

**TAIPEI FUBON COMMERCIAL BANK  
Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Six Months Ended June 30, 2023 and 2022 and  
Independent Auditors' Report**

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank") and its subsidiaries, which comprise the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and its subsidiaries as of June 30, 2023, December 31, 2022 and June 30, 2022, and its consolidated financial performance for the three months and the six months ended June 30, 2023 and 2022, and its 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 Public Banks, certain other guidelines issued by the local authorities and International Accounting Standards (IAS) 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Bank and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As mentioned in Note 1 to the consolidated financial statements, on the effective date of April 1 and May 16, 2023, the Bank merged Jih-Sun International Commercial Bank Co., Ltd., Jih-Sun International Property Insurance Agency Co., Ltd. and Jih-Sun Life Insurance Agency Co., Ltd., regarded as a reorganization under common control. The Bank restated the consolidated financial statements for the prior period, as if a combination had already occurred in that period. Our opinion is not modified in respect of this matter.

## **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.

Key audit matters of the Bank and its subsidiaries' consolidated financial statements for the six months ended June 30, 2023 are stated as follows:

### **Impairment of Discounts and Loans**

Refer to Note 4(8) to the consolidated financial statements for the accounting policies on the impairment of discounts and loans. Refer to Note 5 to the consolidated financial statements for the critical estimations and judgments about the impairment of discounts and loans. Refer to Notes 14 and 54 to the consolidated financial statements for the details of the other related information about the impairment of discounts and loans.

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

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

1. We understood whether management's methodology, assumptions and inputs used in the impairment model in International Financial Reporting Standards 9 appropriately reflect the actual outcome of discounts and loans.
2. We assessed whether the key assumptions used are reasonable and consistent with the calculation of expected credit losses. We also selected samples of discounts and loans cases, and verified their completeness and calculation accuracy.
3. We considered the related guidelines issued by the authorities and examined whether the allowance for loans and receivables complied with the regulations.

### **Other Matter**

We have also audited the parent company only financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. as of and for the six months ended June 30, 2023 and 2022 on which we have issued an unqualified opinion.

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

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

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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material going concern uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 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 audits resulting in this independent auditors' report are Mei-Hui Wu and Jr-Shia Ke.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 16, 2023

#### Notice to Readers

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

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

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2023		December 31, 2022 (Restated)		June 30, 2022 (Restated)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 47)	\$ 54,326,867	1	\$ 120,141,088	3	\$ 90,442,844	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7 and 47)	361,010,599	8	380,727,109	9	306,699,995	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 16 and 47)	191,887,533	5	145,479,236	4	147,387,200	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11 and 16)	322,092,229	8	308,043,700	7	318,253,886	8
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 4, 10, 11, 16 and 49)	915,909,782	21	927,810,554	22	917,662,071	22
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	9,754,001	-	8,543,867	-	5,069,515	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 6, 12 and 47)	26,627,952	1	24,358,432	1	22,046,453	1
RECEIVABLES, NET (Notes 4, 13 and 47)	142,192,749	3	126,970,406	3	121,412,156	3
CURRENT TAX ASSETS (Notes 4, 44 and 47)	1,054,552	-	732,297	-	680,351	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 47)	2,176,319,809	51	2,076,746,866	50	2,112,931,918	51
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 17)	15,866,704	-	16,165,809	-	15,358,566	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 49)	9,936,962	-	8,679,241	-	9,000,141	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	20,829,526	1	20,888,019	1	20,990,956	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 20 and 47)	4,519,278	-	5,090,438	-	5,550,806	-
INVESTMENT PROPERTIES (Notes 4 and 21)	4,149,108	-	4,149,108	-	4,049,910	-
INTANGIBLE ASSETS, NET (Notes 4 and 22)	14,616,908	-	15,227,494	-	15,275,838	-
DEFERRED TAX ASSETS (Notes 4 and 44)	2,314,323	-	2,536,937	-	2,261,459	-
OTHER ASSETS (Notes 23 and 47)	17,893,698	1	10,743,681	-	14,391,167	-
<b>TOTAL ASSETS</b>	<b>\$ 4,291,302,580</b>	<b>100</b>	<b>\$ 4,203,034,282</b>	<b>100</b>	<b>\$ 4,129,465,232</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 24 and 47)	\$ 162,337,589	4	\$ 142,095,340	3	\$ 141,965,522	3
DUE TO THE CENTRAL BANK AND BANKS (Notes 25 and 48)	2,257,039	-	922,135	-	744,374	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 47)	47,656,745	1	41,739,466	1	38,408,294	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 11)	10,195,959	-	8,968,186	-	7,135,535	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 26 and 47)	77,550,828	2	100,140,703	3	93,016,408	2
PAYABLES (Notes 27 and 47)	62,998,679	2	55,933,570	1	64,972,034	2
CURRENT TAX LIABILITIES (Notes 4, 44 and 47)	2,514,330	-	3,375,717	-	2,027,925	-
DEPOSITS AND REMITTANCES (Notes 28 and 47)	3,375,377,866	79	3,325,902,515	79	3,270,704,700	79
BANK DEBENTURES (Notes 11, 29, 47 and 48)	131,594,773	3	119,252,622	3	112,861,302	3
OTHER FINANCIAL LIABILITIES (Notes 30 and 47)	95,989,289	2	83,671,679	2	95,537,735	2
PROVISIONS (Notes 4, 31 and 32)	3,155,773	-	2,980,035	-	3,354,936	-
LEASE LIABILITIES (Notes 4, 20, 47 and 48)	4,617,632	-	5,209,609	-	5,654,486	-
DEFERRED TAX LIABILITIES (Notes 4 and 44)	2,948,622	-	2,877,130	-	2,360,853	-
OTHER LIABILITIES (Notes 33 and 47)	18,834,713	-	25,598,953	1	21,176,056	1
<b>Total liabilities</b>	<b>3,998,029,837</b>	<b>93</b>	<b>3,918,667,660</b>	<b>93</b>	<b>3,859,920,160</b>	<b>93</b>
<b>EQUITY (Notes 4 and 34)</b>						
Attributable to owners of the Bank						
Capital stock						
Common stock	143,270,965	3	129,774,223	3	122,562,088	3
Reserve for raising capital	-	-	-	-	7,212,135	-
Total capital stock	143,270,965	3	129,774,223	3	129,774,223	3
Capital surplus	29,660,157	1	18,492,902	1	18,491,904	-
Retained earnings						
Legal reserve	74,882,060	2	67,910,779	2	67,910,779	2
Special reserve	11,519,957	-	2,808,577	-	2,808,577	-
Unappropriated earnings	13,551,620	-	23,237,599	-	11,834,807	-
Total retained earnings	99,953,637	2	93,956,955	2	82,554,163	2
Other equity	(1,194,579)	-	(6,239,893)	-	(5,460,161)	-
Total equity attributable to owners of the Bank	271,690,180	6	235,984,187	6	225,360,129	5
Attributable to former owner of business combination under common control	-	-	25,912,409	1	18,521,288	1
Non-controlling interests	21,582,563	1	22,470,026	-	25,663,655	1
<b>Total equity</b>	<b>293,272,743</b>	<b>7</b>	<b>284,366,622</b>	<b>7</b>	<b>269,545,072</b>	<b>7</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 4,291,302,580</b>	<b>100</b>	<b>\$ 4,203,034,282</b>	<b>100</b>	<b>\$ 4,129,465,232</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 16, 2023)

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022 (Restated)		2023		2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>NET INTEREST INCOME</b>								
(Notes 4, 35 and 47)								
Interest income	\$ 29,139,544	165	\$ 18,567,817	129	\$ 56,103,520	158	\$ 35,025,549	113
Interest expense	<u>(18,955,527)</u>	<u>(107)</u>	<u>(7,082,592)</u>	<u>(49)</u>	<u>(36,205,155)</u>	<u>(102)</u>	<u>(12,762,967)</u>	<u>(41)</u>
Total net interest income	<u>10,184,017</u>	<u>58</u>	<u>11,485,225</u>	<u>80</u>	<u>19,898,365</u>	<u>56</u>	<u>22,262,582</u>	<u>72</u>
<b>NET NON-INTEREST INCOME</b>								
Service fee income, net (Notes 4, 36 and 47)	3,262,317	19	1,999,918	14	6,932,988	20	4,805,481	15
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 37 and 47)	2,479,253	14	(964,793)	(7)	6,393,819	18	(1,785,733)	(6)
Realized gains (losses) on financial assets at fair value through other comprehensive income (Notes 34 and 38)	677,626	4	726,934	5	876,398	2	1,129,701	4
Gains (losses) on derecognition of financial assets at amortized cost (Note 39)	(5,863)	-	(57,702)	-	148,932	-	172,290	1
Foreign exchange gains, net (Notes 4 and 40)	394,332	2	919,848	6	659,227	2	1,163,930	4
(Impairment loss on assets) reversal of impairment loss on assets (Notes 4, 9, 10 and 12)	251,790	1	20,802	-	117,109	-	(34,798)	-
Share of profit (loss) of associates accounted for using the equity method (Note 17)	158,031	1	50,629	-	220,187	1	(51,423)	-
Other non-interest income, net (Note 47)								
Gain from bargain purchase (Note 17)	-	-	16,345	-	-	-	2,822,982	9
Other gains and losses	<u>236,467</u>	<u>1</u>	<u>195,985</u>	<u>2</u>	<u>357,470</u>	<u>1</u>	<u>411,450</u>	<u>1</u>
Total net non-interest income	<u>7,453,953</u>	<u>42</u>	<u>2,907,966</u>	<u>20</u>	<u>15,706,130</u>	<u>44</u>	<u>8,633,880</u>	<u>28</u>
<b>TOTAL NET REVENUES</b>	<u>17,637,970</u>	<u>100</u>	<u>14,393,191</u>	<u>100</u>	<u>35,604,495</u>	<u>100</u>	<u>30,896,462</u>	<u>100</u>
<b>ALLOWANCE FOR BAD DEBT EXPENSE, COMMITMENTS, AND GUARANTEE</b> (Notes 4 and 47)	<u>(2,393,345)</u>	<u>(14)</u>	<u>(639,338)</u>	<u>(4)</u>	<u>(3,008,813)</u>	<u>(9)</u>	<u>(1,554,912)</u>	<u>(5)</u>
<b>OPERATING EXPENSES</b> (Notes 41, 42, 43 and 47)								
Employee benefits	(4,445,289)	(25)	(3,882,227)	(27)	(9,233,711)	(26)	(7,996,681)	(26)
Depreciation and amortization	(1,035,834)	(6)	(1,005,022)	(7)	(2,070,457)	(6)	(1,986,742)	(6)
Other general and administrative	<u>(3,227,429)</u>	<u>(18)</u>	<u>(2,272,856)</u>	<u>(16)</u>	<u>(6,291,035)</u>	<u>(17)</u>	<u>(4,340,453)</u>	<u>(14)</u>
Total operating expenses	<u>(8,708,552)</u>	<u>(49)</u>	<u>(7,160,105)</u>	<u>(50)</u>	<u>(17,595,203)</u>	<u>(49)</u>	<u>(14,323,876)</u>	<u>(46)</u>

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# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022 (Restated)		2023		2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 6,536,073	37	\$ 6,593,748	46	\$ 15,000,479	42	\$ 15,017,674	49
INCOME TAX EXPENSE (Notes 4 and 44)	<u>(521,873)</u>	<u>(3)</u>	<u>(859,417)</u>	<u>(6)</u>	<u>(2,178,803)</u>	<u>(6)</u>	<u>(2,200,132)</u>	<u>(7)</u>
NET INCOME FOR THE PERIOD	<u>6,014,200</u>	<u>34</u>	<u>5,734,331</u>	<u>40</u>	<u>12,821,676</u>	<u>36</u>	<u>12,817,542</u>	<u>42</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 34)	2,966,039	17	(4,451,785)	(31)	6,040,283	17	(4,785,982)	(15)
Share of the other comprehensive loss of associates ventures accounted for using the equity method	(13,680)	-	(12,553)	-	(13,668)	-	(12,553)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 44)	<u>3,224</u>	<u>-</u>	<u>117,305</u>	<u>1</u>	<u>9,825</u>	<u>-</u>	<u>117,299</u>	<u>-</u>
	<u>2,955,583</u>	<u>17</u>	<u>(4,347,033)</u>	<u>(30)</u>	<u>6,036,440</u>	<u>17</u>	<u>(4,681,236)</u>	<u>(15)</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 34)	(1,430,666)	(8)	(377,501)	(3)	(1,666,610)	(5)	1,763,005	6
Share of the other comprehensive income/(loss) of associates ventures accounted for using the equity method	43,592	-	(160,577)	(1)	(349,812)	(1)	(58,018)	-
Gains (losses) on investments in debt instruments at fair value through other comprehensive income	(158,146)	(1)	(1,446,239)	(10)	798,389	2	(3,271,458)	(11)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	<u>37,409</u>	<u>-</u>	<u>177,707</u>	<u>1</u>	<u>(27,373)</u>	<u>-</u>	<u>472,209</u>	<u>1</u>
	<u>(1,507,811)</u>	<u>(9)</u>	<u>(1,806,610)</u>	<u>(13)</u>	<u>(1,245,406)</u>	<u>(4)</u>	<u>(1,094,262)</u>	<u>(4)</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,447,772</u>	<u>8</u>	<u>(6,153,643)</u>	<u>(43)</u>	<u>4,791,034</u>	<u>13</u>	<u>(5,775,498)</u>	<u>(19)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 7,461,972</u>	<u>42</u>	<u>\$ (419,312)</u>	<u>(3)</u>	<u>\$ 17,612,710</u>	<u>49</u>	<u>\$ 7,042,044</u>	<u>23</u>

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## TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2023		2022 (Restated)		2023		2022 (Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME								
ATTRIBUTABLE TO								
Owners of the Bank	\$ 6,396,320	36	\$ 5,190,197	36	\$ 13,304,498	37	\$ 11,716,477	39
Former owner of business combination under common control	(1,479)	-	225,001	2	(175,402)	-	444,300	1
Non-controlling interests	<u>(380,641)</u>	<u>(2)</u>	<u>319,133</u>	<u>2</u>	<u>(307,420)</u>	<u>(1)</u>	<u>656,765</u>	<u>2</u>
	<u>\$ 6,014,200</u>	<u>34</u>	<u>\$ 5,734,331</u>	<u>40</u>	<u>\$ 12,821,676</u>	<u>36</u>	<u>\$ 12,817,542</u>	<u>42</u>
TOTAL COMPREHENSIVE INCOME (LOSS)								
ATTRIBUTABLE TO								
Owners of the Bank	\$ 8,656,335	49	\$ (431,208)	(3)	\$ 18,642,009	52	\$ 6,158,516	21
Former owner of business combination under common control	(1,479)	-	191,814	1	(141,836)	-	381,797	1
Non-controlling interests	<u>(1,192,884)</u>	<u>(7)</u>	<u>(179,918)</u>	<u>(1)</u>	<u>(887,463)</u>	<u>(3)</u>	<u>501,731</u>	<u>1</u>
	<u>\$ 7,461,972</u>	<u>42</u>	<u>\$ (419,312)</u>	<u>(3)</u>	<u>\$ 17,612,710</u>	<u>49</u>	<u>\$ 7,042,044</u>	<u>23</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 45)								
Basic	<u>\$ 0.45</u>		<u>\$ 0.38</u>		<u>\$ 0.92</u>		<u>\$ 0.85</u>	

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

(With Deloitte & Touche review report dated August 16, 2023)

(Concluded)

**TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Bank (Note 34)								Other Equity				Equity Attributable to Former Owner of Business Combination under Common Control	Non-controlling Interests (Notes 4 and 34)	Total Equity
	Capital Stock		Reserve for Raising Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Profit or Loss of Hedging Instruments	Revaluation Surplus			
	Shares (Thousands)	Common Stock			Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2022	12,256,209	\$ 122,562,088	\$ -	\$ 18,491,335	\$ 61,789,528	\$ 2,949,929	\$ 20,404,170	\$ 85,143,627	\$ (3,684,651)	\$ 3,240,952	\$ -	\$ 676,599	\$ -	\$ 18,870,610	\$ 245,300,560
Retroactive adjustment by equity attributable to former owner of business combination under common control and non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	14,514,692	10,344,141	24,858,833
BALANCE AT JANUARY 1, 2022, AS RESTATED	12,256,209	122,562,088	-	18,491,335	61,789,528	2,949,929	20,404,170	85,143,627	(3,684,651)	3,240,952	-	676,599	14,514,692	29,214,751	270,159,393
Appropriation of the 2021 earnings															
Legal reserve	-	-	-	-	6,121,251	-	(6,121,251)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(141,352)	141,352	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	(251,039)	(176,328)	(7,639,502)
Common stock dividends	-	-	7,212,135	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	-	-	-
Net income for the six months ended June 30, 2022	-	-	-	-	-	-	11,716,477	11,716,477	-	-	-	-	444,300	656,765	12,817,542
Other comprehensive income (loss) for the six months ended June 30, 2022, net of income tax	-	-	-	-	-	-	(10,042)	(10,042)	1,252,351	(6,880,350)	80,080	-	(62,503)	(155,034)	(5,775,498)
Total comprehensive income (loss) for the six months ended June 30, 2022	-	-	-	-	-	-	11,706,435	11,706,435	1,252,351	(6,880,350)	80,080	-	381,797	501,731	7,042,044
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	143,474	143,474	-	(143,474)	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(25)	(10)	(35)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	569	-	-	(15,103)	(15,103)	-	(1,668)	-	-	-	-	(16,202)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(626)	(626)
Changes in equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	3,875,863	(3,875,863)	-
BALANCE AT JUNE 30, 2022	12,256,209	\$ 122,562,088	\$ 7,212,135	\$ 18,491,904	\$ 67,910,779	\$ 2,808,577	\$ 11,834,807	\$ 82,554,163	\$ (2,432,300)	\$ (3,784,540)	\$ 80,080	\$ 676,599	\$ 18,521,288	\$ 25,663,655	\$ 269,545,072
BALANCE AT JANUARY 1, 2023	12,977,422	\$ 129,774,223	\$ -	\$ 18,492,902	\$ 67,910,779	\$ 2,808,577	\$ 23,237,599	\$ 93,956,955	\$ (1,697,984)	\$ (5,305,746)	\$ 87,238	\$ 676,599	\$ -	\$ 22,470,026	\$ 258,454,213
Retroactive adjustment by equity attributable to former owner of business combination under common control and non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	25,912,409	-	25,912,409
BALANCE AT JANUARY 1, 2023, AS RESTATED	12,977,422	129,774,223	-	18,492,902	67,910,779	2,808,577	23,237,599	93,956,955	(1,697,984)	(5,305,746)	87,238	676,599	25,912,409	22,470,026	284,366,622
Appropriation of the 2022 earnings															
Legal reserve	-	-	-	-	6,971,281	-	(6,971,281)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	-	8,711,380	(8,711,380)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(7,554,938)	(7,554,938)	-	-	-	-	(1,145,434)	-	(8,700,372)
Net income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	13,304,498	13,304,498	-	-	-	-	(175,402)	(307,420)	12,821,676
Other comprehensive income (loss) for the six months ended June 30, 2023, net of income tax	-	-	-	-	-	-	(10,952)	(10,952)	(1,220,579)	6,600,530	(31,488)	-	33,566	(580,043)	4,791,034
Total comprehensive income (loss) for the six months ended June 30, 2023	-	-	-	-	-	-	13,293,546	13,293,546	(1,220,579)	6,600,530	(31,488)	-	(141,836)	(887,463)	17,612,710
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	258,074	258,074	-	(258,074)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	751	-	-	-	-	-	-	-	-	-	-	751
Re-organization	1,349,674	13,496,742	-	11,166,504	-	-	-	-	-	(45,075)	-	-	(24,625,139)	-	(6,968)
BALANCE AT JUNE 30, 2023	14,327,096	\$ 143,270,965	\$ -	\$ 29,660,157	\$ 74,882,060	\$ 11,519,957	\$ 13,551,620	\$ 99,953,637	\$ (2,918,563)	\$ 991,635	\$ 55,750	\$ 676,599	\$ -	\$ 21,582,563	\$ 293,272,743

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

(With Deloitte & Touche review report dated August 16, 2023)

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended	
	June 30	
	2023	2022 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 15,000,479	\$ 15,017,674
Adjustments for:		
Depreciation expense	1,472,060	1,432,288
Amortization expense	598,397	554,454
Provision for bad-debt expense	3,001,744	1,649,102
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(6,393,819)	1,785,733
Interest expense	36,205,155	12,762,967
Net gain on derecognition of financial assets at amortized cost	(148,932)	(172,290)
Interest income	(56,103,520)	(35,025,549)
Dividend income	(993,780)	(748,479)
Net changes in provision for guarantee liabilities	(1,445)	25,702
Net changes in other provisions	(555)	(52,891)
Share of profit or loss of associates accounted for using the equity method	(220,187)	51,423
Loss on disposal of property and equipment	9,486	380
Property and equipment transferred to expenses	-	570
Loss on disposal of intangible assets	15,879	-
Loss (gains) on disposals of investments	117,382	(381,222)
Impairment loss of financial assets	5,065	52,912
Reversal of impairment loss on financial assets	(115,939)	(14,434)
Reversal of impairment loss on non-financial assets	-	(5,611)
Gain on changes in fair value of investment properties	-	(88,226)
Gain from bargain purchase	-	(2,822,982)
Other adjustments	(21,348)	(10,976)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(91,998,622)	39,261,337
Increase in financial assets at fair value through profit or loss	(17,183,952)	(23,117,777)
Increase in financial assets at fair value through other comprehensive income	(11,368,826)	(33,779,059)
Decrease (increase) in investments in debt instruments at amortized cost	7,313,908	(7,727,881)
Increase in securities purchased under resell agreements	(357,568)	(1,052,198)
Increase in receivables	(12,687,792)	(8,749,154)
Increase in discounts and loans	(109,875,253)	(97,708,847)
(Increase) decrease in other financial assets	(1,432,202)	16,597,802
Increase in other assets	(7,182,782)	(2,666,538)
Increase (decrease) in deposits from the Central Bank and other banks	21,324,657	(38,177,897)
Decrease in financial liabilities at fair value through profit or loss	(17,980,447)	(6,325,317)
Decrease in securities sold under repurchase agreements	(21,913,205)	(22,261,113)
Increase in payables	4,467,798	15,360,238

(Continued)

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2023	2022 (Restated)
Increase in deposits and remittances	\$ 61,571,635	\$ 138,527,406
Increase in other financial liabilities	14,217,338	13,929,477
Increase in provisions for employee benefits	197,879	40,502
(Decrease) increase in other liabilities	<u>(6,632,032)</u>	<u>7,748,706</u>
Cash used in operations	(197,093,344)	(16,089,768)
Interest received	53,874,528	35,161,619
Dividends received	646,437	541,031
Interest paid	(32,441,774)	(10,684,248)
Income tax paid	<u>(3,139,496)</u>	<u>(1,109,464)</u>
Net cash (used in) generated from operating activities	<u>(178,153,649)</u>	<u>7,819,170</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	-	(7,289,959)
Acquisition of property and equipment	(806,619)	(525,635)
Proceeds from disposal of property and equipment	22,600	43
Acquisition of intangible assets	<u>(256,878)</u>	<u>(312,221)</u>
Net cash used in investing activities	<u>(1,040,897)</u>	<u>(8,127,772)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and other banks	1,361,176	-
Decrease in due to the Central Bank and other banks	-	(12,848,780)
Proceeds from issuing bank debentures	17,231,730	5,300,000
Repayments of bank debentures	(4,380,865)	(7,200,000)
Principal repayment of lease obligation	(912,333)	(839,507)
Cash dividends paid	(8,700,372)	(7,639,502)
Changes in non-controlling interests	-	(636)
Changes in equity attributable to former owner of business combination under common control	<u>(6,968)</u>	<u>(25)</u>
Net cash generated from (used in) financing activities	<u>4,592,368</u>	<u>(23,228,450)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(157,253)</u>	<u>3,038,899</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(174,759,431)	(20,498,153)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>306,749,283</u>	<u>255,629,987</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 131,989,852</u>	<u>\$ 235,131,834</u>

(Continued)

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

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Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2023 and 2022:

	<b>June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Cash and cash equivalents in the consolidated balance sheets	\$ 54,326,867	\$ 90,442,844
Due from the Central Bank and call loans to other banks qualifying for cash and cash equivalents under the definition of IAS 7	53,291,806	126,059,213
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	<u>24,371,179</u>	<u>18,629,777</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 131,989,852</u>	<u>\$ 235,131,834</u>

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

(With Deloitte & Touche review report dated August 16, 2023)

(Concluded)

# TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

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

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

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

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

In order to expand business scale, integrate resources and enhance market competitiveness, the boards of directors of the Bank and Jih-Sun International Commercial Bank Co., Ltd. (“Jih-Sun Bank”) individually resolved to undertake a merger and entered into a merger contract, with the Bank as the surviving company and Jih-Sun Bank as the dissolved company, with the effective date of April 1, 2023.

In order to integrate resources and enhance operational efficiency, the boards of directors of the Bank, Jih-Sun International Property Insurance Agency Co., Ltd. (“Jih-Sun Property Insurance Agency”) and Jih-Sun Life Insurance Agency Co., Ltd. (“Jih-Sun Life Insurance Agency”) individually resolved to undertake mergers and entered into merger contracts, with the Bank as the surviving company, and Jih-Sun Property Insurance Agency and Jih-Sun Life Insurance Agency as the dissolved companies, with an effective date of May 16, 2023.

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

As of June 30, 2022, the Bank had a trust department, an offshore banking unit (“OBU”), 179 domestic branches (including a business department), 5 overseas branches and 2 preparatory office.

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

Fubon Bank (China) mainly renders foreign currency and RMB services to customers. As of June 30, 2023, Fubon Bank (China) had its headquarters and 26 branches (including preparatory offices) within mainland China.

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

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

## **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Bank’s board of directors on August 16, 2023.

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

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

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

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

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

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

- The Bank and its subsidiaries may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

- a) The Bank and its subsidiaries changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Bank and its subsidiaries chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Bank and its subsidiaries are required to make significant judgments or assumptions in applying an accounting policy, and the Bank and its subsidiaries disclose those judgments or assumptions; or
- e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

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

The Bank and its subsidiaries have applied the amendments since January 1, 2023. The Bank and its subsidiaries define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Bank and its subsidiaries may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Bank and its subsidiaries use measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

## 3) Amendments to IAS 12 “International Tax Reform - Pillar Two Model Rules”

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Bank and its subsidiaries should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Bank and its subsidiaries to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Bank and its subsidiaries should disclose qualitative and quantitative information that helps users of financial statements understand the Bank and its subsidiaries’ exposure to Pillar Two income taxes. The requirement that the Bank and its subsidiaries apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023.



- b. The IFRSs endorsed by the FSC for application starting from 2024

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

**Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”**

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

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

<b><u>New, Amended and Revised Standards and Interpretations</u></b>	<b><u>Effective Date Announced by IASB (Note 1)</u></b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Bank and its subsidiaries sell or contribute assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Bank and its subsidiaries lose control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Bank and its subsidiaries sell or contribute assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Bank and its subsidiaries’ interest as an unrelated investor in the associate or joint venture, i.e., the Bank and its subsidiaries’ share of the gain or loss is eliminated. Also, when the Bank and its subsidiaries lose control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Bank and its subsidiaries’ interest as an unrelated investor in the associate or joint venture, i.e., the Bank and its subsidiaries’ share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Bank and its subsidiaries shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

##### **Statement of Compliance**

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

##### **Basis of Preparation**

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

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the assets or liabilities.

### **Classification of Current and Non-current Assets and Liabilities**

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

### **Basis of Consolidation**

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

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

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

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

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

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

### **Foreign Currencies**

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

### **Cash and Cash Equivalents**

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

### **Investments in Associates**

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

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

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

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

### **Financial Instruments**

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

- i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial asset; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

2) Impairment of financial assets

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

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

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

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

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

Under the loan risk classification guidelines and the notices of the China Banking Insurance Regulatory Commission (CBIRC), Fubon Bank (China) classifies its credit assets into normal, concern, subprime, doubtful, and losses. In addition, provision requirements for loan loss coverage and allowances for bad debts should meet the ratio requirements.

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

### 3) Derecognition of financial assets

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

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

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

b. Equity instruments

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

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

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. The carrying amount is calculated by using weighted averages method of the stock types. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these repurchased instruments.

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with Bank and its subsidiaries' documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

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



b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

e. Modification of financial instruments

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

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

## **Hedge Accounting**

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

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

### Fair value hedges

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

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

## **Repurchase and Resell Transactions**

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

## **Property and Equipment**

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

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

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

## **Investment Properties**

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

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

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

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

## **Goodwill**

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

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

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

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

## **Intangible Assets**

### **a. Intangible assets acquired separately**

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

### **b. Intangible assets acquired in a business combination**

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

c. Derecognition of intangible assets

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

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

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

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

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

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

**Employee Benefits**

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

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

c. Other long-term employee benefits

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

d. Employee benefit - employees' preferential deposits

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

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

### **Share-based Payment**

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

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

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

### **Income Tax**

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

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred taxes for the period

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

### **Recognition of Interest Income and Interest Expense**

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

### **Recognition of Service Fee Income and Service Fee Expense**

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

### **Business Combinations**

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

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

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

Business combination involving entities under common control is not accounted for using the acquisition method but accounted for at the carrying amounts of the entities. Comparative information of the prior period in the consolidated financial statements is restated as if a business combination involving entities under common control had already occurred in that period. (Refer to Note 46)

The Bank and subsidiaries acquired an affiliate in an organizational restructuring within the Group due to economic substance, which shall be regarded as a combination from the beginning and the Group restated the consolidated financial statements of prior period. In preparing the consolidated comparative balance sheet and the consolidated comparative statement of changes in equity, the equity held by the original shareholders of the affiliate was attributable to "equity attributable to the former owner of business combination under common control" and "non-controlling interests", respectively. In preparing the consolidated comparative income statement, the profit or loss recognized by the original shareholders of the affiliate was attributable to "former owner of business combination under common control" and "non-controlling interests", respectively; the comprehensive income recognized by the original shareholders of the affiliate was attributable to "former owner of business combination under common control" and "non-controlling interests", respectively.

## **Leases**

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

### **a. The Bank and its subsidiaries as lessor**

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

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

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

### **b. The Bank and its subsidiaries as lessee**

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

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

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

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

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

When developing material accounting estimates, the Bank and its subsidiaries consider the possible impact of inflation and interest rate fluctuations volatility in financial markets on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

### Estimated impairment loss on discounts and loans

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



## 6. CASH AND CASH EQUIVALENTS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Cash on hand	\$ 8,153,351	\$ 14,549,659	\$ 7,304,047
Due from other banks, net	44,792,153	102,650,150	81,480,307
Notes and checks for clearing	<u>1,381,363</u>	<u>2,941,279</u>	<u>1,658,490</u>
	<u>\$ 54,326,867</u>	<u>\$ 120,141,088</u>	<u>\$ 90,442,844</u>

Cash and cash equivalents are assessed for impairment using the approach similar to those used for investments in debt instruments. The Bank and its subsidiaries consider their cash and cash equivalents to have low credit risk, so their loss allowance evaluation is on a 12-month expected credit loss basis. As of June 30, 2023, December 31, 2022 and June 30, 2022, a loss allowance of \$10,372 thousand, \$16,681 thousand and \$17,015 thousand was recognized.

Refer to the consolidated statements of cash flows for the reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2023 and 2022. The adjustments as of December 31, 2022 are as follows:

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

	December 31, 2022 (Restated)
Cash and cash equivalents on the balance sheets	\$ 120,141,088
Due from the Central Bank and call loans to other banks qualifying as cash and cash equivalents based on the definition of IAS 7 “Statement of Cash Flows”	164,148,968
Securities purchased under resell agreements qualifying as cash and cash equivalents based on the definition of IAS 7 “Statement of Cash Flows”	<u>22,459,227</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 306,749,283</u>

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

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Call loans to banks, net	\$ 212,408,967	\$ 250,382,876	\$ 175,825,356
Deposit reserves	135,173,924	111,067,679	113,182,356
Due from the Central Bank - others	<u>13,427,708</u>	<u>19,276,554</u>	<u>17,692,283</u>
	<u>\$ 361,010,599</u>	<u>\$ 380,727,109</u>	<u>\$ 306,699,995</u>

Under a directive issued by the Central Bank of China, the New Taiwan dollar (NTD) denominated deposit reserves are determined by applying a prescribed percentage to the average monthly balances of customers’ NTD-denominated deposits. As of June 30, 2023, December 31, 2022 and June 30, 2022, deposit reserves for checking accounts amounted to \$40,705,192 thousand, \$20,675,037 thousand and \$23,261,912 thousand, respectively, and the required deposit reserves amounted to \$65,581,135 thousand, \$62,231,546 thousand and \$55,738,767 thousand, respectively. The deposit reserves for checking accounts are not interest bearing and may be withdrawn anytime. The required deposit reserves are subject to withdrawal restrictions. In addition, foreign-currency deposit reserves are determined at a prescribed percentage of the balances of foreign-currency deposits. These reserves may be withdrawn anytime but bear no interests.

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

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

Due to the low credit risk of due from the Central Bank and call loans to other banks, the allowance is recognized as 12-month expected credit losses. As of June 30, 2023, December 31, 2022 and June 30, 2022, allowances of \$87 thousand, \$0 thousand and \$0 thousand were recognized from the deposits in the Central Bank and call loans to other banks, respectively.

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

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
<u>Financial assets mandatorily measured as at fair value through profit or loss</u>			
Commercial paper	\$ 68,245,291	\$ 46,116,564	\$ 31,149,443
Treasury bills	16,297,704	390,799	372,567
Government bonds	15,003,416	3,816,140	4,573,292
Convertible corporate bonds	13,331,556	16,032,255	21,757,691
Bank debentures	6,914,475	6,996,310	4,665,037
Corporate bonds	5,994,153	9,468,206	5,179,127
Negotiable certificates of deposits	1,060,001	2,994,212	6,308,512
Beneficiary certificates	906,059	3,071,851	16,415,988
Others	<u>6,306,595</u>	<u>3,805,609</u>	<u>3,731,459</u>
	<u>134,059,250</u>	<u>92,691,946</u>	<u>94,153,116</u>
Derivatives			
Currency swap contracts	42,724,653	37,482,768	39,533,844
Interest rate swap contracts	8,813,674	7,775,095	7,804,835
Others	<u>6,289,956</u>	<u>7,529,427</u>	<u>5,895,405</u>
	<u>57,828,283</u>	<u>52,787,290</u>	<u>53,234,084</u>
Financial assets at fair value through profit or loss	<u>\$ 191,887,533</u>	<u>\$ 145,479,236</u>	<u>\$ 147,387,200</u>
<u>Held-for-trading financial liabilities</u>			
Bonds and securities lending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 449,663</u>
Derivatives			
Currency swap contracts	35,100,582	28,222,635	25,184,697
Interest rate swap contracts	6,490,815	5,414,862	5,700,614
Cross-currency swap contracts	2,355,464	3,637,503	3,201,985
Option contracts	1,755,969	815,753	1,188,849
Forward contracts	1,528,746	3,152,827	2,145,781
Others	<u>425,169</u>	<u>495,886</u>	<u>536,705</u>
	<u>47,656,745</u>	<u>41,739,466</u>	<u>37,958,631</u>
Financial liabilities at fair value through profit or loss	<u>\$ 47,656,745</u>	<u>\$ 41,739,466</u>	<u>\$ 38,408,294</u>

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

The contract (notional) amounts of the Bank and its subsidiaries' outstanding derivative financial instruments as of June 30, 2023, December 31, 2022 and June 30, 2022 are summarized as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Currency swap contracts	\$ 2,834,591,192	\$ 2,614,399,874	\$ 2,420,475,614
Interest rate swap contracts	1,287,472,434	1,126,440,562	1,141,222,052
Forward contracts	174,472,370	231,375,664	169,084,313
Option contracts	123,791,065	73,722,204	80,590,114
Cross-currency swap contracts	53,607,494	81,438,035	114,833,868
Equity swap contracts	6,550,033	7,126,275	7,492,002
Futures contracts	6,431,971	1,901,209	55,344,537
Credit default swap contracts	-	44,134	44,365
Commodity swap contracts	-	-	250,911

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Investments in equity instruments at fair value through comprehensive income	\$ 45,227,844	\$ 35,228,138	\$ 35,352,235
Investments in debt instruments at fair value through comprehensive income	<u>276,864,385</u>	<u>272,815,562</u>	<u>282,901,651</u>
	<u>\$ 322,092,229</u>	<u>\$ 308,043,700</u>	<u>\$ 318,253,886</u>

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

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Listed shares and emerging market shares (Note 11)	\$ 33,787,120	\$ 23,878,226	\$ 24,687,556
REITs (Note 11)	8,039,588	8,149,164	8,080,896
Unlisted shares	<u>3,401,136</u>	<u>3,200,748</u>	<u>2,583,783</u>
	<u>\$ 45,227,844</u>	<u>\$ 35,228,138</u>	<u>\$ 35,352,235</u>

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

For the six months ended 2023 and 2022, the Bank and its subsidiaries sold part of their shares designated as at fair value through other comprehensive income in order to manage and adjust the investment portfolio. The sold shares had fair values of \$3,938,740 thousand and \$1,870,471 thousand, respectively. The Bank and its subsidiaries transferred a gain of \$266,724 thousand and \$145,253 thousand from other equity to retained earnings.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
<u>Dividend income</u>				
Held at the end of the reporting period	\$ 665,779	\$ 547,281	\$ 876,704	\$ 685,948
Derecognized in the reporting period	<u>104,059</u>	<u>62,531</u>	<u>117,076</u>	<u>62,531</u>
	<u>\$ 769,838</u>	<u>\$ 609,812</u>	<u>\$ 993,780</u>	<u>\$ 748,479</u>

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

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Government bonds (Note 11)	\$ 100,873,959	\$ 76,964,090	\$ 78,516,629
Bank debentures (Note 11)	63,847,298	61,163,694	69,198,169
Corporate bonds (Note 11)	56,343,122	54,882,502	57,825,011
Interbank lending	40,076,134	40,417,687	46,031,463
Commercial paper	1,191,980	21,344,701	22,603,639
Others	<u>14,531,892</u>	<u>18,042,888</u>	<u>8,726,740</u>
	<u>\$ 276,864,385</u>	<u>\$ 272,815,562</u>	<u>\$ 282,901,651</u>

The above assets sold under repurchase agreements were as follows:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Carrying amount	\$ 3,271,877	\$ 14,848,002	\$ 10,493,310

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

## 10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Negotiable certificates of deposits	\$ 288,339,970	\$ 318,913,768	\$ 341,085,901
Corporate bonds (Note 11)	225,742,949	218,023,966	212,378,908
Bank debentures (Note 11)	205,392,114	203,583,321	199,921,022
Government bonds (Note 11)	152,202,274	140,129,200	122,832,092
Others	<u>44,905,913</u>	<u>47,821,870</u>	<u>42,080,294</u>
	<u>916,583,220</u>	<u>928,472,125</u>	<u>918,298,217</u>
Less: Allowance for impairment loss	<u>673,438</u>	<u>661,571</u>	<u>636,146</u>
	<u>\$ 915,909,782</u>	<u>\$ 927,810,554</u>	<u>\$ 917,662,071</u>

The above assets sold under repurchase agreements were as follows:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Carrying amount	\$ 81,608,144	\$ 95,942,054	\$ 89,317,741

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

Investments in debt instruments measured at amortized cost pledged as collateral are disclosed in Note 49.

## 11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
<u>Financial assets for hedging</u>			
Fair value hedge - interest rate swap	<u>\$ 9,754,001</u>	<u>\$ 8,543,867</u>	<u>\$ 5,069,515</u>
<u>Financial liabilities for hedging</u>			
Fair value hedge - call loans	\$ 6,198,104	\$ 5,189,570	\$ 3,787,966
Fair value hedge - interest rate swap	<u>3,997,855</u>	<u>3,778,616</u>	<u>3,347,569</u>
	<u>\$ 10,195,959</u>	<u>\$ 8,968,186</u>	<u>\$ 7,135,535</u>

### Fair Value Hedges

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

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

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

#### June 30, 2023

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	\$ 209,949,508	2023.07.20- 2053.05.15	Financial assets and liabilities for hedging	\$ 9,754,001	\$ 3,997,855	\$ 915,242
Call loans	6,198,104	2023.07.12- 2023.09.21	Financial liabilities for hedging	-	6,198,104	122,658

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
	Fair value hedge				
Bank debentures	\$ -	\$ 66,923,068	\$ -	\$ (3,147,984)	\$ 212,367
Financial assets at fair value through other comprehensive income - government bonds	3,749,024	-	(150,179)	-	(142,436)
Financial assets at fair value through other comprehensive income - corporate bonds	433,380	-	(33,196)	-	(29,457)
Financial assets at fair value through other comprehensive income - bank debentures	2,788,039	-	(154,981)	-	(27,969)
Financial assets at amortized cost - government bonds	20,764,267	-	(448,311)	-	(219,362)
Financial assets at amortized cost - corporate bonds	82,699,775	-	(6,238,036)	-	(623,968)
Financial assets at amortized cost - bank debentures	24,255,117	-	(1,866,642)	-	(82,585)
Exchange rate risk					
Financial assets at fair value through other comprehensive income - stocks	1,804,215	-	(17,010)	-	(53,334)
Financial assets at fair value through other comprehensive income - REITs	4,085,937	-	(22,539)	-	(69,324)

December 31, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	\$ 184,123,148	2023.01.17-2050.02.15	Financial assets and liabilities for hedging	\$ 8,543,867	\$ 3,778,616	\$ 9,085,309
Call loans	5,189,570	2023.01.19-2023.03.21	Financial liabilities for hedging	-	5,189,570	(83,108)

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
	Fair value hedge				
Bank debentures	\$ -	\$ 66,658,971	\$ -	\$ (2,906,349)	\$ 3,917,662
Financial assets at fair value through other comprehensive income - government bonds	147,664	-	(6,819)	-	(8,963)
Financial assets at fair value through other comprehensive income - corporate bonds	304,867	-	(3,746)	-	(12,168)
Financial assets at fair value through other comprehensive income - bank debentures	1,652,204	-	(124,867)	-	(145,775)
Financial assets at amortized cost - government bonds	16,508,476	-	(222,628)	-	(2,215,046)
Financial assets at amortized cost - corporate bonds	72,159,988	-	(5,533,859)	-	(8,459,291)
Financial assets at amortized cost - bank debentures	20,315,117	-	(1,768,884)	-	(2,151,127)
Exchange rate risk					
Financial assets at fair value through other comprehensive income - stocks	648,490	-	36,323	-	36,323
Financial assets at fair value through other comprehensive income - REITs	4,247,226	-	46,785	-	46,785

June 30, 2022

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	\$ 179,787,854	2022.09.04-2050.02.15	Financial assets and liabilities for hedging	\$ 5,069,515	\$ 3,347,569	\$ 6,076,959
Call loans	3,787,966	2022.07.19-2022.09.28	Financial liabilities for hedging	-	3,787,966	56,292

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

**Gains or Losses on Ineffective Hedge Recognized in Comprehensive Income**

Comprehensive Income	For the Three Months Ended June 30		For the Six Months Ended June 30		Comprehensive Income Statement Line Item of Hedge
	2023	2022	2023	2022	
Fair value hedge					
Bank debentures	<u>\$ 1,845</u>	<u>\$ 2,239</u>	<u>\$ 1,832</u>	<u>\$ 4,231</u>	Financial assets and liabilities at fair value through profit or loss

## 12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Corporate bonds	\$ 22,338,544	\$ 11,585,383	\$ 11,373,240
Bank debentures	2,308,459	8,766,577	4,666,411
Government bonds	1,485,074	2,206,467	4,618,116
Commercial paper	<u>496,469</u>	<u>1,806,899</u>	<u>1,394,541</u>
	26,628,546	24,365,326	22,052,308
Less: Accumulated impairment	<u>594</u>	<u>6,894</u>	<u>5,855</u>
	<u>\$ 26,627,952</u>	<u>\$ 24,358,432</u>	<u>\$ 22,046,453</u>
Dates of resell agreements	2023.07.03- 2023.09.28	2023.01.03- 2023.03.30	2022.07.01- 2022.09.28
Amounts of resell agreements	\$ 26,681,686	\$ 24,412,119	\$ 22,071,606

## 13. RECEIVABLES, NET

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Credit card receivables	\$ 75,312,501	\$ 65,944,655	\$ 56,551,320
Accounts receivable - factoring	22,908,856	21,252,107	23,374,836
Interest receivable	19,200,016	16,504,011	11,918,616
Acceptances	17,683,438	16,491,523	22,206,620
Accounts receivable	3,336,204	4,246,318	4,430,544
Others	<u>4,509,977</u>	<u>3,193,383</u>	<u>3,934,049</u>
	142,950,992	127,631,997	122,415,985
Less: Allowance for impairment loss	<u>758,243</u>	<u>661,591</u>	<u>1,003,829</u>
	<u>\$ 142,192,749</u>	<u>\$ 126,970,406</u>	<u>\$ 121,412,156</u>

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

## 14. DISCOUNTS AND LOANS, NET

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Discounts and overdrafts	\$ 149,251	\$ 293,615	\$ 1,319,770
Accounts receivable - financing	1,811,840	1,883,360	2,723,730
Short-term loans	289,443,585	294,281,053	393,936,987
Short-term secured loans	199,141,939	191,036,888	188,721,318
Medium-term loans	374,327,280	364,019,924	347,056,831
Medium-term secured loans	236,936,671	229,247,709	226,542,519
Long-term loans	57,820,007	50,289,831	35,488,130
Long-term secured loans	1,041,718,503	968,138,687	938,532,190

(Continued)



	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Import and export bill negotiation	\$ 1,578,092	\$ 1,577,519	\$ 2,044,418
Nonperforming loans transferred from loans	<u>4,341,417</u>	<u>4,179,344</u>	<u>4,033,789</u>
	2,207,268,585	2,104,947,930	2,140,399,682
Less: Allowance for impairment loss	29,333,228	27,741,072	27,031,379
Less: Adjustments of premium and discount	<u>1,615,548</u>	<u>459,992</u>	<u>436,385</u>
	<u>\$ 2,176,319,809</u>	<u>\$ 2,076,746,866</u>	<u>\$ 2,112,931,918</u> (Concluded)

The above assets sold under repurchase agreements were as follows:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Carrying amount	\$ -	\$ -	\$ 194,609

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

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

## 15. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership		
			June 30, 2023	December 31, 2022	June 30, 2022
TAIPEI FUBON Bank	Fubon Bank (China)	Bank	57.92	57.92	57.92
TAIPEI FUBON Bank	TFB Capital Co., Ltd.	Venture investment	100.00	100.00	100.00

### b. Material non-controlling interests

Subsidiary	Principal Place of Business	Percentage of Ownership and Voting Rights Held by Non-controlling Interests		
		June 30, 2023	December 31, 2022	June 30, 2022
Fubon Bank (China)	China	42.08	42.08	42.08

Subsidiary	Profit Allocated to Non-controlling Interests				Accumulated Non-controlling Interests		
	For the Three Months Ended June 30		For the Six Months Ended June 30		December 31,		
	2023	2022	2023	2022	June 30, 2023	2022	June 30, 2022
Fubon Bank (China)	\$ (380,641)	\$ 199,357	\$ (307,420)	\$ 381,929	\$ 21,582,563	\$ 22,470,026	\$ 19,139,118

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

Fubon Bank (China)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Total assets	\$ 629,589,834	\$ 620,348,374	\$ 621,449,116
Total liabilities	<u>(581,245,866)</u>	<u>(569,988,040)</u>	<u>(574,135,113)</u>
Equity	<u>\$ 48,343,968</u>	<u>\$ 50,360,334</u>	<u>\$ 47,314,003</u>
Equity attributable to:			
Owners of the Bank	\$ 26,761,405	\$ 27,890,308	\$ 28,174,885
Non-controlling interests	<u>21,582,563</u>	<u>22,470,026</u>	<u>19,139,118</u>
	<u>\$ 48,343,968</u>	<u>\$ 50,360,334</u>	<u>\$ 47,314,003</u>
	<b>For the Three Months Ended June 30</b>	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>
	<b>2022</b>	<b>2023</b>	<b>2022</b>
Total net revenue	<u>\$ 1,416,542</u>	<u>\$ 1,811,357</u>	<u>\$ 3,084,925</u>
Net income (loss) for the period	\$ (904,564)	\$ 473,757	\$ (730,560)
Other comprehensive loss for the period	<u>(1,826,334)</u>	<u>(1,181,864)</u>	<u>(1,285,807)</u>
Total comprehensive income (loss) for the period	<u>\$ (2,730,898)</u>	<u>\$ (708,107)</u>	<u>\$ (2,016,367)</u>
Net income (loss) attributable to:			
Owners of the Bank	\$ (523,923)	\$ 274,400	\$ (423,140)
Non-controlling interests	<u>(380,641)</u>	<u>199,357</u>	<u>(307,420)</u>
	<u>\$ (904,564)</u>	<u>\$ 473,757</u>	<u>\$ (730,560)</u>
Total comprehensive income (loss) attributable to:			
Owners of the Bank	\$ (1,538,014)	\$ (422,595)	\$ (1,128,904)
Non-controlling interests	<u>(1,192,884)</u>	<u>(285,512)</u>	<u>(887,463)</u>
	<u>\$ (2,730,898)</u>	<u>\$ (708,107)</u>	<u>\$ (2,016,367)</u>
Net cash inflow (outflow) from:			
Operating activities	\$ (11,952,104)	\$ 6,583,325	\$ (38,154,209)
Investing activities	(63,133)	(31,626)	(224,710)
Financing activities	8,816,378	(29,672)	5,911,891
	(11,198,859)	6,522,027	(32,467,028)

## 16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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

- b. The carrying amounts of the Bank and its subsidiaries' involvement with the structured entities, which were recognized in the consolidated balance sheets as of June 30, 2023, December 31, 2022 and June 30, 2022, were as follows:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Asset securitization			
Financial assets at fair value through profit or loss	\$ 1,992,481	\$ 798,448	\$ 794,500
Financial assets at fair value through other comprehensive income	10,359,447	10,274,904	9,726,046
Investments in debt instruments measured at amortized cost	42,170,714	37,973,252	33,761,421
Trust plan - property right			
Financial assets at fair value through profit or loss	126,423	130,398	131,634
Private equity investments			
Financial assets at fair value through profit or loss	<u>39,369</u>	<u>12,674</u>	<u>13,378</u>
	<u>\$ 54,688,434</u>	<u>\$ 49,189,676</u>	<u>\$ 44,426,979</u>

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

- c. The Bank and its subsidiaries did not provide any financial support to the unconsolidated structured entities for the six months ended June 30, 2023 and 2022.

## 17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2023	December 31, 2022	June 30, 2022
Associates that are not individually material	<u>\$ 15,866,704</u>	<u>\$ 16,165,809</u>	<u>\$ 15,358,566</u>

Information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
The Bank and its subsidiaries' share of:				
Net income (loss)	\$ 158,031	\$ 50,629	\$ 220,187	\$ (51,423)
Other comprehensive income (loss)	<u>29,912</u>	<u>(173,130)</u>	<u>(363,480)</u>	<u>(70,571)</u>
Total comprehensive income (loss) for the period	<u>\$ 187,943</u>	<u>\$ (122,501)</u>	<u>\$ (143,293)</u>	<u>\$ (121,994)</u>

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

The Bank subscribed for Hyundai Card Co., Ltd. with cash of \$5,094,959 thousand in February 2022, holding 10% of the shares, and obtained a bargain purchase benefit separately presented in the consolidated statement of profit and loss.

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

#### 18. OTHER FINANCIAL ASSETS, NET

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Other financial institution deposits not qualifying as cash equivalents	\$ 9,932,932	\$ 8,674,872	\$ 8,996,129
Nonperforming loans transferred from other than loans	<u>105,595</u>	<u>70,020</u>	<u>61,084</u>
	10,038,527	8,744,892	9,057,213
Less: Allowance for impairment loss	<u>101,565</u>	<u>65,651</u>	<u>57,072</u>
	<u>\$ 9,936,962</u>	<u>\$ 8,679,241</u>	<u>\$ 9,000,141</u>

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

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

## 19. PROPERTY AND EQUIPMENT, NET

For the Six Months Ended June 30, 2023								
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>								
Balance at January 1, 2023	\$ 9,753,632	\$ 12,866,232	\$ 4,786,771	\$ 314,423	\$ 1,368,594	\$ 3,436,745	\$ 858,124	\$ 33,384,521
Additions	-	4,175	285,725	3,820	37,687	42,765	432,447	806,619
Disposals	(13,790)	(12,184)	(409,589)	(7,608)	(57,520)	(8,732)	-	(509,423)
Reclassification	(3,132)	(768,064)	42,361	18,417	2,094	4,060	(162,347)	(866,611)
Effects of foreign currency exchange differences	-	(211,577)	(26,904)	(98)	(10,932)	(9,331)	-	(258,842)
Balance at June 30, 2023	<u>9,736,710</u>	<u>11,878,582</u>	<u>4,678,364</u>	<u>328,954</u>	<u>1,339,925</u>	<u>3,465,507</u>	<u>1,128,224</u>	<u>32,556,264</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2023	3,132	4,818,919	3,877,717	268,037	1,138,669	2,390,028	-	12,496,502
Depreciation	-	164,809	191,365	9,101	40,820	167,587	-	573,682
Disposals	-	(1,476)	(402,841)	(7,554)	(56,811)	(8,655)	-	(477,337)
Reclassification	(3,132)	(769,322)	(94)	15,306	(19,186)	(17)	(94)	(776,445)
Effects of foreign currency exchange differences	-	(52,187)	(18,713)	(70)	(10,331)	(8,363)	-	(89,664)
Balance at June 30, 2023	<u>-</u>	<u>4,160,743</u>	<u>3,647,434</u>	<u>284,820</u>	<u>1,093,161</u>	<u>2,540,580</u>	<u>-</u>	<u>11,726,738</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 9,750,500</u>	<u>\$ 8,047,313</u>	<u>\$ 909,054</u>	<u>\$ 46,386</u>	<u>\$ 229,925</u>	<u>\$ 1,046,717</u>	<u>\$ 858,124</u>	<u>\$ 20,888,019</u>
Carrying amount at June 30, 2023	<u>\$ 9,736,710</u>	<u>\$ 7,717,839</u>	<u>\$ 1,030,930</u>	<u>\$ 44,134</u>	<u>\$ 246,762</u>	<u>\$ 924,927</u>	<u>\$ 1,128,224</u>	<u>\$ 20,829,526</u>
For the Six Months Ended June 30, 2022 (Restated)								
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>								
Balance at January 1, 2022	\$ 9,909,723	\$ 12,854,032	\$ 4,739,465	\$ 308,684	\$ 1,323,585	\$ 3,172,114	\$ 635,632	\$ 32,943,235
Additions	-	5,593	63,628	6,217	40,030	33,086	377,081	525,635
Disposals	-	(775)	(153,473)	(4,408)	(17,196)	(15,203)	-	(191,055)
Reclassification	(145,979)	(56,967)	12,196	519	6,371	63,331	(238,305)	(358,834)
Effects of foreign currency exchange differences	-	141,114	22,736	1,966	10,813	14,252	56	190,937
Balance at June 30, 2022	<u>9,763,744</u>	<u>12,942,997</u>	<u>4,684,552</u>	<u>312,978</u>	<u>1,363,603</u>	<u>3,267,580</u>	<u>774,464</u>	<u>33,109,918</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	3,002	4,616,815	3,710,479	259,830	1,076,086	2,080,575	-	11,746,787
Depreciation	-	162,991	198,395	8,950	43,862	156,891	-	571,089
Reversal of impairment loss	(313)	(5,299)	-	-	-	-	-	(5,612)
Disposals	-	(775)	(153,319)	(4,219)	(17,128)	(15,191)	-	(190,632)
Reclassification	(3,002)	(67,804)	-	-	-	-	-	(70,806)
Effects of foreign currency exchange differences	-	30,281	15,700	1,410	9,390	11,355	-	68,136
Balance at June 30, 2022	<u>(313)</u>	<u>4,736,209</u>	<u>3,771,255</u>	<u>265,971</u>	<u>1,112,210</u>	<u>2,233,630</u>	<u>-</u>	<u>12,118,962</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 9,906,721</u>	<u>\$ 8,237,217</u>	<u>\$ 1,028,986</u>	<u>\$ 48,854</u>	<u>\$ 247,499</u>	<u>\$ 1,091,539</u>	<u>\$ 635,632</u>	<u>\$ 21,196,448</u>
Carrying amount at June 30, 2022	<u>\$ 9,764,057</u>	<u>\$ 8,206,788</u>	<u>\$ 913,297</u>	<u>\$ 47,007</u>	<u>\$ 251,393</u>	<u>\$ 1,033,950</u>	<u>\$ 774,464</u>	<u>\$ 20,990,956</u>

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

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

## 20. LEASE ARRANGEMENTS

### a. Right-of-use assets

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
<u>Carrying amounts</u>			
Buildings	\$ 3,828,137	\$ 4,431,374	\$ 4,935,596
Machinery and computer equipment	536,374	521,094	487,574
Transportation equipment	31,024	33,772	36,708
Office and other equipment	<u>123,743</u>	<u>104,198</u>	<u>90,928</u>
	<u>\$ 4,519,278</u>	<u>\$ 5,090,438</u>	<u>\$ 5,550,806</u>

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Additions to right-of-use assets	<u>\$ 437,601</u>	<u>\$ 1,377,775</u>

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Depreciation expense of right-of-use assets				
Buildings	\$ 393,742	\$ 396,343	\$ 789,250	\$ 791,650
Machinery and computer equipment	39,753	29,126	77,046	39,004
Transportation equipment	5,690	6,516	12,206	13,365
Office and other equipment	<u>10,112</u>	<u>8,622</u>	<u>19,876</u>	<u>17,180</u>
	<u>\$ 449,297</u>	<u>\$ 440,607</u>	<u>\$ 898,378</u>	<u>\$ 861,199</u>

### b. Lease liabilities

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Carrying amounts	<u>\$ 4,617,632</u>	<u>\$ 5,209,609</u>	<u>\$ 5,654,486</u>

Range of discount rate for lease liabilities was as follows:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Buildings	0.39%-5.28%	0.39%-4.96%	0.39%-4.96%
Machinery and computer equipment	0.52%-0.56%	0.52%-0.56%	0.52%-0.82%
Transportation equipment	0.49%-3.50%	0.48%-3.50%	0.48%-3.50%
Office and other equipment	0.52%-3.51%	0.49%-3.51%	0.55%-3.51%

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Interest expense on lease liabilities	<u>\$ 37,031</u>	<u>\$ 41,293</u>	<u>\$ 72,663</u>	<u>\$ 82,778</u>

c. Other lease information

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

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Expenses relating to short term lease	<u>\$ 113</u>	<u>\$ 2,984</u>	<u>\$ 6,437</u>	<u>\$ 5,650</u>
Expenses relating to leases of low-value asset	<u>\$ 7,645</u>	<u>\$ 3,871</u>	<u>\$ 14,310</u>	<u>\$ 7,309</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 16,350</u>	<u>\$ 13,647</u>	<u>\$ 30,337</u>	<u>\$ 27,416</u>
Total cash outflow for leases			<u>\$ (1,001,124)</u>	<u>\$ (943,500)</u>

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

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

The maturity analysis for lease liabilities is as follows:

June 30, 2023

	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91 Days - 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Lease liabilities	\$ 162,501	\$ 308,048	\$ 1,219,776	\$ 2,924,882	\$ 325,793	\$ 4,941,000

December 31, 2022 (restated)

	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91 Days - 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Lease liabilities	\$ 162,804	\$ 313,574	\$ 1,352,230	\$ 3,292,852	\$ 424,731	\$ 5,546,191

June 30, 2022 (restated)

	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91 Days - 1 Year</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Lease liabilities	\$ 154,781	\$ 307,535	\$ 1,357,118	\$ 3,710,162	\$ 506,540	\$ 6,036,136

## 21. INVESTMENT PROPERTIES

Item	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Land	\$ 3,574,699	\$ 3,574,699	\$ 3,484,455
Buildings	<u>574,409</u>	<u>574,409</u>	<u>565,455</u>
	<u>\$ 4,149,108</u>	<u>\$ 4,149,108</u>	<u>\$ 4,049,910</u>

The movements of investment properties are shown below:

	For the Six Months Ended June 30	
	2023	2022 (Restated)
Balance, beginning of the period	\$ 4,149,108	\$ 3,824,843
Reclassification	-	136,841
Changes in fair value of investment properties	<u>-</u>	<u>88,226</u>
Balance, end of the period	<u>\$ 4,149,108</u>	<u>\$ 4,049,910</u>

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

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

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Year 1	\$ 103,312	\$ 107,835	\$ 116,974
Year 2	82,929	72,068	66,780
Year 3	67,585	57,942	43,131
Year 4	17,805	34,372	32,603
Year 5	3,844	9,789	12,555
Year 6 onwards	<u>540</u>	<u>2,337</u>	<u>4,385</u>
	<u>\$ 276,015</u>	<u>\$ 284,343</u>	<u>\$ 276,428</u>

The fair values of the investment properties as of December 31, 2022 and 2021 were based on the valuations carried out on these dates by independent qualified professional appraisers, Dai Guang-Ping, Chang Hung-Kai, Chang Yi-Chih, Yeh Yu-Fen and Yeh Shi-Yu, from the real estate appraisal office, Savills plc, a duly certified ROC real estate appraiser.

The Bank assigned appraisers to review the original appraisal report, and the fair values of the investment properties on December 31, 2022 and 2021 were still deemed to be valid as June 30, 2023 and 2022, respectively.

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



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

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

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

As of June 30, 2023, December 31, 2022 and June 30, 2022, the discount rate was based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and an asset-specific risk premium of 2%.

For the three months ended June 30, 2023 and 2022 and six months ended June 30, 2023 and 2022, the rental income and direct operating expense from investment properties of the Bank and its subsidiaries were as follows:

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Rental income	\$ 28,496	\$ 27,398	\$ 54,397	\$ 54,892
Direct operating expenses	3,448	2,740	6,226	5,462

## 22. INTANGIBLE ASSETS, NET

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Banking licenses and operating rights	\$ 5,265,236	\$ 5,418,245	\$ 5,446,883
Core deposits	4,292,283	4,591,235	4,780,028
Computer software	2,969,923	3,062,184	2,868,694
Goodwill	2,000,313	2,055,856	2,065,365
Customer relationships	87,153	97,974	108,268
Others	<u>2,000</u>	<u>2,000</u>	<u>6,600</u>
	<u>\$ 14,616,908</u>	<u>\$ 15,227,494</u>	<u>\$ 15,275,838</u>

The movements of intangible assets are listed below:

	For the Six Months Ended June 30					
	2023			2022 (Restated)		
	Goodwill	Others	Total	Goodwill	Others	Total
Balance, beginning of the period	\$ 2,055,856	\$ 13,171,638	\$ 15,227,494	\$ 2,028,320	\$ 13,070,949	\$ 15,099,269
Additions	-	256,878	256,878	-	312,221	312,221
Disposals	-	(15,879)	(15,879)	-	-	-
Amortizations	-	(579,114)	(579,114)	-	(533,368)	(533,368)
Reclassification	-	90,165	90,165	-	150,617	150,617
Effects of foreign currency exchange differences	(55,543)	(307,093)	(362,636)	37,045	210,054	247,099
Balance, end of the period	<u>\$ 2,000,313</u>	<u>\$ 12,616,595</u>	<u>\$ 14,616,908</u>	<u>\$ 2,065,365</u>	<u>\$ 13,210,473</u>	<u>\$ 15,275,838</u>

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

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

Core deposits	23 years
Operating rights	97 years
Computer software	3-10 years
Customer relationships	6-14 years

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

An assessment by the Bank and its subsidiaries as of June 30, 2023, December 31, 2022 and June 30, 2022, showed there was no material goodwill and banking licenses impairment.

## 23. OTHER ASSETS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Refundable deposits	\$ 15,840,994	\$ 8,801,396	\$ 12,722,368
Prepaid expense	1,399,064	980,894	962,797
Others	<u>653,640</u>	<u>961,391</u>	<u>706,002</u>
	<u>\$ 17,893,698</u>	<u>\$ 10,743,681</u>	<u>\$ 14,391,167</u>

## 24. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Call loans	\$ 141,891,606	\$ 119,557,198	\$ 128,084,358
Deposit from the Central Bank and banks	13,543,933	13,903,867	8,246,501
Others	<u>6,902,050</u>	<u>8,634,275</u>	<u>5,634,663</u>
	<u>\$ 162,337,589</u>	<u>\$ 142,095,340</u>	<u>\$ 141,965,522</u>

## 25. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Due to Interbank	<u>\$ 2,257,039</u>	<u>\$ 922,135</u>	<u>\$ 744,374</u>

## 26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Bank debentures	\$ 37,425,062	\$ 49,839,667	\$ 44,610,133
Corporate bonds	33,716,218	24,777,090	44,111,631
Government bonds	5,905,237	19,197,832	4,095,915
Others	<u>504,311</u>	<u>6,326,114</u>	<u>198,729</u>
	<u>\$ 77,550,828</u>	<u>\$ 100,140,703</u>	<u>\$ 93,016,408</u>
Dates of repurchase agreements	2023.07.03- 2023.12.29	2023.01.03- 2023.06.30	2022.07.01- 2022.10.31
Amounts of repurchase agreements	\$ 78,207,217	\$ 100,874,324	\$ 93,362,684

## 27. PAYABLES

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Acceptances	\$ 17,684,695	\$ 16,491,523	\$ 22,227,598
Accrued interest	14,696,829	11,407,391	8,644,539
Accounts payable	6,368,935	1,841,877	5,896,192
Accrued expenses	6,135,238	6,951,470	4,869,770
Accounts payable - factoring	5,490,391	4,744,492	5,782,705
Accrued payroll and transfer of provisional funds	3,121,283	2,953,366	3,311,526
Accrued notes and checks	1,841,241	2,854,642	2,364,992
Payable collection	1,598,684	1,218,019	6,669,077
Others	<u>6,061,383</u>	<u>7,470,790</u>	<u>5,205,635</u>
	<u>\$ 62,998,679</u>	<u>\$ 55,933,570</u>	<u>\$ 64,972,034</u>

## 28. DEPOSITS AND REMITTANCES

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Checking	\$ 21,309,438	\$ 14,642,660	\$ 20,380,831
Public treasury	65,821,717	63,104,435	47,891,293
Demand	646,018,599	730,248,362	758,283,074
Savings	1,377,035,985	1,298,864,066	1,253,594,512
Time	1,130,756,966	1,114,836,682	1,029,553,689
Negotiable certificates of deposit	133,749,114	103,522,063	160,470,254
Other	<u>686,047</u>	<u>684,247</u>	<u>531,047</u>
	<u>\$ 3,375,377,866</u>	<u>\$ 3,325,902,515</u>	<u>\$ 3,270,704,700</u>

## 29. BANK DEBENTURES

### Taipei Fubon Bank

To maintain its capital adequacy ratio and the medium-term to long-term working capital, the Bank had applied and obtained approval from the FSC to issue bank debentures. The outstanding balances of bank debentures as of June 30, 2023, December 31, 2022 and June 30, 2022 are summarized as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
First issue of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 2023	\$ 500,000	\$ 500,000	\$ 500,000
First issue of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 2024	4,500,000	4,500,000	4,500,000
Second issue of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 2024	3,700,000	3,700,000	3,700,000
Second issue of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 2024	3,000,000	3,000,000	3,000,000
Fourth issue of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 2024	1,750,000	1,750,000	1,750,000
Fifth issue of dominant bank debentures in 2017; 0%; maturity: December 2047 (US\$100,000 thousand)	3,896,920	3,767,483	3,572,479
Second issue of dominant bank debentures in 2018; 0%; maturity: March 2048 (US\$195,000 thousand)	7,616,985	7,355,264	6,966,162
Third issue of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 2025	1,200,000	1,200,000	1,200,000
Third issue of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 2028	1,800,000	1,800,000	1,800,000
Fifth issue of dominant bank debentures in 2018; 0%; maturity: November 2048 (US\$80,000 thousand)	3,107,147	2,992,573	2,826,762
Sixth issue of dominant bank debentures in 2018; fixed 1.1%; maturity: November 2028	3,700,000	3,700,000	3,700,000
Seventh issue of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000	6,500,000

(Continued)

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
First issue of dominant bank debentures in 2019; fixed 0.98%; maturity: March 2029	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Second issue of dominant bank debentures in 2019; fixed 0.95%; maturity: May 2029	1,300,000	1,300,000	1,300,000
Third issue of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000	3,100,000
Fourth issue of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000	4,400,000
Fifth issue of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 2029	6,000,000	6,000,000	6,000,000
Sixth issue of dominant bank debentures in 2019; fixed 0.88%; maturity: October 2029	6,600,000	6,600,000	6,600,000
Seventh issue of dominant bank debentures in 2019; fixed 0.88%; maturity: December 2029	3,100,000	3,100,000	3,100,000
First issue of dominant bank debentures in 2020; fixed 0.75%; maturity: March 2030	5,000,000	5,000,000	5,000,000
Second issue of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000	3,150,000
Third issue of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 2027	200,000	200,000	200,000
Third issue of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 2030	1,800,000	1,800,000	1,800,000
Fourth issue of subordinated bank debentures in 2020; fixed 1.50%; perpetual	2,850,000	2,850,000	2,850,000
First issue of dominant bank debentures in 2021; fixed 0.40%; maturity: January 2026	1,000,000	1,000,000	1,000,000
Second issue of dominant bank debentures in 2021; fixed 0.40%; maturity: September 2026	1,000,000	1,000,000	1,000,000
Third issue of subordinated bank debentures in 2021; fixed 0.70%; maturity: September 2031	2,400,000	2,400,000	2,400,000
Fourth issue of dominant bank debentures in 2021; fixed 0.45%; maturity: September 2026	2,700,000	2,700,000	2,700,000
Fourth issue of dominant bank debentures in 2021; fixed 0.52%; maturity: September 2028	1,400,000	1,400,000	1,400,000
First issue of dominant bank debentures in 2022; fixed 0.70%; maturity: May 2025	1,000,000	1,000,000	1,000,000
Second issue of subordinated bank debentures in 2022; fixed 2.00%; maturity: June 2029	2,000,000	2,000,000	2,000,000
Third issue of subordinated bank debentures in 2022; fixed 3.00%; perpetual	2,300,000	2,300,000	2,300,000
Fourth issue of subordinated bank debentures in 2022; fixed 1.9%; maturity: June 2029	5,000,000	5,000,000	-
Fifth issue of subordinated bank debentures in 2022; fixed 3.1%; perpetual	1,530,000	1,530,000	-

(Continued)

	June 30, 2023	December 31, 2022	June 30, 2022
First issue of subordinated bank debentures in 2023; fixed 3.5%; perpetual	\$ 3,870,000	\$ -	\$ -
Second issue of subordinated bank debentures in 2023; fixed 3.5%; perpetual	3,300,000	-	-
Third issue of dominant bank debentures in 2023; fixed 1.4%; maturity: April 2028	1,300,000	-	-
Valuation adjustments of bank debentures	<u>(3,147,984)</u>	<u>(2,906,349)</u>	<u>(2,132,901)</u>
	<u>\$ 105,923,068</u>	<u>\$ 97,188,971</u>	<u>\$ 90,682,502</u> (Concluded)

#### Fubon Bank (China)

In order to increase the capital adequacy ratio, Fubon Bank (China) optimized the matching structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities, and support the development of medium and long-term asset. The outstanding balances of bank debentures as of June 30, 2023, December 31, 2022 and June 30, 2022 are summarized as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Tier-2 capital bond (first period); fixed rate of 5.43%; maturity: December 2028 (RMB1,000,000 thousand)	\$ 4,278,881	\$ 4,413,439	\$ 4,436,475
Tier-2 capital bond (first period); fixed rate of 5.20%; maturity: April 2029 (RMB1,000,000 thousand)	4,278,881	4,413,439	4,436,475
FBCN, fixed rate of 4.08%; maturity: January 2025 (RMB1,000,000 thousand)	4,277,300	4,409,895	4,432,900
Capital bond; fixed rate of 3.20%; maturity: March 2023 (RMB1,000,000 thousand)	-	4,413,439	4,436,475
Capital bond; fixed rate of 3.92%; maturity: December 2023 (RMB1,000,000 thousand)	4,278,881	4,413,439	4,436,475
Capital bond; fixed rate of 3.25%; maturity: April 2026 (RMB2,000,000 thousand)	<u>8,557,762</u>	<u>-</u>	<u>-</u>
	<u>\$ 25,671,705</u>	<u>\$ 22,063,651</u>	<u>\$ 22,178,800</u>

### 30. OTHER FINANCIAL LIABILITIES

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Principal amount of structured products	\$ 95,813,384	\$ 83,427,536	\$ 95,435,354
Others	<u>175,905</u>	<u>244,143</u>	<u>102,381</u>
	<u>\$ 95,989,289</u>	<u>\$ 83,671,679</u>	<u>\$ 95,537,735</u>

### 31. PROVISIONS

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Provisions for employee benefits (Note 32)	\$ 2,332,028	\$ 2,134,149	\$ 2,555,159
Reserve for financial commitments	303,731	287,923	313,174
Reserve for losses on guarantees	258,431	259,574	263,431
Others	<u>261,583</u>	<u>298,389</u>	<u>223,172</u>
	<u>\$ 3,155,773</u>	<u>\$ 2,980,035</u>	<u>\$ 3,354,936</u>

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

### 32. EMPLOYEE BENEFITS PLANS

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Provisions for employee benefits			
Defined benefit plans	\$ 1,138,571	\$ 1,300,433	\$ 1,661,884
Preferential interest rate plan for employees' deposits	639,150	633,567	608,637
Other long-term employee benefits plan	554,179	200,023	284,516
Others	<u>128</u>	<u>126</u>	<u>122</u>
	<u>\$ 2,332,028</u>	<u>\$ 2,134,149</u>	<u>\$ 2,555,159</u>

As of June 30, 2023, the reserve for preferential retirement under Jih-Sun's employee settlement plan amounted to \$238,919 thousand, which was presented in other long-term employee benefit plans.

#### a. Defined contribution plans

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

The total expenses recognized in profit or loss for the six months ended June 30, 2023 and 2022 were \$208,925 thousand and \$204,676 thousand, and for the three months ended June 30, 2023 and 2022 were \$104,578 thousand and \$101,987 thousand, respectively, which represent contributions payable to these plans by the Bank and its subsidiaries at rates specified in the rules of the plan.

b. Defined benefit plans

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

The total expenses recognized in profit or loss for the six months ended June 30, 2023 and 2022 were \$26,025 thousand and \$25,629 thousand, and for the three months ended June 30, 2023 and 2022 were \$12,703 thousand and \$12,815 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

c. Preferential interest rate plan for employees' deposits

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

The total expenses recognized in profit or loss for the six months ended June 30, 2023 and 2022 were \$34,238 thousand and \$27,020 thousand, and for the three months ended June 30, 2023 and 2022 were \$17,119 thousand and \$13,510 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

d. Defined contribution plans of overseas subsidiaries

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

For the six months ended June 30, 2023 and 2022, Fubon Bank (China), the Bank's overseas subsidiary, recognized expenses of \$57,052 thousand and \$52,991 thousand, and for the three months ended June 30, 2023 and 2022 were \$28,276 thousand and \$27,604 thousand, respectively.

### 33. OTHER LIABILITIES

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Advance receipts	\$ 10,433,877	\$ 17,262,947	\$ 12,116,508
Guarantee deposits received	7,106,578	7,171,005	7,635,811
Suspended accounts and payments for clearing	924,036	798,809	1,058,855
Others	<u>370,222</u>	<u>366,192</u>	<u>364,882</u>
	<u>\$ 18,834,713</u>	<u>\$ 25,598,953</u>	<u>\$ 21,176,056</u>



### 34. EQUITY

#### a. Capital stock

##### Common stock

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
Number of shares authorized (in thousands)	<u>18,000,000</u>	<u>18,000,000</u>	<u>18,000,000</u>
Amount of capital stock authorized	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>	<u>\$ 180,000,000</u>
Number of shares issued and received (in thousands)	<u>14,327,096</u>	<u>12,977,422</u>	<u>12,256,209</u>
Amount of outstanding and issued shares (par value of NT\$10)	<u>\$ 143,270,965</u>	<u>\$ 129,774,223</u>	<u>\$ 122,562,088</u>

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

On November 18, 2022, the Bank's board of directors resolve to merge Jih-Sun through the issuance of 1,349,674 thousand shares with the effective date of April 1, 2023. Information related to merger is disclosed in Note 46.

#### b. Capital surplus

	<b>June 30, 2023</b>	<b>December 31, 2022</b>	<b>June 30, 2022</b>
<u>Distributed to offset a deficit, provide cash, or transfer to capital</u>			
Arising from consolidation	\$ 7,488,402	\$ 7,490,431	\$ 7,490,431
Arising from issuance of common shares	21,289,776	10,121,242	10,121,242
<u>Distributed to offset a deficit</u>			
Changes in the equity of investee accounted for using the equity method	4,314	3,564	2,566
Changes in ownership interests in subsidiaries	<u>877,665</u>	<u>877,665</u>	<u>877,665</u>
	<u>\$ 29,660,157</u>	<u>\$ 18,492,902</u>	<u>\$ 18,491,904</u>

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

c. Legal reserve

According to The Banking Act of The Republic of China, at the time of distributing its earnings for each fiscal year, the bank shall set aside 30% of its after-tax earnings as a legal reserve. According to Company Act, the legal reserve is provided until its balance reaches the total paid-in capital of the company. The legal reserve can be used to make up for deficits. When the company has no deficits, the portion of the legal reserve exceeding 25% of the total paid-in capital can be allocated in cash, in addition to other appropriations. According to The Banking Act of The Republic of China, before the legal reserve reaches the total capital, the maximum cash surplus distribution shall not exceed 15% of the total capital.

d. Special reserve

	June 30, 2023	December 31, 2022	June 30, 2022
Appropriations by TAIPEIBANK under its Articles of Incorporation	\$ 1,285,676	\$ 1,285,676	\$ 1,285,676
Transferred from trading loss reserve	123,497	123,497	123,497
Deduction arising from the first-time adoption of IFRSs and the debits to other equity items	6,239,892	113,950	113,950
Application of the fair value model to investment properties	1,201,899	1,057,259	1,057,259
Expenditure of employees' financial technology development	210,628	228,195	228,195
Gain from bargain purchase	<u>2,458,365</u>	<u>-</u>	<u>-</u>
	<u>\$ 11,519,957</u>	<u>\$ 2,808,577</u>	<u>\$ 2,808,577</u>

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

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

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

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

According to Jin-Guan-Yin-Fa Letter No. 10310006310 dated December 30, 2014, in order to maintain the stability of the Company's financial structure, the retained earnings arising from bargain purchase benefits of the acquisition by financial holding company or its subsidiaries shall be set aside as special reserve, and shall not be reversed within one year. After a year, the value of acquired assets are certified to be in likelihood of value at acquisition date without any sign of unexpected impairment by a certified public accountant, and the special reserve could be used in recovering accumulated deficit, or increasing the Company's capital.

e. Appropriation of earnings and dividends policy

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

- 1) 30% as legal reserve and, under FSC rules, a special reserve (or special reserve reversal);
- 2) The remaining net income and unappropriated accumulated earnings can be distributed as dividends to shareholders, as proposed by the board of directors and approved in the shareholders' meeting. If the legal reserve equals the Bank's paid-in capital, or if the Bank meets the standards of sound finance and business practices prescribed by the regulatory authorities as stated in Article 50 of the Banking Act and has set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not prevail.

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

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

On April 26, 2023 and May 18, 2022, the Bank's board of directors exercised the power and authority of the shareholders' meeting and approved the appropriations of the 2022 and 2021 earnings, respectively. The appropriations were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Legal reserve	\$ 6,971,281	\$ 6,121,251		
Special reserve	8,711,380	(141,352)		
Stock dividends	-	7,212,135	\$ -	\$ 0.59
Cash dividends	7,554,938	7,212,135	0.53	0.59

f. Other equity items

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Balance, beginning of the period	\$ (1,697,984)	\$ (3,684,651)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(964,950)	1,363,511
Share of affiliates accounted for using the equity method	<u>(255,629)</u>	<u>(111,160)</u>
Other comprehensive income (loss) recognized during the period	<u>(1,220,579)</u>	<u>1,252,351</u>
Balance, end of the period	<u>\$ (2,918,563)</u>	<u>\$ (2,432,300)</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Balance, beginning of the period	\$ (5,305,746)	\$ 3,240,952
Recognized during the period		
Unrealized gains (losses)		
Debt instruments	561,944	(2,000,554)
Equity instruments	6,009,147	(4,647,087)
Adjustments of allowance for debt instruments	(51,799)	19,244
Share of affiliates accounted for using the equity method	9,101	(19,167)
Reclassification adjustments		
Disposal of investments in debt instruments	<u>72,137</u>	<u>(232,786)</u>
Other comprehensive income (loss) recognized during the period	<u>6,600,530</u>	<u>(6,880,350)</u>
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	<u>(258,074)</u>	<u>(143,474)</u>
Changes in equity in affiliates accounted for using the equity method	<u>-</u>	<u>(1,668)</u>
Organizational restructuring	<u>(45,075)</u>	<u>-</u>
Balance, end of the period	<u>\$ 991,635</u>	<u>\$ (3,784,540)</u>

3) Gains (losses) on hedges

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Balance, beginning of the period	\$ 87,238	\$ -
Recognized during the year		
Share of affiliates accounted for using the equity method	<u>(31,488)</u>	<u>80,080</u>
Other comprehensive income (loss) recognized during the period	<u>(31,488)</u>	<u>80,080</u>
Balance, end of the period	<u>\$ 55,750</u>	<u>\$ 80,080</u>

g. Equity attributable to former owner of business combination under common control

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Balance, beginning of the period	\$ 25,912,409	\$ 14,514,692
Cash dividends paid to equity attributable to former owner of business combination under common control	<u>(1,145,434)</u>	<u>(251,039)</u>
Attributable to former owner of business combination under common control		
Net income (loss) for the period	<u>(175,402)</u>	<u>444,300</u>
Other comprehensive income (loss) recognized during the period		
Exchange differences arising from the translation of financial statements of foreign operations	(12,866)	5,904
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>46,432</u>	<u>(68,407)</u>
Other comprehensive income (loss) recognized during the period	<u>33,566</u>	<u>(62,503)</u>
Changes in ownership interests in subsidiaries	<u>-</u>	<u>(25)</u>
Equity transferred from non-controlling interests	<u>-</u>	<u>3,875,863</u>
Organizational restructuring	<u>(24,625,139)</u>	<u>-</u>
Balance, end of the period	<u>\$ -</u>	<u>\$ 18,521,288</u>

h. Non-controlling interests

	<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Balance, beginning of the period	\$ 22,470,026	\$ 29,214,751
Cash dividends paid to non-controlling interests	<u>-</u>	<u>(176,328)</u>
Attributable to non-controlling interests:		
Net income (loss) for the period	<u>(307,420)</u>	<u>656,765</u>
Other comprehensive income (loss) recognized during the period		
Exchange differences arising from the translation of financial statements of foreign operations	(688,794)	393,590
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	<u>108,751</u>	<u>(548,624)</u>
Other comprehensive loss for the period	<u>(580,043)</u>	<u>(155,034)</u>
Changes in ownership interests in subsidiaries	<u>-</u>	<u>(10)</u>
Changes in non-controlling interests	<u>-</u>	<u>(626)</u>
Equity transferred to equity attributable to former owner of business combination under common control	<u>-</u>	<u>(3,875,863)</u>
Balance, end of the period	<u>\$ 21,582,563</u>	<u>\$ 25,663,655</u>

### 35. NET INTEREST INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
<u>Interest income</u>				
Discounts and loans	\$ 16,586,558	\$ 11,912,874	\$ 31,908,930	\$ 22,652,870
Investments in debt instruments measured at amortized cost	6,566,924	3,953,778	12,713,026	7,370,418
Due from banks and call loans to banks	3,174,957	686,453	6,228,414	1,239,115
Investments in debt instruments measured at fair value through other comprehensive income	2,063,219	1,635,736	3,845,473	3,089,575
Others	<u>747,886</u>	<u>378,976</u>	<u>1,407,677</u>	<u>673,571</u>
	<u>29,139,544</u>	<u>18,567,817</u>	<u>56,103,520</u>	<u>35,025,549</u>
<u>Interest expense</u>				
Deposits	15,014,831	5,023,795	28,530,833	8,925,397
Call loans from and due to the Central Bank and other banks	1,337,806	398,716	2,613,452	645,343
Structured products	1,022,457	851,721	1,901,074	1,653,229
Bank debentures	856,737	476,294	1,641,081	920,783
Securities sold under repurchase agreements	471,051	237,970	968,652	413,549
Others	<u>252,645</u>	<u>94,096</u>	<u>550,063</u>	<u>204,666</u>
	<u>18,955,527</u>	<u>7,082,592</u>	<u>36,205,155</u>	<u>12,762,967</u>
Net interest	<u>\$ 10,184,017</u>	<u>\$ 11,485,225</u>	<u>\$ 19,898,365</u>	<u>\$ 22,262,582</u>

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

### 36. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
<u>Service fee income</u>				
Insurance service fee income	\$ 1,428,338	\$ 991,002	\$ 3,405,116	\$ 2,464,667
Trust and custody business	1,526,090	1,286,421	3,004,855	2,718,435
Credit card service fee	801,555	343,915	1,178,754	613,963
Loan service fee	322,340	358,656	706,162	755,726
Others	<u>497,879</u>	<u>435,092</u>	<u>971,208</u>	<u>917,923</u>
	<u>4,576,202</u>	<u>3,415,086</u>	<u>9,266,095</u>	<u>7,470,714</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Service fee expense				
Credit card service fee	\$ 528,886	\$ 365,628	\$ 717,755	\$ 537,926
Loan service fee	291,082	587,093	626,319	1,176,348
Office space expense	151,392	149,222	299,861	308,667
Interbank service fee	99,963	93,115	189,266	181,416
Others	<u>242,562</u>	<u>220,110</u>	<u>499,906</u>	<u>460,876</u>
	<u>1,313,885</u>	<u>1,415,168</u>	<u>2,333,107</u>	<u>2,665,233</u>
Net service fee	<u>\$ 3,262,317</u>	<u>\$ 1,999,918</u>	<u>\$ 6,932,988</u>	<u>\$ 4,805,481</u> (Concluded)

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Interest income	<u>\$ 421,263</u>	<u>\$ 123,093</u>	<u>\$ 735,699</u>	<u>\$ 274,931</u>
Dividend income	<u>8,825</u>	<u>81,326</u>	<u>10,825</u>	<u>205,099</u>
Realized gains (losses)				
Derivatives	1,614,967	615,882	2,721,427	367,027
Corporate bonds	92,615	8,164	237,347	26,708
Government bonds	43,998	38,542	111,132	(71,874)
Stocks	19,966	(176,169)	96,472	(203,716)
Negotiable certificate of deposit	26,576	10,513	50,862	12,717
Others	<u>3,064</u>	<u>30,754</u>	<u>3,247</u>	<u>13,513</u>
	<u>1,801,186</u>	<u>527,686</u>	<u>3,220,487</u>	<u>144,375</u>
Gains (loss) on valuation				
Derivatives	85,670	398,017	1,276,891	1,782,423
Convertible corporate bonds	202,795	(1,790,395)	935,654	(3,217,480)
Stocks	75,450	(184,140)	297,874	(292,315)
Beneficiary certificates	51,008	(38,551)	60,171	(186,187)
Bank debentures	7,207	(28,600)	(4,131)	(139,617)
Corporate bonds	(84,738)	(48,735)	(6,754)	(326,134)
Others	<u>(89,413)</u>	<u>(4,494)</u>	<u>(132,897)</u>	<u>(30,828)</u>
	<u>247,979</u>	<u>(1,696,898)</u>	<u>2,426,808</u>	<u>(2,410,138)</u>
	<u>\$ 2,479,253</u>	<u>\$ (964,793)</u>	<u>\$ 6,393,819</u>	<u>\$ (1,785,733)</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Dividend revenue	\$ 769,838	\$ 609,812	\$ 993,780	\$ 748,479
Government bonds	6,604	51,878	(4,422)	181,238
Corporate bonds	(17,439)	10,615	(8,046)	12,798
Bank debentures	(88,545)	54,295	(88,644)	184,365
Others	<u>7,168</u>	<u>334</u>	<u>(16,270)</u>	<u>2,821</u>
	<u>\$ 677,626</u>	<u>\$ 726,934</u>	<u>\$ 876,398</u>	<u>\$ 1,129,701</u>

**39. GAIN ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Government bonds	\$ (1,670)	\$ -	\$ 112,980	\$ -
Bank debentures	(350)	(592)	39,908	213,983
Credit assets	-	(72,333)	-	(72,333)
Corporate bonds	(5,112)	6,416	(5,112)	17,718
Others	<u>1,269</u>	<u>8,807</u>	<u>1,156</u>	<u>12,922</u>
	<u>\$ (5,863)</u>	<u>\$ (57,702)</u>	<u>\$ 148,932</u>	<u>\$ 172,290</u>

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

**40. FOREIGN EXCHANGE GAINS (LOSSES)**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
General exchange gains	\$ 367,735	\$ 858,382	\$ 622,188	\$ 1,042,595
Exchange gains or losses from private capital	<u>26,597</u>	<u>61,466</u>	<u>37,039</u>	<u>121,335</u>
	<u>\$ 394,332</u>	<u>\$ 919,848</u>	<u>\$ 659,227</u>	<u>\$ 1,163,930</u>



#### 41. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Salaries and wages	\$ 3,758,986	\$ 3,278,151	\$ 7,429,344	\$ 6,759,974
Labor insurance, national health insurance, and group life insurance	347,049	310,366	691,414	636,526
Post-employment benefit expense	171,140	162,939	343,501	323,244
Other employee benefits expense	<u>168,114</u>	<u>130,771</u>	<u>769,452</u>	<u>276,937</u>
	<u>\$ 4,445,289</u>	<u>\$ 3,882,227</u>	<u>\$ 9,233,711</u>	<u>\$ 7,996,681</u>

For compliance with the Articles of Incorporation of the Bank, the Bank stipulates the distribution of employees' compensation at rates of 1% to 5% of net profit before income tax and employees' compensation, but the Bank should not make appropriations from earnings if it has a deficit. The employees' estimated compensation were \$161,007 thousand and \$148,312 thousand for the six months ended June 30, 2023 and 2022, and \$73,131 thousand and \$64,221 thousand for the three months ended June 30, 2023 and 2022, respectively.

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

On February 22, 2023 and March 9, 2022, the Bank's board of directors exercised the power and authority of the shareholders' meeting proposed amounts of employees' compensation that were the same as the accrued amounts reflected in the consolidated financial statements in 2022 and 2021.

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

#### 42. DEPRECIATION AND AMORTIZATION

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Depreciation	\$ 736,953	\$ 725,170	\$ 1,472,060	\$ 1,432,288
Amortization	<u>298,881</u>	<u>279,852</u>	<u>598,397</u>	<u>554,454</u>
	<u>\$ 1,035,834</u>	<u>\$ 1,005,022</u>	<u>\$ 2,070,457</u>	<u>\$ 1,986,742</u>

#### 43. GENERAL AND ADMINISTRATIVE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Marketing	\$ 720,958	\$ 336,528	\$ 1,607,610	\$ 591,368
Taxation and government fee	777,632	581,591	1,499,647	1,099,430
Equipment repair	278,318	225,319	553,579	481,673
Rental	251,084	198,103	479,422	389,799
Insurance	226,178	197,328	437,255	385,797
Others	<u>973,259</u>	<u>733,987</u>	<u>1,713,522</u>	<u>1,392,386</u>
	<u>\$ 3,227,429</u>	<u>\$ 2,272,856</u>	<u>\$ 6,291,035</u>	<u>\$ 4,340,453</u>

#### 44. INCOME TAX

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

Jih-Sun Bank and Jih-Sun Property Insurance Agency filed their profit-seeking enterprise income tax for the year ended December 31, 2022 separately due to the merger of its parent company, Jih-Sun Financial Holding Co., in 2022.

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Current tax				
Current period	\$ 743,251	\$ 989,031	\$ 1,605,082	\$ 1,771,048
Adjustments for prior years	<u>(9,760)</u>	<u>4,978</u>	<u>327,414</u>	<u>(23,247)</u>
	<u>733,491</u>	<u>994,009</u>	<u>1,932,496</u>	<u>1,747,801</u>
Deferred tax				
Current period	<u>(211,618)</u>	<u>(134,592)</u>	<u>246,307</u>	<u>452,331</u>
Income tax expense recognized in profit or loss	<u>\$ 521,873</u>	<u>\$ 859,417</u>	<u>\$ 2,178,803</u>	<u>\$ 2,200,132</u>

b. Income tax recognized in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
Current tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	\$ -	\$ (1,750)	\$ 8,650	\$ 1,779
Deferred tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	-	1,750	(8,650)	(1,779)
	\$ -	\$ -	\$ -	\$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
<u>Deferred tax</u>				
Recognized during the period				
Unrealized gains and losses on financial assets at fair value through other comprehensive income	\$ (45,893)	\$ (284,731)	\$ 92,061	\$ (579,227)
Share of other comprehensive income and losses of affiliates accounted for using the equity method	5,260	(10,281)	(74,513)	(10,281)
	\$ (40,633)	\$ (295,012)	\$ 17,548	\$ (589,508)

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

e. Income tax returns of Fubon Bank (China) through 2022 had been assessed by the Shanghai Municipal Office, SAT and the Shanghai Municipal Bureau of Local Taxation.

f. Income tax returns of Jih-Sun Bank and Jih-Sun Property Insurance Agency through 2017 have been assessed by the TNTA. Additionally, the income tax returns of Jih-Sun Property Insurance Agency through 2021 have been assessed by TNTA.

#### 45. EARNINGS PER SHARE

(In New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
From continuing operations	\$ <u>0.45</u>	\$ <u>0.38</u>	\$ <u>0.92</u>	\$ <u>0.85</u>

The share swap with Jih-Sun Bank under the merger agreement was treated as a reorganization under common control. In calculating earnings per share for the comparative period, the Bank retroactively adjusted the increase in the weighted-average number of ordinary shares outstanding in accordance with the share swap ratio stipulated in the merger agreement.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares and reorganization. The basic earnings per share adjusted retrospectively were as follows:

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022	For the Three Months Ended June 30, 2022	For the Six Months Ended June 30, 2022
Basic earnings per share	\$ <u>0.42</u>	\$ <u>0.96</u>	\$ <u>0.38</u>	\$ <u>0.85</u>

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

#### Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Income for the period attributable to owners of the Bank	\$ 6,396,320	\$ 5,190,197	\$ 13,304,498	\$ 11,716,477
Income (loss) for the period attributable to former owner of business combination under common control	<u>(1,479)</u>	<u>225,001</u>	<u>(175,402)</u>	<u>444,300</u>
	\$ <u>6,394,841</u>	\$ <u>5,415,198</u>	\$ <u>13,129,096</u>	\$ <u>12,160,777</u>

#### Number of Shares

(In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022	2023	2022
Weighted average number of common stock used in computing basic earnings per share	<u>14,327,096</u>	<u>14,327,096</u>	<u>14,327,096</u>	<u>14,327,096</u>

#### 46. BUSINESS COMBINATIONS

On the effective date of April 1 and May 16, 2023, the Bank merged Jih-Sun Bank, Jih-Sun International Property Insurance Agency and Jih-Sun Life Insurance Agency, with the Bank as the surviving company and dissolved company being merged of Jih-Sun Bank, Jih-Sun International Property Insurance Agency Co., Ltd. and Jih-Sun Life Insurance Agency, which were wholly-owned subsidiaries of FFH under common control after merger. According to the Interpretation No. 390 issued by Accounting Research and Development Foundation (ARDF), the Bank was required to account these assets and liabilities at the carrying value of dissolved company held by FFH during the consolidation process, which shall be regarded as a combination from the beginning, and the Bank restated the consolidated financial statements for the prior period.

For the acquisition of Jih-Sun Bank, which was a subsidiary of FFH originally, the Bank issued 1,349,674 thousand shares to acquire assets and liabilities of Jih-Sun Bank. Furthermore, the consideration transferred in excess of the Bank's share issued amounted to \$11,168,533 thousand, which was recorded as a capital surplus.

For the acquisition of Jih-Sun Property Insurance Agency, which was a subsidiary of FFH originally, the Bank paid \$6,470 thousand in cash to FFH as consideration to acquire the assets and liabilities of Jih-Sun Property Insurance Agency. Furthermore, the consideration transferred in excess of the carrying value of net assets of Jih-Sun Property Insurance Agency amounted to \$2,029 thousand, which was recorded as a capital surplus.

The Bank merged its subsidiary of Jih-Sun Life Insurance Agency.

#### 47. RELATED-PARTY TRANSACTIONS

Except for those disclosed in other notes to the financial statements, as of June 30, 2023, December 31, 2022 and June 30, 2022 the related party transactions between the Bank and its subsidiaries are as follows:

a. Related parties

Related Party	Relationship with the Bank and Its Subsidiaries
Fubon Financial Holdings Co., Ltd. (“FFH”)	Parent company
Fubon Real Estate Management Co., Ltd.	Equity-method investee of the Bank
Line Biz+ Taiwan Ltd. (“Line Biz+”)	Equity-method investee of the Bank
Line Bank Taiwan Limited (“Line Bank”)	Equity-method investee of the Bank
Hyundai Card Co., Ltd.	Equity-method investee of the Bank
Fubon Insurance Co., Ltd. (“Fubon Insurance”)	Subsidiary of FFH
Fubon Life Insurance Co., Ltd. (“Fubon Life Insurance”)	Subsidiary of FFH
Fubon Securities Co., Ltd. (“Fubon Securities”)	Subsidiary of FFH
Fubon Asset Management Co., Ltd. (“Fubon Asset Management”)	Subsidiary of FFH
Fubon Securities Investment Trust Co., Ltd. (“Fubon Securities Investment Trust”)	Subsidiary of FFH
Fubon Futures Co., Ltd. (“Fubon Futures”)	Equity-method investee of subsidiary of FFH
Sichuan Vip Fubon Consumer Finance Ltd. (Sichuan Vip)	Equity-method investee of the subsidiaries

(Continued)

<b>Related Party</b>	<b>Relationship with the Bank and Its Subsidiaries</b>
Taipei City Government (“TCG”) and its departments	Major shareholder of parent company
Chung Hsing Land Development Co., Ltd. (“CHLDC”)	Major shareholder of parent company
Taiwan Mobile Co., Ltd. (“Taiwan Mobile”)	Related party in substance
Taiwan High Speed Rail Corp. (“Taiwan High Speed Rail”)	Related party in substance
Taiwan Fixed Network Co., Ltd. (“Taiwan Fixed Network”)	Related party in substance
Fubon Charity Foundation (Fubon Charity)	Related party in substance
YONG HSIN SHING YE CO., LTD. (Yong Hsin)	Related party in substance
Beijing Global Media Technology Co., Ltd (“Beijing Global”)	Related party in substance
Mediatek (Shenzhen) Inc. (“Mediatek (Shenzhen)”)	Related party in substance
Mediatek (Chengdu) Inc. (“Mediatek (Chengdu)”)	Related party in substance
Mstar Semiconductor (Shenzhen) Inc. (“Mstar Semiconductor”)	Related party in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related party in substance
Wuxi Huanyu Enterprise Management Services Limited. (Wuxi Huanyu)	Related party in substance
Taiwan Life Insurance Co., Ltd. (“Taiwan Life Insurance”)	Related party in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related party in substance
You Hua Metallic Material (Shanghai) Co., Ltd.	Related party in substance
Taiwan Cement Corporation (TCC)	Related party in substance
momo.com Inc. (momo)	Related party in substance
Probright Technology Inc.	Related party in substance
Synnex Technology International Corporation	Related party in substance
Tac Bright Optronics Co., Ltd.	Related party in substance
Yulon Finance Corporation (“YFC”)	Related party in substance
Alexander Marine Co., Ltd.	Related party in substance
AMIA Co., Ltd.	Related party in substance
TAIWAN MINO GROUP CO., LTD.	Related party in substance
USI Corporation	Related party in substance
Ta-Ho Maritime Corporation	Related party in substance
DediProg Technology Co., Ltd.	Related party in substance
POU CHEN CORPORATION	Related party in substance
Advanced Echem Materials Company Limited	Related party in substance
CHC Resources Corporation	Related party in substance
Others	Directors, supervisors, managers and their relatives within the second degree of consanguinity

(Concluded)

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

For the Six Months Ended June 30, 2023							
	Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1) Loans	<u>\$ 27,834,648</u>	<u>\$ 35,440,355</u>	<u>1.28</u>	<u>\$ 105,145</u>	0-15.00	<u>\$ 36,312</u>	<u>\$ 3,350</u>
June 30, 2023							
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	69	\$ 34,933	\$ 22,511	✓	\$ -	None	Yes
Housing mortgage loans	280	3,423,029	2,585,811	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	11,240,210	11,037,528	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	10,000,000	6,800,000	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	2,174,887	143,456	✓	-	Public treasury guarantees	Yes
	Yong Hsinl	28,000	28,000	✓	-	Land	Yes
	Probright Technology Inc.	3,381	-	✓	-	Medium credit guarantee fund	Yes
	Synnex Technology International Corporation	4,668,889	4,668,889	✓	-	Credit guarantees	Yes
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	Yes
	Beijing Global	85,487	65,590	✓	-	Bank deposit certificates	Yes
	TAIWAN MINO GROUP CO., LTD.	53,700	53,700	✓	-	Land, Building and Bank deposit certificates	Yes
	USI Corporation	324,800	324,800	✓	-	Credit guarantees	Yes
	Ta-Ho Maritime Corporation	203,550	50,400	✓	-	Vessel	Yes
	DediProg Technology Co., Ltd.	352,442	349,963	✓	-	Land, Building and Medium credit guarantee fund	Yes
	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	Yes
	Advanced Echem Materials Company Limited	39,000	36,000	✓	-	Credit guarantees	Yes
	Alexander Marine Co., Ltd.	210,000	210,000	✓	-	Credit guarantees	Yes
	CHC Resources Corporation	440,000	300,000	✓	-	Credit guarantees	Yes
	Others	<u>47</u>	<u>-</u>	✓	-	Credit guarantee fund	Yes
		<u>\$ 35,440,355</u>	<u>\$ 27,834,648</u>				
For the Year Ended December 31, 2022 (Restated)							
	Ending Balance	Highest Balance for the Year	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1) Loans	<u>\$ 16,587,762</u>	<u>\$ 24,781,708</u>	<u>0.80</u>	<u>\$ 36,946</u>	0-15.00	<u>\$ 74,124</u>	<u>\$ 4,024</u>

December 31, 2022 (Restated)							
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	80	\$ 57,954	\$ 22,595	✓	\$ -	None	Yes
Housing mortgage loans	302	3,731,955	2,905,720	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	11,240,210	8,240,210	✓	-	Credit guarantees	Yes
	Department of Finance, TCG	5,000,000	1,000,000	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	4,252,926	4,183,405	✓	-	Credit guarantees	Yes
	YONG HSIN SHING YE CO., LTD.	44,000	28,000	✓	-	Land	Yes
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	Yes
	Beijing Global	79,436	33,443	✓	-	Bank deposit certificate	Yes
	Tac Bright Optronics Co., Ltd.	200,000	-	✓	-	Credit guarantees	Yes
	Others	117	37	✓	-	Credit guarantee fund	Yes
	Others	<u>17,110</u>	<u>16,352</u>	✓	-	Property	Yes
		<u>\$ 24,781,708</u>	<u>\$ 16,587,762</u>				

For the Six Months Ended June 30, 2022 (Restated)

	Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1) Loans	<u>\$ 8,080,512</u>	<u>\$ 24,692,566</u>	<u>0.38</u>	<u>\$ 36,354</u>	0-14.97	<u>\$ 29,524</u>	<u>\$ 4,616</u>

June 30, 2022 (Restated)

Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	82	\$ 43,927	\$ 28,613	✓	\$ -	None	Yes
Housing mortgage loans	346	3,616,721	3,113,017	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	11,000,000	-	✓	-	Credit guarantees	Yes
	Department of Finance, TCG	5,000,000	-	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	4,252,926	4,216,447	✓	-	Credit guarantees	Yes
	Yong Hsinl	44,000	44,000	✓	-	Land	Yes
	Beijing Global	79,851	79,851	✓	-	Bank deposit certificates	Yes
	Tac Bright Optronics Co., Ltd.	198,000	150,000	✓	-	Credit guarantees	Yes
	Yulon Finance Corporation	300,000	300,000	✓	-	Credit guarantees	Yes
	Alexander Marine Co., Ltd.	100,000	100,000	✓	-	Credit guarantees	Yes
	AMIA Co., Ltd.	30,000	30,000	✓	-	Marketable securities and credits	Yes
	Others	117	77	✓	-	Credit guarantees fund	Yes
	Others	<u>27,024</u>	<u>18,507</u>	✓	-	Property	Yes
		<u>\$ 24,692,566</u>	<u>\$ 8,080,512</u>				



		For the Six Months Ended June 30							
		2023				2022 (Restated)			
		Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)	Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)
2)	Deposits	\$ 137,779,000	4.08	0-6.595	\$ (912,183)	\$ 153,023,355	4.55	0-6.22	\$ (163,459)
3)	Due from other banks - deposits	\$ 346,874	0.77		\$ 100	\$ 645,058	0.79	0-1.02	\$ 787
4)	Due from other banks - call loans	\$ 171,155	0.13	2.25-2.5	\$ 4,532	\$ -	-	-	\$ -

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

#### 5) Guarantees

June 30, 2023					
Related Party	Highest Balance in the Current Year	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
TCC	\$ 157,000	\$ 157,000	\$ 1,570	0.55%	Credit guarantees
Synnex Technology International Corporation	111,100	111,100	1,111	0.44%	Credit guarantees
Ta-Ho Maritime Corporation	59,000	59,000	590	0.59%	Vessel

  

December 31, 2022 (Restated)					
Related Party	Highest Balance in the Current Year	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
TCC	\$ 157,000	\$ 157,000	\$ 1,570	0.55%	Credit guarantees

  

June 30, 2022 (Restated)					
Related Party	Highest Balance in the Current Year	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
-	\$ -	\$ -	\$ -	-	-

#### 6) Securities

Related Party	Type	For the Six Months Ended June 30	
		2023	2022 (Restated)
Fubon Life Insurance	Bonds purchased	\$ 199,161	\$ -
Taiwan Life Insurance	Bonds purchased	-	542,723
Taiwan Mobile	Bonds sold	-	302,685

Related Party	Type	June 30, 2023	December 31,	June 30, 2022
			2022 (Restated)	(Restated)
CTBC Securities	Bonds purchased under resell agreements	\$ 1,201,484	\$ -	\$ -
Directors, supervisors, managers and their relatives within the second degree of consanguinity	Bonds sold under repurchase agreements	3,090,304	4,436,373	2,300,874

#### 7) Mutual fund and stock transactions

Fund	June 30, 2023		December 31, 2022 (Restated)		June 30, 2022 (Restated)	
	Units (In Thousands)	Amount	Units (In Thousands)	Amount	Units (In Thousands)	Amount
Fubon No. 1 REIT	57,680	\$ 859,432	57,680	\$ 911,344	57,680	\$ 953,451
Fubon No. 2 REIT	8,648	123,234	8,648	131,450	8,648	135,341

Related Party	Type	June 30, 2023	December 31,	June 30, 2022
			2022 (Restated)	(Restated)
Fubon Securities Investment Trust	Discretionary investment transaction net assets	\$ 2,308,008	\$ 2,073,253	\$ 2,152,790

#### 8) Derivative financial instruments

Related Party	Derivative Instrument	Contract Period	June 30, 2023			
			Contract (Notional) Amount	Gains (Losses) on Valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Currency swap contracts	2023.03.14-2023.12.23	\$ 33,816,040	\$ 806,500	Revaluation of financial assets at fair value through profit or loss	\$ 806,500
Related Party	Derivative Instrument	Contract Period	December 31, 2022 (Restated)			
			Contract (Notional) Amount	Gains (Losses) on Valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Currency swap contracts	2022.12.26-2023.03.06	\$ 9,170,100	\$ 7,256	Revaluation of financial assets at fair value through profit or loss	\$ 7,256
Fubon Life Insurance	Currency swap contracts	2022.11.01-2023.03.31	12,604,150	(383,736)	Revaluation of financial liabilities at fair value through profit or loss	383,736
Related Party	Derivative Instrument	Contract Period	June 30, 2022 (Restated)			
			Contract (Notional) Amount	Gains (Losses) on Valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Currency swap contracts	2021.10.27-2022.12.30	\$ 26,847,855	\$ 1,616,328	Revaluation of financial assets at fair value through profit or loss	\$ 1,562,520
Far Eastern Bank	Interest rate swap contract	2018.12.18-2022.12.20	300,000	(827)	Revaluation of financial liabilities at fair value through profit or loss	122

9) Lease

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

a) Guarantee deposits

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Fubon Asset Management	\$ 13,385	\$ 13,385	\$ 13,385
Fubon Securities	10,843	11,037	11,037
Fubon Insurance	525	525	525
Taiwan Mobile	444	444	444
Others	<u>657</u>	<u>636</u>	<u>594</u>
	<u>\$ 25,854</u>	<u>\$ 26,027</u>	<u>\$ 25,985</u>

b) Rental revenue

<b>Related Party</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
Fubon Securities	\$ 13,389	\$ 16,499	\$ 29,520	\$ 32,998
Fubon Asset Management	2,077	2,092	4,154	4,184
Fubon Insurance	821	821	1,642	1,642
Taiwan Mobile	706	706	1,411	1,411
Others	<u>106</u>	<u>108</u>	<u>215</u>	<u>217</u>
	<u>\$ 17,099</u>	<u>\$ 20,226</u>	<u>\$ 36,942</u>	<u>\$ 40,452</u>

c) Refundable deposits

<b>Related Party</b>	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
CHLDC	\$ 35,342	\$ 35,342	\$ 35,342
Fubon No. 2 REIT	26,593	26,417	26,417
Fubon Insurance	19,750	19,586	19,586
Fubon Life Insurance	10,318	10,318	10,318
TCG	4,989	4,989	4,989
Fubon No. 1 REIT	4,726	4,709	4,709
Others	<u>9,514</u>	<u>9,005</u>	<u>9,005</u>
	<u>\$ 111,232</u>	<u>\$ 110,366</u>	<u>\$ 110,366</u>

d) Rental expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
	Taiwan High Speed Rail	\$ 13,000	\$ 13,000	\$ 26,000
Taiwan Fixed Network	2,887	2,021	8,426	3,258
CHLDC	3,778	3,911	7,617	7,794
Fubon No. 2 REIT	646	688	1,276	1,367
Fubon Insurance	482	503	965	987
Fubon Charity	398	-	398	-
Fubon No. 1 REIT	139	534	219	600
Others	97	314	1,261	814
	<u>\$ 21,427</u>	<u>\$ 20,971</u>	<u>\$ 46,162</u>	<u>\$ 40,820</u>

e) Lease arrangements

Right-of-use assets

Related Party	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Fubon No. 2 REIT	\$ 174,291	\$ 107,344	\$ 157,667
Fubon Insurance	112,317	148,081	185,355
Fubon Life Insurance	107,121	129,660	152,402
CHLDC	106,522	211,307	317,829
Fubon Securities	49,549	42,474	48,055
Others	<u>124,987</u>	<u>170,380</u>	<u>218,208</u>
	<u>\$ 674,787</u>	<u>\$ 809,246</u>	<u>\$ 1,079,516</u>

Lease liabilities

Related Party	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Fubon No. 2 REIT	\$ 176,563	\$ 120,463	\$ 168,755
Fubon Life Insurance	116,290	139,284	161,617
Fubon Insurance	115,229	150,923	186,803
CHLDC	110,480	219,025	325,568
Fubon Securities	52,369	44,833	50,157
Others	<u>127,918</u>	<u>174,431</u>	<u>219,803</u>
	<u>\$ 698,849</u>	<u>\$ 848,959</u>	<u>\$ 1,112,703</u>

10) Insurance expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
	Fubon Insurance	\$ 41,996	\$ 19,070	\$ 91,438
Fubon Life Insurance	21,646	18,390	42,208	37,737
Others	<u>88</u>	<u>87</u>	<u>175</u>	<u>169</u>
	<u>\$ 63,730</u>	<u>\$ 37,547</u>	<u>\$ 133,821</u>	<u>\$ 94,776</u>

11) Marketing collaboration

The Bank entered into a collaboration arrangement with Fubon Securities for deal settlement of securities, cost sharing, and cross-selling. Under this contract, the expense allocation was based on the average balance that the customers of Fubon Securities deposited in the Bank. The allocation costs for office space that the Bank paid to Fubon Securities were \$298,251 thousand and \$305,417 thousand for the six months ended June 30, 2023 and 2022, and \$151,600 thousand and \$147,507 thousand for the three months ended June 30, 2023 and 2022, respectively.

12) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2023	2022 (Restated)	2023	2022 (Restated)
	Short-term employee benefits	\$ 144,882	\$ 157,143	\$ 302,293
Post-employment benefits	1,802	1,534	3,586	2,954
Others	<u>349</u>	<u>298</u>	<u>655</u>	<u>652</u>
	<u>\$ 147,033</u>	<u>\$ 158,975</u>	<u>\$ 306,534</u>	<u>\$ 324,815</u>

13) Linked-tax system

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

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Linked-tax receivable (included in current tax assets)	\$ 90,203	\$ 487,418	\$ 435,493
Linked-tax payable (included in current tax liabilities)	1,531,552	2,388,885	1,208,285

14) Others

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Receivables - Fubon Life Insurance	\$ 470,460	\$ 198,487	\$ 252,119
Receivables - others	94,393	54,587	67,255
Payables - others	169,228	110,755	110,967
Principals of structured products - Mstar Semiconductor	-	489,848	492,404
Principals of structured products - Mediatek (Chengdu)	-	719,391	536,813
Principals of structured products - Mediatek (Shenzhen)	-	286,874	1,226,330
Principals of structured products - You Hua Metallic Material (Shanghai) Co., Ltd.	12,837	-	-
Principals of structured products - Wuxi Huanyu	-	20,699	20,541
Principals of structured products - others	54,287	65,916	47,098
Refundable deposits - Fubon Futures	558,836	544,066	416,379
Other financial assets - Sichuan Vip	855,776	882,688	887,295
Prepaid expense - others	-	8,243	7,495

	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>	<b>2023</b>	<b>2022 (Restated)</b>
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
Other income - others	4,270	8,182	13,068	22,098
Interest income received from other financial assets - Sichuan Vip	3,357	11,080	3,357	11,446
Service fee expenses - Line Biz+	515,275	623,461	1,289,895	1,290,782
Service fee expenses - momo	430,069	303,341	777,948	443,798
Service fee expenses - others	80,036	73,687	156,032	151,635
Operating expenses - others	255,038	105,285	379,195	178,761

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

## 48. CASH FLOW INFORMATION

### Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2023

	Opening Balance	Cash Flows from Financing Activities	Non-cash Changes			Closing Balance
			Change in Exchange Rate	Change in Fair Value	Other Changes	
Due to the Central Bank and banks	\$ 922,135	\$ 1,361,176	\$ (26,272)	\$ -	\$ -	\$ 2,257,039
Bank debentures	119,252,622	12,850,865	(572,011)	(241,635)	304,932	131,594,773
Lease liabilities	<u>5,209,609</u>	<u>(912,333)</u>	<u>(16,204)</u>	<u>-</u>	<u>396,254</u>	<u>4,617,632</u>
	<u>\$ 125,384,366</u>	<u>\$ 13,299,708</u>	<u>\$ (614,487)</u>	<u>\$ (241,635)</u>	<u>\$ 701,186</u>	<u>\$ 138,469,444</u>

For the six months ended June 30, 2022 (restated)

	Opening Balance	Cash Flows from Financing Activities	Non-cash Changes			Closing Balance
			Change in Exchange Rate	Change in Fair Value	Other Changes	
Due to the Central Bank and banks	\$ 13,578,776	\$ (12,848,780)	\$ 14,378	\$ -	\$ -	\$ 744,374
Bank debentures	116,300,162	(1,900,000)	1,355,409	(3,169,003)	274,734	112,861,302
Lease liabilities	<u>5,157,092</u>	<u>(839,507)</u>	<u>38,320</u>	<u>-</u>	<u>1,372,066</u>	<u>5,654,486</u>
	<u>\$ 135,036,030</u>	<u>\$ (15,588,287)</u>	<u>\$ 1,408,107</u>	<u>\$ (3,169,003)</u>	<u>\$ 1,646,800</u>	<u>\$ 119,260,162</u>

## 49. PLEDGED ASSETS

The following assets had been provided as refundable deposits:

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Negotiable certificates of deposit of the Central Bank (included in investments in debt instruments measured at amortized cost)	\$ 32,495,404	\$ 34,693,688	\$ 34,693,400
Government bonds (included in investments in debt instruments measured at amortized cost)	1,908,821	3,755,336	3,835,257
Due from other banks (included in other financial assets)	<u>501,801</u>	<u>500,650</u>	<u>500,650</u>
	<u>\$ 34,906,026</u>	<u>\$ 38,949,674</u>	<u>\$ 39,029,307</u>

As of June 30, 2023, December 31, 2022 and June 30, 2022, a total of \$10,000,000 thousand had been provided for as collateral for day-term overdraft to comply with the CB's clearing system requirement for real-time gross settlement (RTGS). The unused overdraft amount at the end of the day may be treated as liquidity reserve. As of June 30, 2023, December 31, 2022 and June 30, 2022, certificates of deposit (CD) of the Central Bank and negotiable certificates of deposit (NCD) of the Central Bank amounting to \$13,500,000 thousand, \$13,500,000 thousand and \$10,000,000 thousand had been provided to the Central Bank as collateral for the Bank's foreign-currency call loans. As of June 30, 2023, December 31, 2022 and June 30, 2022, a total of \$9,000,000 thousand, \$11,200,000 thousand and \$11,200,000 thousand had been provided for as collateral for day-term overdraft to comply with the CB's negotiable time deposit certificate.

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

## 50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Except for those disclosed in other notes of the accompanying consolidated financial statements, as of June 30, 2023, December 31, 2022 and June 30, 2022, the Bank and its subsidiaries had commitments as follows:

### Taipei Fubon Bank

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
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
Trust deposits	1,443,655	1,621,049	2,275,594
Entrusted loans	1,443,655	1,621,049	2,275,594
Entrusted 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

- b. As of June 30, 2023, December 31, 2022 and June 30, 2022, the capital expenditure commitment amount were \$1,731,483 thousand, \$1,582,422 thousand and \$890,617 thousand, respectively.

- c. As of June 30, 2023, December 31, 2022 and June 30, 2022, the committed investment amount of private equity fund contract that has not yet been invested is:

(In Thousands of U.S. Dollars)

	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
USD	\$ 3,650	\$ 2,550	\$ 2,550

## 51. TRUST BUSINESS UNDER THE TRUST LAW

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

Balance Sheets of Trust Accounts June 30, 2023 and 2022					
	2023	2022 (Restated)		2023	2022 (Restated)
Bank deposits	\$ 9,617,285	\$ 10,772,611	Payables	\$ 5,105	\$ 7,482,299
Short-term investments			Capital		
Mutual funds	253,894,108	238,633,598	Money	448,376,924	346,815,550
Bonds	135,389,032	87,341,748	Marketable securities	19,485,429	8,934,654
Stocks	56,119,902	40,838,207	Real estate	56,259,949	51,089,311
Structured products	15,169,576	18,527,567	Special purpose trust accounts	-	35,248,825
Receivables	2,322	1,646	Trust account	-	1,522,546
	<u>460,574,940</u>	<u>385,342,766</u>	Charitable trust	-	20,150
Securities investment trust fund under custody	248,612,036	251,900,391		<u>524,122,302</u>	<u>443,631,036</u>
Real estate			Securities investment trust fund under custody	248,612,036	244,422,025
Land	39,989,863	37,479,667	Reserves and cumulative earnings (deficit)		
Construction in progress	12,376,701	8,295,771	Cumulative earnings (deficit)	(6,738,035)	(5,001,304)
Buildings	503,432	441,975	Net income	5,672,849	3,710,517
	<u>52,869,996</u>	<u>46,217,413</u>	Deferred carry-over	-	(11,392)
				<u>(1,065,186)</u>	<u>(1,302,179)</u>
Total trust assets	<u>\$ 771,674,257</u>	<u>\$ 694,233,181</u>	Total trust liabilities	<u>\$ 771,674,257</u>	<u>\$ 694,233,181</u>



**Trust Income Statements**  
**For the Six Months Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022 (Restated)</b>
Trust income		
Interest income	\$ 7,670,694	\$ 6,597,230
Others	73,977	23,477
Cash dividends	130,252	100,031
Realized capital income - common stock	540,582	583,003
Unrealized capital income - common stock	73,427	3,283
Realized capital income - mutual funds	748,471	1,011,418
Realized capital income - bonds	15,397	45,061
Distribution from beneficiary certificates	<u>68,709</u>	<u>56,993</u>
Total trust income	<u>9,321,509</u>	<u>8,420,496</u>
Trust expense		
Trust administrative expense	589,203	569,674
Supervision fee	140	252
Service fee	4,191	3,751
Income tax expense	1,507	33
Others	137,553	221,677
Realized capital loss - common stock	136,754	191,312
Unrealized capital loss - common stock	63,127	475,426
Realized capital loss - mutual fund	2,328,170	2,664,674
Realized capital loss - bonds	322,346	529,901
Realized capital loss - structured products	<u>65,669</u>	<u>53,279</u>
Total trust expense	<u>3,648,660</u>	<u>4,709,979</u>
Net income	<u>\$ 5,672,849</u>	<u>\$ 3,710,517</u>

**Trust Property of Trust Accounts**  
**June 30, 2023 and 2022**

<b>Investment Portfolio</b>	<b>2023</b>	<b>2022 (Restated)</b>
Bank deposits	\$ 9,617,285	\$ 10,772,611
Short-term investments		
Mutual funds	253,894,108	238,633,598
Bonds	135,389,032	87,341,748
Stocks	56,119,902	40,838,207
Structured products	15,169,576	18,527,567
Receivables	<u>2,322</u>	<u>1,646</u>
	<u>460,574,940</u>	<u>385,342,766</u>
Security investment trust fund under custody	<u>248,612,036</u>	<u>251,900,391</u>
Real estate		
Land	39,989,863	37,479,667
Construction in progress	12,376,701	8,295,771
Buildings	<u>503,432</u>	<u>441,975</u>
	<u>52,869,996</u>	<u>46,217,413</u>
	<u>\$ 771,674,257</u>	<u>\$ 694,233,181</u>

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

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

Refer to Note 47 for the cross-selling revenues and expenses for the six months ended June 30, 2023 and 2022.

## **53. FINANCIAL INSTRUMENTS**

### **a. Fair value**

#### **1) Overview**

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

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

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

##### **a) Level 1**

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

- i. All financial instruments traded in the market are homogeneous.
- ii. Willing buyers and sellers are found in the market all the time.
- iii. The public can access the price information easily.

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

##### **b) Level 2**

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

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

- ii. Quoted prices of identical or similar financial instruments in inactive markets;
- iii. When marking-to-model, observable inputs other than quoted prices (such as interest rates and yield curves observable at commonly quoted intervals, and implied volatilities), i.e., the inputs can be observed in the market and can reflect the expectation of market participants;
- iv. Inputs are derived from or corroborated by observable market data through correlation or other means.

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

c) Level 3

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

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

b. Specific financial instruments measured at fair value

1) Fair value hierarchy

The fair value of the Bank and its subsidiaries' financial instruments and properties are measured on a recurring basis. The fair value hierarchy of these financial instruments and investment properties as of June 30, 2023, December 31, 2022 and June 30, 2022 was as follows:

Item	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	\$ 2,470,540	\$ 1,759,596	\$ -	\$ 710,944
Bond investments	42,960,751	17,888,458	16,577,372	8,494,921
Others	88,627,959	652,140	87,810,027	165,792
Financial assets at fair value through other comprehensive income				
Stock investments	37,188,256	33,787,120	-	3,401,136
Bond investments	221,064,379	41,444,309	172,648,036	6,972,034
Others	63,839,594	9,006,034	54,057,673	775,887
Investment properties	4,149,108	-	-	4,149,108
Liabilities				
Hedging of financial liabilities - non-derivative	6,198,104	-	6,198,104	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	57,828,283	891,406	54,012,048	2,924,829
Financial assets for hedging	9,754,001	-	9,754,001	-
Liabilities				
Financial liabilities at fair value through profit or loss	47,656,745	562	44,767,863	2,888,320
Financial liabilities for hedging	3,997,855	-	3,997,855	-

Item	December 31, 2022 (Restated)			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	\$ 1,182,235	\$ 593,128	\$ -	\$ 589,107
Bond investments	38,007,440	14,018,698	16,295,876	7,692,866
Others	53,502,271	3,449,976	49,320,521	731,774
Financial assets at fair value through other comprehensive income				
Stock investments	27,078,974	23,878,226	-	3,200,748
Bond investments	193,010,287	33,983,023	154,798,617	4,228,647
Others	87,954,439	8,427,265	78,913,415	613,759
Investment properties	4,149,108	-	-	4,149,108
Liabilities				
Hedging of financial liabilities - non-derivative	5,189,570	-	5,189,570	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	52,787,290	866,162	49,617,209	2,303,919
Financial assets for hedging	8,543,867	-	8,543,867	-
Liabilities				
Financial liabilities at fair value through profit or loss	41,739,466	2,381	39,406,778	2,330,307
Financial liabilities for hedging	3,778,616	-	3,778,616	-

Item	June 30, 2022 (Restated)			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	\$ 1,177,025	\$ 698,329	\$ -	\$ 478,696
Bond investments	37,803,447	22,030,157	7,002,719	8,770,571
Others	55,172,644	958,572	47,760,548	6,453,524
Financial assets at fair value through other comprehensive income				
Stock investments	27,271,339	24,687,556	-	2,583,783
Bond investments	205,539,810	35,093,026	167,283,085	3,163,699
Others	85,442,737	8,598,408	76,248,671	595,658
Investment properties	4,049,910	-	-	4,049,910
Liabilities				
Financial liabilities at fair value through profit or loss	449,663	449,663	-	-
Hedging of financial liabilities - non-derivative	3,787,966	-	3,787,966	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	5,323,408	809,143	50,639,521	1,785,420
Financial assets for hedging	5,069,515	-	5,069,515	-
Liabilities				
Financial liabilities at fair value through profit or loss	37,958,631	96	36,108,759	1,849,776
Financial liabilities for hedging	3,347,569	-	3,347,569	-

## 2) Fair value measurement technique

### a) Financial instruments

The financial assets should be measured by marking to market.

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

- i. Ensure the consistency and integrity of market data.
- ii. The source of market data should be transparent, easy to access, and independent.
- iii. Listed securities with representative quoted prices should be valued at closing prices.
- iv. Fair value of unlisted securities with no closing prices are evaluated based on prices quoted by independent brokers.
- v. The guidelines provided by the regulatory authorities should be followed.

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

- i. Model inputs should be consistent and complete.
- ii. Valuation models should be made on the basis of proper assumptions. The Bank should also consider its internal control system, market risk management framework and mathematical expertise in making calculations. Moreover, model validation should be implemented by a quantitative trading team that is independent of the market risk-taking unit.
- iii. There should be standard procedures for model alteration and the operation of a backup system, and valuation results should be tested periodically using historical backup data.

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

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

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

b) Non-financial instruments

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

- i. Cash flows: The Bank and its subsidiaries evaluate market rentals of comparable properties on the basis of current lease agreements, local rental prices and market similarity, and rule out the values that are too high or too low. In addition, properties with terminal values should add the present value of terminal value to their market rentals.
- ii. Analysis period: The income is measured by 10 years.
- iii. Discount rate: The discount rate is based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75% and asset-specific risk premiums.

3) Fair value adjustment

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

The Bank and its subsidiaries regularly review and enhance the liquidity of quotes to improve the quality of evaluation information. The Bank and its subsidiaries transferred part of the NTD Bonds from Level 1 to Level 2 because the Bank and its subsidiaries determined these investments were not in an active market. Thus, the relevant amount was transferred from the first grade to the second grade, for the six months ended June 30, 2023 and 2022.

5) Reconciliation of Level 3 items

a) Reconciliation of Level 3 assets

For the Six Months Ended June 30, 2023

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	\$ 11,317,666	\$ 718,347	\$ -	\$ 729,294	\$ 1,415,979	\$ 902,424	\$ 982,376	\$ 12,296,486
Financial assets at fair value through other comprehensive income	8,043,154	(25,637)	259,384	5,074,339	3,046,646	2,500,797	2,748,032	11,149,057
Investment properties	4,149,108	-	-	-	-	-	-	4,149,108

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

For the Six Months Ended June 30, 2022 (Restated)

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	\$ 18,097,845	\$ 1,397,802	\$ -	\$ 2,686,625	\$ 1,868,250	\$ 4,528,764	\$ 2,033,547	\$ 17,488,211
Financial assets at fair value through other comprehensive income	6,711,166	176,621	(278,031)	-	1,513,052	744,383	1,035,285	6,343,140
Investment properties	3,824,843	88,226	-	-	136,841	-	-	4,049,910

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

As of June 30, 2023 and 2022, valuation gains of \$922,922 thousand and gains of \$1,313,685 thousand, respectively, were included in profit or loss, and valuation gains of \$248,197 thousand and losses of \$278,840 thousand, respectively, were included in other comprehensive income of assets held.

b) Reconciliation of Level 3 liabilities

For the Six Months Ended June 30, 2023

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issue	Transfer to Level 3	Disposal	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 2,330,307	\$ 452,069	\$ -	\$ 168,406	\$ 62,462	\$ -	\$ 2,888,320

For the Six Months Ended June 30, 2022 (Restated)

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

As of June 30, 2023 and 2022, valuation losses of \$621,340 thousand and losses of \$577,969 thousand, respectively, were included in profit and loss of liabilities held.

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

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

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

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

Taipei Fubon Bank

June 30, 2023

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	\$ 1,717,151	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
<u>Derivative financial assets</u>						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	874	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.



December 31, 2022

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	\$ 1,694,529	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
<u>Derivative financial assets</u>						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	4,282	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.

June 30, 2022

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

Note: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

## Jih-Sun Bank

Level 3 refers to the measurement of the fair value of the input parameters are not based on market availability of information, must be based on the assumption that the appropriate estimates and adjustments. Quantitative information on significant unobservable inputs (Level 3) is as follows:

### December 31, 2022

Name	Products	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Comparable company approach	Evaluation multiplier	0.80-26.90	The higher the evaluation multiplier, the higher the fair value.
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Discounted cash flow approach	Discount for lack of marketability	25%-28%	The higher the discount for lack of marketability, the lower fair value is.
			Long-term revenue growth rate	1.72%	The higher long-term revenue growth rate, the higher the fair value.
			WACC	7.8%	The higher the WACC, the lower the fair value.
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Net asset value method	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
			Net asset value	-	Not applicable
			Non-controlling interests discount	10%-20%	The higher the non-controlling interests discount, the lower the fair value.
			Discount for lack of marketability	10%	The higher the discount for lack of marketability, the lower the fair value.

### June 30, 2022

Name	Products	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Comparable company approach	Evaluation multiplier	0.90-1.00	The higher the evaluation multiplier, the higher the fair value.
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Discounted cash flow approach	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower fair value is.
			Long-term revenue growth rate	1.72%	The higher long-term revenue growth rate, the higher the fair value.
			WACC	7.72%	The higher the WACC, the lower the fair value.
Investments in equity instruments at fair value through other comprehensive income	Unlisted stocks	Net asset value method	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
			Net asset value	-	Not applicable
			Non-controlling interests discount	20%	The higher the non-controlling interests discount, the lower the fair value.
			Discount for lack of marketability	15%-20%	The higher the discount for lack of marketability, the lower the fair value.

#### 7) Valuation processes for Level 3 fair value measurements

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

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

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

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

Taipei Fubon Bank

Name	June 30, 2023			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,092	\$ (1,123)	\$ -	\$ -

Name	December 31, 2022			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,982	\$ (1,966)	\$ -	\$ -

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

Note: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

Name	Inputs	Positive/ Negative Change	December 31, 2022			
			Effect on Profit and Loss		Effect on Other Comprehensive Income	
			Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through other comprehensive income						
Equity instruments - unlisted stocks	Evaluation multiplier	+1%	\$ -	\$ -	\$ 425	\$ -
Equity instruments - unlisted stocks	Evaluation multiplier	-1%	-	-	-	(425)
Equity instruments - unlisted stocks	Discount for lack of marketability	+1%	-	-	-	(8,852)
Equity instruments - unlisted stocks	Discount for lack of marketability	-1%	-	-	8,852	-
Equity instruments - unlisted stocks	Long-term revenue growth rate	+0.1%	-	-	1,099	-
Equity instruments - unlisted stocks	Long-term revenue growth rate	-0.1%	-	-	-	(1,095)
Equity instruments - unlisted stocks	WACC	+1%	-	-	-	(33,495)
Equity instruments - unlisted stocks	WACC	-1%	-	-	46,676	-
Equity instruments - unlisted stocks	Non-controlling interests discount	+1%	-	-	-	(5,498)
Equity instruments - unlisted stocks	Non-controlling interests discount	-1%	-	-	5,498	-

Name	Inputs	Positive/ Negative Change	June 30, 2022			
			Effect on Profit and Loss		Effect on Other Comprehensive Income	
			Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through other comprehensive income						
Equity instruments - unlisted stocks	Evaluation multiplier	+1%	\$ -	\$ -	\$ 487	\$ -
Equity instruments - unlisted stocks	Evaluation multiplier	-1%	-	-	-	(487)
Equity instruments - unlisted stocks	Discount for lack of marketability	+1%	-	-	-	(9,464)
Equity instruments - unlisted stocks	Discount for lack of marketability	-1%	-	-	9,464	-
Equity instruments - unlisted stocks	Long-term revenue growth rate	+0.1%	-	-	1,076	-
Equity instruments - unlisted stocks	Long-term revenue growth rate	-0.1%	-	-	-	(1,071)
Equity instruments - unlisted stocks	WACC	+1%	-	-	-	(34,136)
Equity instruments - unlisted stocks	WACC	-1%	-	-	47,801	-
Equity instruments - unlisted stocks	Non-controlling interests discount	+1%	-	-	-	(3,687)
Equity instruments - unlisted stocks	Non-controlling interests discount	-1%	-	-	3,749	-

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

1) Fair value information of financial instruments

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

<b>Items</b>	<b>June 30, 2023</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial assets</u>		
Investments in debt instruments measured at amortized cost	\$ 915,909,782	\$ 877,146,366

Financial liabilities

Bank debentures	131,594,773	129,414,072
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<b>Items</b>	<b>December 31, 2022 (Restated)</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>

Financial assets

Investments in debt instruments measured at amortized cost	\$ 927,810,554	\$ 886,372,092
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Financial liabilities

Bank debentures	119,252,622	116,176,531
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<b>Items</b>	<b>June 30, 2022 (Restated)</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>

Financial assets

Investments in debt instruments measured at amortized cost	\$ 917,662,071	\$ 886,119,274
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Financial liabilities

Bank debentures	112,861,302	110,040,652
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2) Fair value hierarchy of financial instruments

Assets and Liabilities	June 30, 2023			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments measured at amortized cost	\$ 877,146,366	\$ 221,940,327	\$ 516,054,362	\$ 139,151,677
<u>Financial liabilities</u>				
Bank debentures	129,414,072	91,103,652	38,310,420	-

Assets and Liabilities	December 31, 2022 (Restated)			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments measured at amortized cost	\$ 886,372,092	\$ 230,985,175	\$ 523,736,726	\$ 131,650,191
<u>Financial liabilities</u>				
Bank debentures	116,176,531	82,022,961	34,153,570	-

Assets and Liabilities	June 30, 2022 (Restated)			
	Total	Level 1	Level 2	Level 3
<u>Financial assets</u>				
Investments in debt instruments measured at amortized cost	\$ 886,119,274	\$ 224,640,126	\$ 528,945,374	\$ 132,533,774
<u>Financial liabilities</u>				
Bank debentures	110,040,652	75,090,669	34,949,983	-

3) Measurement technique

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

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, part of other financial assets, due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, and remittances approximate their fair value because of the short maturities of these instruments.
- b) Discounts and loans, deposits, and principals of structured products are interest-earning financial assets/interest-bearing financial liabilities; thus, their carrying amounts approximate their fair value. The carrying amounts of nonperforming loans are estimated at their recoverable amounts after considering the reserve for impairment loss; thus the carrying amounts are regarded as fair value.
- c) Investments in debt instruments measured at amortized cost and bank debentures are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

## 54. FINANCIAL RISK MANAGEMENT

### a. Overview

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

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

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

### b. Risk management framework

#### Taipei Fubon Bank

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

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

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

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

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

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

#### Fubon Bank (China)

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

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

### c. Credit risk

#### 1) Credit risk definitions and sources

##### Taipei Fubon Bank

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

##### Fubon Bank (China)

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

#### 2) Strategy/objectives/policies and procedures

##### Taipei Fubon Bank

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



### Fubon Bank (China)

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

### 3) Credit risk management framework

#### Taipei Fubon Bank

- a) To strengthen risk management function, under the supervision of the board of directors, the Bank has established the Risk Management Committee, which is composed of senior management and chaired by the Chairman or the supervisor assigned by the Chairman, to examine credit risk policies and quotas and to monitor the information and changes in the Bank's significant credit risk and the qualification status of quotas.
- b) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure; monitoring risk limits; reporting; and the Risk Control Development Division coordinating the development of the mechanism for managing credit risk.
- c) Under the risk controller, there are legal and personal credit risk management units which are responsible for performing credit review, post-loan management, collection and credit management.
- d) The Bank has established the Credit Review Committee of corporate banking and the Credit Review Committee of personal finance to review credit above a certain limit to strengthen control over cases involving large credit amounts.
- e) The audit department, which is under the supervision of the board of directors, conducts the third defense line of examining independently the effectiveness of internal control functions.

#### Fubon Bank (China)

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

#### 4) Credit risk measurement, control and reporting

##### Taipei Fubon Bank

- a) The Bank has established credit risk measurement and control procedures, including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage and limit the country risk, single legal entity and group exposure risk, and industry concentration risk effectively. The Bank has also established a vigorous review and early warning mechanism to ensure that there are proper actions taken for effective credit risk management.
- b) The Bank regularly performs credit risk stress testing based on the guideline issued by the Financial Supervisory Commission. It continues to develop scenario analysis and stress testing to provide senior management with an assessment of risk tolerance, as well as to provide a sound basis for credit portfolio management.
- c) The Bank has completed several Basel Accord credit risk management projects, including risk data warehousing system, internal risk rating system, and the risk-weighted asset calculation system. The development and revision of score card and rating models are validated periodically to monitor the model performance and stability.

##### Fubon Bank (China)

- a) The credit risk control process includes credit policy development, credit approval, early warning and collection. Credit risk supervision includes the regular follow-up of high-risk cases, exposure limit control of country risk, and customer credit grading management; and real-estate loan monitoring and other monthly monitoring, which includes high risk exposure towards industry concentration and the concentration of single clients/group clients and its affiliated parties.
- b) Fubon Bank (China) makes a regular credit portfolio stress test based on the actual status of the credit portfolio. The stress test results, including changes in results due to differences in risk triggers, will be reported at the board meeting and serve as reference for risk management and decision-making.
- c) The credit management system of Fubon Bank (China) has modules for credit approval, loan ledger management, collateral information maintenance, customer grading management and - five-category asset classification for bank loans. The system can support credit risk management effectively.

#### 5) Credit risk mitigation

##### Taipei Fubon Bank

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

### Fubon Bank (China)

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

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

##### a) Credit assets

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

- i. Financial assets that are overdue more than 30 days;
- ii. Significant fall in the debtor’s internal or external credit rating;
- iii. Significant increase in the credit risk of any product of the same debtor;
- iv. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;
- v. Significant changes in actual or expected operating results of the borrower.

##### b) Debt instruments

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

- i. Significant changes in the internal and external ratings of financial assets or debtors;
- ii. The fair value of financial assets is significantly lower than the amortized cost;
- iii. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

- iv. Significant changes in actual or expected operating results of the borrower;
- v. Significant increase in the credit risk of other financial instruments of the same borrower.

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

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

## 7) Definition of default and credit impaired financial assets

### a) Credit assets

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

- i. Financial assets are overdue for more than 90 days;
- ii. Financial assets are recognized as overdue loans or bad debts;
- iii. The debtors or issuers are undergoing financial difficulties;
- iv. Changes in the conditions of the debt contract due to the financial difficulties of the debtor;
- v. The debtor has claimed bankruptcy or is likely to claim bankruptcy;
- vi. The debtor has undergone a reorganization or is likely to request a reorganization;
- vii. Credit losses have occurred at the time of the creation of the financial assets.

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

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

### b) Debt instruments

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

- i. The financial assets have failed to repay the principal and interest on time according to the conditions of issuance;
- ii. The issuer is undergoing financial difficulties;
- iii. The issuer has claimed bankruptcy or is likely to claim bankruptcy;

- iv. The issuer has undergone a reorganization or is likely to request a reorganization;
- v. Credit losses have occurred at the time of the creation of the financial assets.

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

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

#### 8) Write-off policy

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

- a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.
- b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.
- c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to the Bank.
- d) Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.

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

#### 9) Assessment of expected credit losses

##### a) Credit assets

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

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

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

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

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

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

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

#### b) Debt instruments

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

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

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

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

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

Total carrying value

	For the Six Months Ended June 30, 2023					Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	
Balance, January 1	\$ 276,471,637	\$ -	\$ 1,634,460	\$ -	\$ -	\$ 278,106,097
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(98,463,820)	-	(810,198)	-	-	(99,274,018)
Originated or purchased financial assets	105,390,184	-	2,283	-	-	105,392,467
Effect of exchange rate changes and others	(2,965,416)	-	(3,237)	-	-	(2,968,653)
Balance, June 30	\$ 280,432,585	\$ -	\$ 823,308	\$ -	\$ -	\$ 281,255,893

	For the Six Months Ended June 30, 2022 (Restated)					Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	
Balance, January 1	\$ 257,163,761	\$ -	\$ -	\$ -	\$ -	\$ 257,163,761
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(434,673)	-	434,673	-	-	-
Derecognized financial assets in the current period	(148,401,319)	-	-	-	-	(148,401,319)
Originated or purchased financial assets	173,462,447	-	-	-	-	173,462,447
Effect of exchange rate changes and others	4,428,104	-	8,975	-	-	4,437,079
Balance, June 30	\$ 286,218,320	\$ -	\$ 443,648	\$ -	\$ -	\$ 286,661,968

Expected credit losses

	For the Six Months Ended June 30, 2023							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 197,094	\$ -	\$ 1,575	\$ -	\$ -	\$ 198,669	\$ 41,173	\$ 239,842
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(137,422)	-	(840)	-	-	(138,262)	-	(138,262)
Originated or purchased financial assets	39,739	-	3	-	-	39,742	-	39,742
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	(454)	(454)
Effect of exchange rate changes and others	(15,827)	-	(345)	-	-	(16,172)	(361)	(16,533)
Balance, June 30	\$ 83,584	\$ -	\$ 393	\$ -	\$ -	\$ 83,977	\$ 40,358	\$ 124,335

	For the Six Months Ended June 30, 2022 (Restated)							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 154,258	\$ -	\$ -	\$ -	\$ -	\$ 154,258	\$ -	\$ 154,258
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(449)	-	449	-	-	-	-	-
Derecognized financial assets in the current period	(86,421)	-	-	-	-	(86,421)	-	(86,421)
Originated or purchased financial assets	102,161	-	-	-	-	102,161	-	102,161
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	29,304	29,304
Effect of exchange rate changes and others	(945)	-	9	-	-	(936)	-	(936)
Balance, June 30	<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>

b) Investments in debt instruments at amortized cost

Total carrying value

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 921,031,324	\$ -	\$ 14,966,171	\$ -	\$ -	\$ 935,997,495
Changes of financial instruments that have been identified at the beginning of the period:						
Transferred to 12-month ECL	313,260	-	(313,260)	-	-	-
Derecognizing financial assets during the current period	(335,007,424)	-	(1,510,163)	-	-	(336,517,587)
Originated or purchased financial assets	325,012,045	-	156,572	-	-	325,168,617
Effect of exchange rate changes and others	(171,560)	-	659,244	-	-	487,684
Balance, June 30	<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 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 901,798,191	\$ -	\$ 12,240,241	\$ -	\$ -	\$ 914,038,432
Changes of financial instruments that have been identified at the beginning of the period:						
Transfer to lifetime ECL	(4,336,679)	-	4,336,679	-	-	-
Derecognizing financial assets during the current period	(409,184,045)	-	(510,628)	-	-	(409,694,673)
Originated or purchased financial assets	395,045,317	-	13,315	-	-	395,058,632
Effect of exchange rate changes and others	22,511,598	-	130,256	-	-	22,641,854
Balance, June 30	<u>\$ 905,834,382</u>	<u>\$ -</u>	<u>\$ 16,209,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 922,044,245</u>



## Expected credit losses

	For the Six Months Ended June 30, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 223,539	\$ -	\$ 400,133	\$ -	\$ -	\$ 623,672	\$ 37,899	\$ 661,571
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to 12-month ECL	3,177	-	(3,177)	-	-	-	-	-
Derecognized financial assets in the current period	(56,846)	-	(22,946)	-	-	(79,792)	-	(79,792)
Originated or purchased 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 Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1,518	1,518
Effect of exchange rate changes and others	7,287	-	19,102	-	-	26,389	(1,191)	25,198
Balance, June 30	<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 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 217,382	\$ -	\$ 397,036	\$ -	\$ -	\$ 614,418	\$ -	\$ 614,418
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(257)	-	257	-	-	-	-	-
Derecognized financial assets in the current period	(10,359)	-	(48,516)	-	-	(58,875)	-	(58,875)
Originated or purchased 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 Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	18,894	18,894
Effect of exchange rate changes and others	(8,380)	-	37,640	-	-	29,260	37	29,297
Balance, June 30	<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>

c) Receivables

Total carrying value

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 101,335,736	\$ 1,850,195	\$ -	\$ 502,354	\$ -	\$ 103,688,285
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(852,657)	854,589	-	(1,932)	-	-
Transferred to credit impaired financial assets	(97,013)	(85,696)	-	182,709	-	-
Transferred to 12-month ECL	624,659	(622,706)	-	(1,953)	-	-
Derecognized financial assets in the current period	(58,504,384)	(645,947)	-	(211,034)	-	(59,361,365)
Originated or purchased financial assets	71,282,046	832,246	-	94,438	-	72,208,730
Written off as bad debt expense	-	-	-	(3,963)	-	(3,963)
Effect of exchange rate changes and others	(626,808)	(84)	-	-	-	(626,892)
Balance, June 30	\$ 113,161,579	\$ 2,182,597	\$ -	\$ 560,619	\$ -	\$ 115,904,795

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

	For the Six Months Ended June 30, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 92,780,947	\$ 1,101,636	\$ -	\$ 502,700	\$ -	\$ 94,385,283
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(797,188)	797,589	-	(401)	-	-
Transferred to credit impaired financial assets	(54,566)	(56,750)	-	111,316	-	-
Transferred to 12-month ECL	324,183	(323,827)	-	(356)	-	-
Derecognized financial assets in the current period	(52,250,171)	(333,875)	-	(137,264)	-	(52,721,310)
Originated or purchased financial assets	59,629,013	437,520	-	32,385	-	60,098,918
Written off as bad debt expense	-	-	-	(2,373)	-	(2,373)
Effect of exchange rate changes and others	95,122	280,034	-	(2,898)	-	372,258
Balance, June 30	\$ 99,727,340	\$ 1,902,327	\$ -	\$ 503,109	\$ -	\$ 102,132,776

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

Expected credit losses

	For the Six Months Ended June 30, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 200,633	\$ 86,950	\$ 674	\$ 163,704	\$ -	\$ 451,961	\$ 209,630	\$ 661,591
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(6,849)	8,603	-	(1,754)	-	-	-	-
Transferred to credit impaired financial assets	(848)	(10,702)	-	11,550	-	-	-	-
Transferred to 12-month ECL	30,646	(28,912)	(92)	(1,642)	-	-	-	-
Derecognized financial assets in the current period	(109,485)	(16,468)	(4)	(17,837)	-	(143,794)	-	(143,794)
Originated or purchased financial assets	133,225	32,843	4	35,858	-	201,930	-	201,930
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	13,038	13,038
Written off as bad debt expense	-	-	-	(9,255)	-	(9,255)	-	(9,255)
Effect of exchange rate changes and others	(22,691)	48,418	79	8,952	-	34,758	(25)	34,733
Balance, June 30	\$ 224,631	\$ 120,732	\$ 661	\$ 189,576	\$ -	\$ 535,600	\$ 222,643	\$ 758,243

	For the Six Months Ended June 30, 2022 (Restated)							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 178,767	\$ 54,825	\$ 542	\$ 417,275	\$ -	\$ 651,409	\$ 176,344	\$ 827,753
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(6,338)	6,681	5	(348)	-	-	-	-
Transferred to credit impaired financial assets	(611)	(5,762)	-	6,373	-	-	-	-
Transferred to 12-month ECL	12,752	(12,588)	-	(164)	-	-	-	-
Derecognized financial assets in the current period	(89,199)	(12,922)	(3)	(16,935)	-	(119,059)	-	(119,059)
Originated or purchased financial assets	157,881	16,724	-	11,281	-	185,886	-	185,886
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	65,412	65,412
Written off as bad debt expense	-	-	-	(9,637)	-	(9,637)	-	(9,637)
Recoveries of bad debts	-	-	-	4,022	-	4,022	-	4,022
Effect of exchange rate changes and others	(1,686)	25,538	22	25,574	-	49,448	4	49,452
Balance, June 30	\$ 251,566	\$ 72,496	\$ 566	\$ 437,441	\$ -	\$ 762,069	\$ 241,760	\$ 1,003,829

d) Discounts and loans

Total carrying value

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 2,051,733,632	\$ 43,542,343	\$ -	\$ 9,211,963	\$ -	\$ 2,104,487,938
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(11,040,415)	11,171,650	-	(131,235)	-	-
Transferred to credit impaired financial assets	(6,141,710)	(677,646)	-	6,819,356	-	-
Transfer to 12-month ECL	3,317,066	(3,262,614)	-	(54,452)	-	-
Derecognized financial assets in the current period	(551,236,596)	(16,842,879)	-	(1,315,789)	-	(569,395,264)
Originated or purchased financial assets	658,209,808	16,234,104	-	1,846,363	-	676,290,275
Written off as bad debt expense	-	-	-	(1,365,740)	-	(1,365,740)
Effect of exchange rate changes and others	3,671,590	(7,968,892)	-	(66,870)	-	(4,364,172)
Balance, June 30	\$ 2,148,513,375	\$ 42,196,066	\$ -	\$ 14,943,596	\$ -	\$ 2,205,653,037

	For the Six Months Ended June 30, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 1,972,762,865	\$ 60,685,086	\$ -	\$ 9,446,438	\$ -	\$ 2,042,894,389
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(14,534,816)	14,600,346	-	(65,530)	-	-
Transferred to credit impaired financial assets	(759,956)	(355,193)	-	1,115,149	-	-
Transfer to 12-month ECL	5,692,441	(5,654,764)	-	(37,677)	-	-
Derecognized financial assets in the current period	(648,826,844)	(32,745,451)	-	(2,058,311)	-	(683,630,606)
Originated or purchased financial assets	748,747,544	25,395,331	-	1,681,731	-	775,824,606
Written off as bad debt expense	-	-	-	(758,299)	-	(758,299)
Effect of exchange rate changes and others	4,931,871	631,023	-	70,313	-	5,633,207
Balance, June 30	\$ 2,068,013,105	\$ 62,556,378	\$ -	\$ 9,393,814	\$ -	\$ 2,139,963,297

## Expected credit losses

	For the Six Months Ended June 30, 2023							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 4,084,146	\$ 1,274,218	\$ -	\$ 3,396,653	\$ -	\$ 8,755,017	\$ 18,986,055	\$ 27,741,072
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(24,810)	39,224	-	(14,414)	-	-	-	-
Transferred to credit impaired financial assets	(18,517)	(141,571)	-	160,088	-	-	-	-
Transferred to 12-month ECL	278,210	(268,938)	-	(9,272)	-	-	-	-
Derecognized financial assets in the current period	(1,134,190)	(234,082)	-	(360,440)	-	(1,728,712)	-	(1,728,712)
Originated or purchased financial assets	1,177,942	424,157	-	864,670	-	2,466,769	-	2,466,769
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	915,367	915,367
Written off as bad debt expense	-	-	-	(1,365,740)	-	(1,365,740)	-	(1,365,740)
Recoverable bad debt expense	-	-	-	198,937	-	198,937	-	198,937
Effect of exchange rate changes and others	(864,364)	610,542	-	1,360,876	-	1,107,054	(1,519)	1,105,535
Balance, June 30	\$ 3,498,417	\$ 1,703,550	\$ -	\$ 4,231,358	\$ -	\$ 9,433,325	\$ 19,899,903	\$ 29,333,228

	For the Six Months Ended June 30, 2022 (Restated)							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 4,745,774	\$ 1,530,317	\$ -	\$ 2,910,357	\$ -	\$ 9,186,448	\$ 16,624,387	\$ 25,810,835
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(206,803)	216,056	-	(9,253)	-	-	-	-
Transferred to credit impaired financial assets	(7,600)	(64,043)	-	71,643	-	-	-	-
Transferred to 12-month ECL	100,514	(81,521)	-	(18,993)	-	-	-	-
Derecognized financial assets in the current period	(1,448,538)	(612,181)	-	(581,500)	-	(2,642,219)	-	(2,642,219)
Originated or purchased financial assets	1,379,967	552,987	-	1,022,752	-	2,955,706	-	2,955,706
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1,459,251	1,459,251
Written off as bad debt expense	-	-	-	(773,970)	-	(773,970)	-	(773,970)
Recoverable bad debt expense	-	-	-	206,364	-	206,364	-	206,364
Effect of exchange rate changes and others	(700,009)	502,179	-	212,836	-	15,006	406	15,412
Balance, June 30	\$ 3,863,305	\$ 2,043,794	\$ -	\$ 3,040,236	\$ -	\$ 8,947,335	\$ 18,084,044	\$ 27,031,379

e) Other financial assets

Total carrying value

	For the Six Months Ended June 30, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	\$ 8,674,872	\$ -	\$ -	\$ 70,020	\$ -	\$ 8,744,892
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(5,209,865)	-	-	(3,868)	-	(5,213,733)
Originated or purchased financial assets	6,578,700	-	-	195,903	-	6,774,603
Written off as bad debt expense	-	-	-	(156,329)	-	(156,329)
Effect of exchange rate changes and others	(110,775)	-	-	(131)	-	(110,906)
Balance, June 30	\$ 9,932,932	\$ -	\$ -	\$ 105,595	\$ -	\$ 10,038,527

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

Expected credit losses

	For the Six Months Ended June 30, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 795	\$ -	\$ -	\$ 64,855	\$ -	\$ 65,650	\$ 1	\$ 65,651
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(795)	-	-	(3,752)	-	(4,547)	-	(4,547)
Originated or purchased financial assets	608	-	-	89,775	-	90,383	-	90,383
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	(1)	(1)
Write-off to bad debt expense	-	-	-	(156,329)	-	(156,329)	-	(156,329)
Recoverable bad debt expense	-	-	-	134,783	-	134,783	-	134,783
Effect of exchange rate changes and others	(14)	-	-	(28,361)	-	(28,375)	-	(28,375)
Balance, June 30	\$ 594	\$ -	\$ -	\$ 100,971	\$ -	\$ 101,565	\$ -	\$ 101,565

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

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

#### Expected credit losses

	For the Six Months Ended June 30, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	\$ 264,934	\$ 62,790	\$ -	\$ 8,718	\$ -	\$ 336,442	\$ 217,473	\$ 553,915
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(4,071)	4,434	-	(363)	-	-	-	-
Transferred to credit impaired financial assets	(147)	(649)	-	796	-	-	-	-
Transferred to 12-month ECL	27,798	(27,697)	-	(101)	-	-	-	-
Derecognized financial assets in the current period	(68,965)	(9,381)	-	(1,608)	-	(79,954)	-	(79,954)
Originated or purchased financial assets	122,370	35,487	-	7,300	-	165,157	-	165,157
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	8,667	8,667
Effect of exchange rate changes and others	(84,028)	5,355	-	(1,715)	-	(80,388)	-	(80,388)
Balance, June 30	<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>

	For the Six Months Ended June 30, 2022 (Restated)							Total
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	
Balance, January 1	\$ 286,508	\$ 110,962	\$ -	\$ 10,999	\$ -	\$ 408,469	\$ 190,322	\$ 598,791
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,206)	5,638	-	(432)	-	-	-	-
Transferred to credit impaired financial assets	(54)	(310)	-	364	-	-	-	-
Transferred to 12-month ECL	14,131	(13,372)	-	(759)	-	-	-	-
Derecognized financial assets in the current period	(69,148)	(17,128)	-	(3,178)	-	(89,454)	-	(89,454)
Originated or purchased financial assets	72,033	11,297	-	1,823	-	85,153	-	85,153
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	35,537	35,537
Effect of exchange rate changes and others	(57,646)	12,215	-	(2,313)	-	(47,744)	-	(47,744)
Balance, June 30	\$ 240,618	\$ 109,302	\$ -	\$ 6,504	\$ -	\$ 356,424	\$ 225,859	\$ 582,283

#### 11) Maximum exposure to credit risk

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

##### Taipei Fubon Bank

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Irrevocable credit 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)

(In Thousands of RMB)

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2023	December 31, 2022	June 30, 2022
Irrevocable credit 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

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

Taipei Fubon Bank

<b>June 30, 2023</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>	<b>Others</b>
<u>Category of assets</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 at fair value through profit or loss - debt instruments	-	-	3.11%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.05%	-
Investments in debt instruments measured at amortized cost	-	-	10.07%	-

<b>December 31, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>	<b>Others</b>
<u>Category of assets</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 at fair value through profit or loss - debt instruments	-	-	4.45%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.54%	-
Investments in debt instruments measured at amortized cost	-	-	9.62%	-

<b>June 30, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>	<b>Others</b>
<u>Category of assets</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 at fair value through profit or loss - debt instruments	-	-	5.21%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.49%	-
Investments in debt instruments measured at amortized cost	-	-	9.23%	-

Note: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank



Fubon Bank (China)

<b>June 30, 2023</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Category of assets</u>			
Loans	8.36%	36.83%	1.35%
Guarantees receivable	22.23%	6.14%	59.39%
Acceptances	8.72%	0.80%	29.44%

<b>December 31, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Category of assets</u>			
Loans	9.30%	22.84%	2.97%
Guarantees receivable	29.96%	7.39%	48.15%
Acceptances	30.50%	1.51%	46.45%

<b>June 30, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Category of assets</u>			
Loans	7.82%	22.63%	4.09%
Guarantees receivable	44.66%	18.00%	13.36%
Acceptances	39.58%	2.77%	36.53%

Jih-Sun Bank

<b>December 31, 2022</b>	<b>Collateral</b>	<b>Netting Settlement Agreement</b>	<b>Other Credit Enhancements</b>	<b>Total</b>
<u>On-balance sheet items</u>				
Receivables				
Derivatives default settlement receivable	\$ 11,976	\$ -	\$ -	\$ 11,976
Discounts and loans	129,646,600	-	3,398,157	133,044,757
<u>Off-balance sheet item</u>				
Unused amount of issued letter of credit	36,731	-	479	37,210
Various guarantee proceeds	436,028	-	100,455	536,483
Total	\$ 130,131,335	\$ -	\$ 3,499,091	\$ 133,630,426

<b>June 30, 2022</b>	<b>Collateral</b>	<b>Netting Settlement Agreement</b>	<b>Other Credit Enhancements</b>	<b>Total</b>
<u>On-balance sheet items</u>				
Receivables				
Derivatives default settlement receivable	\$ 11,824	\$ -	\$ -	\$ 11,824
Discounts and loans	131,308,351	-	4,483,808	135,792,159
<u>Off-balance sheet item</u>				
Unused amount of issued letter of credit	10,996	-	19,881	30,877
Various guarantee proceeds	480,309	-	45,500	525,809
Total	\$ 131,811,480	\$ -	\$ 4,549,189	\$ 136,360,669

## 12) Concentration of credit risk exposure

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

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

### Taipei Fubon Bank

#### a) By industry

By Industry	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
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 institution	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: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

#### b) By geographical area

Geographical Area	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
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: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

#### c) By collateral

By Collateral	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
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 instruments	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: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank

## Jih-Sun Bank

### a) By industry

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

### b) By geographical area

As of December 31, 2022 and June 30, 2022, the Jih-Sun Bank and its subsidiaries primarily engage their businesses in Taiwan, and there is no significant concentration of credit risk by geographical region.

### c) By collateral

By Collateral	December 31, 2022		June 30, 2022	
	Amount	%	Amount	%
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
Properties	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
Guarantees	520,276	0.29	844,420	0.47
Others	996,424	0.56	712,068	0.39
Total	\$ 178,146,399	100.00	\$ 181,381,437	100.00

d) Classification of credit ratings quality risk

Taipei Fubon Bank

- i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
- ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
- iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2023	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 119,197,982	\$ 406,557	\$ -	\$ 119,604,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,142	\$ 119,569,397
Investments in debt instruments 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												
Financial 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 receivables	4,373,350	3,759,928	12,085	8,145,363	-	64,194	-	64,194	-	-	4,831	8,204,726

December 31, 2022 (Restated)	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 122,140,267	\$ -	\$ -	\$ 122,140,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,611	\$ 122,100,656
Investments in debt instruments 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												
Financial 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 receivables	4,567,452	3,047,406	7,000	7,621,858	-	16,119	-	16,119	-	-	6,419	7,631,558

June 30, 2022 (Restated)	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 131,913,091	\$ -	\$ -	\$ 131,913,091	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,029	\$ 131,870,062
Investments in debt instruments 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												
Financial 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 receivables	4,942,666	4,295,801	-	9,238,467	-	321,055	6,543	327,598	-	-	5,677	9,560,388

Fubon Bank (China)

a) By industry

(In Thousands of RMB)

By 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 retail	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
Lease and business	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)	\$ 58,282,657	100.00	\$ 49,513,906	100.00	\$ 53,797,261	100.00

Note: Included only discounts and loans.

b) By geographical area

(In Thousands of RMB)

Geographical 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
Southwest China	3,719,925	6.38	3,008,051	6.08	3,423,327	6.36
Central China	3,277,725	5.62	3,165,199	6.39	3,385,604	6.29
North China	3,181,725	5.46	3,712,912	7.50	5,019,348	9.33
South China	1,824,278	3.13	1,955,836	3.95	2,247,929	4.18
Northwest China	1,167,897	2.00	1,940,802	3.92	1,957,091	3.64
Other regions	35,517,300	60.95	25,018,795	50.53	26,056,943	48.44
Total (Note)	\$ 58,282,657	100.00	\$ 49,513,906	100.00	\$ 53,797,261	100.00

Note: Included only discounts and loans.

c) By collateral

(In Thousands of RMB)

By Collateral	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%
Clean loans	\$ 31,158,111	53.46	\$ 32,131,982	64.89	\$ 35,216,011	65.46
Guarantee 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
Pledge loans	21,467,097	36.83	11,308,870	22.84	12,172,424	22.63
Mortgage loans	4,870,591	8.36	4,604,512	9.30	4,209,885	7.82
Total (Note)	\$ 58,282,657	100.00	\$ 49,513,906	100.00	\$ 53,797,261	100.00

Note: Included only discounts and loans.

d) Classification of credit ratings quality risk

Fubon Bank (China)

- i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
- ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
- iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2023	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 37,586,473	\$ -	\$ -	\$ 37,586,473	\$ 192,412	\$ -	\$ -	\$ 192,412	\$ -	\$ -	\$ 20,360	\$ 37,758,525
Investments in debt instruments 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												
Financial commitments	1,142,654	-	-	1,142,654	-	-	-	-	-	-	3,243	1,139,411
Guarantees receivable	705,219	-	-	705,219	-	-	-	-	-	-	837	704,382
Credit receivables	88,508	-	-	88,508	-	-	-	-	-	-	14	88,494

December 31, 2022	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 34,968,506	\$ -	\$ -	\$ 34,968,506	\$ 370,337	\$ -	\$ -	\$ 370,337	\$ -	\$ -	\$ 45,305	\$ 35,293,538
Investments in debt instruments 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												
Financial commitments	1,193,677	-	-	1,193,677	-	-	-	-	-	-	6,809	1,186,868
Guarantees receivable	510,221	-	-	510,221	-	-	-	-	-	-	764	509,457
Credit receivables	9,840	-	-	9,840	-	-	-	-	-	-	-	9,840

June 30, 2022	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	\$ 34,781,043	\$ -	\$ -	\$ 34,781,043	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ 35,082	\$ 34,845,961
Investments in debt instruments measured at amortized cost	23,678,912	-	-	23,678,912	-	-	-	-	-	-	5,525	23,673,387
Receivables												
Acceptances	4,721,428	-	-	4,721,428	-	-	-	-	-	-	13,053	4,708,375
Credit card receivables	81,118	-	-	81,118	793	-	-	793	-	-	1,314	80,597
Loans												
Personal finance	24,162,352	-	181,820	24,344,172	122,136	37,996	-	160,132	162,573	-	372,556	24,294,321
Corporate banking	24,395,399	23,619	26,033	24,445,051	-	4,378,569	-	4,378,569	306,764	-	423,206	28,707,178
Other financial assets	714,916	-	-	714,916	-	-	-	-	294	-	401	714,809
Off-balance sheet assets												
Financial commitments	1,367,268	-	-	1,367,268	-	-	-	-	-	-	7,794	1,359,474
Guarantees receivable	391,663	-	-	391,663	-	-	-	-	-	-	1,450	390,213
Credit receivables	4,346	-	-	4,346	-	-	-	-	-	-	-	4,346



### 13) Financial impact of credit risk mitigation policy

#### a) Collateral and other credit enhancements

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

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

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

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

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

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

#### b) The collateral amount of impaired financial assets

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

##### Taipei Fubon Bank

<b>June 30, 2023</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>	<b>Others</b>
<u>Asset category</u>				
Receivables	-	1.65%	1.41%	0.09%
Loans	0.07%	35.05%	20.22%	1.78%
Other financial assets	-	-	-	-

<b>December 31, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>	<b>Others</b>
<u>Asset category</u>				
Receivables	-	1.59%	0.56%	1.21%
Loans	-	50.08%	25.78%	2.64%
Other financial assets	-	-	-	-

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

Note: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

Fubon Bank (China)

<b>June 30, 2023</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Asset category</u>			
Loans	6.84%	9.41%	0.68%

<b>December 31, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Asset category</u>			
Loans	8.78%	1.74%	0.17%

<b>June 30, 2022</b>	<b>Financial Instrument</b>	<b>Property</b>	<b>Guarantee</b>
<u>Asset category</u>			
Loans	8.57%	1.52%	0.17%

Jih-Sun Bank

<b>December 31, 2022</b>	<b>Collateral</b>	<b>Netting Settlement Agreement</b>	<b>Other Credit Enhancements</b>	<b>Total</b>
<u>On-balance sheet items</u>				
Discounts and loans	\$ 244,955	\$ -	\$ 11,481	\$ 256,436

<b>June 30, 2022</b>	<b>Collateral</b>	<b>Netting Settlement Agreement</b>	<b>Other Credit Enhancements</b>	<b>Total</b>
<u>On-balance sheet items</u>				
Discounts and loans	\$ 347,287	\$ -	\$ 12,842	\$ 360,129

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

The outstanding contract amounts of the Bank's financial assets that were written off and still have recourse actions as of June 30, 2023, December 31, 2022 and June 30, 2022 were \$1,516,301 thousand, \$2,729,558 thousand and \$870,266 thousand, respectively.

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

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

The properties of the collaterals held by Fubon Bank (China) are houses and buildings. As of June 30, 2023, December 31, 2022 and June 30, 2022, the carrying amounts of the properties were \$51,347 thousand, \$52,961 thousand and \$53,238 thousand, respectively. The collateral assumed are classified as other assets in the consolidated balance sheets.

d. Liquidity risk

1) Source and definition of liquidity risk

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

2) Liquidity risk management strategy and principles

Taipei Fubon Bank

- a) The Bank’s strategy is to lower liquidity risk by acquiring stable, low interest-rate, sufficient funding to cover asset size growth and meet obligations on matured liabilities and to narrow gaps between funding availability and demand.
- b) The principle is to harmonize fund availability with the Bank’s deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central Bank’s policies to increase fund use and lower liquidity risk. Thus, the Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdowns and repayments, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.
- c) The Bank has the liquidity risk limits to monitor and manage the Bank’s liquidity risk. The liquidity risk limits are regulated by the Bank’s president based on the regulations and the range of risk appetite, then regularly reported to the ALCO and the directors (permanent).

Fubon Bank (China)

- a) The liquidity risk management strategy of Fubon Bank (China) aims not only to meet compliance and regulatory requirements but also to find a sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term asset allocation and dispersing fund sources on the basis of market conditions, the Bank manages its liquidity risk exposure at an acceptable level to ensure the sustainability of its business operations and maintain its fine reputation.
- b) Fubon Bank (China) maintains a strategically defined risk appetite for its liquidity management. Daily liquidity management is centralized given the size and complexity of its current business scope, and Fubon Bank (China)’s organization structure is suitable for managing liquidity exposure. The board of directors takes the ultimate responsibility for Fubon Bank (China)’s liquidity risk. The senior management, which is in charge of implementing liquidity management policies and procedures, has authorized the Asset and Liability Management Committee to perform related management duties daily. Liquidity risk assessment reports are prepared by the risk management for submission to the Risk & Related Party Transaction Committee.

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

### 3) Maturity analysis

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

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

#### a) Maturity analysis of financial assets and liabilities - NTD

##### Taipei Fubon Bank

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other banks	\$ 74,873,509	\$ 7,385,042	\$ 7,287,957	\$ 10,527,779	\$ 33,629,262	\$ 133,703,549
Investments in marketable securities (Note 2)	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 (including 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
Subtotal	625,036,716	436,370,999	324,271,847	317,446,579	1,529,834,961	3,232,961,102
<b>Liabilities</b>						
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
Bank debentures	-	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
Subtotal	449,867,143	472,452,420	409,246,064	466,699,675	1,151,094,836	2,949,360,138

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other banks	\$ 76,597,060	\$ 7,682,352	\$ 4,811,940	\$ 9,149,655	\$ 28,355,405	\$ 126,596,412
Investments in marketable securities (Note 2)	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 (including 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
Subtotal	571,778,830	400,712,332	269,058,985	299,414,970	1,363,075,558	2,904,040,675
<b>Liabilities</b>						
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
Bank debentures 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
Subtotal	403,673,141	570,124,720	311,901,507	379,850,733	994,700,117	2,660,250,218

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

Note 1: The above amounts include only New Taiwan dollar amounts held by the headquarter and onshore branches.

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

Note 3: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

b) Maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other banks	\$ 1,430,983	\$ 694,000	\$ 875,000	\$ 1,244,000	\$ -	\$ 4,243,983
Investments 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 (including 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
Subtotal	15,098,987	10,458,099	7,488,145	6,958,235	12,207,594	52,211,060
<b>Liabilities</b>						
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
Bank debentures	-	-	-	-	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
Subtotal	15,484,716	14,823,602	7,878,916	8,603,710	5,048,198	51,839,142

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other banks	\$ 1,646,667	\$ 505,000	\$ 495,000	\$ 945,000	\$ -	\$ 3,591,667
Investments in marketable securities (Note 2)	756,729	115,833	121,021	189,738	9,404,364	10,587,685
Securities purchased under resale agreements	11,186	93,834	-	-	-	105,020
Loans (including 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
Subtotal	15,112,864	13,039,325	6,567,962	4,839,611	12,075,865	51,635,627
<b>Liabilities</b>						
Deposits from the Central Bank and other 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
Bank debentures	-	-	-	-	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
Subtotal	14,521,527	17,865,549	5,905,752	6,892,913	6,014,080	51,199,821

(In Thousands of U.S. Dollars)

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

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

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

Note 3: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

c) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2023	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other banks	\$ 2,020,287	\$ 2,484	\$ -	\$ -	\$ 6,464,723	\$ 8,487,494
Investments 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 (including 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
Subtotal	79,201,720	75,984,957	112,649,835	92,811,960	7,268,000	367,916,472
<b>Liabilities</b>						
Deposits from the Central Bank and banks	7,915,845	2,153,245	423,349	-	-	10,492,439
Deposits from the Central Bank	-	-	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
Bank debentures	20,400	-	1,230,900	5,701,629	-	6,952,929
Deliverable derivative liabilities	66,067,772	58,678,876	81,571,352	2,443,326	-	208,761,326
Non-deliverable derivative 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
Subtotal	122,701,909	82,177,049	116,110,438	23,687,054	433	344,676,883

(In Thousands of RMB)

December 31, 2022	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
<b>Assets</b>						
Cash, call loans and deposits due from/to other 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 (including 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
Subtotal	73,209,445	54,559,083	103,524,267	72,922,364	7,365,132	311,580,291
<b>Liabilities</b>						
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
Bank debentures	20,400	1,032,000	1,165,900	3,643,312	-	5,861,612
Deliverable derivative liabilities	52,944,742	40,969,628	69,523,374	169,135	-	163,606,879
Non-deliverable derivative 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
Subtotal	113,359,717	64,444,260	99,226,020	13,969,896	433	291,000,326

(In Thousands of RMB)

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

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

d) Maturity analysis of derivatives assets and liabilities - NTD

Taipei Fubon Bank

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Deliverable derivative assets						
Forward contracts	\$ 1,054,743	\$ 1,221,481	\$ 559,544	\$ 244,409	\$ 62,658	\$ 3,142,835
Currency swaps	174,431,078	225,621,626	136,456,289	117,606,707	5,162,370	659,278,070
Cross-currency swaps	8,074,642	2,793,199	4,469,116	4,999,210	4,520,980	24,857,147
Subtotal	183,560,463	229,636,306	141,484,949	122,850,326	9,746,008	687,278,052
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	6,809,560	35	-	1,321	41,276	6,852,192
<b>Liabilities</b>						
Deliverable derivative liabilities						
Forward contracts	1,449,819	1,319,690	70,853	-	-	2,840,362
Currency swaps	200,678,154	230,768,283	175,044,772	127,491,829	8,245,116	742,228,154
Cross-currency swaps	10,713,521	7,235,700	1,113,950	1,308,265	1,977,415	22,348,851
Subtotal	212,841,494	239,323,673	176,229,575	128,800,094	10,222,531	767,417,367
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	550,846	-	-	-	-	550,846
Interest rate derivative instruments - 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	6,475,082	-	-	6,130	1,111,885	7,593,097



December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Deliverable derivative assets						
Forward contracts	\$ 539,799	\$ 1,870,901	\$ 760,101	\$ 70,806	\$ 128,812	\$ 3,370,419
Currency swaps	183,405,049	233,445,878	106,363,880	75,568,963	7,324,453	606,108,223
Cross-currency swaps	1,208,275	16,890,389	4,988,610	14,201,874	8,045,400	45,334,548
Subtotal	185,153,123	252,207,168	112,112,591	89,841,643	15,498,665	654,813,190
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	5,578,874	-	-	689	30,592	5,610,155
<b>Liabilities</b>						
Deliverable derivative liabilities						
Forward contracts	2,276,650	3,768,387	56,118	-	-	6,101,155
Currency swaps	209,396,915	316,372,018	151,270,937	74,358,077	14,200,150	765,598,097
Cross-currency swaps	1,695,950	1,430,000	6,283,015	19,063,171	838,870	29,311,006
Subtotal	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
Interest rate derivative instruments - 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	5,438,177	-	-	-	835,925	6,274,102

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

Note 1: The above amounts include only New Taiwan dollar amounts held by the headquarter and onshore branches.

Note 2: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

e) Maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

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

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
<b>Assets</b>						
Deliverable derivative assets						
Forward contracts	\$ 357,432	\$ 203,387	\$ 13,636	\$ 38,093	\$ -	\$ 612,548
Currency swaps	10,833,507	11,037,472	5,212,956	2,772,992	530,523	30,387,450
Cross-currency swaps	60,000	50,000	225,000	683,000	30,000	1,048,000
Subtotal	11,250,939	11,290,859	5,451,592	3,494,085	560,523	32,047,998
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 - non-hedging	78,167	-	-	-	-	78,167
Equity derivative instruments	169	-	-	-	-	169
Product derivative instruments	120	-	-	-	-	120
Subtotal	95,662	123	360	345	256,758	353,248
<b>Liabilities</b>						
Deliverable derivative liabilities						
Forward contracts	153,813	229,200	99,684	125,725	4,300	612,722
Currency swaps	7,598,802	8,016,842	3,585,510	2,634,015	278,526	22,113,695
Cross-currency swaps	42,563	589,539	176,632	504,309	283,019	1,596,062
Subtotal	7,795,178	8,835,581	3,861,826	3,264,049	565,845	24,322,479
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
Product derivative instruments	120	-	-	-	-	120
Subtotal	33,500	-	-	-	95,769	129,269

(In Thousands of U.S. Dollars)

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

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

Note 2: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

f) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2023	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
<b>Assets</b>					
Deliverable derivative assets					
Forward contracts	\$ 346,353	\$ 263,500	\$ 126,895	\$ -	\$ 736,748
Currency swaps	66,075,715	58,353,288	81,963,386	2,457,488	208,849,877
Subtotal	66,422,068	58,616,788	82,090,281	2,457,488	209,586,625
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	1,722	6,981	5,883	4,545	19,131
Option contracts	-	-	14,810	219	15,029
Subtotal	1,722	6,981	20,693	4,764	34,160
<b>Liabilities</b>					
Deliverable derivative liabilities					
Forward contracts	334,743	257,846	128,877	-	721,466
Currency swaps	65,733,029	58,421,030	81,442,475	2,443,326	208,039,860
Subtotal	66,067,772	58,678,876	81,571,352	2,443,326	208,761,326
Non-deliverable derivative liabilities					
Interest rate derivatives - non-hedging	2,681	9,929	11,330	-	23,940
Option contracts	-	-	44,433	111	44,544
Subtotal	2,681	9,929	55,763	111	68,484

(In Thousands of RMB)

December 31, 2022	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
<b>Assets</b>					
Deliverable derivative assets					
Forward contracts	\$ 525,225	\$ 671,610	\$ 758,194	\$ -	\$ 1,955,029
Currency swaps	52,734,092	40,483,511	69,153,475	169,242	162,540,320
Subtotal	53,259,317	41,155,121	69,911,669	169,242	164,495,349
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	2,751	3,734	8,796	2,939	18,220
Option contracts	322	424	27,638	-	28,384
Subtotal	3,073	4,158	36,434	2,939	46,604
<b>Liabilities</b>					
Deliverable derivative liabilities					
Forward contracts	533,671	697,236	800,570	-	2,031,477
Currency swaps	52,411,071	40,272,392	68,722,804	169,135	161,575,402
Subtotal	52,944,742	40,969,628	69,523,374	169,135	163,606,879
Non-deliverable derivative liabilities					
Interest rate derivatives - non-hedging	1,068	2,082	9,810	1,951	14,911
Option contracts	115	421	3,785	-	4,321
Subtotal	1,183	2,503	13,595	1,951	19,232

(In Thousands of RMB)

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

## g) Maturity analysis of financial liabilities - Jih-Sun Bank

## i Non-derivative liabilities

December 31, 2022	0-30 Days	31-90 Days	91- 180 Days	181-365 Days	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 and remittances	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

June 30, 2022	0-30 Days	31-90 Days	91- 180 Days	181-365 Days	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 and	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

ii Derivative liabilities

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Derivative financial liabilities measured at fair value through profit or loss						
Currency swaps	\$ 7,628	\$ -	\$ -	\$ -	\$ -	\$ 7,628
FX options	-	187	-	-	73,598	73,785
Interest rate instruments	123,011	-	-	-	-	123,011
Equity index options	12,533	-	-	-	-	12,533
Total	\$ 143,172	\$ 187	\$ -	\$ -	\$ 73,598	\$ 216,957

June 30, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Derivative financial liabilities measured at fair value through profit or loss						
Currency swaps	\$ 26,569	\$ -	\$ -	\$ -	\$ -	\$ 26,569
FX options	-	1,187	-	-	75,136	76,323
Interest rate instruments	100,295	-	-	-	-	100,295
Equity index options	137,163	-	-	-	-	137,163
Total	\$ 264,027	\$ 1,187	\$ -	\$ -	\$ 75,136	\$ 340,350

h) Maturity analysis of off-balance sheet items

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

Taipei Fubon Bank

June 30, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit 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

December 31, 2022 (Restated)	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit 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

June 30, 2022 (Restated)	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit 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

## Fubon Bank (China)

(In Thousands of RMB)

<b>June 30, 2023</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-365 Days</b>	<b>Over 1 Year</b>	<b>Total</b>
Irrevocable credit 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
<b>Total</b>	<b>\$ 98,440</b>	<b>\$ 159,758</b>	<b>\$ 975,196</b>	<b>\$ 206,681</b>	<b>\$ 1,440,075</b>

(In Thousands of RMB)

<b>December 31, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-365 Days</b>	<b>Over 1 Year</b>	<b>Total</b>
Irrevocable credit 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
<b>Total</b>	<b>\$ 131,012</b>	<b>\$ 119,878</b>	<b>\$ 731,910</b>	<b>\$ 274,118</b>	<b>\$ 1,256,918</b>

(In Thousands of RMB)

<b>June 30, 2022</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-365 Days</b>	<b>Over 1 Year</b>	<b>Total</b>
Irrevocable credit 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
<b>Total</b>	<b>\$ 32,998</b>	<b>\$ 181,267</b>	<b>\$ 529,388</b>	<b>\$ 592,833</b>	<b>\$ 1,336,486</b>

### e. Market risk

#### 1) Market risk definition and classifications

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

#### 2) Market risk strategy and procedures

##### Taipei Fubon Bank

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

##### Fubon Bank (China)

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

### 3) Market risk management framework

#### Taipei Fubon Bank

The Bank has established the Risk Management Committee, which is composed of the Chairman of the board of directors or the designees by the Chairman as the President and senior executives of relevant departments, to review related significant market risk policies, monitor the information and changes in significant market risk and qualification quotas.

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

#### Fubon Bank (China)

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

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

### 4) Market risk measurement, control and reporting

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

### 5) Measurement of trading book market risk

#### Taipei Fubon Bank

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

a) Value at Risk (“VaR”)

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

Trading book VaR information is shown below:

Common VaR	For the Six Months Ended June 30, 2023			
	Highest	Lowest	Mean	End of Year
Equity	\$ 5,598	\$ 2,614	\$ 4,051	\$ 3,244
Interest rate	137,842	83,106	107,617	83,106
Exchange rate	34,698	11,047	18,266	34,698
Volatility	927	309	531	927
Diversification effect	-	-	<u>(24,141)</u>	<u>(41,840)</u>
Common VaR of trading book			<u>\$ 106,324</u>	<u>\$ 80,135</u>

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

Note 1: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because these effects were not significant.

Note 2: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

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

b) Stress testing

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



### Fubon Bank (China)

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

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

### Jih-Sun Bank

(In Thousands of NTD)

99% C.L. 1 Day (VaR)	For the Six Months Ended June 30, 2022		
	Mean	Highest	Lowest
Exchange rate	\$ 669	\$ 1,819	\$ 138
Interest rate	209	721	51
Equity price	-	-	-
Securities in all	686	1,832	150

#### 6) Measurement of banking book market risk

##### Taipei Fubon Bank

###### a) Interest rate risk

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

Banking book interest rate risk refers to possible loss due to unfavorable changes in interest rates for the banking book portfolio. One of the methods used to determine exposure to interest rate risks is earnings analysis, which focuses on the effects interest rate changes on the earnings of the banking book portfolio, especially earnings in the short term. Had the interest rate increased/decreased 1bps (basis points) as of June 30, 2023, December 31, 2022 and June 30, 2022 and all other factors been held constant, the earnings would have decreased/increased by \$5 million, \$8 million and \$3 million, respectively.

###### b) Exchange rate risk

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

The Bank's overseas branches and these branches' long-term equity-method investments have foreign exchange businesses. The percentage of the foreign currency operating funds used for the foreign exchange business operations is low when compared with the Bank's entire foreign currency position. As of June 30, 2023, for the operating funds of overseas branches, the Bank considers the ratio of exchange differences on translating foreign operations to the equity of the Bank's owners to be immaterial.

c) Equity risk

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

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

	June 30, 2023		December 31, 2022		June 30, 2022	
	Influence on Profit and Loss	Influence on Other Equity	Influence on Profit and Loss	Influence on Other Equity	Influence on Profit and Loss	Influence on Other Equity
Stock price increase by 10%	\$ -	\$ 4,169,957	\$ -	\$ 3,190,628	\$ -	\$ 3,276,845
Stock price decrease by 10%	-	(4,169,957)	-	(3,190,628)	-	(3,276,845)

Note: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank.

Fubon Bank (China)

a) Interest rate risk

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

(In Thousands of RMB)

	June 30, 2023		December 31, 2022		June 30, 2022	
	Impact on Profit and Loss	Impact on Other Equity	Impact on Profit and Loss	Impact on Other Equity	Impact on Profit and Loss	Impact on Other Equity
Interest rate increases 50 basis points	\$(169,452)	\$(377,641)	\$(150,321)	\$(328,971)	\$(154,420)	\$(408,121)
Interest rate decreases 50 basis points	171,137	387,906	150,970	238,370	154,679	297,207

b) Exchange rate risk

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

(In Thousands of RMB)

	June 30, 2023		December 31, 2022		June 30, 2022	
	Influence on Profit and Loss	Influence on Other Equity	Influence on Profit and Loss	Influence on Other Equity	Influence on Profit and Loss	Influence on Other Equity
USD and HKD appreciate by 5% against the RMB	\$ (164,445)	\$ 344,577	\$ (275,313)	\$ 341,540	\$ (206,258)	\$ 238,972
USD and HKD depreciate by 5% against the RMB	164,445	(344,577)	275,313	(341,540)	206,258	(238,972)

Jih-Sun Bank

The sensitivity analysis of interest rate risk, exchange rate risk and equity securities risk was as follows:

(In Thousands of NTD)

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

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

7) Effect of interest rate benchmark reform

The Bank and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) 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. The Bank and its subsidiaries’ communication with financial instrument counterparties about amending the existing contract has been underway with an aim to finalize the amendment ahead of the next repricing date.

The following table contains book values about total amount that yet deformed and amount that not yet had the contingency clause of the non-derivative financial instruments:

	<u>June 30, 2023</u>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
Financial instrument linked to USD LIBOR		
Discounts and loans	\$ 15,002,672	\$ 3,147,821
Debt investments	<u>27,730,125</u>	<u>-</u>
	<u>\$ 42,732,797</u>	<u>\$ 3,147,821</u>
	<u>December 31, 2022 (Restated)</u>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
Financial instrument linked to USD LIBOR		
Discounts and loans	\$ 78,229,690	\$ 75,592,244
Debt investments	<u>45,033,833</u>	<u>34,512,046</u>
	<u>\$ 123,263,523</u>	<u>\$ 110,104,290</u>

	<u>June 30, 2022 (Restated)</u>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
Financial instrument linked to USD LIBOR		
Discounts and loans	\$ 93,012,197	\$ 91,836,699
Debt investments	<u>44,480,365</u>	<u>35,486,461</u>
	<u>\$ 137,492,562</u>	<u>\$ 127,323,160</u>

The following table contains the contract amount about total amount that yet deformed and amount that not yet had the contingency clause of the derivative financial instruments:

	<u>June 30, 2023</u>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	<u>\$ 4,106,837</u>	<u>\$ -</u>

	<u>December 31, 2022 (Restated)</u>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 148,971,220	\$ -
Cross-currency swap contracts	9,786,443	-
Equity swap contracts	2,377,676	-
Exchange rate swap contracts	<u>2,357,921</u>	<u>-</u>
Total of derivative financial instruments effected by interest rate benchmark reform	<u>\$ 163,493,260</u>	<u>\$ -</u>

	<b>June 30, 2022 (Restated)</b>	
	<b>Total Amount That Yet Reformed</b>	<b>Amount That Not Yet Had the Contingency Clause</b>
<b>Financial instrument linked to USD LIBOR</b>		
Interest rate swap contracts	\$ 148,276,572	\$ -
Exchange rate swap contracts	4,461,696	-
Equity swap contracts	2,677,368	-
Cross-currency swap contracts	<u>9,469,669</u>	<u>-</u>
Total of derivative financial instruments effected by interest rate benchmark reform	<u>\$ 164,885,305</u>	<u>\$ -</u>

8) Foreign currency rate risk information

The table below shows the foreign currency risk information on the carrying amounts of all financial assets and liabilities denominated in foreign currencies and their respective functional currency as of June 30, 2023, December 31, 2022 and June 30, 2022.

Taipei Fubon Bank

**Units: (In Thousands, Unless Otherwise Indicated)**

	<b>June 30, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
<b>Monetary item</b>			
USD	\$ 26,277,691	31.1523	\$ 818,610,159
AUD	4,998,484	20.6226	103,081,859
HKD	10,851,766	3.9760	43,146,110
RMB	10,013,154	4.2789	42,845,095
VND	18,047,449,920	0.0013	23,822,634
<b>Nonmonetary item</b>			
USD	504,944	31.1523	15,730,156
JPY	15,780,691	0.2152	3,396,415
RMB	725,521	4.2789	3,104,420
AUD	148,709	20.6226	3,066,770
HKD	108,449	3.9760	431,188
<b>Investments accounted for using the equity method</b>			
RMB	6,253,998	4.2789	26,760,114
KRW	367,646,814	0.0236	8,661,391

(Continued)

	<b>June 30, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
Monetary item			
USD	\$ 31,760,844	31.1523	\$ 989,422,902
HKD	15,442,092	3.9760	61,397,033
RMB	14,015,084	4.2789	59,968,878
JPY	102,433,895	0.2152	22,046,438
VND	14,829,831,249	0.0013	19,575,377
Nonmonetary item			
USD	203,262	31.1523	6,332,075
RMB	816,275	4.2789	3,492,744
JPY	5,726,860	0.2152	1,232,569
VND	83,362,070	0.0013	110,038
HKD	19,936	3.9760	79,264
			(Concluded)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 24,075,945	30.7233	\$ 739,692,317
AUD	4,674,405	20.8840	97,620,302
RMB	10,443,844	4.4134	46,093,267
JPY	153,558,818	0.2331	35,790,568
EUR	1,049,922	32.7552	34,390,394
Nonmonetary item			
USD	475,184	30.7233	14,599,205
JPY	12,748,588	0.2331	2,971,364
AUD	139,817	20.8840	2,919,947
RMB	596,411	4.4134	2,632,222
HKD	138,645	3.9395	546,198
Investments accounted for using the equity method			
RMB	6,318,820	4.4134	27,887,728
KRW	362,550,833	0.0244	8,858,930

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
Monetary item			
USD	33,485,604	30.7233	1,028,788,029
RMB	11,208,156	4.4134	49,466,512
HKD	8,648,928	3.9395	34,072,876
JPY	86,893,702	0.2331	20,252,663
AUD	933,039	20.8840	19,485,596
Nonmonetary item			
USD	243,877	30.7233	7,492,691
RMB	526,304	4.4134	2,322,812
JPY	4,837,622	0.2331	1,127,524
HKD	12,061	3.9395	47,513
AUD	137	20.8840	2,870

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 25,071,513	29.7288	\$ 745,346,512
AUD	4,159,610	20.4822	85,197,799
RMB	8,953,464	4.4365	39,721,820
JPY	152,815,222	0.2181	33,332,362
HKD	7,685,868	3.7896	29,126,204
Nonmonetary item			
USD	393,407	29.7288	11,695,517
JPY	16,664,773	0.2181	3,634,954
AUD	109,355	20.4822	2,239,822
RMB	377,851	4.4365	1,676,326
HKD	165,370	3.7896	626,681
Investments accounted for using the equity method			
RMB	6,350,155	4.4365	28,172,305
KRW	344,450,286	0.0229	7,893,423
<u>Financial liabilities</u>			
Monetary item			
USD	35,615,706	29.7288	1,058,812,935
RMB	14,743,523	4.4365	65,409,270
HKD	6,679,676	3.7896	25,313,160
AUD	963,126	20.4822	19,726,905
JPY	74,107,395	0.2181	16,164,453
Nonmonetary item			
USD	174,058	29.7288	5,174,543
RMB	397,091	4.4365	1,761,685
JPY	6,706,223	0.2181	1,462,775
HKD	37,059	3.7896	140,437
VND	66,456,348	0.0013	84,865

Note: Amount as of December 31, 2022 and June 30, 2022 excluded the Jih-Sun Bank.



Fubon Bank (China)

Units: (In Thousands, Unless Otherwise Indicated)

	<b>June 30, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (RMB)</b>	<b>RMB</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 2,368,634	7.2258	\$ 17,115,278
HKD	613,165	0.9220	565,326
EUR	7,566	7.8771	59,596
JPY	1,082,896	0.0501	54,247
Nonmonetary item			
USD	515,084	7.2258	3,721,895
EUR	21	7.8771	164
<u>Financial liabilities</u>			
Monetary item			
USD	4,505,425	7.2258	32,555,299
EUR	17,858	7.8771	140,666
JPY	1,911,603	0.0501	95,760
HKD	90,270	0.9220	83,227
Nonmonetary item			
USD	2,343	7.2258	16,928
JPY	70,815	0.0501	3,547
AUD	67	4.7992	321
EUR	18	7.8771	145
	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (RMB)</b>	<b>RMB</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 2,526,238	6.9646	\$ 17,594,239
HKD	306,727	0.8933	273,990
EUR	8,885	7.4229	65,949
JPY	360,800	0.0524	18,891
Nonmonetary item			
USD	282,820	6.9646	1,969,726
EUR	857	7.4229	6,361
JPY	28,584	0.0524	1,497
AUD	21	4.7138	99

(Continued)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (RMB)</b>	<b>RMB</b>
<u>Financial liabilities</u>			
Monetary item			
USD	\$ 4,159,575	6.9646	\$ 28,969,779
EUR	14,117	7.4229	104,792
JPY	1,937,929	0.0524	101,466
HKD	40,241	0.8933	35,946
Nonmonetary item			
USD	102,702	6.9646	715,280
JPY	261	0.0524	14
			(Concluded)

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (RMB)</b>	<b>RMB</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 2,305,876	6.7114	\$ 15,475,659
HKD	157,289	0.8552	134,512
EUR	4,502	7.0084	31,552
JPY	240,299	0.0491	11,807
Nonmonetary item			
USD	177,143	6.7114	1,188,875

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (RMB)</b>	<b>RMB</b>
<u>Financial liabilities</u>			
Monetary item			
USD	4,695,083	6.7114	31,510,579
EUR	9,210	7.0084	64,545
JPY	1,165,909	0.0491	57,288
AUD	6,593	4.6145	30,422
Nonmonetary item			
USD	7,439	6.7114	49,927

Jih-Sun Bank

(Units: Thousands of Dollars, Unless Otherwise Stated)

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 843,982	30.7100	\$ 25,918,681
JPY	4,196,818	0.2324	975,341
EUR	14,531	32.7220	475,483
AUD	43,411	20.8308	904,287
HKD	149,754	3.9390	589,879
RMB	1,194,291	4.4080	5,264,436
ZAR	251,972	1.8120	456,572
Others	-	-	249,780

Financial liabilities

Monetary item			
USD	882,787	30.7100	27,110,396
JPY	4,151,011	0.2324	964,695
EUR	14,550	32.7220	476,105
AUD	40,697	20.8308	847,751
HKD	149,239	3.9390	587,853
RMB	866,857	4.4080	3,821,106
ZAR	424,892	1.8120	769,904
Others	-	-	257,271

Note: Information on other foreign currencies equivalent to less than NT\$100 million is disclosed aggregately.

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 811,083	29.7280	\$ 24,111,888
JPY	4,004,876	0.2182	873,864
EUR	8,027	31.0510	249,246
AUD	50,042	20.4800	1,024,852
HKD	192,320	3.7890	728,700
RMB	1,607,996	4.4410	7,141,111
ZAR	311,312	1.8310	570,012
Others	-	-	255,180
			(Continued)

	<b>June 30, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate (NTD)</b>	<b>New Taiwan Dollars</b>
<u>Financial liabilities</u>			
Monetary item			
USD	\$ 866,628	29.7280	\$ 25,763,116
JPY	2,928,404	0.2182	638,978
EUR	17,029	31.0510	528,777
AUD	49,512	20.4800	1,014,013
HKD	211,968	3.7890	803,147
RMB	1,185,183	4.4410	5,263,396
ZAR	447,678	1.8310	819,699
Others	-	-	253,843
			(Concluded)

Note: The information on other foreign currencies equivalent to less than NT\$100 million is disclosed aggregately.

f. ESG and climate risk

The Bank complies with FFH’s Sustainable Finance Policy and the Bank’s Climate Risk Management Policy, the United Nations Principles for Responsible Investment, the Equator Principles, as well as other international standards, ensuring that environmental, social and corporate governance issues are taken into consideration as allocating capital. Furthermore, in order to accurately assess the ESG risks, when institutional clients apply for a credit line, investments and relevant credit facilities, the Bank fills out a “Sustainability Risk Assessment Checklist” for each client. However, potential client that has a significant adverse impact on the environmental and social sustainability should have their credit requests rejected. Meanwhile, the Bank has formulated the “Sustainable Credit and Investment Guidelines” for investing in or pulling investment out of five high-carbon emission-sensitive industries, including power plants, coal mining, cement, petrochemicals, and iron and steel. In addition, the Bank assesses the client’s ESG rating on the basis of ESG impact and transition practices along with green due diligence survey comprehensively to understand the objectives and implementation effectiveness of the client’s energy transition, and uses the evaluation results for future strategies.

g. Transfers of financial assets

Transfers of financial assets not qualifying for derecognition

The transferred financial assets of the Bank and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements and equity security lending agreements.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Bank and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed prices in the future.

The Bank and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Bank and its subsidiaries still bear the interest rate risk and credit risk; thus, the Bank and its subsidiaries do not derecognize these assets.

The analysis of financial assets and related liabilities that do not qualify for derecognition is shown in following table:

Category of Financial Assets	June 30, 2023	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
<u>Transactions under repurchase agreements</u>		
Financial assets at fair value through other comprehensive income	\$ 3,271,877	\$ 3,261,783
Investments in debt instruments measured at amortized cost	81,608,144	74,289,045

Category of Financial Assets	December 31, 2022 (Restated)	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
<u>Transactions under repurchase agreements</u>		
Financial assets at fair value through other comprehensive income	\$ 14,848,002	\$ 14,318,154
Investments in debt instruments measured at amortized cost	95,942,054	85,822,549

Category of Financial Assets	June 30, 2022 (Restated)	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
<u>Transactions under repurchase agreements</u>		
Financial assets at fair value through other comprehensive income	\$ 10,493,310	\$ 9,849,028
Investments in debt instruments measured at amortized cost	89,317,741	82,968,651
Discounts and loans	194,609	198,729

h. Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries had no financial instruments that were covered by the offsetting requirements under Section 42 of IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission.

The Bank and its subsidiaries are not engaged in transactions that met offsetting criteria in IFRSs, but they sign net settlement contracts or similar agreements with counterparties, e.g., global master repurchase agreements, global securities lending agreements and similar repurchasing agreements or reverse-repurchasing agreements. These executable net settlement contracts or similar agreements allow repurchase transactions to be settled with amount after netting financial assets and liabilities as agreed upon by the transacting parties. If one party defaults on a contract, the other one may choose net settlement.

The netting information on financial assets and financial liabilities is set out below:

June 30, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	\$ 67,582,284	\$ -	\$ 67,582,284	\$ 37,569,361	\$ 9,956,832	\$ 20,056,091
Securities purchased under resell agreements	<u>26,628,546</u>	<u>-</u>	<u>26,628,546</u>	<u>26,183,935</u>	<u>-</u>	<u>444,611</u>
	<u>\$ 94,210,830</u>	<u>\$ -</u>	<u>\$ 94,210,830</u>	<u>\$ 63,753,296</u>	<u>\$ 9,956,832</u>	<u>\$ 20,500,702</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	\$ 51,654,600	\$ -	\$ 51,654,600	\$ 34,212,668	\$ 13,815,570	\$ 3,626,362
Securities sold under repurchased agreements	<u>77,550,828</u>	<u>-</u>	<u>77,550,828</u>	<u>77,356,504</u>	<u>72,379</u>	<u>121,945</u>
	<u>\$ 129,205,428</u>	<u>\$ -</u>	<u>\$ 129,205,428</u>	<u>\$ 111,569,172</u>	<u>\$ 13,887,949</u>	<u>\$ 3,748,307</u>

December 31, 2022 (Restated)

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	\$ 61,331,157	\$ -	\$ 61,331,157	\$ 35,066,280	\$ 14,945,226	\$ 11,319,651
Securities purchased under resell agreements	<u>24,365,326</u>	<u>-</u>	<u>24,365,326</u>	<u>24,068,955</u>	<u>-</u>	<u>296,371</u>
	<u>\$ 85,696,483</u>	<u>\$ -</u>	<u>\$ 85,696,483</u>	<u>\$ 59,135,235</u>	<u>\$ 14,945,226</u>	<u>\$ 11,616,022</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	\$ 45,518,082	\$ -	\$ 45,518,082	\$ 32,440,427	\$ 6,970,316	\$ 6,107,339
Securities sold under repurchased agreements	<u>100,140,703</u>	<u>-</u>	<u>100,140,703</u>	<u>99,929,691</u>	<u>24,897</u>	<u>186,115</u>
	<u>\$ 145,658,785</u>	<u>\$ -</u>	<u>\$ 145,658,785</u>	<u>\$ 132,370,118</u>	<u>\$ 6,995,213</u>	<u>\$ 6,293,454</u>

June 30, 2022 (Restated)

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	\$ 58,303,599	\$ -	\$ 58,303,599	\$ 28,900,021	\$ 11,626,718	\$ 17,776,860
Securities purchased under resell agreements	<u>22,052,308</u>	<u>-</u>	<u>22,052,308</u>	<u>18,680,978</u>	<u>-</u>	<u>3,371,330</u>
	<u>\$ 80,355,907</u>	<u>\$ -</u>	<u>\$ 80,355,907</u>	<u>\$ 47,580,999</u>	<u>\$ 11,626,718</u>	<u>\$ 21,148,190</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets		Related Amount Not Netted on the Balance Sheet		Net Amount
		Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	\$ 41,306,200	\$ -	\$ 41,306,200	\$ 26,036,341	\$ 9,774,648	\$ 5,495,211
Securities sold under repurchased agreements	<u>93,016,408</u>	<u>-</u>	<u>93,016,408</u>	<u>92,879,990</u>	<u>33,747</u>	<u>102,671</u>
	<u>\$ 134,322,608</u>	<u>\$ -</u>	<u>\$ 134,322,608</u>	<u>\$ 118,916,331</u>	<u>\$ 9,808,395</u>	<u>\$ 5,597,882</u>

Note 1: Included netting settlement agreement and non-cash financial collaterals.

Note 2: Included derivative financial assets for hedging.

## 55. CAPITAL MANAGEMENT

### a. Overview

In accordance with the minimum requirements on the regulatory capital to risk (weighted) assets ratio (i.e. the capital adequacy ratio) from the “Regulation Governing the Capital Adequacy and Capital Category of Banks” under Article 44 of the Banking Act, the Bank’s regulatory capital and consolidated eligible capital should be higher than the statutory requirement. This is the fundamental principle of capital management.

For sound operations, the Bank has established internal control policies to ensure its capital adequacy ratio meets the minimum regulatory requirement.

### b. Capital management procedures

The Bank’s capital is managed by the Bank’s Capital Adequacy Management Policy, which was approved by the board of directors. Regulatory capital is calculated in accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks,” and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 capital) and net Tier 2 capital. In addition, adjusted items include the change in credit risk of financial liabilities recognize as unrealized gains and losses (where gains should be deducted, and losses should be added back).

#### 1) Net Tier 1 capital

- a) Net common equity Tier 1 capital: Mainly includes common stock, capital surplus, retained earnings, other equity, and non-controlling interests, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.
- b) Net additional Tier 1 capital: Mainly includes non-cumulative perpetual preferred stock, non-cumulative perpetual subordinated debts, and the capital issued by the Bank’s subsidiaries but not held by the Bank, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

2) Net Tier 2 capital

Mainly includes long-term subordinated debts, the capital issued by the Bank's subsidiaries but not held by the Bank, operational reserves and loan-loss provisions, and so on, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

The Bank evaluates capital adequacy regularly as well as the future demand for capital and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

As of June 30, 2023, the Bank and its subsidiaries had met the authorities' minimum requirements for capital adequacy ratio. Refer to Note 57 for more details.

**56. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

Except for profitability described in item (d) below, the following information only refers to the Bank.

a. Asset quality

See Table 1.

b. Concentration of credit extensions

Taipei Fubon Bank

**June 30, 2023**

<b>Rank (Note 1)</b>	<b>Group Name (Note 2)</b>	<b>Credit Extensions Balance (Note 3)</b>	<b>% to Net Asset Value</b>
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)	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



**June 30, 2022**

<b>Rank (Note 1)</b>	<b>Group Name (Note 2)</b>	<b>Credit Extensions Balance (Note 3)</b>	<b>% to Net Asset Value</b>
1	A Group (semiconductor assembly and testing industry)	\$ 13,403,385	5.95
2	B Group (other electronic component manufacturing industry)	10,010,419	4.44
3	C Group (other electronic component manufacturing industry)	8,800,000	3.90
4	D Group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	8,600,938	3.82
5	E Group (cable and other pay-per-view programming)	8,097,154	3.59
6	F Group (computers and related equipment and software development)	7,917,960	3.51
7	G Group (footwear and garment manufacturing)	7,691,318	3.41
8	H Group (petrochemical raw material manufacturing industry)	7,253,445	3.22
9	I Group (residential and building development, rental and sales)	7,032,000	3.12
10	J Group (computers and related equipment and software development)	6,475,040	2.87

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of any of the above groups, the total amount of credit, endorsement or other transactions of the entire group must be listed and disclosed by code and line of industry. The industry of the Bank and its subsidiaries should be represented by the industry of the entity with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: A group refers to a combination of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: The total amount of credits, endorsements or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances, and guarantees.

Note 4: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

June 30, 2022

Rank	Group Name	Credit Extensions Balance	% to Net Asset Value
1	A Group (real estate development)	\$ 3,905,670	16.63
2	B Group (retail sale of other integrated)	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 (automobile cargo transportation)	2,283,195	9.72
7	G Group (wholesale electronic and communication equipment and parts)	2,089,946	8.90
8	H Group (other electronic component manufacturing industry)	1,720,000	7.32
9	I Group (financial leasing)	1,530,405	6.51
10	J Group (automobile rental)	1,395,000	5.94

## c. Interest rate sensitivity information

Taipei Fubon BankInterest Rate Sensitivity (New Taiwan Dollars)  
June 30, 2023

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One 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%

Interest Rate Sensitivity (New Taiwan Dollars)  
June 30, 2022

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 1,651,509,752	\$ 90,609,233	\$ 62,846,485	\$ 192,556,411	\$ 1,997,521,881
Interest rate-sensitive liabilities	513,169,769	1,020,335,340	71,344,367	94,467,221	1,699,316,697
Interest rate sensitivity gap	1,138,339,983	(929,726,107)	(8,497,882)	98,089,190	298,205,184
Net worth					221,535,019
Ratio of interest rate-sensitive assets to liabilities					117.55%
Ratio of the interest rate sensitivity gap to net worth					134.61%

Note 1: The above amounts included only New Taiwan dollar amounts held by the onshore branches of the Bank (i.e., excluding foreign currency). In compliance with the Central Bank's supervision policies, the above data is prepared for off-site monitoring on the 15th of the next month.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earning assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (New Taiwan dollars).

Note 5: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One 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%

Taipei Fubon Bank

**Interest Rate Sensitivity (U.S. Dollars)**  
**June 30, 2023**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 14,470,924	\$ 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%)

**Interest Rate Sensitivity (U.S. Dollars)**  
**June 30, 2022**

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 14,854,257	\$ 975,183	\$ 1,357,740	\$ 9,743,917	\$ 26,931,097
Interest rate-sensitive liabilities	31,411,810	3,247,456	1,980,710	732,590	37,372,566
Interest rate sensitivity gap	(16,557,553)	(2,272,273)	(622,970)	9,011,327	(10,441,469)
Net worth					109,764
Ratio of interest rate-sensitive assets to liabilities					72.06%
Ratio of the interest rate sensitivity gap to net worth					(9,512.65%)

Note 1: The above amounts include only USD amounts held by the Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earnings assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (U.S. dollars).

Note 5: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

## Jih-Sun Bank

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	\$ 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%)

### d. Profitability

(%)

Item	For the Six Months Ended June 30, 2023		For the Six Months Ended June 30, 2022 (Restated)	
	Before income tax	After income tax	Before income tax	After income tax
Return on total assets	0.35	0.30	0.37	0.31
Return on equity	5.19	4.44	5.57	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 equity = Income before (after) income tax/Average equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2023 and 2022.

### e. Maturity analysis of assets and liabilities

#### Taipei Fubon Bank

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)  
June 30, 2023

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 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

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)  
June 30, 2022

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 2,785,735,190	\$ 232,288,370	\$ 314,178,966	\$ 285,100,952	\$ 308,430,787	\$ 247,099,048	\$ 1,398,637,067
Main capital outflow on maturity	3,431,031,777	142,962,460	318,266,270	541,153,164	487,602,432	720,830,981	1,220,216,470
Gap	(645,296,587)	89,325,910	(4,087,304)	(256,052,212)	(179,171,645)	(473,731,933)	178,420,597

Note 1: The above amounts are book value of assets and liabilities held by the Bank and denominated in New Taiwan dollars.

Note 2: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

## Jih-Sun Bank

**Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)**  
**June 30, 2022**

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	\$ 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)

## Taipei Fubon Bank

**Maturity Analysis of Assets and Liabilities (U.S. Dollars)**  
**June 30, 2023**

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	\$ 67,058,983	\$ 20,641,871	\$ 13,749,989	\$ 8,901,228	\$ 9,161,484	\$ 14,604,411
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

**Maturity Analysis of Assets and Liabilities (U.S. Dollars)**  
**June 30, 2022**

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	\$ 68,648,531	\$ 22,739,064	\$ 12,952,958	\$ 9,293,778	\$ 8,393,945	\$ 15,268,786
Capital outflow on maturity	76,399,327	21,335,269	20,144,583	13,326,472	11,291,398	10,301,605
Gap	(7,750,796)	1,403,795	(7,191,625)	(4,032,694)	(2,897,453)	4,967,181

Note 1: The above amounts are book value of assets and liabilities held by the Bank and denominated in U.S. dollars.

Note 2: Amount as of June 30, 2022 excluded the Jih-Sun Bank.

## Jih-Sun Bank

**Maturity Analysis of Assets and Liabilities (U.S. Dollars)**  
**June 30, 2022**

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	\$ 938,489	\$ 299,228	\$ 241,579	\$ 56,834	\$ 47,474	\$ 293,374
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)

## 57. STATEMENT OF CAPITAL ADEQUACY

### Taipei Fubon Bank

Analysis		Year (Note 2)		June 30, 2023		December 31, 2022		June 30, 2022	
		Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone		
Regulatory capital	Net common equity Tier 1 capital	\$ 267,447,842	\$ 253,142,361	\$ 235,059,680	\$ 217,017,919	\$ 225,521,701	\$ 204,802,256		
	Net additional Tier 1 capital	34,566,485	31,000,000	27,293,371	23,830,000	24,330,525	22,300,000		
	Net Tier 2 capital	54,556,789	48,956,992	51,035,379	45,566,298	47,112,818	42,083,130		
	Regulatory capital	356,571,116	333,099,353	313,388,430	286,414,217	296,965,044	269,185,386		
Risk-weighted assets	Credit risk	Standardized approach	2,248,467,285	1,898,693,980	2,040,074,059	1,692,414,530	2,064,418,969	1,682,441,691	
		Internal rating-based approach	-	-	-	-	-	-	
		Securitization	28,806,320	8,602,457	34,346,430	7,617,967	34,360,581	13,534,618	
	Operational risk	Basic indicator approach	7,674,612	7,674,625	-	-	-	-	
		Standardized approach/ alternative standardized approach	96,284,613	82,653,313	96,284,613	82,653,313	89,984,513	77,441,188	
		Advanced measurement approach	-	-	-	-	-	-	
	Market risk	Standardized approach	96,828,125	78,230,713	81,144,400	65,865,513	96,434,663	71,062,088	
		Internal models approach	-	-	-	-	-	-	
	Total risk-weighted assets		2,478,060,963	2,075,855,083	2,251,849,502	1,848,551,323	2,285,198,726	1,844,479,585	
	Total capital adequacy ratio		14.39%	16.05%	13.92%	15.49%	13.00%	14.59%	
Common equity Tier 1 ratio		10.79%	12.19%	10.44%	11.74%	9.87%	11.10%		
Tier 1 capital ratio		12.19%	13.69%	11.65%	13.03%	10.93%	12.31%		
Leverage ratio		6.68%	7.24%	6.39%	6.87%	6.10%	6.53%		

Note 1: The above table was prepared in accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks” and related calculation tables.

Note 2: The formula:

- 1) Regulatory capital = Net common equity Tier 1 capital + Net additional Tier 1 capital + Net Tier 2 capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) × 12.5.
- 3) Total capital adequacy ratio = Regulatory capital/Total risk-weighted assets.
- 4) Common equity Tier 1 ratio = Net common equity Tier 1 capital/Total risk-weighted assets.
- 5) Tier 1 capital ratio = (Net common equity Tier 1 capital + Net additional Tier 1 capital)/Total risk-weighted assets.
- 6) Leverage ratio = Net Tier 1 capital/Exposure measurement.

Note 3: Amount as of December 31 and June 30, 2022 excluded the Jih-Sun Bank; details on Jih-Sun Bank were set out below:

Jih-Sun Bank

(In Thousands of NTD, %)

Analysis		Year (Note 2)	December 31, 2022	June 30, 2022
Regulatory capital	Net common equity Tier 1 capital		\$ 24,029,273	\$ 23,070,703
	Net additional Tier 1 capital		-	-
	Net Tier 2 capital		1,947,575	2,055,484
	Regulatory capital		25,976,848	25,126,187
Risk-weighted assets	Credit risk	Standardized approach	148,190,715	156,339,373
		Internal rating-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	7,674,620	7,354,417
		Standardized approach/ alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	447,933	496,528
		Internal models approach	-	-
	Total risk-weighted assets		156,313,268	164,190,318
Total capital adequacy ratio		16.62%	15.30%	
Common equity Tier 1 ratio		15.37%	14.05%	
Tier 1 capital ratio		15.37%	14.05%	
Leverage ratio		8.31%	7.91%	

## 58. SEGMENT INFORMATION

The segment information reported to the chief operating decision maker for assessment of segment performance focuses on the nature of business operations and pretax profit or loss.

The accounting standards and policies mentioned in Note 4 apply to all the business segments. Under IFRS 8 “Operating Segments,” the Bank and its subsidiaries report the following:

- a. Personal finance group: Responsible for wealth management, trust and consumer finance business, etc.
- b. Corporate banking group: Responsible for corporate and investment banking and public treasury, etc.
- c. Financial market group: Responsible for financial markets, etc.
- d. Overseas subsidiary: On the business operations of the Bank’s subsidiary, Fubon Bank (China).
- e. Others: Business segments other than the above groups.

The Bank and its subsidiaries' segmental and geographical information of revenue and operating results were as follows:

For the six months ended June 30, 2023

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	\$ 10,662,286	\$ 9,469,224	\$ (3,138,644)	\$ 2,722,515	\$ 182,984	\$ 19,898,365
Net interest income (external)	3,029,316	881,290	13,302,609	2,791,950	(106,800)	19,898,365
Inter-segment revenues (expenses)	7,632,970	8,587,934	(16,441,253)	(69,435)	289,784	-
Net non-interest income	<u>7,481,018</u>	<u>2,106,978</u>	<u>6,807,782</u>	<u>362,410</u>	<u>(1,052,058)</u>	<u>15,706,130</u>
Net revenue	\$ <u>18,143,304</u>	\$ <u>11,576,202</u>	\$ <u>3,669,138</u>	\$ <u>3,084,925</u>	\$ <u>(869,074)</u>	\$ <u>35,604,495</u>
Net profit (loss) before income tax	\$ <u>9,533,222</u>	\$ <u>9,141,496</u>	\$ <u>3,272,900</u>	\$ <u>(1,027,932)</u>	\$ <u>(5,919,207)</u>	\$ <u>15,000,479</u>

For the six months ended June 30, 2022 (Restated)

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	\$ 7,378,622	\$ 5,928,611	\$ 3,157,792	\$ 5,750,985	\$ 46,572	\$ 22,262,582
Net interest income (external)	6,099,604	5,274,741	6,195,839	5,751,936	(1,059,538)	22,262,582
Inter-segment revenues (expenses)	1,279,018	653,870	(3,038,047)	(951)	1,106,110	-
Net non-interest income	<u>5,578,835</u>	<u>1,892,803</u>	<u>1,103,273</u>	<u>(1,921,289)</u>	<u>1,980,258</u>	<u>8,633,880</u>
Net revenue	\$ <u>12,957,457</u>	\$ <u>7,821,414</u>	\$ <u>4,261,065</u>	\$ <u>3,829,696</u>	\$ <u>2,026,830</u>	\$ <u>30,896,462</u>
Net profit (loss) before income tax	\$ <u>6,345,991</u>	\$ <u>5,820,295</u>	\$ <u>3,945,730</u>	\$ <u>1,028,374</u>	\$ <u>(2,122,716)</u>	\$ <u>15,017,674</u>

## 59. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT\$300 million or 10% of the issued capital	None
2	Acquisition of individual real estates at costs of at least NT\$300 million or 10% of the issued capital	None
3	Disposal of individual real estates at prices of at least NT\$300 million or 10% of the issued capital	None
4	Allowance for service fee to related parties amounting to at least NT\$5 million	None
5	Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital	Table 2
6	Trading information - sale of non-performing loans	None
7	Financial asset securitization	None
8	Related parties transaction	Table 3
9	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None
2	Endorsements/guarantees provided	None
3	Marketable securities held	Table 4
4	Acquisition and disposal of marketable securities at costs or prices of at least NT\$300 million or 10% of the issued capital	None
5	Derivative transactions	Note 8



Note: Subsidiaries which belong to financial, insurance, securities industries and its main business registration include financing provided, endorsements/guarantees provided, acquisition and disposal of marketable securities do not need to disclose above information.

- c. Information on investments in mainland China: Table 5.
- d. The related information and proportionate share in investees: Table 6.

## TAIPEI FUBON COMMERCIAL BANK CO., LTD.

OVERDUE LOANS AND RECEIVABLES  
JUNE 30, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, %)

Item		June 30, 2023					June 30, 2022 (Restated)					
		Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	
Corporate loans	Secured	\$ 873,348	\$ 284,833,879	0.31%	\$ 3,740,299	428.27%	\$ 1,315,069	\$ 287,693,334	0.46%	\$ 3,458,759	263.01%	
	Unsecured	388,471	544,190,128	0.07%	6,383,882	1,643.34%	518,321	559,780,173	0.09%	6,279,009	1,211.41%	
Consumer finance	Mortgage (Note 4)	334,582	637,153,408	0.05%	9,549,923	2,854.28%	397,110	599,391,044	0.07%	8,976,347	2,260.42%	
	Cash card	-	617	-	12	-	-	766	-	15	-	
	Microcredit (Note 5)	78,143	52,063,376	0.15%	594,952	761.36%	53,675	53,937,799	0.10%	589,624	1,098.51%	
	Others (Note 6)	Secured	609,399	402,138,559	0.15%	4,206,519	690.27%	778,323	364,587,174	0.21%	3,818,397	490.59%
		Unsecured	38,576	36,490,262	0.11%	379,754	984.43%	35,118	36,301,056	0.10%	378,850	1,078.79%
Total		2,322,519	1,956,870,229	0.12%	24,855,341	1,070.19%	3,097,616	1,901,691,346	0.16%	23,501,001	758.68%	
		Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio	Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio	
Credit card		88,490	76,192,265	0.12%	576,647	651.65%	47,111	57,480,471	0.08%	366,032	776.96%	
Accounts receivable - factoring with no recourse (Note 7)		-	21,966,567	-	245,761	-	-	21,843,363	-	255,349	-	
Excluded NPL as a result of debt negotiations and loan agreements (Note 8)		24,396					17,522					
Excluded overdue receivables as a result of debt negotiations and loan agreements (Note 8)		21,128					29,408					
Excluded NPL as a result of consumer debt clearance (Note 9)		342,038					354,759					
Excluded overdue receivables as a result of consumer debt clearance (Note 9)		363,758					370,894					

Note 1: These are the reported overdue loans as defined in the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the Ministry of Finance. For credit cards, overdue receivables are subject to the Banking Bureau's regulations dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loans, NPL ratio = NPL/Total loans.  
For credit cards, delinquency ratio = Overdue receivables/Accounts receivable.

Note 3: For loans, coverage ratio = LLR/NPL.  
For credit cards, coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage refers to loans granted for the purchase, construction or repair of the residence owned by the borrower or the borrower's spouse or children, and the residence is used to secure the loan fully.

Note 5: Microcredits are subject to the Banking Bureau's regulations dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Other consumer loans refer to secured or unsecured loans excluding mortgages, cash cards, microcredits, and credit cards.

Note 7: Under the Banking Bureau's requirements in its letter dated July 19, 2005 (Ref. No. 094000494), an allowance for bad debts should be recognized within three months once no compensation is obtained from a factoring or insurance company for accounts receivable-factoring with no recourse.

Note 8: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements are based on the Banking Bureau's requirement dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's requirement dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

**TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL**

**JUNE 30, 2023**

**(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	Fubon Life Insurance	Subsidiary of FFH	\$ 470,460	-	\$ -	-	\$ -	\$ -

## TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage to Consolidated Revenue/Assets (Note 3)
0	TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank")	Fubon Bank (China)	a	Cash and cash equivalents	\$ 75,247	Note 4	-
		Fubon Bank (China)	a	Due from the Central Bank and call loans to other banks	9,584,685	Note 4	0.22
		Fubon Bank (China)	a	Interest receivables	54,450	Note 4	-
		Fubon Bank (China)	a	Due from the Central Bank and call loans to other banks	72	Note 4	-
		Fubon Bank (China)	a	Bank debentures	1,290	Note 4	-
		Fubon Bank (China)	a	Interest income	69,435	Note 4	0.20
		Fubon Bank (China)	a	Service fee income	1,290	Note 4	-
		TFB Capital Co., Ltd.	a	Receivables, net	301	Note 4	-
		TFB Capital Co., Ltd.	a	Accrued interest	142	Note 4	-
		TFB Capital Co., Ltd.	a	Deposits and remittances	126,204	Note 4	-
		TFB Capital Co., Ltd.	a	Other liabilities	112	Note 4	-
		TFB Capital Co., Ltd.	a	Interest income	8	Note 4	-
		TFB Capital Co., Ltd.	a	Interest expense of deposit	806	Note 4	-

Note 1: The parent company and subsidiaries are numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered sequentially from 1.

Note 2: The flow of transactions among related parties is as follows:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by total consolidated assets, and the revenue or expense account is divided by the total consolidated net revenue of the period.

Note 4: For the transactions between the Bank and related parties, the terms are similar to those transacted with unrelated parties.

Note 5: The transactions and balances above had been eliminated in the preparation of consolidated financial statement.

## TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TFB Capital Co., Ltd.	<u>Stock</u>							
	Hyena Inc.	-	Financial assets at fair value through profit or loss	500	\$ 25,335	2.63	\$ 25,335	Unlisted stocks
	Teng Fu Bo Investment Limited	Related party in substance	Financial assets at fair value through other comprehensive income	37,320	400,574	5.00	400,574	Unlisted stocks
	Transsnet FinTech Group	-	Financial assets at fair value through profit or loss	524	3,952	0.07	3,952	Unlisted stocks
	URSrobot Holding Ltd.	-	Financial assets at fair value through profit or loss	1,328	80,460	3.98	80,460	Unlisted stocks
	Welab Sky Limited	-	Financial assets at fair value through profit or loss	10,000	556,737	2.67	556,737	Unlisted stocks
	<u>Beneficiary certificates</u>							
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets at fair value through profit or loss	25,484	242,421	-	242,421	Beneficiary certificates
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	14,403	141,472	-	141,472	Beneficiary certificates
	Allianz Global Investors Fund	-	Financial assets at fair value through profit or loss	852	259,495	-	259,495	Beneficiary certificates
	Fin Regatta II, LP	-	Financial assets at fair value through profit or loss	3,000	39,369	5.00	39,369	Private equity
	<u>Convertible corporate bonds</u>							
	Stash Financial, Inc.	-	Financial assets at fair value through profit or loss	-	77,828	-	77,828	Convertible corporate bonds
	Transsnet FinTech Group	-	Financial assets at fair value through profit or loss	-	93,457	-	93,457	Convertible corporate bonds

## TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2023	Accumulated Repatriation of Investment Income as of June 30, 2023 (Note 3)	Note
					Outward	Inward							
Fubon Bank (China)	Banking	\$ 10,463,499 (RMB 2,445,382)	Direct investment in mainland China	\$ 24,579,578	\$ -	\$ -	\$ 24,579,578	\$ (542,140) (RMB -123,752)	57.92	\$ (423,140)	\$ 26,760,114	\$ 107,737	
Sichuan Vip Fubon Consumer Finance Ltd.	Personal consumption loan	2,139,441 (RMB 500,000)	Others	-	-	-	-	58,098 (RMB 13,262)	14.48	8,413 (RMB 1,920)	261,719	-	
Teng Fu Bo Investment Limited	Investment Consulting	3,193,757 (RMB 746,400)	Others	425,612	-	-	425,612	(28,990) (RMB 6,617)	5.00	-	400,574	-	

	Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments, as Stipulated by the Investment Commission, MOEA
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	\$ 24,579,578 (RMB 5,093,113)	\$ 24,579,578 (RMB 5,093,113)	\$ 163,014,108
TFB Capital Co., Ltd.	425,612 (RMB 97,405)	425,612 (RMB 97,405)	1,257,146

Note 1: The foreign currency of paid-in capital and net income was converted into New Taiwan dollars at the exchange rate on June 30, 2023 and the average exchange rate for the six month ended June 30, 2023, respectively.

Note 2: Based on Rule No. 10300002750 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB4,093,113 thousand; and based on Rule No. 10900196820 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB1,000,000 thousand; Based on Rule No. 11000235080 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB97,405 thousand.

Note 3: The amounts were accumulated from the start date of the investment to the end of the period.

## TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
JUNE 30, 2023  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Held at Period-ended			Investment Gain (Loss)	The Bank and Related Enterprises Consolidated Investment				Note	
				Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		Number of Shares (In Thousands)	Iimitated Shares	Total			
										Number of Shares (In Thousands)	Percentage of Ownership (%)		
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	<u>Financial-related</u>												
	Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	860	4.34	\$ 74,559	\$ 7,568	860	-	860	4.34	Note 2	
	Taiwan Futures Exchange Corporation	Taipei	Futures exchange and settlement	6,043	1.26	616,455	16,316	39,718	-	39,718	8.30	Note 2	
	Taiwan Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	18,000	1.70	209,283	11,880	18,000	-	18,000	1.70	Note 2	
	Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	15,000	8.82	130,977	2,175	15,000	-	15,000	8.82	Note 2	
	Financial Information Service Co., Ltd.	Taipei	Planning and developing the information systems of banking institutions and managing the information web system	18,678	3.58	834,325	51,364	18,678	-	18,678	3.58	Note 2	
	Sunny Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	602	10.03	11,326	816	602	-	602	10.03	Note 2	
	Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	2,400	4.00	4,136	-	2,400	-	2,400	4.00	-	
	EasyCard Corporation	Taipei	Electronic payment	1,374	1.96	124,341	1,033	1,374	-	1,374	1.96	Note 2	
	Dah Chung Bills Finance Corp.	Taipei	Bills finance business	34,740	7.52	453,086	6,948	34,740	-	34,740	7.52	Note 2	
	Fubon Bank (China)	China	Banking	-	57.92	26,760,114	(423,140)	-	-	-	100.00	Note 1	
	Line Biz+ Taiwan Limited	Taipei	Third-party payment service industry	10,936	19.51	3,134,500	42,147	10,936	-	10,936	19.51	-	
	Line Bank Taiwan Limited	Taipei	Banking	407,750	27.18	3,481,539	(155,022)	407,750	-	407,750	27.18	Note 1	
	TFB Capital Co., Ltd.	Taipei	Venture capital investment	200,000	100.00	2,095,242	103,652	200,000	-	200,000	100.00	Note 1	
	Hyundai Card Co., Ltd.	Korea	Credit card industry	16,047	10.00	8,661,392	317,486	32,093	-	32,093	20.00	Note 1	
		<u>Non-financial related</u>											
		Taipei Rapid Transit Corporation	Taipei	Public transportation	14	-	119	-	14	-	14	-	-
		Taiwan Power Company	Taipei	Management of power facilities	374	-	1,185	-	374	-	374	-	-
		Fubon Real Estate Management Co., Ltd.	Taipei	Construction management	6,964	30.00	137,410	1,051	6,964	-	6,964	30.00	Note 1
		Easy Card Investment Holding Co., Ltd.	Taipei	General investment business	3,269	4.91	42,719	3,679	3,269	-	3,269	4.91	Note 2
	Taiwan High Speed Rail Corporation	Taipei	Management of high speed rail	20,278	0.36	651,925	13,586	20,394	-	20,394	0.36	Note 2	
	Taiwan Aerospace Corp.	Taipei	Aerospace industry	1,700	1.25	17,797	170	3,400	-	3,400	2.51	Note 2	
	MetroWalk International Co., Ltd.	Taipei	Department stores	4,828	2.41	54,898	3,872	4,828	-	4,828	2.41	Note 2	
Fubon Bank (China)	<u>Financial-related</u>												
	Sichuan Vip Fubon Consumer Finance Ltd	China	Personal consumption loan	-	25.00	451,863	14,525	-	-	-	25.00	-	

Note 1: The investment gain (loss) was based on the investee's audited financial statements for the six months ended June 30, 2023.

Note 2: The investment gain (loss) was the cash dividends recognized for the six months ended June 30, 2023.