Fubon Securities and its subsidiaries had put bank deposits in Far Eastern Bank and Taiwan Business Bank amounting to \$277 thousand, \$440,400 thousand and \$1,895,719 thousand, respectively.

As of June 30, 2023, December 31 and June 30, 2022, Fubon Securities and its subsidiaries had put time deposits in Taipei Fubon Bank as operating refundable deposits amounting to \$1,110,000 thousand, \$790,000 thousand and \$790,000 thousand, respectively.

Balances of short-term borrowings from Taipei Fubon Bank as of June 30, 2023, December 31 and June 30, 2022, were all nil, unused credit facilities from Taipei Fubon Bank were \$6,000,000 thousand, 9,700,000 thousand and 9,700,000 thousand, respectively. As of June 30, 2023, December 31 and June 30, 2022, the carrying value of lands and buildings pledged to Taipei Fubon Bank were \$1,418,911 thousand, \$1,423,429 thousand and \$1,441,978 thousand, respectively, and time deposits pledged to Taipei Fubon Bank for short-term borrowing were \$170,000 thousand, \$204,000 thousand and \$144,000 thousand, respectively. Fubon Securities also provided stock investments amounting to \$6,926,604 thousand, \$8,065,938 thousand and \$11,635,324 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 June 30, 2023, December 31 and June 30, 2022.

(Continued)

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

Fubon Securities and its subsidiaries earned interest revenue on bank deposits:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022 (Restatement)	2023	2022 (Restatement)
Taipei Fubon Bank	\$ <u>244,133</u>	<u>22,342</u>	<u>376,889</u>	<u>35,930</u>

b) Operating securities-dealing

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

<u>Name of security</u>	<u>June 30, 2023</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Funds managed by Fubon Asset Management	\$ 1,148,529	36,481
Fubon REIT I Fund	<u>243,380</u>	<u>112,149</u>
Total	<u>\$ 1,391,909</u>	<u>148,630</u>

<u>Name of security</u>	<u>December 31, 2022 (Restatement)</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Funds managed by Fubon Asset Management	\$ 806,699	304
Fubon REIT I Fund	<u>243,380</u>	<u>133,624</u>
Total	<u>\$ 1,050,079</u>	<u>133,928</u>

<u>Name of security</u>	<u>June 30, 2022 (Restatement)</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Funds managed by Fubon Asset Management	\$ 678,800	(14,798)
Fubon REIT I Fund	<u>243,380</u>	<u>151,042</u>
MediaTek	<u>118,535</u>	<u>(31,372)</u>
Total	<u>\$ 1,040,715</u>	<u>104,872</u>

<u>Name of security</u>	<u>For the six months ended June 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
Funds managed by Fubon Asset Management	\$ <u>6,151</u>	<u>106,938</u>

(Continued)

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

	For the six months ended June 30, 2022 (Restatement)	
Name of security	Dividend revenue	Gains (losses) on disposal of investments
Funds managed by Fubon Asset Management	\$ 3,440	(102,305)

c) Operating securities-hedging

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

	June 30, 2022 (Restatement)	
Name of security	Cost	Gains (losses) on valuation
MediaTek	\$ 352,875	(21,035)

	For the six months ended June 30, 2022 (Restatement)	
Name of security	Dividend revenue	Gains (losses) on disposal of investments
MediaTek	\$ 34,440	(119,874)

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:

	June 30, 2023	
Name of security	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	220,059
Synnex Technology International	430,943	(48,491)
	\$ 1,859,220	171,568

	December 31, 2022	
Name of security	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	204,541

	June 30, 2022	
Name of security	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	433,860

(Continued)

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

e) Derivative financial instrument transaction

Unit: In thousands of TWD

June 30, 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)	447

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

June 30, 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)	5,101

f) Acquisition of property and equipment

Bond sold

Name of related party	For the three months ended June 30		For the six months ended June 30	
	2023	2022 (Restatement)	2023	2022 (Restatement)
	Taipei Fubon Bank	\$ -	-	-

g) Customer margin account

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
		(Restatement)	(Restatement)
Taiwan Futures Exchange	\$ 5,839,785	5,333,417	5,867,660

h) Other receivables

Name of related party	June 30, 2023	December 31, 2022	June 30, 2022
		(Restatement)	(Restatement)
Taipei Fubon Bank	\$ 188,049	98,001	91,033

(Continued)

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>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
Taiwan Stock Exchange	\$ 238,462	186,365	187,461
Taiwan Futures Exchange	179,380	219,833	229,760
TPEX	122,807	155,120	155,120
Total	<u>\$ 540,649</u>	<u>561,318</u>	<u>572,341</u>

j) Deal on credit

As of June 30, 2023, December 31 and June 30, 2022, the balance of financing and loans from other related parties to Fubon Securities and its subsidiaries are \$131,525 thousand, \$287,108 thousand and \$106,768 thousand, respectively.

k) Refundable deposits

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
TPEX	\$ 53,000	56,206	200,506

l) Security borrowing deposit

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
Taiwan Stock Exchange	\$ -	769,560	1,356,721

m) 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>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
Taipei Fubon Bank	\$ 558,836	544,065	416,379
Funds managed by Fubon Asset Management	5,459,052	4,459,397	6,037,793
Total	<u>\$ 6,017,888</u>	<u>5,003,462</u>	<u>6,454,172</u>

n) Facility rental revenue

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restatement)</u>	<u>2023</u>	<u>2022 (Restatement)</u>
Taipei Fubon Bank	\$ 185,864	146,586	280,802	304,770

(Continued)

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

o) Brokerage handling fee expense

<u>Name of related party</u>	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
	Taiwan Stock Exchange	\$ 128,448	125,625	226,488
Taiwan Futures Exchange	40,801	59,909	83,781	118,703
Total	<u>\$ 169,249</u>	<u>185,534</u>	<u>310,269</u>	<u>402,872</u>

p) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>December 31,</u> <u>2022</u>		
	<u>June 30, 2023</u>	<u>(Restatement)</u>	<u>June 30, 2022</u> <u>(Restatement)</u>
Taipei Fubon Bank	<u>\$ 52,234</u>	<u>71,589</u>	<u>103,506</u>

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>December 31,</u> <u>2022</u>		
	<u>June 30, 2023</u>	<u>(Restatement)</u>	<u>June 30, 2022</u> <u>(Restatement)</u>
Taipei Fubon Bank	<u>\$ 53,187</u>	<u>73,910</u>	<u>106,505</u>

(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
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

(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 MINO GROUP CO., LTD. (TAIWAN MINO)	Related parties in substance
USI CORPORATION (USI)	Related parties in substance
TA-HO MARITIME CORPORATION (TA-HO MARITIME)	Related parties in substance
DediProg Technology Co., Ltd. (DediProg Technology)	Related parties in substance
POU CHEN CORPORATION (POU CHEN)	Related parties in substance
Advanced Echem Materials Company Limited (Advanced Echem Materials)	Related parties in substance
CHC Resources Corporation (CHC Resources)	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
Probright Technology Inc. (Probright Technology)	Related parties in substance
Synnex Technology International Corporation (Synnex Technology)	Related parties in substance
TacBright Optronics Corporation (TacBright Optronics)	Related parties in substance
Yulon Finance Corporation (Yulon Finance)	Related parties in substance
Alexander Marine Co., Ltd. (Alexander Marine)	Related parties in substance
AMIA CO., LTD. (AMIA)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Taiwan Life Insurance Co., Ltd. (Taiwan Life Insurance)	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

Name of related party	Relationship with the Company
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

Item	For the six months ended June 30, 2023		
	June 30, 2023 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ 27,834,648	0~15.00	36,312
Deposits	\$ 137,779,000	0~6.595	(912,504)
Due from banks	\$ 346,874		100
Call loans to banks	\$ 171,155	2.25~2.5	(4,532)

Units: In thousands of TWD

June 30, 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	69	\$ 34,933	22,511	✓	-	None	None
Residential mortgage loans	280	3,423,029	2,585,811	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,240,210	11,037,528	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	10,000,000	6,800,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	143,456	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction	None
	Probright Technology	3,381	-	✓	-	SME credit guarantee fund	None
	Synnex Technology	4,668,889	4,668,889	✓	-	Credit guarantees	None
	Taiwan Cement	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	85,487	65,590	✓	-	Certificate of deposit	None
	TAIWAN MINO	53,700	53,700	✓	-	Lands and buildings, certificate of deposit	None
	USI	324,800	324,800	✓	-	Credit guarantees	None
	TA-HO MARITIME	203,550	50,400	✓	-	Ships	None

(Continued)

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

June 30, 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	DediProg Technology	352,442	349,963	✓	-	Lands and buildings, SME credit guarantee fund	None
	POU CHEN	2,000,000	1,000,000	✓	-	Credit guarantees	None
	Advanced Echem Materials	39,000	36,000	✓	-	Credit guarantees	None
	Alexander Marine	210,000	210,000	✓	-	Credit guarantees	None
	CHC Resources	440,000	300,000	✓	-	Credit guarantees	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 35,440,355	27,834,648				

Item	2022 (Restatement)		
	December 31, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ <u>16,587,762</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 (Restatement)							
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	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None

(Continued)

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

December 31, 2022 (Restatement)							
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	TacBright Optronics	200,000	-	✓	-	Credit guarantees	None
	Other loans	117	37	✓	-	Credit guarantee fund	None
	Other loans	17,110	16,352	✓	-	Real estate	None
Total		\$ 24,781,708	16,587,762				

For the six months ended June 30, 2022
(Restatement)

Item	June 30, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	<u>\$ 8,080,512</u>	0~14.97	<u>29,524</u>
Deposits	<u>\$ 153,023,355</u>	0~6.22	<u>(163,459)</u>
Due from banks	<u>\$ 645,058</u>	0~1.02	<u>787</u>

Units: In thousands of TWD

June 30, 2022 (Restatement)							
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	82	\$ 43,927	28,613	✓	-	None	None
Residential mortgage loans	346	3,616,721	3,113,017	✓	-	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	4,216,447	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction	None
	Beijing Global	79,851	79,851	✓	-	Certificate of deposit	None
	TacBright Optronics	198,000	150,000	✓	-	Credit guarantees	None
	Yulon Finance	300,000	300,000	✓	-	Credit guarantees	None
	Alexander Marine	100,000	100,000	✓	-	Credit guarantees	None
	AMIA	30,000	30,000	✓	-	Securities and debt	None

(Continued)

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

June 30, 2022 (Restatement)							
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	Other loans	117	77	✓	-	Credit guarantee fund	None
	Other loans	27,024	18,507	✓	-	Real estate	None
Total		\$ 24,692,566	8,080,512				

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

June 30, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	1,570	0.55%	Credit guarantees
Synnex Technology	111,100	111,100	1,111	0.44%	Credit guarantees

Units: In thousands of TWD

December 31, 2022 (Restatement)					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement Corporation	157,000	157,000	1,570	0.55%	Credit guarantees

Units: In thousands of TWD

June 30, 2022 (Restatement)					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
-	-	-	-	-	-

(Continued)

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

c) Bond transactions:

			For the six months ended June 30	
Name of related party	Subject	Transaction types	2023	2022 (Restatement)
Taiwan Life Insurance	Bonds	Bonds purchased	\$ -	542,723
Taiwan Mobile	Bonds	Bonds sold	-	302,685

Name of related party	Subject	Transaction types	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
CTBC Securities	Bonds	Resell agreement	\$ 1,201,484	-	-
Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance	Bonds	Repurchase agreement	3,090,304	4,436,373	2,300,874

d) Fund and stock transactions

Name of Funds	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Fubon REIT I Fund	\$ 859,432	911,344	953,451
Fubon REIT II Fund	123,234	131,450	135,341
Total	\$ 982,666	1,042,794	1,088,792

Name of related party	Subject	June 30, 2023	December 31, 2022 (Restatement)	June 30, 2022 (Restatement)
Fubon Asset Management	Discretionary Investment Transaction Net Assets	\$ 2,308,008	2,073,253	2,152,790

e) Derivative financial instruments

Units: In thousands of TWD

June 30, 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	2023.03.14~2023.12.23	\$33,816,040	806,500	Valuation adjustment of financial asset measured at fair value through profit or loss	806,500

(Continued)

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

Units: In thousands of TWD

December 31, 2022 (Restatement)						
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

Units: In thousands of TWD

June 30, 2022 (Restatement)						
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	\$26,847,855	1,616,328	Valuation adjustment of financial asset measured at fair value through profit or loss	1,562,520
Far Eastern Bank	Interest rate swap contracts	2018.12.18~2022.12.20	300,000	(827)	Valuation adjustment of financial liability measured at fair value through profit or loss	122

f) Lease

Lease agreement

Name of related party	Right-of-use asset		
	December 31,		
	June 30, 2023	2022 (Restatement)	June 30, 2022 (Restatement)
Fubon Life Insurance	\$ 107,121	129,660	152,402
Fubon Insurance	112,317	148,081	185,355
Chung Hsing Land Development	106,522	211,307	317,829
Fubon REIT II Fund	174,291	107,344	157,667
	\$ 500,251	596,392	813,253

(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>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
Fubon Life Insurance	\$ 116,290	139,284	161,617
Fubon Insurance	115,229	150,923	186,803
Chung Hsing Land Development	110,480	219,025	325,568
Fubon REIT II Fund	176,563	120,463	168,755
	<u>\$ 518,562</u>	<u>629,695</u>	<u>842,743</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>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
	Receivables – Fubon Financial Holdings	\$ 90,203	487,418
Receivables – Fubon Life Insurance	470,460	198,487	252,119
Payables – Others	169,228	110,755	110,967
Principal of structured products – MediaTek Software	-	719,391	536,813
Principal of structured products – MediaTek (Shenzhen)	-	286,874	1,226,330
Principal of structured products – Mstar Semi	-	489,848	492,404
Other financial asset – Sichuan VipFubon	855,776	882,688	887,295
Refundable deposits – Fubon Futures	558,836	544,066	416,379

(Continued)

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

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restatement)	2023	(Restatement)
Service fee income— Fubon Life Insurance	\$ 1,617,034	1,137,720	3,707,153	2,643,542
Service fee income— Others	692,533	539,830	1,365,733	1,137,511
Service expenses— LINE Biz+ Taiwan	515,275	623,461	1,289,895	1,290,782
Service expenses— momo	430,069	303,341	777,948	443,798
Service expenses— Others	80,036	73,687	156,032	151,635
Operating expenses — Others	255,038	105,285	379,195	178,761

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

Name of related party	Relationship with the Company
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

Name of related party	December 31,		
	June 30, 2023	2022	June 30, 2022
Fubon Life Insurance (Hong Kong)	\$ <u>177,890</u>	<u>123,450</u>	<u>2,272,505</u>
Fubon Securities (Hong Kong)	\$ <u>10,036</u>	<u>221,376</u>	<u>4,186</u>
Fubon Digital Music GP Limited	\$ <u>729,458</u>	<u>767,285</u>	<u>454,281</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>June 30, 2023</u>	<u>December 31,</u>	
		<u>2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	\$ <u>232,754</u>	<u>401,600</u>	<u>536,739</u>
Xiamen Bank	\$ <u>36,545</u>	<u>96,956</u>	<u>112,018</u>

c) Commission income

<u>Name of related party</u>	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance (Hong Kong)	\$ <u>63,911</u>	<u>69,819</u>	<u>122,237</u>	<u>176,555</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>June 30, 2023</u>	<u>December 31,</u>	
		<u>2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	\$ <u>407,658</u>	<u>371,478</u>	<u>494,415</u>

b) Other operating income

<u>Name of related party</u>	<u>For the three months ended</u>		<u>For the six months ended</u>	
	<u>June 30</u>		<u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ <u>114,521</u>	<u>51,208</u>	<u>116,396</u>	<u>84,095</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
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings

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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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	\$ <u>242,206</u>	<u>274,530</u>	<u>94,066</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 June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ 123,130	116,659	246,218	231,749
Fubon Life Insurance	53,381	55,051	112,206	117,654
Total	\$ <u>176,511</u>	<u>171,710</u>	<u>358,424</u>	<u>349,403</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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Taipei Fubon Bank	\$ 241,784	182,614	231,070
Fubon Bank (Hong Kong)	97,475	49,552	533,321
Total	\$ <u>339,259</u>	<u>232,166</u>	<u>764,391</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>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Funds managed by Fubon Asset Management	\$ <u>368,353</u>	<u>324,376</u>

- c) Accounts receivable

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Funds managed by Fubon Asset Management	\$ <u>151,431</u>	<u>130,985</u>

- 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>June 30, 2022</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Funds managed by Fubon Asset Management	\$ <u>3,141,489</u>	<u>2,249,037</u>

- e) Fully fiduciary discretionary investment balance by the related party

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Fubon Life Insurance	\$ 6,463,033	5,590,962
Taipei Fubon Bank	<u>2,308,008</u>	<u>2,073,253</u>	<u>2,152,790</u>
Total	\$ <u>8,771,041</u>	<u>7,664,215</u>	<u>7,835,217</u>

- f) Other current liabilities

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30, 2022</u>
	Funds managed by Fubon Asset Management	\$ <u>-</u>	<u>-</u>

- g) Management income

<u>Name of related party</u>	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Funds managed by Fubon Asset Management	\$ <u>407,028</u>	<u>358,758</u>	<u>811,903</u>

(Continued)

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

(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>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Demand deposits (accounted for other financial assets)	Performance bond	\$ 15,000	15,000	15,000
Checking accounts (accounted for other financial assets)	Note 1	143	73	69
Time deposits (accounted for refundable deposits)	Guarantee deposits for Insurance business	982,229	1,012,028	1,016,756
Time deposits (accounted for refundable deposits)	superficies performance bond and new construction guarantee deposit	1,452,352	1,452,517	1,452,666
Time deposits (accounted for other assets)	Bank loans	-	149,037	99,017
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	32,495,404	32,493,814	32,493,487
Due from banks (accounted for other financial assets)	Note 1	501,801	500,650	500,650

(Continued)

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

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Stocks (accounted for financial assets measured at fair value through other comprehensive income)	Bank loans	\$ -	3,419,651	9,243,324
Beneficiary securities (accounted for refundable deposits)	Bank loans	1,512,181	-	-
Government bonds (accounted for financial assets measured at fair value through profit or loss)	Pledged for securities trading guarantee	-	6,522	-
Government bonds (accounted for financial assets measured at fair value through other comprehensive income)	Pledged for securities trading guarantee	-	-	6,526
Government bonds (accounted for financial assets measured at fair value through other comprehensive income)	Note 1	1,319,807	571,960	3,488,699
Government bonds (accounted for debt investment measured at amortized cost)	Pledged for securities trading guarantee	309,338	-	-
Government bonds (accounted for debt investment measured at amortized cost)	Guarantee deposits for Insurance business	-	-	4,000
Government bonds (accounted for debt investment measured at amortized cost)	Note 1	3,623,532	6,614,665	12,219,613

(Continued)

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

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Government bonds (accounted for refundable deposits)	Guarantee deposits for Insurance business	\$ 18,287,535	16,651,930	16,396,820
Government bonds (accounted for refundable deposits)	Bank loans	-	1,674,444	-
Corporate bonds(accounted for debt investment measured at amortized cost)	Note 1	235,590	-	-
Corporate bonds (accounted for refundable deposits)	Bank loans	2,239,587	-	-
Financial bonds (accounted for refundable deposits)	Bank loans	1,238,794	-	-
Investment property — land and buildings	Bank loans	8,912,798	5,890,088	532,915
Property and equipment — land and buildings	Bank loans	5,137,833	6,062,726	1,724,796
Total		<u>\$ 78,263,924</u>	<u>78,715,105</u>	<u>79,194,338</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) foreign governments for the Bank's potential obligations on its overseas operations, (e) transactions for bonds business, (f) collaterals for derivatives transactions, (g) overdrafts of collateral, (h) securities brokerage deposit, (i) collaterals required for capital scheduling, (j) guarantee deposit for insurance business and (k) claims litigation.

(Continued)

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

(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>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
Undrawn credit card commitments	\$ 632,451,369	423,007,716	408,043,108
Collections for customers	23,735,866	22,465,445	26,680,359
Agency loans payable	1,239,878	1,374,816	1,499,751
Designated deposits	1,443,655	1,621,049	2,275,594
Designated loans	1,443,655	1,621,049	2,275,594
Designated financial management	2,940,105	3,926,946	14,722,354
Marketable securities under custody	571,826,269	563,271,684	546,691,532
Management for book-entry government bonds	183,158,600	167,605,900	191,079,300

- (ii) Taipei Fubon Bank and its subsidiaries' capital expenditure commitment were \$1,731,483 thousand, \$1,582,422 thousand and \$890,617 thousand as of June 30, 2023, December 31 and June 30, 2022.
- (iii) As of June 30, 2023, December 31 and June 30, 2022, the unfunded commitments (ceiling) of Taipei Fubon Bank and its subsidiaries' private fund agreements were as below (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>June 30, 2022 (Restatement)</u>
USD	<u>\$ 3,650</u>	<u>2,550</u>	<u>2,550</u>

(b) Fubon Life Insurance and its subsidiaries

- (i) Fubon Life Insurance and its subsidiaries generate contingent liabilities through lawsuits from daily operating activities, besides from already estimated reserve for liabilities, there are lawsuits cases that are still on the go, which are all commissioned to Fubon Life Insurance and its subsidiaries' legal service unit or lawyers. Once Fubon Life Insurance and its subsidiaries acquire professional advice and estimated reasonable amount of money, Fubon Life Insurance and its subsidiaries will recognize the loss.

(Continued)

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

(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:

	June 30, 2023	December 31, 2022	June 30, 2022
New construction	\$ 5,189,506	3,908,441	6,447,133
Purchase of investment property	-	2,251,093	2,251,093
Total	<u>\$ 5,189,506</u>	<u>6,159,534</u>	<u>8,698,226</u>

(iii) The unfunded commitments (ceiling) of Fubon Life Insurance and its subsidiaries' private fund agreements were as below (in thousands):

	June 30, 2023	December 31, 2022	June 30, 2022
USD	\$ <u>3,171,030</u>	<u>3,379,453</u>	<u>3,869,161</u>
EUR	\$ <u>944,299</u>	<u>665,749</u>	<u>823,432</u>
KRW	\$ <u>169,199,786</u>	<u>182,756,598</u>	<u>196,896,562</u>
TWD	\$ <u>343,667</u>	<u>470,333</u>	<u>187,000</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 invest in Star Shining Energy Co., Ltd by phases. Total investment amount should not exceed \$2.4 billion. As of June 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$300 million as per the agreement above.

(v) On June 24, 2022, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Aquastar Energy Corporation by phases. Total investment amount should not exceed \$315 million. As of June 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$135 million as per the agreement above.

(vi) On June 9, 2023, Fubon Life Insurance and its subsidiaries signed a joint venture agreement to invest in Whole Max Green Power Co, Ltd by phases. The investment amount will not exceed \$627 million. As of June 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$150 million as per the agreement above.

(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 \$1,239,051 thousand, of which approximately \$831,491 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 June 30, 2023.

(Continued)

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

- (ii) The unfunded commitments (ceiling) of Fubon Insurance and its subsidiaries' private equity agreements were as below (in thousands):

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
USD	\$ <u>13,676</u>	<u>13,734</u>	<u>13,289</u>
EUR	\$ <u>13,623</u>	<u>13,621</u>	<u>12,903</u>

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

- (iii) As of June 30, 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 \$525,913 thousand.
- (iv) As of June 30, 2023, Fubon Insurance and its subsidiaries' unused letters of credit for reinsurance business are JPY\$2,000 thousand.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

- (a) To enhance operating capital, strengthen financial structure, and increase the Risk-Based Capital ratio, Fubon Life Insurance planned on issuing a 10-year unsecured cumulative subordinated corporate bonds, with an issue limit of \$25 billion or the equivalent in foreign currency. And it was approved by the insurance bureau of the Financial Supervisory Commission on July 5, 2023.
- (b) On June 6, 2023, the Board of Directors of Fubon Marketing, acting on behalf of the shareholders' meeting, resolved to dissolve the company. The dissolution was formally completed on July 1, 2023, and the case was approved by the Taipei City Office of Commerce on July 14, 2023.
- (c) On July 28, 2023, Fubon Life Insurance was given approval under the Jing Shen Er Letter No.11200081150 by the Investment Commission, MOEA. to inject capital to Fubon Hyundai Life Insurance Co., Ltd with KRW 392.5 billion. It is estimated that the capital injection procedure will be completed before the third quarter.
- (d) Fubon Life Insurance was approved to inject capital to Aquastar Energy Corporation by phases on August 16, 2023, by the Board of Directors. The investment amount will not exceed \$826.5 million, and the Company will apply to the Financial Supervisory Commission for approval.
- (e) Fubon Insurance repaid the loan amount of \$9.25 billion from July 1, 2023 to August 16, 2023, for the benefit payment of a large amount of insurance premiums. The borrowings amount increased \$7.28 billion. As of August 16, 2023, the balance of bank loans was \$9.38 billion. Fubon Insurance also issued commercial papers, and the issued price was \$2,097,918 thousand (face value of \$2.1 billion), and repaid \$2.1 billion of commercial paper.

(Continued)

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

(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 June 30, 2023, the unpaid amount was \$187,163 thousand. After considering the actual recovery situation, Fubon Futures Co., Ltd. had recognized the allowance for doubtful accounts amounting to \$180,316 thousand.

- (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. and Fubon Insurance Agency Co. Ltd. (Original name: Fu Sheng Insurance Agency 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.

(Continued)

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

- (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 six months ended June 30, 2023 and 2022, the estimated amounts were as follows:

	For the six months ended	
	June 30	
	2023	2022
Fubon Insurance	\$ 1,298,251	1,450,182
Taipei Fubon Bank	27,222	26,266
Fubon Life Insurance	55,692	91,708
Fubon Securities	100,794	79,578

- (c) Capital adequacy ratios

Unit: In millions of TWD, %

June 30, 2023			
Item	Ownership interest	Eligible capital	Legal capital
The Company	100.00	743,256	897,225
Taipei Fubon Bank	100.00	333,099	217,965
Fubon Bank (Hong Kong)	100.00	55,761	36,768
Fubon Bank (China)	42.08	19,624	14,112
Fubon Securities	100.00	39,620	18,090
Fubon Insurance and Fubon Life Insurance	100.00	528,828	335,908
Fubon Asset Management	100.00	3,865	2,153
Fubon Financial Holding Venture Capital	53.80	8,670	4,334
Others	100.00	2,825	1,658
Less: deductible items		(932,445)	(879,081)
Subtotal		803,103	649,132
Consolidated capital adequacy ratio			123.72

(Continued)

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

Unit: In millions of TWD, %

June 30, 2022			
Item	Ownership interest	Eligible capital	Legal capital
The Company	100.00	626,729	703,173
Taipei Fubon Bank	100.00	269,185	193,670
Fubon Bank (Hong Kong)	100.00	49,419	34,281
Fubon Bank (China)	42.08	18,832	14,653
Fubon Securities	100.00	23,435	12,666
Fubon Insurance and Fubon Life Insurance	100.00	554,864	326,142
Fubon Asset Management	100.00	3,710	2,071
Fubon Financial Holding Venture Capital	53.80	7,080	3,549
Others	100.00	2,708	1,694
Less: deductible items		(727,508)	(676,725)
Subtotal		828,454	615,174
Consolidated capital adequacy ratio (Note)			134.67

Note: The Company purchased 53.84% shares of JihSun Financial Holding through tender on March 30, 2021. 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 became the extinguished company. The Company carried out subsequent mergers in accordance with relevant laws and regulations. The Company has been approved by the authority to apply the capital adequacy ratios in point 5 of the “Regulations Governing Financial Holding Company Act, Bank Investing in Financial Holding Company, Bank, Insurance Company, and Securities Firms” during the consolidation period, so that 20% of the investment amount can be used to calculate the legal capital requirements for JihSun Financial Holding. The Company’s proforma group capital adequacy ratio was 127.80% on June 30, 2022, which did not comply with the aforementioned capital adequacy ratio provision principle.

(Continued)

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

(d) Eligible capital

Unit: In thousands of TWD

June 30, 2023	
Item	Amount
Common stock	130,149,732
Tier 1 Capital Instruments	15,999,900
Other preferred stock and subordinated bonds	-
Advanced Capital	-
Capital surplus	164,734,663
Legal reserve	95,593,238
Special reserve	261,752,640
Accumulated profit and loss	144,013,785
Equity adjustment	(68,934,675)
Less: Goodwill and other intangible assets	6,933
Less: Deferred assets	46,074
Less: Treasury stock	-
Consolidated eligible capital	743,256,276

Unit: In thousands of TWD

June 30, 2022	
Item	Amount
Common stock	123,952,126
Tier 1 Capital Instruments	15,999,900
Other preferred stock and subordinated bonds	-
Advanced Capital	-
Capital surplus	168,823,026
Legal reserve	90,913,681
Special reserve	30,311,999
Accumulated profit and loss	382,137,112
Equity adjustment	(185,341,957)
Less: Goodwill and other intangible assets	7,349
Less: Deferred assets	59,090
Less: Treasury stock	-
Consolidated eligible capital	626,729,448

- (e) Please refer to the attachment for the aggregate lending, guarantee or other transactions taken place between all subsidiaries of a financial holding company and the same person, same relative party or the same affiliate.

(Continued)

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

(f) Financial information classified by business type:

For the six months ended June 30, 2023

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	23,561,290	57,321,111	829,522	(113,109)	81,598,814
Net non-interest revenue	16,440,901	(8,866,338)	8,457,445	528,873	16,560,881
Net revenue	40,002,191	48,454,773	9,286,967	415,764	98,159,695
Bad debt expenses and guarantee liability provisions	(3,132,514)	(811,584)	(2,586)	(16,864)	(3,963,548)
Net change in provisions for insurance liability	-	(10,640,339)	-	180,925	(10,459,414)
Operating expenses	(19,690,189)	(13,304,735)	(5,194,914)	842,740	(37,347,098)
Income from continuing operations before income tax	17,179,488	23,698,115	4,089,467	1,422,565	46,389,635
Income tax benefit (expense)	(2,515,553)	(1,103,134)	(320,372)	51,547	(3,887,512)
Net income	14,663,935	22,594,981	3,769,095	1,474,112	42,502,123

For the six months ended June 30, 2022

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	23,412,569	54,591,925	606,907	1,902,467	80,513,868
Net non-interest revenue	8,846,493	131,415,262	5,277,481	87,084	145,626,320
Net revenue	32,259,062	186,007,187	5,884,388	1,989,551	226,140,188
Bad debt expenses and guarantee liability provisions	(2,263,986)	(634,983)	1,644	63,746	(2,833,579)
Net change in provisions for insurance liability	-	(102,076,647)	-	166,156	(101,910,491)
Operating expenses	(14,715,612)	(13,459,958)	(3,736,928)	(2,252,693)	(34,165,191)
Income from continuing operations before income tax	15,279,464	69,835,599	2,149,104	(33,240)	87,230,927
Income tax benefit (expense)	(2,342,590)	(9,463,400)	(646,891)	(4,494,308)	(16,947,189)
Net income	12,936,874	60,372,199	1,502,213	(4,527,548)	70,283,738

Note: Including JihSun Financial Holding and its subsidiaries.

(Continued)

g) Financial statements of Fubon Financial Holding Co., Ltd.

FUBON FINANCIAL HOLDING CO., LTD.
Balance Sheets
June 30, 2023, December 31 and June 30, 2022
(Expressed in thousands of New Taiwan Dollars)

Assets	June 30, 2023		December 31, 2022		June 30, 2022 (Restatement)		Liabilities and Equity	June 30, 2023		December 31, 2022		June 30, 2022 (Restatement)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Cash and cash equivalents	\$ 11,950,123	1	175,093	-	26,939,465	3	Commercial papers issued, net	\$ 22,479,589	2	42,854,598	6	778,686	-
Financial assets measured at fair value through profit or loss	19,872,630	2	19,625,671	3	19,816,630	3	Payables	22,982,142	3	598,765	-	46,048,099	6
Securities purchased under resell agreements	119,720	-	-	-	6,201,067	1	Current tax liabilities	12,766,135	1	13,052,250	2	9,715,700	1
Receivables, net	195,033	-	552,374	-	196,949	-	Bonds payable	99,568,275	11	79,888,159	11	83,094,759	11
Current tax assets	3,393,564	1	3,698,041	-	2,202,618	-	Other borrowings	3,600,000	-	3,000,000	-	-	-
Investments accounted for using equity method, net	876,769,724	96	688,566,805	97	731,724,272	93	Lease liabilities	252,081	-	269,331	-	294,931	-
Property and equipment, net	60,884	-	56,489	-	47,649	-	Deferred tax liabilities	7,770,289	1	7,678,286	1	6,603,615	1
Right-of-use assets, net	241,110	-	260,253	-	288,395	-	Other liabilities	13,608	-	13,097	-	16,894	-
Intangible assets, net	6,933	-	8,691	-	7,757	-	Total liabilities	<u>169,432,119</u>	<u>18</u>	<u>147,354,486</u>	<u>20</u>	<u>146,552,684</u>	<u>19</u>
Deferred tax assets	4,042	-	3,544	-	4,934	-	Equity:						
Other assets, net	127,639	-	98,076	-	94,805	-	Share capital:						
							Common stock	123,952,126	14	123,952,126	17	118,049,644	15
							Preferred stock	15,999,900	2	15,999,900	2	15,999,900	2
							Stock dividend to be distributed	6,197,606	1	-	-	5,902,482	1
							Total share capital	<u>146,149,632</u>	<u>17</u>	<u>139,952,026</u>	<u>19</u>	<u>139,952,026</u>	<u>18</u>
							Capital surplus	164,734,663	18	171,017,736	24	168,823,026	21
							Retained earnings:						
							Legal reserve	95,593,238	10	90,913,681	13	90,913,681	12
							Special reserve	261,752,640	29	30,311,999	4	30,311,999	4
							Undistributed earnings	<u>144,013,785</u>	<u>16</u>	<u>359,918,631</u>	<u>51</u>	<u>382,137,112</u>	<u>48</u>
							Total retained earnings	<u>501,359,663</u>	<u>55</u>	<u>481,144,311</u>	<u>68</u>	<u>503,362,792</u>	<u>64</u>
							Total other equity interest	<u>(68,934,675)</u>	<u>(8)</u>	<u>(226,423,522)</u>	<u>(31)</u>	<u>(185,341,957)</u>	<u>(24)</u>
							Business combination not under common control	-	-	-	-	14,175,970	2
							Total equity	<u>743,309,283</u>	<u>82</u>	<u>565,690,551</u>	<u>80</u>	<u>640,971,857</u>	<u>81</u>
Total assets	<u>\$ 912,741,402</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>	<u>787,524,541</u>	<u>100</u>	Total liabilities and equity	<u>\$ 912,741,402</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>	<u>787,524,541</u>	<u>100</u>

(Continued)

FUBON FINANCIAL HOLDING CO., LTD.
Statement of Comprehensive Income
For the three months and six months ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	For the three months ended June 30				For the six months ended June 30			
	2023		2022 (Restatement)		2023		2022 (Restatement)	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenue :								
Share of profit of associates and joint ventures accounted for using equity method	\$ 29,164,924	99	27,947,336	99	43,296,699	99	75,066,348	99
Other revenues	<u>209,414</u>	<u>1</u>	<u>334,498</u>	<u>1</u>	<u>638,246</u>	<u>1</u>	<u>397,475</u>	<u>1</u>
Net revenue	<u>29,374,338</u>	<u>100</u>	<u>28,281,834</u>	<u>100</u>	<u>43,934,945</u>	<u>100</u>	<u>75,463,823</u>	<u>100</u>
Expense:								
Operating expenses	216,396	1	235,551	1	418,648	1	465,403	1
Other expenses and losses	<u>330,815</u>	<u>1</u>	<u>665,965</u>	<u>2</u>	<u>673,208</u>	<u>1</u>	<u>867,076</u>	<u>1</u>
Total expenses	<u>547,211</u>	<u>2</u>	<u>901,516</u>	<u>3</u>	<u>1,091,856</u>	<u>2</u>	<u>1,332,479</u>	<u>2</u>
Net income before tax from continuing operations	28,827,127	98	27,380,318	97	42,843,089	98	74,131,344	98
Less : Income tax expenses (benefit)	(94,763)	-	4,183,250	15	(61,947)	-	4,309,077	6
Less : Net income of business combination not under common control	<u>-</u>	<u>-</u>	<u>270,239</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>418,376</u>	<u>-</u>
Net income	<u>\$ 28,921,890</u>	<u>98</u>	<u>22,926,829</u>	<u>81</u>	<u>42,905,036</u>	<u>98</u>	<u>69,403,891</u>	<u>92</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	3,529,722	12	(8,995,260)	(32)	7,981,067	18	(9,606,450)	(13)
Less: income tax related to items not to be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal of items not to be reclassified to profit or loss	<u>3,529,722</u>	<u>12</u>	<u>(8,995,260)</u>	<u>(32)</u>	<u>7,981,067</u>	<u>18</u>	<u>(9,606,450)</u>	<u>(13)</u>
Items that may be subsequently reclassified to profit or loss								
Exchange differences on translation of foreign financial statements	(41,130)	-	1,082,888	4	(695,844)	(2)	3,738,087	5
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	19,891,093	68	(207,762,067)	(735)	149,618,833	341	(343,824,360)	(455)
Less: income tax related to items that may be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal of items that may be reclassified subsequently to profit or loss	<u>19,849,963</u>	<u>68</u>	<u>(206,679,179)</u>	<u>(731)</u>	<u>148,922,989</u>	<u>339</u>	<u>(340,086,273)</u>	<u>(450)</u>
Other comprehensive income, net of income tax	<u>23,379,685</u>	<u>80</u>	<u>(215,674,439)</u>	<u>(763)</u>	<u>156,904,056</u>	<u>357</u>	<u>(349,692,723)</u>	<u>(463)</u>
Other comprehensive income of business combination not under common control	<u>-</u>	<u>-</u>	<u>381,889</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>255,585</u>	<u>-</u>
Total comprehensive income	<u>\$ 52,301,575</u>	<u>178</u>	<u>(192,365,721)</u>	<u>(681)</u>	<u>199,809,092</u>	<u>455</u>	<u>(280,033,247)</u>	<u>(371)</u>
Basic earnings per share (in New Taiwan Dollars)	<u>\$ 2.05</u>		<u>1.61</u>		<u>3.18</u>		<u>5.36</u>	

(Continued)

FUBON FINANCIAL HOLDING CO., LTD.
Statement of Changes in Equity
For the six months ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

	Share capital									Total other equity interest					Equity attributable to former owner of business combination under common control	Total equity	
	Common stock	Preferred stock	Stock dividend to be distributed	Total	Capital surplus	Legal reserve	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			
							Special reserve	Undistributed earnings									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)	-	-	-	-	-	-	-	69,403,891	69,403,891	-	-	-	-	-	-	418,376	69,822,267
Other comprehensive income (Restatement)	-	-	-	-	-	-	-	(20,269)	(20,269)	5,201,034	(123,830,985)	(211,981)	156,148	(230,731,085)	(349,416,869)	(255,585)	(349,692,723)
Total comprehensive income (Restatement)	-	-	-	-	-	-	-	69,383,622	69,383,622	5,201,034	(123,830,985)	(211,981)	156,148	(230,731,085)	(349,416,869)	162,791	(279,870,456)
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	-	(3,026,121)
Stock dividends from capital surplus	-	-	5,902,482	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	(24,786)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	-	(26,453)
Changes in ownership interests in subsidiaries	-	-	-	-	1,386,684	-	-	-	-	(138)	239,500	-	-	-	239,362	(1,626,082)	(36)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(369,568)	(369,568)	-	369,568	-	-	-	369,568	-	-
Organizational restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,980,611)	(7,980,611)
Others	-	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	2,230	5,958
Balance at June 30, 2022 (Restatement)	\$ 118,049,644	15,999,900	5,902,482	139,952,026	168,823,026	90,913,681	30,311,999	382,137,112	503,362,792	(21,670,653)	(113,160,516)	110,382	2,607,368	(53,228,538)	(185,341,957)	14,175,970	640,971,857
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	-	-	-	-	-	-	-	42,905,036	42,905,036	-	-	-	-	-	-	-	42,905,036
Other comprehensive income	-	-	-	-	-	-	-	(19,332)	(19,332)	(402,558)	83,517,167	(27,955)	6,094	73,830,640	156,923,388	-	156,904,056
Total comprehensive income	-	-	-	-	-	-	-	42,885,704	42,885,704	(402,558)	83,517,167	(27,955)	6,094	73,830,640	156,923,388	-	199,809,092
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	-	(3,515,980)
Stock dividends from capital surplus	-	-	6,197,606	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	-	7,673	-	-	-	-	-	-	-	-	-	-	-	7,673
Changes in ownership interests in subsidiaries	-	-	-	-	(93,140)	-	-	-	-	-	3,906	-	-	-	3,906	-	(89,234)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(561,553)	(561,553)	-	561,553	-	-	-	561,553	-	-
Balance at June 30, 2023	\$ 123,952,126	15,999,900	6,197,606	146,149,632	164,734,663	95,593,238	261,752,640	144,013,785	501,359,663	(16,728,953)	(46,306,005)	(18,012)	2,482,356	(8,364,061)	(68,934,675)	-	743,309,283

(Continued)

FUBON FINANCIAL HOLDING CO., LTD.
Statement of Cash Flows
For the six months ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2023	2022 (Restatement)
Cash flows from (used in) operating activities:		
Income before income tax	\$ 42,843,089	74,131,344
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	30,096	24,914
Amortization expenses	8,612	9,170
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	(604,000)	114,000
Interest expense	660,953	380,580
Interest income	(23,171)	(28,174)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(43,296,699)	(75,066,348)
Other adjustments	-	4,386
Subtotal of adjustments to reconcile profit (loss)	<u>(43,224,209)</u>	<u>(74,561,472)</u>
Changes in operating assets and liabilities:		
Increase in receivables	(985)	-
Increase in other assets	(35,626)	(6,430)
Decrease in payables	(109,374)	(179,032)
Increase in other liabilities	475	1,363
Subtotal of all adjustments	<u>(43,369,719)</u>	<u>(74,745,571)</u>
Cash used in operating activities	(526,630)	(614,227)
Interest received	738,539	747,176
Dividends received	12,909,782	37,988,429
Interest paid	(270,003)	(91,526)
Income tax refund (paid)	<u>171,815</u>	<u>(1,758,880)</u>
Net cash flows from operating activities	<u>13,023,503</u>	<u>36,270,972</u>
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(16,000,000)	(7,281,816)
Proceeds from disposal of investments accounted for using equity method	15,006,493	-
Proceeds from capital reduction of investments accounted for using equity method	-	853
Acquisition of property and equipment	(11,212)	(10,150)
Acquisition of intangible assets	(431)	(566)
Acquisition of right-of-use assets	(20)	-
Net cash flows used in investing activities	<u>(1,005,170)</u>	<u>(7,291,679)</u>
Cash flows from (used in) financing activities:		
Decrease in commercial papers payable	(20,375,010)	(14,115,090)
Proceeds from issuing bonds	19,677,566	4,294,374
Repayments of bonds	-	(3,900,000)
Increase in other borrowings	600,000	-
Repayment of lease liabilities	(26,139)	(22,823)
Cash dividends paid	-	(238,607)
Appraisal of dissenting shareholders	-	(28,888)
Net cash flows used in financing activities	<u>(123,583)</u>	<u>(14,011,034)</u>
Net Increase in cash and cash equivalents	11,894,750	14,968,259
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>\$ 12,069,843</u>	<u>33,140,532</u>
Components of cash and cash equivalents:		
Cash and cash equivalents recognized in balance sheet	\$ 11,950,123	26,939,465
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>119,720</u>	<u>6,201,067</u>
Cash and cash equivalents at end of period	<u>\$ 12,069,843</u>	<u>33,140,532</u>

(Continued)

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

- (h) Subsidiaries' concise balance sheets and concise statements of comprehensive income
- (i) Concise Balance sheets

	Taipei Fubon Bank	
	June 30, 2023	June 30, 2022 (Restatement)
Cash and cash equivalents	\$ 51,386,766	82,748,571
Due from the central bank and call loans to banks	337,219,395	267,185,381
Financial assets measured at fair value through profit or loss	167,556,941	122,899,879
Financial assets measured at fair value through other comprehensive income	162,099,029	165,304,816
Debt investments measured at amortized cost	796,847,547	812,635,683
Financial assets for hedging	9,754,001	5,069,515
Securities purchased under resell agreements	25,772,770	13,718,301
Receivables, net	120,458,118	95,244,560
Current income tax assets	334,879	680,169
Discounts and loans, net	1,931,413,142	1,877,792,093
Investments accounted for using equity method	44,270,197	44,955,086
Other financial assets, net	6,207,189	5,828,908
Property and equipment, net	15,452,210	15,249,097
Right-of-use assets, net	3,955,594	4,830,606
Investment property	4,149,108	4,049,910
Intangible assets, net	3,108,908	3,163,316
Deferred tax assets	811,274	901,171
Other assets	17,455,272	14,080,563
Total assets	\$ 3,698,252,340	3,536,337,625

(Continued)

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

	Taipei Fubon Bank	
	June 30, 2023	June 30, 2022 (Restatement)
Deposits to the central bank and banks	\$ 127,100,919	118,254,648
Financial liabilities measured at fair value through profit or loss	34,688,652	35,358,459
Financial liabilities for hedging	10,195,959	7,135,535
Securities sold under repurchase agreements	60,220,634	88,114,705
Payables	35,561,743	33,973,397
Current tax liabilities	2,513,827	1,843,394
Deposits and remittances	2,987,423,876	2,864,229,513
Bonds payable	105,923,068	90,682,502
Other financial liabilities	34,159,228	14,572,442
Provisions	3,138,252	3,313,925
Lease liabilities	4,052,917	4,918,478
Deferred tax liabilities	2,751,152	2,360,853
Other liabilities	<u>18,831,933</u>	<u>21,173,820</u>
Total liabilities	<u>3,426,562,160</u>	<u>3,285,931,671</u>
Common stock	143,270,965	129,774,223
Capital surplus	29,660,157	18,491,904
Retained earnings	99,953,637	82,554,163
Other equity	(1,194,579)	(5,460,161)
Equity attributable to former owner of business combination under common control	-	18,521,288
Business combination not under common control	<u>-</u>	<u>6,524,537</u>
Total equity	<u>271,690,180</u>	<u>250,405,954</u>
Total liabilities and equity	<u>\$ 3,698,252,340</u>	<u>3,536,337,625</u>

(Continued)

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

	Fubon Insurance	
	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 10,108,453	13,006,597
Receivables	7,615,292	7,873,350
Current income tax assets	3,067,202	14,059
Financial assets measured at fair value through profit or loss	4,007,582	23,072,278
Financial assets measured at amortized cost	1,599,893	1,494,413
Investments accounted for using equity method, net	1,339,448	1,387,283
Financial assets measured at fair value through other comprehensive income	7,670,593	22,505,784
Right-of-use assets	566,359	700,721
Investment property	9,837,479	9,636,232
Reinsurance contract assets	44,050,969	35,632,090
Property and equipment	6,295,521	5,954,624
Intangible assets	197,485	171,577
Deferred tax assets	9,378,751	2,898,037
Other assets	<u>7,562,500</u>	<u>852,783</u>
Total assets	\$ <u>113,297,527</u>	<u>125,199,828</u>
Short-term borrowings	\$ 12,898,375	-
Payables	15,454,886	13,456,045
Current tax liabilities	1,021	14,994
Financial liabilities measured at fair value through profit or loss	136,191	737,966
Insurance liabilities	62,714,789	81,195,545
Lease liabilities	583,679	710,639
Deferred tax liabilities	1,549,362	1,433,078
Other liabilities	1,332,070	1,563,975
Provisions	<u>853,714</u>	<u>1,087,374</u>
Total liabilities	<u>95,524,087</u>	<u>100,199,616</u>
Common stock	14,678,396	3,178,396
Capital surplus	6,000,000	6,178,389
Retained earnings	(3,294,136)	16,731,087
Other equity	<u>389,180</u>	<u>(1,087,660)</u>
Total equity	<u>17,773,440</u>	<u>25,000,212</u>
Total liabilities and equity	\$ <u>113,297,527</u>	<u>125,199,828</u>

(Continued)

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

	Fubon Life Insurance	
	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 164,836,730	195,444,976
Receivables	58,176,532	55,183,631
Current tax assets	8,911,025	4,425,521
Financial assets measured at fair value through profit or loss	1,342,178,297	1,165,989,221
Financial assets measured at fair value through other comprehensive income	248,275,809	635,578,039
Financial assets for hedging	6,505	54,740
Financial assets measured at amortized cost	2,534,131,470	2,072,448,779
Investments accounted for using equity method, net	60,867,761	63,852,446
Investment property	269,167,791	255,893,854
Loans	213,855,348	233,224,787
Reinsurance contract assets	3,766,081	3,211,903
Property and equipment	19,004,055	18,998,301
Right-of-use assets	1,004,968	1,343,750
Intangible assets	280,405	284,020
Deferred tax assets	34,900,424	43,179,922
Other assets	29,895,758	32,200,864
Assets on insurance product, separate account	285,144,319	247,709,094
Total assets	\$ 5,274,403,278	5,029,023,848

(Continued)

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

	Fubon Life Insurance	
	June 30, 2023	June 30, 2022
Payables	\$ 30,675,302	30,205,661
Current tax liabilities	1,944,639	824,653
Financial liabilities measured at fair value through profit or loss	32,636,736	57,159,833
Financial liabilities for hedging	205,491	146,294
Bonds payable	55,000,000	55,000,000
Lease liabilities	15,198,501	15,516,774
Insurance liabilities	4,334,169,639	4,255,213,224
Reserve for insurance contract with nature of financial instrument futures	3,430,112	3,556,938
Foreign exchange valuation reserve	30,382,108	28,009,238
Provisions	7,072,892	7,960,630
Deferred tax liabilities	24,190,549	9,730,239
Other liabilities	5,658,324	5,991,102
Liabilities on insurance product, separate account	<u>285,144,319</u>	<u>247,709,094</u>
Total liabilities	<u>4,825,708,612</u>	<u>4,717,023,680</u>
Common stock	110,831,140	110,831,140
Capital surplus	31,065,427	31,178,303
Retained earnings	363,585,376	335,182,708
Other equity	<u>(56,787,277)</u>	<u>(165,191,983)</u>
Total equity	<u>448,694,666</u>	<u>312,000,168</u>
Total liabilities and equity	<u>\$ 5,274,403,278</u>	<u>5,029,023,848</u>

(Continued)

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

	Fubon Securities	
	June 30, 2023	June 30, 2022 (Restatement)
Current assets	\$ 168,113,501	141,014,274
Financial assets measured at fair value through other comprehensive income — non-current	11,407,584	13,042,358
Investments accounted for using equity method	7,130,942	8,757,385
Property and equipment	3,851,513	4,008,100
Right-of-use assets	414,465	514,070
Investment property	1,333,430	1,404,027
Intangible assets	438,193	409,128
Deferred tax assets	548,074	576,949
Other non-current assets	<u>1,726,863</u>	<u>2,062,389</u>
Total assets	<u>\$ 194,964,565</u>	<u>171,788,680</u>
Current liabilities	\$ 141,772,272	104,705,717
Provisions — non-current	756,445	1,062,938
Lease liabilities — non-current	238,524	282,601
Deferred tax liabilities	326,621	344,442
Other non-current liabilities	<u>9,710</u>	<u>11,059</u>
Total liabilities	<u>143,103,572</u>	<u>106,406,757</u>
Common stock	16,258,551	10,643,550
Capital surplus	10,054,473	69,686
Retained earnings	20,731,062	18,457,366
Other equity	4,816,907	3,130,234
Equity attributable to former owner of business combination under common control	-	24,463,464
Business combination not under common control	<u>-</u>	<u>8,617,623</u>
Total equity	<u>51,860,993</u>	<u>65,381,923</u>
Total liabilities and equity	<u>\$ 194,964,565</u>	<u>171,788,680</u>

(Continued)

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

	Unit: In thousands of HKD	
	Fubon Bank (Hong Kong)	
	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 6,012,094	4,717,451
Due from the central bank and call loans to banks	10,208,214	5,989,096
Financial assets measured at fair value through profit or loss	514,661	1,362,076
Financial assets measured at fair value through other comprehensive income	1,024,333	872,244
Debt investments measured at amortized cost, net	42,177,451	40,416,900
Financial assets for hedging	2,200,643	1,451,705
Receivables, net	1,261,774	1,104,061
Discounts and loans, net	66,449,828	64,103,202
Current tax asset	291	-
Assets classified as held for sale	17,868	-
Investment property	12,500	63,500
Property and equipment	1,158,010	1,118,931
Right-of-use assets	56,736	67,383
Deferred tax assets	6	7
Other assets	253,514	183,812
Total assets	\$ 131,347,923	121,450,368

(Continued)

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

	Unit: In thousands of HKD	
	Fubon Bank (Hong Kong)	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Deposits from the central bank and banks	\$ 1,424,786	2,381,342
Financial liabilities measured at fair value through profit or loss	1,773,579	1,790,791
Financial liabilities for hedging	-	1,024
Securities sold under repurchase agreements	5,992,699	6,222,034
Payables	2,152,849	2,546,474
Current tax liabilities	122,732	64,834
Deposits and remittances	103,378,197	91,014,449
Bonds payable	299,360	3,757,808
Provisions	40,440	89,469
Lease liabilities	59,864	70,521
Deferred tax liabilities	148,230	123,766
Other liabilities	<u>2,073,701</u>	<u>420,621</u>
Total liabilities	<u>117,466,437</u>	<u>108,483,133</u>
Common stock	4,830,448	4,830,448
Capital surplus and legal reserve	125,962	158,483
Undistributed earnings	8,149,818	7,298,181
Other equity	<u>775,258</u>	<u>680,123</u>
Total equity	<u>13,881,486</u>	<u>12,967,235</u>
Total liabilities and equity	<u>\$ 131,347,923</u>	<u>121,450,368</u>

Note: The concise balance sheet of Fubon Bank (Hong Kong) as of June 30, 2023 and 2022, was presented fairly in accordance with the IFRSs endorsed by the FSC, which was not prepared in conformity with the Hong Kong Companies Ordinance.

(Continued)

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

	Fubon Asset Management	
	June 30, 2023	June 30, 2022
Current assets	\$ 3,268,947	3,075,291
Financial assets measured at fair value through other comprehensive income — non-current	328,370	328,797
Investments accounted for using equity method	470,670	491,491
Property and equipment	19,462	22,457
Right-of-use assets	57,669	64,933
Intangible assets	2,244	322
Deferred tax assets	20,468	21,414
Other non-current assets	<u>137,189</u>	<u>136,192</u>
Total assets	\$ <u>4,305,019</u>	<u>4,140,897</u>
Current liabilities	\$ 361,906	334,957
Provisions — non-current	49,514	58,399
Lease liabilities — non-current	28,621	37,041
Deferred tax liabilities	<u>15</u>	<u>50</u>
Total liabilities	<u>440,056</u>	<u>430,447</u>
Common stock	2,710,085	2,710,085
Capital surplus	549,384	549,384
Retained earnings	648,328	488,729
Other equity	<u>(42,834)</u>	<u>(37,748)</u>
Total equity	<u>3,864,963</u>	<u>3,710,450</u>
Total liabilities and equity	\$ <u>4,305,019</u>	<u>4,140,897</u>

(Continued)

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

	Fubon Marketing	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets	\$ 86,946	52,370
Investments accounted for using equity method	199,010	207,832
Property and equipment	69	-
Right-of-use assets	1,004	1,964
Intangible assets	66	138
Other non-current assets	<u>19,169</u>	<u>10,793</u>
Total assets	<u>\$ 306,264</u>	<u>273,097</u>
Current liabilities	\$ 7,345	8,337
Provisions – non-current	257	282
Lease liabilities – non-current	226	1,025
Deferred tax liabilities	<u>4,841</u>	<u>4,080</u>
Total liabilities	<u>12,669</u>	<u>13,724</u>
Common stock	145,000	145,000
Capital surplus	9,880	9,880
Retained earnings	<u>138,715</u>	<u>104,493</u>
Total equity	<u>293,595</u>	<u>259,373</u>
Total liabilities and equity	<u>\$ 306,264</u>	<u>273,097</u>

(Continued)

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

	Fubon Financial Holding Venture Capital	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets	\$ 11,178,837	8,027,003
Financial assets measured at fair value through profit or loss – non-current	3,607,298	3,180,495
Financial assets measured at fair value through other comprehensive income – non-current	1,164,852	1,818,279
Investments accounted for using equity method	138,354	149,121
Property and equipment	830	1,148
Right-of-use assets	7,005	12,868
Intangible assets	50	110
Deferred tax assets	73,200	47,838
Other non-current assets	<u>1,166</u>	<u>1,355</u>
Total assets	<u>\$ 16,171,592</u>	<u>13,238,217</u>
Current liabilities	\$ 43,158	46,926
Provisions – non-current	7,777	7,965
Lease liabilities – non-current	3,067	15,860
Deferred tax liabilities	<u>1,260</u>	<u>8,291</u>
Total liabilities	<u>55,262</u>	<u>79,042</u>
Common stock	12,622,196	12,622,196
Capital surplus	1,362,478	1,362,585
Retained earnings	(260,276)	(1,215,943)
Other equity	<u>2,391,932</u>	<u>390,337</u>
Total equity	<u>16,116,330</u>	<u>13,159,175</u>
Total liabilities and equity	<u>\$ 16,171,592</u>	<u>13,238,217</u>

(Continued)

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

	Fubon AMC	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Current assets	\$ 302,088	379,491
Property and equipment	289	330
Right-of-use assets	2,733	10,812
Investment property	2,328,001	2,326,439
Intangible assets	982	1,382
Deferred tax assets	362,640	381,671
Other non-current assets	<u>13,646</u>	<u>13,647</u>
Total assets	\$ 3,010,379	3,113,772
Current liabilities	\$ 63,210	113,371
Long-term bank borrowings	296,000	412,000
Provisions – non-current	24,391	24,560
Lease liabilities – non-current	43	2,758
Deferred tax liabilities	89,673	107,124
Other non-current liabilities	<u>6,428</u>	<u>4,865</u>
Total liabilities	<u>479,745</u>	<u>664,678</u>
Common stock	2,500,000	2,500,000
Capital surplus	3,141	3,142
Retained earnings	175,444	93,903
Other equity	<u>(147,951)</u>	<u>(147,951)</u>
Total equity	<u>2,530,634</u>	<u>2,449,094</u>
Total liabilities and equity	\$ 3,010,379	3,113,772

(Continued)

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

	Units: In thousands of CNY	
	Fubon Bank (China)	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Cash and cash equivalents	\$ 682,344	1,748,133
Due from the central bank and call loans to banks	7,800,144	8,906,759
Financial assets measured at fair value through profit or loss	5,330,849	5,202,971
Financial assets measured at fair value through other comprehensive income	37,297,748	34,401,674
Financial assets measured at amortized cost	27,825,554	23,673,387
Securities purchased under resell agreements	199,861	1,877,200
Receivables, net	5,092,284	5,898,493
Current tax assets	168,142	-
Discounts and loans, net	57,236,148	53,001,499
Investments accounted for using equity method, net	105,603	93,634
Other financial assets	871,670	714,809
Property and equipment, net	1,029,985	1,057,816
Right-of-use assets, net	131,631	162,083
Intangible assets, net	153,225	117,622
Deferred tax assets	348,362	302,165
Other assets, net	102,386	70,001
Total assets	<u>\$ 144,375,936</u>	<u>137,228,246</u>

(Continued)

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

	Units: In thousands of CNY	
	Fubon Bank (China)	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Deposits from the central bank and banks	\$ 10,420,363	5,369,682
Due to the central bank and banks	599,741	167,785
Financial liabilities measured at fair value through profit or loss	3,030,721	687,446
Securities sold under repurchase agreements	4,050,170	1,104,864
Payables	6,423,971	6,986,503
Current tax liabilities	-	41,594
Deposits and remittances	90,696,655	91,630,424
Bonds payable	5,999,329	4,998,612
Other financial liabilities	14,450,054	18,249,915
Provisions	4,094	9,244
Lease liabilities	131,943	165,854
Deferred tax liabilities	32,908	-
Other liabilities	676	530
Total liabilities	<u>135,840,625</u>	<u>129,412,453</u>
Common stock	2,445,382	2,445,382
Other Equity Instruments	800,000	-
Capital surplus	747,795	747,795
Retained earnings	5,012,025	4,955,832
Other equity	(469,891)	(333,216)
Total equity	<u>8,535,311</u>	<u>7,815,793</u>
Total liabilities and equity	<u>\$ 144,375,936</u>	<u>137,228,246</u>

Note: The concise balance sheet of Fubon Bank (China) as of June 30, 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	
	June 30, 2023	June 30, 2022
Cash and cash equivalents	\$ 6,175,399	6,318,430
Receivables	3,177,988	3,462,597
Current tax assets	141,866	-
Financial assets measured at fair value through profit or loss	35,703,590	32,495,053
Financial assets measured at fair value through other comprehensive income	50,485,150	47,762,497
Financial assets for hedging	1,248,081	792,605
Financial assets measured at amortized cost	91,763,614	97,629,073
Other financial assets, net	2,591,283	2,520,488
Investment property	2,404,680	2,337,858
Loans	52,990,845	54,389,712
Reinsurance contract assets	203,819	210,426
Property and equipment	315,051	242,530
Right-of-use assets	80,206	139,894
Intangible assets	771,402	775,606
Deferred tax assets	7,621,320	7,908,637
Other assets	1,190,532	1,068,886
Assets on insurance product, separate account	<u>185,682,181</u>	<u>196,306,158</u>
Total assets	<u>\$ 442,547,007</u>	<u>454,360,450</u>

(Continued)

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

	Fubon Hyundai Life Insurance	
	June 30, 2023	June 30, 2022
Payables	\$ 5,411,245	2,052,065
Current tax liabilities	-	235,339
Financial liabilities for hedging	2,477,107	6,470,300
Bonds payable	17,436,895	15,116,184
Lease liabilities	83,773	143,025
Insurance liabilities	194,539,781	200,332,617
Provisions	353,010	315,781
Other liabilities	724,574	181,416
Liabilities on insurance product, separate account	<u>209,724,377</u>	<u>218,552,156</u>
Total liabilities	<u>430,750,762</u>	<u>443,398,883</u>
Common stock	32,328,852	32,265,998
Capital surplus	1,007,201	1,008,058
Retained earnings	5,098,391	5,601,120
Other equity	<u>(26,638,199)</u>	<u>(27,913,609)</u>
Total equity	<u>11,796,245</u>	<u>10,961,567</u>
Total liabilities and equity	<u>\$ 442,547,007</u>	<u>454,360,450</u>

Note: The concise balance sheet of Fubon Hyundai Life Insurance as of June 30, 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 Life Insurance	
	For the six months ended June 30	
	2023	2022
Operating Revenue	\$ 243,711,670	271,708,704
Operating cost	(208,544,971)	(195,003,409)
Operating expenses	<u>(7,326,014)</u>	<u>(7,219,362)</u>
Operating income	27,840,685	69,485,933
Non-operating income and expense	<u>566,835</u>	<u>3,599,165</u>
Income before income tax	28,407,520	73,085,098
Less: income tax expense	<u>2,179,811</u>	<u>9,837,932</u>
Net income	<u>26,227,709</u>	<u>63,247,166</u>
Other comprehensive income (net of income tax)	<u>151,633,190</u>	<u>(334,799,241)</u>
Total comprehensive income	\$ <u>177,860,899</u>	<u>(271,552,075)</u>
Basic earnings per share (In New Taiwan Dollars)	\$ <u>2.37</u>	<u>5.71</u>
	Fubon Securities	
	For the six months ended June 30	
	2023	2022
		(Restatement)
Revenue	\$ 8,043,655	7,861,381
Expenses	<u>(5,841,398)</u>	<u>(5,307,240)</u>
Net operating income	2,202,257	2,554,141
Non-operating income and expense	<u>1,437,408</u>	<u>133,845</u>
Income before income tax	3,639,665	2,687,986
Less: income tax expense	200,146	750,212
Less: Net income of business combination not under common control	<u>-</u>	<u>209,520</u>
Net income	3,439,519	1,728,254
Other comprehensive income (net of income tax)	(542,999)	(2,167,937)
Other comprehensive income of business combination not under common control	<u>-</u>	<u>213,554</u>
Total comprehensive income	\$ <u>2,896,520</u>	<u>(226,129)</u>
Basic earnings per share (In New Taiwan Dollars)	\$ <u>2.12</u>	<u>1.06</u>

(Continued)

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

Unit: In thousands of HKD

Fubon Bank (Hong Kong)		
For the six months ended June 30		
	2023	2022
Interest revenue	\$ 2,878,587	1,080,520
Interest expense	(1,940,250)	(383,395)
Net interest revenue	938,337	697,125
Net non-interest revenues	188,227	220,946
Net revenue	1,126,564	918,071
Bad debt expenses and guarantee liability provisions	(31,689)	(176,491)
Operating expenses	(536,676)	(469,208)
Income before income tax	558,199	272,372
Less: income tax expense	86,266	44,366
Net income	471,933	228,006
Other comprehensive income (net of income tax)	172,606	112,125
Total comprehensive income	\$ 644,539	340,131

Note 1: The concise comprehensive income statements of Fubon Bank (Hong Kong) for the six months ended June 30, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the Hong Kong Companies Ordinance.

Note 2: Since Fubon Bank (Hong Kong) is a limited company, there is no information about earning per share.

Fubon Asset Management		
For the six months ended June 30		
	2023	2022
Operating Revenue	\$ 872,754	798,335
Operating expenses	(465,668)	(445,189)
Operating income	407,086	353,146
Non-operating income and expense	4,900	(86,405)
Income before income tax	411,986	266,741
Less: income tax expense	85,141	72,943
Net income	326,845	193,798
Other comprehensive income (net of income tax)	(6,740)	10,434
Total comprehensive income	\$ 320,105	204,232
Basic earnings per share (In New Taiwan Dollars)	\$ 1.21	0.72

(Continued)

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

	Fubon Marketing	
	For the six months ended June 30	
	2023	2022
Operating Revenue	\$ 695	505
Operating cost	(547)	(407)
Operating expenses	<u>(8,142)</u>	<u>(8,561)</u>
Operating loss	(7,994)	(8,463)
Non-operating income and expense	<u>95,754</u>	<u>58,807</u>
Income before income tax	87,760	50,344
Less: income tax expense	<u>-</u>	<u>-</u>
Net income	<u>87,760</u>	<u>50,344</u>
Other comprehensive income (net of income tax)	<u>-</u>	<u>-</u>
Total comprehensive income	\$ 87,760	50,344
Basic earnings per share (In New Taiwan Dollars)	\$ 6.05	3.47
	Fubon Financial Holding Venture	
	Capital	
	For the six months ended June 30	
	2023	2022
Operating Revenue	\$ 1,268,324	(3,594,017)
Operating expenses	<u>(54,533)</u>	<u>(49,412)</u>
Operating income (loss)	1,213,791	(3,643,429)
Non-operating income and expense	<u>21,107</u>	<u>80,862</u>
Income (loss) before income tax	1,234,898	(3,562,567)
Less: income tax expense (benefit)	<u>22,179</u>	<u>(81,889)</u>
Net income (loss)	<u>1,212,719</u>	<u>(3,480,678)</u>
Other comprehensive income (net of income tax)	<u>86,467</u>	<u>67,215</u>
Total comprehensive income	\$ 1,299,186	(3,413,463)
Basic earnings per share (In New Taiwan Dollars)	\$ 0.96	(2.76)

(Continued)

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

	Fubon AMC	
	For the six months ended June 30	
	2023	2022
Operating Revenue	\$ 199,958	168,903
Operating expenses	<u>(79,544)</u>	<u>(71,946)</u>
Operating income	120,414	96,957
Non-operating income and expense	<u>73,143</u>	<u>49,297</u>
Income before income tax	193,557	146,254
Less: income tax expense	<u>33,284</u>	<u>36,429</u>
Net income	<u>160,273</u>	<u>109,825</u>
Total comprehensive income	\$ 160,273	109,825
Basic earnings per share (In New Taiwan Dollars)	\$ 0.64	0.44

Units: In thousands of CNY

	Fubon Bank (China)	
	For the six months ended June 30	
	2023	2022
Interest revenue	\$ 2,367,711	2,715,252
Interest expense	<u>(1,746,255)</u>	<u>(1,416,419)</u>
Net interest revenue	621,456	1,298,833
Net non-interest revenues	<u>82,726</u>	<u>(433,914)</u>
Net revenue	<u>704,182</u>	<u>864,919</u>
Bad debt expenses and guarantee liability provisions	(403,981)	(110,016)
Operating expenses	<u>(534,842)</u>	<u>(522,649)</u>
Income (loss) before income tax	(234,641)	232,254
Less: income tax benefit	<u>(110,890)</u>	<u>(15,740)</u>
Net income (loss)	<u>(123,751)</u>	<u>247,994</u>
Other comprehensive income (net of income tax)	<u>54,356</u>	<u>(269,854)</u>
Total comprehensive income	\$ (69,395)	(21,860)

Note: The concise statements of comprehensive income of Fubon Bank (China) for the six months ended June 30, 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 six months ended June 30	
	2023	2022
Operating Revenue	\$ 37,964,280	29,247,412
Operating cost	(38,720,390)	(25,556,728)
Operating expenses	(1,209,124)	(979,312)
Net operating income (loss)	(1,965,234)	2,711,372
Non-operating income and expense	(1,886)	(4,264)
Income (loss) before income tax	(1,967,120)	2,707,108
Less: income tax expense (benefit)	(314,343)	685,376
Net income (loss)	(1,652,777)	2,021,732
Other comprehensive income (net of income tax)	4,574,122	(25,472,459)
Total comprehensive income	\$ 2,921,345	(23,450,727)

Note: The concise statements of comprehensive income of Fubon Hyundai Life Insurance for the six months ended June 30, 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.

(i) Profitability of the Company and bank, insurance and security subsidiaries

June 30, 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	
Return on total assets	Before income tax	0.86 %	10.54 %	0.86 %	0.86 %	(0.33)%	1.10 %	(0.85)%	(7.47)%	4.12 %
	After income tax	0.79 %	10.56 %	0.72 %	0.73 %	(0.18)%	1.02 %	(0.72)%	(5.91)%	3.89 %
Return on equity	Before income tax	14.00 %	13.09 %	11.82 %	8.21 %	(5.48)%	15.79 %	(38.84)%	(73.24)%	12.29 %
	After income tax	12.83 %	13.11 %	9.84 %	6.94 %	(2.89)%	14.58 %	(32.63)%	(57.93)%	11.61 %
Profit margin		43.30 %	99.18 %	40.95 %	41.89 %	(17.57)%	10.76 %	(4.35)%	(14.22)%	42.76 %

June 30, 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	
Return on total assets	Before income tax	1.66 %	15.72 %	0.85 %	0.46 %	0.33 %	2.87 %	1.09 %	(7.78)%	2.71 %
	After income tax	1.34 %	14.72 %	0.70 %	0.38 %	0.36 %	2.48 %	0.81 %	(5.46)%	1.74 %
Return on equity	Before income tax	21.41 %	18.37 %	11.72 %	4.26 %	5.93 %	32.08 %	23.66 %	(27.53)%	7.69 %
	After income tax	17.25 %	17.20 %	9.70 %	3.56 %	6.34 %	27.77 %	17.67 %	(19.33)%	4.95 %
Profit margin		31.08 %	93.04 %	44.08 %	24.84 %	28.67 %	23.28 %	6.91 %	(13.74)%	21.98 %

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 six months ended June 30, 2023 and 2022.

Note 5: The return on assets and return on equity are presented annualized ratios.

- (j) 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

(k) 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 June 30, 2023, the fair value of those under recognized parts was \$314,322,102 thousand. Without reclassification on January 1, 2023, the proposed mandatory information on June 30, 2023, other equity interest would have been decreased by \$66,561,582 thousand and non-controlling interests would have been decreased by \$281,797 thousand. Then, for the six months ended June 30, 2023, the fair value gain (after tax) to be recognized in other comprehensive income would have been \$4,546,007 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 \$4,484,417 thousand and \$61,590 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.
- (v) The Company will follow Rule No. 11102279031 issued by the FSC. Fubon Life Insurance reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost, and appropriated the special reserve in accordance with Gin Guan Bao Tsai No.11104942741. When the Company 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.
- (l) 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 June 30, 2023, and the premium for the six months ended June 30, 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 1 thousand (reference to the controversial case in 2022) and \$1,427 thousand underwritten cases (the premium income were about \$0.002 billion and \$2.221 billion) and about \$397 thousand and \$125 thousand pieces of the insurance claim (the insurance claim payment were about \$15.035 billion and \$4.886 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

(13) Other disclosures

(a) Information on significant transactions:

For the six months ended June 30, 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	Related 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	3,360	3%-4%	1	3,360	-	34	None	-	126,532	12,961,190
2	Fubon Asset Management Service Co., Ltd.	De-Cheng International Development Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	108,000	108,000	60,968	3%-4%	1	60,968	-	610	None	-	126,532	12,961,190
3	Fubon Asset Management Service Co., Ltd.	Yung-Sheng Real Estate Development Co., Ltd.	Accounts receivable - reimbursable expenditure	No	116,000	116,000	76,000	3%-4%	1	76,000	-	760	None	-	126,532	12,961,190
4	Fubon Asset Management Service Co., Ltd.	YILIAN Construction Co., Ltd.	Accounts receivable - reimbursable expenditure	No	100,000	100,000	-	3%-4%	1	-	-	-	None	-	126,532	12,961,190

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 June 30, 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 June 30, 2023.

(ii) Endorsement and guarantees for others: None

(iii) Marketable securities held as of June 30, 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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Stock							
	Yuen Foong Yu Consumer Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss	478	19,933	0.18	19,933	
	DINGZING ADVANCED MATERIALS INCORPORATED	-	Financial assets measured at fair value through profit or loss	167	12,141	0.24	12,141	

(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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Grade Upon Technology Corp.	-	Financial assets measured at fair value through profit or loss	40	1,901	0.22	1,901	
	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	50	2,946	0.04	2,946	
	Timing Pharmaceutical Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,300	29,005	1.51	29,005	
	PocketNet Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,078	2,784	1.66	2,784	
	Cinema Pro Limited	-	Financial assets measured at fair value through profit or loss	2,800	617	14.69	617	
	HUANG CHIEH METAL HOLDINGS CO.,LTD.	-	Financial assets measured at fair value through profit or loss	495	19,956	0.83	19,956	
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	700	35,468	3.68	35,468	
	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	400	10,942	2.91	10,942	
	3S System Technology Inc	-	Financial assets measured at fair value through profit or loss	255	8,716	0.44	8,716	
	BASECOM TELECOMMUNICATION CO., LTD.	-	Financial assets measured at fair value through profit or loss	600	14,042	3.23	14,042	
	ION ELECTRONIC MATERIALS CO., LTD.	-	Financial assets measured at fair value through profit or loss	1,000	67,106	3.03	67,106	
	Noodoe Group	-	Financial assets measured at fair value through profit or loss	450	39,104	5.96	39,104	
	GLORY WHEEL ENTERPRISE CO., LTD.	-	Financial assets measured at fair value through profit or loss	260	30,676	0.90	30,676	
	Amis Technology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	48,750	-	22.06	-	
	Artlux Inc.	-	Financial assets measured at fair value through profit or loss	392	-	0.60	-	

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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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	APEX Flight Academy	-	Financial assets measured at fair value through profit or loss	1,313	-	3.42	-	
	AviviD Innovative Media CO., LTD.	-	Financial assets measured at fair value through profit or loss	400	30,000	5.09	30,000	
	Rapidtek Technologies Inc.	-	Financial assets measured at fair value through profit or loss	500	38,500	1.95	38,500	
Fubon Mintou Venture Capital Co., Ltd.	Beneficiary certificates							
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	4,018	51,504	0.08	51,504	
	FSITC Taiwan Money Market	-	Financial assets measured at fair value through profit or loss	3,293	51,503	0.16	51,503	
	Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,120	51,418	0.06	51,418	
Fubon Futures Co., Ltd.	Yuanta De-Li Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,472	41,187	0.16	41,187	
	Stock							
	Taiwan Futures Exchange Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	10,422	1,063,199	2.18	1,063,199	
Fubon Futures Co., Ltd.	Beneficiary certificates							
	Fubon US Treasury Inflation-Linked Bond Index Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,410	45,256	9.89	45,256	
	JKO S&P GSCI Soybeans ER Futures ETF	-	Financial assets measured at fair value through profit or loss	1,000	26,730	9.38	26,730	
	JKO Dow Jones Copper ER Futures ETF	-	Financial assets measured at fair value through profit or loss	500	11,820	5.52	11,820	
	Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF	-	Financial assets measured at fair value through profit or loss	500	5,495	0.05	5,495	
	Yuanta Global Leaders Balanced Fund-USD (A)	-	Financial assets measured at fair value through profit or loss	100	34,435	0.81	34,435	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Futures Co., Ltd.	Cathay Nikkei 225 Currency-hedged ETF Fund	-	Financial assets measured at fair value through profit or loss	400	15,624	3.51	15,624	
Fubon Securities Investment Services Co., Ltd.	Beneficiary certificates							
	Fubon Chi Hsiang Money Market	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	1,251	20,019	-	20,019	
Fubon Asset Management Co., Ltd.	Stock							
	Fund Rich Securities Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	2,018	26,129	3.36	26,129	
Fubon Asset Management Co., Ltd.	Beneficiary certificates							
	Fubon Taiwan Technology ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	344	39,970	-	39,970	
	Fubon MSCI Taiwan ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	25	2,366	-	2,366	
	Fubon SSE180 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	31	932	-	932	
	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	808	-	808	
	Fubon SZSE 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	18	209	-	209	
	Fubon TOPIX ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	8	264	-	264	
	Fubon NIFTY ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	9	301	-	301	
	Fubon NASDAQ-100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	7	411	-	411	
	Fubon TWSE Corporate Governance 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	-	2	-	2	
	Fubon FTSE Developed Europe ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	6	156	-	156	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
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	9	127	-	127	
	Fubon China Policy Bank Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	7	129	-	129	
	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	625	11,800	-	11,800	
	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	18,280	-	18,280	
	Fubon Chi Hsiang Money Market	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	10,018	160,336	-	160,336	
	Fubon Aggressive Growth Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	229	12,420	-	12,420	
	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	990	9,916	-	9,916	
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,353	30,168	-	30,168	
	Yuanta De- Bao Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,277	40,216	-	40,216	
	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	3,393	38,479	-	38,479	
	Fubon US Treasury Inflation-Linked Bond Index Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	4,361	44,750	-	44,750	
Fubon Asset Management Co., Ltd.	Government bond							
	103 Central Government Development Bond 13	-	Financial assets measured at fair value through other comprehensive income	-	302,241	-	302,241	
Fubon Fund Management (HK) Limited	Beneficiary certificates							
	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	345	14,403	-	14,403	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Fund Management (HK) Limited	Fubon ICE FactSet Asia Battery and Energy Storage Technology Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	391	12,294	-	12,294	
Fubon Marketing Co., Ltd.	REIT							
	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	1,374	20,473	-	20,473	
	Fubon R2	Related parties in substance	Financial assets measured at fair value through profit or loss	1,369	19,636	-	19,636	
	Cathay R2	-	Financial assets measured at fair value through profit or loss	181	3,102	-	3,102	
Fubon Insurance Agency Co., Ltd.	REIT							
	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	61	909	-	909	
	Cathay R2	-	Financial assets measured at fair value through profit or loss	722	12,375	-	12,375	
	Millerful R1	-	Financial assets measured at fair value through profit or loss	1,249	12,527	-	12,527	
	Government bond 96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	205	-	162	
	Government bond 96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	205	-	162	
Fubon Financial Holding Venture Capital Co., Ltd.	Stock							
	momo.com. Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,022	3,454,888	2.30	3,454,888	
	Sunny Pharmtech Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	13,622	589,953	9.83	589,953	
	TaiRx, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	2,760	92,764	3.06	92,764	
	Long time tech. Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	10,000	324,900	8.39	324,900	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Airoha Technology Corp.	Related parties in substance	Financial assets measured at fair value through profit or loss	405	236,051	0.28	236,051	
	Bigbest Solutions, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	8,000	61,696	11.43	61,696	
	Century Development Corporation	Related parties in substance	Financial assets measured at fair value through profit or loss	3,509	38,529	1.00	38,529	
	StemCyte International, Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,075	311,302	9.94	311,302	
	Asian Crown International Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	824	-	6.94	-	
	DETKET Technology Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	990	2,895	13.38	2,895	
	TeTanTi Agricultural Biotechnology Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,500	14,820	6.00	14,820	
	Jeoutai Technology	Related parties in substance	Financial assets measured at fair value through profit or loss	2,714	50,688	8.06	50,688	
	Annji Pharmaceutical Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	9,688	290,640	11.02	290,640	
	Gaius Automotive Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,750	267,389	8.02	267,389	
	PHALANX BIOTECH GROUP, INC.	-	Financial assets measured at fair value through profit or loss	29	227	0.04	227	
	DoDoPal Holdings Ltd.	-	Financial assets measured at fair value through profit or loss	42	-	6.78	-	
	Crystal Bright Developments Limited	-	Financial assets measured at fair value through profit or loss	10	-	1.91	-	
	Eva Technologies Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,340	8,826	6.50	8,826	
	ABG II-WX Limited	-	Financial assets measured at fair value through profit or loss	-	563,920	9.30	563,920	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Ever Victory Global Ltd.	-	Financial assets measured at fair value through profit or loss	5,000	101,618	0.81	101,618	
	ACP Barite Investment L.P.	-	Financial assets measured at fair value through profit or loss	-	486,279	7.50	486,279	
	New Epoch capital L.P.	-	Financial assets measured at fair value through profit or loss	-	276,036	3.50	276,036	
	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	550	15,045	4.00	15,045	
	T-E Pharma Holding	-	Financial assets measured at fair value through profit or loss	3,750	41,683	1.42	41,683	
	AP BIOSCIENCES INC.	-	Financial assets measured at fair value through profit or loss	1,000	59,173	1.54	59,173	
	HD Renewable Energy Co., Ltd.	-	Financial assets measured at fair value through profit or loss	7,441	892,941	7.44	892,941	
	VisEra Technologies Company Limited	-	Financial assets measured at fair value through profit or loss	580	151,380	0.18	151,380	
	Tanvex BioPharma, Inc.	-	Financial assets measured at fair value through profit or loss	2,006	150,661	1.50	150,661	
	ECOVE Environment Corporation	-	Financial assets measured at fair value through profit or loss	470	149,884	0.66	149,884	
	Inergy Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,600	96,960	3.50	96,960	
	An Shin Food Service Co., Ltd.	-	Financial assets measured at fair value through profit or loss	97	7,212	0.30	7,212	
	One Production Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,131	25,621	3.16	25,621	
	BRIM Biotechnology, Inc.	-	Financial assets measured at fair value through profit or loss	1,300	105,456	1.39	105,456	
	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	2,400	141,408	1.79	141,408	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Taiwan Microloops Corp.	-	Financial assets measured at fair value through profit or loss	1,950	121,992	4.49	121,992	
	Alar Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	3,522	600,677	6.18	600,677	
	Twi Biotechnology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	2,700	50,382	3.98	50,382	
	H.H. GALAXY CO., LTD.	-	Financial assets measured at fair value through profit or loss	637	86,294	2.90	86,294	
	ConforMIS, Inc.	-	Financial assets measured at fair value through profit or loss	4	273	0.05	273	
	ESUN HOLDINGS LIMITED	-	Financial assets measured at fair value through profit or loss	1,653	1,840	0.09	1,840	
	Preferred stock							
	OmniEyes Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,841	56,663	19.39	56,663	
	FOOTPRINTKU INC.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,800	17,099	8.28	17,099	
	Elixiron Immunotherapeutics (Cayman) Limited	-	Financial assets measured at fair value through profit or loss	2,010	487	2.59	487	
	TIPCO International Limited	-	Financial assets measured at fair value through profit or loss	1	2,762	4.54	2,762	
	LoneStar Heart, Inc.	-	Financial assets measured at fair value through profit or loss	294	-	4.01	-	
	Aeolus Robotics Corporation Limited	-	Financial assets measured at fair value through profit or loss	6,000	-	7.32	-	
	RenalPro Medical, Inc.	-	Financial assets measured at fair value through profit or loss	1,581	-	12.83	-	
Artilux Corporation	-	Financial assets measured at fair value through profit or loss	2,784	-	4.11	-		
Black Light Surgical, Inc	-	Financial assets measured at fair value through profit or loss	628	4,175	3.23	4,175		

(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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Triller Hold Co LLC	-	Financial assets measured at fair value through profit or loss	3,539	106,761	1.51	106,761	
	SuperMetalix, Inc	-	Financial assets measured at fair value through profit or loss	788	6,398	6.67	6,398	
	URSrobot Holding Ltd	-	Financial assets measured at fair value through profit or loss	1,328	80,460	3.98	80,460	
	Neuchips Inc	-	Financial assets measured at fair value through profit or loss	2,500	115,902	2.73	115,902	
	AVOCOR TECHNOLOGIES USA, INC.	-	Financial assets measured at fair value through profit or loss	254	62,304	3.33	62,304	
	Yoda Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	5,000	92,575	9.60	92,575	
	Stampede Entertainment, Inc.	-	Financial assets measured at fair value through profit or loss	629	295,947	3.48	295,947	
Fubon Financial Holding Venture Capital Co., Ltd.	Beneficiary certificates							
	Grand Academy Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	149,173	4.17	149,173	
	Starview Heights Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	25,826	4.17	25,826	
Fubon Financial Holding Venture Capital Co., Ltd.	Stock							
	Diamond Bioventure	Related parties in substance	Financial assets measured at fair value through other comprehensive income	31,648	2,661,314	4.98	2,661,314	
	Kbro Media Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,638	17,918	11.66	17,918	
	Star River Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,341	14,787	1.49	14,787	

(Continued)

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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
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	474,450	7.00	474,450	
	Wholex Max Green Power Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,590	15,067	1.46	15,067	
	Fubon Hospitality Management Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	5,000	3,962	17.86	3,962	
	Xin-Yao Bioventure Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	17,500	208,128	5.00	208,128	
	P. LEAGUE+	Related parties in substance	Financial assets measured at fair value through other comprehensive income	500	2,076	8.33	2,076	
	Cofit Healthcare Inc.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	275	2,230	10.20	2,230	
	Jing Ying Investment Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,805	72,472	5.00	72,472	
	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	26,124	280,403	3.50	280,403	
	Evergreen Aviation Technologies Corp	-	Financial assets measured at fair value through other comprehensive income	330	36,960	0.09	36,960	
	Omiad Media Incorporation	-	Financial assets measured at fair value through other comprehensive income	7,675	-	10.21	-	

(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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	240	25,013	2.00	25,013	
	Taiwania Capital Management Corporation	-	Financial assets measured at fair value through other comprehensive income	20,720	48,346	8.29	48,346	
Fubon Sports & Entertainment Co., Ltd.	Stock							
	CHOXUE Holdings	-	Financial assets measured at fair value through other comprehensive income	298	-	1.66	-	
TFB Capital Co., Ltd.	Stock							
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	500	25,335	2.63	25,335	
	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	524	3,952	0.07	3,952	
	URSrobot Holding Ltd.	-	Financial assets measured at fair value through profit or loss	1,328	80,460	3.98	80,460	
	Welab Sky Limited	-	Financial assets measured at fair value through profit or loss	10,000	556,737	2.67	556,737	
TFB Capital Co., Ltd.	Beneficiary certificates							
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets measured at fair value through profit or loss	25,484	242,421	-	242,421	
	Nomura Global Financial Bond Fund	-	Financial assets measured at fair value through profit or loss	14,403	141,472	-	141,472	
	Allianz Global Investors US Bond Fund	-	Financial assets measured at fair value through profit or loss	852	259,495	-	259,495	
	Fin Regatta II, LP	-	Financial assets measured at fair value through profit or loss	3,000	39,369	5.00	39,369	
TFB Capital Co., Ltd.	Convertible bonds							
	Stash Financial, Inc.	-	Financial assets measured at fair value through profit or loss	-	77,828	-	77,828	

(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	June 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
TFB Capital Co., Ltd.	Trassnet FinTech Group	-	Financial assets measured at fair value through profit or loss	-	93,457	-	93,457	
TFB Capital Co., Ltd.	Stock Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,320	400,574	5.00	400,574	

- (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.
- (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 Insurance	The case of reconstruction of urban unsafe and old buildings	2019.07.24~2022.12.23	3,044,135	Paid in accordance with the project progress	DACIN Construction Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Handling the case of reconstruction of urban unsafe and old buildings	The transaction amount includes the management consultant contract \$27,939 thousand with a related party, Fubon Construction, and the relevant administrative tax fees of the Taipei City Government.
Fubon Life Insurance	Land: Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County	2022.04.27	2,648,345 (Note 1)	Fully paid	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.
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)	Fully paid	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.

(Continued)

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

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	New-build program of A25 superificies	2014.07.29~2023.06.29	13,158,648	Payment based on construction progress	Li Jin Engineering Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	1. The case had acquired user license in January 2023. 2. The acceptance of the program is undergoing improvements, and the total program costs have not come to an end. 3. Transactions with related parties include an administrative consulting contract of \$161,160 thousand with Fubon Land Development Co., a consulting contract of \$4,300 thousand with Fubon Art Foundation, and the administrative tax charge from the Taipei City Government.
Fubon Life Insurance	New-build superificies program in Xinmin Section of Beitou	2014.05.30~2023.06.26	1,610,410	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions with related parties include an administrative consulting contract of 26,840 thousand with Fubon Land Development Co. and the administrative tax charge from the Taipei City Government.
Fubon Life Insurance	New-build program of the northern base of Chende Building	2012.03.09~2023.02.16	2,862,510	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program (urban renewal) of the southern base of Chengde Building	2012.03.09~2023.06.16	191,158	Payment based on construction progress	QlabArchitects	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program in Yucheng Section of Nangang District	2020.06.23~2023.06.21	887,015	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program of the surface rights beside Aozihdi Station in Kaohsiung	2018.04.20~2023.06.19	27,369,445	Payment based on construction progress	Samsung C&T corporation Taiwan Branch-Korea, Formosa Builders, Inc.	Not related party	-	-	-	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment and owner-occupied property	

(Continued)

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

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	New-build program (urban renewal) in Dunhua Section of Songshan District	2021.03.11~2023.06.09	457,699	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government

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	1,505,466 (Note 1)	-	-	-	-	-
"	Fubon Securities	"	412,529 (Note 1)	-	-	-	-	-
"	Fubon Life Insurance	"	1,224,176 (Note 1)	-	-	-	-	-
Taipei Fubon Bank	Fubon Life Insurance	Subsidiary of the Parent	470,460	-	-	-	-	-
Fubon Insurance	Fubon Financial Holding	Parent Company	3,067,202 (Note 2)	-	-	-	-	-
Fubon Life Insurance	Fubon Financial Holding	"	6,999,347 (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.

(x) Transactions of financial derivatives: for future information please refer to notes 6(c), 6(f) and 6(ah).

(Continued)

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

(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	34,200 KRW	35,768 KRW	1,739 KRW	None	None
			1,451,695	1,525,888	74,193		
2023.04.27	Korea Asset Management Corporation	Mortgage loan	70,655 KRW	73,769 KRW	3,467 KRW	None	None
			2,999,076	3,146,991	147,915		
2023.06.29	Korea Asset Management Corporation	Mortgage loan	57,842 KRW	59,542 KRW	1,989 KRW	None	None
			2,455,211	2,540,069	84,858		

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 June 30, 2023, and average exchange rate for the six months ended June 30, 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	357,041	Same as non related-party transactions	0.36 %
0	Fubon Financial Holding	Fubon Life Insurance	1	Financial assets measured at fair value through profit or loss	19,872,630	Same as non related-party transactions	0.18 %
0	Fubon Financial Holding	Taipei Fubon Bank	1	Cash and cash equivalents	11,946,816	Same as non related-party transactions	0.11 %
1	Taipei Fubon Bank	Fubon Life Insurance	3	Net service fee revenue	3,707,153	Same as non related-party transactions	3.78 %
1	Taipei Fubon Bank	Fubon Insurance	3	Net service fee revenue	127,442	Same as non related-party transactions	0.13 %
1	Taipei Fubon Bank	Fubon Securities	3	Net service fee revenue	202,791	Same as non related-party transactions	0.21 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Cash and cash equivalents	6,863,891	Same as non related-party transactions	0.06 %
2	Fubon Life Insurance	Fubon Financial Holding	2	Current tax assets	6,999,347	Same as non related-party transactions	0.06 %
2	Fubon Life Insurance	Fubon Insurance	3	Net service fee revenue	537,635	Same as non related-party transactions	0.55 %
2	Fubon Life Insurance	Fubon Insurance	3	Gains (losses) on investment property	76,012	Same as non related-party transactions	0.08 %

(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	
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net interest revenue	175,129	Same as non related-party transactions	0.18 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net insurance service revenue	54,978	Same as non related-party transactions	0.06 %
3	Fubon Securities	Taipei Fubon Bank	3	Cash and cash equivalents	16,503,723	Same as non related-party transactions	0.15 %
3	Fubon Securities	Fubon Life Insurance	3	Net service fee and commission income	54,320	Same as non related-party transactions	0.06 %
3	Fubon Securities	Taipei Fubon Bank	3	Other non-interest revenue, net	280,802	Same as non related-party transactions	0.29 %
3	Fubon Securities	Taipei Fubon Bank	3	Net interest revenue	376,889	Same as non related-party transactions	0.38 %
4	Fubon Insurance	Fubon Life Insurance	3	Net insurance service revenue	81,957	Same as non related-party transactions	0.08 %
4	Fubon Insurance	Taipei Fubon Bank	3	Net insurance service revenue	144,021	Same as non related-party transactions	0.15 %
5	Fubon Insurance Agency	Fubon Insurance	3	Net service fee and commission income	246,218	Same as non related-party transactions	0.25 %
6	Fubon Insurance Agency (Original name: Fu Sheng Insurance Agency)	Fubon Life Insurance	3	Net service fee and commission income	112,206	Same as non related-party transactions	0.11 %
7	Fubon Bank (Hong Kong)	Fubon Life Insurance (Hong Kong)	3	Net service fee and commission income	122,237	Same as non related-party transactions	0.13 %
8	Fubon Financial Holding Venture Capital	Fubon Life Insurance	3	Other non-interest revenue, net	116,396	Same as non related-party transactions	0.12 %
8	Fubon Financial Holding Venture Capital	Taipei Fubon Bank	3	Other non-interest revenue, net	50,902	Same as non related-party transactions	0.05 %

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.

(b) Related information of investees companies:

As of June 30, 2023 was as follows:

(In Thousands of New Taiwan Dollars)

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Financial Holding	Fubon Insurance Co., Ltd.	Taipei	Property insurance	100.00%	13,638,449	(3,301,833)	1,467,840	-	1,467,840	100.00%	
	Fubon Life Insurance Co., Ltd.	Taipei	Life insurance	100.00%	430,823,176	26,045,972	11,083,114	-	11,083,114	100.00%	
	Fubon Securities Co., Ltd.	Taipei	Securities	100.00%	51,942,024	3,350,140	1,625,855	-	1,625,855	100.00%	
	Taipei Fubon Bank Co., Ltd.	Taipei	Banking	100.00%	269,319,873	13,322,840	14,327,096	-	14,327,096	100.00%	

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

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note	
							Number of shares	Number of proforma shares	Total			
									Number of shares	Shareholding ratio		
Fubon Financial Holding	Fubon Marketing Co., Ltd.	Taipei	Marketing and management consult	100.00%	294,095	87,804	14,500	-	14,500	100.00%		
	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei	Venture Capital	53.80%	9,376,728	775,383	679,019	-	1,262,220	100.00%		
	Fubon Bank Hong Kong Limited	Hong Kong	Banking	100.00%	58,121,463	1,832,997	1,641,273	-	1,641,273	100.00%		
	Fubon Asset Management Service Co., Ltd.	Taipei	Creditor's rights management	100.00%	2,531,246	160,162	250,000	-	250,000	100.00%		
	Fubon Asset Management Co., Ltd.	Taipei	Asset management	100.00%	3,864,944	326,824	271,009	-	271,009	100.00%		
	Fubon Bank(China) Co., Ltd.	Mainland China	Banking	42.08%	19,296,603	(307,420)	-	-	-	100.00%		
	Xiamen Bank Co., Ltd.	Mainland China	Banking	18.03%	17,561,124	1,046,872	475,848	-	475,848	18.03%		
	JihSun International Commercial Bank Co., Ltd.	Taipei	Banking	-%	-	(172,793)	-	-	-	-%		
	JihSun Securities Co., Ltd	Taipei	Securities	-%	-	131,780	-	-	-	-%		
	JihSun Property Insurance Agency Co., Ltd.	Taipei	Property and casualty insurance agency	-%	-	(2,029)	-	-	-	-%		
	Sichuan VipFubon Consumer Finance Ltd.	Mainland China	Loan for Personal Consumption	10.52%	190,144	6,112	-	-	-	25.00%		
	Fubon Insurance	Fubon Brokers (Thailand) Co., Ltd.	Thailand	Insurance brokers	48.97%	45,135	2,182	49	-	49	48.97%	
		Fubon Insurance (Vietnam) Co., Ltd.	Vietnam	Insurance Business	100.00%	826,505	63,156	-	-	-	100.00%	
Fubon Insurance Broker (Philippines) Co., Ltd.		Philippines	Insurance brokers	99.99%	20,699	372	200	-	200	99.99%		
Fubon Property and Casualty Insurance Co., Ltd		Mainland China	Property insurance	40.00%	447,109	(3,446)	-	-	-	80.00%		
Teng Fu Bo Investment Limited		Mainland China	Investment advisory	3.27%	44,463	(735)	-	-	-	15.04%		
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.		Mainland China	Insurance risk and loss assessment	9.98%	1,150	105	-	-	-	19.96%		
Fubon Life Insurance		Fubon Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life Insurance business	100.00%	1,616,655	(30,164)	-	-	-	100.00%	
	Fubon Life Insurance (Hong Kong) Ltd.	Hong Kong	Life Insurance business	100.00%	9,388,991	201,985	2,675,000	-	2,675,000	100.00%		
	Fubon Hyundai Life Insurance Co.,Ltd.	Korea	Life Insurance business	77.40%	9,288,900	(1,391,128)	175,334	-	175,334	77.40%		
	Carter Lane (Guernsey) Limited	Guernsey Island	Investment property leasing	100.00%	2,186,704	(269,152)	41,515	-	41,515	100.00%		
	Bow Bells House (Jersey) Limited	Jersey Island	Investment property leasing	100.00%	(490,892)	(459,695)	46,173	-	46,173	100.00%		
	Fubon MTL Property (Jersey) Limited	Jersey Island	Investment property leasing	100.00%	5,413,221	589,249	92,581	-	92,581	100.00%		
	Fubon Ellipse (Belgium) S.A.	Belgium Brussels	Investment property leasing	100.00%	1,903,675	(72,925)	1,134	-	1,134	100.00%		

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

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Life Insurance	Fubon Eurotower (Luxembourg) S.a.r.l.	Luxembourg	Investment property leasing	100.00%	5,327,029	(1,264,540)	220	-	220	100.00%	
	CITIC Capital Holdings Ltd.	Hong Kong	Capital holdings	18.00%	9,378,031	(184,632)	13,980	-	13,980	18.00%	
	Hyundai Card Co., Ltd.	Korea	Credit Card Business	10.00%	8,817,370	240,334	16,047	-	32,093	20.00%	
	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei	Venture Capital	25.00%	4,222,044	303,180	315,555	-	1,262,220	100.00%	
	Star River Energy Co., Ltd.	Taipei	Energy Technology Service	20.00%	217,842	7,406	18,044	-	19,385	21.49%	
	Star Shining Energy Co., Ltd.	Taipei	Energy Technology Service	30.00%	2,182,818	9,696	210,000	-	259,000	37.00%	
	Wholex Max Green Power Co., Ltd.	Taipei	Energy Technology Service	30.00%	487,706	4,334	47,700	-	49,290	31.46%	
	Hsin Ting Yi Hao Energy Corporation	Taipei	Energy Technology Service	30.00%	300,739	966	30,000	-	30,000	30.00%	
	Aquastar Energy Corporation	Taipei	Energy Technology Service	30.00%	179,819	(33)	18,000	-	18,000	30.00%	
	ZhongAn Life Insurance Ltd.	Hong Kong	Life Insurance business	35.00%	813,779	(35,441)	350,000	-	350,000	35.00%	
	Fubon Property and Casualty Insurance Co., Ltd.	Mainland China	Property insurance	40.00%	447,109	(3,446)	-	-	-	80.00%	
	Teng Fu Bo Investment Limited	Mainland China	Investment advisory	3.27%	44,463	(735)	-	-	-	15.04%	
	Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	Mainland China	Insurance risk and loss assessment	9.98%	1,150	105	-	-	-	19.96%	
	Fubon Securities	Fubon Futures Co., Ltd.	Taipei	Futures	100.00%	3,417,076	129,616	210,000	-	210,000	100.00%
Fubon Investment Holding (BVI) Ltd.		British Virgin Islands	Investment Holding	100.00%	822,174	21,940	26,926	-	26,926	100.00%	
Fubon Securities Investment Services Co., Ltd.		Taipei	Investment Consulting	100.00%	107,031	4,293	9,000	-	9,000	100.00%	
Fubon Securities Venture Capital Co., Ltd.		Taipei	Venture Capital	100.00%	191,949	(47,032)	30,000	-	30,000	100.00%	
Fubon Mintou Venture Capital Co., Ltd.		Taipei	Venture Capital	67.00%	131,608	203	13,400	-	13,400	67.00%	
JihSun International Investment Holding Company Limited		Cayman Islands	Investment Holding	100.00%	383,502	2,060	12,750	-	12,750	100.00%	
JihSun Securities Investment Consulting Co.,Ltd		Taipei	Investment Consulting	-%	-	708	-	-	-	-%	
Fubon Financial Holding Venture Capital Co., Ltd.		Taipei	Venture Capital	11.20%	1,826,991	135,824	141,424	-	1,262,220	100.00%	
JihSun Securities Investment Trust Co., Ltd.		Taipei	Securities investment trust business	20.00%	250,611	15,549	7,800	-	7,800	20.00%	
Fubon Securities (HK) Ltd.		Hong Kong	Securities	100.00%	818,985	22,338	220,248	-	220,248	100.00%	

(Continued)

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

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Securities	JS Cresvale Securities International Limited	Hong Kong	Securities	100.00%	379,964	1,702	96,000	-	96,000	100.00%	
	JS Cresvale Capital Limited	Hong Kong	Stock brokerage, futures brokerage, sales of mutual funds	100.00%	90,556	297	2,000	-	2,000	100.00%	
Taipei Fubon Bank	Fubon Real Estate Management Co., Ltd.	Taipei	Construction Manager	30.00%	137,410	1,051	6,964	-	6,964	30.00%	
	Line BIZ+ Taiwan Limited	Taipei	Third-Party Payment Services	19.51%	3,134,500	42,147	10,936	-	10,936	19.51%	
	Fubon Bank (China) Co., Ltd.	Mainland China	Banking	57.92%	26,760,114	(423,140)	-	-	-	100.00%	
	Line Bank Co., Ltd.	Taipei	Banking	27.18%	3,481,539	(155,022)	407,750	-	407,750	27.18%	
	TFB Capital Co., Ltd.	Taipei	Venture Capital	100.00%	2,095,242	103,652	200,000	-	200,000	100.00%	
	Sichuan VipFubon Consumer Finance Ltd.	Mainland China	Loan for Personal Consumption	14.48%	261,719	8,413	-	-	-	25.00%	
	Hyundai Card Co., Ltd.	Korea	Credit Card Business	10.00%	8,661,392	317,486	16,047	-	32,093	20.00%	
Fubon Marketing	Fubon Insurance Agency Co., Ltd.	Taipei	Life Insurance Agent and Property and Casualty Insurance Agent	100.00%	48,828	4,971	3,000	-	3,000	100.00%	
	Fubon Insurance Agency Co., Ltd.	Taipei	Property and Casualty Insurance Agent	100.00%	150,183	92,463	3,000	-	3,000	100.00%	
Fubon AMC	Xinyuanfutong Financial Leasing Co., Ltd.	Mainland China	Financial Leasing	25.00%	-	-	-	-	-	25.00%	
Fubon Financial Holding Venture Capital Co.,Ltd.	Fubon Sports & Entertainment Co., Ltd.	Taipei	Sports service business	100.00%	70,075	(4,885)	10,227	-	10,227	100.00%	
	Fubon Stadium Co., Ltd.	Taipei	Stadium service	100.00%	47,782	1,250	5,841	-	5,841	100.00%	
	Fubon Health Management Co., Ltd.	Taipei	Aesthetic medicine	24.27%	20,497	(3,150)	5,000	-	5,000	24.27%	
	Bravelog Sport Technology Co., Ltd.	Taipei	Sport Training	26.98%	-	-	1,500	-	1,500	26.98%	
Fubon Asset Management Co., Ltd.	Founder Fubon Fund Asset Management Co., Ltd.	Mainland China	Fund Management	33.30%	329,844	2,914	-	-	-	33.30%	
	Fubon Private Equity Co., Ltd.	Taipei	Investment and Investment service management	100.00%	4,314	(1,585)	3,000	-	3,000	100.00%	
	Fubon Fund Management (HK) Ltd.	Hong Kong	Asset management	100.00%	136,512	(29,130)	1,000	-	1,000	100.00%	
	Fubon Digital Music Asset Management Co., Ltd.	Taipei	Venture Capital	51.00%	5,194	3,004	255	-	255	51.00%	
	Fubon Digital Music GP Limited	Cayman Islands	General partner of private fund	100.00%	1,108	(515)	110	-	110	100.00%	

(Continued)

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

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Bank (Hong Kong) (Note)	FB Credit (Hong Kong) Limited	Hong Kong	Financial sector business	100.00%	HKD 74,397	HKD (9,465)	65,000	-	65,000	100.00%	
	FB Securities (Hong Kong) Limited	Hong Kong	Securities broker	100.00%	HKD 176,309	HKD 10,911	8,000	-	8,000	100.00%	
	Fubon Nominees (Hong Kong) Limited	Hong Kong	Nominees service	100.00%	HKD 144	HKD (2)	-	-	-	100.00%	
	Fubon Insurance Broker Limited	Hong Kong	Insurance brokers	100.00%	HKD 4,963	HKD 521	500	-	500	100.00%	

Note: The details of consolidated entities of Fubon Bank (Hong Kong) are its main subsidiaries and investment companies which are accounted for using the equity method and have a significant influence.

(c) 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 outflow of Investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Net income from investee	Percentage of ownership	Equity in the Earnings (gains)	Carrying value as of June 30, 2023	Accumulated inward remittance of earnings as of June 30, 2023
					Outflow	Inflow						
Fubon Bank (China)	Banking	10,463,499 (CNY2,445,382)	(1)	46,444,152	-	-	46,444,152	(542,140) (CNY(123,752))	100.00 %	(730,560)	46,056,717	168,999
Sichuan VipFubon Consumer Finance Ltd.	Loan for Personal Consumption	2,139,441 (CNY500,000)	(2)	-	-	-	-	58,098 (CNY13,262)	25.00 %	14,525	451,863	-
Xiamen Bank	Banking	11,292,514 (CNY2,639,128)	Note 2	52,288	-	-	52,288	Note 3	18.03 %	1,046,872	17,561,124	1,903,293
Fubon Property and Casualty Insurance Limited	Property Insurance	4,792,347 (CNY1,120,000)	(1)	4,310,273	-	-	4,310,273	(8,615) (CNY(1,967))	80.00 %	(6,892)	894,218	-
Teng Fu Bo Investment Limited (Note 7)	Investment advisory	3,193,757 (CNY746,400)	(3)	-	-	-	-	(28,990) (CNY(6,617))	6.54 %	(1,470)	88,926	-
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd. (Note 9)	Insurance risk and loss assessment	8,558 (CNY2,000)	(3)	-	-	-	-	1,480 (CNY338)	19.96 %	210	2,300	-
Teng Fu Bo Investment Limited (Note 7)	Investment advisory	3,193,757 (CNY746,400)	(1)	724,863	-	-	724,863	(28,990) (CNY(6,617))	8.50 %	(1,912)	115,693	-
CITIC Fulljoy (Dalian) Limited	Investment Holdings	1,431,343 (HKD360,000)	(2)	-	-	-	-	18,445 (CNY4,210)	18.00 %	3,320	Note 6	-
Shang Hsing Real Estate (Shenyang) Limited	Real estate leasing	1,987,977 (HKD500,000)	(2)	-	-	-	-	(32,571) (CNY(7,435))	18.00 %	(5,863)	Note 6	-
CITIC Capital Holdings (Tianjin) Ltd.	Investment Holdings	19,239,693 (CNY4,496,431)	(2)	-	-	-	-	929,467 (CNY212,165)	12.27 %	114,051	Note 6	-
Hui Zhi Ju Xin(Shenzhen) Investment Ltd..	Investment Management	427,888 (CNY100,000)	(2)	-	-	-	-	(27,267) (CNY(6,224))	12.27 %	(3,346)	Note 6	-
Shanghai Ling Hui Business Information Consultancy Ltd.	Real estate leasing	3,180,633 (CNY743,333)	(2)	-	-	-	-	(91,162) (CNY(20,809))	12.26 %	(11,173)	Note 6	-
Shanghai Jing Rong Industrial Development Ltd.	Real estate leasing	1,608,859 (CNY376,000)	(2)	-	-	-	-	(74,006) (CNY(16,893))	12.26 %	(9,071)	Note 6	-
Murkden Tzu Tsai Heating & Development Ltd	Real estate leasing	278,127 (CNY65,000)	(2)	-	-	-	-	(60,202) (CNY(13,742))	18.00 %	(10,836)	Note 6	-

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

Investee Company	Main Business	Total Amount of Paid-in Capital (thousand)	Investment types (Note 1)	Accumulated investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Net income from investee	Percentage of ownership	Equity in the Earnings (gains)	Carrying value as of June 30, 2023	Accumulated inward remittance of earnings as of June 30, 2023
					Outflow	Inflow						
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Limited)	Financial leasing	3,983,786 (CNY931,034)	(1)	1,356,479	-	-	1,356,479	(162,134) (CNY(37,010))	25.00 %	-	-	-
Founder Fubon Fund Management Ltd.	Fund raising and asset management	2,824,061 (CNY660,000)	(1)	1,029,119	-	-	1,029,119	8,751	33.30 %	2,914	329,844	-

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. Since the relevant financial information has not been published locally, it cannot be disclosed in other regions in accordance with local securities regulations. However, the relevant profits and losses have been recognized in accordance with regulations.

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 June 30, 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 audited 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 96 companies. The carrying amount of each investment at the period end was not available from the financial statements of the third region company.

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 June 30, 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 Xinyuanfutong Financial Leasing Co., Ltd. (Original name: CITIC FUTONG Financial Leasing Limited) on December 31, 2019 since it has not incurred any obligations. Please refer to Note 6 (1) 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 June 30, 2023, total investment is CNY 668 thousand.

Note 10: The foreign currency is converted into TWD using CNY closing exchange rate on June 30, 2023 and average exchange rate for the six months ended June 30, 2023.

(ii) Upper limit on investment:

Units: In thousands

Company	Accumulated investment in Mainland China as of June 30, 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)	445,985,570
Taipei Fubon Bank Co., Ltd.	24,579,578 (CNY5,093,113)	24,579,578 (CNY5,093,113)	163,014,108
Fubon Life Insurance Co., Ltd.	25,781,503	25,781,597	269,216,800
Fubon Insurance Co., Ltd.	2,154,951 (CNY448,000)	2,154,951 (CNY448,000)	10,664,064
TFB Capital Co., Ltd.	425,612 (CNY97,405)	425,612 (CNY97,405)	1,257,146
Fubon Financial Holding Venture Capital Co., Ltd.	299,251 (CNY68,184)	299,251 (CNY68,184)	9,669,798

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

Company	Accumulated investment in Mainland China as of June 30, 2023	Investment amounts authorized by investment commission, MOEA	Upper limit on investment (Note)
Fubon Assets Management Service Co., Ltd.	1,356,479 (CNY270,000)	1,356,479 (CNY270,000)	1,518,381
Fubon Asset Management Co., Ltd.	1,029,119 (CNY219,780)	1,029,119 (CNY219,780)	2,318,978

Note : It was calculated by each company's net value as of June 30, 2023.

(d) 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.

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

Financial information classified by business type please refer to note 12(f).

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.

(b) Business information

Operating Segments information was as follows:

For the three months ended June 30, 2023						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination	Total
Net revenues						
Revenue by external customers	\$ 18,923,912	1,983,258	42,282,660	5,655,921	(2,724,357)	66,121,394
Revenue between segments	2,145,176	(97,699)	(2,127,221)	319,136	(239,392)	-
Total	<u>\$ 21,069,088</u>	<u>1,885,559</u>	<u>40,155,439</u>	<u>5,975,057</u>	<u>(2,963,749)</u>	<u>66,121,394</u>
Segment income (Note 1)	<u>\$ 7,813,326</u>	<u>1,268,481</u>	<u>21,379,501</u>	<u>2,234,182</u>	<u>(329,738)</u>	<u>32,365,752</u>
For the three months ended June 30, 2022						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination (Note 2)	Total
Net revenues						
Revenue by external customers	\$ 13,016,296	3,003,012	71,587,689	2,738,751	1,699,381	92,045,129
Revenue between segments	2,092,544	(128,968)	(2,034,640)	54,897	16,167	-
Total	<u>\$ 15,108,840</u>	<u>2,874,044</u>	<u>69,553,049</u>	<u>2,793,648</u>	<u>1,715,548</u>	<u>92,045,129</u>
Segment income (Note 1)	<u>\$ 6,502,527</u>	<u>(8,140,567)</u>	<u>29,675,255</u>	<u>968,377</u>	<u>667,917</u>	<u>29,673,509</u>
For the six months ended June 30, 2023						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination	Total
Net revenues						
Revenue by external customers	\$ 35,595,955	(9,032,521)	61,516,317	8,546,215	1,533,729	98,159,695
Revenue between segments	4,406,236	(183,165)	(3,845,859)	740,752	(1,117,964)	-
Total	<u>\$ 40,002,191</u>	<u>(9,215,686)</u>	<u>57,670,458</u>	<u>9,286,967</u>	<u>415,765</u>	<u>98,159,695</u>
Segment income (Note 1)	<u>\$ 17,179,488</u>	<u>(4,063,876)</u>	<u>27,761,992</u>	<u>4,089,467</u>	<u>1,422,564</u>	<u>46,389,635</u>
Segment assets	<u>\$ 4,813,339,092</u>	<u>120,682,510</u>	<u>5,774,194,458</u>	<u>230,492,246</u>	<u>(3,834,923)</u>	<u>10,934,873,383</u>

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

For the six months ended June 30, 2022						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination (Note 2)	Total
Net revenues						
Revenue by external customers	\$ 27,947,867	9,571,284	181,340,960	5,960,711	1,319,366	226,140,188
Revenue between segments	4,311,195	(238,157)	(4,666,900)	(76,323)	670,185	-
Total	<u>\$ 32,259,062</u>	<u>9,333,127</u>	<u>176,674,060</u>	<u>5,884,388</u>	<u>1,989,551</u>	<u>226,140,188</u>
Segment income (Note 1)	<u>\$ 15,279,464</u>	<u>(4,731,025)</u>	<u>74,566,624</u>	<u>2,149,104</u>	<u>(33,240)</u>	<u>87,230,927</u>
Segment assets	<u>\$ 4,308,243,178</u>	<u>134,946,131</u>	<u>5,533,121,916</u>	<u>153,147,692</u>	<u>341,613,090</u>	<u>10,471,072,007</u>

Note 1: Income tax expense information is not included in segments information.

Note 2: Including JihSun Financial Holding and its subsidiaries.

Attachment

The aggregate lending, guarantee or other transactions taken place between all subsidiaries of a financial holding company and same person, same relatives or same affiliate.

June 30, 2023		Units: In thousands of TWD, %
Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
I. Same natural person or same juridical person		
The Central Government of the Republic of China	412,540,351	54.88%
The Mainland Area Government Agencies and Financial Institutions	194,615,427	25.89%
Taiwan Semiconductor Manufacturing Company, Ltd.	128,118,389	17.04%
National Treasury Administration, Ministry of Finance	84,155,428	11.19%
Capital Investment Trust Corporation	69,608,040	9.26%
Verizon Communications Inc	61,719,393	8.21%
Cathay Securities Investment Trust Co Ltd	59,866,545	7.96%
Taiwan Power Company	58,156,448	7.74%
Citigroup Inc	56,662,989	7.54%
JPMorgan Chase & Co.	56,123,739	7.47%
AT&T Inc.	55,968,680	7.45%
United Mexican States	50,382,874	6.70%
Yuanta Securities Investment Trust Co Ltd	49,411,685	6.57%
Hong Kong Special Administrative Region Government	44,673,615	5.94%
Wells Fargo & Co.	44,120,778	5.87%
CTBC Investments Co Ltd	42,787,319	5.69%
Kingdom of Saudi Arabia	41,026,331	5.46%
Goldman Sachs Group, Inc.	40,227,588	5.35%
Bank of America Corporation	39,228,322	5.22%
State of Qatar	38,042,361	5.06%
Republic of Indonesia	36,253,375	4.82%
Morgan Stanley	33,850,782	4.50%
Electricite de France	33,577,807	4.47%
BNP Paribas SA	31,157,772	4.14%
Credit Agricole Corporate and Investment Bank	31,033,124	4.13%
China Development Bank	30,547,779	4.06%
Bank of Nova Scotia	30,413,289	4.05%
QNB Finance Ltd	28,082,510	3.74%
HON HAI Precision Industry Co Ltd	27,790,164	3.70%
PIMCO Funds	27,245,973	3.62%
Gennie Mae	27,217,354	3.62%
Federative Republic of Brazil	26,843,767	3.57%
iShares Trust	26,807,482	3.57%
AllianceBernstein (Luxembourg) S.a.r.l	26,798,227	3.56%
CPC Corporation, Taiwan	26,157,657	3.48%
Comcast Corporation	25,647,381	3.41%
Bank of Tokyo-Mitsubishi UFJ Ltd	25,349,213	3.37%
Deutsche Bank AG	25,081,919	3.34%
KGI Securities Investment Trust Co Ltd	24,793,151	3.30%
Barclays Bank plc	24,768,694	3.29%
Hua Nan Commercial Bank Ltd	24,133,014	3.21%
United Microelectronics Corp	24,127,641	3.21%
Freddie Mac	24,075,101	3.20%
Corporacion Nacional del Cobre de Chile	23,991,660	3.19%
Royal Bank of Canada	23,596,900	3.14%
E.Sun Bank	23,581,067	3.14%
Microsoft Corp	23,475,160	3.12%
First Abu Dhabi Bank PJSC	23,276,590	3.10%
Chinatrust Financial Holding Co Ltd	23,055,914	3.07%
Societe Generale SA	22,698,723	3.02%
First Commercial Bank	22,516,066	3.00%
National Australia Bank Ltd	22,354,783	2.97%
Republic of Korea	22,224,933	2.96%
NVIDIA Corp	21,925,816	2.92%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
PIMCO Funds: Global Investors Series plc	21,477,348	2.86%
Natixis	21,403,899	2.85%
The State of Israel	20,785,353	2.76%
Commonwealth Bank of Australia	20,311,180	2.70%
EQT Fund Management S.a.r.l	20,051,266	2.67%
Santander International Products PLC	20,020,740	2.66%
Amazon.com Inc	19,224,230	2.56%
Republic of Colombia	19,156,168	2.55%
Apple Inc.	18,722,852	2.49%
Lloyds Bank plc	18,469,894	2.46%
IBM Corp.	18,122,660	2.41%
Raytheon Technologies Corp	17,937,629	2.39%
Morgan Stanley Finance LLC	17,933,734	2.39%
Romania	17,704,510	2.36%
Xiamen Bank Co Ltd	17,561,124	2.34%
Hyundai Card Co., Ltd.	17,422,522	2.32%
MDGH GMTN RSC Ltd	17,406,069	2.32%
United Arab Emirates	17,348,253	2.31%
Republic of Peru	17,021,909	2.26%
Amgen Inc	17,018,855	2.26%
Taiwan Mobile Co Ltd	16,809,593	2.24%
Bank SinoPac Co Ltd	16,721,194	2.22%
The Shanghai Commercial & Savings Bank Ltd	16,663,804	2.22%
HSBC Holdings plc	16,416,617	2.18%
Barclays plc	16,407,873	2.18%
Saudi Arabian Oil Company	16,360,256	2.18%
Republic of Chile	16,337,859	2.17%
Cathay United Bank	15,961,788	2.12%
Korea Housing Finance Corporation	15,922,171	2.12%
Fannie Mae	15,882,290	2.11%
MediaTek Inc	15,770,368	2.10%
BBVA Global Markets B.V.	15,455,913	2.06%
International Bills Finance Corporation	15,339,837	2.04%
UBS AG	15,232,819	2.03%
Kohlberg Kravis Roberts & Co. L.P.	15,151,718	2.02%
Intel Corporation	15,068,848	2.00%
UnitedHealth Group Inc	15,050,275	2.00%
Australia and New Zealand Banking Group Limited	15,025,066	2.00%
AbbVie Inc	14,974,121	1.99%
Taishin International Bank	14,933,585	1.99%
Oracle Corp	14,928,737	1.99%
Sumitomo Mitsui Financial Group Inc	14,805,969	1.97%
Union Pacific Corp	14,780,770	1.97%
CVS Health Corp	14,573,107	1.94%
Bayer US Finance II LLC	14,350,896	1.91%
United States of America	14,208,990	1.89%
Anheuser-Busch InBev Worldwide Inc.	14,181,290	1.89%
Canadian Imperial Bank of Commerce	14,031,004	1.87%
QatarEnergy	14,004,402	1.86%
Yuanta Securities Co Ltd	13,992,932	1.86%
Altria Group Inc	13,983,666	1.86%
Vodafone Group plc	13,634,718	1.81%
Mizuho Bank Ltd	13,618,785	1.81%
Russian Federation	13,506,084	1.80%
Chinatrust Commercial Bank	13,505,992	1.80%
United Parcel Service Inc	13,466,997	1.79%
Novatek Microelectronics Corp Ltd	13,374,805	1.78%
Banco Santander S.A.	13,218,868	1.76%
Enterprise Products Operating LLC	13,193,529	1.76%
Shell International Finance B.V.	13,130,456	1.75%
China Bills Finance Corp	13,031,133	1.73%
Republic of South Africa	13,008,544	1.73%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
New Taipei City Government	13,000,000	1.73%
Formosa Chemicals & Fibre Corp	12,949,571	1.72%
Comision Federal de Electricidad	12,830,377	1.71%
National Bank of Canada	12,787,588	1.70%
BPCE SA	12,616,753	1.68%
Walt Disney Co/The	12,367,570	1.65%
Bank of Montreal	12,334,261	1.64%
Phillips 66	12,156,347	1.62%
UBS Group AG	12,137,581	1.61%
ADCB Finance Cayman Ltd	11,565,618	1.54%
Consolidated Edison Co of New York Inc	11,553,946	1.54%
America Movil SAB de CV	11,465,395	1.53%
Virginia Electric and Power Co	11,394,083	1.52%
DBS Bank Ltd	11,334,888	1.51%
Cooperatieve Rabobank U.A.	11,260,866	1.50%
Hong Kong Mortgage Corporation Limited	11,124,470	1.48%
Realtek Semiconductor Corp	11,080,320	1.47%
Elevance Health Inc	11,046,051	1.47%
Department of Rapid Transit Systems, Taipei City Government	11,037,528	1.47%
US Treasury	10,986,162	1.46%
Burlington Northern Santa Fe LLC	10,915,040	1.45%
TransCanada PipeLines Limited	10,903,312	1.45%
Duke Energy Corporation	10,896,000	1.45%
China Steel Corporation	10,879,139	1.45%
The Export-Import Bank of Korea	10,793,779	1.44%
Tyson Foods Inc	10,706,195	1.42%
Manulife Financial Corp	10,694,465	1.42%
Perusahaan Perseroan Persero PT Perusahaan Listrik Negara	10,690,101	1.42%
Standard Charter Bank	10,655,612	1.42%
Abu Dhabi Commercial Bank PJSC	10,641,821	1.42%
momo.com Inc	10,594,952	1.41%
Pertamina Persero PT	10,572,932	1.41%
Northrop Grumman	10,536,198	1.40%
Nomura International Funding Pte Ltd	10,510,025	1.40%
Home Depot Inc	10,405,684	1.38%
State Street Bank and Trust Company	10,371,803	1.38%
Norfolk Southern Corp	10,283,673	1.37%
Waste Management Inc.	10,026,892	1.33%
CSX Corp	9,999,196	1.33%
Travelers Cos Inc	9,997,664	1.33%
Metlife Inc	9,923,862	1.32%
Mega Securities Co Ltd	9,794,573	1.30%
PepsiCo, Inc	9,717,393	1.29%
Quanta Computer Inc	9,697,925	1.29%
Bristol-Myers Squibb Co	9,686,974	1.29%
Westpac Banking Corporation	9,635,681	1.28%
Citigroup Global Markets Holdings Inc	9,604,437	1.28%
Malayan Banking Berhad	9,503,525	1.26%
BlackRock Fund Advisors	9,440,714	1.26%
3M Company	9,409,528	1.25%
CITIC Capital Holdings Limited	9,378,031	1.25%
ASE Technology Holding Co Ltd	9,304,727	1.24%
Petronas Capital Ltd	9,200,821	1.22%
JPMorgan Asset Management Europe SARL	9,081,820	1.21%
Fuh Hwa Securities Investment Trust Co Ltd	9,072,805	1.21%
Robeco Luxembourg S.A.	9,069,078	1.21%
Catcher Technology Co Ltd	9,053,729	1.20%
Stryker Corp	9,043,359	1.20%
Lite-On Technology Corporation	9,041,585	1.20%
Far Eastern International Bank Co Ltd	9,003,270	1.20%
Taiwan Cooperative Bank	8,957,907	1.19%
Emirates NBD Bank PJSC	8,925,143	1.19%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Telefonica Emisiones SA	8,785,517	1.17%
Sumitomo Mitsui Banking Corporation	8,726,201	1.16%
Vale Overseas Limited	8,587,806	1.14%
Gilead Sciences Inc	8,534,496	1.14%
AIA Group Ltd	8,483,916	1.13%
Lockheed Martin Corp.	8,458,717	1.13%
Macquarie Infrastructure and Real Assets (Europe) Limited	8,451,230	1.12%
Lowe's Companies Inc.	8,425,573	1.12%
China United Insurance Group Co., Ltd	8,400,992	1.12%
Taipei City Government	8,395,170	1.12%
NIKE Inc	8,340,180	1.11%
Kroger Co/The	8,330,351	1.11%
Prudential Financial, Inc.	8,297,763	1.10%
CITIC Limited	8,297,645	1.10%
Cigna Corp	8,290,826	1.10%
Formosa Plastics Corporation	8,158,841	1.09%
Goldman Sachs Finance Corp International Ltd	8,050,194	1.07%
Woori Financial Group Inc	8,038,666	1.07%
Capital Securities Corp	8,013,983	1.07%
Merck & Co Inc	7,969,165	1.06%
The Export-Import Bank of China	7,918,052	1.05%
General Electric Company	7,892,769	1.05%
AU Optronics Corp	7,881,999	1.05%
Mondelez International Inc	7,796,100	1.04%
CIMB Bank Berhad	7,733,010	1.03%
Hung Poo Real Estate Development Corp	7,730,848	1.03%
Innolux Corporation	7,629,654	1.01%
Wistron Corp	7,571,059	1.01%
Deutsche Telekom AG	7,555,013	1.01%
Asian Development Bank	7,542,333	1.00%
SPDR Series Trust	7,521,242	1.00%
Korea Development Bank	7,512,170	1.00%
The Republic of Philippines	7,493,766	1.00%
Taiwan Stock Exchange	7,468,830	0.99%
Cathay Financial Holding Co Ltd	7,430,792	0.99%
Taishin Securities Investment Trust Co Ltd	7,204,326	0.96%
Credit Agricole SA	7,193,654	0.96%
KGI Bank Co Ltd	7,149,674	0.95%
Global Unichip Corp	7,102,035	0.94%
Yageo Corp	7,060,626	0.94%
Uni-President Enterprises Corporation	7,057,560	0.94%
SG Issuer SA	7,020,787	0.93%
Taoyuan City Government	7,000,000	0.93%
Invesco Exchange-Traded Fund Trust	6,999,005	0.93%
Advanced Semiconductor Engineering Inc	6,971,882	0.93%
Yuanta Financial Holding Co Ltd	6,936,327	0.92%
Visa Inc.	6,863,881	0.91%
Mega Bills Finance Co Ltd	6,853,082	0.91%
Hua Nan Securities Co Ltd	6,726,578	0.89%
Delta Electronics Inc	6,681,226	0.89%
Suncor Energy Inc	6,632,655	0.88%
Equinor ASA	6,601,060	0.88%
Far East Horizon Ltd	6,527,880	0.87%
Exxon Mobil Corp	6,525,845	0.87%
Mega International Commercial Bank Co Ltd	6,418,667	0.85%
General Mills Inc	6,417,719	0.85%
Halliburton Co	6,361,565	0.85%
Petroleos Mexicanos	6,352,755	0.85%
FedEx Corp	6,329,857	0.84%
Global X Management Co LLC	6,301,908	0.84%
Walmart Inc	6,298,070	0.84%
Novartis Capital Corp	6,292,520	0.84%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Siemens Financieringsmaatschappij NV	6,292,250	0.84%
Duke Energy Carolinas LLC	6,263,788	0.83%
Vanguard International Semiconductor Corporation	6,158,064	0.82%
SinoPac Financial Holdings Co Ltd	6,137,764	0.82%
IBF Securities Co Ltd	6,125,654	0.81%
Pfizer Inc	6,122,243	0.81%
DH Europe Finance II Sarl	6,098,399	0.81%
Airport Authority Hong Kong	6,080,250	0.81%
BlackRock Global Funds	6,055,805	0.81%
Tiger Global Management, LLC	5,941,188	0.79%
Parade Technologies, Ltd.	5,935,307	0.79%
Housing Development Finance Corporation Limited	5,918,934	0.79%
Synnex Technology International Corp	5,907,045	0.79%
Zoetis Inc	5,851,968	0.78%
Shin Kong Investment Trust Co Ltd	5,788,148	0.77%
Humana Inc	5,749,019	0.76%
American Express Company	5,746,936	0.76%
GlobalWafers Co Ltd	5,746,317	0.76%
ConocoPhillips Co	5,741,984	0.76%
Kreditanstalt fuer Wiederaufbau	5,669,114	0.75%
Wells Fargo Bank, NA	5,647,714	0.75%
ING Bank N.V.	5,638,237	0.75%
Woori Bank	5,630,835	0.75%
Taiwan Finance Corporation	5,584,446	0.74%
MasterLink Securities Corp	5,582,939	0.74%
Export Development Canada	5,559,325	0.74%
Starbucks Corp	5,557,381	0.74%
Advent International Corporation	5,523,281	0.73%
President Chain Store Corporation	5,498,015	0.73%
LCH Limited	5,494,380	0.73%
MTR Corporation Cayman Islands Ltd	5,465,611	0.73%
Bank of Taiwan	5,458,814	0.73%
Dah Chung Bills Finance Corp	5,407,100	0.72%
Pegatron Corporation	5,382,960	0.72%
PTTEP Treasury Center Co Ltd	5,339,906	0.71%
Sherwin-Williams Co/The	5,335,456	0.71%
Industrial and Commercial Bank of China	5,334,250	0.71%
T. Rowe Price - US Mutual Funds	5,333,374	0.71%
ABN AMRO Bank N.V.	5,331,872	0.71%
UBAM	5,326,783	0.71%
Jih-Sun Securities Investment Trust Co Ltd	5,282,332	0.70%
Gold East Trading (Hong Kong) Co Ltd	5,282,293	0.70%
HSBC Continental Europe SA	5,271,840	0.70%
Taiwan Shin Kong Commercial Bank Co Ltd	5,240,572	0.70%
Johnson & Johnson	5,209,325	0.69%
Macquarie Infrastru Manageme (Asia) Pty	5,199,439	0.69%
Chubb INA Holdings Inc	5,194,916	0.69%
Thoma Bravo, L.P.	5,187,700	0.69%
Chang Hwa Commercial Bank, Ltd.	5,175,824	0.69%
Chow Tai Fook Enterprises Limited	5,168,739	0.69%
Florida Power & Light Company	5,127,225	0.68%
Coca-Cola Co/The	5,113,422	0.68%
Yunneng Wind Power Co Ltd	5,111,752	0.68%
AXA IM Fixed Income Investment Strategies	5,092,092	0.68%
State Bank of India	5,079,813	0.68%
Hotai Finance Co Ltd	5,044,921	0.67%
Abbott Laboratories	5,026,309	0.67%
Global Infrastructure Management, LLC	5,008,390	0.67%
Archer-Daniels-Midland Co	5,000,914	0.67%
HSBC USA Inc	4,996,851	0.66%
First Financial Holding Co Ltd	4,984,493	0.66%
Chunghwa Telecom Co Ltd	4,928,190	0.66%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Rogers Communications Inc	4,913,624	0.65%
MasterCard, Inc.	4,863,210	0.65%
Lexington Partners L.P.	4,814,346	0.64%
Walgreens Boots Alliance Inc	4,782,992	0.64%
HSBC Bank (Taiwan) Limited	4,776,974	0.64%
Taishin Securities Co Limited	4,769,179	0.63%
Formosa 2 Wind Power Co Ltd	4,763,322	0.63%
Nan Ya Plastics Corp	4,729,912	0.63%
Valero Energy Corp	4,701,414	0.63%
Meta Platforms Inc	4,665,581	0.62%
Ardian Investment UK Limited	4,664,210	0.62%
Cisco Systems Inc.	4,657,277	0.62%
McDonald's Corp	4,640,198	0.62%
Cathay Life Insurance Co Ltd	4,627,522	0.62%
Estee Lauder Companies Inc	4,577,096	0.61%
Canadian Natural Resources Ltd	4,569,884	0.61%
Blackstone Liquid Credit Strategies LLC	4,512,402	0.60%
Brookfield Asset Man Pri Ins Cap Adv CA	4,508,153	0.60%
Ecolab Inc	4,499,191	0.60%
Rio Tinto Finance USA Ltd	4,475,012	0.60%
Nien Made Enterprise Co Ltd	4,468,255	0.59%
AstraZeneca plc	4,420,590	0.59%
KEB Hana Bank	4,409,344	0.59%
General Dynamics Corp	4,388,291	0.58%
Bridge Investment Group	4,382,016	0.58%
Taiwan Futures Exchange	4,295,089	0.57%
BizLink Holding Inc.	4,276,413	0.57%
Land Bank of Taiwan	4,273,814	0.57%
Simplo Technology Co Ltd	4,257,981	0.57%
GE Capital Intl Funding Co Unlimited Co	4,230,235	0.56%
Compal Electronics Inc	4,209,274	0.56%
Monetary Authority of Singapore	4,194,605	0.56%
International Finance Corporation	4,191,243	0.56%
Baker Hughes Holdi LLC / B H Co-Obligor	4,175,214	0.56%
Macquarie Group Limited	4,155,814	0.55%
HSH Financial Services Ltd	4,145,048	0.55%
JT International Financial Services BV	4,118,378	0.55%
Phison Electronics Corporation	4,100,574	0.55%
Texas Instruments Inc	4,073,321	0.54%
Lucky Hing Shing Estate Company Limited	4,068,394	0.54%
Winbond Electronics Corporation	4,066,232	0.54%
Mega Financial Holding Co Ltd	4,060,125	0.54%
AES Holding Co., Ltd.	4,058,016	0.54%
Yue Yuen Industrial (Holdings) Limited	4,049,797	0.54%
Kraft Heinz Food Co	4,049,536	0.54%
United Overseas Bank Limited	4,047,760	0.54%
Chailase Finance Co Ltd	4,021,027	0.53%
Medtronic Inc	4,002,517	0.53%
Deutsche Telekom International Finance B.V.	3,996,089	0.53%
TSMC Arizona Corporation	3,991,629	0.53%
Heineken NV	3,984,072	0.53%
Eli Lilly & Co	3,977,270	0.53%
AirTAC Internaional Group	3,956,662	0.53%
President Securities Corp	3,946,862	0.53%
Target Corp.	3,938,728	0.52%
AXA World Funds	3,932,801	0.52%
Agricultural Bank of Taiwan	3,931,074	0.52%
Keyence Corporation	3,927,747	0.52%
Neuberger Berman Investment Funds plc	3,924,433	0.52%
Evergreen Marine Corp Taiwan Ltd	3,923,727	0.52%
Reliance Jio Infocomm Limited	3,894,036	0.52%
Marathon Petroleum Corp	3,883,639	0.52%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Yung-Sheng Real Estate Development Co Ltd	3,847,100	0.51%
Asian Infrastructure Investment Bank	3,847,084	0.51%
Taishin Financial Holdings Co Ltd	3,839,435	0.51%
Mercury Taiwan Holdings Limited	3,839,030	0.51%
Asustek Computer Inc	3,832,979	0.51%
King Slide Works Co Ltd	3,816,613	0.51%
HSBC Bank plc	3,806,051	0.51%
Taiwan Water Corporation	3,789,857	0.50%
Corning Incorporated	3,787,415	0.50%
eMemory Technology Inc	3,733,574	0.50%
King Yuan Electronics Co Ltd	3,730,786	0.50%
MET Technology Co Ltd	3,707,000	0.49%
First Securities Co Ltd	3,699,191	0.49%
Nanya Technology Corp	3,687,188	0.49%
Tencent Holdings Limited	3,686,306	0.49%
Applied Materials Inc.	3,664,772	0.49%
Minth Group Limited	3,661,610	0.49%
China UnionPay Co Ltd	3,655,784	0.49%
Shinhan Bank Co Ltd	3,653,921	0.49%
Republic of Singapore	3,643,437	0.48%
Industrial Bank of Korea	3,643,071	0.48%
Petrobras Global Finance BV	3,626,661	0.48%
ING Groep NV	3,600,359	0.48%
State Grid Overseas Investment 2014 Ltd	3,593,949	0.48%
GIGA-BYTE Technology Co Ltd	3,591,827	0.48%
Link Finance (Cayman) 2009 Limited	3,573,443	0.48%
Chi Meng Construction Co Ltd	3,570,000	0.47%
Cheng Loong Corp	3,559,738	0.47%
Macquarie International Finance Limited	3,551,217	0.47%
HongKong Electric Finance Ltd	3,529,674	0.47%
American Tower Corporation	3,525,158	0.47%
Export-Import Bank of India	3,525,141	0.47%
Goldman Sachs Funds SICAV	3,517,635	0.47%
Kookmin Bank	3,516,395	0.47%
Vivo Capital, LLC	3,508,992	0.47%
Aptiv PLC	3,504,943	0.47%
LINE Bank Taiwan Limited	3,481,539	0.46%
Dow Chemical Company	3,455,545	0.46%
PGIM Ltd	3,455,537	0.46%
Mitsubishi UFJ Financial Group Inc	3,442,627	0.46%
Banco de Credito e Inversiones	3,439,649	0.46%
Bao Te Construction Co Ltd	3,427,708	0.46%
FIH Mobile Limited	3,426,752	0.46%
Enel Finance International NV	3,424,888	0.46%
Kaohsiung City Government	3,395,508	0.45%
Foxconn Interconnect Technology Limited	3,380,063	0.45%
Intesa Sanpaolo SpA	3,366,430	0.45%
New Taimall Global Company Pte Ltd	3,333,000	0.44%
Far Eastern New Century Corporation	3,332,172	0.44%
Deere & Company	3,323,471	0.44%
Phu My Hung Development Corporation	3,314,087	0.44%
POU Chen Corp	3,302,989	0.44%
Top Dollars Development Limited	3,297,517	0.44%
Vietnam Technological And Commerical Joint Stock Bank	3,281,884	0.44%
Antin Infrastructure Partners SAS	3,271,350	0.44%
ASB Bank Ltd	3,257,904	0.43%
First Securities Investment Trust Co Ltd	3,253,090	0.43%
Banco Bilbao Vizcaya Argentaria, S.A.	3,248,456	0.43%
Reliance Industries Limited	3,248,432	0.43%
Formosa Petrochemical Corp	3,248,238	0.43%
Oaktree Capital Management, L.P.	3,216,131	0.43%
Hongkong Land Holdings Ltd	3,194,714	0.42%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Caterpillar Inc	3,194,400	0.42%
Honeywell International Inc.	3,194,389	0.42%
Intesa Sanpaolo Bank Ireland PLC	3,193,159	0.42%
Giltlake Real Estate SPV 1 Limited	3,180,763	0.42%
African Development Bank	3,176,253	0.42%
Chevron Corp	3,170,983	0.42%
Lotes Co Ltd	3,170,494	0.42%
Gazprom PJSC Via Gaz Capital SA	3,166,261	0.42%
Fujitsu Limited	3,165,730	0.42%
Cathay Securities Corporation	3,148,067	0.42%
Kronos I (UK) Limited	3,146,198	0.42%
Barings LLC	3,140,560	0.42%
LINE BIZ+ Taiwan Limited	3,134,500	0.42%
Sleek Century Limited	3,125,835	0.42%
Leonard Green & Partners, L.P.	3,118,626	0.41%
Whitedove Funding 2014	3,112,611	0.41%
Yingde Gases Investment Ltd	3,111,250	0.41%
FORMOSA INDUSTRIES CORPORATION	3,108,811	0.41%
Anheuser-Busch Cos LLC / Anheuser-Busch InBev Worldwide Inc	3,102,407	0.41%
Blackstone Holdings Finance Co LLC	3,096,890	0.41%
Korea Electric Power Corporation	3,094,808	0.41%
Shinhan BNP Paribas Asset Management Co Ltd	3,065,414	0.41%
VisEra Technologies Company Limited	3,056,545	0.41%
Thermo Fisher Scientific Inc	3,056,322	0.41%
Bank of America, N.A.	3,046,334	0.41%
LYB International Finance III LLC	3,014,127	0.40%
Stonepeak Advisors IV LLC	3,007,623	0.40%
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprises in		
Wang ooo ooo and his/her related parties	27,805,644	3.70%
Chen ooo ooo and his/her related parties	17,233,728	2.29%
Chen ooo ooo and his/her related parties	17,233,728	2.29%
Peng ooo ooo and his/her related parties	17,215,410	2.29%
Su ooo ooo and his/her related parties	15,411,560	2.05%
Huang ooo ooo and his/her related parties	12,964,509	1.72%
Chen ooo ooo and his/her related parties	11,695,381	1.56%
Chen ooo ooo and his/her related parties	11,036,035	1.47%
Hsu ooo ooo and his/her related parties	9,816,912	1.31%
Sung ooo ooo and his/her related parties	9,461,233	1.26%
Tuan ooo ooo and his/her related parties	8,230,848	1.09%
Huang ooo ooo and his/her related parties	7,611,478	1.01%
Chang ooo ooo and his/her related parties	7,522,380	1.00%
Hu ooo ooo and his/her related parties	7,247,259	0.96%
Tsou ooo ooo and his/her related parties	7,247,259	0.96%
Yang ooo ooo and his/her related parties	7,212,226	0.96%
Wang ooo ooo and his/her related parties	7,085,318	0.94%
Liu ooo ooo and his/her related parties	6,784,578	0.90%
Shen ooo ooo and his/her related parties	6,696,740	0.89%
Chen ooo ooo and his/her related parties	6,692,544	0.89%
Kuo ooo ooo and his/her related parties	6,686,107	0.89%
Yu ooo ooo and his/her related parties	5,750,026	0.76%
Tsai ooo ooo and his/her related parties	5,028,716	0.67%
Sheng ooo ooo and his/her related parties	4,742,934	0.63%
Huang ooo ooo and his/her related parties	4,741,855	0.63%
Peng ooo ooo and his/her related parties	4,479,121	0.60%
Hu ooo ooo and his/her related parties	4,435,648	0.59%
Wang ooo ooo and his/her related parties	4,320,000	0.57%
Hung ooo ooo and his/her related parties	4,071,308	0.54%
Hsu ooo ooo and his/her related parties	3,965,472	0.53%
Chang ooo ooo and his/her related parties	3,925,616	0.52%
Lee ooo ooo and his/her related parties	3,859,688	0.51%
Lin ooo ooo and his/her related parties	3,855,907	0.51%
Lu ooo ooo and his/her related parties	3,832,398	0.51%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Huang 000 000 and his/her related parties	3,756,147	0.50%
Su 000 000 and his/her related parties	3,723,108	0.50%
Chen 000 000 and his/her related parties	3,707,009	0.49%
Liu 000 000 and his/her related parties	3,612,800	0.48%
Chang 000 000 and his/her related parties	3,478,642	0.46%
Lee 000 000 and his/her related parties	3,434,015	0.46%
Tsai 000 000 and his/her related parties	3,380,000	0.45%
Lin 000 000 and his/her related parties	3,333,427	0.44%
Cheng 000 000 and his/her related parties	3,275,368	0.44%
Hsieh 000 000 and his/her related parties	3,170,494	0.42%
Huang 000 000 and his/her related parties	3,078,207	0.41%
Lin 000 000 and his/her related parties	3,063,071	0.41%
3. Same affiliate		
The Central Government of the Republic of China and the supervisory authorities	496,695,779	66.07%
Taiwan Semiconductor Manufacturing Company, Ltd. and its affiliates	151,423,121	20.14%
Cathay Financial Holding Co Ltd and its affiliates	96,056,877	12.78%
Chinatrust Financial Holding Co Ltd and its affiliates	82,639,780	10.99%
Yuanta Financial Holding Co Ltd and its affiliates	71,112,629	9.46%
JPMorgan Chase & Co. and its affiliates	70,136,180	9.33%
Capital Investment Trust Corporation and its affiliates	69,608,040	9.26%
Citigroup Inc and its affiliates	68,593,532	9.12%
Hong Kong Special Administrative Region Government and the supervisory	57,475,827	7.65%
AT&T Inc. and its affiliates	55,968,680	7.45%
Morgan Stanley and its affiliates	55,214,756	7.34%
Goldman Sachs Group, Inc. and its affiliates	52,169,634	6.94%
Wells Fargo & Co. and its affiliates	51,325,179	6.83%
Allianz SE and its affiliates	50,510,548	6.72%
Bank of America Corporation and its affiliates	43,726,847	5.82%
Blackrock Inc and its affiliates	42,531,402	5.66%
Public Investment Fund Kingdom of Saudi Arabia and the supervisory authorities	41,649,377	5.54%
Barclays plc and its affiliates	41,176,566	5.48%
Republic of Korea and the supervisory authorities	41,164,180	5.48%
HON HAI Precision Industry Co Ltd and its affiliates	40,428,113	5.38%
United Microelectronics Corp and its affiliates	40,141,799	5.34%
Abu Dhabi Commercial Bank PJSC and its affiliates	39,613,507	5.27%
Credit Agricole SA and its affiliates	39,021,969	5.19%
HSBC Holdings plc and its affiliates	38,718,209	5.15%
Banco Santander S.A. and its affiliates	38,265,619	5.09%
China Development Financial Holding Corp and its affiliates	37,793,209	5.03%
First Financial Holding Co Ltd and its affiliates	34,452,840	4.58%
BPCE SA and its affiliates	34,020,652	4.53%
Hua Nan Financial Holdings Co Ltd and its affiliates	32,902,358	4.38%
YFY Inc and its affiliates	31,706,308	4.22%
Taishin Financial Holdings Co Ltd and its affiliates	31,504,281	4.19%
Bank of Nova Scotia and its affiliates	31,498,971	4.19%
BNP Paribas SA and its affiliates	31,261,555	4.16%
Mega Financial Holding Co Ltd and its affiliates	31,031,828	4.13%
China Development Bank and its affiliates	30,816,319	4.10%
UBS Group AG and its affiliates	30,544,965	4.06%
Qatar Investment Authority and its affiliates	30,045,333	4.00%
Societe Generale SA and its affiliates	29,719,511	3.95%
Mitsubishi UFJ Financial Group Inc and its affiliates	28,791,840	3.83%
Blackstone Inc and its affiliates	27,967,260	3.72%
Taiwan Mobile Co Ltd and its affiliates	27,404,545	3.65%
AllianceBernstein Holding LP and its affiliates	26,810,656	3.57%
CPC Corporation, Taiwan and its affiliates	26,457,657	3.52%
Comcast Corporation and its affiliates	25,827,712	3.44%
Deutsche Bank AG and its affiliates	25,476,739	3.39%
United States of America and the supervisory authorities	25,195,152	3.35%
E.Sun Financial Holding Co Ltd and its affiliates	25,025,010	3.33%
Sumitomo Mitsui Financial Group Inc and its affiliates	24,777,419	3.30%
Macquarie Group Limited and its affiliates	24,176,979	3.22%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Commonwealth Bank of Australia and its affiliates	23,947,916	3.19%
Royal Bank of Canada and its affiliates	23,596,900	3.14%
Fubon Financial Holding Co Ltd and its affiliates	23,070,880	3.07%
Uni-President Enterprises Corporation and its affiliates	22,658,033	3.01%
National Australia Bank Ltd and its affiliates	22,657,666	3.01%
Waterland Financial Holdings Co Ltd and its affiliates	21,653,259	2.88%
Far Eastern New Century Corporation and its affiliates	21,248,316	2.83%
Lloyds Banking Group plc and its affiliates	21,141,487	2.81%
Anheuser-Busch InBev NV and its affiliates	20,149,388	2.68%
Shin Kong Financial Holding Co Ltd and its affiliates	20,032,614	2.66%
ASE Technology Holding Co Ltd and its affiliates	19,888,683	2.65%
Taipei City Government and the supervisory authorities	19,576,154	2.60%
Amazon.com Inc and its affiliates	19,224,230	2.56%
Apple Inc. and its affiliates	18,722,852	2.49%
Banco Bilbao Vizcaya Argentaria, S.A. and its affiliates	18,704,369	2.49%
CITIC Limited and its affiliates	18,386,713	2.45%
Duke Energy Corporation and its affiliates	18,059,448	2.40%
Formosa Chemicals & Fibre Corp and its affiliates	18,024,660	2.40%
State Street Corporation and its affiliates	17,979,174	2.39%
Saudi Arabian Oil Co and its affiliates	17,626,875	2.34%
Hyundai Motor Group and its affiliates	17,422,522	2.32%
KKR & Co Inc and its affiliates	17,325,047	2.30%
The Shanghai Commercial & Savings Bank Ltd and its affiliates	16,663,804	2.22%
Mizuho Financial Group, Inc. and its affiliates	16,081,900	2.14%
Australia and New Zealand Banking Group Limited and its affiliates	16,037,002	2.13%
MediaTek Inc and its affiliates	16,014,637	2.13%
China Steel Corporation and its affiliates	15,066,398	2.00%
Bayer AG and its affiliates	14,350,896	1.91%
Walt Disney Co/The and its affiliates	14,125,881	1.88%
Shell PLC and its affiliates	14,112,618	1.88%
Formosa Plastics Corporation and its affiliates	14,023,843	1.87%
Woori Financial Group Inc and its affiliates	13,669,501	1.82%
Vodafone Group plc and its affiliates	13,634,718	1.81%
United Parcel Service Inc and its affiliates	13,466,997	1.79%
General Electric Company and its affiliates	13,134,365	1.75%
O-Bank Co Ltd and its affiliates	13,031,704	1.73%
Berkshire Hathaway Inc and its affiliates	13,002,079	1.73%
New Taipei City Government and the supervisory authorities	13,000,000	1.73%
Standard Chartered PLC and its affiliates	12,956,309	1.72%
Quanta Computer Inc and its affiliates	12,878,910	1.71%
Dominion Energy Inc and its affiliates	12,794,922	1.70%
Phillips 66 and its affiliates	12,257,570	1.63%
Prudential Financial, Inc. and its affiliates	12,158,181	1.62%
Nomura Holdings Inc and its affiliates	12,023,903	1.60%
AU Optronics Corp and its affiliates	12,007,607	1.60%
Taiwan Cooperative Financial Holding Co.,Ltd. and its affiliates	11,757,915	1.56%
Land Bank of Taiwan and its affiliates	11,718,243	1.56%
CK Hutchison Holdings Ltd and its affiliates	11,616,851	1.55%
Deutsche Telekom AG and its affiliates	11,551,102	1.54%
Wistron Corp and its affiliates	11,546,784	1.54%
Chailease Holding Company Limited and its affiliates	11,484,035	1.53%
Realtek Semiconductor Corp and its affiliates	11,470,120	1.53%
Cooperatieve Rabobank U.A. and its affiliates	11,434,033	1.52%
TransCanada PipeLines Limited and its affiliates	11,372,838	1.51%
DBS Group Holdings Ltd and its affiliates	11,345,160	1.51%
Pertamina Persero PT and its affiliates	11,035,874	1.47%
Yageo Corp and its affiliates	10,887,221	1.45%
Lite-On Technology Corporation and its affiliates	10,858,848	1.44%
The Export-Import Bank of Korea and its affiliates	10,793,779	1.44%
Manulife Financial Corp and its affiliates	10,694,465	1.42%
Perusahaan Perseroan Persero PT Perusahaan Listrik Negara and its affiliates	10,690,101	1.42%
ING Groep NV and its affiliates	10,686,896	1.42%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Global Infrastructure Partners and its affiliates	10,431,636	1.39%
Home Depot Inc/The and its affiliates	10,405,684	1.38%
Neuberger Berman Group LLC and its affiliates	10,324,204	1.37%
CSX Corp and its affiliates	10,220,832	1.36%
Industrial and Commercial Bank of China and its affiliates	10,191,305	1.36%
Travelers Cos Inc/The and its affiliates	10,029,525	1.33%
Waste Management Inc and its affiliates	10,026,892	1.33%
Westpac Banking Corporation and its affiliates	9,635,681	1.28%
China Orient Asset Management Corporation and its affiliates	9,536,373	1.27%
Malayan Banking Berhad and its affiliates	9,503,525	1.26%
Vale SA and its affiliates	9,356,786	1.24%
Chow Tai Fook Enterprises Limited and its affiliates	9,306,109	1.24%
Robeco Institutional Asset Management B.V. and its affiliates	9,233,399	1.23%
Petroliam Nasional Berhad and its affiliates	9,200,821	1.22%
Fuh Hwa Securities Investment Trust Co Ltd and its affiliates	9,072,805	1.21%
Catcher Technology Co Ltd and its affiliates	9,053,729	1.20%
AXA SA and its affiliates	9,024,893	1.20%
Telefonica SA and its affiliates	8,785,517	1.17%
Sinochem Holdings Corporation Ltd and its affiliates	8,673,540	1.15%
AIA Group Ltd and its affiliates	8,670,371	1.15%
Shinhan Financial Group Co Ltd and its affiliates	8,573,217	1.14%
Nan Ya Plastics Corp and its affiliates	8,435,534	1.12%
Lowe's Companies Inc. and its affiliates	8,425,573	1.12%
Danaher Corp and its affiliates	8,414,395	1.12%
PTT PCL and its affiliates	8,338,394	1.11%
Simplo Technology Co Ltd and its affiliates	8,315,997	1.11%
Korea Development Bank and its affiliates	8,306,453	1.10%
Express Scripts Holding Co and its affiliates	8,290,826	1.10%
Pfizer Inc and its affiliates	8,164,409	1.09%
Capital Securities Corp and its affiliates	8,013,983	1.07%
POU Chen Corp and its affiliates	8,006,288	1.07%
Synnex Technology International Corp and its affiliates	7,916,823	1.05%
Republic of Singapore and the supervisory authorities	7,838,042	1.04%
CIMB Group and its affiliates	7,733,010	1.03%
Hung Poo Real Estate Development Corp and its affiliates	7,730,848	1.03%
NextEra Energy Inc and its affiliates	7,655,227	1.02%
Innolux Corporation and its affiliates	7,629,654	1.01%
Pegatron Corporation and its affiliates	7,625,647	1.01%
Taiwan Financial Holdings Co Ltd and its affiliates	7,582,771	1.01%
Invesco Ltd and its affiliates	7,434,912	0.99%
KB Financial Group Inc and its affiliates	7,344,640	0.98%
Sino-American Silicon Products Inc and its affiliates	7,264,693	0.97%
SK Group and its affiliates	7,216,446	0.96%
MTR Corporation Limited and its affiliates	7,204,555	0.96%
Compal Electronics Inc and its affiliates	7,192,820	0.96%
Reliance Industries Limited and its affiliates	7,142,468	0.95%
China Investment Corp and its affiliates	7,122,841	0.95%
Taiwan Broadband Communications Company Ltd and its affiliates	7,017,587	0.93%
Rio Tinto PLC and its affiliates	6,906,865	0.92%
Conocophillips and its affiliates	6,791,537	0.90%
LyondellBasell Industries NV and its affiliates	6,765,191	0.90%
Delta Electronics Inc and its affiliates	6,754,726	0.90%
Intesa Sanpaolo SpA and its affiliates	6,559,589	0.87%
Mirae Asset Securities Co Ltd and its affiliates	6,530,035	0.87%
Qisda Corporation and its affiliates	6,489,759	0.86%
Allied Group Limited and its affiliates	6,323,314	0.84%
Walmart Inc and its affiliates	6,298,070	0.84%
Novartis AG and its affiliates	6,292,520	0.84%
Siemens AG and its affiliates	6,292,250	0.84%
Chunghwa Telecom Co Ltd and its affiliates	6,179,703	0.82%
Softbank Corp and its affiliates	6,050,642	0.80%
Housing Development Finance Corporation Limited and its affiliates	5,918,934	0.79%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Hana Financial Group Inc and its affiliates	5,707,222	0.76%
Brookfield Corp and its affiliates	5,664,683	0.75%
Chubb Ltd and its affiliates	5,570,096	0.74%
Evergreen Marine Corp Taiwan Ltd and its affiliates	5,554,383	0.74%
NatWest Group PLC and its affiliates	5,535,735	0.74%
Ping An Insurance Group Co of China Ltd and its affiliates	5,481,196	0.73%
Hotai Motor Co Ltd and its affiliates	5,350,053	0.71%
ABN AMRO Bank N.V. and its affiliates	5,331,872	0.71%
Korea Electric Power Corporation and its affiliates	5,331,506	0.71%
Stonepeak Partners LP and its affiliates	5,330,672	0.71%
Jardine Matheson Holdings Ltd and its affiliates	5,198,315	0.69%
Chang Hwa Commercial Bank, Ltd. and its affiliates	5,175,824	0.69%
Chang Yih Construction Co Ltd and its affiliates	5,174,000	0.69%
Temasek Holdings Pte Ltd and its affiliates	5,081,441	0.68%
Henderson Land Development Company Limited and its affiliates	5,050,361	0.67%
Walgreens Boots Alliance Inc and its affiliates	5,045,343	0.67%
Industrial Bank of Korea and its affiliates	4,899,345	0.65%
State Grid Corporation of China and its affiliates	4,872,193	0.65%
Sun Hung Kai Properties Limited and its affiliates	4,817,410	0.64%
Marathon Petroleum Corp and its affiliates	4,804,446	0.64%
Cheng Loong Corp and its affiliates	4,797,735	0.64%
WPG Holdings Limited and its affiliates	4,772,710	0.63%
Asustek Computer Inc and its affiliates	4,662,124	0.62%
Cisco Systems Inc. and its affiliates	4,657,277	0.62%
Chang Wah Electronmaterials Inc and its affiliates	4,564,641	0.61%
Zurich Insurance Group AG and its affiliates	4,519,312	0.60%
Tencent Holdings Limited and its affiliates	4,478,440	0.60%
Nien Made Enterprise Co Ltd and its affiliates	4,468,255	0.59%
BizLink Holding Inc. and its affiliates	4,449,372	0.59%
CTCI Corp and its affiliates	4,443,457	0.59%
Fortuna Development Corporation and its affiliates	4,426,598	0.59%
Baker Hughes Co and its affiliates	4,341,304	0.58%
Winbond Electronics Corporation and its affiliates	4,235,081	0.56%
Simon Property Group Inc and its affiliates	4,186,948	0.56%
Lucky Hing Shing Estate Co LTD and its affiliates	4,186,053	0.56%
Lotte Corporation and its affiliates	4,162,249	0.55%
Der Chao Construction Co Ltd and its affiliates	4,120,000	0.55%
Phison Electronics Corporation and its affiliates	4,100,574	0.55%
Vietnam Technological And Commerical Joint Stock Bank and its affiliates	4,060,691	0.54%
Swire Pacific Limited and its affiliates	4,058,004	0.54%
Vingroup Joint Stock Company and its affiliates	4,053,691	0.54%
Kraft Heinz Company and its affiliates	4,049,536	0.54%
HP Inc. and its affiliates	4,029,798	0.54%
Formosa Petrochemical Corp and its affiliates	4,027,045	0.54%
LG Corporation and its affiliates	4,020,544	0.53%
CLP Holdings Ltd and its affiliates	4,012,559	0.53%
AirTAC Internaional Group and its affiliates	4,006,817	0.53%
Link Real Estate Investment Trust and its affiliates	3,944,838	0.52%
Target Corp. and its affiliates	3,938,728	0.52%
Platinum Equity, LLC and its affiliates	3,892,328	0.52%
Yung-Sheng Real Estate Development Co Ltd and its affiliates	3,847,100	0.51%
Mercury Taiwan Holdings Limited and its affiliates	3,839,030	0.51%
Macronix International Co Ltd and its affiliates	3,832,891	0.51%
Tung Ho Steel Enterprise Corporation and its affiliates	3,793,593	0.50%
Corning Incorporated and its affiliates	3,787,415	0.50%
Aptiv PLC and its affiliates	3,749,340	0.50%
Hawaii Asia Holdings Limited and its affiliates	3,747,059	0.50%
King Yuan Electronics Co Ltd and its affiliates	3,730,786	0.50%
Minh Group Limited and its affiliates	3,661,610	0.49%
Petroleo Brasileiro S.A. and its affiliates	3,626,661	0.48%
GIGA-BYTE Technology Co Ltd and its affiliates	3,591,827	0.48%
Richsum Investments Limited and its affiliates	3,586,794	0.48%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Ting Lu Development Co Ltd and its affiliates	3,575,135	0.48%
Export-Import Bank of India and its affiliates	3,525,141	0.47%
Grand domain Construction Co Ltd and its affiliates	3,480,760	0.46%
Enel Finance International NV and its affiliates	3,424,888	0.46%
Kinder Morgan Inc and its affiliates	3,418,399	0.45%
China Petrochemical Corporation and its affiliates	3,417,693	0.45%
Far East Consortium International Limited and its affiliates	3,414,827	0.45%
Jaysanlyn Construction Co Ltd and its affiliates	3,402,900	0.45%
Kaohsiung City Government and the supervisory authorities	3,395,508	0.45%
King's Town Construction Co Ltd and its affiliates	3,342,386	0.44%
Cheng Chi Kong Group and its affiliates	3,326,835	0.44%
Enbridge Inc and its affiliates	3,255,340	0.43%
Lotes Co Ltd and its affiliates	3,177,301	0.42%
OJSC Gazprom and its affiliates	3,166,261	0.42%
Fujitsu Limited and its affiliates	3,165,730	0.42%
Microbio Co Ltd and its affiliates	3,149,901	0.42%
Forworld Real Estate Development Co Ltd and its affiliates	3,135,500	0.42%
USI Corporation and its affiliates	3,130,499	0.42%
AirPower Technologies Limited and its affiliates	3,111,250	0.41%
Dell Technologies Inc. and its affiliates	3,031,145	0.40%

(Continued)