

**FUBON SECURITIES CO., LTD. AND  
SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Report  
For the Six Months Ended June 30, 2023 and 2022**

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

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## Independent Auditors' Report

To the Board of Directors  
Fubon Securities Co., Ltd.:

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2023, December 31 (restated) and June 30 (restated), 2022, and its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022 (restated), as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 (restated), in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants”, and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect 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 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 Group in accordance with the Norm of Professional Ethics for Certified Public Account of 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 of our opinion.

### Emphasis of the Matter

The Group has acquired 100% equity of JihSun Securities Co., Ltd from Fubon Financial Holdings Co., Ltd. in cash and issued new shares on April 9, 2023. According to (100) Letter No.390 explanation issued by the Accounting Research and Development Foundation, the above transaction is a business combination under common control, and shall be treated as the subsidiary from the beginning. Therefore, the Group has restated the comparative information of the prior period for the second quarter of 2022 retroactively when preparing and presenting the consolidated financial statements as of June 30, 2023; please refer to Note 1. We do not revise our opinion thereon.

## 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. The valuation of financial instruments

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

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

We performed our audit procedures by:

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

### 2. The valuation of investment property

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

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

We performed our audit procedures by:

- Inspecting whether the internal control procedure of investment property appraisals performed by professional evaluation agencies is in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.
- Verifying whether the presentation and disclosure of investment property are in accordance with IFRSs and the “Regulations Governing the Preparation of Financial Reports by Securities Firms”.
- Evaluating the reasonableness of the management’s assessment on the valuation of investment property based on the evidences obtained from the audit team and the external estate appraiser joint firms, as well as appraisal reports and observable market evidences.

## **Other Matter**

Fubon Securities Co., Ltd. has prepared its parent company only financial statements as of and for the six months ended June 30, 2023 and 2022 (restated), on which we have issued an unmodified opinion with emphasis of matter paragraph.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with “the Regulations Governing the Preparation of Financial Reports by Securities Firms”, “Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants” and International Accounting Standard 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 the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the Group’s 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 Group 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 Group’s financial reporting process.

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Lee, Feng Hui and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)  
August 15, 2023

#### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022 (Restated)		June 30, 2022 (Restated)		Liabilities and Equity		June 30, 2023		December 31, 2022 (Restated)		June 30, 2022 (Restated)	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
111100	Cash and cash equivalents (notes (a), (ai), (al) and 7)	\$ 35,141,283	16	44,012,226	23	31,011,572	15	211100	Short-term borrowings (notes (r) and (ai))	\$ 1,963,808	1	190,000	-	547,017	-
112000	Financial assets measured at fair value through profit or loss— current (notes (b), (v), (ah), (ai), (aj) and 7)	42,318,119	19	24,670,277	13	22,970,540	11	211200	Commercial paper issued (notes (s) and (ai))	35,812,707	16	7,389,379	4	20,792,629	10
113200	Financial assets measured at fair value through other comprehensive income— current (notes (c), (ah), (ai), 7 and 8)	14,719,842	7	7,832,791	4	20,582,620	10	212000	Financial liabilities measured at fair value through profit or loss— current (notes (t), (v), (ah), (ai) and 7)	9,811,564	4	10,122,205	5	14,479,664	7
114010	Securities purchased under resell agreements (notes (d) and (ai))	372,772	-	-	-	117,598	-	214010	Securities sold under repurchase agreements (notes (u) and (ai))	16,579,427	7	9,203,271	5	10,258,906	5
114030	Receivables from pecuniary finance (notes (e) and (ai))	25,452,246	11	21,505,925	11	25,576,667	12	214040	Securities financing refundable deposits (notes (e) and (ai))	2,563,445	1	5,347,197	3	2,981,681	1
114040	Margin deposits for securities refinance (note (e))	19,014	-	66,650	-	10,171	-	214050	Deposits payable for securities financing (notes (e) and (ai))	2,842,687	1	4,823,219	2	3,398,241	2
114050	Receivables from securities refinance (note (e))	15,845	-	52,120	-	8,469	-	214070	Securities lending refundable deposits (note (ai))	32,308,911	14	30,692,886	16	22,197,627	11
114060	Receivables from securities borrowing and lending (note (f))	13,105,346	6	11,881,883	6	11,528,310	5	214080	Futures traders' equity (notes (ai) and 7)	29,271,592	13	31,425,419	16	37,745,002	18
114070	Customer margin account (notes (g), (ai) and 7)	29,271,592	13	31,425,419	16	37,745,002	18	214130	Notes and accounts payable (notes (w) and (ai))	32,686,662	15	14,942,419	8	23,700,489	11
114090	Collateral for borrowed securities (note (ai))	-	-	66,922	-	41,144	-	214140	Notes and accounts payable— related parties (notes (w), (ai) and 7)	25,190	-	46,815	-	57,283	-
114100	Margin deposits for borrowed securities (notes (ai) and 7)	5,535,079	2	5,619,101	3	5,605,053	3	214170	Other payables (note (x))	3,259,617	2	3,721,735	2	3,086,144	1
114130	Notes and accounts receivable (notes (h) and (ai))	31,412,168	14	15,534,146	8	26,399,477	12	214180	Other payables— related parties (notes (x) and 7)	150,141	-	72,528	-	103,593	-
114140	Accounts receivable— related parties (notes (h), (ai) and 7)	53,631	-	18,346	-	116,480	-	214600	Current tax liabilities (note 7)	514,685	-	1,105,386	1	832,159	-
114150	Prepayments (note 7)	115,897	-	87,869	-	101,523	-	216000	Lease liabilities- current (notes (z), (ai) and 7)	204,668	-	248,223	-	268,551	-
114170	Other receivables	791,308	-	134,003	-	801,256	-	219000	Other current liabilities (notes (y), (ai) and 7)	4,832,823	2	3,633,562	2	4,195,018	2
114180	Other receivables— related parties (note 7)	306,646	-	117,236	-	213,385	-		<b>Total current liabilities</b>	<u>172,827,927</u>	<u>76</u>	<u>122,964,244</u>	<u>64</u>	<u>144,644,004</u>	<u>68</u>
114600	Current tax assets	20	-	670	-	4,713	-		<b>Non-Current liabilities:</b>						
119000	Other current assets (notes (ai), 7 and 8)	4,066,291	2	4,109,940	2	3,896,657	2	225100	Provisions— non-current (note (aa))	804,469	1	966,377	1	1,110,145	1
	<b>Total current assets</b>	<u>202,697,099</u>	<u>90</u>	<u>167,135,524</u>	<u>86</u>	<u>186,730,637</u>	<u>88</u>	226000	Lease liabilities- non-current (notes (z), (ai) and 7)	258,577	-	308,582	-	313,088	-
	<b>Non-current assets:</b>							228000	Deferred tax liabilities	327,045	-	479,972	-	328,045	-
123200	Financial assets measured at fair value through other comprehensive income— non-current (notes (i), (ah), (ai) and 8)	12,470,783	5	13,244,818	7	14,024,358	7	229000	Other non-current liabilities (note 7)	13,072	-	13,032	-	12,590	-
124100	Investments accounted for using the equity method (note (j))	2,077,602	1	1,910,341	1	1,722,063	1		<b>Total non-current liabilities</b>	<u>1,403,163</u>	<u>1</u>	<u>1,767,963</u>	<u>1</u>	<u>1,763,868</u>	<u>1</u>
125000	Property and equipment (notes (k), 7 and 8)	3,914,413	2	3,797,933	2	4,035,745	2		<b>Total liabilities</b>	<u>174,231,090</u>	<u>77</u>	<u>124,732,207</u>	<u>65</u>	<u>146,407,872</u>	<u>69</u>
125800	Right-of-use assets (notes (l) and 7)	460,316	-	549,868	-	575,640	-		<b>Equity attributable to shareholders of the company (note (ad)):</b>						
126000	Investment property (notes (m), (ah), 7 and 8)	1,333,430	1	1,282,969	2	1,197,321	1	301000	Share capital	16,258,551	7	10,643,550	6	10,643,550	5
127000	Intangible assets (note (n))	517,758	-	478,557	-	485,439	-	302000	Capital surplus	10,054,473	5	69,671	-	69,686	-
128000	Deferred tax assets	600,874	-	592,595	1	623,339	-		Retained earnings:						
129000	Other non-current assets (notes (o), (p), (q) and 7)	2,084,621	1	2,457,542	1	2,502,881	1	304010	Legal reserve	6,440,591	3	6,260,270	3	6,260,270	3
	<b>Total non-current assets</b>	<u>23,459,797</u>	<u>10</u>	<u>24,314,623</u>	<u>14</u>	<u>25,166,786</u>	<u>12</u>	304020	Special reserve	11,079,570	5	11,083,275	6	11,083,275	5
								304040	Undistributed retained earnings	3,210,901	1	1,803,208	1	1,113,821	1
										<u>20,731,062</u>	<u>9</u>	<u>19,146,753</u>	<u>10</u>	<u>18,457,366</u>	<u>9</u>
								305000	Other equity interests	4,816,907	2	3,302,630	2	3,130,234	1
										<u>51,860,993</u>	<u>23</u>	<u>33,162,604</u>	<u>18</u>	<u>32,300,836</u>	<u>15</u>
									<b>Total equity attributable to shareholders of the company</b>						
								305600	Equity attributable to former owner of business combination under common control	-	-	33,447,337	17	24,463,464	12
								306000	<b>Non-controlling interests</b>	64,813	-	107,999	-	8,725,251	4
									<b>Total equity</b>	<u>51,925,806</u>	<u>23</u>	<u>66,717,940</u>	<u>35</u>	<u>65,489,551</u>	<u>31</u>
									<b>Total liabilities and equity</b>	<u>\$ 226,156,896</u>	<u>100</u>	<u>191,450,147</u>	<u>100</u>	<u>211,897,423</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 226,156,896</u>	<u>100</u>	<u>191,450,147</u>	<u>100</u>	<u>211,897,423</u>	<u>100</u>								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

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

	For the three months ended June 30				For the six months ended June 30				
	2023		2022 (Restated)		2023		2022 (Restated)		
	Amount	%	Amount	%	Amount	%	Amount	%	
<b>Revenue:</b>									
401000	Brokerage handling fee revenue (notes (ag) and 7)	\$ 2,513,778	54	2,526,872	61	4,682,617	55	5,456,489	64
403000	Income from securities lendings	400,538	9	411,938	10	783,477	9	811,106	9
404000	Revenues from underwriting business (notes (ag) and 7)	98,920	2	79,404	2	209,740	2	168,161	2
406000	Gains on wealth management (note 7)	20,773	-	14,466	-	33,576	-	43,636	-
410000	Gains (losses) on sale of operating securities (notes (ag) and 7)	595,607	14	(549,422)	(13)	1,144,972	14	(375,906)	(4)
421100	Revenue from providing agency service for stock affairs (note 7)	33,984	1	39,762	1	61,396	1	73,237	1
421200	Interest revenue (notes (ag) and 7)	579,630	13	541,943	13	1,070,747	13	1,058,838	12
421300	Dividend revenue (notes (c) and 7)	775,634	17	530,245	13	846,800	10	614,931	7
421500	Valuation gains (losses) on operating securities measured at fair value through profit or loss (notes (ag) and 7)	157,897	3	(1,264,962)	(31)	1,079,358	13	(1,754,180)	(20)
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements— short sales	(94,123)	(2)	196,831	5	(111,418)	(1)	244,806	3
421610	Valuation gains (losses) on borrowed securities and bonds with resale agreements— short sales at fair value through profit or loss	79,906	2	976,554	23	(217,053)	(3)	1,204,097	14
422200	Gains (losses) from issuance of call (put) warrants (notes (ag) and 7)	(75,130)	(2)	121,584	3	(107,757)	(1)	255,265	3
424300	Revenue from consignment of clearing and settlement	2,541	-	4,976	-	5,007	-	8,523	-
424400	Gains (losses) from derivatives— futures (note (v))	(164,095)	(4)	(523,737)	(13)	(142,103)	(2)	(513,758)	(6)
424500	Gains (losses) from derivatives— OTC (note (v))	(397,940)	(9)	1,092,965	26	(1,016,926)	(12)	1,375,096	16
425300	Expected credit losses (reversal of impairment loss)	(2,583)	-	(11,168)	-	(3,366)	-	9,321	-
428000	Other operating income (notes (ag), (al) and 7)	100,608	2	(20,263)	-	182,365	2	(110,426)	(1)
	<b>Total Revenue</b>	<u>4,625,945</u>	<u>100</u>	<u>4,167,988</u>	<u>100</u>	<u>8,501,432</u>	<u>100</u>	<u>8,569,236</u>	<u>100</u>
<b>Expenditure and expense:</b>									
501000	Brokerage handling fee expense (note 7)	212,478	5	228,420	6	397,436	5	483,774	6
502000	Proprietary handling fee expense (note 7)	6,419	-	5,987	-	11,889	-	13,252	-
503000	Refinancing processing fee expense	499	-	504	-	1,364	-	1,191	-
504000	Underwriting operation processing fee expense	951	-	665	-	1,828	-	1,433	-
521200	Finance costs (notes (z), (ag) and 7)	628,244	14	99,662	2	1,076,196	13	155,710	2
521640	Losses from securities borrowing transactions	11,186	-	83,834	2	37,360	-	120,952	1
524100	Futures commission expense	38,693	1	36,985	1	76,625	1	77,213	1
524200	Securities commission expense	85	-	-	-	123	-	-	-
524300	Expense of clearing and settlement (note 7)	29,268	1	45,056	1	59,798	1	85,920	-
528000	Other operating expenditure (note 7)	16,516	-	22,058	1	38,121	-	46,314	1
531000	Employee benefits expense (notes (ab), (af), (ag), 7 and 12)	1,451,090	31	1,382,428	33	2,743,953	32	2,876,365	34
532000	Depreciation and amortization expense (notes (ag) and 12)	162,206	4	162,746	4	319,190	4	323,531	4
533000	Other operating expense (notes (m), (z), (ag) and 7)	843,589	18	886,314	21	1,709,266	20	1,767,275	21
	<b>Total expenditure and expense</b>	<u>3,401,224</u>	<u>74</u>	<u>2,954,659</u>	<u>71</u>	<u>6,473,149</u>	<u>76</u>	<u>5,952,930</u>	<u>70</u>
	<b>Net operating income</b>	<u>1,224,721</u>	<u>26</u>	<u>1,213,329</u>	<u>29</u>	<u>2,028,283</u>	<u>24</u>	<u>2,616,306</u>	<u>30</u>
<b>Non-operating income and expenses:</b>									
601000	Share of profit (loss) of associates and joint ventures accounted for using equity method	(65,959)	(1)	(97,256)	(2)	151,373	2	(392,379)	(4)
602000	Other gains and losses (notes (i), (m), (ag) and 7)	776,412	17	295,088	7	1,494,061	17	492,147	6
	<b>Total non-operating income and expenses</b>	<u>710,453</u>	<u>16</u>	<u>197,832</u>	<u>5</u>	<u>1,645,434</u>	<u>19</u>	<u>99,768</u>	<u>2</u>
	<b>Net income before tax from continuing operations</b>	<u>1,935,174</u>	<u>42</u>	<u>1,411,161</u>	<u>34</u>	<u>3,673,717</u>	<u>43</u>	<u>2,716,074</u>	<u>32</u>
701000	<b>Less: Income tax expense (note (ac))</b>	<u>133,829</u>	<u>3</u>	<u>393,185</u>	<u>9</u>	<u>234,353</u>	<u>3</u>	<u>777,689</u>	<u>9</u>
	<b>Net income</b>	<u>1,801,345</u>	<u>39</u>	<u>1,017,976</u>	<u>25</u>	<u>3,439,364</u>	<u>40</u>	<u>1,938,385</u>	<u>23</u>
805000	<b>Other comprehensive income:</b>								
805500	<b>Items not to be reclassified to profit or loss</b>								
805520	Revaluation gains on property	-	-	5,184	-	787	-	5,184	-
805540	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	(509,760)	(11)	(2,708,720)	(65)	(625,628)	(7)	(2,312,179)	(27)
805550	Share of other comprehensive income of associates and joint ventures accounted for using equity method - items not to be reclassified to profit or loss	(12,874)	-	3,581	-	17,445	-	8,727	-
805599	Less: Income tax related to items not to be reclassified to profit or loss (note (ac))	-	-	1,531	-	38	-	1,531	-
	Subtotal of items not to be reclassified to profit or loss	<u>(522,634)</u>	<u>(11)</u>	<u>(2,701,486)</u>	<u>(65)</u>	<u>(607,434)</u>	<u>(7)</u>	<u>(2,299,799)</u>	<u>(27)</u>
805600	<b>Items that may be subsequently reclassified to profit or loss</b>								
805610	Exchange differences on translation of foreign operations	41,518	1	83,924	2	7,673	-	154,791	2
805615	Unrealized gains (losses) from debt instruments measured at fair value through other comprehensive income	12,188	-	(64,337)	(2)	63,713	1	(5,452)	-
805699	Less: Income tax related to items that may be subsequently reclassified to profit or loss (note (ac))	7,842	-	8,456	-	5,336	-	16,187	-
	Subtotal of items that may be subsequently reclassified to profit or loss	<u>45,864</u>	<u>1</u>	<u>11,131</u>	<u>-</u>	<u>66,050</u>	<u>1</u>	<u>133,152</u>	<u>2</u>
805000	<b>Other comprehensive income</b>	<u>(476,770)</u>	<u>(10)</u>	<u>(2,690,355)</u>	<u>(65)</u>	<u>(541,384)</u>	<u>(6)</u>	<u>(2,166,647)</u>	<u>(25)</u>
	<b>Total comprehensive income</b>	<u>\$ 1,324,575</u>	<u>29</u>	<u>(1,672,379)</u>	<u>(40)</u>	<u>2,897,980</u>	<u>34</u>	<u>(228,262)</u>	<u>(2)</u>
<b>Consolidated net income attributable to:</b>									
	Owners of parent	\$ 1,810,791	39	542,660	14	3,345,094	39	1,307,607	16
	Equity attributable to former owner of business combination under common control	(9,423)	-	329,919	8	94,425	1	420,647	5
913200	Non-controlling interests	(23)	-	145,397	3	(155)	-	210,131	2
		<u>\$ 1,801,345</u>	<u>39</u>	<u>1,017,976</u>	<u>25</u>	<u>3,439,364</u>	<u>40</u>	<u>1,938,385</u>	<u>23</u>
<b>Total comprehensive income attributable to:</b>									
	Owners of parent	\$ 1,332,723	29	(1,032,597)	(25)	3,154,795	37	(102,086)	(1)
	Equity attributable to former owner of business combination under common control	(9,740)	-	(423,632)	(10)	(258,275)	(3)	(124,043)	(1)
	Non-controlling interests	1,592	-	(216,150)	(5)	1,460	-	(2,133)	-
		<u>\$ 1,324,575</u>	<u>29</u>	<u>(1,672,379)</u>	<u>(40)</u>	<u>2,897,980</u>	<u>34</u>	<u>(228,262)</u>	<u>(2)</u>
	<b>Basic earnings per share (in New Taiwan Dollars) (note (ae))</b>	<u>\$ 1.11</u>		<u>0.54</u>		<u>2.12</u>		<u>1.06</u>	

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the six months ended June 30, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent																
	Share capital					Retained earnings					Total other equity interest				Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation gains	Total	Total equity attributable to owners of parent						
<b>Balance at January 1, 2022</b>	\$ 10,643,550	68,581	5,571,271	11,025,254	6,889,986	23,486,511	(202,453)	4,508,921	39,673	4,346,141	38,544,783	-	64,987	38,609,770			
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	-	-	20,918,535	14,948,690	35,867,225			
Equity at beginning of period after adjustments	10,643,550	68,581	5,571,271	11,025,254	6,889,986	23,486,511	(202,453)	4,508,921	39,673	4,346,141	38,544,783	20,918,535	15,013,677	74,476,995			
Net income	-	-	-	-	1,307,607	1,307,607	-	-	-	-	1,307,607	420,647	210,131	1,938,385			
Other comprehensive income	-	-	-	-	-	-	60,204	(1,473,550)	3,653	(1,409,693)	(1,409,693)	(544,690)	(212,264)	(2,166,647)			
Total comprehensive income	-	-	-	-	1,307,607	1,307,607	60,204	(1,473,550)	3,653	(1,409,693)	(102,086)	(124,043)	(2,133)	(228,262)			
Appropriation and distribution of retained earnings:																	
Legal reserve	-	-	688,999	-	(688,999)	-	-	-	-	-	-	-	-	-			
Special reserve	-	-	-	58,021	(58,021)	-	-	-	-	-	-	-	-	-			
Cash dividends	-	-	-	-	(6,142,966)	(6,142,966)	-	-	-	-	(6,142,966)	(1,535,814)	(1,080,565)	(8,759,345)			
Changes in equity of associates and joint ventures accounted for using equity method	-	1,105	-	-	-	-	-	-	-	-	1,105	-	-	1,105			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(942)	(942)			
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(193,786)	(193,786)	-	193,786	-	193,786	-	-	-	-			
Changes in equity attributable to former owner of combination under common control	-	-	-	-	-	-	-	-	-	-	-	5,204,786	(5,204,786)	-			
<b>Balance at June 30, 2022</b>	\$ 10,643,550	69,686	6,260,270	11,083,275	1,113,821	18,457,366	(142,249)	3,229,157	43,326	3,130,234	32,300,836	24,463,464	8,725,251	65,489,551			
<b>Balance at January 1, 2023</b>	\$ 10,643,550	69,671	6,260,270	11,083,275	1,803,208	19,146,753	(109,244)	3,368,548	43,326	3,302,630	33,162,604	-	64,721	33,227,325			
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	-	-	33,447,337	43,278	33,490,615			
Equity at beginning of period after adjustments	10,643,550	69,671	6,260,270	11,083,275	1,803,208	19,146,753	(109,244)	3,368,548	43,326	3,302,630	33,162,604	33,447,337	107,999	66,717,940			
Net income	-	-	-	-	3,345,094	3,345,094	-	-	-	-	3,345,094	94,425	(155)	3,439,364			
Other comprehensive income	-	-	-	-	-	-	18,413	(208,859)	147	(190,299)	(190,299)	(352,700)	1,615	(541,384)			
Total comprehensive income	-	-	-	-	3,345,094	3,345,094	18,413	(208,859)	147	(190,299)	3,154,795	(258,275)	1,460	2,897,980			
Appropriation and distribution of retained earnings:																	
Legal reserve	-	-	180,321	-	(180,321)	-	-	-	-	-	-	-	-	-			
Cash dividends	-	-	-	-	(1,626,592)	(1,626,592)	-	-	-	-	(1,626,592)	(1,020,549)	-	(2,647,141)			
Reversal of special reserve	-	-	-	(3,705)	3,705	-	-	-	-	-	-	-	-	-			
Changes in equity of associates and joint ventures accounted for using equity method	-	3	-	-	-	-	-	-	-	-	3	-	-	3			
Shares issued for pursuant to acquisitions	5,615,001	4,761,231	-	-	-	-	-	-	-	-	10,376,232	-	-	10,376,232			
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(44,646)	(44,646)			
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(136,051)	(136,051)	-	136,051	-	136,051	-	-	-	-			
Reorganization	-	5,223,568	-	-	1,858	1,858	70,734	1,496,820	971	1,568,525	6,793,951	(32,168,513)	-	(25,374,562)			
<b>Balance at June 30, 2023</b>	\$ 16,258,551	10,054,473	6,440,591	11,079,570	3,210,901	20,731,062	(20,097)	4,792,560	44,444	4,816,907	51,860,993	-	64,813	51,925,806			

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

**Consolidated Statements of Cash Flows**  
**For the six months ended June 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
<b>Cash flows from (used in) operating activities, indirect method:</b>		
Income before income tax	\$ 3,673,717	2,716,074
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	233,710	251,650
Amortization expense	85,480	77,215
Expected credit losses (reversal of impairment loss)	3,366	(9,321)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(38,208)	155,710
Interest expense	1,076,196	(915,495)
Interest revenue (including financial income)	(2,033,843)	(1,178,334)
Dividend revenue	(951,703)	(714,995)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(151,373)	392,379
Loss on disposal of property and equipment	3,330	52
Loss (gain) on disposal of investments	(636,299)	452,660
Loss (gain) on non-operating financial instruments measured at fair value	(3,320)	93,675
Impairment loss on non-financial assets	11	-
Loss (gain) on fair value adjustment of investment property	(91,209)	7,074
Other adjustments	(2,208)	(65)
<b>Total adjustments to reconcile loss</b>	<b>(2,506,070)</b>	<b>(1,387,795)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in financial assets at fair value through profit or loss	(16,521,627)	4,330,784
Increase in bond investments under resale agreements	(372,772)	(117,598)
Decrease (increase) in margin loans receivable	(3,946,321)	11,833,495
Decrease in refinancing margin	47,636	15,339
Decrease in refinancing collateral receivable	36,275	12,899
Increase in receivable of securities business money lending	(1,223,463)	(1,558,057)
Decrease (increase) in customer margin account	2,153,827	(7,433,250)
Decrease in security borrowing collateral price	66,922	50,997
Decrease (increase) in security borrowing margin	84,022	(286,145)
Decrease (increase) in notes receivable	(1,820)	123
Decrease (increase) in accounts receivable	(15,184,130)	3,547,224
Increase in accounts receivable - related parties	(35,285)	(102,693)
Decrease (increase) in other prepayments	(28,045)	528,118
Increase in other receivables	(660,075)	(757,565)
Increase in other receivables - related parties	(189,410)	(56,193)
Decrease (increase) in financial assets at fair value through other comprehensive income	(6,677,562)	7,522,211
Decrease in other current assets	43,649	26,329,117
Increase in overdue receivable	(8,875)	(2,069)
Subtotal of changes in operating assets	<b>(42,417,054)</b>	<b>43,856,737</b>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in liabilities for bonds with attached repurchase agreements	7,376,156	(17,677,705)
Increase (decrease) in financial liabilities at fair value through profit or loss	(753,274)	2,984,681
Decrease in securities financing refundable deposits	(2,783,752)	(999,428)
Decrease in deposits payable for securities financing	(1,980,532)	(1,181,814)
Increase in securities lending refundable deposits	1,616,025	2,711,178
Increase (decrease) in futures traders' equity	(2,153,827)	7,433,250
Increase (decrease) in accounts payable	17,742,775	(6,051,480)
Decrease in accounts payable - related parties	(21,625)	(5,188)
Decrease in other payables	(427,484)	(1,080,422)
Increase (decrease) in other payables - related parties	77,613	(1,711)
Decrease in provisions	(161,908)	(574,802)
Increase (decrease) in other current liabilities	1,199,261	(26,026,359)
Increase (decrease) in guarantee deposit received	40	(2,390)
Subtotal of changes in operating liabilities	<b>19,729,468</b>	<b>(40,472,190)</b>
<b>Subtotal of changes in operating assets and liabilities</b>	<b>(22,687,586)</b>	<b>3,384,547</b>
Subtotal of all adjustments	<b>(25,193,656)</b>	<b>1,996,752</b>
Cash flows from (used in) operations	(21,519,939)	4,712,826
Interest received	2,046,023	1,259,350
Dividends received	262,376	474,859
Interest paid	(1,112,592)	(140,437)
Income taxes paid	(991,003)	(1,459,767)
<b>Net Cash flows from operating activities</b>	<b>(21,315,135)</b>	<b>4,846,831</b>

See accompanying notes to consolidated financial statements.

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

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

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Cash flows used in investing activities:		
Proceeds from disposal of investments accounted for using equity method	\$ 36	-
Acquisition of property and equipment	(93,664)	(33,612)
Decrease (increase) in operation guarantee	260,000	(20,000)
Decrease in deposits settlement fund	20,838	67,502
Decrease in refundable deposits	12,725	15,739
Acquisition of intangible assets	(48,949)	(19,558)
Proceeds from disposal of intangible assets	-	15
Acquisition of right-of-use assets	(22)	(21)
Decrease (increase) in other non-current assets	15,366	(15,263)
Increase in prepayment for land and building	(3,752)	(3,940)
Increase in prepayments for business facilities	(77,441)	(19,576)
Dividends received	1,560	24,956
Change in equity attributable to former owner of business combination under common control	(15,000,023)	-
<b>Net cash flows used in investing activities</b>	<b>(14,913,326)</b>	<b>(3,758)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	1,773,808	168,651
Increase in commercial papers payable	28,423,328	6,245,134
Payment of lease liabilities	(151,367)	(152,753)
Cash dividends paid	(2,647,141)	(8,759,345)
Change in non-controlling interests	(44,646)	(943)
<b>Net cash flows from (used in) financing activities</b>	<b>27,353,982</b>	<b>(2,499,256)</b>
Effect of exchange rate changes on cash and cash equivalents	3,536	160,171
Net increase (decrease) in cash and cash equivalents	(8,870,943)	2,503,988
Cash and cash equivalents at beginning of period	44,012,226	28,507,584
Cash and cash equivalents at end of period	<b>\$ 35,141,283</b>	<b>31,011,572</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**June 30, 2023 and 2022**

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

**(1) Company history**

FUBON SECURITIES CO., LTD. (the Company) was incorporated on July 11, 1988, as a company limited by shares and with an integrated securities firm license. The Company's operations include securities underwriting, dealing, brokerage, pecuniary, securities financing and refinancing, securities transfer services, dealing brokerage services related to futures, foreign securities brokerage, securities borrowing and lending service, trust operations, offshore securities unit operations, securities investment consulting operations and other operations approved by the authorities.

On September 9, 2000, the Company merged with Universal Securities Co., Ltd.; Chung Zu Securities Co., Ltd; King Sheng Securities Co., Ltd; Wa Hsing Securities Co., Ltd; Shih Lin Securities Co., Ltd; and Happy Securities Co., Ltd. The continuing company is Fubon Securities Co., Ltd. The exchange ratios of stock of the abovementioned merged companies were 1.43 shares, 1.39 shares, 1.32 shares, 0.90 share, 0.92 share and 1.17 shares, respectively, for 1 share of the Company.

Following the enactment of the Financial Holding Company Act in Taiwan, Fubon Financial Holding Co., Ltd. ("Fubon Financial") was established on December 19, 2001, as the holding entity of four financial services companies, including Fubon Securities Co., Ltd., under the Fubon brand name. Shares of Fubon Securities Co., Ltd., Fubon Commercial Bank Co., Ltd. ("Fubon Bank"), Fubon Life Insurance Co., Ltd. ("Fubon Life Insurance"), and Fubon Insurance Co., Ltd. ("Fubon Insurance") were exchanged for shares in Fubon Financial at the following exchange ratios:

	Exchange ratio per Fubon Financial share
Fubon Securities Co., Ltd.	1.5078
Fubon Bank	1.7053
Fubon Life Insurance	0.7556
Fubon Insurance	1

The Company has acquired 100% equity of JihSun Securities Co., Ltd by cash and issued new shares on April 9, 2023. The exchange ratio per JihSun Securities' share is NT\$12.9622 and 0.4852 share of Fubon Securities' common stock for each JihSun Securities' common stock. The Company's share capital is amounted to \$16,258,551 thousand after issuing shares upon completion of the acquisition.

The Company's parent and ultimate parent is Fubon Financial Holding Co., Ltd. The registered address of the Company is 3F and 4F., No.169 Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.). As of June 30, 2023, there were 73 branches (including head office) established for operating.

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

On August 15, 2023., the consolidated financial statements were presented to the Board of Directors and authorized for issuance afterward.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(3) New standards, amendments and interpretations adopted:**

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

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

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

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	<p>The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.</p> <p>The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p>	Effective date to be determined by IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>	January 1, 2024

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

**(4) Summary of material accounting policies**

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC. The consolidated financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (TIFRS) for a complete set of the annual consolidated financial statements.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(b) Principles of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise Fubon Securities Co., Ltd. and its subsidiaries.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		
			June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
The Company	Fubon Futures Co., Ltd. (Note 1)	Futures	100 %	100 %	100 %
The Company	Fubon Investment Service Co., Ltd.	Investment Service	100 %	100 %	100 %
The Company	Fubon Investment Holding (BVI) Ltd.	Investment Holding	100 %	100 %	100 %
The Company	Fubon Securities Venture Capital Co., Ltd.	Venture Capital	100 %	100 %	100 %
The Company	Fubon Mintou Venture Capital Co., Ltd.	Venture Capital	67 %	67 %	67 %
The Company	JihSun International Investment Holding Ltd. (Note 1)	Investment Holding	100 %	100 %	100 %
The Company	JihSun Securities Investment Consulting Co., Ltd. (Note 1)	Investment Service	- %	100 %	100 %
The Company	JihSun Venture Capital Co., Ltd. (Note 1)	Venture Capital	- %	- %	100 %
Fubon Investment Holding (BVI) Ltd.	Fubon Securities (HK) Ltd.	Securities business	100 %	100 %	100 %
JihSun International Investment Holding Ltd.	JS CRESVALE Securities International Ltd. (Note 1)	Securities business	100 %	100 %	100 %
JS CRESVALE Securities International Ltd.	JS CRESVALE Capital Ltd. (Note 1)	Stock and futures brokerage, sales of mutual funds	100 %	100 %	100 %

Note 1: The Group has acquired JihSun Securities Co., Ltd and its subsidiaries on April 9, 2023. Since it was treated as the subsidiary from the beginning, the Group has restated the comparative statements of the prior period as a result of the Group's organizational restructuring.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Pursuant to the ROC Labor Pension Act, the Company and domestic subsidiaries make contribution to the Bureau of Labor Insurance. This contribution is recognized as pension expenses on accrual basis.

Foreign subsidiaries make contributions based on the regulation of local government, and these contributions are recognized as pension expenses on accrual basis.

(ii) Defined benefit plans

When the benefits of the plan are improved, the portion of the increased benefits related to past service costs are recognized in profit or loss immediately. Net interests of the Group's service cost and net defined benefit asset or liability are recognized as employee benefit expenses when they occurred. All remeasurements arising from the defined benefit plan, including actuarial gains and return of plan assets, minus, interests, are recognized into other comprehensive income, and accounted for as retained earnings, and not subsequently reclassified into profit or loss.

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(i) Current income tax

The Group estimated and disclosed interim income tax under IAS 34 "Interim Financial Reporting" Appendix B12.

Income tax expense for the interim reporting period is best estimated by multiplying pretax income for the period with the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

The surtax on undistributed earnings, computed according to the ROC Income Tax Act, is charged to current income tax expense in the year when stockholders decide not to distribute the earnings.

The adjustment of prior year's income tax payable is included in the current income tax.

(ii) Deferred income tax

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- 1) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- 2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- 3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred income tax assets and liabilities are not offset if they relate to income taxes examined by different tax authorities.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Company and the parent company file a combined corporate income tax return. However, the measurement of income tax follows the above-mentioned principles. The excess or deficit payment of income tax due to a combined corporate income tax filing is charged to current income tax assets or current income tax liabilities.

(e) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (a) the consideration transferred (which is generally measured at fair value) and (b) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

According to IFRS3 comment letter "Accounting treatment about business combinations of entities under common control" issued by Accounting Research and Development Foundation, business combinations of the Group is accounted for using the book value method when the Group and the acquiree are ultimately controlled by the parent company. Since the acquiree was treated as the subsidiary from the beginning, the Group should restate the comparative information of the prior period.

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

The preparation of the consolidated financial statements in conformity with the regulations governing the preparation of financial reports and the IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impacts.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next one year is included in the following notes:

(a) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined using valuation techniques. Such fair value is based on observable data of similar financial instruments or a valuation model. If there are no observable market parameters, the fair value of financial instruments is evaluated based on appropriate assumptions. If fair value is determined by the valuation model, the model shall be calibrated to ensure that all output data and the results reflect the actual market price. The models use only observable data as possible. Information of major assumptions for determining the fair value of financial instruments and the sensitivity analysis of those assumption, please refer to note 6(ai).

(b) Fair value of investment property

Fair value is determined using the valuation techniques, including income-based valuation and market-based valuation. The changes of these valuation assumptions will affect the fair value of investment property in the financial statements. Please refer to note 6(m) for the valuation assumptions of investment property.

(c) Assessment of financial assets' impairment

The allowance loss of the Group's financial assets is estimated based on the assumption of default risk and expected loss rate. The Group considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the inputs and assumptions to be used in calculating the impairment.

(d) Income tax

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

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Petty cash	\$ 4,157	2,207	2,261
Demand deposits and checking accounts	3,225,525	4,058,617	4,492,365
Time deposits	1,992,671	5,480,888	3,195,255
Foreign currency deposits	29,918,930	29,474,083	22,205,568
Cash and cash equivalents — commercial paper	-	4,996,431	1,116,123
<b>Total</b>	<b><u>\$ 35,141,283</u></b>	<b><u>44,012,226</u></b>	<b><u>31,011,572</u></b>

Please refer to note 6(ai) for the disclosure of the sensitivity analysis and interest rate risk of the financial assets and financial liabilities of the Group.

(b) Financial assets measured at fair value through profit or loss — current

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments	\$ 1,397,516	976,276	1,243,075
Non-derivative financial assets	<u>40,920,603</u>	<u>23,694,001</u>	<u>21,727,465</u>
<b>Total</b>	<b><u>\$ 42,318,119</u></b>	<b><u>24,670,277</u></b>	<b><u>22,970,540</u></b>

The related accounts were as follows:

(i) Financial assets mandatorily measured at fair value through profit or loss — non-derivative

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Securities invested by broker	\$ 503,196	526,875	583,171
Open-end funds, money market instruments and other securities	246,456	287,819	331,434
Operating securities — dealing	22,338,328	9,672,342	7,287,973
Operating securities — underwriting	475,004	215,514	576,035
Operating securities — hedging	<u>17,357,619</u>	<u>12,991,451</u>	<u>12,948,852</u>
<b>Total</b>	<b><u>\$ 40,920,603</u></b>	<b><u>23,694,001</u></b>	<b><u>21,727,465</u></b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

1) Details of securities invested by broker

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Securities invested by broker	\$ 686,047	648,817	732,667
Valuation adjustment	(182,851)	(121,942)	(149,496)
Total	<u>\$ 503,196</u>	<u>526,875</u>	<u>583,171</u>

2) Details of open-end funds, money market instruments and other securities

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Open-end funds, money market instruments and other securities	\$ 240,204	280,986	342,557
Valuation adjustment	6,252	6,833	(11,123)
Total	<u>\$ 246,456</u>	<u>287,819</u>	<u>331,434</u>

3) Operating securities

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Dealing department – domestic:			
Listed stocks and funds – TWSE	\$ 5,794,597	2,305,519	2,355,459
Listed stocks and funds – TPEX	784,478	297,737	383,267
Bonds	4,963,917	6,100,717	2,801,454
Emerging stocks and funds – TPEX	562,774	451,538	758,270
Others	295,880	252,649	244,880
Subtotal	<u>12,401,646</u>	<u>9,408,160</u>	<u>6,543,330</u>
Dealing department – foreign:			
Bonds	9,580,616	92,250	709,495
Subtotal	<u>9,580,616</u>	<u>92,250</u>	<u>709,495</u>
Valuation adjustment	356,066	171,932	35,148
Total	<u>\$ 22,338,328</u>	<u>9,672,342</u>	<u>7,287,973</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022</u>
Underwriting department – domestic:			
Listed stocks – TWSE	\$ 2,234	-	-
Listed stocks – TPEX	-	770	776
Bonds	445,547	219,769	583,542
Others	-	8	4
Subtotal	<u>447,781</u>	<u>220,547</u>	<u>584,322</u>
Valuation adjustment	<u>27,223</u>	<u>(5,033)</u>	<u>(8,287)</u>
Total	<u>\$ 475,004</u>	<u>215,514</u>	<u>576,035</u>

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Hedging department – domestic:			
Listed stocks and warrants – TWSE	\$ 2,652,624	508,552	1,049,393
Listed stocks and warrants – TPEX	288,226	142,956	67,752
Bonds	<u>14,320,488</u>	<u>13,166,326</u>	<u>12,543,405</u>
Subtotal	<u>17,261,338</u>	<u>13,817,834</u>	<u>13,660,550</u>
Hedging department – foreign:			
Others	<u>9,183</u>	-	-
Valuation adjustment	<u>87,098</u>	<u>(826,383)</u>	<u>(711,698)</u>
Total	<u>\$ 17,357,619</u>	<u>12,991,451</u>	<u>12,948,852</u>

(ii) Financial assets mandatorily measured at fair value through profit or loss – derivatives

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Futures trading margin – proprietary funds	\$ 773,608	398,978	572,175
Interest rate swap contracts	583,740	566,469	655,404
IRS portion of asset swap contracts	15,152	4,117	7,895
Foreign exchange derivatives	24,955	6,706	4,208
Call options	<u>61</u>	<u>6</u>	<u>3,393</u>
Total	<u>\$ 1,397,516</u>	<u>976,276</u>	<u>1,243,075</u>

(iii) Related investment profit or loss please refer to note 6(ag).

(iv) Information of fair value and risk management, please refer to notes 6(ah) and (ai).

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (c) Financial assets measured at fair value through other comprehensive income—current

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 100,093	100,138	101,258
Corporate bonds	900,000	1,100,000	4,709,109
Foreign bonds	5,020,270	2,787,798	2,816,922
Valuation adjustment	<u>(146,752)</u>	<u>(207,742)</u>	<u>(247,969)</u>
Subtotal	<u>5,873,611</u>	<u>3,780,194</u>	<u>7,379,320</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	8,645,946	4,136,614	13,583,074
Valuation adjustment	<u>200,285</u>	<u>(84,017)</u>	<u>(379,774)</u>
Subtotal	<u>8,846,231</u>	<u>4,052,597</u>	<u>13,203,300</u>
Total	<u>\$ 14,719,842</u>	<u>7,832,791</u>	<u>20,582,620</u>

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

The Group has assessed that the securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities. They were classified as financial assets measured at fair value through other comprehensive income.

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

The Group has designated the equity investments as at fair value through other comprehensive income because it intends to hold for long-term strategic purposes.

Dividends from abovementioned financial assets measured at profit or loss through other comprehensive income were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Dividend income	<u>\$ 378,206</u>	<u>412,497</u>	<u>412,329</u>	<u>459,218</u>

Dividends from disposed financial assets measured at profit or loss through other comprehensive income within the reporting period were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Dividend income	<u>\$ 145,730</u>	<u>249,314</u>	<u>161,450</u>	<u>249,314</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months and six months ended June 30, 2023 and 2022 (restated), the Group has sold the stocks designated as at fair value through other comprehensive income for allocation and reconciliation of the portfolios. The sold stocks had a fair value of \$2,454,803, \$5,782,310, \$3,713,775 and \$6,123,144, respectively, and the Group recognized accumulated gain (loss) of \$(86,467), \$(653,680), \$(138,747) and \$(574,114). The accumulated gain (loss) has been transferred from other equity interests to retained earnings.

- (iii) Information of fair value and risk management, please refer to note 6 (ah) and (ai) for details.
- (iv) The guarantee of the financial assets measured at fair value through other comprehensive income – current provided as pledged assets, please refer to note 8 for details.

- (d) Securities purchased under resell agreements

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Pecuniary financing	\$ <u>372,772</u>	<u>-</u>	<u>117,598</u>
The end date of the holding period	Open Tenor	-	2022.07.01
Interest rate range	4.75 %	- %	1.15 %

- (e) Pecuniary and securities financing and refinancing

Securities received and lent for pecuniary and securities financing and refinancing were as follows:

	<u>June 30, 2023</u>		
	<u>Shares</u>		
	<u>(thousands)</u>	<u>Face value</u>	<u>Market value</u>
Collateral securities for pecuniary financing	<u>874,482</u>	\$ <u>8,744,818</u>	<u>44,648,659</u>
Securities lent for securities financing	<u>38,743</u>	\$ <u>387,430</u>	<u>3,107,637</u>
	<u>December 31, 2022 (Restated)</u>		
	<u>Shares</u>		
	<u>(thousands)</u>	<u>Face value</u>	<u>Market value</u>
Collateral securities for pecuniary financing	<u>802,679</u>	\$ <u>8,026,794</u>	<u>33,557,984</u>
Securities lent for securities financing	<u>72,233</u>	\$ <u>722,330</u>	<u>4,865,401</u>
	<u>June 30, 2022 (Restated)</u>		
	<u>Shares</u>		
	<u>(thousands)</u>	<u>Face value</u>	<u>Market value</u>
Collateral securities for pecuniary financing	<u>836,064</u>	\$ <u>8,360,641</u>	<u>37,139,942</u>
Securities lent for securities financing	<u>60,171</u>	\$ <u>601,710</u>	<u>3,221,546</u>

(Continued)



**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Pecuniary finance represents loans extended to securities investors and is accounted for as receivables from pecuniary finance. Such loans are secured by the securities purchased by investors. These securities are not reflected in the financial statements of the Group. These securities will be returned to investors when investors terminate pecuniary financing. As of June 30, 2023, December 31 and June 30, 2022 (restated), the Group had receivables from pecuniary finance amounting to \$25,452,246, \$21,505,925 and \$25,576,667, respectively, and allowances for uncollectible accounts were \$0. Please refer to note 6 (ai) for the estimation of impairment.

Securities finance represents securities lent to securities investors and is affected by lending to securities investors securities in custody that are received from pecuniary finance or borrowed from securities finance companies when necessary. The investors' deposits for borrowing securities are held by the Group as collateral and recorded under securities financing refundable deposits. In addition, investors are required to deposit the proceeds from sales of borrowed securities. Such deposits are accounted for as deposits payable for securities financing. As of June 30, 2023, December 31 and June 30, 2022 (restated), securities financing refundable deposits amounted to \$2,563,445, \$5,347,197 and \$2,981,681, respectively, and deposits payable for securities financing amounted to \$2,842,687, \$4,823,219 and \$3,398,241, respectively.

The guarantees provided to securities finance companies (securities borrowed by the Group in refinancing activities) were as follows:

	<b>June 30, 2023</b>		
	<b>Shares</b>		
	<b>(thousands)</b>	<b>Face value</b>	<b>Market value</b>
Securities borrowed in refinancing activities	<b>163</b>	<b>\$ 1,630</b>	<b>15,845</b>
	<b>December 31, 2022 (Restated)</b>		
	<b>Shares</b>		
	<b>(thousands)</b>	<b>Face value</b>	<b>Market value</b>
Securities borrowed in refinancing activities	<b>990</b>	<b>\$ 9,900</b>	<b>52,120</b>
	<b>June 30, 2022 (Restated)</b>		
	<b>Shares</b>		
	<b>(thousands)</b>	<b>Face value</b>	<b>Market value</b>
Securities borrowed in refinancing activities	<b>192</b>	<b>\$ 1,920</b>	<b>8,469</b>

Securities refinancing is affected by borrowing securities from securities finance companies when the Group does not have sufficient securities to perform securities financing. For securities refinancing, the Group pays margin deposits to securities finance companies. These margin deposits are recorded as margin deposits for securities refinance. The Group also provides proceeds from selling borrowed securities to securities finance companies as collateral and records them under margin deposits for securities refinance and receivables from securities refinance. As of June 30, 2023, December 31 and June 30, 2022 (restated), margin deposits for securities refinance amounted to \$19,014, \$66,650 and \$10,171, respectively, and receivables from securities refinance amounted to \$15,845, \$52,120 and \$8,469, respectively.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

As of June 30, 2023, December 31 and June 30, 2022 (restated), the Group provided other securities as collateral due to borrowing securities amounting to \$1,350,940, \$7,856,265 and \$8,583,586, respectively.

(f) Receivables from securities borrowings and lending

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Receivables from securities borrowings and lending—secured securities purchased or owned by investors as collateral	\$ 5,623	17,070	8,139
Receivables from securities borrowings and lending—non restricted	13,099,723	11,864,813	11,520,171
Total	<u>\$ 13,105,346</u>	<u>11,881,883</u>	<u>11,528,310</u>

The Group collects securities purchased or owned by investors as collateral to perform securities borrowing and lending. The calculation of the collateral maintenance ratio should comply with regulations and should not be lower than 130%.

(g) Customer margin account

The details of the Group's customer margin account were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Bank deposits	\$ 20,009,914	22,936,039	29,010,447
Clearing balance of futures clearing house	5,839,785	5,333,417	5,867,660
Clearing balance of other futures commission merchants	3,404,489	3,087,577	2,838,587
Securities	17,404	68,386	28,308
Total	<u>\$ 29,271,592</u>	<u>31,425,419</u>	<u>37,745,002</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (h) Notes and accounts receivable

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Accounts receivable from non-related parties			
Proceeds receivable from customers	\$ 1,563,026	961,384	824,633
Accounts receivable—brokering	27,990,153	13,268,202	23,900,387
Clearance	74,649	141,100	11,089
Securities financing interest receivable	393,690	496,902	578,842
Bonds interest receivable	137,070	43,795	44,521
Cash dividends receivable	699,009	9,534	252,415
Revenues receivable	365,924	412,550	351,785
Others	366,830	380,516	617,433
Less: Loss allowance	<u>(180,316)</u>	<u>(180,150)</u>	<u>(181,742)</u>
	<u>31,410,035</u>	<u>15,533,833</u>	<u>26,399,363</u>
Notes receivable from non-related parties	<u>2,133</u>	<u>313</u>	<u>114</u>
Total	<u>\$ 31,412,168</u>	<u>15,534,146</u>	<u>26,399,477</u>
Accounts receivable from related parties	<u>\$ 53,631</u>	<u>18,346</u>	<u>116,480</u>

As of June 30, 2023, December 31 and June 30, 2022, the aging analysis of notes and accounts receivables were as follows:

	<u>June 30, 2023</u>		<u>December 31, 2022 (Restated)</u>		<u>June 30, 2022 (Restated)</u>	
	<u>Total amount</u>	<u>Impairment</u>	<u>Total amount</u>	<u>Impairment</u>	<u>Total amount</u>	<u>Impairment</u>
Not overdue	\$ 31,465,799	-	15,352,492	-	26,523,646	-
Overdue 0 to 180 days	-	-	-	-	-	-
Overdue 181 days to one year	-	-	-	-	-	-
Overdue more than one year	<u>180,316</u>	<u>180,316</u>	<u>180,150</u>	<u>180,150</u>	<u>182,891</u>	<u>181,742</u>
Total	<u>\$ 31,646,115</u>	<u>180,316</u>	<u>15,532,642</u>	<u>180,150</u>	<u>26,706,537</u>	<u>181,742</u>

## (i) Financial assets measured at fair value through other comprehensive income—non-current

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Equity investments measured at fair value through other comprehensive income—non-current:			
Stocks	\$ 8,030,543	8,031,751	8,031,751
Valuation adjustment	<u>4,440,240</u>	<u>5,213,067</u>	<u>5,992,607</u>
Total	<u>\$ 12,470,783</u>	<u>13,244,818</u>	<u>14,024,358</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Dividends from abovementioned equity investments measured at fair value through other comprehensive income – non-current, were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Dividend income	\$ 104,761	116,218	104,893	116,380

For the three months and six months ended June 30, 2023 and 2022 (restated), the Group has sold the stocks designated as at fair value through other comprehensive income for reconciliation of the portfolios and dissolution and liquidation of the investee. The sold stocks had a fair value of \$1,208, \$23,520, \$2,019 and \$42,740, and the Group recognized accumulated gain (loss) of \$367, \$(1,297), \$1,178 and \$(301). The accumulated gain (loss) had been transferred from other equity interests to retained earnings.

- (ii) Information of fair value and risk management, please refer to notes 6 (ah) and (ai).
- (iii) The guarantee of the financial assets measured at fair value through comprehensive income – non-current provided as pledged assets, please refer to note 8 for details.
- (j) Investments accounted for using the equity method
- (i) Significant associates of the Group were as follows:

Name of associates	Relationship with the Group	Main Operating Location/Coun try of Registry	Proportion of shareholding and voting rights		
			June 30, 2023	December 31, 2022	June 30, 2022
Fubon Financial Holding Venture Capital Co., Ltd.	A subsidiary of the Company's parent company Fubon Financial Holding Co., Ltd. that engages in venture capital.	Taiwan	11.20 %	11.20 %	11.20 %

A summarized financial information of material significant associates was as follows:

- 1) Fubon Financial Holding Venture Capital Co., Ltd.

	June 30, 2023	December 31, 2022	June 30, 2022
	Current assets	\$ 11,630,003	10,690,626
Non-current assets	5,371,865	4,999,204	5,578,767
Current liabilities	(776,982)	(739,411)	(623,898)
Non-current liabilities	(108,556)	(133,303)	(157,235)
Net assets	\$ 16,116,330	14,817,116	13,159,174
Share of net assets of associates	\$ 16,116,330	14,817,116	13,159,174

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<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>
Revenue	<u>\$ (383,233)</u>	<u>(641,906)</u>	<u>1,717,134</u>	<u>(3,200,554)</u>
Net income (loss) from continuing operations	\$ (659,981)	(845,124)	1,212,719	(3,480,678)
Other comprehensive income	<u>(127,436)</u>	<u>31,977</u>	<u>86,467</u>	<u>67,215</u>
Total comprehensive income	<u>\$ (787,417)</u>	<u>(813,147)</u>	<u>1,299,186</u>	<u>(3,413,463)</u>
Share of comprehensive income of associates	<u>\$ (787,417)</u>	<u>(813,147)</u>	<u>1,299,186</u>	<u>(3,413,463)</u>
			<b>For the six months ended June 30</b>	
			<b>2023</b>	<b>2022</b>
Share of net assets of associates at the beginning of periods		\$	1,659,463	1,879,932
Changes in capital surplus of associates accounted for using equity method			3	1,105
Total comprehensive income attributable to the Group for the periods			145,509	(382,308)
Dividends received from associates			-	(24,956)
Share of net assets of associates at the end of periods			1,804,975	1,473,773
Add: Unamortized premium			<u>22,016</u>	<u>22,016</u>
Carrying amount of equity of associates at the end of periods		\$	<u><u>1,826,991</u></u>	<u><u>1,495,789</u></u>

(ii) Individually insignificant associates

The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>December 31,</b>		<b>June 30, 2022</b>	
	<b>June 30, 2023</b>	<b>2022 (Restated)</b>	<b>(Restated)</b>	<b>(Restated)</b>
JihSun Securities Investment Trust Co., Ltd.	<u>\$ 250,611</u>	<u>228,862</u>	<u>226,274</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>
Attributable to the Group:				
Gain (loss) from continuing operations	\$ 9,100	(2,602)	15,549	(2,543)
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>7,760</u>	<u>-</u>
Comprehensive income	<u>\$ 9,100</u>	<u>(2,602)</u>	<u>23,309</u>	<u>(2,543)</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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The share of profit and ending balance of associates accounted for using equity method whose financial statements were not audited by independent auditors were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
The share of profit of associates accounted for using equity method	<u>\$ 9,100</u>	<u>(2,602)</u>	<u>15,549</u>	<u>(2,543)</u>
			<b>December 31,</b>	
			<b>2022</b>	<b>June 30, 2022</b>
			<b>(Restated)</b>	<b>(Restated)</b>
Investments accounted for using equity method	<u>\$ 250,611</u>	<u>-</u>		<u>226,274</u>

(k) Property and equipment

Changes in the cost, depreciation, and impairment loss of the property and equipment of the Group were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Information Appliance</b>	<b>Transportation equipment</b>	<b>Leasehold improvement</b>	<b>Miscellaneous</b>	<b>Total</b>
Cost or deemed cost:							
Balance at January 1, 2023 (Restated)	\$ 3,102,448	653,124	1,507,070	138	554,742	332,470	6,149,992
Additions	-	-	76,083	-	3,158	14,422	93,663
Reclassification	60,487	(189,616)	48,199	-	(3,305)	(1,811)	(86,046)
Disposals	-	-	(136,413)	-	(61,694)	(41,452)	(239,559)
Effect of change in exchange rates	-	-	247	-	64	8	319
Balance at June 30, 2023	<u>\$ 3,162,935</u>	<u>463,508</u>	<u>1,495,186</u>	<u>138</u>	<u>492,965</u>	<u>303,637</u>	<u>5,918,369</u>
Balance at January 1, 2022 (Restated)	\$ 3,276,140	784,645	1,547,608	138	567,843	409,580	6,585,934
Additions	-	-	26,201	-	3,185	4,225	33,611
Reclassification	(5,981)	(104,522)	807	-	12,676	-	(97,020)
Disposals	-	-	(16,889)	-	(4,532)	(12,091)	(33,512)
Effect of change in exchange rates	-	-	1,497	-	871	176	2,544
Balance at June 30, 2022 (Restated)	<u>\$ 3,270,159</u>	<u>680,123</u>	<u>1,559,224</u>	<u>138</u>	<u>580,043</u>	<u>401,890</u>	<u>6,491,577</u>
Depreciation and impairment loss:							
Balance at January 1, 2023 (Restated)	\$ -	334,419	1,276,456	138	488,040	253,006	2,352,059
Depreciation	-	6,139	51,571	-	12,004	14,516	84,230
Reclassification	(7)	(184,087)	-	-	(3,305)	(8,857)	(196,256)
Impairment	7	4	-	-	-	-	11
Disposals	-	-	(136,038)	-	(60,596)	(39,700)	(236,334)
Effect of change in exchange rates	-	-	220	-	22	4	246
Balance at June 30, 2023	<u>\$ -</u>	<u>156,475</u>	<u>1,192,209</u>	<u>138</u>	<u>436,165</u>	<u>218,969</u>	<u>2,003,956</u>
Balance at January 1, 2022 (Restated)	\$ -	453,114	1,233,880	138	493,284	312,310	2,492,726
Depreciation	-	4,775	65,760	-	12,597	15,503	98,635
Reclassification	-	(103,819)	-	-	-	-	(103,819)
Disposals	-	-	(16,829)	-	(4,532)	(12,091)	(33,452)
Effect of change in exchange rates	-	-	1,280	-	345	117	1,742
Balance at June 30, 2022 (Restated)	<u>\$ -</u>	<u>354,070</u>	<u>1,284,091</u>	<u>138</u>	<u>501,694</u>	<u>315,839</u>	<u>2,455,832</u>
Carrying amounts:							
Balance at January 1, 2023 (Restated)	\$ 3,102,448	318,705	230,614	-	66,702	79,464	3,797,933
Balance at June 30, 2023	<u>\$ 3,162,935</u>	<u>307,033</u>	<u>302,977</u>	<u>-</u>	<u>56,800</u>	<u>84,668</u>	<u>3,914,413</u>
Balance at January 1, 2022 (Restated)	\$ 3,276,140	331,531	313,728	-	74,559	97,270	4,093,228
Balance at June 30, 2022 (Restated)	<u>\$ 3,270,159</u>	<u>326,053</u>	<u>275,133</u>	<u>-</u>	<u>78,349</u>	<u>86,051</u>	<u>4,035,745</u>

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

(l) Right-of-use assets

Information about leases of land, buildings, machinery, transportation equipment, and other equipment of the Group was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023 (Restated)	\$ 136	1,105,078	39,412	11,191	41,451	1,197,268
Additions	-	285,350	22,193	995	3,444	311,982
Reductions	-	(546,519)	-	(7,156)	(5,479)	(559,154)
Effect of changes in exchange rates	-	26	-	-	3	29
Balance at June 30, 2023	<u>\$ 136</u>	<u>843,935</u>	<u>61,605</u>	<u>5,030</u>	<u>39,419</u>	<u>950,125</u>
Balance at January 1, 2022 (Restated)	\$ 693	1,034,204	52,950	39,418	39,877	1,167,142
Additions	-	155,363	-	-	1,605	156,968
Reductions	(557)	(115,310)	-	(12,478)	(2,205)	(130,550)
Effect of changes in exchange rates	-	1,858	-	-	20	1,878
Balance at June 30, 2022 (Restated)	<u>\$ 136</u>	<u>1,076,115</u>	<u>52,950</u>	<u>26,940</u>	<u>39,297</u>	<u>1,195,438</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2023 (Restated)	\$ 98	605,994	12,433	7,277	21,598	647,400
Depreciation	22	136,558	6,820	1,409	4,671	149,480
Other reductions	-	(295,562)	-	(6,145)	(5,411)	(307,118)
Effect of changes in exchange rates	-	46	-	-	1	47
Balance at June 30, 2023	<u>\$ 120</u>	<u>447,036</u>	<u>19,253</u>	<u>2,541</u>	<u>20,859</u>	<u>489,809</u>
Balance at January 1, 2022 (Restated)	\$ 541	537,002	13,594	25,025	18,693	594,855
Depreciation	91	137,012	6,138	6,036	3,738	153,015
Other reductions	(557)	(115,891)	-	(11,236)	(1,318)	(129,002)
Effect of changes in exchange rates	-	912	-	-	18	930
Balance at June 30, 2022 (Restated)	<u>\$ 75</u>	<u>559,035</u>	<u>19,732</u>	<u>19,825</u>	<u>21,131</u>	<u>619,798</u>
Carrying amounts:						
Balance at January 1, 2023 (Restated)	<u>\$ 38</u>	<u>499,084</u>	<u>26,979</u>	<u>3,914</u>	<u>19,853</u>	<u>549,868</u>
Balance at June 30, 2023	<u>\$ 16</u>	<u>396,899</u>	<u>42,352</u>	<u>2,489</u>	<u>18,560</u>	<u>460,316</u>
Balance at January 1, 2022 (Restated)	<u>\$ 152</u>	<u>497,202</u>	<u>39,356</u>	<u>14,393</u>	<u>21,184</u>	<u>572,287</u>
Balance at June 30, 2022 (Restated)	<u>\$ 61</u>	<u>517,080</u>	<u>33,218</u>	<u>7,115</u>	<u>18,166</u>	<u>575,640</u>

(m) Investment property

	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023 (Restated)	\$ 1,081,100	201,869	1,282,969
Net gain (loss) from fair value adjustments	83,451	7,758	91,209
Reclassification	(41,740)	992	(40,748)
Balance at June 30, 2023	<u>\$ 1,122,811</u>	<u>210,619</u>	<u>1,333,430</u>
Balance at January 1, 2022 (Restated)	\$ 977,962	214,565	1,192,527
Net gain (loss) from fair value adjustments	8,911	(15,985)	(7,074)
Reclassification	10,889	979	11,868
Balance at June 30, 2022 (Restated)	<u>\$ 997,762</u>	<u>199,559</u>	<u>1,197,321</u>

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	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance at January 1, 2023 (Restated)	\$ <u>1,081,100</u>	<u>201,869</u>	<u>1,282,969</u>
Balance at June 30, 2023	\$ <u>1,122,811</u>	<u>210,619</u>	<u>1,333,430</u>
Balance at January 1, 2022 (Restated)	\$ <u>977,962</u>	<u>214,565</u>	<u>1,192,527</u>
Balance at June 30, 2022 (Restated)	\$ <u>997,762</u>	<u>199,559</u>	<u>1,197,321</u>

- (i) Buildings are leased out as operating leases, and the primary terms of the lease agreements are the same as those of the general lease agreement.
- (ii) A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Less than one year	\$ 28,201	28,514	21,729
One to two years	25,513	22,338	14,399
Two to three years	19,346	19,674	12,139
Three to four years	13,135	12,677	8,365
Four to five years	6,194	7,573	3,561
More than five years	<u>20,025</u>	<u>8,973</u>	<u>10,658</u>
Total undiscounted lease payments	<u>\$ 112,414</u>	<u>99,749</u>	<u>70,851</u>

- (iii) Investment property of the Company was evaluated by appraisers from professional real estate appraisers firm, with fair value as the appraisal basis in accordance with the “Regulations on Real Estate Appraisal”. The valuation dates were on March 31, 2023, December 31 and March 31, 2022, and December 31, 2021, respectively. The Company has consulted the appraisers about the effectiveness of the original appraisal report. As of June 30, 2023 and 2022, the fair value of aforementioned investment property on June 30, 2023 and 2022 were considered valid, respectively. The appraisals were performed by following valuation agencies:

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

The appraisers were Chih Wei-Sin, Wang Shih-Ming, Chi Liang-An and Tsai Wen-Che from Xinyi Real Estate Appraisers Firm on March 31, 2022 and December 31, 2021.

The fair value of investment property is supported by observable evidences in the market. Appraising methods mainly include the DCF method of income.

Commercial office buildings and terraced shops are appraised using the DCF method of income approach mostly because of the market liquidity and the comparable sales and rental cases in their neighboring areas.

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Reasonable rentals are based on the current market trading practice. As of June 30, 2023 and 2022, total revenue from subject properties is estimated with the assumption that rent level is adjusted by 0.5%~1.5% and 0.17%~0.25% per year, respectively, minus the loss due to idleness or other reasons and relevant expense raised from operating activities.

In accordance with R.O.C. Real Estate Appraiser Alliance Statement No.5, total assessment of the current value of the building refers to the assessed current value of the building released by the local government, and is calculated from areas of property right (including public facility). House tax is calculated with total assessment of the current value of the building, and tax rate in accordance with the Regulations of House Tax.

Land tax refers to future publicly announced price of the subject property estimated by changes of publicly announced price in recent year.

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

The inputs applied are as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Discount rate	3.32~4.20	1.845~4.345	1.845~4.345

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

For the three months and six months ended June 30, 2023 and 2022, rental revenue from investment property amounted to \$10,374, \$7,690, \$18,490 and \$15,261, respectively; direct operating expenses were \$281, \$523, \$344 and \$980, respectively; while the direct operating expenses of investment property which did not generate rental revenue amounted to \$123, \$218, \$152 and \$258, respectively.

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

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## (n) Intangible assets

The costs and amortization of intangible assets of the Group were as follows:

	<u>Operating rights</u>	<u>Computer software</u>	<u>Other intangible assets</u>	<u>Total</u>
Costs:				
Balance at January 1, 2023 (Restated)	\$ 239,135	1,475,458	10,999	1,725,592
Acquisitions	-	48,949	-	48,949
Reclassification	-	66,462	-	66,462
Disposals	-	(13,073)	-	(13,073)
Effect of change in exchange rates	-	151	-	151
Balance at June 30, 2023	<u>\$ 239,135</u>	<u>1,577,947</u>	<u>10,999</u>	<u>1,828,081</u>
Balance at January 1, 2022 (Restated)	\$ 239,135	1,199,895	10,999	1,450,029
Acquisition	-	19,558	-	19,558
Reclassification	-	13,936	-	13,936
Disposals	-	(20,581)	-	(20,581)
Effect of change in exchange rates	-	609	-	609
Balance at June 30, 2022 (Restated)	<u>\$ 239,135</u>	<u>1,213,417</u>	<u>10,999</u>	<u>1,463,551</u>
Amortization:				
Balance at January 1, 2023 (Restated)	\$ 44,438	1,202,597	-	1,247,035
Amortization	5,334	70,873	-	76,207
Disposals	-	(13,002)	-	(13,002)
Effect of change in exchange rates	-	83	-	83
Balance at June 30, 2023	<u>\$ 49,772</u>	<u>1,260,551</u>	<u>-</u>	<u>1,310,323</u>
Balance at January 1, 2022 (Restated)	\$ 33,770	896,365	-	930,135
Amortization	5,334	62,835	-	68,169
Disposals	-	(20,566)	-	(20,566)
Effect of change in exchange rates	-	374	-	374
Balance at June 30, 2022 (Restated)	<u>\$ 39,104</u>	<u>939,008</u>	<u>-</u>	<u>978,112</u>
Carrying amount:				
Balance at January 1, 2023 (Restated)	<u>\$ 194,697</u>	<u>272,861</u>	<u>10,999</u>	<u>478,557</u>
Balance at June 30, 2023	<u>\$ 189,363</u>	<u>317,396</u>	<u>10,999</u>	<u>517,758</u>
Balance at January 1, 2022 (Restated)	<u>\$ 205,365</u>	<u>303,530</u>	<u>10,999</u>	<u>519,894</u>
Balance at June 30, 2022 (Restated)	<u>\$ 200,031</u>	<u>274,409</u>	<u>10,999</u>	<u>485,439</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(o) Operating deposits

As stipulated in the Regulations Governing Securities Firms, the Regulations for Securities Brokers Undertaking Pecuniary and Securities Financing, the Regulations Governing Futures Commission Merchants, and the Securities Investment Trust and Consulting Act, the Group has provided time deposits as operating deposits amounting to \$1,110,000, \$1,370,000 and \$1,370,000 as of June 30, 2023, December 31 and June 30, 2022 (restated), respectively, recognized as other non-current assets.

(p) Settlement and clearing funds

As stipulated in the Regulations Governing Securities Firms and the Taiwan Futures Exchange Corporation Criteria for Clearing Membership, the Group has deposited settlement and clearing funds in the TWSE, the Taiwan Futures Exchange, Hong Kong Exchanges and Clearing Limited, and the TPEX as of June 30, 2023, December 31 and June 30, 2022. The details were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Centralized exchange market	\$ 239,376	187,448	188,503
Taipei Exchange	122,807	155,120	155,120
Taiwan Futures Exchange	179,380	219,833	229,760
Total	<u>\$ 541,563</u>	<u>562,401</u>	<u>573,383</u>

(q) Overdue receivables

Some investors failed to settle stock purchases made by pecuniary finance. Therefore, the Group disposed of the securities so purchased by the investors and deducted the proceeds of such sales from receivables from pecuniary finance. In addition, some collateral securities purchased by investors through unsettled pecuniary finance contracts were unable to be disposed of. The Group has persistently tried to settle the aforementioned claims and has recorded the uncollected receivables from such unsettled pecuniary finance contracts and past-maturity corporate bonds as overdue receivables, recorded under other non-current assets.

The details of overdue receivables were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Receivables from failed pecuniary finance contracts and the related interest	\$ 62,477	55,178	5,430
Other overdue receivables	7,326	6,673	5,204
Subtotal	69,803	61,851	10,634
Less: loss allowance	69,795	59,155	10,622
Total	<u>\$ 8</u>	<u>2,696</u>	<u>12</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The composition of loss allowance was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Beginning balance	\$ 59,155	8,500	8,500
Allowance for doubtful account	11,563	50,655	2,122
Write-off	(923)	-	-
Ending balance	<u>\$ 69,795</u>	<u>59,155</u>	<u>10,622</u>

(r) Short-term borrowings

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Unsecured and secured loans	<u>\$ 1,963,808</u>	<u>190,000</u>	<u>547,017</u>
Interest rate (%) range	1.79~5.91	1.975~2.275	1.06~2.08

For the details of pledged collateral for short-term borrowings, please refer to note 8.

(s) Commercial paper issued

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Commercial paper issued, par value	\$ 35,850,000	7,400,000	20,800,000
Less: discounts on commercial paper issued	(37,293)	(10,621)	(7,371)
Total	<u>\$ 35,812,707</u>	<u>7,389,379</u>	<u>20,792,629</u>
Interest rate (%) range	1.36~1.65	1.3~1.45	0.66~1.08

All of these commercial papers were underwritten by bills finance corporations and banks.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(t) Financial liabilities measured at fair value through profit or loss — current

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Securities purchased under resell agreements — securities lending	\$ 366,834	-	118,026
Warrant liabilities	340,008	193,965	165,017
Settlement coverage bonds payable of short sale	-	-	50,000
Liabilities on sale of borrowed securities	698,975	3,437,627	5,446,415
Derivative liabilities — OTC	6,684,199	5,557,330	5,866,539
Financial liabilities designated as at fair value through profit or loss	1,721,548	933,241	2,832,821
Put options — futures	-	42	846
<b>Total</b>	<b>\$ 9,811,564</b>	<b>10,122,205</b>	<b>14,479,664</b>

The related accounts were as follows:

(i) Securities purchased under resell agreements — securities lending

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Securities purchased under resell agreements — securities lending	\$ 369,051	-	117,271
Valuation adjustment	(2,217)	-	755
<b>Total</b>	<b>\$ 366,834</b>	<b>-</b>	<b>118,026</b>

(ii) Warrant liabilities

The Group was approved by the authorities to issue warrants. As of June 30, 2023, December 31 and June 30, 2022, the details of warrant liabilities were as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Warrant liabilities	\$ 10,370,270	13,298,390	17,494,731
Change in value of warrant liabilities	1,101,880	(5,980,070)	(10,221,948)
Market value	11,472,150	7,318,320	7,272,783
Warrants redeemed	9,928,424	11,828,106	16,421,533
Change in value of warrants redeemed	1,203,718	(4,703,751)	(9,313,767)
Market value	11,132,142	7,124,355	7,107,766
<b>Warrant liabilities, net</b>	<b>\$ 340,008</b>	<b>193,965</b>	<b>165,017</b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Settlement coverage bonds payable of short sale

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Settlement coverage bonds payable of short sale	\$ -	-	<b>50,000</b>

(iv) Liabilities on sale of borrowed securities

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Hedged:			
Listed stocks – TWSE	\$ -	66,030	29,646
Listed stocks – TPEX	-	1,152	11,641
Valuation adjustment	-	10,867	(4,586)
Subtotal	-	78,049	36,701
Non-hedged:			
Listed stocks – TWSE	288,752	3,358,826	6,267,453
Listed stocks – TPEX	398,753	219,404	7,953
Valuation adjustment	11,470	(218,652)	(865,692)
Subtotal	698,975	3,359,578	5,409,714
Total	<b>\$ 698,975</b>	<b>3,437,627</b>	<b>5,446,415</b>

(v) Derivative liabilities – OTC

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Interest rate swap contracts	\$ 480,064	469,750	548,829
IRS portion of asset swap contracts	123,870	115,817	109,914
Asset swap options	6,080,265	4,971,763	5,207,796
Total	<b>\$ 6,684,199</b>	<b>5,557,330</b>	<b>5,866,539</b>

(vi) Financial liabilities designated as at fair value through profit or loss

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Structured products	\$ 1,676,014	887,562	2,784,161
Exchange traded notes	45,534	45,679	48,660
Total	<b>\$ 1,721,548</b>	<b>933,241</b>	<b>2,832,821</b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (vii) Put options — futures

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Put options — futures	\$ -	42	846

## (u) Securities sold under repurchase agreements

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Government bonds	\$ 28,392	50,000	291,013
Corporate bonds and financial bonds	16,551,035	9,153,271	9,967,893
Total	<u>\$ 16,579,427</u>	<u>9,203,271</u>	<u>10,258,906</u>
Interest rate (%)	1.05~5.30	0.79~4.55	0.29~1.78

As of June 30, 2023, December 31 and June 30, 2022, the bonds sold under repurchase agreements will be due within a year, and will be repurchased with an interest at a contracted price on a specific date. The total amount of repurchase agreements were \$16,625,078, \$9,213,371 and \$10,262,893, respectively.

## (v) Derivative instruments

As of June 30, 2023, December 31 and June 30, 2022, the derivative instruments for trading were as follows:

	<u>June 30, 2023</u>		<u>December 31, 2022 (Restated)</u>		<u>June 30, 2022 (Restated)</u>	
	<u>Book value</u>	<u>Nominal amount</u>	<u>Book value</u>	<u>Nominal amount</u>	<u>Book value</u>	<u>Nominal amount</u>
Derivative assets:						
Futures trading margin — proprietary funds	\$ 773,608	-	398,978	-	572,175	-
Interest rate swap contracts	583,740	51,000,000	566,469	54,000,000	655,404	52,500,000
IRS portion of asset swap contracts	15,152	691,600	4,117	618,100	7,895	660,400
Foreign exchange derivatives	24,955	-	6,706	-	4,208	-
Call options	61	-	6	-	3,393	-
Derivative liabilities:						
Interest rate swap contracts	\$ 480,064	43,100,000	469,750	49,200,000	548,829	47,300,000
IRS portion of asset swap contracts	123,870	3,982,500	115,817	3,904,300	109,914	3,927,700
Asset swap options	6,080,265	12,497,900	4,971,763	11,309,800	5,207,796	10,579,300
Put options — futures	-	-	42	-	846	-
Structured products	1,676,014	1,668,100	887,562	827,500	2,784,161	2,317,500

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The derivative financial assets as detailed above were recognized as financial assets measured at fair value through profit or loss – current in the financial statements, whereas the derivative financial liabilities were recognized as financial liabilities measured at fair value through profit or loss – current.

The Group conducted a trading of futures and options for trading purpose, and the details for the six months ended June 30, 2023 and 2022 were as follows:

(i) Futures contracts

- 1) As of June 30, 2023, December 31 and June 30, 2022, the Company's unsettled futures contracts were as follows:

June 30, 2023						
Item	Transaction types	Unsettled part		Contract Value	Fair value	Note
		Buy/Sell	Volume			
Future:						
	10-Year T-Note Futures	Buy	207	\$ 728,733	723,948	
	10-Year T-Note Futures	Sell	417	(1,464,190)	(1,458,387)	
	2-Year T-Note Futures	Sell	435	(2,764,036)	(2,755,561)	
	5-Year T-Note Futures	Sell	1,251	(4,200,526)	(4,173,605)	
	MGC	Buy	123	73,966	73,929	
	Mini-Dow Jones	Buy	1	5,356	5,396	
	MiniS&P500	Sell	6	(41,191)	(41,946)	
	VN30	Sell	276	(40,152)	(40,706)	
	JTI	Sell	18	(86,552)	(88,639)	
	JTM	Buy	35	17,217	17,235	
	MHI	Sell	9	(6,806)	(6,730)	
	China A50	Buy	57	21,895	21,917	
	M1JY&	Sell	2	(5,446)	(5,461)	
	BRF	Sell	106	(245,491)	(249,015)	
	US, Treasury Bond Futures	Buy	2	7,916	7,907	
	US, Treasury Bond Futures	Sell	42	(166,700)	(166,044)	
	GDF	Sell	14	(85,001)	(84,147)	
	MNQ	Sell	139	(130,875)	(132,824)	
	MES	Sell	5	(3,462)	(3,495)	
	SIL	Buy	23	16,617	16,494	
	MYM	Buy	54	29,050	29,139	
	CL	Sell	3	(6,535)	(6,602)	
	MCH	Sell	14	(3,538)	(3,536)	
	SI	Sell	6	(22,191)	(21,514)	
	UB	Buy	2	8,468	8,487	
	UB	Sell	11	(46,786)	(46,679)	

(Continued)



**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2023						
Item	Transaction types	Unsettled part		Contract Value	Fair value	Note
		Buy/Sell	Volume			
	M2K	Sell	25	\$ (7,385)	(7,413)	
	ESX	Sell	1	(1,474)	(1,495)	
	FXXP	Sell	7	(5,483)	(5,481)	
	HHI	Sell	32	(41,012)	(40,415)	
	MTW	Sell	225	(454,732)	(452,448)	
	DX	Sell	4	(12,828)	(12,783)	
	TWN202307	Sell	50	(90,348)	(89,999)	
	HIS	Sell	3	(11,404)	(11,216)	
	TN	Buy	25	92,082	92,240	
	FMCH	Sell	73	(54,547)	(52,362)	
	MCA	Sell	9	(14,481)	(14,135)	
	RX	Sell	2	(2,063)	(2,099)	
	GIN	Sell	8	(9,462)	(9,609)	
	Stock Futures	Buy	367	35,259	38,866	Non-hedge account
	Stock Futures	Sell	2,566	(1,259,932)	(1,199,861)	Non-hedge account
	FITF	Sell	36	(58,653)	(58,306)	Non-hedge account
	FITX	Sell	273	(922,874)	(916,570)	Non-hedge account
	FITE	Sell	2	(6,445)	(6,488)	Non-hedge account
	Stock Futures	Buy	583	38,657	39,083	Hedge account
	Stock Futures	Sell	8,227	(1,783,380)	(1,714,213)	Hedge account
	FINYF	Sell	137	(176,312)	(177,210)	Hedge account
	FIOAF	Sell	127	(38,301)	(37,719)	Hedge account
	FIOJF	Sell	217	(44,284)	(43,509)	Hedge account
	FIOKF	Sell	48	(5,782)	(5,717)	Hedge account
	FITE	Sell	69	(227,721)	(223,836)	Hedge account
	FITF	Sell	27	(43,990)	(43,729)	Hedge account
	FITX	Sell	198	(674,683)	(664,765)	Hedge account
	FIZE	Sell	74	(30,540)	(30,007)	Hedge account
	FIMTX	Sell	189	(158,957)	(158,637)	Hedge account
	FIRIF	Sell	195	(37,427)	(37,561)	Hedge account
	Total			<u>\$ (14,418,762)</u>	<u>(14,227,833)</u>	

December 31, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract Value	Fair value	Note
		Buy/Sell	Volume			
Future:	5-Year T-Note Futures	Sell	100	\$ (331,833)	(331,596)	
	E-Micro Gold Futures	Sell	45	(25,235)	(25,248)	
	Mini-Dow Jones	Sell	2	(10,296)	(10,226)	

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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December 31, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract	Fair value	Note
		Buy/Sell	Volume	Value		
	Mini NASDAQ 100	Sell	61	(415,108)	(413,141)	
	MiniS&P500	Sell	12	(72,032)	(71,174)	
	VN30	Sell	491	(64,401)	(64,165)	
	JTM	Sell	175	(79,284)	(77,150)	
	MHI	Sell	30	(23,633)	(23,537)	
	China A50	Buy	16	6,420	6,432	
	M1JY&	Buy	3	8,734	8,879	
	BRF	Sell	6	(15,098)	(15,837)	
	NIFTY 50	Sell	51	(57,200)	(57,107)	
	US, Treasury Bond Futures	Sell	5	(19,239)	(19,255)	
	GDF	Sell	3	(16,753)	(16,832)	
	MNQ	Buy	485	326,628	328,481	
	MES	Buy	107	63,818	63,463	
	MES	Sell	1	(609)	(593)	
	SIL	Sell	47	(33,999)	(34,714)	
	MYM	Buy	15	7,639	7,670	
	CL	Sell	6	(14,650)	(14,795)	
	MCH	Sell	6	(1,609)	(1,598)	
	UB	Sell	15	(61,939)	(61,898)	
	M2K	Buy	23	6,245	6,257	
	ESX	Buy	1	1,261	1,240	
	FXXP	Sell	16	(11,272)	(11,113)	
	FIVNM30	Sell	119	(29,656)	(29,651)	
	HHI	Sell	24	(32,165)	(31,958)	
	RTY	Sell	6	(16,530)	(16,322)	
	MTW	Buy	241	401,010	401,684	
	USDX	Sell	41	(131,163)	(130,083)	
	TWN	Buy	43	65,190	65,619	
	HSI	Sell	2	(7,873)	(7,846)	
	TN	Sell	8	(29,898)	(29,072)	
	MSCI China Free Index Futures	Sell	42	(31,065)	(31,124)	
	MSCI China A50 Index Futures	Sell	6	(9,968)	(10,035)	
	Stock Futures	Buy	207	11,604	11,629	Non-hedge account
	Stock Futures	Sell	2,494	(551,521)	(535,048)	Non-hedge account
	FITF	Sell	1	(1,499)	(1,494)	Non-hedge account
	FITX	Buy	497	1,424,945	1,403,841	Non-hedge account
	FITE	Sell	16	(42,033)	(41,200)	Non-hedge account

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

December 31, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract	Fair value	Note
		Buy/Sell	Volume	Value		
	Stock Futures	Buy	1,639	312,187	302,619	Hedge account
	Stock Futures	Sell	196	(20,461)	(20,306)	Hedge account
	FINYF	Buy	45	49,597	49,635	Hedge account
	FINYF	Sell	4	(4,368)	(4,414)	Hedge account
	FIOAF	Sell	40	(12,262)	(12,480)	Hedge account
	FIOJF	Sell	36	(7,537)	(7,690)	Hedge account
	FIOKF	Sell	20	(2,469)	(2,516)	Hedge account
	FITE	Sell	19	(49,598)	(48,925)	Hedge account
	FITF	Buy	1	1,496	1,494	Hedge account
	FITX	Sell	9	(25,466)	(25,443)	Hedge account
	FIZE	Buy	54	17,287	17,381	Hedge account
	FIZF	Sell	4	(1,497)	(1,494)	Hedge account
	FIMTX	Buy	179	126,813	126,508	Hedge account
	FIOBF	Sell	1	(294)	(300)	Hedge account
	Total			\$ 569,361	565,454	

June 30, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract	Fair value	Note
		Buy/Sell	Volume	Value		
Future:						
	10-Year T-Note Futures	Sell	167	\$ (579,874)	(588,474)	
	2-Year T-Note Futures	Sell	324	(2,014,738)	(2,022,900)	
	5-Year T-Note Futures	Sell	302	(994,884)	(1,007,792)	
	E-Micro Gold Futures	Buy	64	34,717	34,386	
	Mini-Dow Jones	Buy	10	45,198	45,754	
	Mini NASDAQ 100	Sell	33	(227,583)	(226,221)	
	MiniS&P500	Sell	5	(28,446)	(28,164)	
	VN30	Sell	44	(6,964)	(6,968)	
	JTI	Sell	3	(12,714)	(12,240)	
	JTM	Sell	57	(23,617)	(23,256)	
	MHI	Sell	21	(17,623)	(17,304)	
	China A50	Buy	98	42,781	43,360	
	China A50	Sell	66	(28,731)	(29,202)	
	M1JY&	Buy	10	27,926	27,557	
	BRF	Sell	7	(23,310)	(22,689)	
	NIFTY 50	Sell	64	(60,151)	(59,829)	
	US, Treasury Bond Futures	Sell	52	(209,652)	(214,300)	
	GDF	Sell	15	(82,779)	(80,593)	
	MNQ	Sell	203	(142,602)	(139,160)	
	MES	Buy	3	1,687	1,690	

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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June 30, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract	Fair value	Note
		Buy/Sell	Volume	Value		
	MES	Sell	49	\$ (27,787)	(27,601)	
	SIL	Sell	1	(615)	(605)	
	MYM	Sell	99	(45,531)	(45,297)	
	CL	Sell	7	(22,605)	(22,009)	
	MCH	Sell	16	(4,701)	(4,601)	
	SI	Sell	5	(16,253)	(15,126)	
	UB	Sell	26	(117,488)	(119,300)	
	M2K	Sell	77	(19,994)	(19,549)	
	ESX	Sell	2	(2,171)	(2,135)	
	FIVNM30	Sell	17	(5,185)	(5,228)	
	HHI	Sell	4	(5,883)	(5,752)	
	STW	Buy	319	541,500	532,498	
	USDX	Sell	30	(93,234)	(93,168)	
	TWN	Buy	6	9,057	9,047	
	HSI	Sell	2	(8,406)	(8,240)	
	MSCI China Free Index Futures	Sell	59	(47,419)	(47,946)	
	MSCI China A50 Stock Futures	Sell	11	(19,741)	(20,733)	
	Stock Futures	Buy	1,495	4,203,832	3,949,652	Non-hedge account
	MTX	Sell	22	(16,615)	(16,086)	Non-hedge account
	Stock Futures	Sell	1,923	(379,286)	(313,793)	Non-hedge account
	NYF	Buy	46	55,590	53,177	Hedge account
	OJF	Buy	5	1,128	1,226	Hedge account
	TF	Buy	4	6,362	6,228	Hedge account
	ZEF	Buy	5	1,669	1,665	Hedge account
	Stock Futures	Buy	700	381,133	342,537	Hedge account
	MTX	Sell	36	(26,410)	(26,323)	Hedge account
	OAF	Sell	20	(6,730)	(7,094)	Hedge account
	OKF	Sell	13	(1,795)	(1,972)	Hedge account
	TE	Sell	78	(219,729)	(207,776)	Hedge account
	TX	Sell	1	(2,923)	(2,925)	Hedge account
	ZFF	Sell	17	(6,794)	(6,617)	Hedge account
	Stock Futures	Sell	647	(127,278)	(111,122)	Hedge account
	10-Year T-Note Futures	Buy	20	70,035	70,455	
	Stock Futures	Buy	126	14,214	13,160	Hedge account
	Stock Futures	Sell	83	(7,487)	(6,497)	Hedge account
	Total			\$ <u>(248,899)</u>	<u>(484,195)</u>	

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 2) As of June 30, 2023, December 31 and June 30, 2022, Fubon Futures' unsettled futures contracts were as follow:

<b>June 30, 2023</b>						
<b>Item</b>	<b>Transaction types</b>	<b>Unsettled part</b>		<b>Contract value</b>	<b>Fair value</b>	<b>Note</b>
		<b>Buy/Sell</b>	<b>Volume</b>			
Future:						
	Index Futures	Buy	3	\$ 7,141	7,187	
	Index Futures	Sell	21	(76,255)	(76,916)	
	Stock Futures	Buy	93	32,988	33,795	
	FX Futures	Sell	2	(6,430)	(6,389)	
	Metal Futures	Sell	4	(11,791)	(11,707)	
	Bond Futures	Buy	1	3,555	3,496	
	Bond Futures	Sell	12	(43,810)	(43,443)	
	Agricultural Products Futures	Sell	12	(22,304)	(25,097)	
	Energy Futures	Sell	1	2,207	2,200	
	Total			<u>\$ (114,699)</u>	<u>(116,874)</u>	

<b>December 31, 2022 (Restated)</b>						
<b>Item</b>	<b>Transaction types</b>	<b>Unsettled part</b>		<b>Contract value</b>	<b>Fair value</b>	<b>Note</b>
		<b>Buy/Sell</b>	<b>Volume</b>			
Future:						
	Index Futures	Buy	40	\$ 113,562	113,080	
	Index Futures	Buy	40	(113,171)	(112,776)	
	Stock Futures	Buy	3	(2,707)	(2,682)	
	Agricultural Products Futures	Buy	5	6,578	6,682	
	Agricultural Products Futures	Buy	17	(38,620)	(39,782)	
	Bond Futures	Buy	2	12,648	12,596	
	Bond Futures	Buy	2	(8,466)	(8,249)	
	Foreign Index Futures	Buy	4	4,489	4,477	
	Foreign Index Futures	Buy	4	(10,945)	(10,877)	
	Metal Futures	Buy	4	(11,353)	(11,702)	
	Others Futures	Buy	5	1,232	1,245	
	Index Futures	Buy	27	18,183	18,169	
	Index Futures	Buy	106	(24,261)	(23,218)	
	Total			<u>\$ (52,831)</u>	<u>(53,037)</u>	

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2022 (Restated)						
Item	Transaction types	Unsettled part		Contract value	Fair value	Note
		Buy/Sell	Volume			
Future:						
	Bond Futures	Buy	24	149,722	149,800	
	Index Futures	Buy	18	17,779	17,506	
	Stock Futures	Buy	10	2,580	2,440	
	Agricultural Products Futures	Sell	19	(44,257)	(41,165)	
	Bond Futures	Sell	12	(41,986)	(42,273)	
	Index Futures	Sell	7	(18,877)	(18,540)	
	Metal Futures	Sell	5	(16,231)	(13,783)	
	Stock Futures	Buy	1	58	58	
	Index Futures	Buy	9	3,979	3,981	
	Index Futures	Sell	326	(24,172)	(22,447)	
	Stock Futures	Sell	7	(33,078)	(32,110)	
	Bond Futures	Sell	4	(10,162)	(10,077)	
	Total			<b>\$ (14,645)</b>	<b>(6,610)</b>	

(ii) Option contracts

The Company engaged in market-making business after obtaining approval from the TAIEX and engaged in structured transaction business approved by the TPEX in February 2002 and July 2003, respectively.

- 1) As of June 30, 2023, December 31 and June 30, 2022, the Company's unsettled option contracts were as follow:

June 30, 2023						
Item	Volume	Unsettled part		Contract value	Fair value	Note
		Buy/sell	Volume			
Option:						
	Single Stock Options (call option)	Buy	7	\$ 78	61	Hedge account
	Total			<b>\$ 78</b>	<b>61</b>	

December 31, 2022 (Restated)						
Item	Volume	Unsettled part		Contract value	Fair value	Note
		Buy/sell	Volume			
Option:						
	Single Stock Options (call option)	Buy	1	\$ 9	6	Hedge account
	Total			<b>\$ 9</b>	<b>6</b>	

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2022 (Restated)						
Item	Volume	Unsettled part		Contract value	Fair value	Note
		Buy/sell	Volume			
Option:						
	Single Stock Options (call option)	Buy	24	\$ 397	88	Hedge account
	Single Stock Options (put option)	Buy	23	570	938	Hedge account
	Single Stock Options (put option)	Buy	15	268	1,118	Hedge account
	Total			<u>\$ 1,235</u>	<u>2,144</u>	

- 2) As of June 30, 2023, December 31 and June 30, 2022, Fubon Futures unsettled option contracts were as follows:

As of June 30, 2023, there were no unsettled option contracts from Fubon Futures.

December 31, 2022 (Restated)						
Item	Volume	Unsettled part		Contract value	Fair value	Note
		Buy/sell	Volume			
Option:						
	TXO (put option)	Sell	15	\$ (33)	(14)	Non-hedge account
	TXO (call option)	Sell	20	(72)	(28)	Non-hedge account
	Total			<u>\$ (105)</u>	<u>(42)</u>	

June 30, 2022 (Restated)						
Item	Volume	Unsettled part		Contract value	Fair value	Note
		Buy/sell	Volume			
Option:						
	TXO (call option)	Buy	3	\$ 61	102	
	TXO (put option)	Buy	10	251	339	
	TXO (call option)	Sell	68	(441)	(274)	
	TXO (put option)	Sell	10	(42)	(54)	
	TXO (call option)	Buy	96	828	746	
	TXO (put option)	Buy	16	53	62	
	TXO (call option)	Sell	152	(489)	(377)	
	TXO (put option)	Sell	16	(127)	(141)	
	Total			<u>\$ 94</u>	<u>403</u>	

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Profit or loss from futures contracts and options were as follows (recognized as gains (losses) from derivatives – futures):

	<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>
Gains (losses) on futures contracts—realized	\$ (241,764)	(99,803)	(168,434)	(190,441)
Gains (losses) on futures contracts—unrealized	79,059	(415,864)	27,855	(323,056)
Gains (losses) on options—realized	(1,788)	(11,723)	(1,447)	(1,688)
Gains (losses) on options—unrealized	<u>398</u>	<u>3,653</u>	<u>(77)</u>	<u>1,427</u>
Gains (losses) on derivative financial instruments, net—futures	<u>\$ (164,095)</u>	<u>(523,737)</u>	<u>(142,103)</u>	<u>(513,758)</u>

The Group entered into interest rate swaps, asset swaps, and structured notes expressed in the statements of comprehensive income as follows (recognized as gains (losses) from derivatives – OTC):

	<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>
Gains (losses) on valuation exchange	\$ 10,798	24,868	26,898	72,586
Valuation gains (losses) on asset swap options	(268,781)	998,107	(785,380)	1,341,438
Gains (losses) on maturity of asset swap options	38,636	-	62,519	1,191
Gains (losses) on exercise of asset swap options	(130,582)	(23,050)	(265,630)	(156,058)
Valuation gains (losses) from IRS portion of asset swap contracts	(27,979)	(41,428)	(16,798)	(69,690)
Gains (losses) on equity derivatives	-	(30)	-	(14)
Gains (losses) on structured products	(21,222)	134,457	(40,411)	185,552
Valuation gains (losses) on foreign exchange derivatives	1,190	41	1,876	91
Gains (losses) from derivatives—OTC	<u>\$ (397,940)</u>	<u>1,092,965</u>	<u>(1,016,926)</u>	<u>1,375,096</u>

(Continued)



**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (w) Notes and accounts payable

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Accounts payable — non-related parties:			
Accounts payable of securities sold for customers	\$ 1,632,049	706,607	602,109
Accounts payable for settlement	29,945,445	11,597,939	17,523,888
Settlement proceeds	482,386	1,684,469	3,824,377
Others	<u>626,782</u>	<u>953,404</u>	<u>1,750,115</u>
Notes and accounts payable	<u>\$ 32,686,662</u>	<u>14,942,419</u>	<u>23,700,489</u>
		<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Accounts payable — related parties	<u>\$ 25,190</u>	<u>46,815</u>	<u>57,283</u>

## (x) Other payables

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Other payables — non-related parties:			
Tax payable	\$ 66,597	38,582	43,658
Employee bonuses payable	1,474,538	2,420,833	2,114,237
Interest payable	176,796	211,523	24,117
Advertisement expense payable	3,219	10,866	19,035
Information technology fees payable	90,659	36,959	54,893
Professional service payable	20,450	20,161	30,583
Discount on brokerage commission payable	576,478	228,034	239,079
Short-term paid leave payable	134,256	126,390	154,196
Pensions payable	25,342	17,313	37,900
Insurance premium payable	56,764	45,702	61,677
Others (no individual accounts for more than \$10,000)	<u>634,518</u>	<u>565,372</u>	<u>306,769</u>
Other payables	<u>\$ 3,259,617</u>	<u>3,721,735</u>	<u>3,086,144</u>
Other payables — related parties	<u>\$ 150,141</u>	<u>72,528</u>	<u>103,593</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (y) Other current liabilities

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Advance receipts	\$ 4,968	5,383	10,150
Receipts under custody	3,403,380	2,755,456	3,123,373
Customer ledgers	1,236,389	811,632	999,694
Temporary receipts	158,717	48,862	56,794
Leverage contracts traders' equity	29,369	12,229	5,007
Total	<u>\$ 4,832,823</u>	<u>3,633,562</u>	<u>4,195,018</u>

## (z) Lease liabilities

The Group's lease liabilities were as follow:

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Current	<u>\$ 204,668</u>	<u>248,223</u>	<u>268,551</u>
Non-current	<u>\$ 804,469</u>	<u>966,377</u>	<u>1,110,145</u>

For the maturity analysis, please refer to note 6 (ai).

The amounts recognized in profit or loss 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>
Interest on lease liabilities	<u>\$ 4,436</u>	<u>3,446</u>	<u>7,797</u>	<u>6,692</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 11,064</u>	<u>7,974</u>	<u>18,203</u>	<u>16,061</u>
Expenses relating to short-term leases	<u>\$ 1,373</u>	<u>4,018</u>	<u>2,645</u>	<u>7,079</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 11,074</u>	<u>12,963</u>	<u>21,875</u>	<u>25,380</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Total cash outflow for leases	<u>\$ 159,164</u>	<u>159,445</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Real estate leases

As of June 30, 2023, the Group leases buildings for office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

(ii) Other leases

The Group leases vehicles and equipment, with lease terms of 3 to 8 years.

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

(aa) Provisions – non-current

	<b>June 30, 2023</b>	<b>December 31, 2022 (Restated)</b>	<b>June 30, 2022 (Restated)</b>
Provision for employee benefits	\$ 743,535	895,621	1,039,154
Decommissioning costs	60,934	70,756	70,991
Total	<u>\$ 804,469</u>	<u>966,377</u>	<u>1,110,145</u>

The Group should estimate the costs of dismantling, relocating, and restoring the leased assets at the end of the lease term, and the costs are estimated based on discounted present value. The discount rate was the one-year time deposit rate from Chunghwa Post Co., Ltd.

(ab) Employee benefits

(i) Defined benefit plans

There was no significant volatility of the market or any significant reimbursement, settlement or other one-time event in the prior fiscal year, the Group used December 31, 2022 and 2021 pension cost measured and disclosed the interim pension cost.

The Group's expenses recognized in profit or loss 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>
Pension expense (recognized as operating expense)	<u>\$ 5,977</u>	<u>6,140</u>	<u>12,191</u>	<u>15,949</u>

(ii) Defined contribution plans

The Group contributes 6% of each employee's monthly wages to a labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group contributes a fixed amount to the Bureau of Labor Insurance without any additional legal or constructive obligations.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Pension under defined contribution plans has been deposited to Bureau of Labor Insurance. The Group's expenses recognized in profit or loss were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Pension expense (recognized as operating expense)	<u>\$ 37,407</u>	<u>47,032</u>	<u>78,245</u>	<u>96,616</u>

(ac) Income tax

(i) The components of income tax expense (benefit) were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Current tax expense (benefit)				
Current period	\$ 231,102	331,273	410,508	615,848
Adjustment for prior periods	(9,575)	(9,975)	(9,575)	5,867
Deferred tax expense (benefit)				
Incurrence of temporary differences	(87,698)	71,887	(166,580)	155,974
Income tax expense	<u>\$ 133,829</u>	<u>393,185</u>	<u>234,353</u>	<u>777,689</u>

(ii) The details of income tax expense (benefit) recognized in other comprehensive income were as follows:

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Items not to be reclassified to profit or loss:				
Revaluation gains	<u>\$ 7,842</u>	<u>1,531</u>	<u>5,336</u>	<u>1,531</u>
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on translation of foreign operations	<u>\$ -</u>	<u>8,456</u>	<u>38</u>	<u>16,187</u>

(iii) The ROC income tax authorities have examined the income tax returns of the Company all years through 2017. For the reconciliation items recognized by the tax authorities from 2011, 2013 to 2014, 2016, and 2017, the Company has filed an appeal within the statutory period. The company has recognized the amount of additional tax levied. The income tax returns of Fubon Futures, Fubon Securities Investment Service, Fubon Securities Venture Capital and Fubon Mintou Venture Capital all years through 2021 have been assessed by the tax authorities.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The tax returns of former JihSun Securities all years through 2017 have been assessed by the tax authorities and JihSun Securities has recognized the amount of additional tax levied. The tax returns of former JihSun Futures all years through 2021 have been assessed by the tax authorities.

(ad) Capital and other equity

(i) Share Capital

The Board of Directors of the Company had approved the consolidation of the Company and JihSun Securities on November 18, 2022. The Company has acquired 100% equity of JihSun Securities from Fubon Financial Holding by cash and issued 561,500 thousand new shares. The surviving company was Fubon Securities, and JihSun Securities was dissolved due to the consolidation. The share capital was increased from \$10,643,550 to \$16,258,551, and the ordinary shares was increased from 1,064,355 thousand shares to 1,625,855 thousand shares after the consolidation. The project was approved by the FSC and the reference date of the consolidation was set as April 9, 2023.

As of June 30, 2023, December 31 and June 30, 2022, the total value of nominal ordinary shares amounted to \$26,000,000. Face value of each share is \$10, so in total there were 2,600,000 ordinary shares, and the paid-in capital were \$16,258,551, \$10,643,550 and \$10,643,550, respectively.

(ii) Capital surplus

The Company's capital surplus was as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Paid-in capital in excess of par value through merger	\$ 5,223,568	-	-
Long-term equity investment adjustments	3,081	3,078	3,093
Premium on capital stock	<u>4,827,824</u>	<u>66,593</u>	<u>66,593</u>
Total	<u>\$ 10,054,473</u>	<u>69,671</u>	<u>69,686</u>

According to the ROC Company Act, capital surplus should be used to offset the accumulated deficit first, and could be used to distribute as stock or cash dividends using the realized capital surplus. The aforementioned realized capital surplus includes the amount derived from the issuance of new shares at a premium and the income from endowments received by the Company. The share capital capitalized in any one year may not exceed 10% of the Company's paid-in capital under the Regulations Governing the Offering and Issuance of Securities by Securities Issuers.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Appropriation under Regulations Governing Securities Firms	\$ 10,656,830	10,656,830	10,656,830
Appropriation of bad debts loss expense reserve	10,909	10,909	10,909
Appropriation of the adoption of investment property using the fair value model	379,776	383,481	383,481
Appropriation of Fintech development	32,055	32,055	32,055
	<u>\$ 11,079,570</u>	<u>11,083,275</u>	<u>11,083,275</u>

According to the Regulations Governing Securities Firms, the Company must retain 20% of its after-tax annual earnings as special reserve until it is equal to share capital. Special Reserve can only be used to offset the accumulated deficit or be converted to share capital when it reaches an amount equals to one-half of paid-in capital.

According to Rule No. 1010032090 issued by the FSC, reserve for bad debt was transferred to special reserve on January 1, 2013. The special reserve can only be used to offset an accumulated deficit, or be converted to share capital, when it reaches an amount equal to one-half of issued share capital.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

In 2014, the Company changed the subsequent measurement of investment property from cost model to fair value model. According to the rule issued by the FSC, the Company recognized the same amount of net increase in fair value as special reserve at the first-time adoption of fair value model. When allocating distributable earnings every year, the Company recognizes special reserve in the following order:

- a) If there is a net increase of fair value generated from the adoption of fair value model in the current period, the Company should recognize the same amount of increase as special reserve from its post-tax profit or loss plus other adjustments included current unappropriated earnings or prior unappropriated earnings. If there was an accumulated net increase in the prior period, the Company should recognize the same amount of increase from its prior unappropriated earnings as special reserve which could not be distributed. When there was the deduction of accumulated net increase of fair value or disposal of investment property, the Company should reverse and distribute the earnings to cover the deduction or the disposal.
- b) The difference between the deduction of other equity and the special reserve recognized due to the first-time adoption of IFRSs, the Company should retain its special reserve from the post-tax profit or loss plus other adjustments included current unappropriated earnings and unappropriated earnings in the prior period. If there was the deduction of accumulation in other equity, the Company should recognize its special reserve from the unappropriated earnings in the prior period which could not be distributed. When reversing the deduction of other equity, the Company can distribute its reversed earnings.

According to Rule No.10500278285 issued by the FSC on August 5, 2016, for the development of Fintech, the Company should retain 0.5% of its after-tax net income as special reserve upon distributing its annual earnings from 2016 to 2018 in order to guarantee the right of its employees. Also, upon distributing the earnings of 2017, the expenditure on staff education training, staff transfer, or resettlement arising from the development of Fintech, could be reversed from those special reserve.

However, according to Rule No. 1080321644 issued by the FSC on July 10, 2019, the abovementioned rule has been abolished, and the special reserve may not be appropriated beginning 2019. If any of the abovementioned expenditure arise, they could still be reversed from those special reserve.

According to the regulations, the Company decided to appropriate or reverse its special reserve via Board of Directors' meeting on behalf of the shareholders held on April 26, 2023 and April 29, 2022, respectively, as follows:

	2022	2021
Appropriation under Rule No. 1030008251 issued by the FSC	\$ <b>(3,705)</b>	<b>58,021</b>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

3) Unappropriated earnings

In accordance with Articles of Incorporation, 10% of annual earnings after offsetting accumulated deficit (if any) is to be retained as legal reserve and thereafter, appropriate or reverse the special reserve in accordance with laws and regulations. The remaining of the unappropriated earnings together with the prior year unappropriated earnings including the reverse from the special reserve, which is to be distributed as the common stock dividends upon the approval of the shareholders' meeting.

The authority of the shareholders' meeting has been fully executed by the Board of Directors since the Company became a 100%-owned subsidiary of Fubon Financial Holding Co., Ltd.

On April 26, 2023 and April 29, 2022, the Company's Board of Directors acted on behalf of the shareholders to appropriate the 2022 and 2021 earnings, respectively, as follows:

	2022	2021
Dividends distributed to common shareholders:		
Cash	\$ 1,626,593	6,142,966

(iv) Other equity (net of tax)

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation gains on property	Total
Balance as of January 1, 2023	\$ (109,244)	3,368,548	43,326	3,302,630
Exchange differences on translation of foreign operations	18,413	-	-	18,413
Share of exchange differences on translation of the associates accounted for using equity method	-	(227,215)	-	(227,215)
Accumulated gains (losses) reclassified to profit or loss on disposal of debt instrument measured at fair value through other comprehensive income	-	5,754	-	5,754
Disposal of equity instruments measured at fair value through other comprehensive income	-	136,051	-	136,051
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	12,602	-	12,602
Revaluation gains	-	-	147	147
Reorganization	70,734	1,496,820	971	1,568,525
Balance as of June 30, 2023	\$ (20,097)	4,792,560	44,444	4,816,907

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation gains on property	Total
Balance as of January 1, 2022	\$ (202,453)	4,508,921	39,673	4,346,141
Exchange differences on translation of foreign operations	60,204	-	-	60,204
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(1,577,363)	-	(1,577,363)
Accumulated gains (losses) reclassified to profit or loss on disposal of debt instrument measured at fair value through other comprehensive income	-	96,285	-	96,285
Disposal of equity instruments measured at fair value through other comprehensive income	-	193,786	-	193,786
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	7,528	-	7,528
Revaluation gains	-	-	3,653	3,653
Balance as of June 30, 2022	<u>\$ (142,249)</u>	<u>3,229,157</u>	<u>43,326</u>	<u>3,130,234</u>

(v) Non-controlling interests

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 64,721	64,987
Acquisition of the non-controlling interests	43,278	14,948,690
Attributable to non-controlling interests		
Net income (loss)	(155)	210,131
Gain (loss) on financial assets measured at fair value through other comprehensive income	1,615	(212,264)
Cash dividends	-	(1,080,565)
Changes in non-controlling interests	(44,646)	(942)
Changes in equity attributable to former owner of combination under common control	-	(5,204,786)
Ending balance	<u>\$ 64,813</u>	<u>8,725,251</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ae) Earnings per share

	<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>
Net income attributable to the Company	\$ 1,810,791	542,660	3,345,094	1,307,607
Net income attributable to Equity attributable to former owner of business combination under common control	<u>(9,423)</u>	<u>329,919</u>	<u>94,425</u>	<u>420,647</u>
Net income attributable to ordinary shareholders of the Company	<b><u>\$ 1,801,368</u></b>	<b><u>872,579</u></b>	<b><u>3,439,519</u></b>	<b><u>1,728,254</u></b>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>1,625,885</u>	<u>1,625,885</u>	<u>1,625,855</u>	<u>1,625,855</u>
Basic earnings per share (dollars)	<b><u>\$ 1.11</u></b>	<b><u>0.54</u></b>	<b><u>2.12</u></b>	<b><u>1.06</u></b>

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

## (af) Employees' compensation and remuneration to directors and supervisors

In accordance with the Articles of Incorporation, 0.1% of the employees' compensation should be distributed if there is profit for the period. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit. Employees entitled to receive shares or cash include the employees of the subsidiaries meeting certain requirements.

For the three months and six months ended June 30, 2023 and 2022, the estimated employees' compensation were \$1,923, \$831, \$3,573 and \$1,866, respectively, and remuneration to directors and supervisors was \$0. The amounts were calculated by using the income before tax, minus, employees' compensation and remuneration to directors and supervisors, multiple by the employees' compensation and remuneration to directors and supervisors quotient as the estimation basis; which is to be assigned in the Articles of Incorporation, and recognized as operating expenses for the three months and six months ended June 30, 2023 and 2022. If the actual distribution is different from the estimation, the difference will be dealt as changes in accounting estimates and recognized in profit or loss in the following year.

For the year ended December 31, 2022, the amounts for employees' compensation was the same as the amounts for actual distribution. The relevant information has been disclosed in the website of the Market Observation Post System.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ag) Revenue and expense

## (i) Brokerage handling fee revenue

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Centralized securities exchange market	\$ 1,528,716	1,362,871	2,736,692	3,388,601
Over-the-counter securities exchange	490,712	448,849	917,022	928,123
Futures Exchanges	239,549	500,832	501,924	696,459
Handling fees from securities financing	14,946	20,384	23,884	35,941
Income from dealing with securities lending	43,975	41,736	84,269	76,529
Revenues from sub-broker handling fee	<u>195,880</u>	<u>152,200</u>	<u>418,826</u>	<u>330,836</u>
Total	<u>\$ 2,513,778</u>	<u>2,526,872</u>	<u>4,682,617</u>	<u>5,456,489</u>

## (ii) Revenues from underwriting business

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Revenues from underwriting securities on a firm commitment basis	\$ 37,602	23,429	86,084	53,559
Handling fee revenues from underwriting operations	10,907	2,815	28,894	23,684
Revenues from underwriting consultation	5,470	7,070	12,465	12,170
Other revenues from underwriting business	18,805	28,172	32,647	41,489
Commissions income from securities proxy sale	<u>26,136</u>	<u>17,918</u>	<u>49,650</u>	<u>37,259</u>
Total	<u>\$ 98,920</u>	<u>79,404</u>	<u>209,740</u>	<u>168,161</u>

## (iii) Gains (losses) on sale of operating securities

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Dealing – domestic	\$ 390,599	(244,899)	826,040	59,680
Dealing – foreign	(52,190)	(149,748)	(51,177)	(388,468)
Underwriting – domestic	57,152	23,331	56,201	53,171
Hedging – domestic	<u>200,046</u>	<u>(178,106)</u>	<u>313,908</u>	<u>(100,289)</u>
Total	<u>\$ 595,607</u>	<u>(549,422)</u>	<u>1,144,972</u>	<u>(375,906)</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Valuation gains (losses) on operating securities measured at fair value through profit or loss

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Dealing – domestic	\$ (10,907)	(247,964)	169,627	(385,607)
Dealing – foreign	(63,556)	17,504	(50,486)	47,943
Underwriting – domestic	3,458	(45,102)	46,737	(40,533)
Hedging – domestic	228,588	(1,000,438)	913,233	(1,376,038)
Hedging – foreign	247	-	247	-
Settlement coverage bonds payable of short sale	67	11,038	-	55
Total	<u>\$ 157,897</u>	<u>(1,264,962)</u>	<u>1,079,358</u>	<u>(1,754,180)</u>

(v) Gains (losses) from issuance of call (put) warrants

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Gains from changes in fair value of call (put) warrants	\$ 3,361,657	8,432,472	3,765,808	17,931,526
Losses on exercise of call (put) warrants before maturity	(2,791)	(6,754)	(11,425)	(16,933)
Losses on changes in fair value upon redemption of call (put) warrants	(3,408,696)	(8,283,954)	(3,818,188)	(17,605,051)
Gains from expiry of call (put) warrants	-	96	-	280
Expenses arising from issuance of call (put) warrants	(25,300)	(20,276)	(43,952)	(54,557)
Total	<u>\$ (75,130)</u>	<u>121,584</u>	<u>(107,757)</u>	<u>255,265</u>

(vi) Interest revenue

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Margin purchase / short sales	\$ 328,165	432,205	618,804	901,763
Bonds interests	126,872	37,488	224,466	28,918
Interest from securities borrowing and lending	68,965	53,506	127,808	102,867
Others	55,628	18,744	99,669	25,290
Total	<u>\$ 579,630</u>	<u>541,943</u>	<u>1,070,747</u>	<u>1,058,838</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (vii) Other operating income

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Advisory revenue	\$ 3,002	10,435	7,404	23,506
Realized gains (losses) on debt investments measured at fair value through other comprehensive income	923	(128,067)	(5,754)	(457,046)
Foreign exchange gains (losses), net	2,709	52,255	11,156	197,478
Others	93,974	45,114	169,559	125,636
Total	<u>\$ 100,608</u>	<u>(20,263)</u>	<u>182,365</u>	<u>(110,426)</u>

## (viii) Employee benefits expense

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Wages and salaries	\$ 1,287,522	1,205,564	2,407,821	2,487,728
Insurance expense	82,502	91,425	168,729	188,245
Director's remuneration	5,001	402	15,154	20,148
Pension expense	43,969	53,828	91,738	117,012
Other employee benefits expense	32,096	31,209	60,511	63,232
Total	<u>\$ 1,451,090</u>	<u>1,382,428</u>	<u>2,743,953</u>	<u>2,876,365</u>

## (ix) Depreciation and amortization expense

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Depreciation expense	\$ 117,814	126,046	233,709	251,650
Amortization expense	44,392	36,700	85,481	71,881
Total	<u>\$ 162,206</u>	<u>162,746</u>	<u>319,190</u>	<u>323,531</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (x) Other operating expense

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
Rental expense	\$ 24,190	25,063	45,805	48,730
Taxes	198,892	220,326	381,387	468,875
Information technology expense	102,361	111,672	217,567	212,007
Postage expense	63,193	67,428	124,428	126,464
Commission expense	13,321	9,114	32,867	21,137
Repair and maintenance expense	63,402	60,231	132,109	115,758
Professional service fees	21,549	21,652	50,089	40,454
Stock borrowing fees	167,395	192,866	373,349	395,953
Depository service expense	56,531	55,998	102,695	121,269
Advertisement expense	18,246	16,089	34,165	25,072
Others	114,509	105,875	214,805	191,556
<b>Total</b>	<b>\$ 843,589</b>	<b>886,314</b>	<b>1,709,266</b>	<b>1,767,275</b>

## (xi) Finance costs

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
Interest expense of asset swap	\$ 10,465	1,554	18,158	5,104
Interest expense of securities sold under repurchase agreements	122,702	17,074	202,734	35,373
Interest expense and handling fee of commercial paper	94,711	36,636	129,065	52,350
Interest expense of lease liabilities	4,436	3,446	7,797	6,692
Interest expense of margin deposits	362,337	31,240	655,153	39,248
Others	33,593	9,712	63,289	16,943
<b>Total</b>	<b>\$ 628,244</b>	<b>99,662</b>	<b>1,076,196</b>	<b>155,710</b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (xii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Financial income	\$ 519,173	85,315	963,096	119,496
Losses on disposal of property and equipment	94	(52)	(3,330)	(52)
Gains (losses) on disposal of investment	7,194	(8,281)	8,349	18,586
Gains (losses) on fair value adjustment of investment property	(4,412)	(5,218)	91,209	(7,074)
Valuation gains (losses) on non-operating financial instruments measured at fair value through profit or loss	(2,770)	(50,491)	3,271	(94,032)
Dividend revenue	104,766	98,703	104,903	100,064
Rent revenue	10,374	7,690	18,490	15,261
Facility rental revenue	162,727	158,609	323,823	328,829
Cross-selling revenue	36,376	25,203	54,293	74,642
Cross-selling expense	(61,007)	(28,911)	(105,749)	(75,050)
Impairment loss on property and equipment	(11)	-	(11)	-
Others	3,908	12,521	35,717	11,477
Total	<b>\$ 776,412</b>	<b>295,088</b>	<b>1,494,061</b>	<b>492,147</b>

## (ah) Disclosure of financial instruments

## (i) Fair value information

## 1) Summary

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

Initially, financial instruments should be measured at fair value, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are subsequently measured at fair value. A quoted market in an active market provides the most reliable evidence of fair value. If the market is not active, the Group determines the fair value of financial instruments in accordance with (a) the calculation of valuation techniques, (b) valuation provided by the professional electronic information company and commonly used by market participants, or (c) quoted prices of the counter party.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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2) Definition of fair value hierarchy

a) Level 1

Level 1 means fair value of the financial instruments is based on quoted market prices of identical financial instruments in an active market. The definition of active market refers to a market that satisfies all of the following conditions:

- i) The products traded in the market are homogeneous.
- ii) Willing parties are available anytime in the market.
- iii) Price information is available for the public.

b) Level 2

Level 2 means fair value of the financial instruments is based on inputs other than quoted prices in active markets, including observable input parameters that are obtained directly (i.e., prices) or indirectly (i.e., derived from prices) in active markets. For instance:

- i) Quoted prices of similar financial instruments in active markets. The fair value of financial instruments is inferred from the recent trading price of similar financial instruments. Whether products are similar should be judged based on their characteristics and trading rules. Fair value of financial instruments should be based on observable trading prices adjusted over time, trading conditions, the impact of related parties, and correlation of price with similar financial instruments.
- ii) Quoted prices of similar financial instruments in non-active markets.
- iii) Fair value using valuation models. The inputs of valuation models (i.e., interest rates, yield curve, volatility, etc.) are based on available data in the market and should be observable. Observable inputs are those that can be obtained from the market and reflect the expectations of market participants.
- iv) The majority of the input parameters is derived from observable market data or can be validated by their correlation with observable market data.

c) Level 3

Level 3 means inputs in this level are not based on direct market data. For instance, historical volatility used in valuation options is an unobservable input because it cannot represent all market participants' expectations regarding future volatility.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Measured at fair value

1) Fair value hierarchy

The Group's financial instruments and investment properties measured at fair value are evaluated on a recurring basis. Information of fair value hierarchy was as follows:

<u>Financial instruments measured at fair value</u>	<u>June 30, 2023</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b><u>Recurring fair value measurement</u></b>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 10,717,235	10,496,399	220,836	-
Bond investment	29,453,716	15,503,127	13,941,158	9,431
Securities invested by broker	503,196	174,379	1,900	326,917
Others	246,456	246,456	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	21,317,014	8,846,231	-	12,470,783
Bond investment	5,873,611	99,476	5,774,135	-
Investment property	1,333,430	-	-	1,333,430
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	1,065,809	698,975	366,834	-
Financial liabilities designated as at fair value through profit or loss	45,534	45,534	-	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	1,397,516	773,669	623,847	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	7,024,207	340,008	6,684,199	-
Financial liabilities designated as at fair value through profit or loss	1,676,014	-	42,502	1,633,512

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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<u>Financial instruments measured at fair value</u>	<u>December 31, 2022 (Restated)</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b>Recurring fair value measurement</b>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 4,124,633	3,705,221	410,387	9,025
Bond investment	18,754,674	13,137,672	5,617,002	-
Securities invested by broker	526,875	150,117	-	376,758
Others	287,819	287,819	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	17,297,415	4,052,597	-	13,244,818
Bond investment	3,780,194	99,139	3,681,055	-
Investment property	1,282,969	-	-	1,282,969
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	3,437,627	3,437,627	-	-
Financial liabilities designated as at fair value through profit or loss	45,679	45,679	-	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	976,276	398,984	577,292	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	5,751,337	194,007	5,557,330	-
Financial liabilities designated as at fair value through profit or loss	887,562	-	30,735	856,827

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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<u>Financial instruments measured at fair value</u>	<u>June 30, 2022 (Restated)</u>			
	<u>Total</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
<b>Recurring fair value measurement</b>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 4,866,110	4,275,514	590,579	17
Bond investment	15,946,750	12,893,206	3,053,544	-
Securities invested by broker	583,171	210,749	-	372,422
Others	331,434	331,434	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	27,227,658	13,203,300	-	14,024,358
Bond investment	7,379,320	100,278	7,279,042	-
Investment property	1,197,321	-	-	1,197,321
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	5,614,441	5,496,415	118,026	-
Financial liabilities designated as at fair value through profit or loss	48,660	48,660	-	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	1,243,075	575,568	667,507	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	6,032,402	165,863	5,866,539	-
Financial liabilities designated as at fair value through profit or loss	2,784,161	-	10,486	2,773,675

2) Valuation techniques

a) Financial instruments

Financial assets are recognized based on the quoted market price. However, if the market price is unavailable, then the fair value is determined based on certain valuation techniques. The estimates and assumptions of the valuation techniques adopted by the Group are identical to those of other market participants.

If a market for a derivative financial instrument is not active, an entity shall apply different valuation techniques for different financial instruments. For options on futures, an entity could apply the Black Scholes model, Black 76 model, or Merton model as a valuation basis. For fixed-income securities that do not have an active market, the discounted cash flow valuation will be applied to interest rate swap contracts, and the binary tree approach will be applied to bond options.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) Non-financial instruments

Fair value of investment property is determined based on the rules stipulating in the Regulation Governing Preparation of Financial Reports by Securities Firms. The fair value of investment property is based on a valuation set by a professional appraisal agency and supported by market evidences, or appraised by using the income approach of discounted cash flow method. Please refer to note 6(m) for details.

3) Fair value adjustment

a) Limitation of evaluation models and uncertainty inputs

The output of the evaluation model is an approximate amount, and the valuation techniques may not reflect all relevant elements of the Group's financial instrument and non-financial instrument. Therefore, the estimated value will be adjusted based on other parameters, such as model risk or liquidity risk. According to the Group's policy of the fair value model management and pertinent control procedure, the management believes that in order to express the fair value of the financial and non-financial instrument in balance sheet, the adjustments are proper and essential. Price information and parameters for measurement are carefully used, and the adjustments are based on the current market conditions.

b) Credit risk valuation adjustment

Credit risk valuation adjustment is the fair value of the over-the-counter (OTC) derivative contracts that reflect the credit risks of the two parties, and it is mainly divided into:

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

CVA and DVA are loss expectation and can be measured at the products of PD (probability of default), LGD (loss given default), EAD (exposure at default). The Group uses the fair value of OTC derivatives as exposure at default (EAD).

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

The Group includes the credit risk valuation adjustment in calculating its fair value in order to reflect the credit risks of its counter party and the credit quality of the Group.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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4) Transfers between Level 1 and Level 2

There was no significant transfer between Level 1 and Level 2 for the six months ended June 30, 2023 and 2022.

5) Reconciliation for Level 3 of the fair value hierarchy

a) Reconciliation of financial assets measured at fair value in Level 3 of the fair value hierarchy

Name	For the six months ended June 30, 2023							
	Beginning balance	Gains (Losses) on Valuation		Increase		Decrease		Ending balance
		Profit and Loss	Other Comprehensive Income	Purchased/ Issued	Transferred to Level 3	Disposed/ Sold	Transferred from Level 3	
Financial assets mandatorily measured at fair value through profit or loss	\$ 385,783	(50,561)	-	77,683	-	76,551	6	336,348
Financial assets measured at fair value through other comprehensive income	13,244,818	-	(772,827)	-	-	1,208	-	12,470,783
Investment property	1,282,969	91,208	-	-	27,346	-	68,093	1,333,430
<b>Total</b>	<b>\$ 14,913,570</b>	<b>40,647</b>	<b>(772,827)</b>	<b>77,683</b>	<b>27,346</b>	<b>77,759</b>	<b>68,099</b>	<b>14,140,561</b>

Name	For the six months ended June 30, 2022 (Restated)							
	Beginning balance	Gains (Losses) on Valuation		Increase		Decrease		Ending balance
		Profit and Loss	Other Comprehensive Income	Purchased/ Issued	Transferred to Level 3	Disposed/ Sold	Transferred from Level 3	
Financial assets mandatorily measured at fair value through profit or loss	\$ 344,481	(24,423)	-	184,039	-	101,024	30,634	372,439
Financial assets measured at fair value through other comprehensive income	13,079,436	-	946,187	1,205	-	2,470	-	14,024,358
Investment property	1,192,527	(7,074)	-	-	11,868	-	-	1,197,321
<b>Total</b>	<b>\$ 14,616,444</b>	<b>(31,497)</b>	<b>946,187</b>	<b>185,244</b>	<b>11,868</b>	<b>103,494</b>	<b>30,634</b>	<b>15,594,118</b>

Valuation gains (losses) recognized in profit or loss for assets still held were \$40,647 and \$(31,497) as of June 30, 2023 and 2022, respectively.

Valuation gains (losses) recognized in other comprehensive income for assets still held were \$(772,827) and \$946,187 as of June 30, 2023 and 2022, respectively.

b) Reconciliation of financial liabilities measured at fair value in Level 3 of the fair value hierarchy

Name	For the six months ended June 30, 2023							
	Beginning balance	Losses (gains) on Valuation		Increase		Decrease		Ending balance
		Profit and Loss	Other Comprehensive Income	Purchased/ Issued	Transferred to Level 3	Disposed/ Sold	Transferred from Level 3	
Financial liabilities designated as at fair value through profit or loss	\$ 856,827	17,274	-	13,181,286	-	12,421,875	-	1,633,512

  

Name	For the six months ended June 30, 2022 (Restated)							
	Beginning balance	Losses (gains) on Valuation		Increase		Decrease		Ending balance
		Profit and Loss	Other Comprehensive Income	Purchased/ Issued	Transferred to Level 3	Disposed/ Sold	Transferred from Level 3	
Financial liabilities designated as at fair value through profit or loss	\$ 2,850,529	(105,046)	-	17,885,975	-	17,857,783	-	2,773,675

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Valuation gains recognized in profit or loss for the liabilities still held were \$(17,274) and \$105,046, as of June 30, 2023 and 2022, respectively.

6) Quantitative information of fair value on significant unobservable inputs (Level 3)

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

The Group uses unadjusted transaction price or third party pricing information. Therefore, there is no need to disclose quantitative information.

Most level 3 inputs, which lack quoted prices in an active market, are referred to the valuation commonly used by market participants or quoted prices of the counter party. The inputs are irrelevant to each other.

Quantitative information of Level 3 inputs was as follows:

	June 30, 2023				
	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between unobservable inputs and fair value
<b><u>Recurring fair value measurements</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Bond investment	\$ 9,431	Quoted prices of the counter party	Not applicable	Not applicable	Not applicable
Securities invested by broker	326,917	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	12,470,783	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Investment property	1,333,430	Note 2	Note 2	Note 2	Note 2
<b><u>Derivative financial instruments</u></b>					
<b>Liabilities:</b>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	1,633,512	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

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December 31, 2022 (Restated)					
	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<b><u>Recurring fair value measurements</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Stock investment	\$ 9,025	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Securities invested by broker	376,758	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	13,244,818	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Investment property	1,282,969	Note 2	Note 2	Note 2	Note 2
<b><u>Derivative financial instruments</u></b>					
<b>Liabilities:</b>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	856,827	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

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June 30, 2022 (Restated)					
	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<b>Recurring fair value measurements</b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Stock investment	\$ 17	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Securities invested by broker	372,422	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	14,024,358	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Investment property	1,197,321	Note 2	Note 2	Note 2	Note 2
<b><u>Derivative financial instruments</u></b>					
<b>Liabilities:</b>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	2,773,675	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

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

Note 2: The fair value of investment property has been performed by appraisers from professional valuation agencies based on the 'Regulations Governing the Preparation of Financial Reports by Securities Firms'. The main appraising method is the use of the discounted cash flow analysis of the income method. Please refer to note 6(m) for details.

7) **Measurement procedure of Level 3 inputs**

The financial instruments valuation team of the Group's risk management department is in charge of examining the fair value by using the independent source data in order to make the valuation results approximate the market condition. The team also confirms that the data source are independent, reliable, and consistent with the other information and can be represented as the exercise price, as well as corrects the valuation model periodically, conducts back testing, updates the inputs and information required for the valuation model, and other essential fair value adjustments, to ensure the consequences of valuation are reasonable.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Investment property is regularly appraised by professional appraisers commissioned by the General Affairs department in conformity with the Regulations Governing the Preparation of financial Reports by Securities Firms.

The Risk Management department and the General Affairs department make the fair value valuation policies and procedures on the financial instruments and investment properties, respectively, and ensure that those policies comply with the relevant IFRSs.

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

While under different models or using different parameters may lead to different results, fair value measurement for financial instruments of the Group is reasonable. The following tables shows the valuation impacts from 10% input parameters changes on Level 3 financial instruments.

<b>June 30, 2023</b>				
<b>Name</b>	<b>Profit or loss</b>		<b>Other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>	<b>Favorable</b>	<b>Unfavorable</b>
Asset				
Financial assets mandatorily measured at fair value through profit or loss	\$ 33,635	(33,635)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,247,078	(1,247,078)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	163,351	(163,351)	-	-

<b>December 31, 2022 (Restated)</b>				
<b>Name</b>	<b>Profit or loss</b>		<b>Other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>	<b>Favorable</b>	<b>Unfavorable</b>
Asset				
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,578	(38,578)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,324,482	(1,324,482)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	85,683	(85,683)	-	-

<b>June 30, 2022 (Restated)</b>				
<b>Name</b>	<b>Profit or loss</b>		<b>Other comprehensive income</b>	
	<b>Favorable</b>	<b>Unfavorable</b>	<b>Favorable</b>	<b>Unfavorable</b>
Asset				
Financial assets mandatorily measured at fair value through profit or loss	\$ 37,244	(37,244)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,402,436	(1,402,436)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	277,368	(277,368)	-	-

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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(iii) Fair value of financial instruments not carried at fair value

1) Fair value information

The Group's financial instruments that are not measured at fair value include cash and cash equivalents, securities purchased under resell agreements, pecuniary finance and securities finance, receivables from securities borrowing and lending, collateral for borrowed securities, margin deposits for borrowed securities, accounts receivable, notes receivable, other receivables, operating deposits, settlement and clearing funds, refundable deposits, short-term borrowings, commercial paper issued, securities sold under repurchase agreement, accounts payable, notes payable, other payables, and other financial assets. Since their book value is a reasonable approximation to the fair value, no fair value disclosure is necessary.

2) Valuation techniques

The methods and hypothesis that the Group used in estimating the financial instruments not measured at fair value are as follows:

- a) The carrying amount of financial instruments are estimated by using the book value. It is considered to be reasonable since the maturity date is short. This method is applied to cash and cash equivalents, securities purchased under resell agreements, pecuniary finance and securities finance, receivables from securities borrowing and lending, collateral for borrowed securities, margin deposits for borrowed securities, accounts receivable, notes receivable, other receivables, short-term borrowings, commercial paper issued, securities sold under repurchase agreement, accounts payable, notes payable and other payables.
- b) Because operating deposits, settlement and clearing funds, and refundable deposits do not have specified maturity date, their fair value are estimated based on their book value on the reporting day.

(ai) Financial risk management

(i) Risk management mechanisms

1) Risk management objectives

The risk management policy aims to establish an overall risk management policy and management mechanisms of the Group. The risk management policy rules the orientation, process, and procedure so as to identify, measure, monitor and control all matters of risk management. In addition, the objective of the risk management policy is to establish systems to manage the risk exposure of the Group, integrate with international risk management standards, and comply with the regulations of the authorities.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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2) Risk management mechanisms

The Group has formulated and executed a written overall risk management system:

- a) Risk management policy: risk management categories (including risk management culture, risk management organization and risk management process); scopes of risk management policy (including market risk, credit risk, liquidity risk (i.e. funding liquidity risk and liquidation risk), operational risk (i.e. system and event risk), legal risk and compliance; modification, amendments and waivers of the policies, regulations, and standards; application procedure for risk limits; risk control of investment; asset and liability management; large credit exposure management.
- b) Implementation standard of risk management system: The Group sets risk management standards for the purpose of establishing risk management mechanisms, ensuring the integrity of the risk management system, and improving the efficiency of risk management. The standards include division of risk responsibility, the scope of risk management, market risk management mechanisms (risk management procedures, management mechanisms of risk limits, valuation management, risk factors management, model testing management), credit risk management mechanisms (management of credit risk rating, credit monitoring after transactions, high-risk-customer supervision, credit enhancement, and credit risk mitigation), liquidity risk management mechanisms (market liquidity risk management and funding liquidity risk management), operational risk management mechanisms (KPI and risk monitoring), legal risk and compliance management, and exceptional management.
- c) Risk management of each business department: The Group sets risk mechanisms on the basis of different features and requirements for the business of different departments, including the equity derivatives department, dealing department, bond department, and relevant regulations on risk management. The relevant departments should follow the standards of risk management, including relevant control requirements for market risk, credit risk, operational risk, liquidity risk, and legal risk.

3) Risk management organizational framework

In order to control the overall risk of the Group effectively, the Risk Management Department was established to take responsibility for risk management. The Risk Management Department of the Group functions independently and implements risk management systems. The risk management organization includes the Board of Directors, Asset-Liability and Risk Management Committee, risk management department, risk management implementation units, and business units. Through division of responsibilities and specialization, the Group cultivates compliance and risk management culture to ensure risk management works efficiently.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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4) Risk management procedures

The risk management procedures of the Group include risk identification, risk measurement, risk monitoring, and risk reports. The risk assessments and strategies are as follows:

a) Credit risk

i) Strategies and processes

The Group has established credit risk management systems. And to control the credit risk of regulatory capital, the Group has implemented risk monitoring and risk rating policies.

The target of credit risk management of the Group is to reach risk-return optimization and use credit risk management instruments to recognize, measure, manage, and monitor credit risks. Through implementation of the risk management systems and standards, the Group can ensure those functions have been implemented.

ii) Risk reporting and information measurement

The operation of credit risk management of the Group includes:

1. Authorization structure and reporting procedures
2. Credit risk evaluation before transactions
3. Management of credit rating
4. Credit monitoring after transactions
5. Control measures for credit risk mitigation
6. Quantitative measurements of credit risk

In addition, the Group monitors the credit status of the counterparty, compares it with authorized credit risk limits in a daily basis, and regularly submits risk management reports to the Asset-Liability and Risk Management Committee. Listed companies are separated into different ratings, and credit ratings are from S&P, Moody's, Fitch, and Taiwan Ratings. If events or situations occur that prejudice the Group's rights, urgent measures would be adopted immediately to assert its claim.

b) Liquidity risk

i) Strategies and processes

Liquidity risk includes market liquidity risk and funding liquidity risk. The Group has established and implemented liquidity risk management policies.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Strategies such as obtaining steady, low interest rates and sufficient capital, increasing assets, repaying matured loans, and lowering the funding liquidity risk were used by the Group as liquidity risk management policies for prevention of a cash flow deficit.

The amount and duration of funding needs of various departments are taken into consideration when the Company implements capital management.

The Group has also drawn up a capital allocation plan to react to abnormal capital flows or cope with emergency events.

ii) Risk reporting and information measurement

The management and monitoring of liquidity risk includes maintaining appropriate funds, capital allocation, and liquidity management on a daily basis, monitoring the indicators and limits of liquidity risk management, and establishing emergency strategies to control liquidity risk effectively and to adopt emergency measures immediately.

c) Market risk

i) Strategies and processes

The Group sets complete risk management policies and standards by separating financial instruments positions into interest rate, exchange rate, equity security, and other instruments. The Group sets the overall firewall mechanism between front, middle and back office. Market risk management procedures are controlled independently by the middle office, which engages in risk identification, risk measurement, limit monitoring, profit and loss monitoring, risk reporting, and valuation reporting of fair value.

ii) Risk reporting and information measurement

The Group sets the trading position and profit or loss limit mechanisms and the stop-loss regulations to manage trading positions and the profit or loss situation effectively. In addition, the middle office is responsible for daily monitoring of risk limits (including the analysis of the risk sensitivity factors of Delta, Vega, and DV01) to manage trading positions, management of profit or loss, and management procedures for over-limit exceptions. Cooperating with the Risk Management Division of Fubon Financial Holding Co., Ltd. and improving market risk and related control measures help the Group to implement market risk management more effectively.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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5) Hedging strategy

The Group's hedging trading is mainly for the purpose of hedging the risk of underlying stock price fluctuations after warrants are issued. A dynamic hedging strategy is adopted to hedge warrants. This means that traders calculate required hedging positions on the basis of the price fluctuation rate of underlying stocks and Delta, and engage in hedge trading within the market risk limits. After hours, according to actual situations, the Group should establish hedging positions to show the effectiveness of evaluating hedging to relevant authorities and traders.

(ii) Risk analysis

1) Credit risk presentation and disclosure

The Group has exposure to credit risk, including issuer credit risk, counterparty credit risk, and credit risk of underlying assets.

Issuer credit risk is the risk that an issuer of financial debt instruments or a bank will default and be unable to fulfill the repayment obligation, or go into bankruptcy or liquidation, and thereby cause the Group to suffer a financial loss.

Counterparty credit risk is the risk that a counterparty will default on a transaction and fail to pay due to price movement in the underlying securities of the Group's derivatives, and thereby cause the Group to suffer a financial loss.

Credit risk of underlying assets is the risk that an underlying asset of an instrument held by the Company will have its credit quality weakened, its risk premium increased, or its credit rating downgraded, or that the issuer will be unable to meet the contractual obligation, and thereby cause the Group to suffer a financial loss.

The Group faced credit risk arising from financial assets including bank deposits, debt securities, over-the-counter (OTC) derivative transactions, securities under resale/repurchase agreements, securities borrowing and lending, refundable deposits, futures trading margin, other refundable deposits, and receivables.

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a) Analysis of concentrations of credit risk

The maximum credit risk exposure amount of financial assets by region and industry was as described in the following tables:

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

  

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

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

  

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

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

The Group's exposure to credit risk is derived mainly from the financial industry and Taiwan because the Group deposits cash in different financial institutions and holds debt securities issued or guaranteed by the banks; also, most of the Group's counterparties of derivative transactions, investments in debt securities, and security lending are financial institutions in Taiwan.

b) Introduction to credit risk of financial assets

i) Cash and cash equivalents

Cash and cash equivalents include time deposits, demand deposits, checking accounts, and short-term bills, with trading counterparties being mainly domestic financial institutions.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

ii) Financial assets measured at fair value—current

1. Debt securities

The Group holds positions in debt securities, including bonds, convertible bonds, and bond funds, which were issued by domestic companies. The details of debt securities are as follows:

a. Convertible bonds

The convertible bonds held by the Group are primarily issued by domestic companies with good credit scores. To control exposure to credit risk from convertible bonds, the Group transfers credit risk to external investors by asset swaps.

b. Bond funds

The underlying assets of bond funds held by the Group are mainly domestic fixed income securities.

2. Bonds with repurchase/resale agreements (RP/RS) undertaking

The main counterparties of RP/RS are financial institutions. When engaging in RS transactions, the Group provided the underlying bonds as collateral which could reduce the exposure to credit risk of its counterparties.

3. Derivatives—over-the-counter (OTC)

When the Group engages in OTC derivatives, it will sign an ISDA agreement with each counterparty. This provides the contractual framework within which dealing activity across a full range of over-the-counter (OTC) products is conducted, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or another pre-agreed termination event occurs. The parties execute a Credit Support Annex (CSA) in conjunction with the ISDA Master Agreement. Under a CSA, collateral is passed between the parties to mitigate the counterparty risk inherent in outstanding positions.

OTC derivatives held by the Group include interest rate swaps, convertible bond asset swaps, and equity options. The counterparties are all from the financial industry and are mainly based in Taiwan.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

4. Derivatives— futures trading margin

For trading on the centralized exchange market, the Group deposits futures trading margin into an account designated by the Group as a guarantee of future funding to fulfill a contractual obligation. Fubon Futures and Yuanta Futures Co., Ltd. are the Group's futures commission merchants. Since Fubon Futures is a 100%-owned subsidiary, the credit risk is extremely low.

5. Other debt securities

Other debt securities are mainly the real estate beneficiary securities, such as Fubon R1. Because of the good quality of entrusted assets and the above-average quality of renters in the asset pool, the Group has low credit risk.

iii) Margin deposits for borrowed securities

This includes relevant disclosures of collateral for borrowed securities and margin deposits for borrowed securities. When borrowing the underlying securities from the holder, the Group should deposit the margin in the designated bank account. Because it holds the underlying securities as collateral, the Group will be able to effectively decrease credit exposure to the holder.

iv) Other refundable deposits

Other refundable deposits mainly include operating deposits, settlement and clearing funds, and refundable deposits. Operating deposits are mainly deposited in credit-worthy banks. Clearing and settlement funds are deposited in the TWSE and are used as compensation when a market securities trading party does not fulfill delivery obligations. The institutional credit risk of the abovementioned deposits is low. Refundable deposits arise when the Group deposits cash or other assets as guarantees. Since the deposit are placed in various financial institutions and each amount is not large, the credit risk is dispersed and the credit exposure of the overall refundable deposits is minimal.

v) Other current assets

Other current assets of the Group are cash provided for pledge or restricted use to domestic financial institutions with good credit.

c) Credit risk quality classification definitions

i) Credit Risk quality classification definitions

Low Risk: an indicator assigned to financial instruments deemed to have low default risk, that the borrower possesses good credit quality, information transparency, and the capacity to meet financial commitment.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Moderate Risk: an indicator assigned to financial instruments deemed to have moderate default risk. And requires monitoring on the borrower that possesses an average level of credit quality, the capacity to fulfill debt contractual obligations, and the capacity to adapt business cycle.

High Risk: an indicator assigned to financial instruments deemed to have higher default risk. And requires close monitoring on the borrower that possesses weak credit quality, the capacity to fulfill debt contractual obligations.

Impaired: the company or the target did not perform its obligation according to the contracts, and the potential estimated loss of the Group has reached the standard of impairment. The information of credit risk quality was as follows:

		June 30, 2023										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Loss allowance	Total
		Low risk	Moderate risk	High risk	Subtotal	Low risk	Moderate risk	High risk	Subtotal	-	-	
Financial assets measured at fair value through other comprehensive income – debt instruments		\$ 4,381,225	1,495,339	-	5,876,564	-	-	-	-	-	2,953	5,873,611
		December 31, 2022 (Restated)										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Loss allowance	Total
		Low risk	Moderate risk	High risk	Subtotal	Low risk	Moderate risk	High risk	Subtotal	-	-	
Financial assets measured at fair value through other comprehensive income – debt instruments		\$ 2,520,956	1,261,389	-	3,782,345	-	-	-	-	-	2,151	3,780,194
		June 30, 2022 (Restated)										
		Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Loss allowance	Total
		Low risk	Moderate risk	High risk	Subtotal	Low risk	Moderate risk	High risk	Subtotal	-	-	
Financial assets measured at fair value through other comprehensive income – debt instruments		\$ 3,843,578	3,538,277	-	7,381,855	-	-	-	-	-	2,535	7,379,320

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Internal credit risk classification and external credit rating of Group were as follows. There were no direct relations between the internal and the external credit rating in the chart, and they were used to present the similarity of credit quality.

June 30, 2023							
Financial assets credit quality and classification							
Financial assets	Low risk	Moderate risk	High risk	Overdue but not impaired	Impaired	Loss allowance	Total
Cash and cash equivalents	\$ 27,016,477	8,124,806	-	-	-	-	35,141,283
Customer margin account	29,271,592	-	-	-	-	-	29,271,592
Financial assets mandatorily measured at fair value through profit or loss—current	22,775,222	9,105,288	150,668	-	-	-	32,031,178
Debt securities	21,498,085	8,629,380	150,668	-	-	-	30,278,133
Derivatives—OTC	122,984	475,908	-	-	-	-	598,892
Derivatives—futures trading margin	773,608	-	-	-	-	-	773,608
Foreign exchange derivatives	24,955	-	-	-	-	-	24,955
Other debt securities	355,529	-	-	-	-	-	355,529
Call option—futures	61	-	-	-	-	-	61
Margin deposits for borrowed securities	5,535,079	-	-	-	-	-	5,535,079
Other refundable deposits	1,785,096	-	-	-	-	-	1,785,096
Other current assets	2,750,094	-	-	-	-	-	2,750,094
Financial assets measured at fair value through other comprehensive income—debt instruments	4,381,225	1,495,339	-	-	-	2,953	5,873,611
Subtotal	<u>93,514,785</u>	<u>18,725,433</u>	<u>150,668</u>	<u>-</u>	<u>-</u>	<u>2,953</u>	<u>112,387,933</u>
Proportion of the total	<b>83.20 %</b>	<b>16.66 %</b>	<b>0.14 %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>100.00 %</b>
Receivables	<b>42,177,101</b>	<b>13,923,212</b>	<b>761,968</b>	<b>-</b>	<b>180,316</b>	<b>180,316</b>	<b>56,862,281</b>
Accounts receivable	31,403,188	6,847	-	-	180,316	180,316	31,410,035
Receivables from pecuniary finance	10,773,913	13,916,365	761,968	-	-	-	25,452,246
Total	<u>\$ 135,691,886</u>	<u>32,648,645</u>	<u>912,636</u>	<u>-</u>	<u>180,316</u>	<u>183,269</u>	<u>169,250,214</u>
Proportion of the total	<u><b>80.17 %</b></u>	<u><b>19.29 %</b></u>	<u><b>0.54 %</b></u>	<u><b>- %</b></u>	<u><b>0.11 %</b></u>	<u><b>0.11 %</b></u>	<u><b>100.00 %</b></u>

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

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December 31, 2022 (Restated)							
Financial assets	Financial assets credit quality and classification						Total
	Low risk	Moderate risk	High risk	Overdue but not impaired	Impaired	Loss allowance	
Cash and cash equivalents	\$ 31,992,535	12,019,691	-	-	-	-	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss—current	12,632,086	7,479,555	277,025	-	-	-	20,388,666
Debt securities	11,731,811	7,026,550	277,025	-	-	-	19,035,386
Derivatives—OTC	117,581	453,005	-	-	-	-	570,586
Derivatives—futures trading margin	398,978	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	377,004
Call option—futures	6	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	5,619,101
Other refundable deposits	2,078,659	-	-	-	-	-	2,078,659
Other current assets	3,067,547	-	-	-	-	-	3,067,547
Financial assets measured at fair value through other comprehensive income—debt instruments	2,520,956	1,261,389	-	-	-	2,151	3,780,194
Subtotal	<u>89,336,303</u>	<u>20,760,635</u>	<u>277,025</u>	<u>-</u>	<u>-</u>	<u>2,151</u>	<u>110,371,812</u>
Proportion of the total	<u>80.94 %</u>	<u>18.81 %</u>	<u>0.25 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>
Receivables	<u>25,259,941</u>	<u>11,026,107</u>	<u>753,710</u>	<u>-</u>	<u>180,150</u>	<u>180,150</u>	<u>37,039,758</u>
Accounts receivable	15,526,233	7,600	-	-	180,150	180,150	15,533,833
Receivables from pecuniary finance	9,733,708	11,018,507	753,710	-	-	-	21,505,925
Total	<u>\$ 114,596,244</u>	<u>31,786,742</u>	<u>1,030,735</u>	<u>-</u>	<u>180,150</u>	<u>182,301</u>	<u>147,411,570</u>
Proportion of the total	<u>77.74 %</u>	<u>21.56 %</u>	<u>0.70 %</u>	<u>- %</u>	<u>0.12 %</u>	<u>0.12 %</u>	<u>100.00 %</u>

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

June 30, 2022 (Restated)							
Financial assets	Financial assets credit quality and classification						Total
	Low risk	Moderate risk	High risk	Overdue but not impaired	Impaired	Loss allowance	
Cash and cash equivalents	\$ 25,502,749	5,508,823	-	-	-	-	31,011,572
Customer margin account	37,745,002	-	-	-	-	-	37,745,002
Financial assets mandatorily measured at fair value through profit or loss—current	9,653,688	8,072,075	254,033	-	-	-	17,979,796
Debt securities	8,540,493	7,547,773	254,033	-	-	-	16,342,299
Derivatives—OTC	138,997	524,302	-	-	-	-	663,299
Derivatives—futures trading margin	572,175	-	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	-	4,208
Other debt securities	394,422	-	-	-	-	-	394,422
Call option—futures	3,393	-	-	-	-	-	3,393
Margin deposits for borrowed securities	5,605,053	-	-	-	-	-	5,605,053
Other refundable deposits	2,233,335	-	-	-	-	-	2,233,335
Other current assets	2,667,984	-	-	-	-	-	2,667,984
Financial assets measured at fair value through other comprehensive income—debt instruments	3,843,578	3,538,277	-	-	-	2,535	7,379,320
Subtotal	<u>87,251,389</u>	<u>17,119,175</u>	<u>254,033</u>	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>104,622,062</u>
Proportion of the total	<u>83.40 %</u>	<u>16.36 %</u>	<u>0.24 %</u>	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>100.00 %</u>
Receivables	<u>39,777,548</u>	<u>11,441,745</u>	<u>756,737</u>	<u>-</u>	<u>181,742</u>	<u>181,742</u>	<u>51,976,030</u>
Accounts receivable	26,390,973	8,390	-	-	181,742	181,742	26,399,363
Receivables from pecuniary finance	13,386,575	11,433,355	756,737	-	-	-	25,576,667
Total	<u>\$ 127,028,937</u>	<u>28,560,920</u>	<u>1,010,770</u>	<u>-</u>	<u>181,742</u>	<u>184,277</u>	<u>156,598,092</u>
Proportion of the total	<u>81.12 %</u>	<u>18.23 %</u>	<u>0.65 %</u>	<u>- %</u>	<u>0.12 %</u>	<u>0.12 %</u>	<u>100.00 %</u>

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

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As seen in the above tables, the Group had no financial assets which were overdue but not impaired. 0.54% of normal assets were classified in the high risk category. Those assets mainly were receivables from pecuniary finance and convertible bonds of electronics industry. The details of assets classified as high risk were as follows:

1. Cash and cash equivalents: To fulfill daily settlement payments and remittance operations, a certain amount is required to be deposited to the main delivery banks for the brokerage business and other operations. The management of the Group periodically reviews the financial condition, operation, and credit risk.
  2. Debt securities: To control exposure to credit risk from convertible bonds, the Group transfers credit risk to external investors by asset swaps.
  3. Receivables from pecuniary finance: A risk of financial loss arose from price fluctuation in the underlying securities. To lower credit risk, the Group has closely monitored market volatility of underlying assets and set strict controls over counterparty credit risk.
- ii) Determination on the credit risk that has increased significantly since initial recognition

The Group determines whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, the Group considers the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: internal/external credit rating, overdue situation, credit spreads, quantitative and qualitative information.

- iii) Definitions for default and credit impairment of financial assets

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, the Group determines that the financial assets have been defaulted and credit-impaired:

1. Quantitative indicators

When financial assets-receivables are overdue for more than 90 days.

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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2. Qualitative indicators

If there is evidence that the borrower or the issuer will be unable to pay the contract, or show that the borrower or the issuer has significant financial difficulties, such as:

- The borrower / issuer has filed for bankruptcy or is likely to file a bankruptcy.
- The borrower / issuer has died or the company is dissolved.
- The financial instrument's contract of the borrower's or issuer's has defaulted.
- The financial market of the financial asset disappeared due to the financial difficulties of the borrower or the issuer.
- Due to financial or contractual reasons related to the financial difficulties of the borrower / issuer, the creditor of the borrower / issuer gives the borrower a concession that would not have been considered.
- Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.

The aforementioned definition of breach of contract and credit impairment applies to all financial assets held by the Group, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.

If a financial asset no longer meets the definition of default and credit impairment for a period of time, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

iv) Expected credit loss measurement

1. Adopted methods and assumptions

If the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. If the financial assets and operating lease payment receivable are significantly increased in credit risk or the credits have been impaired, the expected credit losses for a lifetime will be recognized.

In order to measure expected credit losses, the Group adopts Probability of default ("PD"), and include Loss given default ("LGD") and Exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and for a lifetime, respectively.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Default probability is how likely the issuer or the counterparty breaches the contract, and the loss given default is the rate of loss due to default by the issuer or the counterparty. The Group calculates the default probability and loss given default based on the regularly published information from international credit rating agencies (Moody's), internal historical information (such as credit losses experience), current observable data and forward-looking general economic information (such as gross domestic production), after adjusting the historical data.

The estimation techniques or material assumptions made by the Group to assess expected credit losses have no significant changes for the six months ended June 30, 2023 and 2022.

v) Forward-looking information considerations

The Group takes forward-looking information into account when judging whether the credit risk of a financial instrument has increased significantly since its initial recognition, and when the expected credit loss is measured. The Group uses historical data to analyze and identify the economic factors that affect the credit risk and expected credit losses of various asset portfolios. Regarding the economic factors and its impact on expected credit losses vary according to the types of financial instruments.

The evaluation of whether the credit risk of the debt instrument measured at fair value through other comprehensive income has increased significantly, is based on the external rating ratings announced by international credit rating agencies (Moody's). It is one of its quantitative indicators, and the expected credit loss is measured by reference to the external rating scale and Moody's regularly published default rate and loss given default information. The forward-looking macroeconomic condition is considered, and are appropriately adjusted.

**FUBON SECURITIES CO., LTD. AND ITS SUBSIDIARIES**  
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vi) Changes in loss allowance

1. Changes in loss allowance of debt instruments measured at fair value through other comprehensive income

As of June 30, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of debt instruments measured at fair value through other comprehensive income were as follows:

	For the six months ended June 30, 2023						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	
Beginning balance	\$ 2,151	-	-	-	-	2,151	2,151
Changes due to financial instruments recognized as at beginning:							
— Derecognition of financial assets at current period	(205)	-	-	-	-	(205)	(205)
Originated or purchased new financial assets	837	-	-	-	-	837	837
Effects of exchange rate changes and others	170	-	-	-	-	170	170
Ending balance	<u>\$ 2,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,953</u>	<u>2,953</u>
	For the six months ended June 30, 2022 (Restated)						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	\$ 3,944	-	-	-	-	3,944	3,944
Changes due to financial instruments recognized as at beginning:							
— Derecognition of financial assets at current period	(2,422)	-	-	-	-	(2,422)	(2,422)
Originated or purchased new financial assets	1,032	-	-	-	-	1,032	1,032
Effects of exchange rate changes and others	(19)	-	-	-	-	(19)	(19)
Ending balance	<u>\$ 2,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>2,535</u>

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**FUBON SECURITIES CO., LTD. AND ITS SUBSIDIARIES**  
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For the six months ended June 30, 2023 and 2022, there was no significant change in the loss allowance resulting from significant changes in the total carrying amount.

2. Changes in loss allowance of accounts receivable, other receivables and overdue receivables

As of June 30, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of accounts receivable, other receivables and overdue receivables were as follows:

	For the six months ended June 30, 2023						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	
Beginning balance	\$ -	-	212,681	36,644	-	249,325	249,325
Originated or purchased new financial assets	-	-	239	886	-	1,125	1,125
Effects of exchange rate changes and others	-	-	2,352	(1,814)	-	538	538
Ending balance	<u>\$ -</u>	<u>-</u>	<u>215,272</u>	<u>35,716</u>	<u>-</u>	<u>250,988</u>	<u>250,988</u>
	For the six months ended June 30, 2022 (Restated)						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	\$ -	-	236,940	29,518	-	266,458	266,458
Originated or purchased new financial assets	-	-	1,542	1,613	-	3,155	3,155
Effects of exchange rate changes and others	-	-	(25,150)	(1,263)	-	(26,413)	(26,413)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>213,332</u>	<u>29,868</u>	<u>-</u>	<u>243,200</u>	<u>243,200</u>

Affected by the sharp plummet in the US stock market in February, 2018, Fubon Futures Co., Ltd. had an unpaid amount of future exchange margins receivable amounting to \$187,163, \$187,751 and \$188,554, respectively, which has yet to be recovered, and therefore, the loss allowance amounting to \$180,316, \$180,150 and \$180,164, respectively, after considering the actual recovery, had been recognized, as of June 30, 2023, December 31 and June 30, 2022 (restated).

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

vii) Impairment loss

As of June 30, 2023, December 31 and June 30, 2022, the Group's receivables from pecuniary finance recovery periods were principally less than a year or an operating cycle (not more than half a year). Thus, it was assumed that book value approximated fair value without discounting at an appropriate interest rate.

As of June 30, 2023, December 31 and June 30, 2022, in accordance with the “Regulations Governing Margin and Stock Loans by Securities Firms”, the Group had charged the margin for margin purchases to its customers and held all securities purchased as collateral. The Group sets a margin ratio of around 120% to manage receivables from pecuniary finance. If the stock price fluctuates too much to maintain margin ratio of 120%, the Group will inform the customers to repay part of the financing, replenish the deposit margin, or increase the amount of collateral to make up the balance. As of June 30, 2023, December 31 and June 30, 2022, the Group had no impairment loss on receivables from pecuniary finance, taking historical experience and the recoverable amount of collateral into account.

Some investors failed to settle stock purchases made by pecuniary finance. Therefore, the Group disposed of the securities so purchased by the investors and deducted the proceeds of such sales from receivables from pecuniary finance. In addition, some collateral securities purchased by investors through unsettled pecuniary finance contracts were unable to be disposed of.

The Group has persistently tried to settle the aforementioned claims, and recorded the uncollected receivables from such unsettled pecuniary finance contracts and the past-maturity corporate bonds as overdue receivables.

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Liquidity risk presentation and disclosure

Liquidity risk is the risk that the Group cannot provide sufficient funding for asset size growth or matured liabilities, does not have sufficient cash to meet obligations to counterparties, or cannot raise emergency funding to cover funding gaps.

a) Liquidity risk measurement analysis

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

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Note: The disclosed amounts include accrued interests.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Financial assets</u>	<u>December 31, 2022 (Restated)</u>					<u>Total</u>
	<u>Cash flow deficit</u>					
	<u>0-30 days</u>	<u>31- 90 days</u>	<u>91- 180 days</u>	<u>181 days- 1 year</u>	<u>&gt;1 year</u>	
Cash and cash equivalents	\$ 27,439,846	15,245,870	600,700	508,810	217,000	44,012,226
Customer margin account	31,425,419	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss—current	18,566,468	-	-	-	6,103,809	24,670,277
Open-end funds, money market instruments and other securities	287,819	-	-	-	-	287,819
Operating securities	16,775,498	-	-	-	5,726,805	22,502,303
Derivatives—OTC	570,586	-	-	-	-	570,586
Derivatives—futures trading margin	398,978	-	-	-	-	398,978
Other debt securities	-	-	-	-	377,004	377,004
Call option—futures	6	-	-	-	-	6
Securities invested by broker	526,875	-	-	-	-	526,875
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Financial assets measured at fair value through other comprehensive income—current and non-current	-	-	-	4,052,596	17,025,013	21,077,609
Receivables from pecuniary finance	17,530,600	2,469,910	860,237	645,178	-	21,505,925
Collateral for borrowed securities	66,922	-	-	-	-	66,922
Margin deposits for borrowed securities	5,619,101	-	-	-	-	5,619,101
Accounts receivable (included related parties)	15,450,941	59,095	26,423	14,907	813	15,552,179
<b>Total</b>	<b>\$ 116,099,297</b>	<b>17,774,875</b>	<b>1,487,360</b>	<b>5,221,491</b>	<b>23,346,635</b>	<b>163,929,658</b>
Proportion of the total	<u>70.82 %</u>	<u>10.84 %</u>	<u>0.91 %</u>	<u>3.19 %</u>	<u>14.24 %</u>	<u>100.00 %</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<b>Financial liabilities</b>	<b>December 31, 2022 (Restated)</b>					<b>Total</b>
	<b>Cash flow deficit</b>					
	<b>0-30 days</b>	<b>31- 90 days</b>	<b>91- 180 days</b>	<b>181 days- 1 year</b>	<b>&gt;1 year</b>	
Short-term borrowings	\$ 130,000	60,000	-	-	-	190,000
Commercial paper issued	1,799,554	5,589,825	-	-	-	7,389,379
Held-for-trading financial liabilities – current	9,188,964	-	-	-	-	9,188,964
Call (put) warrants	193,965	-	-	-	-	193,965
Derivatives – OTC	5,557,330	-	-	-	-	5,557,330
Liabilities on sale of borrowed securities	3,437,627	-	-	-	-	3,437,627
Put option-futures	42	-	-	-	-	42
Equity derivatives	-	-	-	-	-	-
Financial liabilities designated as at fair value through profit or loss	933,241	-	-	-	-	933,241
Securities sold under repurchase agreement	9,203,271	-	-	-	-	9,203,271
Securities financing refundable deposits	4,368,893	604,000	213,888	160,416	-	5,347,197
Deposits payable for securities financing	3,940,442	545,152	192,929	144,696	-	4,823,219
Securities lending refundable deposits	30,692,886	-	-	-	-	30,692,886
Futures traders' equity	31,425,419	-	-	-	-	31,425,419
Accounts payable (included related parties)	14,988,852	237	83	62	-	14,989,234
Lease liabilities – current and non-current (Note)	25,163	50,024	68,800	114,537	317,988	576,512
Receipts under custody	2,755,258	198	-	-	-	2,755,456
<b>Total</b>	<b>\$ 109,451,943</b>	<b>6,849,436</b>	<b>475,700</b>	<b>419,711</b>	<b>317,988</b>	<b>117,514,778</b>
Proportion of the total	<b>93.14 %</b>	<b>5.83 %</b>	<b>0.40 %</b>	<b>0.36 %</b>	<b>0.27 %</b>	<b>100.00 %</b>
Cash inflow	116,099,297	17,774,875	1,487,360	5,221,491	23,346,635	163,929,658
Cash outflow	109,451,943	6,849,436	475,700	419,711	317,988	117,514,778
Net cash inflow	6,647,354	10,925,439	1,011,660	4,801,780	23,028,647	46,414,880

Note: The disclosed amounts include accrued interests.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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June 30, 2022 (Restated)						
Financial assets	Cash flow deficit					Total
	0-30 days	31- 90 days	91- 180 days	181 days- 1 year	>1 year	
Cash and cash equivalents	\$ 15,308,817	8,596,262	6,541,352	565,141	-	31,011,572
Customer margin account	37,745,002	-	-	-	-	37,745,002
Financial assets mandatorily measured at fair value through profit or loss—current	19,837,992	99,991	-	-	3,032,557	22,970,540
Open-end funds, money market instruments and other securities	331,434	-	-	-	-	331,434
Operating securities	17,680,312	99,991	-	-	2,638,135	20,418,438
Derivatives—OTC	663,299	-	-	-	-	663,299
Derivatives—futures trading margin	572,175	-	-	-	-	572,175
Foreign exchange derivatives	4,208	-	-	-	-	4,208
Other debt securities	-	-	-	-	394,422	394,422
Call option—futures	3,393	-	-	-	-	3,393
Securities invested by broker	583,171	-	-	-	-	583,171
Financial assets measured at fair value through other comprehensive income—current and non-current	154,699	149,991	400,648	13,280,089	20,621,551	34,606,978
Securities purchased under resell agreements	117,598	-	-	-	-	117,598
Receivables from pecuniary finance	22,003,926	2,425,787	767,300	379,654	-	25,576,667
Collateral for borrowed securities	41,144	-	-	-	-	41,144
Margin deposits for borrowed securities	5,605,053	-	-	-	-	5,605,053
Accounts receivable (included related parties)	26,424,978	56,810	24,488	9,567	-	26,515,843
Total	<u>\$ 127,239,209</u>	<u>11,328,841</u>	<u>7,733,788</u>	<u>14,234,451</u>	<u>23,654,108</u>	<u>184,190,397</u>
Proportion of the total	<u>69.08 %</u>	<u>6.15 %</u>	<u>4.20 %</u>	<u>7.73 %</u>	<u>12.84 %</u>	<u>100.00 %</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

Note: The disclosed amounts include accrued interests.

As of the reporting date, the cash flows of the Group have shown a significant increase in its net cash in-flow in most of the periods. The Group maintains great net cash in-flow to accumulated capital deficit for a long-term period which shows the Group could sustain adequate quality of capital volatility.

b) Liquidity risk management

In order to allocate capital effectively, the Group utilizes liquidity risk management mechanisms to evaluate and monitor short-term cash flow requirements for various types of business, and considers local short-term, cross-border, or cross-market demand for capital.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The Financial Department provides capital requirement evaluation information to the Risk Management Department, and the Risk Management Department provides a capital deficit analysis stress test evaluation report to the Financial Department every six months to evaluate the Group's related action taken while facing periods of high market volatility. If a stressful situation occurs, the department reports the results to the management and performs the following procedures to prevent the occurrence of a stressful event when necessary.

In order to increase liquidity reserve, the Group sells the low-risk assets of dealing positions from the trading departments. The Group disposes of high-liquidity stocks, government bonds, and other securities in order to respond to adverse shocks affecting the market. The Group also uses secured loan credit lines and long-term financing credit lines from banks and bills corporations to implement the Group's capital allocation emergency response plan.

3) Market risk analyses

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices, and commodity prices) which may cause a potential loss on or off the balance sheet. According to the Group's internal administrative policies, the positions in the trading book are for the purpose of market risk measurement and management.

Trading book positions fit the following definitions:

- a) Positions held for earning profits from changes in bid-ask spread or changes in price and interest rate.
- b) Positions held for brokerage business or dealing trading.
- c) Positions held for offsetting risk from other positions (either entirely or partly).
- d) Positions held for trading within approved market risk limits.

Trading book positions should not be under any restrictive trading terms and should be completely hedged against risks.

i) Guidelines and procedures

The Group has enacted comprehensive policies on market risk management and has established mechanisms for deal execution, clearing, and settlement. Based on the risk factors they are exposed to, trading book positions are categorized in the following four groups: interest rate instruments, exchange rate instruments, securities, and commodities. The Group has established management policies and market risk limits that implement the risk management systems to identify, measure, monitor, and control the market risk.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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ii) Organization and framework

Under the supervision of the Board of Directors, the Asset-Liability and Risk Management Committee is composed of the senior managers from each department, while the chairman of the board oversees this committee. To improve market risk management, the committee supervises the suitability of market risk exposures and the effectiveness of market risk management.

The Risk Management Department is responsible for formulating policies and procedures on market risk management, for executing market risk limits control, for reporting market risk events immediately, and for verifying valuation models independently. In addition, the independent Audit Department, which is under the Board of Directors, plays the role of the third line of defense in the market risk management framework.

iii) Procedure for market risk control, reporting and verification

The Risk Management Department is responsible for monitoring the daily risk limit (including the analysis of risk sensitivity factors such as Delta, Vega, DV01, and VaR), notional quota, and profit and loss (P&L). Based on the authorized daily limit, this department controls the quota used and the monthly / yearly P&L. However, a position exceeding the approved limit is treated as an exceptional case to be monitored. The Group has established related mechanisms and procedures for VaR limit management while also applying back-testing to check the VaR model calculation and the effectiveness of the valuation methodology. The Group also keeps upgrading and improving its trading system with a market risk control function. Moreover, the valuation models and VaR models are verified independently by the Risk Management Department to ensure their effectiveness and stability.

iv) Market risk measurement of trading book

The Group's market risk measurement of the trading book includes individual risk measures (such as Greeks) and integrated risk measures (such as VaR and stress-testing). The integrated measures provide consistent and comparable measurement across different trading desks or risk types.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Value at Risk (VaR)

VaR is defined as 'the worst expected loss over a target horizon with given level of confidence and normal market environment'. The Group adopts Historical Simulation risk models to evaluate the one-day worst loss on current net positions, with a 99% confidence level. Historical Simulation is used to calculate Common VaR and Stressed VaR, which reflects the impact on positions held by the Group in the historical scenario. To conform to the Basel Committee on Banking Supervision's suggestion after the financial crisis in 2008, a new Stressed VaR used a 12-month period of market turmoil to assess potential losses above the 99% confidence level used in the VaR model. The outcome of the Historical Simulation was easier to explain and understand, and the method could also avoid mistaken risk factor hypotheses being used. To ensure the quality of VaR measures, the Group executes statistical hypothesis testing and back-testing periodically. In addition to the above calculations, the Group has adopted the one-year period under the Covid-19 outbreak scenario as the stressed historical scenario period for the Stressed VaR. VaR and Stressed VaR information on the trading book is as follows:

**For the three months ended June 30, 2023**

<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	2,250	1,207	1,769
Interest rate	68,511	50,152	57,301
Equity	52,776	39,641	44,825
Fluctuation	2,050	1,214	15,665

**For the three months ended June 30, 2022**

<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	1,094	934	1,034
Interest rate	38,154	27,581	31,158
Equity	51,560	37,337	45,558
Fluctuation	3,958	2,543	3,426

**For the six months ended June 30, 2023**

<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	3,677	437	1,748
Interest rate	68,511	16,411	40,076
Equity	62,935	39,569	48,336
Fluctuation	5,549	1,214	2,640

**For the six months ended June 30, 2022**

<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	1,300	280	857
Interest rate	38,154	10,358	25,692
Equity	60,524	36,583	46,356
Fluctuation	3,992	1,042	2,820

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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(The highest and lowest VaR in the table may appear on different dates; therefore, its diversification effect is not significant. Hence, it is not disclosed in the table.)

In 2022, JihSun Securities adopted Monte Carlo Simulations and used 99% C.L.1 day to calculate the VaR of the existing portfolio for 1 business day. Since the method of evaluating Value at Risk was different, the information of JihSun Securities' prior period VaR was disclosed as follows:

<b>For the three months ended June 30, 2022</b>			
<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	-	-	-
Interest rate	10,167	1,417	3,174
Equity	10,560	4,060	6,920
Fluctuation	-	-	-

(The highest and lowest VaR in the table may appear on different dates; therefore, its diversification effect is not significant. Hence, it is not disclosed in the table.)

<b>For the six months ended June 30, 2022</b>			
<b>VaR (in thousands)</b>	<b>High</b>	<b>Low</b>	<b>Average</b>
Foreign exchange rate \$	-	-	-
Interest rate	18,445	1,417	9,291
Equity	12,301	4,060	8,614
Fluctuation	-	-	-

(The highest and lowest VaR in the table may appear on different dates; therefore, its diversification effect is not significant. Hence, it is not disclosed in the table.)

**Stress testing**

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

Some techniques can be used when executing stress testing, such as sensitivity analysis, scenario analysis, and maximum loss analysis. The Group selected and implemented stress testing periodically within the scope of market risk set by the Fubon Financial Holding risk control system. The result from the stress testing would be reported to the Risk and Asset-Liability Management Committee as a reference for management setting each managerial objective and quota.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Sensitivity analysis

Sensitivity analysis is used to measure the impact and effect of the products and portfolios when these are changes in the factors of a specific market. The Group uses the following sensitivities to measure and monitor the risk exposure based on each type of risk.

1. Delta: Measure the changing value of a specific asset whose price changes 1%.
2. Gamma: Measure the changing Delta value of a specific asset whose price changes 1%.
3. Vega: Measure the changing value of a specific asset whose price volatility changes 1%.
4. Price Value of Basis Point (PVBp): Measure the changing value of the yield rate curve when it moves 1 bp in parallel.

4) Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group's remaining IBOR exposures as at 31 December 2022, have been automatically switched to the Secured Overnight Financing Rate in accordance with fallback clauses. In March 2021, the Financial Conduct Authority announced that US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after 30 June 2023.

(iii) Transfer of financial assets

Transferred financial assets that are not completely derecognized

The transferred financial assets of the Group that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchased agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Group still bears the interest rate risk and credit risk, transferred financial assets are not completely derecognized.

The Group splits the convertible bonds into corporate bonds and option, and sells them to separate investors with varying needs. Because the transactions involved ownership transfer, the entry for disposal of corporate bonds is the same as the normal bond transactions. The agreed exchanged interest payments are recorded as net value and evaluate at the market price as of balance sheet date.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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When engaging in convertible bond option transactions, buyers pay premium to obtain the right to purchase or sell a security at a predetermined price on or before a specified day; sellers have the corresponding obligation to sell his options at a predetermined price on or before a specified day. The premium of the options will be shown on the balance sheet.

Notional amounts of the option should be recorded by memorandum entries. When options' owner fulfills the obligation, the Group will sell repurchase bonds to options' owner. Thus, the entry for disposal of corporate bonds is the same as the normal bond transactions. However, the Group still has the right to control the underlying interest; therefore, the financial assets are not derecognized in their entirety. Analysis of financial assets that are not completely derecognized and the associated liabilities are as follows:

<u>Types of financial assets</u>	<b>June 30, 2023</b>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Under repurchase agreements	\$ 11,325,831	11,087,500
Convertible bonds transferred to counter parties of asset exchange option	4,827,794	4,142,847
Financial assets measured at fair value through other comprehensive income		
Under repurchase agreements	5,774,135	5,491,927
<u>Types of financial assets</u>	<b>December 31, 2022 (Restated)</b>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Under repurchase agreements	\$ 5,669,105	5,692,361
Convertible bonds transferred to counter parties of asset exchange option	4,409,904	4,012,151
Financial assets measured at fair value through other comprehensive income		
Under repurchase agreements	3,621,437	3,510,910
<u>Types of financial assets</u>	<b>June 30, 2022 (Restated)</b>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Under repurchase agreements	\$ 5,006,811	5,828,630
Convertible bonds transferred to counter parties of asset exchange option	4,489,506	4,047,111
Financial assets measured at fair value through other comprehensive income		
Under repurchase agreements	4,508,705	4,430,276

(iv) Offsetting of financial assets and financial liabilities

The Group does not hold any financial instruments contract which meet Section 42 of the FSC endorsed by IAS 32. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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Although the Group does not engage in transactions that meet the offsetting condition in IFRSs, it has signed net settlement contracts of similar agreements with counterparties, such as repurchase agreements and resell agreements. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

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

<b>June 30, 2023</b>						
<b>Financial assets under offsetting or general agreement of net amount settlement or similar norms</b>						
<b>Financial assets</b>	<b>Total recognized financial assets (a)</b>	<b>Total recognized financial liabilities offsetting on the balance sheet (b)</b>	<b>Net amount of financial assets on the balance sheets (c)=(a)-(b)</b>	<b>Relevant amount not offset on the balance sheet (d)</b>		<b>Net amount (e)=(c)-(d)</b>
				<b>Financial instrument (note)</b>	<b>Cash received as collaterals</b>	
Derivative financial assets	\$ 623,908	-	623,908	-	-	623,908
Repurchase agreements	372,772	-	372,772	372,772	-	-
<b>Total</b>	<b>\$ 996,680</b>	<b>-</b>	<b>996,680</b>	<b>372,772</b>	<b>-</b>	<b>623,908</b>

  

<b>June 30, 2023</b>						
<b>Financial liabilities under offsetting or general agreement of net amount settlement or similar norms</b>						
<b>Financial liabilities</b>	<b>Total recognized financial liabilities (a)</b>	<b>Total recognized financial assets offsetting on the balance sheet (b)</b>	<b>Net amount of financial liabilities on the balance sheets (c)=(a)-(b)</b>	<b>Relevant amount not offset on the balance sheet (d)</b>		<b>Net amount (e)=(c)-(d)</b>
				<b>Financial instrument (note)</b>	<b>Pledged cash Collaterals</b>	
Derivative financial liabilities	\$ 6,684,199	-	6,684,199	-	-	6,684,199
Repurchase agreements	16,579,427	-	16,579,427	16,579,427	-	-
<b>Total</b>	<b>\$ 23,263,626</b>	<b>-</b>	<b>23,263,626</b>	<b>16,579,427</b>	<b>-</b>	<b>6,684,199</b>

  

<b>December 31, 2022 (Restated)</b>						
<b>Financial assets under offsetting or general agreement of net amount settlement or similar norms</b>						
<b>Financial assets</b>	<b>Total recognized financial assets (a)</b>	<b>Total recognized financial liabilities offsetting on the balance sheet (b)</b>	<b>Net amount of financial assets on the balance sheets (c)=(a)-(b)</b>	<b>Relevant amount not offset on the balance sheet (d)</b>		<b>Net amount (e)=(c)-(d)</b>
				<b>Financial instrument (note)</b>	<b>Cash received as collaterals</b>	
Derivative financial assets	\$ 577,298	-	577,298	-	-	577,298

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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December 31, 2022 (Restated)						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (note)	Pledged cash Collaterals	
Derivative financial liabilities	\$ 5,557,372	-	5,557,372	-	-	5,557,372
Repurchase agreements	9,203,271	-	9,203,271	9,203,271	-	-
<b>Total</b>	<b>\$ 14,760,643</b>	<b>-</b>	<b>14,760,643</b>	<b>9,203,271</b>	<b>-</b>	<b>5,557,372</b>

June 30, 2022 (Restated)						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheet (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (note)	Cash received as collaterals	
Derivative financial assets	\$ 670,900	-	670,900	-	-	670,900
Resell agreements	117,598	-	117,598	117,598	-	-
<b>Total</b>	<b>\$ 788,498</b>	<b>-</b>	<b>788,498</b>	<b>117,598</b>	<b>-</b>	<b>670,900</b>

June 30, 2022 (Restated)						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instrument (note)	Pledged cash Collaterals	
Derivative financial liabilities	\$ 5,867,385	-	5,867,385	-	-	5,867,385
Repurchase agreements	10,258,906	-	10,258,906	10,258,906	-	-
<b>Total</b>	<b>\$ 16,126,291</b>	<b>-</b>	<b>16,126,291</b>	<b>10,258,906</b>	<b>-</b>	<b>5,867,385</b>

Note: Including netting settlement agreement and non-cash financial collaterals.

(aj) Structured entities

Unconsolidated structured entities

- (i) The Group holds the following types of equity of unconsolidated structured entities. The fund was derived from the Group and an outside third-party.

Types of structured entity	Characteristic and purpose	Equity owned by the Group
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset-backed securities issued by the entity

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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- (ii) As of June 30, 2023, December 31 and June 30, 2022, the carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

<b>June 30, 2023</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss – current	<b>\$ <u>355,529</u></b>
<b>December 31, 2022 (Restated)</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss – current	<b>\$ <u>377,004</u></b>
<b>June 30, 2022 (Restated)</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss – current	<b>\$ <u>394,422</u></b>

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

- (iii) For the six months ended June 30, 2023 and 2022, the Group did not offer any financial support to those unconsolidated private investment funds and asset securitization products.
- (ak) Capital management
- (i) Capital adequacy ratio

The Group sets objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, and to protect the interests of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities. The Company calculates and declares the capital adequacy ratio in accordance with the Regulations Governing Securities Firms.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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The capital adequacy ratios that the Company declared to the authorities were as follows (expressed in millions of TWD):

	<b>June 30, 2023</b>	<b>December 31, 2022 (Note)</b>	<b>June 30, 2022 (Note)</b>
Net amount of eligible regulatory capital	\$ <u>39,620</u>	<u>25,278</u>	<u>23,435</u>
Overall risk equivalent	\$ <u>12,060</u>	<u>6,998</u>	<u>8,444</u>
Regulatory capital adequacy ratio	<u>329 %</u>	<u>361 %</u>	<u>278 %</u>

- 1) Capital adequacy ratio = Net amount of eligible regulatory capital/Overall risk equivalent
- 2) Net amount of eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital – Deductions.
- 3) Overall risk equivalent = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operational risk.

Note: The information as of December 31 and June 30, 2022, did not include JihSun Securities. The information of JihSun Securities was as follows.

	<b>December 31, 2022 (Note)</b>	<b>June 30, 2022 (Note)</b>
Net amount of eligible regulatory capital	\$ <u>23,397</u>	<u>22,120</u>
Overall risk equivalent	\$ <u>3,817</u>	<u>4,555</u>
Regulatory capital adequacy ratio	<u>613 %</u>	<u>486 %</u>

(ii) Capital adequacy ratio management

When executing the stress tests for the capital adequacy ratio, the Risk Management Department sets situations and events based on market fluctuations and changes in interest rates, and predictions regarding the financial environment and the overall economy. When the results of the stress tests reach the limit, the Risk Management Department will implement the procedures below:

- 1) Evaluate the impact on capital adequacy from the occurrence of the situations and events.
- 2) Identify the factor in the situation or event which has the greatest impact on the capital adequacy ratio.
- 3) Evaluate strategies to cope with the situation or event.
- 4) Report to top management, adjust the allocation of the risk-weighted assets, or execute a capital replenishment plan.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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## (al) Others

The significant foreign currency financial assets and financial liabilities were as follows:

	June 30, 2023			December 31, 2022 (Restated)			June 30, 2022 (Restated)		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial assets:									
Monetary items:									
USD	966,244	31.1523	30,100,712	1,019,319	30.7233	31,316,853	822,505	29.7288	24,452,075
HKD	74,642	3.9760	296,777	177,131	3.9395	697,808	154,557	3.7896	585,711
EUR	158	33.7674	5,334	6,841	32.7552	224,082	583	31.0265	18,100
JPY	28,737	0.2152	6,184	112,145	0.2331	26,141	127,278	0.2181	27,759
GBP	54	39.3167	2,133	53	37.0136	1,979	143	36.0806	5,147
CNY	13,340	4.2789	57,081	18,355	4.4134	81,010	17,850	4.4365	79,191
Non-monetary items:									
USD	672,690	31.1523	20,955,830	201,428	30.7233	6,188,528	218,054	29.7288	6,482,495
EUR	15	33.7674	491	36	32.7552	1,171	8	31.0265	248
HKD	60,592	3.9760	240,911	2,095	3.9395	8,252	42,324	3.7896	160,391
JPY	22,873	0.2152	4,922	14,052	0.2331	3,275	7,047	0.2181	1,537
Financial liabilities:									
Monetary items:									
USD	25,000	31.1523	778,808	51,257	30.7233	1,574,778	79,771	29.7288	2,371,502
HKD	-	-	-	24,207	3.9395	95,364	23,516	3.7896	89,118
EUR	-	-	-	6,615	32.7552	216,668	292	31.0265	9,070
JPY	-	-	-	53,367	0.2331	12,440	40,682	0.2181	8,873
GBP	-	-	-	51	37.0136	1,869	54	36.0806	1,954
CNY	-	-	-	1,331	4.4134	5,876	517	4.4365	2,294
Non-monetary items:									
USD	1,549,865	31.1523	48,281,853	1,058,977	30.7233	32,535,281	839,097	29.7288	24,945,364

Because the Group has various kinds of functional currency, it uses the way of summarization to disclose the information on exchange gains or losses from monetary items. For the three months and six months ended June 30, 2023 and 2022 (restated), the exchange gains (losses), including realized and unrealized, amounted to \$2,709, \$52,255, \$11,156 and \$197,478, respectively.

## (7) Related-party transactions

## (a) Names and relationships of related parties

Name of related party	Relationship
Fubon Financial Holding Co., Ltd. (Fubon Financial Holding)	Parent company of the Company
Fubon Insurance Co., Ltd. (Fubon Insurance)	Subsidiary of Fubon Financial Holding
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Subsidiary of Fubon Financial Holding
Taipei Fubon Commercial Bank Co., Ltd. (Taipei Fubon Bank)	Subsidiary of Fubon Financial Holding
Fubon Bank (Hong Kong) Limited (Fubon Bank (HK))	Subsidiary of Fubon Financial Holding

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
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<u>Name of related party</u>	<u>Relationship</u>
Fubon Asset Management Co., Ltd (Fubon Asset Management)	Subsidiary of Fubon Financial Holding
Fubon Sports & Entertainment Co., Ltd. (Fubon Sports & Entertainment)	Sub-subsidiary of Fubon Financial Holding
Fubon Fund Management (Hong Kong) Limited (Fubon Fund Management (HK))	Sub-subsidiary of Fubon Financial Holding
Chung Hsing Construction Co., Ltd. (Chung Hsing Construction)	A major stockholder of Fubon Financial Holding
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern International Bank)	Related parties in substance
Taiwan Stock Exchange Co., Ltd. (TWSE)	Related parties in substance
Taiwan Futures Exchange Co., Ltd. (Taifex)	Related parties in substance
Taipei Exchange (TPEX)	Related parties in substance
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Related parties in substance
MediaTek Inc. (MTK)	Related parties in substance
Synnex Technology International Corporation (SYNNEX)	Related parties in substance
Chang Wah Electromaterials Inc. (CWE)	Related parties in substance
Airoha Technology Corp. (AIROHA)	Related parties in substance
Advanced Echem Materials Co., Ltd. (eChem)	Related parties in substance
CHO Pharma, Inc. (CHO)	Related parties in substance
Hui Yang Venture Capital Co., Ltd. (Hui Yang Venture Capital)	Related parties in substance
Fubon Charity Foundation	Related parties in substance
CTBC Securities Co., Ltd.	Related parties in substance
Taiwan Business Bank, Ltd. (Taiwan Business Bank)	Related parties in substance
Funds managed by Fubon Asset Management	Related parties in substance
Funds managed by JihSun Investment Trust	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and the related parties in substance

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(b) Compensation to executive officers

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
Salaries and other short-term employee benefits	\$ 54,584	54,110	141,895	133,736
Post-employment benefits	7,575	1,164	9,372	2,392
Other long-term employee benefits	731	305	1,143	649
	<b><u>\$ 62,890</u></b>	<b><u>55,579</u></b>	<b><u>152,410</u></b>	<b><u>136,777</u></b>

(c) Significant transactions with related parties

1) Bank deposits, short-term borrowings, and other current assets.

Cash deposited in Taipei Fubon Bank and Fubon Bank (HK) was as follows:

	<b>June 30, 2023</b>		<b>December 31, 2022 (Restated)</b>		<b>June 30, 2022 (Restated)</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Demand deposits (excluding settlement accounts)	<b><u>\$ 1,885,119</u></b>	<b><u>65.62</u></b>	<b><u>2,718,090</u></b>	<b><u>69.11</u></b>	<b><u>2,693,328</u></b>	<b><u>62.14</u></b>
Demand deposits (recognized as customer margin accounts)	<b><u>\$ 249,553</u></b>	<b><u>12.59</u></b>	<b><u>547,319</u></b>	<b><u>6.42</u></b>	<b><u>1,431,710</u></b>	<b><u>12.43</u></b>
Checking account	<b><u>\$ 395,911</u></b>	<b><u>112.20</u></b>	<b><u>96,360</u></b>	<b><u>76.81</u></b>	<b><u>71,998</u></b>	<b><u>45.64</u></b>
Time deposits	<b><u>\$ 470,000</u></b>	<b><u>23.59</u></b>	<b><u>2,935,600</u></b>	<b><u>53.56</u></b>	<b><u>941,400</u></b>	<b><u>29.46</u></b>
Restricted time deposits	<b><u>\$ 170,000</u></b>	<b><u>100.00</u></b>	<b><u>204,000</u></b>	<b><u>100.00</u></b>	<b><u>144,000</u></b>	<b><u>100.00</u></b>
Foreign currency deposits (excluding settlement accounts)	<b><u>\$ 191,650</u></b>	<b><u>0.64</u></b>	<b><u>339,188</u></b>	<b><u>1.15</u></b>	<b><u>521,285</u></b>	<b><u>2.35</u></b>
Foreign time deposits	<b><u>\$ 13,389,975</u></b>	<b><u>100.00</u></b>	<b><u>14,098,558</u></b>	<b><u>100.00</u></b>	<b><u>9,470,500</u></b>	<b><u>100.00</u></b>

As of June 30, 2023, December 31 and June 30, 2022, the Group had bank deposits in Far Eastern International Bank and Taiwan Business Bank of \$277, \$440,400 and \$1,895,719, respectively.

As of June 30, 2023, December 31 and June 30, 2022, the Group had provided time deposits in Taipei Fubon Bank as operating deposits and warrant deposits amounted to \$1,110,000, \$790,000 and \$790,000, respectively.

These were no balances of short-term borrowings from Taipei Fubon Bank as of June 30, 2023, December 31 and June 30, 2022, and unused credit facilities from Taipei Fubon Bank amounted to \$6,000,000. As of June 30, 2023, December 31 and June 30, 2022, the carrying value of land and buildings pledged to Taipei Fubon Bank were \$1,418,911, \$1,423,429 and \$1,441,978, respectively, and time deposits pledged to Taipei Fubon Bank for short-term borrowing were all \$170,000. The Group also provided stock investments amounting to \$6,926,604, \$8,065,938 and \$11,635,324 (recognized as financial assets measured at fair value through other comprehensive income) to Taipei Fubon Bank as collateral for short-term borrowings and overdrafts as of June 30, 2023, December 31 and June 30, 2022, respectively.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Interest income from bank deposits was as follows:

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Taipei Fubon Bank	\$ 244,133	22,342	376,889	35,930
Far Eastern International Bank	1	2,074	1	2,766
Others	538	-	1,902	2
Interest rate range			<u>0.22~5.39</u>	<u>0.135~2.45</u>

- 2) The Group has bought the following funds managed by related parties:

<u>Name of related party</u>	December 31,		
	June 30, 2023	2022 (Restated)	June 30, 2022 (Restated)
Funds managed by Fubon Asset Management	\$ 65,424	47,480	80,577
Others (no individual related party accounts for more than \$10,000)	-	-	8,758
	<u>\$ 65,424</u>	<u>47,480</u>	<u>89,335</u>

- 3) Operating securities— dealing (recognized as financial assets measured at fair value through profit or loss— current)

The details of related parties' securities held by the Group were as follows:

<u>Name of securities</u>	June 30, 2023	
	Cost	Gains (losses) on valuation
Funds managed by Fubon Asset Management	\$ 1,148,529	36,481
Fubon REIT I Fund	243,380	112,149
eChem	38,877	39,366
Others (no individual related party accounts for more than \$10,000)	56,142	(688)
Total	<u>\$ 1,486,928</u>	<u>187,308</u>

(Continued)



**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of securities</u>	<b>December 31, 2022 (Restated)</b>	
	<u>Cost</u>	<u>Gain (loss) on valuation</u>
Funds managed by Fubon Asset Management	\$ 806,699	304
Fubon REIT I Fund	243,380	133,624
eChem	30,625	28,490
MTK	16,062	(392)
Others (no individual related party accounts for more than \$10,000)	<u>25,540</u>	<u>850</u>
<b>Total</b>	<b>\$ <u>1,122,306</u></b>	<b><u>162,876</u></b>

  

<u>Name of securities</u>	<b>June 30, 2022 (Restated)</b>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
Funds managed by Fubon Asset Management	\$ 678,800	(14,798)
eChem	55,676	38,479
Fubon REIT I Fund	243,380	151,042
MTK	118,535	(31,372)
AIROHA	47,187	2,740
Others (no individual related party accounts for more than \$10,000)	<u>15,223</u>	<u>(209)</u>
<b>Total</b>	<b>\$ <u>1,158,801</u></b>	<b><u>145,882</u></b>

  

<u>Name of securities</u>	<b>For the three months ended June 30, 2023</b>	
	<u>Dividend revenue</u>	<u>Gain (loss) on disposal</u>
Funds managed by Fubon Asset Management	\$ 5,340	31,778
eChem	-	14,578
Others (no individual related party accounts for more than \$10,000)	<u>362</u>	<u>5,348</u>
<b>Total</b>	<b>\$ <u>5,702</u></b>	<b><u>51,704</u></b>

  

<u>Name of securities</u>	<b>For the three months ended June 30, 2022 (Restated)</b>	
	<u>Dividend revenue</u>	<u>Gain (loss) on disposal</u>
Funds managed by Fubon Asset Management	\$ 3,260	(84,832)
MTK	13,472	(11,121)
CHO	-	10,599
eChem	-	15,912
Others (no individual related party accounts for more than \$10,000)	<u>202</u>	<u>3,349</u>
<b>Total</b>	<b>\$ <u>16,934</u></b>	<b><u>(66,093)</u></b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of securities</u>	<b>For the six months ended June 30, 2023</b>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Funds managed by Fubon Asset Management	\$ 6,151	106,938
eChem	-	20,230
Others (no individual related party accounts for more than \$10,000)	<u>362</u>	<u>18,741</u>
<b>Total</b>	<b><u>\$ 6,513</u></b>	<b><u>145,909</u></b>

  

<u>Name of securities</u>	<b>For the six months ended June 30, 2022 (Restated)</b>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Funds managed by Fubon Asset Management	\$ 3,440	(102,305)
MTK	13,472	(11,106)
CHO	-	31,351
eChem	-	27,745
Others (no individual related party accounts for more than \$10,000)	<u>202</u>	<u>7,365</u>
<b>Total</b>	<b><u>\$ 17,114</u></b>	<b><u>(46,950)</u></b>

For the three months and six months ended June 30, 2023 and 2022, the interest revenue arise from operating securities— others were \$9,544, \$11,465, \$9,544 and \$11,465, respectively.

- 4) Operating securities— underwriting (recognized as financial assets measured at fair value through profit or loss— current)

The details of related parties' securities held by the Group were as follows:

<u>Name of securities</u>	<b>For the three months ended June 30, 2023</b>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	<u>\$ -</u>	<u>1,680</u>

  

<u>Name of securities</u>	<b>For the three months ended June 30, 2022 (Restated)</b>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	<u>\$ -</u>	<u>-</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of securities</u>	<u>For the six months ended June 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	\$ -	1,680

  

<u>Name of securities</u>	<u>For the six months ended June 30, 2022 (Restated)</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	\$ -	1,070

- 5) Operating securities—hedging (recognized as financial assets measured at fair value through profit or loss—current)

The details of related parties' securities held by the Group were as follows:

<u>Name of securities</u>	<u>June 30, 2023</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
CWE	\$ 52,474	(1,174)
Others (no individual related party accounts for more than \$10,000)	11,207	202
Total	\$ <u>63,681</u>	<u>(972)</u>

  

<u>Name of securities</u>	<u>December 31, 2022 (Restated)</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
MTK	\$ 38,084	(2,201)
Others (no individual related party accounts for more than \$10,000)	23,883	1,056
Total	\$ <u>61,967</u>	<u>(1,145)</u>

  

<u>Name of securities</u>	<u>June 30, 2022 (Restated)</u>	
	<u>Cost</u>	<u>Gains (losses) on valuation</u>
MTK	\$ 352,875	(21,035)
Others (no individual related party accounts for more than \$10,000)	7,280	(624)
Total	\$ <u>360,155</u>	<u>(21,659)</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of securities</u>	<u>For the three months ended June 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gain (loss) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	\$ -	(6,914)
<u>Name of securities</u>	<u>For the three months ended June 30, 2022</u>	
	<u>Dividend revenue</u>	<u>Gain (loss) on disposal</u>
MTK	\$ 34,440	(97,432)
Others (no individual related party accounts for more than \$10,000)	-	(790)
Total	\$ 34,440	(98,222)
<u>Name of securities</u>	<u>For the six months ended June 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
Others (no individual related party accounts for more than \$10,000)	\$ -	6,969
<u>Name of securities</u>	<u>For the six months ended June 30, 2022 (Restated)</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal</u>
MTK	\$ 34,440	(119,874)
Others (no individual related party accounts for more than \$10,000)	-	(3,046)
Total	\$ 34,440	(122,920)

6) Financial assets measured at fair value through other comprehensive income – current

The details of related parties' shares held by the Group were as follows:

<u>Name of securities</u>	<u>June 30, 2023</u>		
	<u>Cost</u>	<u>Shares</u>	<u>Gain (loss) on valuation</u>
Taiwan Mobile	\$ 1,428,277	17,242	220,059
SYNNEX	430,943	6,594	(48,491)
Total	\$ 1,859,220	23,836	171,568
<u>Name of securities</u>	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Shares</u>	<u>Gain (loss) on valuation</u>
Taiwan Mobile	\$ 1,428,277	17,242	204,541

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

June 30, 2022			
Name of securities	Cost	Shares	Gain (loss) on valuation
Taiwan Mobile	\$ 1,428,277	17,242	433,860
<b>For the three months ended June 30, 2023</b>			
Name of securities	Dividend revenue	Gains (losses) on disposal	
Taiwan Mobile	\$ 74,141	-	
SYNNEX	25,900	(11,495)	
Others (no individual related party accounts for more than \$10,000)	-	(6,678)	
Total	\$ 100,041	(18,173)	
<b>For the six months ended June 30, 2023</b>			
Name of securities	Dividend revenue	Gains (losses) on disposal	
Taiwan Mobile	\$ 74,141	-	
SYNNEX	25,900	(11,495)	
Others (no individual related party accounts for more than \$10,000)	-	(6,678)	
Total	\$ 100,041	(18,173)	

7) Derivative financial instrument transaction

June 30, 2023					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.07.11~2023.07.13	300,000	CCS contract value (liabilities)	447
December 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.01.09~2023.02.27	\$ 1,500,000	CCS contract value (assets)	275
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.07.11~2023.07.13	300,000	CCS contract value (liabilities)	946
CTBC Securities Co., Ltd.	IRS Portion of Asset Swap	2022.11.01~2025.11.22	75,000	IRS Portion of Asset Swap (liabilities)	6,210
June 30, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.01.09~2023.07.13	1,800,000	CCS contract value (liabilities)	5,101
CTBC Securities Co., Ltd.	IRS Portion of Asset Swap	2019.11.05~2022.10.29	20,000	IRS Portion of Asset Swap (liabilities)	170

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 8) Bond transaction  
a) Bond sold

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Fubon Financial Holding	\$ -	-	-	99,859
Funds managed by JihSun Investment Trust	-	-	-	50,473
Taipeo Fubon Bank	-	-	-	204,500
<b>Total</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>354,832</b>

- 9) Customer margin account

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
	Taifex	\$ <u>5,839,785</u>	<u>5,333,417</u>

- 10) Accounts receivable

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
	Funds managed by Fubon Asset Management	\$ 23,671	6,705
Fubon Life Insurance	12,350	50	50
MTK	-	-	33,082
Others (no individual related party accounts for more than \$10,000)	17,610	11,591	17,394
<b>Total</b>	<b>\$ <u>53,631</u></b>	<b><u>18,346</u></b>	<b><u>116,480</u></b>

- 11) Other receivables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
	Taipei Fubon Bank	\$ 188,049	98,001
Fubon Life Insurance	16,232	9,890	22,732
Taifex	97,370	4,762	95,310
Others (no individual related party accounts for more than \$10,000)	4,995	4,583	4,310
<b>Total</b>	<b>\$ <u>306,646</u></b>	<b><u>117,236</u></b>	<b><u>213,385</u></b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## 12) Other Prepayments

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Others (no individual related party accounts for more than \$10,000)	\$ <u>12,665</u>	<u>5,018</u>	<u>10,037</u>

## 13) Margin deposits for borrowed securities (recognized as margin deposits for borrowed securities)

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
TWSE	\$ <u>-</u>	<u>769,560</u>	<u>1,356,721</u>

## 14) Settlement and clearing funds (recognized as other non-current assets)

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
TWSE	\$ 238,462	186,365	187,461
Taifex	179,380	219,833	229,760
TPEX	<u>122,807</u>	<u>155,120</u>	<u>155,120</u>
Total	<u>\$ 540,649</u>	<u>561,318</u>	<u>572,341</u>

## 15) Refundable deposits (recognized as other non-current assets)

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
TWSE	\$ 10,846	2,400	11,040
TPEX	53,000	56,206	200,506
Others (no individual related party accounts for more than \$10,000)	<u>19,171</u>	<u>26,958</u>	<u>20,404</u>
Total	<u>\$ 83,017</u>	<u>85,564</u>	<u>231,950</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## 16) Futures traders' equity

Related parties' deposits for initial and maintenance margins for futures trading were as follows:

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Taipei Fubon Bank	\$ 558,836	544,065	416,379
Fund managed by Fubon Asset Management	5,459,052	4,459,397	6,037,793
Total	<u>\$ 6,017,888</u>	<u>5,003,462</u>	<u>6,454,172</u>

## 17) Deal on credit

As of June 30, 2023, December 31 and June 30, 2022, the Group had receivables from the other related parties' pecuniary finance as well as securities borrowing and lending amounted to \$131,525, \$287,108 and \$106,768, respectively.

## 18) Notes and accounts payable

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Taifex	\$ 25,002	28,443	36,554
TWSE	-	12,910	15,268
Others (no individual related party accounts for more than \$10,000)	188	5,462	5,461
Total	<u>\$ 25,190</u>	<u>46,815</u>	<u>57,283</u>

## 19) Other payables

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Taipei Fubon Bank	\$ 51,155	17,577	25,201
TWSE	57,886	25,632	30,581
TPEX	17,330	8,959	8,809
Others (no individual related party accounts for more than \$10,000)	23,770	20,360	39,002
Total	<u>\$ 150,141</u>	<u>72,528</u>	<u>103,593</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

20) Receipts under custody (recognized as other current liabilities)

<u>Name of related party</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Fubon Fund Management (HK)	\$ 5,164	1,218	19,588
Others (no individual related party accounts for more than \$10,000)	<u>1,957</u>	<u>2,622</u>	<u>986</u>
Total	<u>\$ 7,121</u>	<u>3,840</u>	<u>20,574</u>

21) Current tax liabilities

The Company has designated Fubon Financial Holding as the taxpayer to file a combined corporate income tax return starting from the year 2002. As of June 30, 2023, December 31 and June 30, 2022, current tax liabilities of the Company were \$501,866, \$814,780 and \$560,764, respectively.

22) Brokerage commission (recognized as brokerage handling fee revenue)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Fubon Life Insurance	\$ 31,273	19,638	54,320	49,325
Taipei Fubon Bank	21,297	14,946	41,753	29,160
Funds managed by Fubon Asset Management	24,183	28,713	37,095	59,519
Others (no individual related party accounts for more than \$10,000)	<u>2,375</u>	<u>16,717</u>	<u>5,088</u>	<u>31,307</u>
Total	<u>\$ 79,128</u>	<u>80,014</u>	<u>138,256</u>	<u>169,311</u>

23) Revenue from underwriting business

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Fubon Financial Holding	\$ 9,800	5,500	19,300	5,500
Fubon Asset Management	25,789	35,455	43,982	35,498
Others (no individual related party accounts for more than \$10,000)	<u>2,403</u>	<u>5,853</u>	<u>14,068</u>	<u>6,380</u>
Total	<u>\$ 37,992</u>	<u>46,808</u>	<u>77,350</u>	<u>47,378</u>

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 24) Revenue from providing agency service for stock affairs

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Fubon Financial Holding	\$ 8,887	14,520	16,959	28,957
Others (no individual related party accounts for more than \$10,000)	<u>2,492</u>	<u>2,484</u>	<u>4,639</u>	<u>4,714</u>
Total	<u>\$ 11,379</u>	<u>17,004</u>	<u>21,598</u>	<u>33,671</u>

- 25) Expenses arising from issuance of call (put) warrants (recognized as gains (losses) from issuance of call (put) warrants)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
TWSE	\$ 20,399	18,002	35,108	47,795
Others (no individual related party accounts for more than \$10,000)	<u>4,579</u>	<u>2,274</u>	<u>8,217</u>	<u>6,762</u>
Total	<u>\$ 24,978</u>	<u>20,276</u>	<u>43,325</u>	<u>54,557</u>

- 26) Dividend income (recognized as other gains and losses)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Taifex	\$ 62,783	93,050	62,783	93,050
Hui Yang Venture Capital	-	18,592	-	18,592
Others (no individual related party accounts for more than \$10,000)	<u>9,992</u>	<u>2</u>	<u>9,996</u>	<u>5</u>
Total	<u>\$ 72,775</u>	<u>111,644</u>	<u>72,779</u>	<u>111,647</u>

- 27) Facility rental revenue (recognized as other gains and losses)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Taipei Fubon Bank	<u>\$ 185,864</u>	<u>146,586</u>	<u>280,802</u>	<u>304,770</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 28) Financial revenue (recognized as other gains and losses)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Others (no individual related party accounts for more than \$10,000)	\$ <u>4,730</u>	<u>417</u>	<u>10,832</u>	<u>2,466</u>

- 29) Cross-selling revenue (recognized as other gains and losses)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Fubon Life Insurance	\$ 23,659	14,188	37,990	51,080
Taipei Fubon Bank	11,159	9,485	13,484	20,267
Others (no individual related party accounts for more than \$10,000)	<u>1,558</u>	<u>1,530</u>	<u>2,819</u>	<u>3,295</u>
Total	\$ <u>36,376</u>	<u>25,203</u>	<u>54,293</u>	<u>74,642</u>

- 30) Cross-selling expense (recognized as other gains and losses)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
Taipei Fubon Bank	\$ 60,232	28,146	104,869	73,754
Others (no individual related party accounts for more than \$10,000)	<u>775</u>	<u>765</u>	<u>880</u>	<u>1,296</u>
Total	\$ <u>61,007</u>	<u>28,911</u>	<u>105,749</u>	<u>75,050</u>

- 31) Brokerage handling fee expense (recognized as brokerage handling fee expense and proprietary handling fee expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2022</u>		<u>2022</u>	
	<u>2023</u>	<u>(Restated)</u>	<u>2023</u>	<u>(Restated)</u>
TWSE	\$ 128,448	125,625	226,488	284,169
Taifex	40,801	59,909	83,781	118,703
TPEX	<u>46,445</u>	<u>42,996</u>	<u>86,308</u>	<u>88,410</u>
Total	\$ <u>215,694</u>	<u>228,530</u>	<u>396,577</u>	<u>491,282</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## 32) Financial Cost

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Asset Management	\$ 3,962	-	10,076	-
Others (no individual related party accounts for more than \$10,000)	1,977	367	3,264	383
Total	<u>\$ 5,939</u>	<u>367</u>	<u>13,340</u>	<u>383</u>

## 33) Settlement service fee expense

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
Taifex	<u>\$ 29,268</u>	<u>45,056</u>	<u>59,798</u>	<u>85,920</u>

## 34) Stock borrowing fees (recognized as other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ 8,705	2,506	19,312	3,706
Others (no individual related party accounts for more than \$10,000)	1,448	4,157	2,324	7,295
Total	<u>\$ 10,153</u>	<u>6,663</u>	<u>21,636</u>	<u>11,001</u>

## 35) Information technology expense (recognized as other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022 (Restated)</u>	<u>2023</u>	<u>2022 (Restated)</u>
TWSE	\$ 11,344	13,659	16,990	26,525
Others (no individual related party accounts for more than \$10,000)	5,957	7,565	10,073	15,563
Total	<u>\$ 17,301</u>	<u>21,224</u>	<u>27,063</u>	<u>42,088</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- 36) Insurance expense (recognized as employee benefit expense and other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Fubon Life Insurance	\$ 9,339	5,602	15,150	11,195
Others (no individual related party accounts for more than \$10,000)	<u>6,281</u>	<u>3,026</u>	<u>9,172</u>	<u>8,453</u>
Total	<u>\$ 15,620</u>	<u>8,628</u>	<u>24,322</u>	<u>19,648</u>

- 37) Rental expense (recognized as other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2022		2022	
	2023	(Restated)	2023	(Restated)
Others (no individual related party accounts for more than \$10,000)	<u>\$ 9,203</u>	<u>13,428</u>	<u>15,287</u>	<u>13,757</u>

The calculation of rent between the Group and related parties was based on market price, and paid monthly.

- 38) Advertisement expense (recognized as other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
	Fubon Sports & Entertainment	\$ 10,355	5,598	16,407
Others (no individual related party accounts for more than \$10,000)	<u>-</u>	<u>30</u>	<u>200</u>	<u>114</u>
Total	<u>\$ 10,355</u>	<u>5,628</u>	<u>16,607</u>	<u>11,127</u>

- 39) Donations (recognized as other operating expense)

<u>Name of related party</u>	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	2023	2022	2023	2022
	Others (no individual related party accounts for more than \$10,000)	<u>\$ 7,388</u>	<u>3,198</u>	<u>11,062</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

40) Right-of-use assets and lease liabilities

<u>Name of related party</u>	<u>Right-of-use Asset</u>		
	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Taipei Fubon Bank	\$ 52,234	71,589	103,506
Taiwan Fixed Network	806	1,034	1,266
Chung Hsing Construction	4,740	10,958	17,278
Ming-Dong Industrial	15,394	1,769	4,481
Fubon Charity Foundation	494	1,935	3,400
Fubon REIT I Fund	32,487	40,793	50,049
Fubon REIT II Fund	9,860	14,032	18,273
Fubon Life Insurance	46,355	42,994	9,154
Fubon Insurance	34,659	30,237	19,676
<b>Total</b>	<b>\$ <u>197,029</u></b>	<b><u>215,341</u></b>	<b><u>227,083</u></b>

  

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Taipei Fubon Bank	\$ 53,187	73,910	106,505
Taiwan Fixed Network	828	1,059	1,289
Chung Hsing Construction	4,417	10,877	17,219
Ming-Dong Industrial	15,441	1,891	4,684
Fubon Charity Foundation	509	2,019	3,502
Fubon REIT I Fund	33,165	41,365	50,257
Fubon REIT II Fund	10,128	14,348	18,488
Fubon Life Insurance	47,082	43,331	9,558
Fubon Insurance	35,194	30,564	19,976
<b>Total</b>	<b>\$ <u>199,951</u></b>	<b><u>219,364</u></b>	<b><u>231,478</u></b>

41) Other transactions with related parties with amounts not exceeding \$10 million were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
	Assets and liabilities:		
Performance bond of ETNs	\$ 1,500	3,000	3,000
Deposits received	2,729	2,474	2,474
Others (no individual related items for more than \$2,000)	2,008	1,975	1,949
<b>Total</b>	<b>\$ <u>6,237</u></b>	<b><u>7,449</u></b>	<b><u>7,423</u></b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
Revenue:				
Rental revenue	\$ 4,851	1,876	6,894	8,277
Other operating revenue	556	1,721	1,416	2,531
Revenues from wealth management business	1,187	1,207	2,273	2,724
Revenues from securities advisory service	540	1,620	1,620	2,170
Others (no individual item accounts for more than \$2,000)	77	672	148	1,733
Total	<b>\$ 7,211</b>	<b>7,096</b>	<b>12,351</b>	<b>17,435</b>
	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2022</b>		<b>2022</b>	
	<b>2023</b>	<b>(Restated)</b>	<b>2023</b>	<b>(Restated)</b>
Expense:				
Incidental expenses	\$ 3,787	2,360	5,190	5,358
Management fees	2,649	2,386	5,261	4,881
Postage expenses	5,385	5,243	9,166	10,183
Association service charge	-	4,504	-	7,900
Other operating expense	3,468	4,112	8,448	9,755
Others (no individual item accounts for more than \$2,000)	2,946	5,691	6,571	11,303
Total	<b>\$ 18,235</b>	<b>24,296</b>	<b>34,636</b>	<b>49,380</b>

The price and payment terms of related-party transactions mentioned above are not significantly different from those of non-related parties.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged object</u>	<u>June 30, 2023</u>	<u>December 31, 2022 (Restated)</u>	<u>June 30, 2022 (Restated)</u>
Time deposits (accounted for other current assets)	Bank loan and overdraft	\$ 170,000	254,037	204,018
Stocks (accounted for financial assets measured at fair value through other comprehensive income – current)	Bank loan	1,625,200	1,609,900	3,328,984
Stocks (accounted for financial assets measured at fair value through other comprehensive income – non-current)	Bank loan	5,301,404	6,456,038	8,479,824
Bonds (accounted for financial assets measured at fair value through other comprehensive income – current)	Reserves for trust business	49,738	49,570	49,618
Bonds (accounted for financial assets measured at fair value through other comprehensive income – current)	Guarantee for bond business	49,738	49,570	49,617
Property and equipment – land and buildings	Bank loan	1,491,655	2,792,010	2,889,605
Investment property – land and buildings	Bank loan	690,030	813,743	811,775
		<u>\$ 9,377,765</u>	<u>12,024,868</u>	<u>15,813,441</u>

**(9) Commitments and contingencies: None**

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

(Continued)



**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other**

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function	For the three months ended June 30, 2023			For the three months ended June 30, 2022 (Restated)		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits expense:						
Wage and salaries	\$ -	1,287,522	1,287,522	-	1,205,564	1,205,564
Insurance expense	-	82,502	82,502	-	91,425	91,425
Pension expense	-	43,969	43,969	-	53,828	53,828
Directors' remuneration	-	5,001	5,001	-	402	402
Other employee benefits	-	32,096	32,096	-	31,209	31,209
Depreciation expense	-	117,814	117,814	-	126,046	126,046
Amortization expense	-	44,392	44,392	-	36,700	36,700

By function	For the six months ended June 30 2023			For the six months ended June 30 2022 (Restated)		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits expense:						
Wage and salaries	\$ -	2,407,821	2,407,821	-	2,487,728	2,487,728
Insurance expense	-	168,729	168,729	-	188,245	188,245
Pension expense	-	91,738	91,738	-	117,012	117,012
Directors' remuneration	-	15,154	15,154	-	20,148	20,148
Other employee benefits	-	60,511	60,511	-	63,232	63,232
Depreciation expense	-	233,709	233,709	-	251,650	251,650
Amortization expense	-	85,481	85,481	-	71,881	71,881

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Legal compliance

- (i) In accordance with an SFB ruling, there are certain standards for financial ratios as prescribed by the RGFCM. The Company's financial ratios were as follows:

Rule	Formula	June 30 2023		June 30 2022 (Note 1)		Standard	Within the standard
		Calculation	Ratio	Calculation	Ratio		
No. 17	Stockholders' equity	381,823	519.37	380,791	347.79	≥ 1	Satisfactory
	Total liabilities - futures traders' equity	735		1,095			
No. 17	Current assets	1,626,572	-	1,321,316	3,673.06	≥ 1	Satisfactory
	Current liabilities	-		360			
No. 22	Stockholders' equity	381,823	95.46 %	380,791	95.20 %	≥ 60%	Satisfactory
	Minimum paid-in capital	400,000		400,000			
No. 22	Adjusted net working capital	1,197,278	216.63 %	1,136,158	294.77 %	≥ 20%	Satisfactory
	Customer margin required	552,687		385,441			

Note 1: The abovementioned information did not include JihSun Securities, the information of JihSun Securities was as follows.

Rule	Formula	June 30 2022		Standard	Within the standard
		Calculation	Ratio		
No. 17	Stockholders' equity	1,513,314	12.55	≥ 1	Satisfactory
	Total liabilities - futures traders' equity	120,590			
No. 17	Current assets	1,603,849	5,400.17	≥ 1	Satisfactory
	Current liabilities	297			
No. 22	Stockholders' equity	1,513,314	378.00 %	≥ 60%	Satisfactory
	Minimum paid-in capital	400,000			
No. 22	Adjusted net working capital	1,510,128	73,165.00 %	≥ 20%	Satisfactory
	Customer margin required	2,064			

- (ii) In accordance with an SFB ruling, there are certain standards for financial ratios as prescribed by the RGFCM. Financial ratios of Fubon Futures Co., Ltd. were as follows:

Rule	Formula	June 30 2023		June 30 2022 (Note 2)		Standard	Within the standard
		Calculation	Ratio	Calculation	Ratio		
No. 17	Stockholders' equity	3,417,076	11.94	2,140,255	11.13	≥ 1	Satisfactory
	Total liabilities - futures traders' equity	286,192		192,366			
No. 17	Current assets	33,600,099	1.06	32,787,624	1.05	≥ 1	Satisfactory
	Current liabilities	31,753,359		31,190,849			
No. 22	Stockholders' equity	3,417,076	569.51 %	2,140,255	356.71 %	≥ 60%	Satisfactory
	Minimum paid-in capital	600,000		600,000			
No. 22	Adjusted net working capital	3,138,240	45.83 %	1,882,902	40.42 %	≥ 20%	Satisfactory
	Customer margin required	6,847,530		4,657,901			

Note 2: The abovementioned information did not include JihSun Futures, the information of JihSun Futures was as follows.

Rule	Formula	June 30 2022		Standard	Within the standard
		Calculation	Ratio		
No. 17	Stockholders' equity	2,306,445	11.47	≥ 1	Satisfactory
	Total liabilities - futures traders' equity	201,136			
No. 17	Current assets	10,277,934	1.15	≥ 1	Satisfactory
	Current liabilities	8,977,490			
No. 22	Stockholders' equity	2,306,445	329.00 %	≥ 60%	Satisfactory
	Minimum paid-in capital	700,000			
No. 22	Adjusted net working capital	2,131,141	132.00 %	≥ 20%	Satisfactory
	Customer margin required	1,612,572			

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Special risk of futures brokering business

Future trading with low margins provides greater financial leverage. Although there is potential to produce large profits, it is equally possible to generate huge losses. When the market trend is unfavorable, futures commission merchants (FCMs) can ask customers for extra funds in order to maintain the margin balance. If customers cannot provide extra margins in a given period, FCMs have the right to settle the futures contracts on behalf of the customers. If there are losses after settlement, customers must reimburse the Company for the losses after netting the margin. If the futures market trend deviates from customers' expectations, original margins can be completely lost. On the other hand, the Group has a major risk, market price risk, when engaging in dealing business. That means the market price of futures contracts and options is affected by changes in the index of the investment object. The Group will suffer a loss if the price of the market index changes in reverse of the investment object. However, the Group sets stop-loss points based on risk management to control the risk.

(d) According to Rule Letter No.1030026386 issued by the Regulations for Securities Brokers Undertaking Pecuniary and Securities Financing, the Group provided the following information of its offshore securities business:

	(In thousands of USD)		
	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Bank deposits	\$ 12,162	6,823	13,127
Stocks	23,157	27,993	25,238
Bonds	16,766	13,891	10,064
Funds	3,163	3,609	3,447
Structured products	6,496	5,071	9,073

(e) According to Rule Letter No.1110016644 issued by the TWSE, the Group provided the following information of its customer ledgers of securities firms' settlement accounts:

	(In thousands of NTD)	
	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Bank deposits:		
Time deposits	\$ 570,000	440,000
Demand deposits	291,004	371,632
Total	<u>\$ 861,004</u>	<u>811,632</u>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (f) Because the US stocks had plummeted sharply on February 6, 2018, resulting in the equity of customer margin deposit to be negative. The clients of Fubon Futures Co., Ltd. breached the contract due to their failure to fully pay the additional guarantee deposits within three working days after having been noticed. Therefore, Fubon Futures Co., Ltd. had to recognize the future exchanges margins receivable with the approximate amount of \$185 million. This matter had been reported to the Taiwan Futures Exchange. As of June 30, 2023, the unpaid amount was \$187,163 thousand. After considering the actual recovery situation, Fubon Futures Co., Ltd. had recognized the allowance for doubtful accounts amounting to \$180,316 thousand.
- (g) According to Article 17 of Enforcement Rules of the Trust Enterprise Act, the details of trust balance sheet, trust income statement, and trust catalog of property were as follows:
- (i) Trust balance sheets

Trust Balance Sheets

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

(expressed in thousands of TWD)

<u>Trust assets</u>	<u>June 30,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u> <u>(Restated)</u>	<u>June 30,</u> <u>2022</u> <u>(Restated)</u>	<u>Trust liabilities</u>	<u>June 30,</u> <u>2023</u>	<u>December</u> <u>31, 2022</u> <u>(Restated)</u>	<u>June 30,</u> <u>2022</u> <u>(Restated)</u>
Bank deposits	\$ 281,006	258,544	250,118	Payables	\$ 7,578	2,803	9,138
Short-term investments				Trust capital	8,282,264	9,175,656	10,876,041
Funds	12,654,308	11,995,839	12,788,407	Net income	2,164,702	748,528	1,448,579
Stocks	7,674,729	5,899,712	6,740,722	Accumulated surplus (loss)	11,269,778	9,881,483	9,882,606
Borrowed securities	269,340	1,599,724	1,561,848	Distribution of earnings	-	(34,988)	(19,288)
Receivables	843,660	19,663	855,981				
Beneficiary certificates pending settlement	1,279	-	-				
<b>Total trust assets</b>	<b>\$ <u>21,724,322</u></b>	<b><u>19,773,482</u></b>	<b><u>22,197,076</u></b>	<b>Total trust liabilities</b>	<b>\$ <u>21,724,322</u></b>	<b><u>19,773,482</u></b>	<b><u>22,197,076</u></b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Trust income statements

Trust Income Statements

For the six months ended June 30, 2023 and 2022

(expressed in thousands of TWD)

	<b>For the six months ended June 30</b>	
	<b>2023</b>	<b>2022 (Restated)</b>
Trust Revenues		
Interest revenue	\$ 608	54
Dividend revenue	935,271	950,644
Rental revenue	4,253	6,491
Borrowed securities compensation	1,760	73,459
Realized gains on investments	71,269	65,524
Unrealized gains on investments	2,733,243	2,496,285
Unrealized foreign exchange gains	-	101,793
Realized foreign exchange gains	-	3,833
Subtotal	3,746,404	3,698,083
Trust Expenses		
Management fee	902	1,718
Commission expense	1,189	4,835
Other expense	59	2
Realized losses on investments	94,364	81,441
Unrealized losses on investments	1,485,188	1,960,824
Unrealized foreign exchange losses	-	198,651
Realized foreign exchange losses	-	2,033
Subtotal	1,581,702	2,249,504
Income before tax	2,164,702	1,448,579
Income tax expense	-	-
Net income	<b>\$ 2,164,702</b>	<b>1,448,579</b>

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Trust catalog of property

Trust catalog of property

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

(expressed in thousands of TWD)

Item	June 30, 2023	December 31, 2022 (Restated)	June 30, 2022 (Restated)
Bank deposits	\$ 281,006	258,544	250,118
Short-term investments			
Funds	12,654,308	11,995,839	12,788,407
Stocks	7,674,729	5,899,712	6,740,722
Borrowed securities	269,340	1,599,724	1,561,848
Receivables	843,660	19,663	855,981
Beneficiary certificates pending settlement	1,279	-	-
<b>Total</b>	<b><u>\$ 21,724,322</u></b>	<b><u>19,773,482</u></b>	<b><u>22,197,076</u></b>

**(13) Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- (i) Financing provided to others: None.
- (ii) Endorsements/guarantees provided to others: None.
- (iii) Acquisition of individual real estate at price of at least NT\$300,000million or 20% of the paid-in capital: None.
- (iv) Disposal of individual real estate at price of at least NT\$300,000million or 20% of the paid-in capital: None.
- (v) Discount on brokerage trading fee to related parties amounting to at least NT\$5,000million: None.
- (vi) Receivables from related parties amounting to at least NT\$100,000million or 20% of the paid-in capital: None.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vii) Details of material transactions between parent company and subsidiaries:

Number (Note I)	Name of company	Name of counter-party	Existing relationship with counter-party (Note II)	Transaction details			
				Account name	Amount	Terms of trading	Percentage of total consolidated revenue or total assets
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other receivables-related parties- other	13,768	Not materially different from the general trading terms.	- %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Accounts receivable- related parties	27,106	Not materially different from the general trading terms.	0.01 %
0	Fubon Securities Co., Ltd.	Fubon Securities Investment Service Co., Ltd.	1	Professional service expense- advisory	84,000	Not materially different from the general trading terms.	0.99 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Futures commission revenue- the operation of futures introducing broker business	76,448	Not materially different from the general trading terms.	0.90 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other non-operating expense	15,648	Not materially different from the general trading terms.	0.18 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other non-operating revenue	13,443	Not materially different from the general trading terms.	0.16 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Customer margin account-bank deposits	2,228,699	Not materially different from the general trading terms.	0.99 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures trader's equity- customer	971,085	Not materially different from the general trading terms.	0.43 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures trader's equity- commission merchant	1,257,614	Not materially different from the general trading terms.	0.56 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Other payables-related parties	13,768	Not materially different from the general trading terms.	- %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Accounts payable-related parties	27,106	Not materially different from the general trading terms.	0.12 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures commission expense- the operation of futures introducing broker business	76,448	Not materially different from the general trading terms.	0.90 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Professional service expense- other	13,821	Not materially different from the general trading terms.	0.16 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Brokerage handling fee revenue - futures	15,648	Not materially different from the general trading terms.	0.18 %
2	Fubon Securities Investment Services Co., Ltd.	Fubon Securities Co., Ltd.	2	Revenue from advisory- securities	84,000	Not materially different from the general trading terms.	0.99 %

Note I: The numbers indicate the following:

1. 0 means the parent.
2. The subsidiaries are sequentially numbered from 1.

Note II: Types of existing relationship with the counter-party are indicated as follows:

1. Parent to subsidiaries.
2. Subsidiaries to parent.

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(b) Related information on investee companies (excluding information on investees in Mainland China)

For the six months ended June 30, 2023, the related information on investee companies was as follows (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Major operations	Initial investment (Amount)		Ending balance			Revenue of investee	Net income of investee	Investment income (losses)	Cash dividend	Notes
						Ending balance	Beginning balance	Shares	Ratio of shares	Book value					
Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	Taipei City	May 7, 1998		Futures	2,474,128	1,424,128	210,000	100.00 %	3,417,076	527,096	129,460	129,616	90,411	The transaction was eliminated when the Company compiled its consolidated financial report.
"	Fubon Investment Holding (BVI) Ltd.	British Virgin Islands	April 3, 1997	No.40335	Investment holding	1,078,338	1,078,338	26,926	100.00 %	822,174	-	21,940	21,940	-	"
"	Fubon Securities Investment Services Co., Ltd.	Taipei City	April 14, 1987		Investment service	90,444	90,444	9,000	100.00 %	107,031	85,620	4,293	4,293	-	"
"	Fubon Securities Venture Capital Co., Ltd.	Taipei City	September 11, 2015	No. 10400230351	Venture Capital	300,000	300,000	30,000	100.00 %	191,949	(40,658)	(47,032)	(47,032)	-	"
"	Fubon Mintou Venture Capital Co., Ltd.	Taipei City	May 26, 2017	No. 1050006031	Venture Capital	134,000	134,000	13,400	67.00 %	131,608	-	278	203	-	"
"	JihSun International Investment Holding Ltd.	Cayman Islands	September 9, 1996	No. 66234	Investment Holding	952,752	1,795,250	12,750	100.00 %	383,502	-	2,060	2,060	-	"
"	JihSun Securities Investment Consulting Co., Ltd.	Taipei City	October 12, 1984		Investment service	-	173,600	-	- %	-	-	708	708	-	"
"	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei City	October 17, 2003		Venture capital	649,970	649,970	141,424	11.20 %	1,826,991	1,717,134	1,212,719	135,824	-	Investments accounted for using the equity method
"	JihSun Securities Investment Trust Co., Ltd.	Taipei City	December 26, 1996		Investment trust business	211,380	211,380	7,800	20.00 %	250,611	179,549	77,092	15,549	1,560	Investments accounted for using the equity method
Fubon Investment Holding (BVI) Ltd.	Fubon Securities (HK) Ltd.	Hong Kong	July 29, 2010	No.0990010266	Securities business	1,098,242	1,098,242	220,248	100.00 %	818,985	39,952	22,338	22,338	-	The transaction was eliminated when the Company compiled its consolidated financial report.
JihSun International Investment Holding Ltd.	JS CRESVALE Securities International Ltd.	Hong Kong	January 26, 1993	No.10505	Securities business	990,108	1,763,755	96,000	100.00 %	379,964	31,658	1,702	1,702	-	"

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Major operations	Initial investment (Amount)		Ending balance			Revenue of investee	Net income of investee	Investment income (losses)	Cash dividend	Notes
						Ending balance	Beginning balance	Shares	Ratio of shares	Book value					
JS CRESVALE Securities International Ltd.	JS CRESVALE Capital Ltd.	Hong Kong	December 27, 1985	No.101651	Stock and futures brokerage, sales of mutual funds	88,500	88,500	2,000	100.00 %	90,556	1,448	297	297	-	#

(c) Information on overseas branches and representative offices: None.

(d) Information on investment in mainland China: None.

(h) Major shareholders:

The Company is not a listed securities firm and the ultimate parent company, Fubon Financial Holding, owns 100% of the Company's ordinary shares.

(i) Related information on investee companies in other countries which do not have any securities authority:

In accordance with the Rule No. 10703209011 issued by the FSC on June 1, 2018, the Group should disclose the following information on investing in the foreign business in British Virgin Islands (BVI) and other places as of June 30, 2023.

(i) Condensed balance sheet and income statement:

1) Balance sheet

( In Thousands of USD)

Items	Fubon Investment Holding (BVI)	JihSun International Investment Holding
Bank deposits and other assets	\$ 102	114
Investments accounted for using equity method	26,290	12,197
Total asset	26,392	12,311
Share capital	26,926	12,750
Capital surplus	45	-
Retained earnings	136	68
Other equity interests	(715)	(507)
Total stockholders' equity	26,392	12,311

(Continued)

**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Statement of comprehensive income

( In Thousands of USD)

Items	Fubon Investment Holding (BVI)	JihSun International Investment Holding
Operating expenses	(14)	(21)
Non-operating revenue and expenses	\$ 731	89
Net income before tax	717	68
Net income after tax	717	68

(ii) Securities held as of June 30, 2023, were as follows:

(In Thousands of USD)

Holding company	Security	Listed name	June 30, 2023	
			Shares (In thousands)	Amounts
Fubon Investment Holding (BVI) Ltd.	Equity investment: Fubon Securities (HK) Ltd.	Investment accounted for using equity method (shareholding ratio: 100.00%)	220,248	\$ 26,290
JihSun International Investment Holding Ltd.	JS CRESVALE Securities International Ltd.	"	96,000	12,197
	Total			<u>\$ 38,487</u>

(iii) Derivative financial instruments business and source of capital: None.

(iv) Asset management revenue from advisory, service, and litigation: None.

**(14) Segment information**

(a) Operating segment information

The Group offers different products and services based on the strategies of the Group, the main businesses, and geographical area. The various types of business are administered separately and have different finance and marketing strategies. The following are the segments the Group should report:

- (i) Dealing business: With its own funds, the dealing business engaged in trading securities, bonds, futures, options, and related listed stock instruments approved by the authorities, and undertook profit and loss risks.
- (ii) Equity derivatives business: Engaged in warrant liabilities, structured products, equity derivative instruments, and related business.

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iii) Investment banking business: Engaged in helping business enterprises to have an initial public offering or to register on the emerging or listed market, in underwriting and selling securities, in helping business enterprises to raise funds, and related business.
- (iv) Brokerage business: Engaged in brokerage trading, margin trading, and futures brokerage services.
- (v) Fubon Futures Co., Ltd.: Engaged in the business of domestic and international futures brokerage services and futures investment consultancy, accepting appointments to handle futures trading, and assisting in or performing closing for other non-closing futures brokers.
- (vi) Fubon Investment Holding (BVI) Ltd.: Engaged in domestic and international brokerage trades and other related investment activities.
- (vii) Others: Fubon Investment Service Co., Ltd.: Accepted appointments to provide research and analyses related to securities investment advice or recommendations, and other investment advisory services. Fubon Securities Venture Capital Co., Ltd.: Engaged in venture capital services. Fubon Mintou Venture Capital Co., Ltd.: Engaged in venture capital services. JihSun International Investment Holding Ltd.: Engaged in domestic and international brokerage trades and other related investment activities.

(b) Reportable segment profit or loss

The Group does not allocate tax expenses or extraordinary activity gains or losses to reporting segments. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "Significant Accounting Policies". The income of the operating segments is based on income before tax, which also serves as the basis for performance measurement. The sales and transfers between departments are regarded as third-party sales and transfers and are measured by current market value.

(c) The Group's business information and reconciliation

		For the three months ended June 30 2023								
		Dealing business	Equity derivatives business	Investment banking business	Brokerage business	Fubon Futures Co., Ltd.	Fubon Investment Holding (BVI) Ltd.	Others	Adjustment and reversal	Total
Revenue between segments	\$	689,584	196,446	246,430	3,251,258	360,810	18,074	32,973	(169,630)	4,625,945
Segment income (Note)	\$	430,348	38,414	116,302	1,491,112	90,331	6,753	(188,523)	(49,563)	1,935,174
		For the three months ended June 30 2022 (Restated)								
		Dealing business	Equity derivatives business	Investment banking business	Brokerage business	Fubon Futures Co., Ltd.	Fubon Investment Holding (BVI) Ltd.	Others	Adjustment and reversal	Total
Revenue between segments	\$	368,573	226,474	5,423	3,244,110	227,027	32,865	118,239	(54,723)	4,167,988
Segment income (Note)	\$	165,594	16,374	(102,922)	1,461,108	47,955	5,357	(170,932)	(11,373)	1,411,161

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**FUBON SECURITIES CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the six months ended June 30 2023									
	Dealing business	Equity derivatives business	Investment banking business	Brokerage business	Fubon Futures Co., Ltd.	Fubon Investment Holding (BVI) Ltd.	Others	Adjustment and reversal	Total
Revenue between segments	\$ 1,036,223	398,728	481,616	6,095,563	526,293	40,961	58,779	(136,731)	8,501,432
Segment income (Note)	\$ 567,454	80,514	242,774	2,628,770	159,944	21,940	84,185	(111,864)	3,673,717
For the six months ended June 30 2022 (Restated)									
	Dealing business	Equity derivatives business	Investment banking business	Brokerage business	Fubon Futures Co., Ltd.	Fubon Investment Holding (BVI) Ltd.	Others	Adjustment and reversal	Total
Revenue between segments	\$ 294,577	445,756	167,169	6,958,023	441,458	49,580	207,616	5,057	8,569,236
Segment income (Note)	\$ (82,254)	57,281	(34,114)	3,309,257	73,188	5,931	(594,441)	(18,774)	2,716,074

Note: Income tax expense information is not included in segments information.

The aforementioned significant reconciliation of reporting segments does not include segment information and the offsetting of transactions between parent and subsidiaries. The decision maker of the Group does not make decisions based on the assets and liabilities of the operating segment, therefore, the Group's business information and reconciliation were not disclosed.