

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

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Nine Months Ended September 30, 2023 and 2022**

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

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## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Fubon Financial Holding Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

**Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Fubon Financial Holding Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and their consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as their consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
November 16, 2023

**Notes to Readers**

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

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

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

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

Assets		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11000	Cash and cash equivalents (note 6(a))	\$ 291,155,379	3	316,596,903	3	286,678,955	3	21000	Deposits from the central bank and banks	\$ 164,181,426	1	149,533,515	1	178,866,817	2
11500	Due from the central bank and call loans to banks (note 6(b))	394,697,006	4	415,990,658	4	403,144,781	4	21500	Due to the central bank and banks	2,310,484	-	922,135	-	-	-
12000	Financial assets measured at fair value through profit or loss (notes 6(c) and 8)	1,498,955,737	13	1,418,586,039	13	1,441,170,683	13	22000	Financial liabilities measured at fair value through profit or loss (note 6(c))	120,141,601	1	87,590,556	1	200,864,835	2
12150	Financial assets measured at fair value through other comprehensive income (notes 6(d) and 8)	662,945,550	6	961,531,664	9	993,789,312	9	22300	Financial liabilities for hedging (note 6(f))	13,548,912	-	12,922,639	-	22,669,172	-
12200	Debt investments measured at amortized cost (notes 6(e) and 8)	3,852,305,863	35	3,356,346,543	32	3,428,987,355	32	22500	Securities sold under repurchase agreements (note 6(t))	115,413,752	1	145,685,557	1	132,336,074	1
12300	Financial assets for hedging (note 6(f))	23,035,130	-	19,304,960	-	18,286,026	-	22600	Commercial papers issued, net (note 6(u))	67,995,137	1	50,243,977	1	52,607,660	1
12500	Securities purchased under resell agreements (note 6(g))	145,178,206	1	94,887,192	1	128,936,527	1	23000	Payables (note 6(v))	169,523,453	2	171,470,259	2	161,472,416	2
13000	Receivables, net (note 6(h))	292,002,798	3	243,228,598	2	232,789,775	2	23200	Current tax liabilities	3,651,903	-	6,390,844	-	7,248,788	-
13200	Current tax assets	3,259,864	-	2,262,308	-	2,094,486	-	23500	Deposits and remittances (note 6(w))	3,805,374,515	34	3,656,769,828	35	3,642,823,384	34
13300	Assets classified as held for sale, net (note 6(i))	-	-	-	-	328,507	-	24000	Bonds payable (note 6(x))	306,401,315	3	257,381,535	2	259,508,764	2
13500	Discounts and loans, net (note 6(j))	2,736,696,256	25	2,586,477,476	24	2,617,586,780	24	24400	Other borrowings (notes 6(y) and 8)	18,396,478	-	13,696,500	-	6,198,470	-
13700	Reinsurance contract assets, net (note 6(k))	39,689,962	-	48,389,563	-	48,698,278	-	24600	Provisions (note 6(z))	4,759,869,364	43	4,710,169,640	45	4,734,106,782	44
15000	Investments accounted for using equity method, net (note 6(l))	58,948,577	-	57,812,659	1	54,931,115	1	25500	Other financial liabilities (notes 6(n) and (aa))	625,427,149	6	612,042,078	6	592,118,510	6
15500	Other financial assets, net (notes 6(n) and 8)	524,857,155	5	520,064,178	5	481,798,406	5	26000	Lease liabilities (note 6(q))	20,351,091	-	21,792,236	-	21,832,671	-
18000	Investment property, net (notes 6(o) and 8)	312,634,937	3	305,826,478	3	303,165,485	3	29300	Deferred tax liabilities	50,671,302	-	32,848,412	-	43,425,926	-
18500	Property and equipment, net (notes 6(p) and 8)	66,075,205	1	65,272,146	1	65,216,025	1	29500	Other liabilities (note 6(ab))	88,672,141	1	84,687,792	1	93,124,459	1
18600	Right-of-use assets, net (note 6(q))	8,752,046	-	9,974,378	-	10,159,243	-		<b>Total liabilities</b>	<b>10,331,930,023</b>	<b>93</b>	<b>10,014,147,503</b>	<b>95</b>	<b>10,149,204,728</b>	<b>95</b>
19000	Intangible assets, net (note 6(r))	33,621,753	-	34,192,088	-	33,768,312	-		<b>Equity attributable to owners of parent (note 6(ad)):</b>						
19300	Deferred tax assets	61,851,100	-	74,819,172	1	85,233,562	1		Share capital:						
19500	Other assets, net (notes 6(s) and 8)	75,639,763	1	56,193,707	1	85,567,825	1	31101	Common stock	130,149,732	1	123,952,126	1	123,952,126	1
								31103	Preferred stock	15,999,900	-	15,999,900	-	15,999,900	-
									Total share capital	146,149,632	1	139,952,026	1	139,952,026	1
								31500	Capital surplus	165,051,911	2	171,017,736	2	168,792,297	2
									Retained earnings:						
								32001	Legal reserve	95,593,238	1	90,913,681	1	90,913,681	1
								32003	Special reserve	261,752,640	2	30,311,999	-	30,311,999	-
								32011	Undistributed earnings	170,433,707	2	359,918,631	3	396,053,278	4
									Total retained earnings	527,779,585	5	481,144,311	4	517,278,958	5
								32500	Total other equity interest	(101,546,379)	(1)	(226,423,522)	(2)	(273,967,761)	(3)
									Total equity attributable to owners of parent	737,434,749	7	565,690,551	5	552,055,520	5
								39500	<b>Non-controlling interests</b> (notes 6(m) and (ad))	12,937,515	-	7,918,656	-	21,071,190	-
									<b>Total equity</b>	<b>750,372,264</b>	<b>7</b>	<b>573,609,207</b>	<b>5</b>	<b>573,126,710</b>	<b>5</b>
									<b>Total liabilities and equity</b>	<b>\$ 11,082,302,287</b>	<b>100</b>	<b>10,587,756,710</b>	<b>100</b>	<b>10,722,331,438</b>	<b>100</b>
	<b>Total assets</b>	<b>\$ 11,082,302,287</b>	<b>100</b>	<b>10,587,756,710</b>	<b>100</b>	<b>10,722,331,438</b>	<b>100</b>								

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and nine months ended September 30, 2023 and 2022**  
**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

	For the three months ended September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
41000	Interest revenue (note 6(ag))	\$ 71,498,277	129	57,266,537	89	199,793,297	130	153,404,819	53
51000	Less: Interest expenses (note 6(ag))	27,160,947	49	14,088,694	22	73,857,153	48	29,713,108	10
	<b>Net interest revenue</b>	<b>44,337,330</b>	<b>80</b>	<b>43,177,843</b>	<b>67</b>	<b>125,936,144</b>	<b>82</b>	<b>123,691,711</b>	<b>43</b>
	Net non-interest revenue								
49800	Net service charge and commissions (note 6(n) and (ag))	50,745	-	115,510	-	(668,578)	-	576,322	-
49810	Net income (losses) of insurance operations (note 6(ag))	(19,941,223)	(36)	(28,269,727)	(44)	(50,414,143)	(33)	2,698,693	1
49820	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (note 6(c))	(60,698,773)	(109)	(121,622,123)	(189)	35,074,638	23	(390,127,574)	(134)
49825	Gains on investment property (note 6(o))	(1,226,208)	(2)	(871,748)	(1)	4,226,276	3	2,282,050	1
49835	Realized gains on financial assets measured at fair value through other comprehensive income (note 6(d))	1,936,878	3	2,230,123	3	2,954,533	2	5,193,770	2
49850	Gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(e))	(543,434)	(1)	(2,442,482)	(4)	(389,137)	-	3,799,618	1
49870	Foreign exchange gains	67,213,863	121	121,160,292	189	92,810,580	60	243,449,492	84
49880	Reversal gains (impairment losses) on assets	(247,814)	-	(90,497)	-	(1,260,817)	(1)	(1,639,969)	(1)
49890	Share of profit of associates and joint ventures accounted for using equity method (note 6(l))	794,699	1	(157,396)	-	2,113,336	1	1,196,558	-
49898	Profits or losses reclassified by applying overlay approach (note 6(c))	25,452,607	46	51,682,388	80	(53,441,774)	(35)	295,704,259	102
49900	Net other non-interest revenue (expense) (note 6(l))	(1,687,983)	(3)	(456,241)	(1)	(3,340,676)	(2)	3,771,200	1
	<b>Net revenue</b>	<b>55,440,687</b>	<b>100</b>	<b>64,455,942</b>	<b>100</b>	<b>153,600,382</b>	<b>100</b>	<b>290,596,130</b>	<b>100</b>
58100	Bad debt expenses and guarantee liability provisions	(2,516,867)	(4)	(1,061,889)	(2)	(6,480,415)	(4)	(3,895,468)	(1)
58300	Net change in provisions for insurance liabilities (note 6(ag))	606,635	1	(28,754,313)	(45)	(9,852,779)	(6)	(130,664,804)	(45)
	<b>Operating expenses:</b>								
58501	Employee benefits expenses (note 6(ag))	(10,586,389)	(19)	(9,652,990)	(15)	(31,080,616)	(20)	(29,029,759)	(10)
58503	Depreciation and amortization expenses (note 6(ag))	(1,851,333)	(3)	(1,749,405)	(2)	(5,485,057)	(4)	(5,216,804)	(2)
58599	Other general and administrative expenses (note 6(ag))	(8,741,512)	(16)	(5,659,561)	(9)	(21,960,659)	(14)	(16,980,584)	(6)
	<b>Total operating expenses</b>	<b>(21,179,234)</b>	<b>(38)</b>	<b>(17,061,956)</b>	<b>(26)</b>	<b>(58,526,332)</b>	<b>(38)</b>	<b>(51,227,147)</b>	<b>(18)</b>
	<b>Net income before tax from continuing operations</b>	<b>32,351,221</b>	<b>59</b>	<b>17,577,784</b>	<b>27</b>	<b>78,740,856</b>	<b>52</b>	<b>104,808,711</b>	<b>36</b>
61003	<b>Less: Income tax expenses (note 6(ac))</b>	<b>7,611,445</b>	<b>14</b>	<b>2,855,272</b>	<b>4</b>	<b>11,498,957</b>	<b>8</b>	<b>19,802,461</b>	<b>7</b>
	<b>Net income</b>	<b>24,739,776</b>	<b>45</b>	<b>14,722,512</b>	<b>23</b>	<b>67,241,899</b>	<b>44</b>	<b>85,006,250</b>	<b>29</b>
69500	<b>Other comprehensive income (losses):</b>								
69560	<b>Items not to be reclassified to profit or loss</b>								
69561	Gains on remeasurements of defined benefit plans	(6,192)	-	22,268	-	(4,279)	-	33,823	-
69562	Revaluation gains on property	1,456	-	5,494	-	7,550	-	189,759	-
69563	Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss	5,463	-	(2,843)	-	(21,386)	-	(31,342)	-
69567	Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	(1,328,971)	(3)	(3,366,085)	(5)	6,607,494	4	(13,571,437)	(4)
69569	Income tax related to items not to be reclassified to profit or loss (note 6(ac))	(97,777)	-	323,227	-	(32,583)	-	757,877	-
	Subtotal of items not to be reclassified to profit or loss	(1,426,021)	(3)	(3,017,939)	(5)	6,556,796	4	(12,621,320)	(4)
69570	<b>Items that may be subsequently reclassified to profit or loss</b>								
69571	Exchange differences on translation of foreign operations	6,017,923	11	5,123,988	8	5,817,429	4	10,412,532	3
69581	Gains (losses) on financial instruments for hedging	31,126	-	(132,299)	-	82,375	-	(486,081)	-
69583	Unrealized gains (losses) on debt instruments measured at fair value through other comprehensive income	(10,264,594)	(19)	(51,267,770)	(80)	84,559,087	55	(196,884,748)	(68)
69575	Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will be reclassified to profit or loss	(20,869)	-	(364,826)	(1)	(232,298)	-	(535,792)	-
69590	Other comprehensive income (losses) reclassified by applying overlay approach	(25,452,607)	(46)	(51,682,388)	(80)	53,441,774	35	(295,704,259)	(102)
69579	Income tax related to items that may be subsequently reclassified to profit or loss (note 6(ac))	890,651	2	9,965,391	16	(22,701,181)	(15)	48,900,067	17
	Subtotal of items that may be subsequently reclassified to profit or loss	(28,798,370)	(52)	(88,357,904)	(137)	120,967,186	79	(434,298,281)	(150)
69500	<b>Other comprehensive income</b>	<b>(30,224,391)</b>	<b>(55)</b>	<b>(91,375,843)</b>	<b>(142)</b>	<b>127,523,982</b>	<b>83</b>	<b>(446,919,601)</b>	<b>(154)</b>
	<b>Total comprehensive income</b>	<b>\$ (5,484,615)</b>	<b>(10)</b>	<b>(76,653,331)</b>	<b>(119)</b>	<b>194,765,881</b>	<b>127</b>	<b>(361,913,351)</b>	<b>(125)</b>
	<b>Consolidated net income attributable to:</b>								
69901	Owners of parent	\$ 24,907,940	45	14,310,098	22	67,812,976	44	83,713,989	29
69903	Non-controlling interests	(168,164)	-	412,414	1	(571,077)	-	1,292,261	-
		<b>\$ 24,739,776</b>	<b>45</b>	<b>14,722,512</b>	<b>23</b>	<b>67,241,899</b>	<b>44</b>	<b>85,006,250</b>	<b>29</b>
	<b>Total comprehensive income attributable to:</b>								
69951	Owners of parent	\$ (4,693,541)	(9)	(74,709,638)	(116)	195,115,551	127	(354,742,885)	(122)
69953	Non-controlling interests	(791,074)	(1)	(1,943,693)	(3)	(349,670)	-	(7,170,466)	(3)
		<b>\$ (5,484,615)</b>	<b>(10)</b>	<b>(76,653,331)</b>	<b>(119)</b>	<b>194,765,881</b>	<b>127</b>	<b>(361,913,351)</b>	<b>(125)</b>
	<b>Basic earnings per share (in New Taiwan Dollars) (note 6(ae))</b>	<b>\$ 1.91</b>		<b>1.10</b>		<b>4.94</b>		<b>6.20</b>	

See accompanying notes to consolidated financial statements.

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

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

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

	Equity attributable to owners of parent								Total other equity interest								
	Share capital			Retained earnings					Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Common stock	Preferred stock	Total	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total									Total
<b>Balance at January 1, 2022</b>	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	949,569,309	34,273,188	983,842,497
Net income	-	-	-	-	-	-	83,713,989	83,713,989	-	-	-	-	-	-	83,713,989	1,292,261	85,006,250
Other comprehensive income	-	-	-	-	-	-	(6,963)	(6,963)	10,052,101	(166,223,659)	(253,495)	160,832	(282,185,690)	(438,449,911)	(438,456,874)	(8,462,727)	(446,919,601)
Total comprehensive income	-	-	-	-	-	-	83,707,026	83,707,026	10,052,101	(166,223,659)	(253,495)	160,832	(282,185,690)	(438,449,911)	(354,742,885)	(7,170,466)	(361,913,351)
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	(41,317,375)	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	(3,026,121)	-	(3,026,121)
Stock dividends from capital surplus	5,902,482	-	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures																	
accounted for using equity method	-	-	-	(55,515)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	(57,182)	-	(57,182)
Changes in ownership interests in subsidiaries	-	-	-	1,386,684	-	-	-	-	(138)	239,500	-	-	-	239,362	1,626,046	(1,626,669)	(623)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,407,093)	(4,407,093)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(776,806)	(776,806)	-	776,806	-	-	-	776,806	-	-	-
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	3,728	2,230	5,958
<b>Balance at September 30, 2022</b>	\$ 123,952,126	15,999,900	139,952,026	168,792,297	90,913,681	30,311,999	396,053,278	517,278,958	(16,819,586)	(155,145,952)	68,868	2,612,052	(104,683,143)	(273,967,761)	552,055,520	21,071,190	573,126,710
<b>Balance at January 1, 2023</b>	\$ 123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	565,690,551	7,918,656	573,609,207
Net income	-	-	-	-	-	-	67,812,976	67,812,976	-	-	-	-	-	-	67,812,976	(571,077)	67,241,899
Other comprehensive income	-	-	-	-	-	-	(18,606)	(18,606)	5,080,271	74,834,939	76,945	7,550	47,321,476	127,321,181	127,302,575	221,407	127,523,982
Total comprehensive income	-	-	-	-	-	-	67,794,370	67,794,370	5,080,271	74,834,939	76,945	7,550	47,321,476	127,321,181	195,115,551	(349,670)	194,765,881
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	(18,592,819)	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	(3,515,980)	-	(3,515,980)
Stock dividends from capital surplus	6,197,606	-	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures																	
accounted for using equity method	-	-	-	(15,472)	-	-	-	-	-	-	-	-	-	-	(15,472)	-	(15,472)
Changes in ownership interests in subsidiaries	-	-	-	247,253	-	-	(5,617)	(5,617)	(206,669)	(1,298,042)	6,470	-	9,523	(1,488,718)	(1,247,082)	1,198,164	(48,918)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,170,365	4,170,365
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	943,497	943,497	-	(943,497)	-	-	-	(943,497)	-	-	-
Others	-	-	-	-	-	-	11,823	11,823	-	-	-	(11,823)	-	(11,823)	-	-	-
<b>Balance at September 30, 2023</b>	\$ 130,149,732	15,999,900	146,149,632	165,051,911	95,593,238	261,752,640	170,433,707	527,779,585	(11,452,793)	(57,795,231)	93,358	2,471,989	(34,863,702)	(101,546,379)	737,434,749	12,937,515	750,372,264

See accompanying notes to consolidated financial statements.

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

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

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 78,740,856	104,808,711
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation expenses	3,984,545	3,915,210
Amortization expenses	1,500,512	1,301,594
Allowance on bad debts	6,433,616	3,900,358
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(21,244,768)	422,640,402
Interest expenses	73,857,153	29,713,108
Interest income	(199,793,297)	(153,404,819)
Dividend income	(44,737,434)	(41,478,506)
Net change in insurance liabilities	19,896,350	99,197,482
Net change in provisions for guarantee liabilities	8,240	34,026
Net change in other provisions	(8,904,667)	33,457,450
Share of profit of associates and joint ventures accounted for using equity method	(2,113,336)	(1,196,558)
Loss (profit) reclassified by applying overlay approach	53,441,774	(295,704,259)
Loss (gain) on disposal of investment properties	36,846	(20,224)
Gain on disposal of investments	(32,464,970)	(63,999,182)
Impairment loss on financial assets	1,260,298	1,643,079
Impairment loss (reversal gain) on non-financial assets	1,813	(3,185)
Unrealized foreign exchange gain	(89,789,310)	(242,074,527)
Loss on fair value adjustment of investment property	755,499	2,712,928
Other adjustments	(29,076)	(5,844,697)
<b>Subtotal of adjustments to reconcile profit or loss</b>	<b>(237,900,212)</b>	<b>(205,210,320)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Decrease (increase) in due from the central bank and call loans to banks	(55,020,953)	11,799,395
Increase in financial assets for hedging and measured at fair value through profit or loss	(9,103,108)	(75,626,698)
Decrease (increase) in financial assets measured at fair value through other comprehensive income	15,311,331	(29,965,063)
Decrease in investments in debt instruments measured at amortized cost	18,159,830	59,610,216
Decrease (increase) in securities purchased under agreements to resell	(665,516)	263,379
Decrease (increase) in receivables	(42,742,083)	27,461,911
Increase in discounts and loans	(144,603,717)	(81,763,361)
Increase in reinsurance assets	(1,649,639)	(13,514,921)
Decrease in other financial assets	1,535,135	14,697,483
Increase in other assets	(15,022,138)	(11,136,596)
<b>Subtotal of changes in operating assets</b>	<b>(233,800,858)</b>	<b>(98,174,255)</b>
<b>Changes in operating liabilities:</b>		
Increase (decrease) in due to the central bank and banks	14,442,442	(9,820,625)
Increase in financial liabilities for hedging and measured at fair value through profit or loss	13,503,537	44,854,464
Decrease in securities sold under repurchase agreement	(30,857,269)	(37,169,378)
Decrease in payables	(11,471,915)	(42,612,093)
Increase in deposits and remittances	129,777,236	231,366,051
Decrease in provisions	(526,847)	(1,094,311)
Increase in other financial liabilities	16,025,654	16,658,212
Increase in other liabilities	3,582,490	8,498,119
<b>Subtotal of changes in operating liabilities</b>	<b>134,475,328</b>	<b>210,680,439</b>
<b>Subtotal of all adjustments</b>	<b>(337,225,742)</b>	<b>(92,704,136)</b>

See accompanying notes to consolidated financial statements.



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

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

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Cash inflow (outflow) generated from operations	\$ (258,484,886)	12,104,575
Interest received	184,041,013	141,218,940
Dividends received	45,298,629	41,378,713
Interest paid	(63,736,108)	(24,649,963)
Income taxes paid	(7,533,476)	(18,584,690)
<b>Net Cash flows from (used in) operating activities</b>	<b>(100,414,828)</b>	<b>151,467,575</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(305,000)	(12,626,762)
Proceeds from disposal of investments accounted for using equity method	36	-
Net cash flow from acquisition of subsidiaries	-	(7,276,448)
Proceeds from disposal of assets classified as held for sale	71,245	-
Acquisition of property and equipment	(2,982,394)	(1,704,172)
Proceeds from disposal of property and equipment	27,382	18,146
Acquisition of intangible assets	(753,312)	(789,426)
Acquisition of investment properties	(5,191,336)	(3,364,427)
Proceeds from disposal of investment properties	59,543	123,228
Other investing activities	(886)	(74)
<b>Net cash flows used in investing activities</b>	<b>(9,074,722)</b>	<b>(25,619,935)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in due to the central bank and banks	1,353,473	(13,592,297)
Increase in commercial papers payable	17,751,160	23,166,390
Proceeds from issuing bonds	47,085,553	15,081,926
Repayments of bonds	(3,523,899)	(14,453,050)
Proceeds from issuing bank financial debentures	19,424,557	17,030,392
Repayments of bank financial debentures	(12,527,440)	(24,716,057)
Increase in other borrowings	4,699,978	4,927,604
Repayments of lease liabilities	(2,152,014)	(2,005,692)
Cash dividends paid	(22,108,799)	(44,343,496)
Change in non-controlling interests	4,170,365	3,572,895
Other financing activities	(46,407)	-
<b>Net cash flows from (used in) financing activities</b>	<b>54,126,527</b>	<b>(35,331,385)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,950,291</b>	<b>9,733,458</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(53,412,732)</b>	<b>100,249,713</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>573,733,858</b>	<b>503,419,124</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 520,321,126</b>	<b>603,668,837</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents reported in the statement of financial position	\$ 291,155,379	286,678,955
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	86,552,261	190,154,455
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	142,613,486	126,835,427
<b>Cash and cash equivalents at end of period</b>	<b>\$ 520,321,126</b>	<b>603,668,837</b>

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**For the nine months ended September 30, 2023 and 2022**

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

**(1) Company history**

(a) Fubon Financial Holding Co., Ltd.

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

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

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

- (b) Business of consolidated subsidiaries:
  - (i) Fubon Insurance was incorporated on December 19, 2001 and assumed all rights and liabilities of the former Fubon Insurance Co., Ltd., which was incorporated in 1961. It is engaged in the business of property and casualty insurance.

(Continued)

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

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

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

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

- (iv) Fubon Bank (Hong Kong) was founded in 1982. It is engaged in the following operations:
- 1) Retail and consumer banking;
  - 2) Corporate banking;
  - 3) Investment banking;
  - 4) Investment and financial management services; and
  - 5) Properties management and other services.
- (v) Fubon Life Insurance was incorporated on June 3, 1993, under the laws of the Republic of China (ROC). It is engaged in the business of life insurance underwriting.
- Fubon Life Insurance merged with ING Life Insurance (Taiwan) effective June 1, 2009, with ING Life Insurance (Taiwan) was the surviving entity and then changed its name to Fubon Life Insurance Co., Ltd. Fubon Life Insurance is engaged in life insurance, accident insurance, health insurance, and any business related to life insurance.
- (vi) Fubon Bank (China) is engaged in foreign currency services and CNY service to customers, in accordance with the "Regulations Governing Foreign Financial Institutions in the People's Republic of China".
- (vii) JihSun Financial Holding was incorporated on February 5, 2002, and is engaged in the financial businesses including banking, financial bills, credit cards, trust, insurance, securities, futures, ventures, investments in foreign financial institutions approved by the government authorities, and investments relevant to other financial services approved by the government authorities. The merger was completed with the Company on November 11, 2022, and the Company was the surviving entity from the merger.

(Continued)

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

- (viii) JihSun Bank was incorporated on August 10, 1991. The main operations include managing customers' deposits, extending loans, acting as collection agent, and investing in government bonds, stocks, short term bills, financial debentures, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund purchases and sales entrusted by customers, employee investments and trust, etc. On April 1, 2023, with Taipei Fubon Bank as the surviving company, the merger with Taipei Fubon Bank was completed.
- (ix) JihSun Securities was incorporated in December 1961. It engaged in the activities of securities brokerage, securities trading, securities underwriting, securities margin purchases and short sales, stock transaction agency services, futures trading and auxiliary services for futures trading, stock warrant issuance, trust businesses and offshore securities unit (OSU). On April 9, 2023, with Fubon Securities as the surviving company, the merger with Fubon Securities was completed.
- (x) JihSun Property Insurance Agency was incorporated on August 9, 2004. Its major business activity is operating in the property insurance agency business. On May 16, 2023, with Taipei Fubon Bank as the surviving company, the merger with Taipei Fubon Bank was completed.

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

On November 16, 2023, the consolidated financial statements were presented to the Board of Directors and issued afterwards.

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

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

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

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

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

(Continued)

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

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

The Company and its subsidiaries assess that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would be expected to have the following impacts:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	<p>Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now require that a right to defer settlement must exist at the reporting date and have substance.</p> <p>The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.</p>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 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>
IFRS16 “Lease Liability in a Sale and Leaseback”	<p>The amendments to IFRS 16 Leases introduce a new accounting model that will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.</p> <p>Under this new accounting model for variable payments, a seller-lessee will:</p> <ul style="list-style-type: none"> <li>● include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and</li> <li>● after initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.</li> </ul>

(Continued)

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

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

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

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

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

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

(Continued)

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

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

(Continued)



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

<b>New Standards and Amendments</b>	<b>Main Amendments</b>	<b>Effective date per IASB</b>
Amendments to IFRS 17 “Insurance Contracts”	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: <ul style="list-style-type: none"> <li>● reduce costs by simplifying some requirements in the Standard;</li> <li>● make financial performance easier to explain; and</li> <li>● ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.</li> </ul>	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information “	The amendment adds a new transition option to IFRS 17 (the ‘ classification overlay’ ) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023
Amendments to IAS21“Lack of Exchangeability”	The amendments set out: <ul style="list-style-type: none"> <li>● when a currency is exchangeable into another currency; and</li> <li>● how a company determines an estimated spot rate when a currency lacks exchangeability.</li> </ul>	January 1, 2025

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

(Continued)

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

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

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

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

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

**(b) Principles of consolidation**

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

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>		
			<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
The Company	Fubon Insurance	Property and casualty insurance	100.00 %	100.00 %	100.00 %
The Company	Taipei Fubon Bank	Banking	100.00 %	100.00 %	100.00 %
The Company	Fubon Life Insurance	Life insurance	100.00 %	100.00 %	100.00 %
The Company	Fubon Securities	Securities business	100.00 %	100.00 %	100.00 %
The Company	Fubon Marketing (Note 15)	Marketing management	100.00 %	100.00 %	100.00 %
The Company	JihSun Financial Holding (Note 1)	Financial Holding	-	%	73.95 %
The Company	JihSun Bank (Note 1 and 2)	Banking	-	%	-
The Company	JihSun Securities (Note 1 and 3)	Securities business	-	%	-
The Company	JihSun Property Insurance Agency (Note 1 and 2)	Property and casualty insurance agent	-	%	-
The Company, Fubon Life Insurance, Fubon Insurance and Fubon Securities	Fubon Financial Holding Venture Capital	Venture Capital	100.00 %	100.00 %	100.00 %
The Company	Fubon Bank (Hong Kong)	Banking	100.00 %	100.00 %	100.00 %

(Continued)

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

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>		
			<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
The Company	Fubon AMC	Creditor's rights management	100.00 %	100.00 %	100.00 %
The Company	Fubon Asset Management	Investment trust	100.00 %	100.00 %	100.00 %
The Company and Taipei Fubon Bank	Fubon Bank (China)	Banking	100.00 %	100.00 %	100.00 %
Taipei Fubon Bank	TFB Capital	Venture Capital	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Futures	Futures	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Investment Service	Investment Service	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon investment holding BVI	Investment Holding	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Securities Venture Capital	Venture Capital	100.00 %	100.00 %	100.00 %
Fubon Securities	Fubon Mintou Venture Capital	Venture Capital	67.00 %	67.00 %	67.00 %
Fubon Securities	JihSun International Investment Holding (Note 3 and 8)	Investment Holding	100.00 %	- %	- %
Fubon Securities	JS CRESVALE Securities International (Note 9)	Securities business	100.00 %	- %	- %
JihSun International Investment Holding	JS CRESVALE Securities International (Note 9)	Securities business	- %	100.00 %	100.00 %
JS CRESVALE Securities International	JS CRESVALE Capital (Note 8)	Stock and futures brokerage, sales of mutual funds	100.00 %	100.00 %	100.00 %
Fubon investment holding BVI	Fubon Securities (Hong Kong)	Securities business	100.00 %	100.00 %	100.00 %
Fubon Asset Management	Fubon Private Equity	Investment and investment service management	100.00 %	100.00 %	100.00 %
Fubon Asset Management	Fubon Fund Management (Hong Kong)	Asset Management	100.00 %	100.00 %	100.00 %
Fubon Private Equity	Fubon Digital Music Asset Management	Venture Capital	51.00 %	51.00 %	51.00 %
Fubon Digital Music Asset Management	Fubon Digital Music GP Limited	General Partner of Private Equity	100.00 %	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance (Vietnam)	Insurance business	100.00 %	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance Broker (Thailand) (Note 4)	Insurance Broker	48.97 %	48.97 %	48.97 %
Fubon Insurance	Fubon Insurance Broker (Philippines)	Insurance Broker	99.99 %	99.99 %	99.99 %
Fubon Insurance and Fubon Life Insurance	Fubon Property & Casualty Insurance (Xiamen)	Insurance business	80.00 %	80.00 %	80.00 %
Fubon Life Insurance	Fubon Life Insurance (Vietnam)	Insurance business	100.00 %	100.00 %	100.00 %

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

Name of Investor	Subsidiary	Main Activities	Percentage of Ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
Fubon Life Insurance	Fubon Life Insurance (Hong Kong)	Insurance business	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Hyundai Life Insurance (Note 14)	Insurance business	83.22 %	77.40 %	77.40 %
Fubon Life Insurance	Carter Lane (Guernsey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Bow Bells House (Jersey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon MTL Property (Jersey)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Ellipse (Belgium)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Life Insurance	Fubon Eurotower (Luxembourg)	Real estate investment and management	100.00 %	100.00 %	100.00 %
Fubon Marketing	Fubon Insurance Agency (Note 12)	Life and property and casualty insurance agent	100.00 %	100.00 %	100.00 %
Fubon Marketing	Fubon Insurance Agency (Note 13)	Property and casualty insurance agent	- %	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Sports & Entertainment	Sports service business	100.00 %	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Stadium	Stadium management	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Nominees (Hong Kong) (Note 5)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Credit (Hong Kong) (Note 5)	Financial sector business	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	FB Securities (Hong Kong) (Note 5)	Securities brokerage	100.00 %	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Insurance Brokers (Note 5)	Insurance agent	100.00 %	100.00 %	100.00 %
JihSun Financial Holding	JihSun Securities (Note 1)	Securities business	- %	- %	100.00 %
JihSun Financial Holding	JihSun Bank (Note 1)	Banking	- %	- %	100.00 %
JihSun Financial Holding	JihSun Property Insurance Agency (Note 1)	Property and casualty insurance agent	- %	- %	100.00 %
JihSun Bank	JihSun Life Insurance Agency (Note 2 and 6)	Life insurance agent	- %	100.00 %	99.72 %
JihSun Securities	JihSun Futures (Note 7)	Futures	- %	98.14 %	98.14 %
JihSun Securities	JihSun International Investment Holding (Note 8)	Securities business	- %	100.00 %	100.00 %

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

Name of Investor	Subsidiary	Main Activities	Percentage of Ownership (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
JihSun Securities	JihSun Securities Investment Consulting (Note 10)	Investment services	-	100.00 %	100.00 %
JihSun Securities	JihSun Venture Capital (Note 11)	Venture Capital	-	-	100.00 %

- Note 1: The Company obtained 53.84% of the shares on March 30, 2021, and continued to increase the shareholding to 100%. The merger was completed on November 11, 2022, and JihSun Financial Holding became the extinguished company. Since that date, the Company has directly held 100% of the equity interest in JihSun Bank, JihSun Securities, and JihSun Property Insurance Agency.
- Note 2: Taipei Fubon Bank acquired 100% of the shares of JihSun Bank on April 1, 2023, The merger was completed, and JihSun Bank became the extinguished company. Since that date, Taipei Fubon Bank has directly held 100% of the equity interest in JihSun Life Insurance Agency. On May 16, 2023, Taipei Fubon Bank completed its merger with JihSun Property Insurance Agency and JihSun Life Insurance Agency, and JihSun Property Insurance Agency and JihSun Life Insurance Agency became the extinguished companies.
- Note 3: Fubon Securities acquired 100% of the shares of JihSun Securities on April 9, 2023, and the merger was completed with JihSun Securities as the extinguished company. Since that date, Fubon Securities has directly held 100% of the equity interest in JihSun International Investment Holding.
- Note 4: Fubon Insurance Broker (Thailand) is set up by a joint venture between Fubon Insurance and Futai Holding Co., Ltd. etc.. Since Fubon Insurance has subscribed for the shares of Fubon Insurance Broker (Thailand) on November 5, 2013 and has control over operating activities, Fubon Insurance Broker (Thailand) is regarded as a subsidiary.
- Note 5: These entities are the major subsidiaries of Fubon Bank (Hong Kong).
- Note 6: JihSun Bank acquired the minority shareholding of JihSun Life Insurance Agency and completed the settlement and transfer on October 20, 2022. The shareholding ratio was 100%.
- Note 7: Fubon Futures acquired 100% of the shares of JihSun Futures on April 9, 2023, and the merger was completed with JihSun Futures as the extinguished company.
- Note 8: The Board of Directors of JihSun International Investment Holding and JS CRESVALE Capital resolved to dissolve in January, 2023. The liquidation is still in progress.
- Note 9: On August 15, 2023, the Board of Directors of JihSun International Investment Holding approved the distribution of its remaining assets and distributed 100% of the remaining assets of the shares of JS CRESVALE Securities International to Fubon Securities. On August 18, 2023, the Board of Directors of JS CRESVALE Securities International approved the change of shareholders from JihSun International Investment Holding to Fubon Securities, which would be processed afterwards.
- Note 10: The Board of Directors of JihSun Securities Investment Consulting resolved the dissolution in October, 2022, and the liquidation was completed on May 29 2023.
- Note 11: The Board of Directors of JihSun Venture Capital resolved the dissolution on May 3, 2022, and the liquidation was completed on December 6, 2022.
- Note 12: Fu Sheng Insurance Agency was renamed as Fubon Insurance Agency on May 29, 2023.
- Note 13: Fubon Insurance Agency's (Original name: Fu Sheng Insurance Agency) merger with Fubon Insurance Agency was approved by the Board of Directors of both parties on April 25, 2023, with Fubon Insurance Agency (Original name: Fu Sheng Insurance Agency) as the surviving company and Fubon Insurance Agency as the extinguished company. The effective date of merger was July 1, 2023.

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

Note 14: Approved by the Board of Directors of Fubon Life Insurance and the Company on April 27, 2023, and by the Board of Directors of Fubon Hyundai Life Insurance on May 26, 2023, Fubon Life Insurance participated in Fubon Hyundai Life Insurance's cash capital increase. As of September 30, 2023, the shareholding ratio was 83.22%.

Note 15: On June 6, 2023, the Board of Directors of Fubon Marketing, acting on behalf of the shareholders' meeting, resolved to dissolve the company. The liquidation is still in progress.

(c) **Income tax**

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

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

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

(d) **Employee benefits**

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

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

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

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

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

(a) Fair value of financial instruments

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

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

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

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

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

Reserve for unearned premium is calculated according to the risks of respective insurance, and is determined by the actuary based on the characteristic of respective insurance.

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

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

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

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

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

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

- (d) Fair value of investment property

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

- (e) Income taxes and deferred tax assets and liabilities

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

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

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

**(6) Explanation of significant accounts**

(a) Cash and Cash Equivalents

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Cash on hand and petty cash	\$ 9,368,242	15,178,201	7,776,180
Bank deposits	156,643,320	145,428,103	141,732,391
Cash equivalents	57,487,378	45,991,965	46,043,662
Notes and checks for clearing	3,172,911	2,941,279	2,141,424
Due from banks	64,534,232	107,107,981	89,059,324
Less: Guarantee deposits	<u>50,704</u>	<u>50,626</u>	<u>74,026</u>
Total	<u><u>\$ 291,155,379</u></u>	<u><u>316,596,903</u></u>	<u><u>286,678,955</u></u>

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

	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Cash and cash equivalents in consolidated balance sheets	\$ 291,155,379	286,678,955
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	86,552,261	190,154,455
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	142,613,486	126,835,427
Cash and cash equivalents in consolidated statements of cash flows	<u><u>\$ 520,321,126</u></u>	<u><u>603,668,837</u></u>

The amounts of loss allowance were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Loss allowance	<u><u>\$ 22,982</u></u>	<u><u>16,681</u></u>	<u><u>15,101</u></u>

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

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

(b) Due from the Central Bank and Call Loans to Banks

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Call loans to banks	\$ 243,415,488	285,646,426	279,800,271
Deposit reserves	133,287,576	111,067,679	106,300,112
Due from the central bank — others	<u>17,993,942</u>	<u>19,276,553</u>	<u>17,044,398</u>
Total	<u>\$ 394,697,006</u>	<u>415,990,658</u>	<u>403,144,781</u>

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Deposit reserves for checking account	\$ <u>38,573,908</u>	<u>20,675,037</u>	<u>14,536,111</u>
Required deposit reserves	<u>\$ 67,839,209</u>	<u>62,231,546</u>	<u>61,143,993</u>

The deposit reserves for checking account are not interest bearing and may be withdrawn anytime. The required deposit reserves are subject to withdrawal restrictions. In addition, foreign-currency deposit reserves are determined by applying a prescribed percentage to the balances of foreign-currency deposits. These reserves may be withdrawn anytime but bear no interests.

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

The amounts of loss allowance were as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Loss allowance	<u>\$ 10,860</u>	<u>2,189</u>	<u>526</u>

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

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedge derivative instruments			
Interest rate contracts	\$ 12,736,667	8,341,566	9,891,615
Currency rate contracts	48,501,971	60,329,960	89,343,635
Options contracts	1,836,997	1,032,716	1,327,366
Cross currency swap contracts	501,850	2,745,460	4,707,560
Others	<u>1,465,623</u>	<u>1,284,655</u>	<u>1,390,689</u>
	<u>65,043,108</u>	<u>73,734,357</u>	<u>106,660,865</u>
Non-derivative financial assets			
Government bonds	12,845,080	3,868,243	15,344,084
Corporate bonds	17,333,083	15,844,077	17,474,414
Financial bonds	50,506,916	52,934,353	52,714,680
Stocks	457,974,105	462,890,198	438,282,024
Beneficiary certificates	707,301,049	637,900,666	657,026,956
Commercial papers	60,983,389	46,116,564	24,936,280
Treasury bills	7,208,821	3,529,242	397,067
Beneficiary securities	40,071,779	39,523,000	40,706,978
Negotiable certificates of deposit	441,078	2,994,212	4,168,708
Others	3,113,299	2,861,338	2,791,026
Less: Guarantee deposits	<u>1,490,950</u>	<u>-</u>	<u>-</u>
	<u>1,356,287,649</u>	<u>1,268,461,893</u>	<u>1,253,842,217</u>
Hybrid financial assets			
Convertible corporate bonds	29,377,810	29,117,824	34,416,432
Structured products	<u>48,010,736</u>	<u>47,271,965</u>	<u>46,251,169</u>
	<u>77,388,546</u>	<u>76,389,789</u>	<u>80,667,601</u>
Financial assets designated as at fair value through profit or loss:			
Government bonds	<u>236,434</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,498,955,737</u>	<u>1,418,586,039</u>	<u>1,441,170,683</u>

(Continued)

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Financial liabilities designated as at fair value through profit or loss:			
Structured products	\$ 1,897,404	942,466	868,787
Exchange traded notes	<u>58,164</u>	<u>45,679</u>	<u>45,886</u>
	<u>1,955,568</u>	<u>988,145</u>	<u>914,673</u>
Held-for-trading financial liabilities:			
Non-hedge derivative instruments			
Interest rate contracts	9,842,186	5,884,614	5,840,495
Currency rate contracts	86,903,762	60,523,473	172,091,915
Options contracts	9,537,558	5,907,595	6,792,498
Others	<u>2,722,547</u>	<u>4,327,354</u>	<u>7,294,545</u>
	<u>109,006,053</u>	<u>76,643,036</u>	<u>192,019,453</u>
Non-derivative financial liabilities			
Stock borrowing and short selling	2,204,779	3,437,627	2,631,492
Bonds borrowing and short selling	<u>6,975,201</u>	<u>6,521,748</u>	<u>5,299,217</u>
	<u>9,179,980</u>	<u>9,959,375</u>	<u>7,930,709</u>
<b>Total</b>	<b><u>\$ 120,141,601</u></b>	<b><u>87,590,556</u></b>	<b><u>200,864,835</u></b>

- (i) The guarantee of financial assets measured at fair value through profit or loss provided as pledged assets, please refer to note 8 for details.
- (ii) The Bank subsidiaries are engaged in derivative transactions mainly to accommodate customers' needs, to manage their exposure positions, and to accommodate their fund needs in different currencies.
- (iii) The above financial assets were designated as measured at fair value through profit or loss due to either the assets being hybrid instruments or to eliminate or significantly reduce a measurement or recognition inconsistency.
- (iv) The Insurance subsidiaries have selected to apply the overlay approach of IFRS 4 "Insurance Contracts" to express the profit or loss of designated financial assets when applying IFRS 9 on January 1, 2018.

(Continued)

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

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets measured at fair value through profit or loss:			
Stocks	\$ 442,011,462	451,389,288	426,077,033
Corporate bonds	1,127,810	1,050,834	1,084,663
Financial bonds	44,526,510	45,646,078	46,696,969
Beneficiary securities	2,164,386	1,982,954	2,009,548
Beneficiary certificates	735,324,346	666,882,999	672,428,253
Structured products	46,237,529	45,522,531	44,478,348
Others	<u>2,055,558</u>	<u>1,108,976</u>	<u>990,893</u>
Total	<u>\$ 1,273,447,601</u>	<u>1,213,583,660</u>	<u>1,193,765,707</u>

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Gains (losses) reported as profit or loss under IFRS 9	\$ (4,878,847)	(27,859,258)	127,275,515	(196,849,468)
Less: Gains reported as profit or loss if applied IAS 39	(20,573,760)	(23,823,130)	(73,833,741)	(98,854,791)
Gains (losses) reclassified by applying overlay approach	<u>\$ (25,452,607)</u>	<u>(51,682,388)</u>	<u>53,441,774</u>	<u>(295,704,259)</u>

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Gains (losses) of financial assets before adjustment	<u>\$ (60,698,773)</u>	<u>(121,622,123)</u>	<u>35,074,638</u>	<u>(390,127,574)</u>
Losses of financial assets after adjustment	<u>\$ (35,246,166)</u>	<u>(69,939,735)</u>	<u>(18,367,136)</u>	<u>(94,423,315)</u>

(Continued)

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

- 2) The insurance subsidiaries did not designate any financial asset which did not meet the condition to apply overlay approach previously but met the condition for the nine months ended September 30, 2023 and 2022, nor did the insurance subsidiaries release the designation.

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amount	<u>\$ 7,372,205</u>	<u>5,669,105</u>	<u>10,579,321</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Debt investments measured at fair value through other comprehensive income:			
Government bonds	\$ 246,268,167	288,264,348	310,636,695
Corporate bonds	167,641,544	328,664,752	340,777,736
Financial bonds	118,782,696	161,650,309	167,046,126
Commercial papers	-	21,344,701	21,469,804
Negotiable certificates of deposits	5,736,705	18,349,953	15,787,396
Beneficiary securities	16,729,818	25,708,057	25,083,759
Asset-backed security	3,725,368	-	-
Discount notes and loans	40,500,889	49,516,190	38,093,349
Central bank notes	5,762,469	-	-
Treasury bills	705,553	-	-
Less: Guarantee deposits	<u>15,277,349</u>	<u>11,880,287</u>	<u>9,916,132</u>
Subtotal	<u>590,575,860</u>	<u>881,618,023</u>	<u>908,978,733</u>
Equity investments measured at fair value through other comprehensive income:			
Stocks	63,855,335	71,580,176	77,202,695
Others	<u>8,514,355</u>	<u>8,333,465</u>	<u>7,607,884</u>
Subtotal	<u>72,369,690</u>	<u>79,913,641</u>	<u>84,810,579</u>
Total	<u>\$ 662,945,550</u>	<u>961,531,664</u>	<u>993,789,312</u>

(Continued)

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

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

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Derecognized during the period	\$ 839,826	560,798	1,118,352	963,433
Held at the end of the period	<u>1,267,041</u>	<u>2,484,824</u>	<u>2,677,877</u>	<u>3,664,662</u>
	<u><b>\$ 2,106,867</b></u>	<u><b>3,045,622</b></u>	<u><b>3,796,229</b></u>	<u><b>4,628,095</b></u>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Fair value	<u>\$ 25,210,022</u>	<u>11,859,781</u>	<u>33,453,073</u>	<u>22,047,141</u>
Accumulated gains (losses) on disposal (after tax)	<u>\$ 1,505,050</u>	<u>(407,238)</u>	<u>943,497</u>	<u>(776,806)</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amount	<u>\$ 14,152,959</u>	<u>24,349,067</u>	<u>14,626,399</u>

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

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

(e) Debt Investments Measured at Amortized Cost

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Government bonds	\$ 519,737,524	434,433,780	438,688,106
Corporate bonds	1,737,655,348	1,419,907,851	1,464,018,776
Financial bonds	1,152,343,541	1,018,981,633	1,045,629,397
Negotiable certificates of deposits	274,355,194	325,055,368	325,659,825
Beneficiary securities	107,185,598	82,973,705	85,837,239
Structured products	57,982,234	58,020,876	57,916,240
Others	13,601,041	26,268,836	20,607,303
Less: Guarantee deposits	<u>6,447,900</u>	<u>6,446,087</u>	<u>6,445,481</u>
Subtotal	3,856,412,580	3,359,195,962	3,431,911,405
Less: Loss allowance	<u>4,106,717</u>	<u>2,849,419</u>	<u>2,924,050</u>
Total	<u><u>\$ 3,852,305,863</u></u>	<u><u>3,356,346,543</u></u>	<u><u>3,428,987,355</u></u>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Carrying amount of derecognition	<u>\$ 4,258,837</u>	<u>24,148,206</u>	<u>13,740,107</u>	<u>131,718,503</u>
Current (losses) gains recognized	<u>\$ (543,434)</u>	<u>(2,442,482)</u>	<u>(389,137)</u>	<u>3,799,618</u>

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

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Carrying amount	<u>\$ 102,349,116</u>	<u>130,375,795</u>	<u>115,862,175</u>

(Continued)



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

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

(f) Financial Instruments for Hedging

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Financial assets for hedging:			
Interest rate swap contracts	\$ 22,140,752	16,741,096	17,415,493
Foreign exchange swap contracts	680,270	2,226,971	870,523
Forward exchange contracts	161,831	4,919	10
Cross currency swap contracts	<u>52,277</u>	<u>331,974</u>	<u>-</u>
	<u>\$ 23,035,130</u>	<u>19,304,960</u>	<u>18,286,026</u>
Financial liabilities for hedging:			
Interest rate swap contracts	\$ 6,045,912	4,045,705	4,082,833
Foreign exchange swap contracts	1,842,011	1,355,157	6,300,226
Forward exchange contracts	16,707	98,784	-
Cross currency swap contracts	940,442	2,233,423	6,283,671
Call loans from banks	<u>4,703,840</u>	<u>5,189,570</u>	<u>6,002,442</u>
	<u>\$ 13,548,912</u>	<u>12,922,639</u>	<u>22,669,172</u>

(i) Fubon Life Insurance and its subsidiaries

1) Fair value hedges

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

2) Cash flow hedges

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

(Continued)

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

3) Hedges of a net investment in a foreign operation

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

The amount of future cash flow, timing and uncertainty:

	<b>Maturity</b>				
	<b>Less than one month</b>	<b>Between one and three months</b>	<b>Between three months and one year</b>	<b>Between one and five years</b>	<b>More than five years</b>
<b>September 30, 2023</b>					
<b>Fair value hedges</b>					
Forward exchange					
Nominal amount	\$ 137,326	360,063	126,137	-	-
Average exchange rate (KRW/USD)	1,311.67	1,304.68	1,292.97	-	-
Nominal amount	\$ 1,001,795	5,677,907	345,668	-	-
Average exchange rate (TWD/USD)	30.73	31.56	30.40	-	-
Foreign exchange swap					
Nominal amount	\$ 6,220,279	19,616,796	14,938,548	24,992,087	-
Average exchange rate (KRW/USD)	1,320.81	1,311.93	1,316.09	1,257.91	-
Nominal amount	\$ 2,301,248	1,501,093	912,178	-	-
Average exchange rate (TWD/USD)	29.62	29.23	29.40	-	-
Cross currency swap					
Nominal amount	\$ 3,061,694	1,398,524	-	-	-
Average interest rate	0.32 %	0.39 %	-	-	-
Average exchange rate (KRW/USD)	1,191.16	1,175.26	-	-	-
<b>Cash flow hedges</b>					
Interest rate swap					
Nominal amount	\$ 1,371,390	2,000,000	11,396,207	1,080,978	-
Average fixed interest rate	1.28 %	1.68 %	1.68 %	2.97 %	-
Cross currency swap					
Nominal amount	\$ 562,668	280,364	4,234,598	5,858,525	-
Average interest rate	0.30 %	0.16 %	(0.84)%	(1.43)%	-
Average exchange rate (KRW/USD)	1,182.11	1,178.00	1,328.20	1,317.25	-

(Continued)

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

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
<b>September 30, 2022</b>					
<b>Fair value hedges</b>					
Forward exchange					
Nominal amount	\$ -	-	3,179	-	-
Average exchange rate (KRW/USD)	-	-	1,432.30	-	-
Foreign exchange swap					
Nominal amount	\$ 5,046,938	8,125,480	25,888,506	5,660,105	-
Average exchange rate (KRW/USD)	1,258.05	1,246.33	1,243.19	1,282.02	-
Nominal amount	\$ 3,026,511	3,975,081	4,254,682	-	-
Average exchange rate (TWD/USD)	29.65	29.40	29.52	-	-
Cross currency swap					
Nominal amount	\$ 250,937	2,124,686	12,319,974	4,159,809	-
Average interest rate	(0.10)%	(0.09)%	0.08 %	0.34 %	-
Average exchange rate (KRW/USD)	\$ 1,130.50	1,126.14	1,135.46	1,186.18	-
<b>Cash flow hedges</b>					
Interest rate swap					
Nominal amount	\$ -	-	3,050,502	15,753,419	-
Average fixed interest rate	-	-	1.24 %	1.84 %	-
Cross currency swap					
Nominal amount	\$ -	-	1,416,768	6,299,715	-
Average interest rate	-	-	0.30 %	(0.61)%	-
Average exchange rate (KRW/USD)	-	-	1,160.64	1,298.54	-

The hedging instruments used in hedging strategies were as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023
		Assets	Liabilities		
<b>September 30, 2023</b>					
<b>Fair value hedges</b>					
— Forward exchange contracts	\$ 7,648,896	161,831	16,707	Financial assets / liabilities for hedging	421,985
— Foreign exchange swap contracts	70,482,229	680,270	1,842,011	Financial assets / liabilities for hedging	(3,400,610)
— Cross currency swap contracts	4,460,218	-	656,100	Financial liabilities for hedging	(986,878)
<b>Cash flow hedges</b>					
— Interest rate swap contracts	\$ 15,848,575	1,940	142,363	Financial assets / liabilities for hedging	(298,695)
— Cross currency swap contracts	10,936,155	52,277	284,342	Financial assets / liabilities for hedging	(656,654)

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for 2022
		Assets	Liabilities		
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
— Forward exchange contracts	\$ 3,084,654	4,920	98,784	Financial assets / liabilities for hedging	(104,955)
— Foreign exchange swap contracts	58,440,944	2,226,971	1,355,157	Financial assets / liabilities for hedging	(2,275,962)
— Cross currency swap contracts	18,141,348	-	2,008,993	Financial liabilities for hedging	(1,679,084)
<b>Cash flow hedges</b>					
— Interest rate swap contracts	\$ 18,516,864	38,781	267,089	Financial assets / liabilities for hedging	309,471
— Cross currency swap contracts	8,494,493	331,974	224,429	Financial assets / liabilities for hedging	(14,391)
<b>September 30, 2022</b>					
<b>Fair value hedges</b>					
— Forward exchange contracts	\$ 3,179	10	-	Financial assets for hedging	(9,505)
— Foreign exchange swap contracts	55,977,303	870,524	6,300,226	Financial assets / liabilities for hedging	(7,896,160)
— Cross currency swap contracts	18,855,406	-	5,199,872	Financial liabilities for hedging	(4,589,128)
<b>Cash flow hedges</b>					
— Interest rate swap contracts	\$ 18,803,921	65,961	291,522	Financial assets / liabilities for hedging	397,278
— Cross currency swap contracts	7,716,483	-	1,083,799	Financial liabilities for hedging	(1,247,535)

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

The information of designated hedged items was as follows:

Fair value hedges

	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
<b>September 30, 2023</b>									
<b>Items designated as hedged</b>									
Stocks	\$ 9,675,452	-	135,108	-	Financial assets measured at fair value through profit or loss	257,218	None	244,253	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	17,790,793	-	1,013,090	-	Financial assets measured at fair value through other comprehensive income	1,027,670	None	(150,206)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	51,773,327	-	2,559,892	-	Financial assets measured at amortized cost	2,545,666	None	(228,996)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
<b>December 31, 2022</b>									
<b>Items designated as hedged</b>									
Stocks	\$ 12,044,161	-	(408,742)	-	Financial assets measured at fair value through profit or loss	(64,726)	None	99,719	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	-	-	-	-	Financial assets measured at fair value through other comprehensive income	4,321	None	2,640	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	70,367,628	-	5,627,673	-	Financial assets measured at amortized cost	5,392,127	None	1,169,362	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2022	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
<b>September 30, 2022</b>									
<b>Items designated as hedged</b>									
Stocks	\$ 13,834,853	-	1,633,335	-	Financial assets measured at fair value through profit or loss	1,914,588	None	707,578	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	-	-	-	-	Financial assets measured at fair value through other comprehensive income	4,301	None	2,628	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	72,412,509	-	12,587,461	-	Financial assets measured at amortized cost	13,149,421	None	1,863,311	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

**Cash flow hedges**

	Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023	Provisions for cash flow hedge	The residual amount of provisions for cash flow that hedge no longer applies the hedging relation of hedging accounting	Changes in the value of the hedging instruments recognized in other comprehensive income	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss	The amount be reclassified from provision for cash flow hedge to profit or loss	The line item affected by reclassification in profit or loss
<b>September 30, 2023</b>								
<b>Items designated as hedged</b>								
Floating bonds	\$ (521,745)	(140,699)	Not applicable	273,805	(455)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(185,465)	Interest revenue
Fixed interest rate bonds		636,309	151,548	(512,809)	-	Not applicable	506,845	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)

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

	Fair value changes used to calculate the hedge ineffectiveness for 2022	Provisions for cash flow hedge	The residual amount of provisions for cash flow that hedge no longer applies the hedging relation of hedging accounting	Changes in the value of the hedging instruments recognized in other comprehen- sive income	Ineffective hedges recognized in profit or loss	The line item of hedge ineffective- ness included in profit or loss	The amount be reclassified from provision for cash flow hedge to profit or loss	The line item affected by reclassifi- cation in profit or loss
<b>December 31, 2022</b>								
<b>Items designated as hedged</b>								
Floating bonds	\$ 528,182	(229,039)	Not applicable	(718,927)	330	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	87,144	Interest revenue
Fixed interest rate bonds	(1,032,372)	157,512	Not applicable	140,767	-	Not applicable	(12,795)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
<b>September 30, 2022</b>								
<b>Items designated as hedged</b>								
Floating bonds	\$ 625,630	(226,290)	Not applicable	(744,565)	329	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	115,531	Interest revenue
Fixed interest rate bonds	149,071	172,493	Not applicable	(1,087,495)	-	Not applicable	1,230,448	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)



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

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

	<b>Provisions for cash flow hedges</b>		<b>Foreign currency translation reserve from net investment in foreign operation</b>	
	<b>For the nine months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Beginning balance	\$ (71,527)	432,284	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedges				
Changes in the value of the hedging instruments recognized in other comprehensive income	(239,004)	(1,832,060)	-	-
The amount be reclassified from provisions for cash flow hedges to profit or loss	321,380	1,345,979	-	-
Ending balance	<u>\$ 10,849</u>	<u>(53,797)</u>	<u>(19,503)</u>	<u>(19,503)</u>

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

(ii) Taipei Fubon Bank and its subsidiaries

Fair value hedges

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

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

(Continued)

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

The information of fair value hedge was as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023
		Assets	Liabilities		
<b>September 30, 2023</b>					
<b>Fair value hedges</b>					
— Interest rate swap contracts	\$ 219,921,393	11,998,664	5,903,549	Financial assets / liabilities for hedging	1,086,854
— Call loans from banks	4,703,840	-	4,703,840	Financial liabilities for hedging	80,171
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
— Interest rate swap contracts	\$ 184,123,148	8,543,867	3,778,616	Financial assets / liabilities for hedging	9,085,309
— Call loans from banks	5,189,570	-	5,189,570	Financial liabilities for hedging	(83,108)
<b>September 30, 2022</b>					
<b>Fair value hedges</b>					
— Interest rate swap contracts	\$ 187,627,824	8,966,049	3,791,076	Financial assets / liabilities for hedging	9,366,826
— Call loans from banks	6,002,442	-	6,002,442	Financial liabilities for hedging	(45,642)

(Continued)

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

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023
	Assets	Liabilities	Assets	Liabilities	
	September 30, 2023				
<b>Hedged items</b>					
<b>Interest rate risk</b>					
Financial bonds payable	\$ -	65,018,865	-	(5,250,630)	2,229,529
Financial assets measured at fair value through other comprehensive income— government bonds	4,711,255	-	(615,836)	-	(598,083)
Financial assets measured at fair value through other comprehensive income— corporate bonds	316,182	-	(38,327)	-	(33,365)
Financial assets measured at fair value through other comprehensive income— financial bonds	4,077,686	-	(185,527)	-	(52,841)
Financial assets measured at amortized cost— government bonds	20,848,958	-	(933,751)	-	(692,231)
Financial assets measured at amortized cost— corporate bonds	85,420,200	-	(7,426,508)	-	(1,626,028)
Financial assets measured at amortized cost— financial bonds	26,432,930	-	(2,135,125)	-	(314,465)
<b>Exchange rate risk</b>					
Financial assets measured at fair value through other comprehensive income— stocks	1,713,428	-	(8,236)	-	(44,559)
Financial assets measured at fair value through other comprehensive income— REITs	2,562,225	-	11,172	-	(35,612)

(Continued)

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

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2022
	Assets	Liabilities	Assets	Liabilities	
<b>December 31, 2022</b>					
<b>Hedged items</b>					
<b>Interest rate risk</b>					
Financial bonds payable	\$ -	66,658,971	-	(2,906,349)	3,917,662
Financial assets measured at fair value through other comprehensive income—government bonds	147,664	-	(6,819)	-	(8,963)
Financial assets measured at fair value through other comprehensive income—corporate bonds	304,867	-	(3,746)	-	(12,168)
Financial assets measured at fair value through other comprehensive income—financial bonds	1,652,204	-	(124,867)	-	(145,775)
Financial assets measured at amortized cost—government bonds	16,508,476	-	(222,628)	-	(2,215,046)
Financial assets measured at amortized cost—corporate bonds	72,159,988	-	(5,533,859)	-	(8,459,291)
Financial assets measured at amortized cost—financial bonds	20,315,117	-	(1,768,884)	-	(2,151,127)
<b>Exchange rate risk</b>					
Financial assets measured at fair value through other comprehensive income—stocks	648,490	-	36,323	-	36,323
Financial assets measured at fair value through other comprehensive income—REITs	4,247,226	-	46,785	-	46,785

(Continued)

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

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2022
	Assets	Liabilities	Assets	Liabilities	
	September 30, 2022				
<b>Hedged items</b>					
<b>Interest rate risk</b>					
Financial bonds payable	\$ -	67,045,215	-	(2,833,138)	3,763,857
Financial assets measured at fair value through other comprehensive income—government bonds	152,489	-	(7,082)	-	(8,973)
Financial assets measured at fair value through other comprehensive income—corporate bonds	315,411	-	(4,285)	-	(12,552)
Financial assets measured at fair value through other comprehensive income—financial bonds	2,023,950	-	(156,279)	-	(172,870)
Financial assets measured at amortized cost—government bonds	16,912,128	-	(192,600)	-	(2,178,483)
Financial assets measured at amortized cost—corporate bonds	73,127,668	-	(5,694,867)	-	(8,457,265)
Financial assets measured at amortized cost—financial bonds	22,043,771	-	(1,946,401)	-	(2,294,380)
<b>Exchange rate risk</b>					
Financial assets measured at fair value through other comprehensive income—stocks	1,043,727	-	(14,111)	-	(14,111)
Financial assets measured at fair value through other comprehensive income—REITs	4,198,081	-	59,754	-	59,754

(Continued)

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

<u>Impact of profit or loss</u>	<u>Gains (losses) on ineffective hedges recognized in profit or loss</u>				<u>The line item in the Statements of Comprehensive Income for Comprehensive Income for ineffective portion</u>
	<u>For the three months ended</u>		<u>For the nine months ended</u>		
	<u>September 30</u>		<u>September 30</u>		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	
<b>Fair value hedges</b>					
<b>Interest rate risk</b>					
Financial bonds payable	\$ (2,462)	1,930	(630)	6,161	Gains or losses on financial assets or liabilities measured at fair value through profit or loss

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

Fair value hedges

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

The amount of future cash flow, timing and uncertainty:

	<u>Maturity</u>				
	<u>Less than one month</u>	<u>Between one and three months</u>	<u>Between three months and one year</u>	<u>Between one and five years</u>	<u>More than five years</u>
<b>September 30, 2023</b>					
<b>Fair value hedges</b>					
Interest rate swap					
Nominal amount	\$ 1,065,968	403,776	14,851,755	63,337,906	33,375,802
Average fixed interest rate	4.38 %	4.75 %	4.08 %	3.31 %	3.18 %
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
Interest rate swap					
Nominal amount	\$ 1,784,457	2,553,619	14,577,167	57,876,454	25,822,841
Average fixed interest rate	3.42 %	3.52 %	3.80 %	3.29 %	3.04 %
<b>September 30, 2022</b>					
<b>Fair value hedges</b>					
Interest rate swap					
Nominal amount	\$ 31,746	3,238,059	18,072,816	58,550,905	26,925,098
Average fixed interest rate	2.75 %	3.97 %	3.65 %	3.31 %	3.09 %

(Continued)

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

The hedging instruments used in hedging strategies were as follows:

	<b>Nominal amount of hedging instruments</b>	<b>Carrying amount of hedging instruments</b>		<b>The line item of hedging instruments in Balance Sheets</b>	<b>Fair value changes used to calculate the hedge ineffectiveness for third quarter of 2023</b>
		<b>Assets</b>	<b>Liabilities</b>		
<b>September 30, 2023</b>					
<b>Fair value hedges</b>					
Interest rate risk					
— Interest rate swap contracts	\$ 113,035,207	10,140,149	-	Financial assets/ liabilities for hedging	-
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
Interest rate risk					
— Interest rate swap contracts	\$ 102,614,539	8,158,447	-	Financial assets/ liabilities for hedging	(3,294)
<b>September 30, 2022</b>					
<b>Fair value hedges</b>					
Interest rate risk					
— Interest rate swap contracts	\$ 106,818,623	8,383,483	235	Financial assets/ liabilities for hedging	(3,240)

(Continued)





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

## (h) Receivables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Accounts receivable — credit card	\$ 83,461,807	66,845,669	59,863,063
Accounts receivable — forfeiting	917,974	912,517	1,579,088
Notes receivable, accounts receivable and acceptance	23,059,387	21,241,848	23,181,779
Accounts receivable — factoring	27,522,140	20,471,156	22,019,954
Interest receivable	58,377,859	52,356,164	48,585,252
Revenues receivable	4,668,620	4,096,906	3,982,834
Premiums receivable	4,497,806	3,173,325	4,484,832
Margin loans receivable	29,174,098	21,505,925	22,095,667
Accounts receivable — settlement	38,955,604	20,737,772	26,105,565
Others	<u>23,312,313</u>	<u>33,686,623</u>	<u>22,921,127</u>
Subtotal	293,947,608	245,027,905	234,819,161
Less: Allowance for doubtful accounts	<u>1,944,810</u>	<u>1,799,307</u>	<u>2,029,386</u>
Total	<u><u>\$ 292,002,798</u></u>	<u><u>243,228,598</u></u>	<u><u>232,789,775</u></u>

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

## (i) Assets Classified as Held for Sale

Fubon Bank (Hong Kong) approved the sale of an investment property by a resolution of the Board of Directors on August 16, 2022, and signed a temporary sale agreement to begin processing the sale in September, according to the sale agreement, it is expected to be sold in November 2022, and the property is listed as assets held for sale. The net amount of assets held for sale was \$287,658 thousand as of September 30, 2022, which was measured at the lower of the carrying amount and fair value less costs to sell.

JihSun Securities approved the sale of its own property by a resolution of the Board of Directors on April 22, 2022, and signed a sale related agreement. Therefore the assets are listed as assets held for sale. The net amount of assets held for sale was \$40,849 thousand on September 30, 2022.

(Continued)

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

## (j) Discounts and Loans

	September 30, 2023	December 31, 2022	September 30, 2022
Discounts and overdrafts	\$ 4,386,866	3,755,707	4,019,477
Short-term advances	13,325,999	13,255,621	13,288,070
Accounts receivable — financing	1,599,493	1,883,360	2,597,564
Short-term loans	356,382,857	346,232,264	408,651,670
Short-term secured loans	213,394,430	191,764,390	193,053,358
Medium-term loans	411,195,373	384,702,556	375,723,099
Medium-term secured loans	258,731,632	250,614,345	246,537,549
Long-term loans	139,940,732	138,933,337	131,289,227
Long-term secured loans	1,276,443,672	1,194,964,935	1,182,894,234
Insurance policy loans	73,575,584	73,429,784	72,276,698
Import and export bill negotiation	16,651,482	13,529,886	12,188,953
Nonperforming loans	8,023,881	5,382,661	7,110,878
Subtotal	2,773,652,001	2,618,448,846	2,649,630,777
Less: Allowance for doubtful accounts	35,269,053	31,511,378	31,572,310
Adjustments of premium and discount	1,686,692	459,992	471,687
Total	<u>\$ 2,736,696,256</u>	<u>2,586,477,476</u>	<u>2,617,586,780</u>

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

	<u>For the nine months ended September 30, 2023</u>			
	<u>Receivables</u>	<u>Discounts and loans</u>	<u>Other financial assets</u>	<u>Total</u>
Beginning balance	\$ 1,799,307	31,511,378	1,313,214	34,623,899
Allowance for doubtful accounts	88,981	4,895,992	1,436,498	6,421,471
Write-off	(125,062)	(1,850,483)	(275,231)	(2,250,776)
Recovery from write-off	187,925	461,505	209,245	858,675
Effects of exchange rate changes and others	(6,341)	250,661	16,941	261,261
Ending balance	<u>\$ 1,944,810</u>	<u>35,269,053</u>	<u>2,700,667</u>	<u>39,914,530</u>

(Continued)

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

	<b>For the nine months ended September 30, 2022</b>			
	<b>Receivables</b>	<b>Discounts and loans</b>	<b>Other financial assets</b>	<b>Total</b>
Beginning balance	\$ 1,514,401	29,797,686	499,826	31,811,913
Allowance for doubtful accounts	469,155	2,537,778	909,198	3,916,131
Write-off	(39,378)	(1,942,028)	(169,161)	(2,150,567)
Recovery from write-off	29,195	449,846	201,985	681,026
Effects of exchange rate changes and others	56,013	729,028	178	785,219
Ending balance	<b>\$ 2,029,386</b>	<b>31,572,310</b>	<b>1,442,026</b>	<b>35,043,722</b>
 (k) Reinsurance Contract Assets				
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>	
Claims recoverable from reinsurers	\$ 3,572,352	8,173,867	15,284,900	
Due from reinsurers and ceding companies	13,502,038	17,254,031	7,482,581	
Subtotal	17,074,390	25,427,898	22,767,481	
Reinsurance reserve assets:				
Ceded unearned premium reserve	10,328,176	8,301,246	9,467,878	
Ceded claim reserve	12,182,872	14,552,211	15,965,149	
Ceded premium deficiency reserve	101,637	105,181	494,216	
Ceded liability reserve	2,887	3,027	3,554	
Subtotal	22,615,572	22,961,665	25,930,797	
Total	<b>\$ 39,689,962</b>	<b>48,389,563</b>	<b>48,698,278</b>	

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

(l) Investments Accounted for Using Equity Method

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

	September 30, 2023	December 31, 2022	September 30, 2022
Xiamen Bank Co., Ltd.	\$ 18,761,624	17,719,167	17,324,026
Fubon Construction Management Co., Ltd.	133,178	136,359	134,611
Line Biz+ Taiwan Co., Ltd.	3,156,276	3,091,602	3,068,973
Fubon Health Management Co., Ltd.	19,290	24,046	22,503
Founder Fubon Fund Management Ltd.	342,306	337,280	378,168
CITIC Capital Holdings Ltd.	9,449,283	9,566,427	9,264,585
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Corporation)	-	-	-
Teng Fu Bo Investment Ltd.	244,888	237,762	281,697
Star River Energy Corporation	224,167	226,152	222,641
Bravelog Sport Technology Co., Ltd.	-	-	-
Star Shining Energy Corporation	2,637,829	2,679,682	2,657,010
Wholex Max Green Power Co., Ltd.	511,544	359,133	354,605
Zhong An Life Insurance Ltd.	821,032	834,881	870,903
Line Bank Co., Ltd.	3,407,698	3,627,479	3,736,947
JihSun Securities Investment Trust Co., Ltd.	259,109	228,862	227,037
Hsin Ting Yi Hao Energy Corporation	299,547	149,773	148,851
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	3,176	2,701	3,150
Sichuan VipFubon Consumer Finance Ltd.	508,766	451,440	439,776
Hyundai Card Co., Ltd.	17,989,053	17,960,061	15,615,694
Aquastar Energy Corporation	179,811	179,852	179,938
	<u>\$ 58,948,577</u>	<u>57,812,659</u>	<u>54,931,115</u>

(Continued)

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Attributable to the Company and its subsidiaries:				
Net income (loss)	\$ 788,864	(157,396)	2,113,336	1,196,558
Other comprehensive income	(15,033)	(367,669)	(253,684)	(567,134)
Total comprehensive income	<u>\$ 773,831</u>	<u>(525,065)</u>	<u>1,859,652</u>	<u>629,424</u>

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
The share of profit of associates accounted for using equity method	<u>\$ 1,246,794</u>	<u>322,535</u>	<u>2,306,988</u>	<u>1,613,636</u>

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Investments accounted for using equity method	<u>\$ 49,023,810</u>	<u>18,968,331</u>	<u>45,131,249</u>

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

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

(Continued)

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

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Unrecognized loss	\$ <u>47,011</u>	<u>27,891</u>	<u>59,058</u>	<u>86,038</u>
	September 30, 2023	December 31, 2022	September 30, 2022	
Accumulated unrecognized loss	\$ <u>1,024,776</u>	<u>965,717</u>	<u>590,614</u>	

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

(m) Material non-controlling interest of subsidiaries

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

Name of subsidiary	Main business office /Country of registry	Ownership interest and voting right of non- controlling interest		
		September 30, 2023	December 31, 2022	September 30, 2022
Fubon Hyundai Life Insurance Co., Ltd.	South Korea	<u>16.78</u> %	<u>22.60</u> %	<u>22.60</u> %
JihSun Financial Holding	Taiwan	<u>-</u> %	<u>-</u> %	<u>26.05</u> %

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Total assets	\$ 456,068,815	511,577,972	437,523,241
Total liabilities	(438,505,605)	(500,237,727)	(430,835,913)
Non-common equity	<u>(2,515,908)</u>	<u>(2,465,815)</u>	<u>(2,239,971)</u>
Net assets	\$ <u>15,047,302</u>	<u>8,874,430</u>	<u>4,447,357</u>
Equity attributable to non-controlling interest	\$ <u>4,767,903</u>	<u>4,093,461</u>	<u>2,901,717</u>

(Continued)

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net revenue	<u>\$ 11,914,345</u>	<u>26,902,026</u>	<u>49,720,518</u>	<u>56,131,585</u>
Net income	\$ (1,587,154)	598,144	(3,384,477)	2,554,875
Other comprehensive income	<u>(4,275,855)</u>	<u>(9,482,264)</u>	<u>207,429</u>	<u>(35,263,988)</u>
Total comprehensive income	<u>\$ (5,863,009)</u>	<u>(8,884,120)</u>	<u>(3,177,048)</u>	<u>(32,709,113)</u>
Consolidated net income for the period attributable to non-controlling interests	<u>\$ (334,654)</u>	<u>135,181</u>	<u>(740,849)</u>	<u>577,402</u>
Consolidated other comprehensive income attributable to non-controlling interests	<u>\$ (1,073,745)</u>	<u>(2,052,848)</u>	<u>(520,827)</u>	<u>(7,460,785)</u>

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Cash flows		
Operating activities	<u>\$ (21,843,379)</u>	<u>(22,882,676)</u>
Investing activities	<u>\$ 1,435,030</u>	<u>(966,900)</u>
Financing activities	<u>\$ 424,422</u>	<u>3,378,824</u>

Fubon Hyundai Life Insurance redeemed early KRW 60 billion unsecured hybrid bonds in February 2023, then in the same month, issued KRW 60 billion unsecured hybrid bonds via private placement, which were acquired by enterprises other than the Company and its subsidiaries.

On August 31, 2023, Fubon Life Insurance and its subsidiaries acquired Fubon Hyundai Life Insurance's shares, which amounted to \$9,451,007 thousand, by participating in its cash capital increase, leading to an increase in shareholding ratio from 77.40% to 83.22%.

The changes in equity attributable to owners of the parent company due to Fubon Life Insurance and its subsidiaries' changes in ownership interests in their subsidiaries were as follows:

	<b>For the nine months ended</b>
	<b>September 30</b>
	<b>2023</b>
Increase in equity after subsidiaries' issuance of new shares	\$ 8,330,926
Less: Capital increase in shares	(9,451,007)
Acquisition costs	(37,767)
Changes in other equity	1,498,241
Others (Note)	<u>(90,928)</u>
Capital surplus: changes in ownership interests in subsidiaries	<u>\$ 249,465</u>

(Continued)

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

Note: Fubon Life Insurance and its subsidiaries recognize changes in capital surplus arising from the early redemption of hybrid bonds by Fubon Hyundai Life Insurance, pro-rata to the shareholding percentage.

(ii) Summarized financial information of JihSun Financial Holding

	<b>September 30, 2022</b>	
Total assets	\$	337,419,407
Total liabilities		<u>(284,933,247)</u>
Net assets	\$	<u><b>52,486,160</b></u>
Equity attributable to non-controlling interest	\$	<u><b>14,334,932</b></u>
	<b>For the three months ended September 30, 2022</b>	<b>For the nine months ended September 30, 2022</b>
Net revenue	\$	<u><b>2,647,681</b></u>
Net income	\$	1,093,301
Other comprehensive income		<u>(621,909)</u>
Total comprehensive income	\$	<u><b>471,392</b></u>
Consolidated net income for the period attributable to non-controlling interests	\$	<u><b>274,256</b></u>
Consolidated other comprehensive income attributable to non-controlling interests	\$	<u><b>116,019</b></u>
		<b>For the six months ended September 30, 2022</b>
Cash flows		
Operating activities	\$	<u><b>9,461,840</b></u>
Investing activities	\$	<u><b>1,223,890</b></u>
Financing activities	\$	<u><b>(7,756,737)</b></u>

(Continued)



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

(n) Other Financial Assets, Net

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Assets on insurance product—separate account	\$ 466,675,690	469,805,004	431,322,458
Margin deposits paid for borrowed securities	5,879,330	5,619,101	6,051,030
Collateral for borrowed securities	1,831	66,922	85,484
Overdue receivables	13,719,293	2,086,301	2,900,991
Customer margin deposit	27,049,287	31,438,437	31,095,490
Buy nonperforming loan	102,392	113,921	114,583
Deposits not qualifying as cash equivalents	16,589,723	14,503,969	13,923,866
Others	-	208,283	223,844
Subtotal	530,017,546	523,841,938	485,717,746
Less: Guarantee deposits—others	2,459,724	2,464,546	2,477,314
Allowance for doubtful accounts	2,700,667	1,313,214	1,442,026
Total	<u>\$ 524,857,155</u>	<u>520,064,178</u>	<u>481,798,406</u>

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Assets on insurance product—separate account:			
Bank deposits	\$ 10,815,542	12,043,010	12,316,067
Financial assets measured at fair value through profit or loss	272,746,252	246,518,822	239,273,650
Receivables	939,282	1,319,530	2,538,595
Total	<u>\$ 284,501,076</u>	<u>259,881,362</u>	<u>254,128,312</u>

(Continued)

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>	
Liabilities on insurance product — separate account:				
Reserve—insurance contract	\$ 135,904,872	129,837,793	127,070,841	
Reserve—investment contract	148,561,884	130,010,488	127,029,737	
Payables	34,320	33,081	27,734	
Total	<u>\$ 284,501,076</u>	<u>259,881,362</u>	<u>254,128,312</u>	
	<u>For the three months ended</u> <u>September 30</u>	<u>For the nine months ended</u> <u>September 30</u>		
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Separate account products revenues:				
Premiums income	\$ 2,931,342	3,856,063	9,110,603	13,048,954
Interest revenue	1,111,290	1,060,467	2,740,131	2,630,111
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(2,938,118)	(3,023,433)	5,485,345	(21,929,766)
Gains (losses) on foreign exchange	358,831	312,264	531,266	202,097
Total	<u>\$ 1,463,345</u>	<u>2,205,361</u>	<u>17,867,345</u>	<u>(6,048,604)</u>
Separate account products expenses:				
Net changes in reserve, Insurance contract	\$ (4,009,476)	(1,255,589)	4,757,316	(16,884,920)
Insurance claims and payment	4,581,142	2,521,214	10,395,902	8,006,020
Administrative expenses	891,859	938,224	2,712,155	2,826,973
Other disbursements	(180)	1,512	1,972	3,323
Total	<u>\$ 1,463,345</u>	<u>2,205,361</u>	<u>17,867,345</u>	<u>(6,048,604)</u>

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

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Rebate	<u>\$ 201,570</u>	<u>163,028</u>	<u>551,737</u>	<u>496,607</u>

(Continued)

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

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Assets on corporate and individual annuity insurance products - separate account :			
Bank deposits	\$ 3,954,878	2,586,365	2,806,422
Financial assets measured at fair value through profit or loss	20,093,215	16,055,614	16,994,214
Financial assets measured at fair value through other comprehensive income	125,155,026	127,098,518	122,898,218
Financial assets for hedging	420,228	1,778,258	241,776
Loan	27,551,716	33,641,356	31,526,593
Interest receivables	1,302,358	1,217,800	1,201,488
Other receivables	<u>3,697,193</u>	<u>27,545,731</u>	<u>1,525,435</u>
Total	<u>\$ 182,174,614</u>	<u>209,923,642</u>	<u>177,194,146</u>
Liabilities on corporate and individual annuity insurance products - separate account:			
Financial liabilities for hedging	\$ 1,369,159	2,129,372	9,129,536
Other payables	181,162	13,653,153	722,709
Insurance separate account value reserve	208,796,065	201,055,408	197,737,394
Short-term debt	<u>-</u>	<u>20,769,750</u>	<u>-</u>
Total	<u>\$ 210,346,386</u>	<u>237,607,683</u>	<u>207,589,639</u>

(Continued)

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

	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenues on corporate and individual annuity insurance products - separate account:				
Interest revenue	\$ 1,633,043	1,622,292	4,894,361	4,690,381
Gains on financial assets or liabilities measured at fair value through profit or loss	(39,468)	484,396	524,292	1,156,097
Gains on financial assets or liabilities measured at fair value through comprehensive profit or loss	-	147	-	87,062
Reversal of ECL on investments	32,549	14,645	66,252	54,615
Gains on foreign exchange	1,476,979	6,509,720	3,525,565	11,525,960
Other revenues	1,408,529	(205,335)	3,339,946	297,085
<b>Total</b>	<b>\$ 4,511,632</b>	<b>8,425,865</b>	<b>12,350,416</b>	<b>17,811,200</b>
Expenses on corporate and individual annuity insurance products - separate account:				
Insurance claims and payment	\$ -	649	-	2,993
Insurance value reserve provisions - separated account	2,699,014	1,166,873	7,501,599	3,463,142
Losses on financial assets or liabilities measured at fair value through profit or loss	1,664,434	7,016,537	3,949,084	13,925,631
Losses on financial assets or liabilities measured at fair value through comprehensive profit or loss	59	119,665	5,653	121,762
Expected credit losses on investments	4,494	3,482	12,837	6,590
Losses on foreign exchange	58,141	55,016	178,641	97,031
Administrative expenses	83,330	62,896	559,751	190,631
Other expenses	2,160	747	142,851	3,420
<b>Total</b>	<b>\$ 4,511,632</b>	<b>8,425,865</b>	<b>12,350,416</b>	<b>17,811,200</b>

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

<b>Account</b>	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Financial assets measured at fair value through other comprehensive income	<b>\$ 868,132</b>	<b>1,303,589</b>	<b>5,034,698</b>

(Continued)

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

(o) Investment Property

	<b>Land and improvements</b>	<b>Buildings</b>	<b>Investment property under construction</b>	<b>Prepayment for investment property</b>	<b>Right-of-use assets</b>	<b>Total</b>
Balance as of January 1, 2023	\$ 189,220,428	55,516,830	15,183,425	1,163,737	44,742,058	305,826,478
Additions	2,305,963	2,071,245	768,621	16,225	29,282	5,191,336
Disposals	(36,713)	(59,676)	-	-	-	(96,389)
Reclassification	1,590,485	12,158,911	(12,005,015)	(1,105,206)	(152,247)	486,928
Gains (losses) generated from fair value adjustments	3,840,101	(5,690,779)	-	-	1,095,179	(755,499)
Effects of exchange rate changes	<u>621,279</u>	<u>1,282,294</u>	<u>-</u>	<u>-</u>	<u>78,510</u>	<u>1,982,083</u>
Balance as of September 30, 2023	<u>\$ 197,541,543</u>	<u>65,278,825</u>	<u>3,947,031</u>	<u>74,756</u>	<u>45,792,782</u>	<u>312,634,937</u>
Balance as of January 1, 2022	\$ 192,485,319	54,663,434	9,775,163	199,889	45,928,224	303,052,029
Additions	164,918	29,622	3,128,474	41,413	-	3,364,427
Disposals	(95,959)	(7,045)	-	-	-	(103,004)
Reclassification	364,964	52,035	256,310	(127,757)	(21,770)	523,782
Gains (losses) generated from fair value adjustments	1,273,568	(2,412,104)	-	-	(1,574,392)	(2,712,928)
Reassessment	-	-	-	-	300,300	300,300
Effects of exchange rate changes	<u>(481,780)</u>	<u>(709,678)</u>	<u>-</u>	<u>-</u>	<u>(67,663)</u>	<u>(1,259,121)</u>
Balance as of September 30, 2022	<u>\$ 193,711,030</u>	<u>51,616,264</u>	<u>13,159,947</u>	<u>113,545</u>	<u>44,564,699</u>	<u>303,165,485</u>

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Rental revenue	<u>\$ 2,082,073</u>	<u>1,892,018</u>	<u>6,037,346</u>	<u>5,670,111</u>
Direct operation expenses	<u>\$ 558,774</u>	<u>491,478</u>	<u>1,604,444</u>	<u>1,329,886</u>
Direct operation expenses belonging to investment properties that did not generate rental income	<u>\$ 78,655</u>	<u>43,244</u>	<u>210,770</u>	<u>122,307</u>

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

(Continued)

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Less than one year	\$ 8,319,219	7,818,197	7,468,018
One to two years	7,496,127	7,355,359	6,458,730
Two to three years	6,207,582	6,444,793	5,577,278
Three to four years	5,553,575	5,118,938	4,483,527
Four to five years	4,303,804	4,656,236	3,974,690
More than five years	<u>26,071,059</u>	<u>24,538,825</u>	<u>20,508,110</u>
	<b><u>\$ 57,951,366</u></b>	<b><u>55,932,348</u></b>	<b><u>48,470,353</u></b>

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

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

(i) Fubon Life Insurance and its subsidiaries

Fubon Life Insurance and its subsidiaries' investment property appraisal has been performed by appraisers from professional valuation agencies based on the "Regulations on Real Estate Appraisal" in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Companies", and the valuation dates were September 30, 2023, December 31 and September 30, 2022.

- 1) DTZ: Li Gen-Yuan, Cai Jia-Han, Hu Chun-Chun and Yang Chang Da
- 2) Savills Plc: Dai Guang-Ping, Chang Hung-Kai, Chang I-Chih, Yeh Yu-Fen, Yeh Shih-Yu
- 3) Repro International Inc.: Wu Hung-Hsu, Tsai You-Xiang, Hsu Hsiang-I
- 4) Jin Han Real Estate Appraisers Joint Firm: Wu Yu-Chun, Hung Chi-Hsiang, Chen I-Chun
- 5) G-Bean Real Estate Appraisers Firms: Chang Neng-Cheng, Li Fang-Cheng, Lai Jin-Wei
- 6) Colliers International Valuation Taiwan LLP: Ke Feng-Ru, Gu Jian-Hui
- 7) Hong Bang Real Estate Appraisers Firms: Li Ching-Tang
- 8) CBRE Limited and CBRE Limited: Shih Fu-Syue, Li Jih-Wei, Jonathan White, Edward Higgins, Luke Heracleous
- 9) Jones Lang LaSalle Limited and Jones Lang LaSalle Limited: Hsu Kuo-Chun, You Shu-Fen, Andrew Pirie, Elizabeth Levingston, Roger Meeds

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

- 10) Colliers International Valuation (Taiwan) Ltd., Daeil Appraisal Board and Colliers International (Hong Kong) Limited: Ku Chien-Hui, Hannah Jeong and Kyoungdo Lee
- 11) CBRE Taiwan and CBRE Limited and CBRE Korea Co., Ltd.: Shi Fu-Xue, Li Zhi-Wei and Alex Chan
- 12) DTZ & Cushman & Wakefield Belgium SA: Yang Chang-Da, Emeric Inghels, Gregory Lamarche
- 13) Savills Plc, Pacific Appraisal Co., Ltd. Savills Belux Group sa: Chang Hung-Kai Melchior de La Pom é lie, David Poole
- 14) Colliers International Valuation Taiwan LLP and Colliers International Valuation GmbH: Ku Chien-Hui, Kamill Georg Wipyewski, Robert Becker, Dmitry Stul
- 15) DTZ and C&W (U.K.) LLP German Branch: Yang Chang-Da, Martin Belik, Peter Fleischmann

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

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

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

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

The inputs applied are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
	<b>Mainly</b>	<b>Mainly</b>	<b>Mainly</b>
Income capitalization rate	0.26%~6.20%	0.25%~5.75%	0.25%~5.50%
Year-end income capitalization rate	1.76%~6.25%	1.70%~5.90%	1.74%~6.35%
Discount rate	2.85%~8.25%	2.82%~8.25%	2.60%~8.15%

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

For buildings that finished constructing within the first half of the year 2023, due to their type of claim changing from superficies to combination compound of house and land, external appraisers used the cost method and the discounted cash flow analysis method instead to evaluate the compound as a whole, thus increasing their fair value compared to that during the developing period.

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

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

(ii) Fubon Insurance

Fubon Insurance investment property appraisals were performed by appraisers from professional valuation agencies based on the “Regulations on Real Estate Appraisal” in accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Companies”, and valuation dates were September 30, 2023, December 31 and September 30, 2022.

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

Valuation agencies as of September 30, 2023 were as follows:

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

Valuation agencies as of December 31, and September 30, 2022 were as follows:

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

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

The inputs applied are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Direct capitalization rate (net)	0.858%~4.65%	0.858%~4.65%	1.30%~4.65%
Profit rate	18.00%~22.00%	18.00%~22.00%	18.00%~22.00%
Overall capital interest rate	2.49%~3.37%	2.19%~2.97%	1.87%~2.52%

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

(iii) Taipei Fubon Bank

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Taipei Fubon Bank has consulted the appraisers about the effectiveness of the original appraisal report. As of September 30, 2023 and 2022, the fair values of the aforementioned investment property at December 31, 2022 and 2021 were considered valid, respectively.

	<b>September 30, 2023</b>	<b>December 31, 2022 (Restatement)</b>	<b>September 30, 2022 (Restatement)</b>
Expected future cash inflows	\$ 5,333,050	5,150,855	4,795,641
Expected future cash outflows	(194,757)	(222,856)	(162,025)
Expected future cash inflows, net	<b>\$ 5,138,293</b>	<b>4,927,999</b>	<b>4,633,616</b>
Discount rate	3.845%	3.595~4.095%	3.095~3.595%

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

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

As of September 30, 2023, December 31 and September 30, 2022, the discount rate was based on the interest rate of the two-year time deposits of Chunghwa Post Co., Ltd., plus, 0.75%, and the investment asset-specific risk premiums of 2%.

(iv) Fubon Securities

Investment property of Fubon securities was evaluated by appraisers from professional valuation agencies, in accordance with the "Regulations on Real Estate Appraisal", and the valuation dates were March 31, 2023, December 31 and March 31, 2022 and December 31, 2021. Fubon Securities has consulted the appraisers about the effectiveness of the original appraisal report. As of September 30, 2023 and 2022, the fair value of the aforementioned investment property at December 31, 2022 and 2021 were considered valid, respectively. The appraisals were performed by the following valuation agencies.

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Due to changes in the leasing ratio of a portion of Fubon Securities' investment properties, the fair value of such properties was reevaluated by appraisers Tsai YouXiang and Hsu HsiangI of Repro International Inc. on September 30, 2023.

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

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

As of September 30, 2023 and 2022, reasonable rents are based on the current market practice, assuming that the rent level is adjusted by 0.5%~1.5% and 0.17%~0.25% per year, estimating the total revenue of the subject property, deducting the loss of revenue due to idle and other reasons, then estimate the operating expenses.

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

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

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

The inputs applied are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022 (Restatement)</b>	<b>September 30, 2022 (Restatement)</b>
Discount rate	3.32%~4.33%	1.845%~4.345%	1.845%~4.345%

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(v) Fubon AMC

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

Fubon AMC appointed appraisers Chen Ying Chen and Chuang Wei Chuan of Tian Yi Real Estate Appraisers Office, appraisers Zhan Xiu Ying, Ke Feng Ru and Ku Chien Hui of Colliers International Real Estate Appraiser Office, appraiser Yang Jun Wei of Zheng Da Real Estate Appraiser Office and appraiser Chen Chih Hao of Yu Fong Real Estate Appraiser Firm to appraise the investment property in accordance with the “Regulations on Real Estate Appraisal”. The appraisal dates were December 15, 2022, September 30, March 31, 2022 and December 31, 2021, respectively. Fubon AMC has consulted the appraisers about the effectiveness of the original appraisal report. As of September 30, 2023 and 2022, the aforementioned reports were still deemed valid, respectively.

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Profit rate	20.00%	20.00%	16.00%~18.00%
Overall capital interest rate	3.46%~4.85%	3.46%~4.85%	1.86%~2.80%
Income capitalization rate	1.23%~3.89%	1.23%~3.89%	0.72%~3.44%

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

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

	Land	Buildings	Machinery and computer equipment	Transportation equipment	Other equipment	Prepayment for purchases of equipment, and construction in progress	Total
Cost or deemed cost:							
Balance as of January 1, 2023	\$ 38,509,910	30,817,584	10,127,508	395,114	13,600,899	1,566,654	95,017,669
Additions	-	14,410	966,265	7,274	631,568	1,362,877	2,982,394
Disposals	(13,789)	(14,136)	(771,454)	(16,378)	(393,336)	(69)	(1,209,162)
Reclassification	(167,681)	(1,033,543)	252,970	18,417	112,233	(692,450)	(1,510,054)
Effects of exchange rates changes	(1,373)	102,140	(2,936)	1,925	243,153	175	343,084
Balance as of September 30, 2023	<u>\$ 38,327,067</u>	<u>29,886,455</u>	<u>10,572,353</u>	<u>406,352</u>	<u>14,194,517</u>	<u>2,237,187</u>	<u>95,623,931</u>
Balance as of January 1, 2022	\$ 38,402,476	30,422,116	9,740,117	394,969	12,501,418	1,523,372	92,984,468
Additions	-	14,442	371,499	8,104	508,392	801,735	1,704,172
Disposals	(7,744)	(3,936)	(250,682)	(10,440)	(219,520)	-	(492,322)
Reclassification	(312,852)	(166,902)	74,794	805	161,632	(521,323)	(763,846)
Effects of exchange rates changes	(868)	692,569	36,539	6,592	602,324	(1,320)	1,335,836
Balance as of September 30, 2022	<u>\$ 38,081,012</u>	<u>30,958,289</u>	<u>9,972,267</u>	<u>400,030</u>	<u>13,554,246</u>	<u>1,802,464</u>	<u>94,768,308</u>
Depreciation and impairment loss:							
Balance as of January 1, 2023	\$ 1,016,417	10,231,656	7,974,701	338,341	10,184,408	-	29,745,523
Depreciations	-	530,436	647,885	16,756	757,172	-	1,952,249
Disposals	-	(3,428)	(761,163)	(15,540)	(385,927)	-	(1,166,058)
Reclassification	(19,129)	(1,168,532)	(24,961)	15,306	958	-	(1,196,358)
Impairment loss	15,996	(15,986)	-	-	-	-	10
Effects of exchange rates changes	-	48,995	(342)	1,468	163,239	-	213,360
Balance as of September 30, 2023	<u>\$ 1,013,284</u>	<u>9,623,141</u>	<u>7,836,120</u>	<u>356,331</u>	<u>10,719,850</u>	<u>-</u>	<u>29,548,726</u>
Balance as of January 1, 2022	\$ 1,065,034	9,478,590	7,444,634	329,287	9,293,990	-	27,611,535
Depreciations	-	554,500	626,984	18,427	703,838	-	1,903,749
Disposals	-	(2,023)	(250,011)	(9,748)	(210,772)	-	(472,554)
Reclassification	(51,750)	(59,481)	4,810	-	74	-	(106,347)
Impairment loss	-	(4,808)	-	-	-	-	(4,808)
Effects of exchange rates changes	-	173,768	28,694	5,272	412,974	-	620,708
Balance as of September 30, 2022	<u>\$ 1,013,284</u>	<u>10,140,546</u>	<u>7,855,111</u>	<u>343,238</u>	<u>10,200,104</u>	<u>-</u>	<u>29,552,283</u>
Carrying amounts:							
Balance as of September 30, 2023	<u>\$ 37,313,783</u>	<u>20,263,314</u>	<u>2,736,233</u>	<u>50,021</u>	<u>3,474,667</u>	<u>2,237,187</u>	<u>66,075,205</u>
Balance as of December 31, 2022	<u>\$ 37,493,493</u>	<u>20,585,928</u>	<u>2,152,807</u>	<u>56,773</u>	<u>3,416,491</u>	<u>1,566,654</u>	<u>65,272,146</u>
Balance as of September 30, 2022	<u>\$ 37,067,728</u>	<u>20,817,743</u>	<u>2,117,156</u>	<u>56,792</u>	<u>3,354,142</u>	<u>1,802,464</u>	<u>65,216,025</u>

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

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

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<b>\$ 2,580,459</b>	<b>2,539,003</b>

(iii) Other lease information

1) Real estate leases

As of September 30, 2023 and 2022, the Company and its subsidiaries lease land and buildings for office space. The leases of office space run for a period of 1 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

2) Superficies leases

As of September 30, 2023 and 2022, the Company and its subsidiaries lease land for superficies with lease terms of 50 to 133 years for the purpose of commercial buildings, malls, hotels etc.

The Company and its subsidiaries have elected to apply the practical expedient of amendments to IFRS 16 “Covid-19-Related Rent Concessions”. For the three months and nine months ended September 30, 2022, the amount recognized in profit and loss as following:

	<b>For the three months ended September 30</b>	<b>For the nine months ended September 30</b>
	<b>2022</b>	<b>2022</b>
	<b>\$ -</b>	<b>1,323</b>

3) Other leases

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (r) Intangible Assets

	September 30, 2023	December 31, 2022	September 30, 2022
License and operating rights	\$ 8,174,989	8,338,036	8,157,004
Core deposits	4,340,183	4,591,235	4,731,127
Goodwill	15,784,076	15,831,049	15,714,975
Computer software	4,034,175	4,017,197	3,808,575
Customer relationship	269,451	292,670	300,766
Others	1,018,879	1,121,901	1,055,865
	<u>\$ 33,621,753</u>	<u>34,192,088</u>	<u>33,768,312</u>

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

	Goodwill	Other intangible assets	Total
Cost :			
Balance as of January 1, 2023	\$ 15,831,049	18,361,039	34,192,088
Additions	-	753,312	753,312
Disposals	-	(16,353)	(16,353)
Amortization	-	(1,448,045)	(1,448,045)
Reclassification	-	298,515	298,515
Effects of exchange rate changes	(46,973)	(110,791)	(157,764)
Balance as of September 30, 2023	<u>\$ 15,784,076</u>	<u>17,837,677</u>	<u>33,621,753</u>
Balance as of January 1, 2022	\$ 15,707,483	18,141,122	33,848,605
Additions	-	789,426	789,426
Disposals	-	(25)	(25)
Amortization	-	(1,254,568)	(1,254,568)
Reclassification	-	259,561	259,561
Effects of exchange rate changes	7,492	117,821	125,313
Balance as of September 30, 2022	<u>\$ 15,714,975</u>	<u>18,053,337</u>	<u>33,768,312</u>

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

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

Core deposits	23 years
Operating rights	10 to 97 years
Computer software	3 to 10 years
Customer relationship	6 to 14 years
Other	3 to 20 years

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

(s) Other Assets

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Refundable deposits	\$ 59,969,956	38,810,289	66,229,991
Foreclosed collaterals and residuals taken over	96,962	187,504	190,633
Operation guarantee deposits and settlement fund	572,081	1,179,702	1,185,713
Deferred assets	2,456,278	2,338,751	2,288,260
Prepayments	4,195,518	3,646,968	3,695,892
Collections for underwriting stock value	4,150	1,232,356	1,638,140
Others	<u>8,344,818</u>	<u>8,798,137</u>	<u>10,339,196</u>
Total	<u><u>\$ 75,639,763</u></u>	<u><u>56,193,707</u></u>	<u><u>85,567,825</u></u>

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

(t) Securities Sold under Repurchase Agreements

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Securities sold under repurchase agreements	<u><u>\$ 115,413,752</u></u>	<u><u>145,685,557</u></u>	<u><u>132,336,074</u></u>

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

## (u) Commercial Paper Issued

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Par value	\$ 68,050,000	50,300,000	52,660,000
Less: Discount on commercial paper issued	54,863	56,023	52,340
<b>Total</b>	<b>\$ 67,995,137</b>	<b>50,243,977</b>	<b>52,607,660</b>
Interest rate range	1.34%~1.53%	1.30%~1.66%	0.90%~1.57%

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

## (v) Payables

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Other payables	\$ 18,809,073	40,654,966	21,019,014
Acceptance bill payable	18,295,318	17,451,783	18,302,897
Account payable for securities purchased	35,596,748	19,777,031	30,692,927
Accrued expenses	22,538,583	21,617,313	18,884,793
Accrued interests	25,348,752	15,371,390	13,848,705
Accrued insurance claim payments	11,830,235	14,488,617	11,197,045
Due to reinsurers and ceding companies	15,014,564	11,375,958	12,274,374
Others	22,090,180	30,733,201	35,252,661
<b>Total</b>	<b>\$ 169,523,453</b>	<b>171,470,259</b>	<b>161,472,416</b>

## (w) Deposits and Remittances

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Checking accounts	\$ 14,669,723	14,373,479	13,149,274
Public treasury deposits	57,103,895	63,104,435	50,048,044
Demand deposits	681,910,224	754,023,257	767,557,181
Time deposits	1,489,666,463	1,402,074,920	1,350,092,034
Negotiable certificates of deposit	133,678,611	103,522,064	144,941,769
Savings accounts	1,427,193,086	1,318,987,426	1,315,722,270
Others	1,152,513	684,247	1,312,812
<b>Total</b>	<b>\$ 3,805,374,515</b>	<b>3,656,769,828</b>	<b>3,642,823,384</b>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(x) Bonds Payable

(i) The bonds payable was as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unsecured corporate bonds	\$ 97,869,925	79,888,159	79,887,504
Subordinated corporate bonds	75,828,227	50,636,657	49,205,863
Financial bonds	<u>132,703,163</u>	<u>126,856,719</u>	<u>130,415,397</u>
Total	<u>\$ 306,401,315</u>	<u>257,381,535</u>	<u>259,508,764</u>

(ii) Unsecured corporate bonds

Name	Issue period		Issue amount	Interest rate	September 30, 2023	December 31, 2022	September 30, 2022	Note
	Issue date	Maturity date						
First 2018 unsecured domestic corporate bonds-bond A	2018.09.04	2023.09.04	\$ 1,700,000	0.85	-	1,700,000	1,700,000	Note 3
First 2018 unsecured domestic corporate bonds-bond B	2018.09.04	2025.09.04	8,300,000	0.95	8,300,000	8,300,000	8,300,000	Note 5
Second 2018 unsecured domestic corporate bonds-bond A	2018.11.22	2023.11.22	700,000	0.85	700,000	700,000	700,000	Note 3
Second 2018 unsecured domestic corporate bonds-bond B	2018.11.22	2025.11.22	1,500,000	0.95	1,500,000	1,500,000	1,500,000	Note 5
First 2019 unsecured domestic corporate bonds-bond A	2019.12.05	2024.12.05	1,200,000	0.77	1,200,000	1,200,000	1,200,000	Note 3
First 2019 unsecured domestic corporate bonds-bond B	2019.12.05	2026.12.05	3,800,000	0.82	3,800,000	3,800,000	3,800,000	Note 5
First 2020 unsecured domestic corporate bonds-bond A	2020.07.29	2024.07.29	2,600,000	0.59	2,600,000	2,600,000	2,600,000	Note 2
First 2020 unsecured domestic corporate bonds-bond B	2020.07.29	2026.07.29	500,000	0.61	500,000	500,000	500,000	Note 4
First 2020 unsecured domestic corporate bonds-bond C	2020.07.29	2028.07.29	1,400,000	0.66	1,400,000	1,400,000	1,400,000	Note 6
First 2020 unsecured domestic corporate bonds-bond D	2020.07.29	2032.07.29	1,000,000	0.70	1,000,000	1,000,000	1,000,000	Note 8
Second 2020 unsecured domestic corporate bonds-bond A	2020.09.15	2024.09.15	6,500,000	0.59	6,500,000	6,500,000	6,500,000	Note 2
Second 2020 unsecured domestic corporate bonds-bond B	2020.09.15	2027.09.15	5,600,000	0.66	5,600,000	5,600,000	5,600,000	Note 5
Second 2020 unsecured domestic corporate bonds-bond C	2020.09.15	2030.09.15	7,900,000	0.70	7,900,000	7,900,000	7,900,000	Note 7
Third 2020 unsecured domestic corporate bonds-bond A	2020.11.06	2024.11.06	3,000,000	0.59	3,000,000	3,000,000	3,000,000	Note 2
Third 2020 unsecured domestic corporate bonds-bond B	2020.11.06	2027.11.06	4,200,000	0.66	4,200,000	4,200,000	4,200,000	Note 5

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Name	Issue period		Issue amount	Interest rate	September 30, 2023	December 31, 2022	September 30, 2022	Note
	Issue date	Maturity date						
Third 2020 unsecured domestic corporate bonds-bond C	2020.11.06	2030.11.06	\$ 7,300,000	0.70	7,300,000	7,300,000	7,300,000	Note 7
First 2021 unsecured domestic corporate bonds-bond A	2021.09.16	2026.09.16	2,300,000	0.50	2,300,000	2,300,000	2,300,000	Note 3
First 2021 unsecured domestic corporate bonds-bond B	2021.09.16	2028.09.16	4,800,000	0.58	4,800,000	4,800,000	4,800,000	Note 5
First 2021 unsecured domestic corporate bonds-bond C	2021.09.16	2031.09.16	4,100,000	0.65	4,100,000	4,100,000	4,100,000	Note 7
First 2021 unsecured domestic corporate bonds-bond D	2021.09.16	2036.09.16	1,000,000	0.73	1,000,000	1,000,000	1,000,000	Note 9
First 2022 unsecured domestic corporate bonds-bond A	2022.01.17	2026.01.17	1,300,000	0.60	1,299,008	1,298,689	1,298,582	Note 2
First 2022 unsecured domestic corporate bonds-bond B	2022.01.17	2029.01.17	1,900,000	0.70	1,898,106	1,897,839	1,897,751	Note 5
First 2022 unsecured domestic corporate bonds-bond C	2022.01.17	2032.01.17	1,100,000	0.80	1,098,800	1,098,693	1,098,657	Note 7
Second 2022 unsecured domestic corporate bonds-bond A	2022.08.30	2026.08.30	2,800,000	1.65	2,797,488	2,796,842	2,796,627	Note 2
Second 2022 unsecured domestic corporate bonds-bond B	2022.08.30	2027.08.30	3,400,000	1.70	3,396,723	3,396,096	3,395,887	Note 3
First 2023 unsecured domestic corporate bonds-bond A	2023.01.12	2027.01.12	3,400,000	2.10	3,396,843	-	-	Note 2
First 2023 unsecured domestic corporate bonds-bond B	2023.01.12	2028.01.12	6,600,000	2.15	6,593,589	-	-	Note 3
Second 2023 unsecured domestic corporate bonds-bond A	2023.06.20	2026.06.20	1,000,000	1.52	998,960	-	-	Note 1
Second 2023 unsecured domestic corporate bonds-bond B	2023.06.20	2029.06.20	1,800,000	1.64	1,798,042	-	-	Note 4
Second 2023 unsecured domestic corporate bonds-bond C	2023.06.20	2033.06.20	6,900,000	1.82	6,892,366	-	-	Note 7
					<b>\$ 97,869,925</b>	<b>79,888,159</b>	<b>79,887,504</b>	

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

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

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

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

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

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

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

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

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

(Continued)

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

(iii) Subordinated corporate bonds

Name	Issue Period		Coupon rate	Issue Amount	Unamortized premium (discount) amount	September 30, 2023	December 31, 2022	September 30, 2022	Note
	Issue Date	Maturity Date							
1st Issue of 2016 Perpetual Cumulative Subordinated Corporate Bonds	2016.12.07	Indefinite	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	28,500,000	Note 2
1st Issue of 2017 Perpetual Cumulative Subordinated Corporate Bonds	2017.04.21	Indefinite	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	6,500,000	Note 2
1st Issue of 2023 10-year Cumulative Subordinated Corporate Bonds - bond A	2023.09.05	2033.09.05	3.70 %	13,570,000	-	13,570,000	-	-	
1st Issue of 2023 15-year Cumulative Subordinated Corporate Bonds - bond B	2023.09.05	2038.09.05	3.85 %	8,930,000	-	8,930,000	-	-	Note 3
Hyundailife Insurance 8 (private placement)	2017.06.26	2023.01.26	4.90 %	214,200	-	-	219,959	199,955	
Hyundailife Insurance 9 (private placement)	2017.07.20	2023.01.20	4.90 %	190,400	-	-	195,536	177,861	
Hyundailife Insurance 11 (private placement)	2017.12.28	2023.06.28	5.60 %	1,428,000	-	-	1,470,251	1,337,532	
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 4)	1,190,000	(2,013)	1,187,987	1,219,460	1,107,702	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 4)	2,380,000	(6,438)	2,373,562	2,436,178	2,212,838	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 4)	357,000	(674)	356,326	365,768	332,248	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 4)	1,190,000	(3,768)	1,186,232	1,217,534	1,105,916	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 4)	1,297,100	(2,703)	1,294,397	1,328,707	1,206,944	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 4)	2,261,000	(7,039)	2,253,961	2,313,534	2,101,467	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 4)	1,190,000	(4,075)	1,185,925	1,217,278	1,105,702	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 4)	3,570,000	(11,978)	3,558,022	3,652,452	3,317,698	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 4)	1,904,000	(7,808)	1,896,192	-	-	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 4)	2,332,400	(8,646)	2,323,754	-	-	
FubonHyundai Insurance 25 (private placement)	2023.09.25	2033.09.25	7.40 % (Note 4)	714,000	(2,131)	711,869	-	-	
Total					\$ (57,273)	75,828,227	50,636,657	49,205,863	

(Continued)

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

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

Note 2: After 10 years of issuance, if the Fubon Life Insurance's risk based capital ratio is greater than twice the minimum risk based capital ratio for insurance companies, with the approval from the authority, Fubon Life Insurance will redeem the corporate bond in whole at a redemption price equal to 100% of the principal amount of the bond, plus accrued and unpaid interest to the date of redemption.

Note 3: After 10 years of issuance, if the Fubon Life Insurance's risk based capital ratio is greater than the minimum risk based capital ratio for insurance companies, with the approval from the authority, Fubon Life Insurance will redeem the corporate bond in whole at a redemption price equal to 100% of the principal amount of the bond, plus accrued and unpaid interest to the date of redemption.

Note 4: The coupon rate will reset on the basis of 10-year KTB yield plus interest rate spread if the bond is not redeemed in 5 years from the date of issuance.

(iv) Financial Bonds Payable

1) Taipei Fubon Bank and its subsidiaries

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
First issuance of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 1, 2023	\$ -	500,000	500,000
First issuance of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 15, 2024	4,500,000	4,500,000	4,500,000
Second issuance of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 25, 2024	3,700,000	3,700,000	3,700,000
Second issuance of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 22, 2024	3,000,000	3,000,000	3,000,000
Fourth issuance of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 18, 2024	1,750,000	1,750,000	1,750,000
Fifth issuance of dominant bank debentures in 2017; zero interest rate; maturity: December 4, 2047 (US\$100,000 thousand)	4,080,122	3,767,483	3,853,815

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Second issuance of dominant bank debentures in 2018; zero interest rate; maturity: March 8, 2048 (US\$195,000 thousand)	\$ 7,979,878	7,355,264	7,519,282
Third issuance of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 25, 2025	1,200,000	1,200,000	1,200,000
Third issuance of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 25, 2028	1,800,000	1,800,000	1,800,000
Fifth issuance of dominant bank debentures in 2018; zero interest rate; maturity: November 20, 2048 (US\$80,000 thousand)	3,259,495	2,992,573	3,055,255
Sixth issuance of dominant bank debentures in 2018; fixed 1.1%; maturity: November 28, 2028	3,700,000	3,700,000	3,700,000
Seventh issuance of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000	6,500,000
First issuance of dominant bank debentures in 2019; fixed 0.98%; maturity: March 20, 2029	1,500,000	1,500,000	1,500,000
Second issuance of dominant bank debentures in 2019; fixed 0.95%; maturity: May 10, 2029	1,300,000	1,300,000	1,300,000
Third issuance of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000	3,100,000
Fourth issuance of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000	4,400,000

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fifth issuance of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 26, 2029	\$ 6,000,000	6,000,000	6,000,000
Sixth issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: October 30, 2029	6,600,000	6,600,000	6,600,000
Seventh issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: December 30, 2029	3,100,000	3,100,000	3,100,000
First issuance of dominant bank debentures in 2020; fixed 0.75%; maturity: March 20, 2030	5,000,000	5,000,000	5,000,000
Second issuance of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000	3,150,000
Third issuance of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 22, 2027	200,000	200,000	200,000
Third issuance of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 22, 2030	1,800,000	1,800,000	1,800,000
Fourth issuance of subordinated bank debentures in 2020; fixed 1.50%; perpetual	2,850,000	2,850,000	2,850,000
First issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: January 28, 2026	1,000,000	1,000,000	1,000,000
Second issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: September 2, 2026	1,000,000	1,000,000	1,000,000

(Continued)



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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Third issuance of dominant bank debentures in 2021; fixed 0.70%; maturity: September 2, 2031	\$ 2,400,000	2,400,000	2,400,000
Fourth issuance of dominant bank debentures in 2021; fixed 0.45%; maturity: September 28, 2026	2,700,000	2,700,000	2,700,000
Fourth issuance of dominant bank debentures in 2021; fixed 0.52%; maturity: September 28, 2028	1,400,000	1,400,000	1,400,000
First issuance of dominant bank debentures in 2022; fixed 0.70%; maturity: May 4, 2025	1,000,000	1,000,000	1,000,000
Second issuance of dominant bank debentures in 2022; fixed 2.00%; maturity: June 28, 2029	2,000,000	2,000,000	2,000,000
Third issuance of subordinated bank debentures in 2022; fixed 3.00%; perpetual	2,300,000	2,300,000	2,300,000
Fourth issuance of subordinated bank debentures in 2022; fixed 1.90%; maturity: September 15, 2029	5,000,000	5,000,000	5,000,000
Fifth issuance of subordinated bank debentures in 2022; fixed 3.10%; perpetual	1,530,000	1,530,000	-
First issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,870,000	-	-
Second issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,300,000	-	-

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Third issuance of dominant bank debentures in 2023; fixed 1.40%; maturity: April 27, 2028	\$ 1,300,000	-	-
Fourth issuance of dominant bank debentures in 2023; fixed 1.40%; maturity: August 28, 2025	1,000,000	-	-
Valuation adjustments of bank debentures	(5,250,630)	(2,906,349)	(2,833,138)
Subtotal	<u>105,018,865</u>	<u>97,188,971</u>	<u>96,045,214</u>
First issuance of 2018 Fubon Bank (China) Tier 2 capital; fixed 5.43%; maturity: December 6, 2028 (CNY 1,000,000 thousand)	4,408,266	4,413,439	4,468,125
First issuance of 2019 Fubon Bank (China) Tier 2 capital; fixed 5.20%; maturity: April 27, 2029 (CNY 1,000,000 thousand)	4,408,266	4,413,439	4,468,125
First issuance of FBCN in 2020; fixed 4.08%; maturity: January 9, 2025 (CNY 1,000,000 thousand)	4,406,598	4,409,895	4,464,506
First issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.20%; maturity: March 23, 2023 (CNY 1,000,000 thousand)	-	4,413,439	4,468,125

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Second issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.92%; maturity: December 1, 2023 (CNY 1,000,000 thousand)	\$ 4,408,266	4,413,439	4,468,125
First issuance of Fubon Bank (China) bank debentures in 2023; fixed 3.25%; maturity: April 28, 2026 (CNY 2,000,000 thousand)	8,816,532	-	-
Subtotal	<u>26,447,928</u>	<u>22,063,651</u>	<u>22,337,006</u>
Total	<u>\$ 131,466,793</u>	<u>119,252,622</u>	<u>118,382,220</u>
2) Fubon Bank (Hong Kong) and its subsidiaries			
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
3-year bonds issued in October 2019; fixed 2.39%; maturity: October 2022	\$ -	-	930,116
3-year bonds issued in December 2019; floating; maturity: December 2022	-	-	606,569
3-year bonds issued in January 2020; fixed 2.42%; maturity: January 2023	-	315,118	323,337
3-year bonds issued in February 2020; fixed 2%; maturity: February 2023	-	1,023,684	1,049,814
3-year bonds issued in February 2020; fixed 2.25%; maturity: February 2023	-	590,796	606,251
1-year bonds issued in October 2021; zero interest rate; maturity: October 2022	-	-	1,269,688
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	393,927	1,212,855

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	\$ -	1,181,807	404,281
1-year bonds issued in January 2022; fixed 0.6%; maturity: January 2023	-	1,969,749	2,021,827
1-year bonds issued in January 2022; fixed 0.7%; maturity: January 2023	-	922,982	952,284
1-year bonds issued in January 2022; fixed 0.71%; maturity: January 2023	-	615,330	634,914
1-year bonds issued in April 2022; fixed 1.65%; maturity: April 2023	-	590,704	606,157
0.5-year bonds issued in April 2022; zero interest rate; maturity: October 2022	-	-	1,010,680
0.5-year bonds issued in April 2022; fixed 1%; maturity: October 2022	-	-	404,404
1-year bonds issued in January 2023; fixed 4.6%; maturity: January 2024	1,236,370	-	-
Subtotal	<u>\$ 1,236,370</u>	<u>7,604,097</u>	<u>12,033,177</u>
Total	<u>\$ 132,703,163</u>	<u>126,856,719</u>	<u>130,415,397</u>
 (y) Other Borrowings			
	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Credit and guarantee loan	<u>\$ 18,396,478</u>	<u>13,696,500</u>	<u>6,198,470</u>
Interest rate range	1.65%~6.11%	1.50%~2.33%	1.39%~3.87%

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

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

## (z) Provisions

## (i) Provisions

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Unearned premium reserves (Note)	\$ 43,928,783	40,788,157	42,581,033
Claim reserves (Note)	40,356,001	52,086,761	49,856,919
Liability reserves (Note)	4,572,770,310	4,504,597,546	4,516,733,749
Special reserves (Note)	22,363,046	20,473,066	21,375,426
Premium deficiency reserves (Note)	5,911,486	7,886,396	10,886,061
Reserves for insurance contract with nature of financial instrument (Note)	3,424,198	3,366,163	3,493,002
Foreign exchange valuation reserves (Note)	28,207,395	37,131,393	43,866,754
Provisions for guarantee liabilities	269,279	259,574	273,654
Provisions for financing commitment	457,082	417,423	462,354
Provisions for employment benefits	10,860,361	11,274,950	12,954,111
Others	31,321,423	31,888,211	31,623,719
<b>Total</b>	<b><u>\$ 4,759,869,364</u></b>	<b><u>4,710,169,640</u></b>	<b><u>4,734,106,782</u></b>

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

## (ii) Employee benefits

## 1) Defined benefit plans

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Pension expense	<b><u>\$ 130,818</u></b>	<b><u>131,665</u></b>	<b><u>400,431</u></b>	<b><u>400,592</u></b>

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

2) Defined contribution plans

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

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Pension expense	\$ <u>394,677</u>	<u>362,455</u>	<u>1,157,358</u>	<u>1,107,454</u>

(aa) Other Financial Liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Principal of structured products	\$ 104,093,971	83,427,536	99,609,015
Liabilities on insurance product— separate account	494,847,462	497,489,045	461,717,951
Future traders' equity	26,455,597	30,881,354	30,530,375
Others	30,119	244,143	261,169
Total	\$ <u>625,427,149</u>	<u>612,042,078</u>	<u>592,118,510</u>

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

(ab) Other Liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Advance receipts	\$ 8,383,469	7,967,476	8,172,856
Temporary receipts	4,899,698	4,821,657	4,052,829
Guarantee deposits received	23,375,171	26,297,914	32,370,047
Advance premiums	4,732,425	7,701,904	8,504,662
Deferred revenue	4,048,659	3,641,793	3,440,198
Deposit-in for borrowed securities	41,409,929	30,692,886	32,716,891
Collections for underwriting stock value	4,145	1,232,253	1,638,037
Others	1,818,645	2,331,909	2,228,939
Total	\$ <u>88,672,141</u>	<u>84,687,792</u>	<u>93,124,459</u>

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

## (ac) Income Tax

## (i) Income tax expenses

The components of income tax expense were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Current tax expense				
Current period	\$ (1,341,566)	1,123,009	1,846,237	4,636,908
Adjustment for prior periods	(43)	(224,019)	17,797	(649,683)
Surtax on undistributed earnings	-	-	-	4,135,317
Foreign income withholding tax	<u>1,200,088</u>	<u>694,812</u>	<u>2,113,676</u>	<u>1,322,655</u>
	<u>(141,521)</u>	<u>1,593,802</u>	<u>3,977,710</u>	<u>9,445,197</u>
Deferred tax expense (benefit)				
Incurrence and reversal of temporary differences	7,752,966	1,261,470	7,521,247	10,357,264
Total income tax expenses	<u>\$ 7,611,445</u>	<u>2,855,272</u>	<u>11,498,957</u>	<u>19,802,461</u>

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Items not to be reclassified to profit or loss:				
Remeasurements of the defined benefit plans	\$ (1,430)	5,389	(911)	8,185
Revaluation gains on property	-	809	-	28,927
Gains/ losses on valuation of equity instruments measured at fair value through other comprehensive income	98,404	(329,486)	37,789	(788,190)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	803	61	(4,295)	(6,799)
	<u>\$ 97,777</u>	<u>(323,227)</u>	<u>32,583</u>	<u>(757,877)</u>

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

	For the three months ended		For the nine months ended	
	September 30		September 30	
	2023	2022	2023	2022
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	\$ 123,848	79,889	504,219	36,682
Gains/ losses on financial instruments for hedging	5,366	(26,407)	16,133	(91,212)
Gains/ losses on debt instruments measured at fair value through other comprehensive income	(2,082,693)	(9,869,206)	16,555,464	(36,422,251)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(11,972)	(120,290)	(110,846)	(176,827)
Other comprehensive income reclassified by applying overlay approach	1,074,800	(29,377)	5,736,211	(12,246,459)
	<u>\$ (890,651)</u>	<u>(9,965,391)</u>	<u>22,701,181</u>	<u>(48,900,067)</u>
	<u>\$ (792,874)</u>	<u>(10,288,618)</u>	<u>22,733,764</u>	<u>(49,657,944)</u>

(ii) Income tax assessment situation

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

Company Name	Assessed Year	Assessment Status
The Company	2017	
Taipei Fubon Bank	2017	Administrative remedies have been applied from 2011 to 2014, and 2016
Fubon Insurance	2017	Administrative remedies have been applied in 2017
Fubon Life Insurance	2017	Administrative remedies have been applied from 2013 to 2014, and from 2016 to 2017
Fubon Securities	2017	Administrative remedies have been applied from 2011, 2013 to 2014, and from 2016 to 2017
Fubon Assets Management (Note 1)	2019	
Fubon Direct Market Consulting (Note 2)	2017	

(Continued)



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

<u>Company Name</u>	<u>Assessed Year</u>	<u>Assessment Status</u>
Fubon Financial Holding Venture Capital (Note 3)	2021	
Fubon AMC	2017	
Taiwan Sport Lottery (Note 4)	2017	
JihSun Financial Holding	2017	
JihSun Bank	2017	
JihSun Securities	2017	
JihSun Property Insurance Agency	2017	

Note 1: According to Article 49 of Financial Holding Company Act, Fubon Asset Management filed consolidated tax returns with the Company since FY2020.

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

Note 3: According to Article 49 of Financial Holding Company Act, Fubon Financial Holding Venture Capital filed consolidated tax returns with the Company until FY2016, and the latest tax return assessed is FY2017. According to the said law, it no longer filed consolidated tax returns with the Company since FY 2017 and its tax returns of FY2021 have been assessed.

Note 4: Taiwan Sport Lottery was dissolved on September 10, 2021. According to Article 49 of Financial Holding Company Act, Taiwan Sport Lottery will no longer file consolidated tax returns with the Company starting from FY2021.

According to Article 49 of Financial Holding Company Act, the Company is the taxpayer for filing the consolidated tax returns. Administrative procedures have been submitted based on the assessment result of tax authorities from 2011 to 2014 and from 2016 to 2017. The Subsidiary, JihSun Financial Holdings, with its subsidiaries JihSun Bank, JihSun Securities and JihSun Property Insurance Agency file consolidated tax returns in accordance with Article 49 of the Financial Holding Company Act. JihSun Financial Holdings is the taxpayer for the consolidated tax return, and no administrative relief was filed for the assessed years. As a result of the merger and liquidation of JihSun Financial Holding in 2022, its former jointly reporting subsidiaries, JihSun Bank, JihSun Securities and JihSun Property Insurance Agency, separately filed income tax returns for profit-seeking enterprise in 2022. In 2023, JihSun Bank and JihSun Property Insurance Agency merged with Taipei Fubon Bank, with JihSun Bank and JihSun Property Insurance Agency as the extinguished companies. JihSun Securities merged with Fubon Securities, with JihSun Securities as the extinguished company.

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

	<b>September 30, 2022</b>		
	<b>Estimate for the nine months ended September 30, 2022</b>	<b>Filed in previous years</b>	<b>Total</b>
Linked tax payables to subsidiaries:			
Taipei Fubon Bank	\$ -	111,249	111,249
Fubon Life Insurance	3,102,755	3,144,355	6,247,110
Fubon Insurance	1,015,288	-	1,015,288
Fubon Marketing	113	-	113
<b>Total</b>	<b>\$ 4,118,156</b>	<b>3,255,604</b>	<b>7,373,760</b>

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

<b>Items</b>	<b>September 30, 2022</b>
linked tax payables - JihSun Bank	\$ 324,245

(ad) Capital and Other Equity

(i) Share capital

- 1) As of September 30, 2022, the authorized and paid-in capital amounted to \$150,000,000 thousand, with a par value of \$10 per share. Share capital includes common stock and preferred stock. The Company issued common shares amounting to 12,395,213 thousand shares and issued irredeemable non-cumulative preferred shares amounting to 1,599,990 thousand shares. All issued shares were fully paid, and the non-cumulative preferred shares were recognized as equity. Approved by the shareholders' meeting on June 9, 2023, the Company increased the authorized share capital to \$200,000,000 thousand and the change in registration was completed on July 20, 2023.

Approved by the shareholders' meeting on June 17, 2022 and June 9, 2023, the Company issued new shares out of its capital reserve in the amount of \$5,902,482 thousand and \$6,197,606 thousand, with a par value of \$10 per share. The Company issued 590,248 thousand shares and 619,761 thousand shares of common stock, with 50 bonus shares to be allocated for every 1,000 shares, and the base dates of the capital increase was September 28, 2022 and September 10, 2023. The relevant statutory registration procedures had been completed.

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

2) Issuance of preferred stock

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

Preferred stock types Items	Series A	Series B	Series C
Shares of issuance	600,000 thousand	666,660 thousand	333,330 thousand
Par value per share	TWD10		
Issuance price per share	TWD60		
Subscription date	2016.04.22	2018.03.16	2021.10.26
Due date	Perpetual		
Dividend	<p>1. 4.10% per annum (7-year IRS 0.885%+3.215%) calculated pursuant to issue price per share. As of April 22, 2023, the reset dividend rate has been 4.58125%.</p> <p>2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the day after each subsequent 7-year period hereafter.</p>	<p>1. 3.60% per annum (7-year IRS 1.17%+2.43%) calculated pursuant to issue price per share.</p> <p>2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the business day after each subsequent 7-year period hereafter.</p>	<p>1. 3.00% per annum (7-year IRS 0.6538%+2.3462%) calculated pursuant to issue price per share.</p> <p>2. 7-year IRS rate will be reset on the day after the 7th anniversary of the issue date ("Issue Date") and the business day after each subsequent 7-year period hereafter.</p>
Dividend issuance	<p>1. Dividends for preferred shares are declared once per year in cash. After shareholders' approval of Issuer's financial statements at its annual shareholders meeting, the board may set record date for distribution of available dividends from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.</p> <p>2. In the year with profit, before Issuer can distribute dividends for preferred shares, Issuer shall set aside out of Issuer's profits: (i) a settlement for payment of tax for the relevant financial year; (ii) an offset of its losses in previous years that have not been previously offset; (iii) a statutory reserve ("Legal Reserve"); and (iv) reserve special reserve pursuant to legal requirement or actual need.</p> <p>3. Issuer has sole discretion on dividend issuance of preferred shares, including its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred share dividends, or preferred share dividend declaration would render the Issuer's RBC ratio below level required by law or relevant authorities. The Issuer's cancellation of preferred share dividend declaration shall not be deemed an event of default.</p>		
Excessive dividend distribution	Preferred shares cannot participate in distribution of cash or stock dividends to holders of common shares from profit or additional paid-in capital.		
Redemption of preferred shares	On the day after the 7th anniversary of the Issue Date, Issuer may redeem all or part of outstanding preferred shares at issue price. Rights and obligations of the unredeemed preferred shares shall remain the same as mentioned above.		
Priority of claims in liquidation	Holders of preferred shares shall have the same priority as holders of all subsequently issued preferred share in liquidation.		

(Continued)

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

Preferred stock types Items	Series A	Series B	Series C
Voting right and election right	1. Holders of preferred shares have no voting right at the annual shareholders meeting, and cannot elect directors. 2. Holders of preferred shares have voting rights at annual shareholders meeting on items relating to rights of preferred shares holders.		
Conversion right	Preferred shares cannot convert.		
Subscription right	When Issuer conduct rights issue for cash, holders of preferred shares have the same subscription right as holders of common shares.		

(ii) Capital surplus

The details of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Additional paid-in capital	\$ 156,644,813	162,842,419	162,842,419
Equity-accounted investees	2,400,137	2,415,609	2,412,833
Changes in ownership interests in subsidiaries	5,380,215	5,132,962	2,910,299
Sale of treasury stock	583,183	583,183	583,183
Others	43,563	43,563	43,563
Total	<u>\$ 165,051,911</u>	<u>171,017,736</u>	<u>168,792,297</u>

- a) Under related regulations, capital surplus must be used to offset deficit except capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be used to distribute cash dividends or transfer to common stock. However, any capital surplus transferred to common stock should be within a certain percentage of paid-in capital prescribed by law.
- b) According to the Ruling No.10200017220 issued by the FSC on March 7, 2013, the undistributed earnings of financial institutions which are converted into financial holding companies, could be either distributed as cash dividends or accounted for as capital surplus of the financial holding companies, on the converting year, pursuant to Article 47, Paragraph 4 of Financial Holding Company Act. The amount of capital surplus used to increase capital is not subject to restriction under Article 72-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers. As of September 30, 2023, the balance of such capital surplus was \$4,343 thousand.

(iii) Legal reserve

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

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

(iv) Special reserve

	September 30, 2023	December 31, 2022	September 30, 2022
Share exchange	\$ 1,669,704	1,669,704	1,669,704
First adoption of IFRSs	1,315,662	1,315,662	1,315,662
Adoption of fair value model of investment property	25,746,092	26,032,339	26,032,339
Special reserve for bargain purchase gains	6,597,660	1,294,294	1,294,294
Net amount of contra equity account	226,423,522	-	-
	<u>\$ 261,752,640</u>	<u>30,311,999</u>	<u>30,311,999</u>

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

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

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

(v) Distribution of earnings

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

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

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

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

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

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

(vi) Dividend policy

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

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

(Continued)





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

(viii) Non-controlling interests

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 7,918,656	34,273,188
Changes in ownership interests in subsidiaries	1,198,164	(1,626,669)
Changes in non-controlling interests	4,170,365	(4,407,093)
Attributable to non-controlling interests		
Net income	(571,077)	1,292,261
Exchange differences on translation of foreign operations	14,822	(161,926)
Losses on financial assets measured at fair value through other comprehensive income	(175,709)	(7,058,583)
Gains (losses) on remeasurements of defined benefit plans	(482)	5,403
Other comprehensive income reclassified by applying overlay approach	384,086	(1,272,110)
Gains on financial instruments for hedging	(1,310)	24,489
Others	-	2,230
Ending balance	<u>\$ 12,937,515</u>	<u>21,071,190</u>

(ae) Earnings Per Share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net income of equity holders	\$ 24,907,940	14,310,098	67,812,976	83,713,989
Less: Declared dividends of preferred stock	-	-	3,515,980	3,026,121
Net income of ordinary equity holders	<u>\$ 24,907,940</u>	<u>14,310,098</u>	<u>64,296,996</u>	<u>80,687,868</u>
Weighted average number of common shares outstanding (thousands)	<u>13,014,973</u>	<u>13,014,973</u>	<u>13,014,973</u>	<u>13,014,973</u>
Basic EPS (Dollars)	<u>\$ 1.91</u>	<u>1.10</u>	<u>4.94</u>	<u>6.20</u>

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

(Continued)

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

On June 9, 2023, the shareholders' meeting resolved to increase the capital by capital surplus, the base date of which was September 10, 2023. When calculating earnings per share, the impact of stock grants has been retrospectively adjusted. The changes in basic earnings per share for the three months ended September 30, 2022 and the nine months ended September 30, 2022 are as follows:

	<b>Before retrospectively adjusted</b>		<b>After retrospectively adjusted</b>	
	<b>For the three months ended September 30, 2022</b>	<b>For the nine months ended September 30, 2022</b>	<b>For the three months ended September 30, 2022</b>	<b>For the nine months ended September 30, 2022</b>
Basic EPS (Dollars)	<b>\$ 1.15</b>	<b>6.51</b>	<b>1.10</b>	<b>6.20</b>

(af) Employees' compensation and directors' remuneration

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Employees' compensation	<b>\$ 4,000</b>	<b>4,000</b>	<b>12,000</b>	<b>12,000</b>
Directors' remuneration	<b>\$ 15,000</b>	<b>33,750</b>	<b>45,000</b>	<b>101,250</b>

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

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

(Continued)

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

## (ag) Income and Expenses

## (i) Net interest revenue

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Interest revenue:				
Discounts and loans	\$ 24,126,257	17,686,472	66,466,550	46,864,525
Investment in securities	40,708,886	35,085,140	115,120,980	97,205,570
Others	<u>6,663,134</u>	<u>4,494,925</u>	<u>18,205,767</u>	<u>9,334,724</u>
Subtotal	<u>71,498,277</u>	<u>57,266,537</u>	<u>199,793,297</u>	<u>153,404,819</u>
Interest expense:				
Deposits	20,157,251	9,460,988	54,976,179	19,563,973
Debt securities issued	1,787,794	1,226,827	4,837,382	3,427,384
Call loans from the central Bank and banks	1,719,238	939,032	4,441,517	1,609,740
Securities sold under repurchase agreements	1,079,494	617,396	2,797,610	1,125,644
Others	<u>2,417,170</u>	<u>1,844,451</u>	<u>6,804,465</u>	<u>3,986,367</u>
Subtotal	<u>27,160,947</u>	<u>14,088,694</u>	<u>73,857,153</u>	<u>29,713,108</u>
Net interest revenue	<u>\$ 44,337,330</u>	<u>43,177,843</u>	<u>125,936,144</u>	<u>123,691,711</u>

## (ii) Net service charge and commissions loss

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Service fee and commission income:				
Brokerage service fees	\$ 3,043,252	2,347,288	7,728,453	7,726,726
Trust and custody services	1,614,838	1,416,059	4,547,001	4,139,890
Credit card service fees	815,751	391,016	1,748,656	662,618
Commission income	576,597	464,910	2,209,230	1,983,989
Loan service fees	456,847	335,123	1,228,740	1,256,997
Others	<u>2,061,954</u>	<u>1,904,072</u>	<u>5,795,529</u>	<u>5,868,712</u>
Subtotal	<u>8,569,239</u>	<u>6,858,468</u>	<u>23,257,609</u>	<u>21,638,932</u>
Service charge and commission expense:				
Commission expense	6,771,752	5,053,376	19,609,938	16,446,577
Interbank service charge	98,395	101,259	287,661	282,675
Brokerage service charge	263,317	206,999	660,753	690,773
Credit card service charge	559,577	560,453	1,277,331	1,098,378
Others	<u>825,453</u>	<u>820,871</u>	<u>2,090,504</u>	<u>2,544,207</u>
Subtotal	<u>8,518,494</u>	<u>6,742,958</u>	<u>23,926,187</u>	<u>21,062,610</u>
Net service charge and commissions loss	<u>\$ 50,745</u>	<u>115,510</u>	<u>(668,578)</u>	<u>576,322</u>

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

(iii) Net income of insurance operations

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Premiums income	\$ 85,446,451	92,500,817	271,560,083	276,318,302
Separate account products revenues	5,974,977	10,631,226	30,217,761	11,762,596
Income from insurance business	<u>91,421,428</u>	<u>103,132,043</u>	<u>301,777,844</u>	<u>288,080,898</u>
Acquisition expenses	46,200	10,841	71,044	23,950
Insurance claims payment	105,093,367	120,544,541	321,279,664	272,891,210
Separate account products expenses	5,974,977	10,631,226	30,217,761	11,762,596
Disbursement toward industry stability	248,107	215,162	623,518	704,449
Insurance business expenses	<u>111,362,651</u>	<u>131,401,770</u>	<u>352,191,987</u>	<u>285,382,205</u>
Net income of insurance operations	<u>\$ (19,941,223)</u>	<u>(28,269,727)</u>	<u>(50,414,143)</u>	<u>2,698,693</u>

(iv) Net change in provisions for insurance liabilities

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Net change of claim reserves	\$ (456,100)	(2,298,680)	(9,283,247)	9,079,573
Net change of liability reserves	1,325,825	13,535,471	28,506,167	86,364,007
Net change of special reserves	1,269,273	(153,150)	1,792,766	(70,101)
Net change of reserves for premium deficiency	(479,141)	1,880,580	(1,987,770)	2,015,348
Net change of reserves for insurance contract with nature of financial instrument	35,910	37,894	140,675	116,388
Net change of reserves for foreign exchange valuation	(2,174,713)	15,857,516	(8,923,998)	33,477,287
Net change of other reserves	<u>(127,689)</u>	<u>(105,318)</u>	<u>(391,814)</u>	<u>(317,698)</u>
	<u>\$ (606,635)</u>	<u>28,754,313</u>	<u>9,852,779</u>	<u>130,664,804</u>

(v) Employee benefits expenses

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Salaries and wages	\$ 8,688,175	7,826,657	25,044,938	23,560,940
Labor insurance, national health insurance, and group insurance for life	914,822	859,809	2,710,160	2,575,859
Pension	500,287	475,520	1,475,531	1,431,956
Director's remuneration	73,391	98,796	206,556	304,458
Other employee benefits expenses	<u>409,714</u>	<u>392,208</u>	<u>1,643,431</u>	<u>1,156,546</u>
	<u>\$ 10,586,389</u>	<u>9,652,990</u>	<u>31,080,616</u>	<u>29,029,759</u>

(Continued)

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

(vi) Depreciation and amortization expenses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Depreciation expenses	\$ 1,337,515	1,309,249	3,984,545	3,915,210
Amortization expenses	513,818	440,156	1,500,512	1,301,594
	<u>\$ 1,851,333</u>	<u>1,749,405</u>	<u>5,485,057</u>	<u>5,216,804</u>

(vii) Other general and administrative expenses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Taxation and government fee	\$ 1,573,980	1,032,633	4,145,335	3,595,454
Rental expense	346,051	272,219	961,522	809,160
Professional services	887,608	710,036	2,477,529	2,168,918
Business activities	1,086,337	284,925	2,127,278	898,984
Cross-selling expense	5,827	19,545	51,479	128,433
Postage expense	422,818	396,073	1,174,895	1,096,919
Others	4,418,891	2,944,130	11,022,621	8,282,716
	<u>\$ 8,741,512</u>	<u>5,659,561</u>	<u>21,960,659</u>	<u>16,980,584</u>

(ah) Disclosure of financial instruments

(i) Fair value information

1) Summary

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

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

(Continued)

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

2) Definition of fair value hierarchy

a) Level 1 inputs

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

b) Level 2 inputs

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

c) Level 3 inputs

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

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

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (ii) Fair value measurement

## 1) Fair value hierarchy

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

Financial instruments - instruments measured at fair value	September 30, 2023			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<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	\$ 464,077,501	458,751,713	273,559	5,052,229
Bond investment	161,943,751	43,973,222	104,032,601	13,937,928
Others	809,145,893	528,260,293	69,717,890	211,167,710
Financial assets designated as at fair value through profit or loss				
Bond investment	236,434	236,434	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	63,855,335	35,363,880	-	28,491,455
Bond investment (Note 1)	549,986,868	225,577,287	308,739,879	15,669,702
Others	64,380,696	8,512,873	50,471,088	5,396,735
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	9,179,980	9,179,980	-	-
Financial liabilities designated as at fair value through profit or loss	58,164	58,164	-	-
Financial liabilities for hedging	4,703,840	-	4,703,840	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss	\$ 65,043,108	1,005,829	59,778,570	4,258,709
Financial assets for hedging	23,035,130	-	23,035,130	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	109,006,053	380,804	105,180,094	3,445,155
Financial liabilities designated as at fair value through profit or loss	1,897,404	-	44,795	1,852,609
Financial liabilities for hedging	8,845,072	-	8,845,072	-

(Continued)



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

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Financial instruments - instruments measured at fair value	Total	September 30, 2022		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b><u>Recurring fair value measurement</u></b>				
<b><u>Non-derivative financial instruments</u></b>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 442,110,328	436,938,940	588,536	4,582,852
Bond investment	169,146,515	37,832,572	122,079,931	9,234,012
Others	723,252,975	476,129,904	42,359,658	204,763,413
Financial assets measured at fair value through other comprehensive income				
Stock investment	77,202,695	48,413,677	-	28,789,018
Bond investment (Note 1)	871,832,738	523,392,167	331,085,559	17,355,012
Others	54,670,011	7,922,603	45,876,571	870,837
Investment property (Note 2)	261,507,182	-	-	261,507,182
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	7,930,709	7,869,841	60,868	-
Financial liabilities designated as at fair value through profit or loss	45,886	45,886	-	-
Financial liabilities for hedging	6,002,442	-	6,002,442	-
<b><u>Derivative financial instruments</u></b>				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 106,660,865	810,957	102,752,263	3,097,645
Financial assets for hedging	18,286,026	-	18,286,026	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	192,019,453	207,604	189,316,442	2,495,407
Financial liabilities designated as at fair value through profit or loss	868,787	-	10,601	858,186
Financial liabilities for hedging	16,666,730	-	16,666,730	-
<b><u>Non-recurring fair value measurement</u></b>				
Asset classified as held for sale	328,507	-	287,658	40,849

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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2) Valuation techniques for financial instruments measured at fair value

a) Financial instruments

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

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

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

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

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

b) Non-financial instruments

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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3) Fair value adjustment

a) Limitations of valuation models and inputs

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

b) Credit risk valuation adjustment

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

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

The transfers between Level 1 and Level 2 for the nine months ended September 30, 2023 and 2022 were due to quoted market price and liquidity.

5) Changes in Level 3 Fair Value Category

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

Units: In thousands of TWD

Name	For the nine months ended September 30, 2023							Ending balance
	Beginning balance	Gains (Losses) on Valuation Profit and Loss	Other Comprehensive Income (Note)	Increase Purchased/ Issued	Transferred to Level 3 (a)(b)	Decrease Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 206,765,047	1,590,099	9,545,433	27,583,631	6,090,760	14,513,106	2,645,288	234,416,576
Financial assets measured at fair value through other comprehensive income	38,200,524	271,591	(421,715)	10,103,575	10,448,605	5,197,784	3,846,904	49,557,892
Assets classified as held for sale	-	-	-	-	70,756	70,756	-	-
Investment property	261,180,539	(755,499)	1,982,083	2,100,527	12,725,849	96,389	562,037	276,575,073
<b>Total</b>	<b>\$ 506,146,110</b>	<b>1,106,191</b>	<b>11,105,801</b>	<b>39,787,733</b>	<b>29,335,970</b>	<b>19,878,035</b>	<b>7,054,229</b>	<b>560,549,541</b>

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

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

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

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

Units: In thousands of TWD

Name	For the nine months ended September 30, 2022							Ending balance
	Beginning balance	Gains (Losses) on Valuation Profit and Loss	Other Comprehensive Income (Note)	Increase Purchased/ Issued	Transferred to Level 3 (a)(b)	Decrease Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 198,993,337	2,544,913	11,415,920	34,997,102	2,138,404	24,269,707	4,142,047	221,677,922
Financial assets measured at fair value through other comprehensive income	54,558,345	1,953,718	(3,799,234)	768,681	3,125,562	2,604,116	6,988,089	47,014,867
Assets Classified as Held for Sale	-	-	-	-	40,849	-	-	40,849
Investment property	264,904,823	(2,712,928)	(1,259,121)	409,103	546,022	100,603	280,114	261,507,182
<b>Total</b>	<b>\$ 518,456,505</b>	<b>1,785,703</b>	<b>6,357,565</b>	<b>36,174,886</b>	<b>5,850,837</b>	<b>26,974,426</b>	<b>11,410,250</b>	<b>530,240,820</b>

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

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

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

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

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

Name	For the nine months ended September 30, 2023						Units: In thousands of TWD
	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 2,330,307	1,047,107	-	168,406	100,665	-	3,445,155
Financial liabilities designated as at fair value through profit or loss	911,731	(6,059)	16,869,564	-	15,867,723	54,904	1,852,609
<b>Total</b>	<b>\$ 3,242,038</b>	<b>1,041,048</b>	<b>16,869,564</b>	<b>168,406</b>	<b>15,968,388</b>	<b>54,904</b>	<b>5,297,764</b>

  

Name	For the nine months ended September 30, 2022						Units: In thousands of TWD
	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 1,300,560	1,299,703	1,126	-	105,982	-	2,495,407
Financial liabilities designated as at fair value through profit or loss	2,901,172	(34,838)	20,534,705	-	22,542,853	-	858,186
<b>Total</b>	<b>\$ 4,201,732</b>	<b>1,264,865</b>	<b>20,535,831</b>	<b>-</b>	<b>22,648,835</b>	<b>-</b>	<b>3,353,593</b>

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

	For the nine months ended September 30	
	2023	2022
Changes in unrealized gains or losses		
Recognized as profit or loss	\$ <u>174,674</u>	<u>29,833</u>
Recognized as other comprehensive income	\$ <u>9,737,665</u>	<u>6,684,396</u>

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

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

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

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

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

The fair value of the aforementioned assets is as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Valuation techniques and inputs for level 3 fair value measurements	\$ <u>530,128,071</u>	<u>475,195,625</u>	<u>498,804,941</u>

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

a) Taipei Fubon Bank

Taipei Fubon Bank

Name	Fair value	Valuation techniques	September 30, 2023		Relationship between inputs and fair value
			Significant unobservable inputs	Intervals	
<b><u>Recurring fair value measurement</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,773,206	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<b><u>Derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 3,896	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.

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December 31, 2022					
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<b><u>Recurring fair value measurement</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,694,529	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<b><u>Derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 4,282	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.
September 30, 2022					
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<b><u>Recurring fair value measurement</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,718,114	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<b><u>Derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 8,145	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.

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

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

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

<b>September 30, 2022</b>					
<u>Non-derivative financial instruments</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
Financial assets measured at fair value through other comprehensive income	\$ 706,272	Comparable company approach	Evaluation multiplier	0.80	The higher the evaluation multiplier, the higher the fair value.
			Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.
		Discounted cash flow	Long-term revenue growth rate	1.72%	The higher the long-term revenue growth rate, the higher the fair value.
			Weighted average cost of capital	7.72%	The higher the weighted average cost of capital, the lower the fair value.
			Discount for lack of marketability	25.00%	The higher the discount for lack of marketability, the lower the fair value.
		Net asset value method	Net asset value	Not applicable	Not applicable
			Non-controlling interest discount	20.00%	The higher the non-controlling interest discount, the lower the fair value.
			Discount for lack of marketability	15.00%~20.00%	The higher the discount for lack of marketability, the lower the fair value.

(Continued)

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

b) Fubon Life Insurance

September 30, 2023						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through profit or loss	\$ 2,424,446	Asset-based Approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
			P/B ratio	1.3~4.7(3)	The higher the P/B ratio, the higher the fair value.	
			Black-Scholes Model	Risk-free rate	1 month: 4.05%~4.95% 1 year: 4.15%~5.07% 3 year: 3.77%~4.61% 10 year: 4.15%~5.07%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.
			Volatility	6 year: 25.29%~30.92% 39.78%~48.62%	The higher the volatility, the higher the fair value.	
			Underlying stock price	HK\$180,564,260 ~\$220,689,652 US\$2,333,840 ~\$2,852,471	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.	
Financial assets measured at fair value through other comprehensive income	9,786,746	Asset-based Approach	Discount for lack of marketability	0%~20% (11.00%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	12.67%~50% (29.22%)	The higher the discount for lack of marketability, the lower the fair value.
			P/B ratio	1.8~4.0(2.9)	The higher the P/B ratio, the higher the fair value.	
			Discounted cash flow	Discount rate	4.14%~4.52%	The higher the discount rate, the lower the fair value.
			Credit spread	0.22%~15.78%	The higher the credit spread, the lower the fair value.	
			Prepayment rate	0%~1.21%	The higher the prepayment rate, the higher the fair value.	

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

December 31, 2022								
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value			
Financial assets measured at fair value through profit or loss	\$ 1,987,249	Asset-based Approach	Discount for lack of marketability	5%~10%(5.83%)	The higher the discount for lack of marketability, the lower the fair value.			
				Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.		
			Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.		
				P/E ratio	8.9	The higher the P/E ratio, the higher the fair value.		
				P/B ratio	5.6	The higher the P/B ratio, the higher the fair value.		
			Black-Scholes Model	Risk-free rate	3 year: 3.52%~4.31%	The higher the risk free rate, the higher the call warrant value but the lower the put option value.		
					5 year: 3.33%~4.07%			
					10 year: 3.49%~4.26%			
			Volatility	3 year: 24.90%~30.44%	39.78%~48.62%	The higher the volatility, the higher the fair value.		
							Underlying stock price	HK\$184,530,277 ~\$225,537,005 US\$3,789,857 ~\$4,632,047
Financial assets measured at fair value through other comprehensive income	9,574,562	Asset-based Approach	Discount for lack of marketability	0%~20% (10.56%)	The higher the discount for lack of marketability, the lower the fair value.			
				Non-controlling interest discount	5%~20% (11.11%)	The higher the non-controlling interest discount, the lower the fair value.		
			Market approach – comparable company	Discount for lack of marketability	11.58%~28% (20.53%)	The higher the discount for lack of marketability, the lower the fair value.		
				P/B ratio	1.5~3.1(2.3)	The higher the P/B ratio, the higher the fair value.		
			Discounted cash flow	Discount rate	4.80%~5.26%	The higher the discount rate, the lower the fair value.		
					Credit spread		0.22%~18.08%	The higher the credit spread, the lower the fair value.
					Prepayment rate		0%~1.21%	The higher the prepayment rate, the higher the fair value.

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

September 30, 2022						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through profit or loss	\$ 1,875,149	Asset-based Approach	Discount for lack of marketability	0%~5%(4.17%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	0%~5%(4.17%)	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value.
				P/E ratio	8.5	The higher the P/E ratio, the higher the fair value.
				P/B ratio	1.0~4.9(2.95)	The higher the P/B ratio, the higher the fair value.
			Discounted cash flow	Discount rate	15.79%	The higher the discount rate, the lower the fair value.
			Black-Scholes Model	Risk-free rate	3 year: 3.63%~4.44%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.
					5 year: 3.52%~4.30%	
					10 year: 3.36%~4.10%	
			Volatility	3 year: 22.91%~28%	The higher the volatility, the higher the fair value.	
39.78%~48.62%						
Underlying stock price	HK\$196,766,617 ~\$240,492,532 US\$2,524,106 ~\$3,085,019	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.				
Financial assets measured at fair value through other comprehensive income	9,487,905	Asset-based Approach	Discount for lack of marketability	5%~70%(15.56%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	5%~29.7%(19.83%)	The higher the non-controlling interest discount, the lower the fair value.	
			Market approach – comparable company	Discount for lack of marketability	10.72%~28%(20.24%)	The higher the discount for lack of marketability, the lower the fair value.
				P/B ratio	1.7~3.7(2.7)	The higher the P/B ratio, the higher the fair value.
			Discounted cash flow	Discount rate	3.80%~4.62%	The higher the discount rate, the lower the fair value.
				Credit spread	0%~18.08%	The higher the credit spread, the lower the fair value.
				Prepayment rate	0%~1.99%	The higher the prepayment rate, the higher the fair value.

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

c) Fubon Insurance

<b>September 30, 2023</b>						
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>	
Financial assets measured at fair value through other comprehensive income	\$ 1,767,842	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/B ratio, the higher the fair value.	
			Non-controlling interest discount	0%~20%(8.75%)		
			Market approach – comparable company	Discount for lack of marketability		25%~50%(38%)
			P/B ratio	1.8~4.0(2.9)		
<b>December 31, 2022</b>						
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>	
Financial assets measured at fair value through other comprehensive income	\$ 1,829,636	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/B ratio, the higher the fair value.	
			Non-controlling interest discount	0%~20% (10%)		
			Market approach – comparable company	Discount for lack of marketability		22%~28% (25%)
			P/B ratio	1.5~3.1(2.3)		
<b>September 30, 2022</b>						
<u>Name</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>	
Financial assets measured at fair value through other comprehensive income	\$ 1,829,885	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value. The higher the non-controlling interest discount, the lower the fair value. The higher the discount for lack of marketability, the lower the fair value. The higher the P/B ratio, the higher the fair value.	
			Non-controlling interest discount	0%~29.7% (17.35%)		
			Market approach – comparable company	Discount for lack of marketability		22%~28% (25%)
			P/B ratio	1.7~3.7(2.7)		

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

d) Fubon Securities

<b>September 30, 2023</b>					
<u>Recurring fair value measurement</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
<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	\$ 59,537	Quoted prices of the counter party	Not applicable	Not applicable	Not applicable
Securities invested by brokers	227,004	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	11,673,990	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.
<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	1,852,609	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.
<b>December 31, 2022(Restatement)</b>					
<u>Recurring fair value measurement</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
<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 brokers	376,758	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	13,244,818	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
<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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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

September 30, 2022(Restatement)					
<u>Recurring fair value measurement</u>	<u>Fair value</u>	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Intervals</u>	<u>Relationship between inputs and fair value</u>
<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	\$ 37,316	Evaluation methods of unlisted stock Note 1	The selection of the model is based on the evaluation methods of unlisted stock. Note 1	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Securities invested by brokers	420,193	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	13,496,405	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.
<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	803,480	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

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

7) Valuation procedure of Level 3 inputs

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

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

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

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

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

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

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

- a) Taipei Fubon Bank

Taipei Fubon Bank

Units : In thousands

<u>September 30, 2023</u>	<u>Fair value fluctuation reflected on net income</u>		<u>Fair value fluctuation reflected on other comprehensive income</u>	
	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>
<u>Items</u>				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,171	(1,074)	-	-
<b>December 31, 2022</b>				
<u>Items</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>	<u>Positive change (+10%)</u>	<u>Negative change (-10%)</u>
<b>Assets</b>				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,982	(1,966)	-	-

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

September 30, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 3,175	(3,206)	-	-

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

JihSun Bank

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

September 30, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+1%)	Negative change (-1%)	Positive change (+1%)	Negative change (-1%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through other comprehensive income	\$ -	-	61,955	(48,207)

b) Fubon Life Insurance

September 30, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss	\$ 102,209	(95,005)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	122,803	(122,801)
Total	<u>\$ 102,209</u>	<u>(95,005)</u>	<u>122,803</u>	<u>(122,801)</u>

(Continued)

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

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

September 30, 2022	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss	\$ 65,590	(64,791)	12	(12)
Financial assets measured at fair value through other comprehensive income	-	-	96,568	(96,562)
<b>Total</b>	<b>\$ 65,590</b>	<b>(64,791)</b>	<b>96,580</b>	<b>(96,574)</b>

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

c) **Fubon Securities**

September 30, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets mandatorily measured at fair value through profit or loss	\$ 28,654	(28,654)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,167,399	(1,167,399)
<b>Liabilities</b>				
Financial liabilities designated as at fair value through profit or loss	185,261	(185,261)	-	-

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

December 31, 2022 (Restatement)	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
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)
<b>Liabilities</b>				
Financial liabilities designated as at fair value through profit or loss	85,683	(85,683)	-	-

September 30, 2022 (Restatement)	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets mandatorily measured at fair value through profit or loss	\$ 45,751	(45,751)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,349,641	(1,349,641)
<b>Liabilities</b>				
Financial liabilities designated as at fair value through profit or loss	80,348	(80,348)	-	-

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

1) Fair value information

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

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

<u>Items</u>	<u>Book value</u>	<u>Fair value</u>
<b>September 30, 2023</b>		
Financial assets		
Debt investments measured at amortized cost (Note)	\$ 3,858,753,763	3,197,506,968
Financial liabilities		
Bonds payable	306,401,315	306,904,685
<b>December 31, 2022</b>		
Financial assets		
Debt investments measured at amortized cost (Note)	3,362,792,630	2,945,384,888
Financial liabilities		
Bonds payable	257,381,535	252,667,784
<b>September 30, 2022</b>		
Financial assets		
Debt investments measured at amortized cost (Note)	3,435,432,836	2,972,007,666
Financial liabilities		
Bonds payable	259,508,764	257,832,798

Note: Included government bonds accounted for refundable deposits.

2) Fair value hierarchy

<u>Financial instruments measured at fair value</u>	<u>September 30, 2023</u>			
	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Financial assets:				
Debt investments measured at amortized cost	\$ 3,197,506,968	1,604,038,592	1,277,886,394	315,581,982
Financial liabilities:				
Bonds payable	306,904,685	114,197,990	174,939,830	17,766,865

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

		<b>December 31, 2022</b>		
<b>Financial instruments measured at fair value</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets:				
Debt investments measured at amortized cost	\$ 2,945,384,888	1,266,227,780	1,371,491,269	307,665,839
Financial liabilities:				
Bonds payable	252,667,784	82,022,961	155,731,642	14,913,181
		<b>September 30, 2022</b>		
<b>Financial instruments measured at fair value</b>	<b>Total</b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Financial assets:				
Debt investments measured at amortized cost	\$ 2,972,007,666	1,307,007,506	1,320,352,572	344,647,588
Financial liabilities:				
Bonds payable	257,832,798	82,617,612	161,616,871	13,598,315

3) Valuation techniques

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

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

(Continued)

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

(ai) Insurance Contracts

(i) Fubon Insurance and its subsidiaries

1) Various reserves

a) Unearned premium reserves

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

Particular	September 30, 2023			
	Unearned premium reserves		Ceded unearned premium reserves	
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	Retained business
Fire insurance	\$ 1,977,563	1,739	1,128,606	850,696
Marine cargo insurance	628,958	1,019	224,639	405,338
Marine hull fishing vessel	343,429	640	286,189	57,880
Voluntary motor insurance	10,812,463	23,199	832,617	10,003,045
Compulsory motor TPL insurance	2,524,464	825,219	1,514,678	1,835,005
Liability insurance	2,409,869	9,286	584,714	1,834,441
Engineering and nuclear insurance	2,086,089	31,665	1,461,763	655,991
Surety and credit insurance	183,407	632	144,029	40,010
Other property insurance	601,434	36	385,819	215,651
Accident insurance	3,683,705	11,084	44,616	3,650,173
Typhoon, flood and earthquake insurance	2,883,906	42,600	1,995,027	931,479
Personal and commercial multiple peril insurance	573,890	-	48,206	525,684
Health insurance	779,255	-	24,871	754,384
Overseas reinsurance assumed	-	213,261	13,120	200,141
Overseas subsidiaries	1,785,985	526,377	705,250	1,607,112
Less: Accumulated impairment	-	-	(21)	21
<b>Total</b>	<b>\$ 31,274,417</b>	<b>1,686,757</b>	<b>9,394,123</b>	<b>23,567,051</b>

(Continued)

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

Particular	December 31, 2022			
	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	
	Particular	Direct business	Reinsurance-assumed business	Reinsurance-ceded business
Fire insurance	\$ 1,433,377	6,731	637,633	802,475
Marine cargo insurance	407,311	1,155	119,928	288,538
Marine hull fishing vessel	229,562	875	175,021	55,416
Voluntary motor insurance	9,979,448	209,838	548,477	9,640,809
Compulsory motor TPL insurance	2,467,935	799,486	1,480,761	1,786,660
Liability insurance	2,065,530	6,114	527,581	1,544,063
Engineering and nuclear insurance	1,873,462	24,971	1,301,549	596,884
Surety and credit insurance	140,282	617	104,517	36,382
Other property insurance	1,227,180	150	459,077	768,253
Accident insurance	3,461,211	13,095	48,256	3,426,050
Typhoon, flood and earthquake insurance	1,882,429	43,129	1,155,311	770,247
Personal and commercial multiple peril insurance	568,041	-	16,645	551,396
Health insurance	910,617	-	69,622	840,995
Overseas reinsurance assumed	-	192,959	5,478	187,481
Overseas subsidiaries	1,710,374	764,956	742,433	1,732,897
<b>Total</b>	<b>\$ 28,356,759</b>	<b>2,064,076</b>	<b>7,392,289</b>	<b>23,028,546</b>
Particular	September 30, 2022			
	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance-assumed business	Reinsurance-ceded business	
	Particular	Direct business	Reinsurance-assumed business	Reinsurance-ceded business
Fire insurance	\$ 1,691,938	4,208	858,751	837,395
Marine cargo insurance	547,826	1,112	190,704	358,234
Marine hull fishing vessel	316,160	720	238,688	78,192
Voluntary motor insurance	9,850,389	221,688	472,855	9,599,222
Compulsory motor TPL insurance	2,439,012	795,572	1,463,407	1,771,177
Liability insurance	2,074,047	5,983	537,526	1,542,504
Engineering and nuclear insurance	2,240,634	25,166	1,633,686	632,114
Surety and credit insurance	179,256	594	142,719	37,131
Other property insurance	1,715,670	33	546,435	1,169,268
Accident insurance	3,397,081	13,424	51,775	3,358,730
Typhoon, flood and earthquake insurance	2,265,256	46,043	1,440,980	870,319
Personal and commercial multiple peril insurance	583,908	-	22,362	561,546
Health insurance	1,111,744	1	136,136	975,609
Overseas reinsurance assumed	-	267,289	12,969	254,320
Overseas subsidiaries	1,796,731	877,473	821,989	1,852,215
Less: Accumulated impairment	-	-	(238)	238
<b>Total</b>	<b>\$ 30,209,652</b>	<b>2,259,306</b>	<b>8,570,744</b>	<b>23,898,214</b>

(Continued)

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

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$21 thousand, \$0 thousand and \$238 thousand as of September 30, 2023, December 31 and September 30, 2022, respectively.

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

<b>Particular</b>	<b>For the nine months ended September 30, 2023</b>	
	<b>Unearned premium reserves</b>	<b>Ceded unearned premium reserves</b>
Beginning balance	\$ 30,420,835	7,392,289
Provision	32,958,300	9,390,754
Recovered	(30,420,835)	(7,392,289)
Impairment loss	-	(21)
Other — effect of change in exchange rates	2,874	3,390
Ending balance	<u>\$ 32,961,174</u>	<u>9,394,123</u>
<b>Particular</b>	<b>For the nine months ended September 30, 2022</b>	
	<b>Unearned premium reserves</b>	<b>Ceded unearned premium reserves</b>
Beginning balance	\$ 30,272,634	7,857,368
Provision	32,362,258	8,528,068
Recovered	(30,272,634)	(7,858,235)
Reversal of impairment loss	-	629
Other — effect of change in exchange rates	106,700	42,914
Ending balance	<u>\$ 32,468,958</u>	<u>8,570,744</u>

(Continued)



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

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

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

1. The unearned premium reserve for compulsory private passenger auto liability, compulsory commercial auto liability, compulsory motorcycle liability and compulsory mini electric two-wheel vehicle liability are provided based on the “Regulations for Deposit and Management of the Reserve of Compulsory Automobile Liability Insurance” and Jin-Guan-Bao-Chan-Zi No.11104617461 on November 30, 2022.
2. The unearned premiums reserves for nuclear insurance are provided based on the “Regulations for the Reserve of Nuclear Insurance”.
3. The unearned premiums reserves for resident earthquake insurance are provided according to the “Enforcement Rules for the Risk Spreading Mechanism for Resident Earthquake Insurance”.

b) Special reserve

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

(Continued)

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

1. Catastrophe special reserve

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

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

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

2. Special reserves for fluctuation of risks

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

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

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

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

ii) The segment requirements of special assets

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

(Continued)

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

Particular	For the nine months ended September 30	
	2023	2022
Beginning balance	\$ 370,227	281,716
Provision	162,828	181,140
Recovered	(56,659)	(154,295)
Ending balance	\$ 476,396	308,561

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

Particular	For the nine months ended September 30, 2023						
	Liability			Special Reserve			
	Catastrophe	Dangerous Change	Total	Catastrophe	Dangerous Change	Travel Insurance	Total
Beginning balance (same as ending balance)	\$ 314,980	466,330	781,310	-	7,317,130	12,644	7,329,774

  

Particular	For the nine months ended September 30, 2022						
	Liability			Special Reserve			
	Catastrophe	Dangerous Change	Total	Catastrophe	Dangerous Change	Travel Insurance	Total
Beginning balance	\$ 314,980	5,488,187	5,803,167	3,722,205	7,033,793	5,054	10,761,052
Recovered (Note 1)	-	(5,021,857)	(5,021,857)	(3,722,205)	-	-	(3,722,205)
Ending balance	\$ 314,980	466,330	781,310	-	7,033,793	5,054	7,038,847

Note 1: The recovery of the catastrophe special reserve of \$3,722,205 thousand under the special reserve was made in accordance with Jin-Guan-Bao-Cai-Zi No. 1110431535 and Subparagraph 2, Paragraph 1 Article 9 of the “Regulations Governing the Provision of Various Reserves”, and was reported to the competent authority for inspection. The recovery of the special reserves for fluctuation of risks of \$5,021,857 thousand under liabilities was made in accordance with Paragraph 8 of “Notes on Strengthening Catastrophe Provisions for Non-Life Insurance Companies” in the letter of Jin-Guan-Bao-Cai-Zi No. 11101405951.

Note 2: The special reserve above covers all the insurances except for the special reserve for compulsory automobile liability insurance, which was recognized before January 1, 2011.

(Continued)

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

- vi) The special reserve for nuclear insurance was provided in accordance with the “Regulations for the Reserve of Nuclear Insurance”.
- vii) The special reserve for resident earthquake insurance was provided in accordance with the “Regulations for danger diversified mechanism for Resident earthquake insurance”.
- viii) Travel insurance was in accordance with Jin-Guan-Bao-Cai-Zi No.10904939031.
- c) Claim reserves
- i) The debt for policy holder of claims reported and unpaid, reported but unpaid, and unreported:

Particular	September 30, 2023				
	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
Fire insurance	\$ -	340	4,722,834	684,460	5,407,294
Marine cargo insurance	-	1,890	1,650,686	238,137	1,888,823
Marine hull fishing vessel	-	179	518,825	121,866	640,691
Voluntary motor insurance	-	54,677	6,659,075	1,781,831	8,440,906
Compulsory motor TPL insurance	-	20,829	989,817	3,716,688	4,706,505
Liability insurance	-	6,290	2,157,738	949,658	3,107,396
Engineering and Nuclear insurance	-	726	1,797,373	385,455	2,182,828
Surety and credit insurance	-	(1)	87,952	35,949	123,901
Other property insurance	-	4,106	169,972	300,007	469,979
Accident insurance	-	11,526	589,960	1,427,136	2,017,096
Typhoon, flood and earthquake insurance	-	1,034	115,773	296,626	412,399
Personal and commercial multiple peril insurance	-	1,283	66,781	158,250	225,031
Health insurance	-	17,393	132,094	850,947	983,041
Overseas reinsurance assumed	-	-	612,822	35,174	647,996
Overseas subsidiaries	-	13,733	1,135,008	1,269,419	2,404,427
Total	<u>\$ -</u>	<u>134,005</u>	<u>21,406,710</u>	<u>12,251,603</u>	<u>33,658,313</u>

(Continued)

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

December 31, 2022					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid		Reported but unpaid	Unreported	Total
	Reported and unpaid	but unpaid	Unreported	Total	Total
Fire insurance	\$ -	75,839	6,886,482	32,335	6,918,817
Marine cargo insurance	-	3,665	923,440	209,312	1,132,752
Marine hull fishing vessel	-	14	410,870	108,179	519,049
Voluntary motor insurance	-	4,968	6,619,721	1,220,902	7,840,623
Compulsory motor TPL insurance	-	18,259	974,636	3,599,461	4,574,097
Liability insurance	-	6,362	1,884,033	838,027	2,722,060
Engineering and Nuclear insurance	-	61,096	1,009,130	261,744	1,270,874
Surety and credit insurance	-	-	135,386	36,366	171,752
Other property insurance	-	930,562	1,337,170	1,306,844	2,644,014
Accident insurance	-	73,914	663,981	1,160,986	1,824,967
Typhoon, flood and earthquake insurance	-	1,375	311,005	226,425	537,430
Personal and commercial multiple peril insurance	-	2,640	55,766	85,124	140,890
Health insurance	-	2,355,531	3,303,263	7,436,553	10,739,816
Overseas reinsurance assumed	-	-	670,888	45,399	716,287
Overseas subsidiaries	-	22,488	1,893,028	1,256,931	3,149,959
<b>Total</b>	<b>\$ -</b>	<b>3,556,713</b>	<b>27,078,799</b>	<b>17,824,588</b>	<b>44,903,387</b>

  

September 30, 2022					
Particular	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid		Reported but unpaid	Unreported	Total
	Reported and unpaid	but unpaid	Unreported	Total	Total
Fire insurance	\$ -	2,670	7,077,865	52,028	7,129,893
Marine cargo insurance	-	717	881,227	201,211	1,082,438
Marine hull fishing vessel	-	14	371,941	97,639	469,580
Voluntary motor insurance	-	37,239	6,407,955	1,152,706	7,560,661
Compulsory motor TPL insurance	-	18,599	972,217	3,572,858	4,545,075
Liability insurance	-	4,233	1,738,968	830,082	2,569,050
Engineering and Nuclear insurance	-	312	939,155	230,286	1,169,441
Surety and credit insurance	-	-	137,074	41,963	179,037
Other property insurance	-	128,671	713,279	2,824,268	3,537,547
Accident insurance	-	9,054	558,833	1,187,810	1,746,643
Typhoon, flood and earthquake insurance	-	1,177	248,616	236,112	484,728
Personal and commercial multiple peril insurance	-	527	47,537	95,254	142,791
Health insurance	-	287,833	1,170,307	7,284,666	8,454,973
Overseas reinsurance assumed	-	-	605,017	50,967	655,984
Overseas subsidiaries	-	5,103	1,998,032	1,298,554	3,296,586
<b>Total</b>	<b>\$ -</b>	<b>496,149</b>	<b>23,868,023</b>	<b>19,156,404</b>	<b>43,024,427</b>

(Continued)

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

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

Particular	September 30, 2023		
	Reported but unpaid	Unreported	Total
Fire insurance	\$ 3,634,393	394,680	4,029,073
Marine cargo insurance	927,254	106,719	1,033,973
Marine hull fishing vessel	390,751	109,551	500,302
Voluntary motor insurance	323,496	41,312	364,808
Compulsory motor TPL insurance	396,631	1,774,669	2,171,300
Liability insurance	897,602	229,320	1,126,922
Engineering and Nuclear insurance	1,158,347	335,114	1,493,461
Surety and credit insurance	28,590	29,581	58,171
Other property insurance	87,210	103,316	190,526
Accident insurance	12,356	24,284	36,640
Typhoon, flood and earthquake insurance	64,943	202,680	267,623
Personal and commercial multiple peril insurance	6,243	6,612	12,855
Health insurance	-	60,328	60,328
Overseas reinsurance assumed	20,448	811	21,259
Overseas subsidiaries	119,545	439,219	558,764
Less: Accumulated impairment	(803)	(240)	(1,043)
Total	<b>\$ 8,067,006</b>	<b>3,857,956</b>	<b>11,924,962</b>

(Continued)

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

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

(Continued)



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

<b>Particular</b>	<b>September 30, 2022</b>		
	<b>Reported but unpaid</b>	<b>Unreported</b>	<b>Total</b>
Fire insurance	\$ 5,685,647	28,750	5,714,397
Marine cargo insurance	328,791	90,275	419,066
Marine hull fishing vessel	264,922	76,986	341,908
Voluntary motor insurance	266,659	34,081	300,740
Compulsory motor TPL insurance	390,677	1,704,309	2,094,986
Liability insurance	723,122	191,672	914,794
Engineering and Nuclear insurance	407,030	190,739	597,769
Surety and credit insurance	78,246	33,796	112,042
Other property insurance	236,520	766,888	1,003,408
Accident insurance	33,471	34,609	68,080
Typhoon, flood and earthquake insurance	108,063	169,993	278,056
Personal and commercial multiple peril insurance	6,044	4,825	10,869
Health insurance	126,983	2,456,197	2,583,180
Overseas reinsurance assumed	19,363	1,371	20,734
Overseas subsidiaries	722,115	524,504	1,246,619
Less: Accumulated impairment	(730)	(165)	(895)
<b>Total</b>	<b>\$ 9,396,923</b>	<b>6,308,830</b>	<b>15,705,753</b>

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

(Continued)

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

iii) Movements in claim reserves and ceded claim reserves

<b>Particular</b>	<b>For the nine months ended September 30, 2023</b>	
	<b>Claim reserves</b>	<b>Ceded claim reserves</b>
Beginning balance	\$ 44,903,387	14,274,490
Provision	33,658,490	11,924,992
Recovered	(44,903,387)	(14,275,731)
Reversal of impairment loss	-	198
Other — effect of change in exchange rates	(177)	1,013
Ending Balance	<u>\$ 33,658,313</u>	<u>11,924,962</u>
	<b>For the nine months ended September 30, 2022</b>	
<b>Particular</b>	<b>Claim reserves</b>	<b>Ceded claim reserves</b>
Beginning balance	\$ 28,102,700	10,102,557
Provision	42,892,729	15,638,406
Recovered	(28,102,700)	(10,104,204)
Reversal of impairment loss	-	752
Other — effect of change in exchange rates	131,698	68,242
Ending balance	<u>\$ 43,024,427</u>	<u>15,705,753</u>

(Continued)

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

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

<b>Particular</b>	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Fire insurance	\$ 3	(1)	4,936	15,178
Marine cargo insurance	2,837	9,140	20,011	25,388
Marine hull fishing vessel	7,090	251	7,090	251
Voluntary motor insurance	353,807	197,431	1,024,372	749,970
Compulsory motor TPL insurance	31,236	62,630	123,380	183,159
Liability insurance	6,987	7,105	16,711	24,323
Engineering and Nuclear insurance	1,605	300	1,635	10,688
Surety and credit insurance	7,721	5,462	16,148	13,481
Other property insurance	3,563	964	5,226	3,388
Accident insurance	340	3	543	265
Personal and commercial multiple peril insurance	447	-	853	255
Typhoon, flood and earthquake insurance	-	-	-	69
Health insurance	825	1,661	4,340	1,845
Overseas reinsurance assumed	-	-	-	-
Overseas subsidiaries	3,753	2,709	6,886	7,918
<b>Total</b>	<b>\$ 420,214</b>	<b>287,655</b>	<b>1,232,131</b>	<b>1,036,178</b>

(Continued)

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

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

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

d) Liability reserve

- i) The formula for calculating reserve is reported to the authority and the current interest rate is used for discounting purposes to calculate the present value of the reserve.
- ii) Movements in liability reserve and ceded liability reserve:

<b>Particular</b>	<b>For the nine months ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Liability reserve</b>	<b>Ceded liability reserve</b>	<b>Liability reserve</b>	<b>Ceded liability reserve</b>
Beginning balance	\$ 445	-	471	-
Provision	2	-	4	-
Maturity refund	(51)	-	(31)	-
Ending balance	<u>\$ 396</u>	<u>-</u>	<u>444</u>	<u>-</u>

(Continued)

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

- e) Premium deficiency reserve  
i) Premium deficiency reserve

<u>Particular</u>	<u>September 30, 2023</u>			
	<u>Premium deficiency reserve</u>		<u>Ceded premium deficiency reserve</u>	
	<u>Reinsurance-assumed business</u>		<u>Reinsurance-ceded business</u>	
	<u>Direct business</u>	<u>Retained business</u>	<u>Direct business</u>	<u>Retained business</u>
Fire insurance	\$ 150,021	148	64,016	86,153
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	5,737	-	-	5,737
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	4,425	14	4,411
Overseas subsidiaries	19,082	39,553	37,607	21,028
<b>Total</b>	<b>\$ 174,840</b>	<b>44,126</b>	<b>101,637</b>	<b>117,329</b>

(Continued)

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

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

(Continued)

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

Particular	September 30, 2022			
	Premium deficiency reserve		Ceded premium deficiency reserve	
	Reinsurance-		Reinsurance-	
	Direct business	assumed business	ceded business	Retained business
Fire insurance	\$ 131,969	379	46,699	85,649
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	7,337	-	-	7,337
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	460,029	-	59,721	400,308
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	2,432,507	-	288,705	2,143,802
Overseas reinsurance assumed	-	1,870	-	1,870
Overseas subsidiaries	26,102	92,113	99,091	19,124
<b>Total</b>	<b>\$ 3,057,944</b>	<b>94,362</b>	<b>494,216</b>	<b>2,658,090</b>

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

Particular	For the nine months ended September 30, 2023									
	Direct underwrite		Reinsurance-assumed		Net change of premium reserve deficiency	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve	
	Provision	Recovered	Provision	Recovered	Provision	Recovered	Provision	Recovered	Provision	Recovered
Fire insurance	\$ 150,021	102,847	148	572	46,750	64,016	25,246	38,770	7,980	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull fishing vessel	5,737	6,034	-	-	(297)	-	-	-	(297)	
Voluntary motor insurance	-	-	-	-	-	-	-	-	-	
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-	
Liability insurance	-	-	-	-	-	-	-	-	-	
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-	
Surety and credit insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-	
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	761,264	-	-	(761,264)	-	-	-	(761,264)	
Overseas reinsurance assumed	-	-	4,425	3,745	680	14	68	(54)	734	
Overseas subsidiaries	18,903	26,560	39,334	72,746	(41,069)	37,400	79,979	(42,579)	1,510	
Other — effect of change in exchange rates	179	287	219	(102)	213	(1,518)	(2,075)	557	(344)	
<b>Total</b>	<b>\$ 174,840</b>	<b>896,992</b>	<b>44,126</b>	<b>76,961</b>	<b>(754,987)</b>	<b>99,912</b>	<b>103,218</b>	<b>(3,306)</b>	<b>(751,681)</b>	

(Continued)

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

For the nine months ended September 30, 2022									
Particular	Direct underwrite		Reinsurance-assumed		Net change of premium deficiency reserve	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve
	Provision	Recovered	Provision	Recovered		Provision	Recovered		
Fire insurance	\$ 131,969	96,794	379	403	35,151	46,699	19,312	27,387	7,764
Marine cargo insurance	-	-	-	-	-	-	-	-	-
Marine hull fishing vessel	7,337	8,511	-	-	(1,174)	-	-	-	(1,174)
Voluntary motor insurance	-	-	-	-	-	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-
Surety and credit insurance	-	-	-	-	-	-	-	-	-
Other property insurance	460,029	-	-	-	460,029	59,721	-	59,721	400,308
Accident insurance	-	-	-	-	-	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-
Health insurance	2,432,507	-	-	-	2,432,507	288,705	-	288,705	2,143,802
Overseas reinsurance assumed	-	-	1,870	1,888	(18)	-	-	-	(18)
Overseas subsidiaries	25,334	31,704	91,359	125,877	(40,888)	98,279	136,370	(38,091)	(2,797)
Other—effect of change in exchange rates	768	(12)	754	228	1,306	(750)	(2,797)	2,047	(741)
Total	<u>\$ 3,057,944</u>	<u>136,997</u>	<u>94,362</u>	<u>128,396</u>	<u>2,886,913</u>	<u>492,654</u>	<u>152,885</u>	<u>339,769</u>	<u>2,547,144</u>

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

Particular	For the nine months ended September 30, 2023	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 973,953	105,181
Provision	219,055	101,964
Recovered	(973,953)	(105,181)
Other—effect of change in exchange rate	(89)	(327)
Ending balance	<u>\$ 218,966</u>	<u>101,637</u>

(Continued)



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

Particular	For the nine months ended September 30, 2022	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 265,393	155,928
Provision	3,147,346	490,737
Recovered	(265,393)	(155,928)
Other – effect of change in exchange rate	4,960	3,479
Ending balance	<b>\$ 3,152,306</b>	<b>494,216</b>

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

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

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

(Continued)

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

ii) Structure, organization and responsibility

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

1. Board of Directors

- a. Identify all potential risks in the operations of insurance industry, ensure the effectiveness of the overall risk management of Fubon Insurance and take the ultimate responsibilities.
- b. Ensure that Fubon Insurance has established proper risk management functions and cultures, authorize proper risk management policy and allocate resources efficiently.
- c. Evaluate the overall effect of the risks, capital required by governmental authorities and related regulations on the capital allocation.
- d. To supervise the promotion of sustainable development, the risk management policies or strategies formulated should include the risk assessment of ESG issues related to Fubon Insurance and its subsidiaries' operations.

2. Risk Management Committee

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

3. Chief Risk Officer

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

(Continued)

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

4. Risk Management Department
  - a. Responsible for monitoring, measuring, and revaluing daily risks.
  - b. Assist the execution / implementation of risk management policies approved by the Board of Directors.
  - c. Set up the risk tolerance level and the limitations based on the risk appetite.
  - d. Summarize the relative information provided by each unit, and help each unit follow the policies and the limits.
  - e. Regular propose risk management related reports.
  - f. Regularly monitor the risk limits and the utilization of risk limits of respective business unit.
  - g. Assist in carrying out the stress test.
  - h. If necessary, proceed the back testing.
  - i. Other risk management related duties.
5. Business Units
  - a. Each business unit shall assign risk management personnel to effectively assist the unit in executing risk management related to operations.
  - b. The supervisors of business units are responsible for the daily risk's management and report of the affiliation units and take necessary countermeasures. In addition, supervisors should oversee the regularly communicating the relevant information about risk management to the risk management department.
  - c. The responsibilities of business units to execute risk management operations are as follows:
    - i. Recognize and measure the risks that can be reasonably expected during the operation process. Report risk management information and risk exposure to the risk management department regularly.
    - ii. Regularly examine each kind of business risk and limitations to ensure that the risk limitation is under control.

(Continued)

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

- iii. Monitor risk exposure and report any situation when the exposure exceeds the limitation and take the necessary procedures.
- iv. Make sure all business units are properly enforced under internal control and follow the rules and standards.
- v. Assist in the related data collection of the operation risk.

iii) Scope and nature of risk reporting or measurement system

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

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

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

iv) The procedures and methods of the insurance risk management

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

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

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

(Continued)

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

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

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

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

Test Hypothesis

Particular	For the three months ended September 30, 2023						
	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss				
			Effect on profit or loss		Effect on Equity		
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	
Fire insurance	\$ 911,876	59.3%	8,387	2,932	6,710	2,346	
Marine cargo insurance	464,063	61.7%	4,605	2,350	3,684	1,880	
Marine hull fishing vessel	152,903	71.9%	1,885	102	1,508	82	
Voluntary motor insurance	5,046,471	66.6%	49,779	46,236	39,823	36,989	
Compulsory motor TPL insurance	1,787,391	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Liability insurance	1,100,057	68.1%	10,436	7,941	8,349	6,353	
Engineering and Nuclear insurance	542,475	60.6%	6,885	728	5,508	582	
Surety and credit insurance	87,034	67.2%	814	153	651	122	
Other property insurance	356,501	66.3%	3,648	1,365	2,918	1,092	
Accident insurance	1,962,211	67.5%	18,377	18,070	14,702	14,456	
Typhoon, flood and earthquake insurance	1,092,235	67.2%	12,081	1,792	9,665	1,434	
Personal and commercial multiple peril insurance	325,001	68.2%	3,393	3,097	2,714	2,478	
Health insurance	488,104	61.6%	4,877	4,729	3,902	3,783	
Overseas reinsurance assumed	158,084	61.7%	659	648	527	518	
Overseas subsidiaries	981,271	63.8%	10,890	8,235	8,712	6,588	

(Continued)

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

For the three months ended September 30, 2022							
Particular	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss				
			Effect on profit or loss		Effect on Equity		
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	
Fire insurance	\$ 745,923	59.5%	7,444	2,885	5,955	2,308	
Marine cargo insurance	414,506	61.5%	3,826	1,943	3,061	1,554	
Marine hull fishing vessel	135,793	71.9%	1,662	269	1,330	215	
Voluntary motor insurance	4,685,706	66.8%	47,617	44,958	38,094	35,966	
Compulsory motor TPL insurance	1,732,179	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Liability insurance	918,707	68.1%	9,074	6,773	7,259	5,418	
Engineering and Nuclear insurance	271,277	61.1%	6,887	1,075	5,510	860	
Surety and credit insurance	91,261	67.1%	819	146	655	117	
Other property insurance	657,469	66.3%	8,922	5,250	7,138	4,200	
Accident insurance	1,762,887	67.9%	15,639	15,341	12,511	12,273	
Typhoon, flood and earthquake insurance	598,848	71.0%	11,299	2,546	9,039	2,037	
Personal and commercial multiple peril insurance	279,554	68.2%	2,838	2,692	2,270	2,154	
Health insurance	499,002	61.5%	5,689	4,752	4,551	3,802	
Overseas reinsurance assumed	107,161	61.6%	1,609	1,552	1,287	1,242	
Overseas subsidiaries	1,009,344	64.0%	11,692	9,401	9,354	7,521	

For the nine months ended September 30, 2023							
Particular	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss				
			Effect on profit or loss		Effect on Equity		
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	
Fire insurance	\$ 2,970,014	59.3%	24,308	9,061	19,446	7,249	
Marine cargo insurance	1,705,555	61.4%	14,840	7,924	11,872	6,339	
Marine hull fishing vessel	717,289	71.5%	6,037	629	4,830	503	
Voluntary motor insurance	15,261,812	66.6%	146,154	136,507	116,923	109,206	
Compulsory motor TPL insurance	5,133,480	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Liability insurance	3,343,163	68.2%	29,957	22,647	23,966	18,118	
Engineering and Nuclear insurance	2,375,882	60.6%	21,566	2,000	17,253	1,600	
Surety and credit insurance	262,602	67.6%	2,195	490	1,756	392	
Other property insurance	1,206,628	66.3%	18,325	9,356	14,660	7,485	
Accident insurance	5,537,471	67.5%	53,170	52,234	42,536	41,787	
Typhoon, flood and earthquake insurance	4,576,875	66.5%	35,759	5,719	28,607	4,575	
Personal and commercial multiple peril insurance	1,024,526	68.2%	10,187	9,410	8,150	7,528	
Health insurance	1,475,669	61.6%	16,070	15,039	12,856	12,031	
Overseas reinsurance assumed	270,318	61.8%	3,584	3,509	2,867	2,807	
Overseas subsidiaries	3,121,220	63.5%	32,882	25,067	26,306	20,054	

(Continued)

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

For the nine months ended September 30, 2022							
Particular	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss				
			Effect on profit or loss		Effect on Equity		
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance	
Fire insurance	\$ 2,494,961	59.5%	21,165	8,514	16,932	6,811	
Marine cargo insurance	1,430,553	61.4%	12,429	6,644	9,943	5,315	
Marine hull fishing vessel	589,692	71.3%	5,115	1,050	4,092	840	
Voluntary motor insurance	14,498,755	66.9%	141,684	133,894	113,347	107,115	
Compulsory motor TPL insurance	5,019,657	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	
Liability insurance	2,874,813	68.1%	26,482	19,903	21,186	15,922	
Engineering and Nuclear insurance	2,304,358	61.0%	15,914	2,760	12,731	2,208	
Surety and credit insurance	276,925	67.5%	2,224	506	1,779	405	
Other property insurance	3,049,836	66.3%	31,501	12,239	25,201	9,791	
Accident insurance	4,767,418	67.9%	47,144	46,279	37,715	37,023	
Typhoon, flood and earthquake insurance	3,545,364	68.5%	32,928	8,194	26,342	6,555	
Personal and commercial multiple peril insurance	886,109	68.2%	8,328	7,909	6,662	6,327	
Health insurance	1,870,176	61.5%	17,807	13,493	14,246	10,794	
Overseas reinsurance assumed	365,698	61.4%	4,563	4,359	3,650	3,487	
Overseas subsidiaries	3,462,189	64.0%	37,890	30,531	30,312	24,425	

ii) Explanation of the risk concentration

1. Proportion of underwriting and reinsurance-assumed premiums

The insurance contracts which Fubon Insurance and its subsidiaries underwrite are separated in various types of insurances and not concentrated in any single type of insurance. For the three months ended September 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and typhoon, flood and earthquake insurance. For the three months ended September 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance, and fire insurance. For the nine months ended September 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, typhoon, flood and earthquake insurance and liability insurance. For the nine months ended September 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, compulsory motor TPL insurance, accident insurance, typhoon, flood and earthquake insurance and other property insurance. The voluntary motor insurance has the highest proportion accounts for 32.6%, 33.7%, 31.2% and 30.6% for the three months and nine months ended September 30, 2023 and 2022, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary motor insurance is stable, and the risk variation is low. There is no concentration risk in other insurances.

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

<b>Insurance type</b>	<b>For the three months ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Fire insurance	\$ 911,876	5.9 %	745,923	5.4 %
Marine cargo insurance	464,063	3.0 %	414,506	3.0 %
Marine hull fishing vessel	152,903	1.0 %	135,793	1.0 %
Voluntary motor insurance	5,046,471	32.6 %	4,685,706	33.7 %
Compulsory motor TPL insurance	1,787,391	11.6 %	1,732,179	12.5 %
Liability insurance	1,100,057	7.1 %	918,707	6.6 %
Engineering and nuclear insurance	542,475	3.5 %	271,277	1.9 %
Surety and credit insurance	87,034	0.6 %	91,261	0.6 %
Other property insurance	356,501	2.3 %	657,469	4.7 %
Accident insurance	1,962,211	12.7 %	1,762,887	12.7 %
Typhoon, flood and earthquake insurance	1,092,235	7.1 %	598,848	4.3 %
Personal and commercial multiple peril insurance	325,001	2.1 %	279,554	2.0 %
Health insurance	488,104	3.2 %	499,002	3.6 %
Foreign business	158,084	1.0 %	107,161	0.8 %
Overseas subsidiaries	<u>981,271</u>	<u>6.3 %</u>	<u>1,009,344</u>	<u>7.2 %</u>
<b>Total</b>	<b><u>\$ 15,455,677</u></b>	<b><u>100.0 %</u></b>	<b><u>13,909,617</u></b>	<b><u>100.0 %</u></b>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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<b>Insurance type</b>	<b>For the nine months ended September 30</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Fire insurance	\$ 2,970,014	6.1 %	2,494,961	5.3 %
Marine cargo insurance	1,705,555	3.5 %	1,430,553	3.0 %
Marine hull fishing vessel	717,289	1.5 %	589,692	1.2 %
Voluntary motor insurance	15,261,812	31.2 %	14,498,755	30.6 %
Compulsory motor TPL insurance	5,133,480	10.5 %	5,019,657	10.6 %
Liability insurance	3,343,163	6.8 %	2,874,813	6.1 %
Engineering and nuclear insurance	2,375,882	4.8 %	2,304,358	4.8 %
Surety and credit insurance	262,602	0.5 %	276,925	0.6 %
Other property insurance	1,206,628	2.5 %	3,049,836	6.4 %
Accident insurance	5,537,471	11.3 %	4,767,418	10.0 %
Typhoon, flood and earthquake insurance	4,576,875	9.3 %	3,545,364	7.5 %
Personal and commercial multiple peril insurance	1,024,526	2.1 %	886,109	1.9 %
Health insurance	1,475,669	3.0 %	1,870,176	3.9 %
Foreign business	270,318	0.5 %	365,698	0.8 %
Overseas subsidiaries	<u>3,121,220</u>	<u>6.4 %</u>	<u>3,462,189</u>	<u>7.3 %</u>
<b>Total</b>	<b><u>\$ 48,982,504</u></b>	<b><u>100.0 %</u></b>	<b><u>47,436,504</u></b>	<b><u>100.0 %</u></b>

2. The proportion of retained business premium

Fubon Insurance and its subsidiaries evaluate the proportion of retained premium with retained business. For the three months ended September 30, 2023 and 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and health insurance. For the nine months ended September 30, 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and health insurance. For the nine months ended September 30, 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and other property insurance. The voluntary motor insurance which has the highest proportion accounts for 42.7%, 41.5%, 41.9% and 40.0% for the three months and nine months ended September 30, 2023 and 2022, respectively. Fubon Insurance and its subsidiaries considered that the loss experience of voluntary motor insurance is stable and retained all the reinsurance. For other insurances, Fubon Insurance and its

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

subsidiaries evaluated the possibility of significant accumulated loss and arranged appropriate reinsurance contracts to diversify the risk and there is no risk concentration.

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

The proportion of retained business premium is as follows:

Insurance type	For the three months ended September 30			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 110,821	1.0 %	237,775	2.2 %
Marine cargo insurance	264,779	2.4 %	230,379	2.1 %
Marine hull fishing vessel	5,538	0.1 %	18,577	0.2 %
Voluntary motor insurance	4,631,332	42.7 %	4,430,560	41.5 %
Compulsory motor TPL insurance	1,153,335	10.6 %	1,116,839	10.5 %
Liability insurance	827,582	7.6 %	692,411	6.5 %
Engineering and nuclear insurance	68,839	0.6 %	106,352	1.0 %
Surety and credit insurance	11,741	0.1 %	9,804	0.1 %
Other property insurance	118,342	1.1 %	378,986	3.5 %
Accident insurance	1,943,412	17.9 %	1,737,325	16.3 %
Typhoon, flood and earthquake insurance	15,605	0.2 %	48,449	0.4 %
Personal and commercial multiple peril insurance	315,192	2.9 %	275,287	2.6 %
Health insurance	467,729	4.3 %	491,475	4.6 %
Foreign business	146,367	1.4 %	92,486	0.9 %
Overseas subsidiaries	766,316	7.1 %	811,234	7.6 %
Total	<u>\$ 10,846,930</u>	<u>100.0 %</u>	<u>10,677,939</u>	<u>100.0 %</u>

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

Insurance type	For the nine months ended September 30			
	2023		2022	
	Amount	%	Amount	%
Fire insurance	\$ 954,347	2.8 %	895,319	2.6 %
Marine cargo insurance	909,194	2.7 %	759,286	2.2 %
Marine hull fishing vessel	65,315	0.2 %	100,033	0.3 %
Voluntary motor insurance	14,154,150	41.9 %	13,696,291	40.0 %
Compulsory motor TPL insurance	3,318,178	9.8 %	3,227,327	9.4 %
Liability insurance	2,555,109	7.6 %	2,135,510	6.3 %
Engineering and nuclear insurance	259,455	0.8 %	360,565	1.1 %
Surety and credit insurance	52,625	0.1 %	51,062	0.2 %
Other property insurance	360,856	1.1 %	1,800,622	5.3 %
Accident insurance	5,447,547	16.1 %	4,665,653	13.6 %
Typhoon, flood and earthquake insurance	733,202	2.2 %	963,416	2.8 %
Personal and commercial multiple peril insurance	915,304	2.7 %	835,489	2.4 %
Health insurance	1,406,954	4.2 %	1,648,200	4.8 %
Foreign business	255,219	0.8 %	349,851	1.0 %
Overseas subsidiaries	2,380,618	7.0 %	2,717,657	8.0 %
<b>Total</b>	<b>\$ 33,768,073</b>	<b>100.0 %</b>	<b>34,206,281</b>	<b>100.0 %</b>

iii) Claim development trend:

1. Sum of accumulated and reported claims

Occurrence year	September 30, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	29,442,267	30,653,484	34,329,273	118,936,942	33,851,973
The first year	-	28,105,479	28,638,245	30,379,139	119,054,681	-
The second year	-	27,550,104	28,424,589	29,943,073	-	-
The third year	-	27,465,617	28,226,304	-	-	-
The fourth year	-	27,428,882	-	-	-	-
Estimation of accumulated claims	-	27,428,882	28,226,304	29,943,073	119,054,681	33,851,973
Accumulated claims paid	-	26,719,066	26,545,450	27,387,776	110,511,902	14,903,876
Subtotal	1,118,546	709,816	1,680,854	2,555,297	8,542,779	18,948,097
Reconciliations (Note)						476,693
Consolidated write-offs						(373,769)
Total amount recognized in balance sheet						33,658,313

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

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

Occurrence year	September 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	25,665,094	29,482,062	30,702,766	34,389,650	76,831,459
The first year	-	23,863,396	28,166,697	28,672,137	31,243,091	-
The second year	-	23,378,340	27,583,239	28,413,685	-	-
The third year	-	23,231,430	27,451,970	-	-	-
The fourth year	-	23,241,103	-	-	-	-
Estimation of accumulated claims	-	23,241,103	27,451,970	28,413,685	31,243,091	76,831,459
Accumulated claims paid	-	22,892,573	26,552,423	25,456,031	23,861,305	46,480,435
Subtotal	1,044,451	348,530	899,547	2,957,654	7,381,786	30,351,024
Reconciliations (Note)						479,995
Consolidated write-offs						(438,560)
Total amount recognized in balance sheet						43,024,427

Note: Reconciliations are non-distributable paid off claims.

2. Sum of accumulated and reported claims, net

Occurrence year	September 30, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	22,102,420	22,595,203	25,191,871	86,405,010	26,402,846
The first year	-	21,058,302	21,486,487	23,023,320	86,500,417	-
The second year	-	20,865,643	21,371,310	22,833,782	-	-
The third year	-	20,811,905	21,279,585	-	-	-
The fourth year	-	20,796,167	-	-	-	-
Estimation of accumulated claims	-	20,796,167	21,279,585	22,833,782	86,500,417	26,402,846
Accumulated claims paid	-	20,501,431	20,703,138	21,255,427	81,858,852	12,788,760
Subtotal	550,426	294,736	576,447	1,578,355	4,641,565	13,614,086
Reconciliations (Note)						477,736
Total amount recognized in balance sheet						21,733,351

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

Occurrence year	September 30, 2022					
	≤2017	2018	2019	2020	2021	2022
At the end of occurrence year	-	19,956,964	22,131,858	22,625,112	25,232,822	49,683,577
The first year	-	18,931,672	21,094,614	21,507,513	23,619,507	-
The second year	-	18,739,562	20,890,803	21,322,056	-	-
The third year	-	18,635,093	20,810,024	-	-	-
The fourth year	-	18,656,129	-	-	-	-
Estimation of accumulated claims	-	18,656,129	20,810,024	21,322,056	23,619,507	49,683,577
Accumulated claims paid	-	18,410,679	20,388,369	20,128,875	18,940,329	29,833,417
Subtotal	448,160	245,450	421,655	1,193,181	4,679,178	19,850,160
Reconciliations (Note)						480,890
Total amount recognized in balance sheet						27,318,674

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

c) Credit risk, liquidity risk and market risk

i) Credit risk

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

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

1. As of September 30, 2023, the major unqualified reinsurance counterparties are listed below:
  - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
  - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
  - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
  - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
  - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
  - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.
  
2. As of December 31, 2022, the major unqualified reinsurance counterparties are listed below:
  - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
  - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
  - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
  - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
  - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
  - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.

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3. As of September 30, 2022, the major unqualified reinsurance counterparties are listed below:
    - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
    - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
    - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
    - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
    - e. Likewise Corp.: The facultative reinsurance of new types of insurance.
    - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.
  4. For the three months ended and the nine months ended September 30, 2023 and 2022, the unauthorized reinsurance expenses amounted to \$653 thousand, \$809 thousand, \$36,535 thousand and \$33,195 thousand, respectively.
  5. As of September 30, 2023, December 31 and September 30, 2022, the reserve for unauthorized reinsurance amounted to \$23,065 thousand, \$22,136 thousand and \$24,800 thousand, respectively. The components of this account include: (a) The unearned premium reserve of \$19,861 thousand, \$18,498 thousand and \$20,936 thousand, respectively. (b) The claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$3 thousand, \$267 thousand and \$0 thousand, respectively. (c) The claims recoverable from reinsurers which were reported but unpaid amounted to \$3,201 thousand, \$3,371 thousand and \$3,864 thousand, respectively.
- ii) Liquidity risk

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iii) Market risk

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

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

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

iv) Interest rate risk

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

If the interest rate increases or decreases by 0.5%/50 basis points, and all other variables remain unchanged, the net profit of Fubon Insurance and its subsidiaries for the nine months ended September 30, 2023 will decrease or increase by \$1,140 thousand, mainly due to the short-term borrowings and the commercial papers of Fubon Insurance and its subsidiaries.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (ii) Fubon Life Insurance and its subsidiaries

## 1) Various reserves

## a) Unearned premium reserves

<b>September 30, 2023</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,237	-	7,237
Individual injury insurance	5,725,844	-	5,725,844
Individual health insurance	2,767,535	-	2,767,535
Group insurance	2,358,441	-	2,358,441
Investment-linked insurance	108,552	-	108,552
Gross reserve	<u>10,967,609</u>	<u>-</u>	<u>10,967,609</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	713,263	-	713,263
Individual injury insurance	16,614	-	16,614
Individual health insurance	29,008	-	29,008
Group insurance	164,788	-	164,788
Investment-linked insurance	10,380	-	10,380
Total ceded reserve	<u>934,053</u>	<u>-</u>	<u>934,053</u>
Net reserve	<u>\$ 10,033,556</u>	<u>-</u>	<u>10,033,556</u>
<b>December 31, 2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,804	-	7,804
Individual injury insurance	5,232,833	-	5,232,833
Individual health insurance	2,754,563	-	2,754,563
Group insurance	2,258,377	-	2,258,377
Investment-linked insurance	113,745	-	113,745
Gross reserve	<u>10,367,322</u>	<u>-</u>	<u>10,367,322</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	689,327	-	689,327
Individual injury insurance	15,899	-	15,899
Individual health insurance	34,185	-	34,185
Group insurance	158,671	-	158,671
Investment-linked insurance	10,875	-	10,875
Total ceded reserve	<u>908,957</u>	<u>-</u>	<u>908,957</u>
Net reserve	<u>\$ 9,458,365</u>	<u>-</u>	<u>9,458,365</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<b>September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,093	-	7,093
Individual injury insurance	5,040,505	-	5,040,505
Individual health insurance	2,729,958	-	2,729,958
Group insurance	2,218,860	-	2,218,860
Investment-linked insurance	115,659	-	115,659
Gross reserve	10,112,075	-	10,112,075
Deduction of provision for reinsurance ceded			
Individual life insurance	680,083	-	680,083
Individual injury insurance	17,067	-	17,067
Individual health insurance	32,429	-	32,429
Group insurance	156,592	-	156,592
Investment-linked insurance	10,963	-	10,963
Total ceded reserve	897,134	-	897,134
Net reserve	\$ 9,214,941	-	9,214,941

The movements in unearned premium reserves were as follows:

	<b>For the nine months ended September 30, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 10,367,322	-	10,367,322
Current provisions	10,961,302	-	10,961,302
Current reclaims	(10,358,082)	-	(10,358,082)
Gain and loss on foreign exchange	(2,933)	-	(2,933)
Ending balance	10,967,609	-	10,967,609
Deduction of provision for ceded reinsurance			
Beginning balance	908,957	-	908,957
Current provisions	933,484	-	933,484
Current reclaims	(908,089)	-	(908,089)
Gain and loss on foreign exchange	(299)	-	(299)
Ending balance	934,053	-	934,053
Net ending balance	\$ 10,033,556	-	10,033,556

(Continued)

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

	<b>For the nine months ended September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 9,485,914	-	9,485,914
Current provisions	10,108,305	-	10,108,305
Current reclaims	(9,479,481)	-	(9,479,481)
Gain and loss on foreign exchange	(2,663)	-	(2,663)
Ending balance	10,112,075	-	10,112,075
Deduction of provision for ceded reinsurance			
Beginning balance	853,684	-	853,684
Current provisions	897,193	-	897,193
Current reclaims	(853,420)	-	(853,420)
Gain and loss on foreign exchange	(323)	-	(323)
Ending balance	897,134	-	897,134
Net ending balance	\$ <b>9,214,941</b>	-	<b>9,214,941</b>

(Continued)

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

b) Claim reserves

	September 30, 2023		
	Insurance contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— Reported but not paid	\$ 2,866,722	5,327	2,872,049
— Incurred but not reported	227,762	-	227,762
Individual injury insurance			
— Reported but not paid	146,484	-	146,484
— Incurred but not reported	716,300	-	716,300
Individual health insurance			
— Reported but not paid	546,242	-	546,242
— Incurred but not reported	1,164,618	-	1,164,618
Group insurance			
— Reported but not paid	138,961	-	138,961
— Incurred but not reported	662,116	-	662,116
Investment-linked insurance			
— Reported but not paid	176,861	-	176,861
— Incurred but not reported	46,295	-	46,295
Total reserve	6,692,361	5,327	6,697,688
Deduction of provision for reinsurance ceded			
Individual life insurance	112,658	-	112,658
Individual injury insurance	30,397	-	30,397
Individual health insurance	62,049	-	62,049
Group insurance	34,320	-	34,320
Investment-linked insurance	18,486	-	18,486
Total ceded reserve	257,910	-	257,910
Net reserve	\$ 6,434,451	5,327	6,439,778

(Continued)

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

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

(Continued)

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

	<b>September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance			
— Reported but not paid	\$ 2,991,910	60,313	3,052,223
— Incurred but not reported	247,489	-	247,489
Individual injury insurance			
— Reported but not paid	187,735	-	187,735
— Incurred but not reported	725,804	-	725,804
Individual health insurance			
— Reported but not paid	611,549	-	611,549
— Incurred but not reported	1,045,362	-	1,045,362
Group insurance			
— Reported but not paid	139,500	-	139,500
— Incurred but not reported	583,845	-	583,845
Investment-linked insurance			
— Reported but not paid	198,710	-	198,710
— Incurred but not reported	40,275	-	40,275
Total reserve	<u>6,772,179</u>	<u>60,313</u>	<u>6,832,492</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	122,461	-	122,461
Individual injury insurance	37,435	-	37,435
Individual health insurance	61,499	-	61,499
Group insurance	23,801	-	23,801
Investment-linked insurance	14,200	-	14,200
Total ceded reserve	<u>259,396</u>	<u>-</u>	<u>259,396</u>
Net reserve	<u>\$ 6,512,783</u>	<u>60,313</u>	<u>6,573,096</u>

(Continued)

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

The movements in claims reserve were as follows:

	<b>For the nine months ended September 30, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 7,125,393	57,981	7,183,374
Current provisions	6,675,388	5,327	6,680,715
Current reclaims	(7,026,759)	(57,981)	(7,084,740)
Gain and loss on foreign exchange	(81,661)	-	(81,661)
Ending balance	6,692,361	5,327	6,697,688
Deduction of provision for ceded reinsurance			
Beginning balance	277,721	-	277,721
Current provisions	257,094	-	257,094
Current reclaims	(272,030)	-	(272,030)
Gain and loss on foreign exchange	(4,875)	-	(4,875)
Ending balance	257,910	-	257,910
Net ending balance	\$ <b>6,434,451</b>	<b>5,327</b>	<b>6,439,778</b>

(Continued)

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

	<b>For the nine months ended September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 7,084,225	63,517	7,147,742
Current provisions	6,886,589	60,313	6,946,902
Current reclaims	(7,046,735)	(63,517)	(7,110,252)
Gain and loss on foreign exchange	(151,900)	-	(151,900)
Ending balance	6,772,179	60,313	6,832,492
Deduction of provision for ceded reinsurance			
Beginning balance	254,952	-	254,952
Current provisions	265,919	-	265,919
Current reclaims	(253,015)	-	(253,015)
Gain and loss on foreign exchange	(8,460)	-	(8,460)
Ending balance	259,396	-	259,396
Net ending balance	\$ <b>6,512,783</b>	<b>60,313</b>	<b>6,573,096</b>

(Continued)



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

c) Liability reserve:

	<b>September 30, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Life insurance	\$ 3,967,173,121	-	3,967,173,121
Injury insurance	795,136	-	795,136
Health insurance	393,056,359	-	393,056,359
Annuity insurance	73,388,032	137,864,017	211,252,049
Investment-linked insurance	236,397	-	236,397
Total (Note 1)	4,434,649,045	137,864,017	4,572,513,062
Deduction of liability reserve ceded			
Life insurance	2,887	-	2,887
Net reserve (Note 1)	<b>\$ 4,434,646,158</b>	<b>137,864,017</b>	<b>4,572,510,175</b>

Note 1: As of September 30, 2023, liability reserve amounted to \$4,572,769,914 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,572,767,027 thousand after subtracting the liability reserve ceded.

(Continued)

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

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

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

(Continued)

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

	<b>September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Life insurance	\$ 3,938,198,134	-	3,938,198,134
Injury insurance	819,035	-	819,035
Health insurance	369,028,271	-	369,028,271
Annuity insurance	58,856,688	149,373,968	208,230,656
Investment-linked insurance	200,635	-	200,635
Total (Note 3)	<u>4,367,102,763</u>	<u>149,373,968</u>	<u>4,516,476,731</u>
Deduction of liability reserve ceded			
Life insurance	3,554	-	3,554
Net reserve (Note 3)	<u>\$ 4,367,099,209</u>	<u>149,373,968</u>	<u>4,516,473,177</u>

Note 3: As of September 30, 2022, liability reserve amounted to \$4,516,733,305 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,516,729,751 thousand after subtracting the liability reserve ceded.

(Continued)

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

The movements in the liability reserve were as follows:

	<b>For the nine months ended September 30, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 4,358,777,994	145,575,777	4,504,353,771
Current provisions	419,782,308	4,149,218	423,931,526
Current reclaims	(382,844,221)	(12,581,422)	(395,425,643)
Gain and loss on foreign exchange	38,932,964	720,444	39,653,408
Ending balance	4,434,649,045	137,864,017	4,572,513,062
Deduction of liability reserve ceded			
Beginning balance	3,027	-	3,027
Current reclaims	(282)	-	(282)
Gain and loss on foreign exchange	142	-	142
Ending balance	2,887	-	2,887
Net ending balance	\$ 4,434,646,158	137,864,017	4,572,510,175

(Continued)

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

	<b>For the nine months ended September 30, 2022</b>		
	<b>Financial instruments with</b>		
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 4,166,701,866	153,045,681	4,319,747,547
Current provisions	439,061,523	6,142,769	445,204,292
Current reclaims	(347,231,655)	(11,608,590)	(358,840,245)
Gain and loss on foreign exchange	108,571,029	1,794,108	110,365,137
Ending balance	4,367,102,763	149,373,968	4,516,476,731
Deduction of liability reserve ceded			
Beginning balance	3,062	-	3,062
Current provisions	44	-	44
Gain and loss on foreign exchange	448	-	448
Ending balance	3,554	-	3,554
Net ending balance	\$ 4,367,099,209	149,373,968	4,516,473,177

d) Special reserves

	<b>September 30, 2023</b>			
	<b>Financial instruments with</b>			
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Dividend provision for participation policies	\$ 19,083,982	-	-	19,083,982
Provision for risk of bonus	1,369,091	-	-	1,369,091
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 20,453,073	-	652,267	21,105,340

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

(Continued)

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

	<b>September 30, 2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Others</b>	<b>Total</b>
Dividend provision for participation policies	\$ 19,633,288	-	-	19,633,288
Valuation surplus gain for investment property	-	-	652,267	652,267
<b>Total</b>	<b>\$ 19,633,288</b>	<b>-</b>	<b>652,267</b>	<b>20,285,555</b>

The movements in special reserves were as follows:

	<b>For the nine months ended September 30, 2023</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 18,669,262	-	652,267	19,321,529
Provision for dividend provision for participating policies	1,637,476	-	-	1,637,476
Reversal of dividend provision for participation policies	(1,298,740)	-	-	(1,298,740)
Provision for risk of bonus	1,347,861	-	-	1,347,861
Gain and loss on foreign exchange	97,214	-	-	97,214
<b>Ending balance</b>	<b>\$ 20,453,073</b>	<b>-</b>	<b>652,267</b>	<b>21,105,340</b>

	<b>For the nine months ended September 30, 2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 14,572,038	-	652,267	15,224,305
Provision for dividend provision for participating policies	6,196,993	-	-	6,196,993
Reversal of dividend provision for participation policies	(1,272,082)	-	-	(1,272,082)
Gain and loss on foreign exchange	136,339	-	-	136,339
<b>Ending balance</b>	<b>\$ 19,633,288</b>	<b>-</b>	<b>652,267</b>	<b>20,285,555</b>

(Continued)

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

e) Premium deficiency reserve

<b>September 30, 2023</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 5,661,818	-	5,661,818
Individual health insurance	30,702	-	30,702
<b>Total</b>	<b>\$ 5,692,520</b>	<b>-</b>	<b>5,692,520</b>
<b>December 31, 2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 6,854,454	-	6,854,454
Individual health insurance	57,989	-	57,989
<b>Total</b>	<b>\$ 6,912,443</b>	<b>-</b>	<b>6,912,443</b>
<b>September 30, 2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,660,682	-	7,660,682
Individual health insurance	73,073	-	73,073
<b>Total</b>	<b>\$ 7,733,755</b>	<b>-</b>	<b>7,733,755</b>

(Continued)

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

The movements in premium deficiency reserve were as follows:

	<b>For the nine months ended September 30, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 6,912,443	-	6,912,443
Current reversal, net	(1,236,089)	-	(1,236,089)
Gain and loss on foreign exchange	16,166	-	16,166
Ending balance	<b>\$ 5,692,520</b>	<b>-</b>	<b>5,692,520</b>
	<b>For the nine months ended September 30, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 8,172,613	-	8,172,613
Current reversal, net	(531,796)	-	(531,796)
Gain and loss on foreign exchange	92,938	-	92,938
Ending balance	<b>\$ 7,733,755</b>	<b>-</b>	<b>7,733,755</b>

(Continued)



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

f) Liability adequacy reserve

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

<b>Insurance contracts and financial instruments with discretionary participation</b>	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Liability reserve	\$ 4,509,791,251	4,448,386,611	4,459,816,319
Unearned premium reserves	10,964,827	10,364,407	10,109,076
Premium deficiency reserve	5,583,656	6,787,110	7,585,856
Special reserves	18,518,283	17,638,119	18,603,995
Claim reserves	<u>3,968,211</u>	<u>4,056,565</u>	<u>3,756,911</u>
Carrying amount of insurance liabilities	4,548,826,228	4,487,232,812	4,499,872,157
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	4,059,708	4,298,114	3,906,276
Carrying amount of insurance liabilities after adjustment	<u>\$ 4,552,885,936</u>	<u>4,491,530,926</u>	<u>4,503,778,433</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,911,045,886</u>	<u>4,198,101,165</u>	<u>4,042,296,033</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>	<u>-</u>

The liability adequacy test method adopted by Fubon Life Insurance as of September 30, 2023, December 31 and September 30, 2022, was as the following:

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

(Continued)

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

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

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

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

<b>September 30, 2023</b>				
<b>Financial instruments with</b>				
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
<b>Total</b>	<b>\$ 7,326,037</b>	<b>-</b>	<b>-</b>	<b>7,326,037</b>
<b>December 31, 2022</b>				
<b>Financial instruments with</b>				
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
<b>Total</b>	<b>\$ 7,326,037</b>	<b>-</b>	<b>-</b>	<b>7,326,037</b>
<b>September 30, 2022</b>				
<b>Financial instruments with</b>				
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Catastrophic risk reserve	\$ 4,474,956	-	-	4,474,956
Contingency risk reserve	2,689,148	-	-	2,689,148
<b>Total</b>	<b>\$ 7,164,104</b>	<b>-</b>	<b>-</b>	<b>7,164,104</b>

(Continued)

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

h) Other reserves

i) Reserve for insurance contract with nature of financial instruments

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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Life insurance	\$ 3,195,188	3,184,863	3,322,481
Investment-linked insurance	229,010	181,300	170,521
Total	<u>\$ 3,424,198</u>	<u>3,366,163</u>	<u>3,493,002</u>

**For the nine months ended**  
**September 30**

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,366,163	3,557,753
Current premiums collected	503	-
Current claims payment	(85,891)	(186,263)
Current net provision for legal reserve	143,423	121,512
Ending balance	<u>\$ 3,424,198</u>	<u>3,493,002</u>

ii) Foreign exchange fluctuation reserve

1. Hedging strategy and risk exposure

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

(Continued)

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

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

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 37,131,393	10,389,467
Current provision :		
Compulsory provision	1,055,320	3,828,215
Additional provision	1,739,290	32,899,659
Subtotal	2,794,610	36,727,874
Recovered	(11,718,608)	(3,250,587)
Ending balance	<b>\$ 28,207,395</b>	<b>43,866,754</b>

3. Effect of foreign exchange fluctuation reserve

<b>Item</b>	<b>Unapplied amount</b>	<b>Applied amount</b>	<b>Effected amount</b>
<b>September 30, 2023</b>			
Foreign exchange fluctuation reserve	\$ -	28,207,395	(28,207,395)
Equity attributable to owners of parent	453,122,685	432,161,932	20,960,753
<b>December 31, 2022</b>			
Foreign exchange fluctuation reserve	-	37,131,393	(37,131,393)
Equity attributable to owners of parent	299,017,745	270,917,794	28,099,951
<b>September 30, 2022</b>			
Foreign exchange fluctuation reserve	-	43,866,754	(43,866,754)
Equity attributable to owners of parent	276,738,365	243,250,125	33,488,240

(Continued)

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

Item	For the nine months ended September 30					
	2023			2022		
	Unapplied amount	Applied amount	Effected amount	Unapplied amount	Applied amount	Effected amount
Net income attributable to owners of parent	\$ 35,992,316	43,131,514	(7,139,198)	110,393,302	83,611,472	26,781,830
Earnings per share	3.25	3.89	(0.64)	9.96	7.54	2.42

i) Deferred acquisition cost and deferred handling fees

i) Deferred acquisition cost

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

	For the nine months ended September 30	
	2023	2022
	Beginning balance	\$ 2,158,159
Addition	201,908	175,964
Amortization	(64,594)	(58,292)
Ending balance	\$ 2,295,473	2,112,672

ii) Deferred service fees

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

	For the nine months ended September 30	
	2023	2022
	Beginning balance	\$ 3,080,908
Addition	549,292	426,331
Amortization	(96,327)	(81,848)
Ending balance	\$ 3,533,873	2,949,311

(Continued)

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

j) Retained earned premiums and retained claims payment.

i) Retained earned premiums

	<u>For the three months ended September 30, 2023</u>		
	<u>Insurance contracts</u>	<u>Financial instruments with discretionary participation</u>	<u>Total</u>
Direct written premium	\$ 74,309,019	1,068,109	75,377,128
Reinsurance premium	-	-	-
Premium income	<u>74,309,019</u>	<u>1,068,109</u>	<u>75,377,128</u>
Less: Reinsurance premium expenditure	(642,665)	-	(642,665)
Net change in unearned premium reserve	(135,904)	-	(135,904)
Subtotal	<u>(778,569)</u>	<u>-</u>	<u>(778,569)</u>
Retained earned premiums	<u>\$ 73,530,450</u>	<u>1,068,109</u>	<u>74,598,559</u>

	<u>For the three months ended September 30, 2022</u>		
	<u>Insurance contracts</u>	<u>Financial instruments with discretionary participation</u>	<u>Total</u>
Direct written premium	\$ 81,378,026	934,275	82,312,301
Reinsurance premium	-	-	-
Premium income	<u>81,378,026</u>	<u>934,275</u>	<u>82,312,301</u>
Less: Reinsurance premium expenditure	(643,327)	-	(643,327)
Net change in unearned premium reserve	(97,504)	-	(97,504)
Subtotal	<u>(740,831)</u>	<u>-</u>	<u>(740,831)</u>
Retained earned premiums	<u>\$ 80,637,195</u>	<u>934,275</u>	<u>81,571,470</u>

(Continued)









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

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

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

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

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

(Continued)

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

ii) Risk management policy

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

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

b) Insurance risk management

i) Underwriting risk management

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

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

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

(Continued)

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

ii) Claim risk management

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

iii) Product design and pricing risk management

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

iv) Reserve risk management

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

(Continued)

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

v) Catastrophe risk and reinsurance risk

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

1. Catastrophe risk

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

2. Reinsurance risk

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

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

vi) Assets and liabilities combination risk

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

(Continued)

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

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

(Continued)

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

c) Information of insurance risk

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

	<b>For the nine months ended September 30, 2023</b>		
	<b>Change in assumption</b>	<b>Change in income before tax</b>	<b>Change in stockholder's equity</b>
Mortality/Morbidity	Increase 10 %	(3,458,865)	(2,762,658)
Rate of return	Decrease 0.1 %	(3,752,111)	(2,996,044)
Expense (fixed expense)	Increase 5 %	(378,573)	(301,300)
Lapse and surrender rate	Increase 10 %	178,436	142,609

	<b>For the nine months ended September 30, 2022</b>		
	<b>Change in assumption</b>	<b>Change in income before tax</b>	<b>Change in stockholder's equity</b>
Mortality/Morbidity	Increase 10 %	(2,991,405)	(2,387,466)
Rate of return	Decrease 0.1 %	(3,692,320)	(2,946,061)
Expense (fixed expense)	Increase 5 %	(403,472)	(319,166)
Lapse and surrender rate	Increase 10 %	163,158	130,419

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

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

ii) Insurance risk concentration

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

(Continued)

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

iii) Claim development trend

1. Development trend of claims payment incurred

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

September 30, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,119	6,853,002	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,339	7,224,769	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,742	7,758,897	-	-	2,020
2020	6,426,045	7,924,896	8,088,216	8,114,244	-	-	-	12,559
2021	6,529,528	8,147,422	8,303,097	-	-	-	-	63,471
2022	7,749,002	9,553,002	-	-	-	-	-	688,625
2023	5,605,708	-	-	-	-	-	-	1,459,851
IBNR Reserve								2,226,526
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,725,884
The balance of claim reserve								3,952,410

September 30, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,486,911	1,817,720	1,858,526	1,884,605	1,895,352	-
2020	1,489,603	1,812,335	1,854,184	1,879,185	-	9,788
2021	1,544,516	1,890,214	1,937,445	-	-	25,887
2022	1,536,519	1,923,902	-	-	-	46,378
2023	1,531,657	-	-	-	-	490,548
IBNR Reserve						572,601
Plus: RBNA Reserve						2,154,713
The balance of claim reserve						2,727,314

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,070,166	6,224,855	6,352,169	6,382,360	6,398,819	6,407,560	6,415,852	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,137	-	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	-	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	-	-	-	8,186
2020	6,426,045	7,924,896	8,086,839	-	-	-	-	25,614
2021	6,529,528	8,138,219	-	-	-	-	-	175,874
2022	7,759,860	-	-	-	-	-	-	2,003,746
IBNR Reserve								2,213,420
Plus: RBNA Reserve ( including sub-subsidiaries while excluding Fubon Hyundai Life Insurance )								1,828,574
The balance of claim reserve								4,041,994

(Continued)



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

December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,496,501	1,855,065	1,900,220	1,922,613	1,930,111	-
2019	1,519,262	1,867,448	1,908,139	1,934,403	-	6,004
2020	1,501,537	1,845,231	1,884,182	-	-	35,101
2021	1,599,839	1,929,748	-	-	-	87,777
2022	1,605,336	-	-	-	-	514,281
IBNR Reserve						643,163
Plus: RBNA Reserve						2,480,637
The balance of claim reserve						3,123,800

September 30, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,070,166	6,224,855	6,352,169	6,382,360	6,398,819	6,407,560	6,411,840	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,849,343	-	2,906
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,204,990	-	-	16,209
2019	6,173,797	7,578,255	7,721,002	7,738,961	-	-	-	33,292
2020	6,426,045	7,924,896	8,069,091	-	-	-	-	86,799
2021	6,529,528	8,028,362	-	-	-	-	-	595,575
2022	5,209,268	-	-	-	-	-	-	1,284,940
IBNR Reserve								2,019,721
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,723,337
The balance of claim reserve								3,743,058

September 30, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,356,185	1,645,100	1,683,936	1,698,912	1,705,841	-
2019	1,389,233	1,699,799	1,738,051	1,762,027	-	3,450
2020	1,391,747	1,693,452	1,732,209	-	-	28,683
2021	1,443,355	1,765,675	-	-	-	78,872
2022	1,426,325	-	-	-	-	494,573
IBNR Reserve						605,578
Plus: RBNA Reserve						2,466,380
The balance of claim reserve						3,071,958

Note 1: Amount shown above excludes investment contracts.

Note 2: As of September 30, 2023, December 31 and September 30, 2022, except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-subsidiaries (excluding Fubon Hyundai Life Insurance), the IBNR claim reserves from direct businesses amounted to \$17,964 thousand, \$17,580 thousand and \$17,476 thousand, respectively.

(Continued)

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

2. Development trend of retained claims payments

Cumulative claims payments from prior years are as follows:

September 30, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,197	6,708,080	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,897	7,070,784	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,841	7,558,448	-	-	1,882
2020	6,423,414	7,747,404	7,906,281	7,931,912	-	-	-	12,168
2021	6,508,771	8,086,067	8,239,146	-	-	-	-	62,811
2022	7,583,241	9,324,005	-	-	-	-	-	674,281
2023	5,486,406	-	-	-	-	-	-	1,433,286
IBNR Reserve								2,184,428
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,683,990
The balance of claim reserve								3,868,418

September 30, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,125,728	1,380,960	1,408,952	1,426,178	1,434,423	-
2020	1,113,129	1,353,151	1,386,392	1,405,610	-	7,736
2021	1,170,987	1,424,682	1,462,215	-	-	20,461
2022	1,142,525	1,435,375	-	-	-	36,657
2023	1,154,408	-	-	-	-	387,727
IBNR Reserve						452,581
Plus: RBNA Reserve						2,102,828
The balance of claim reserve						2,555,409

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,068,488	6,111,210	6,238,474	6,267,558	6,284,017	6,292,750	6,301,034	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,215	-	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	-	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	-	-	-	7,627
2020	6,423,414	7,747,404	7,904,904	-	-	-	-	25,129
2021	6,508,771	8,076,863	-	-	-	-	-	174,225
2022	7,594,099	-	-	-	-	-	-	1,968,133
IBNR Reserve								2,175,114
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,777,159
The balance of claim reserve								3,952,273

December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,137,498	1,411,295	1,440,276	1,456,235	1,461,040	-
2019	1,146,265	1,413,676	1,446,350	1,464,472	-	4,747
2020	1,124,143	1,390,594	1,420,246	-	-	27,752
2021	1,192,113	1,451,129	-	-	-	69,399
2022	1,185,432	-	-	-	-	406,608
IBNR Reserve						508,506
Plus: RBNA Reserve						2,429,369
The balance of claim reserve						2,937,875

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

September 30, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,068,488	6,111,210	6,238,474	6,267,558	6,284,017	6,292,750	6,297,022	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,704,424	-	2,886
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,051,549	-	-	16,148
2019	6,156,966	7,379,306	7,521,266	7,539,065	-	-	-	33,044
2020	6,423,414	7,747,404	7,887,435	-	-	-	-	85,734
2021	6,508,771	7,968,634	-	-	-	-	-	591,667
2022	5,103,344	-	-	-	-	-	-	1,262,321
IBNR Reserve								1,991,800
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,661,505
The balance of claim reserve								3,653,305

September 30, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	973,562	1,238,156	1,266,988	1,276,435	1,280,964	-
2019	1,052,377	1,292,455	1,318,757	1,334,479	-	2,752
2020	1,040,629	1,265,196	1,296,052	-	-	22,879
2021	1,094,798	1,331,437	-	-	-	62,910
2022	1,060,526	-	-	-	-	394,483
IBNR Reserve						483,024
Plus: RBNA Reserve						2,421,345
The balance of claim reserve						2,904,369

Note 1: Amount shown above excludes investment contracts.

Note 2: As of September 30, 2023, December 31 and September 30, 2022 except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-subsidiaries (excluding Fubon Hyundai Life Insurance), the IBNR reserve from retained business amounted to \$15,951 thousand, \$15,505 thousand and \$15,422 thousand, respectively.

Claim reserves are provided based on the expected claims payment and relevant handling fee of RBNA and IBNR claims. Such provisions involve vast uncertainty, estimates and judgments which are highly complicated. Any change of estimate or judgment is regarded as a change in accounting estimate and the amount of change is recognized as a current gain or loss. For some claims, notifications to Fubon Life Insurance and its subsidiaries may be delayed. In addition, estimating the potential IBNR claims involves vast past loss experience and subjective judgment; therefore, it is difficult to confirm whether the estimated claims reserve on the balance sheet date will equal to the final claim compensation amount. The estimate of claims reserve is based on the information currently available. However, the final result may deviate from the original estimate due to the subsequent development.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The table above demonstrates the development trend of claims (excluding those claims that need confirmation within one year). The vertical shaft represents the year in which the claim event occurred, and the horizontal shaft represents the development years. Each slash represents the accumulated compensation amount at the end of each year. The compensation amount refers to the claims whether they are finalized or not. It explains how Fubon Life Insurance and its subsidiaries estimate the compensation amount of each year as time passed. The scenario and trend which affect the provision of claims reserve may not be the same as they will be in the future. Therefore, the estimated future compensation amount cannot be determined by the claim development trend.

- d) The credit risk, liquidity risk and market risk of insurance contracts
- i) Credit risk

The credit risk of insurance contracts arises mainly from the inability of the reinsurers to fulfill its obligation from the reinsurance contracts which will result in financial losses. Fubon Life Insurance and its subsidiaries monitor the credit rating of its reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

- ii) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability to obtain sufficient funds or turn assets into cash in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of insurance contracts, Fubon Life Insurance and its subsidiaries also review short-term and mid-term liquidity risk benchmark through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching (ALM). The Committee also sets the response strategy in advance for potential payments in order to ensure timeliness of liquidity risk management and to avoid inadequate liquidity.

The maturity analysis of insurance contracts of Fubon Life Insurance and its subsidiaries were as below:

September 30, 2023

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	34,716	31,263	57,635	4,208,528	287,863	4,620,005
Proportion	0.8 %	0.7 %	1.2 %	91.1 %	6.2 %	100.0 %

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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December 31, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	35,754	35,620	57,062	4,135,352	287,308	4,551,096
Proportion	0.8 %	0.8 %	1.3 %	90.8 %	6.3 %	100.0 %

September 30, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	36,986	41,945	41,466	4,156,643	287,498	4,564,538
Proportion	0.8 %	0.9 %	0.9 %	91.1 %	6.3 %	100.0 %

Note1: Reserve for insurance contract with nature of financial instrument is included.

Note2: The “Unable to classify” includes interest-linked product, authorized additional provision and provision for bad debt allowance. The amounts above exclude provision for separate account, foreign exchange fluctuation reserve and appraisal increment of real estate.

iii) Market risk

Market risk refers to the risk caused by the adverse changes in market prices in terms of interest rates, foreign exchange rates, stock prices, and commodity prices. Fubon Life Insurance and its subsidiaries measure market risk from insurance contract according to discount rate assumption prescribed by the authorities. This assumption may not be consistent with changes in market interest rates. Unless the liability adequacy test disclosed the need to provide more reserve, the change in market risk factors would not have significant impact on profit or loss and equity.

Guided by Assets and Liabilities Management Committee, Fubon Life Insurance and its subsidiaries take into account the financial environment, economic indicators, liability properties and ALM, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee. This is to allow assets and liabilities to match better in terms of payment terms and profits, to pursue long-term management and to protect the rights of policyholders; as well as to reduce the potential losses arose from the impact of the market risk on insurance contract.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(aj) Financial risk management

(i) Risk management organization structure

The Company has established a sound risk management organization framework. The Board of Directors is responsible for overseeing the Company's governance in building solid risk management system and control mechanism to ensure the effectiveness of risk management operations, approving the Company's risk management policies and regulations, and reviewing important risk management reports. The Audit Committee assists the Board of Directors in overseeing the Company's risk management and control issues. The Risk Management Committee, which is subordinate to the Chairman of the Board of Directors, reviews the Company's risk management strategy, structure, systems and policies, and oversees the Company and its subsidiaries' overall risks including credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy, reputation risk, emerging risk and climate change, etc. Personal Data Protection Committee, which is subordinate to the Risk Management Committee, oversees the Company and its subsidiaries' protection of important personal information to strengthen the management of personal information protection.

(ii) Risk management policies

The Company has employed comprehensive risk management policies in respect of credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy risk, reputation risk, emerging risk, climate change, etc., implemented by all units and subsidiaries across the Company and its subsidiaries to effectively identify, evaluate, response, monitor and report various risks respectively. The Company adopts three lines of defense risk management system to implement comprehensive risk management.

A full set of risk limits, loss limits and trading delegation limits, risk exposure evaluation and monitoring measurements by quantitative and qualitative methods as well as early warning systems have been all in place in line with risk attributes to proactively monitor and manage various major risks.

(iii) Credit Risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Credit risk definitions and sources

Taipei Fubon Bank (The Bank)

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (China)

Credit risk faced by Fubon Bank (China) mainly comes from commercial lending (including mortgage, discounts, negotiations, credits, acceptance bills, issued letters of credit, standby letters of credit, bank guarantees, etc.), financial derivative contracts, and securities investments.

- b) Strategy, objectives, policies and procedures

Taipei Fubon Bank (The Bank)

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

Fubon Bank (China)

The credit risk management strategy of Fubon Bank (China) effectively conducts risk control through a comprehensive credit risk management (CRMS) system under the guidance of the Board's risk appetite, taking into consideration the international economic development and regional industry trends. The CRMS system covers the implementation of risk management policies on credit management regulation, credit approvals, post-loan policies, etc. Fubon Bank (China)'s risk management goal is toward credit asset protection, realization of the optimal ratio of risk and revenue by using credit risk management tools to manage expected losses effectively. The credit risk management procedures include identification, measurement, monitor and control of credit risk.

- c) Credit risk management framework

Taipei Fubon Bank (The Bank)

- i) To strengthen the risk management function, under the supervision of the Board of Directors, the Bank has established the Risk Management Committee which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to examine significant credit risk policies and quota, and to monitor changes in the Bank's significant credit risk information and compliance with the quota.
- ii) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure, monitoring risk limits, reporting, and coordinating the development of the mechanism for managing credit risk.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- iii) Under the Chief Risk Officer, there are legal and personal credit risk management units which are responsible for performing credit investigation, credit review, post-loan management, collection and credit management.
- iv) The Bank has established an Institutional Credit Review Committee, and a Retail Credit Review Committee respectively to review credit above a certain limit to strengthen control over cases involving large credit amounts.
- v) The Audit Department, which is under the supervision of the Board of Directors, conducts the third defense line examining the effectiveness of internal control functions independently.

Fubon Bank (China)

The credit risk management of Fubon Bank (China) is based on its comprehensive risk management system. The Risk Department and Credit Approval & Administration Department are responsible for identifying, quantifying, managing, controlling and reporting credit risk.

- d) Credit risk measurement, control and reporting

Taipei Fubon Bank (The Bank)

The Bank has established credit risk measurements and control procedures including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage limit controls on country risk, single legal entity and group concentration risk and industry concentration risk effectively. Other than aforementioned control procedure, the Bank has established vigorous review and early warning mechanism to ensure the Bank to undertake proper courses of actions on credit risk management.

The Bank regularly performs the credit risk stress testing based on the guidelines issued by the FSC, and continues to develop scenario analysis and stress test approaches to provide senior management with an assessment of risk tolerance, as well as to provide the reference of credit portfolio management.

The Bank has completed risk data warehousing system, risk-weighted asset calculation system, and internal risk rating system. The development and revision of score cards and rating models are validated by regular monitoring of the model performance and stability.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (China)

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

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

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

- e) Control mechanism for credit risk hedging or risk reduction

Taipei Fubon Bank (The Bank)

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

Fubon Bank (China)

Fubon Bank (China) sets up the approval authority limitation based on customer risk grading and loan classification, guarantee and sub-guarantee criteria, and investment portfolio management based on the "Institutional Banking Credit Risk Management Policy". Fubon Bank (China) strengthens the risk identification according to the customer's risk grading and the criteria of business customer entry. The credit quality control is done through strict and through due diligent and approval procedure and counter sign of credit officers from both sales department and risk department. Fubon Bank (China) will require suitable collateral in order to enhance the risk mitigation due to the loan risk. In addition, there is post-loan management, which includes continual loan monitoring and taking note of any early risk-warning signals.

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

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

i) Credit assets

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of discounts and loans, receivables, loan commitments, as well as other credit assets during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries, based on the internal credit risk management objectives, make risk segments by classifying financial assets according to the debtors' internal ratings, overdue conditions, and the region where the collateral is located, as well as considering reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. The financial assets are overdue for more than 30 days;
2. The debtor's internal or external rating is significantly degraded;
3. The credit risk of any product held by the same debtor has increased significantly;
4. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
5. Actual or expected significant changes in the borrower's operating results.

ii) Debt investments

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries consider each reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. Significant changes in the internal and external ratings of the financial assets or the debtor;
2. The fair value of financial assets is significantly lower than its amortized cost;

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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3. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
4. Actual or expected significant changes in the borrower's operating results;
5. The credit risk of other financial instruments of the same borrower has increased significantly.

If it is unable to identify whether the credit risk of financial assets has increased significantly after the initial recognition, except for those with low credit risk on the reporting date, lifetime ECLs is applied.

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

g) Definitions for default and credit impairment of financial assets

i) Credit assets

The Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, The Bank and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

1. Financial assets are overdue for more than 90 days;
2. Financial assets are recognized as overdue loans or bad debts;
3. The debtor or the issuer occurs financial difficulties;
4. The debt contract terms are modified due to the debtor's financial difficulties;
5. The debtor has filed for bankruptcy or is likely to file for bankruptcy;
6. The debtor has reorganized or is likely to reorganize;
7. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the credit assets held by the Bank and its subsidiaries, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Debt investments

If one or more of the following conditions are met, the Bank and its subsidiary determined that the financial assets are defaulted and credit-impaired:

1. Principal and interest repayment of the financial assets is not in accordance with the issuing conditions;
2. The issuer occurs financial difficulties;
3. The issuer has filed for bankruptcy or is likely to file for bankruptcy;
4. The issuer has reorganized or is likely to reorganize;
5. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the debt investments held by the Bank and its subsidiary, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Write-off policies

If one the following events occurs, non-performing loans and overdue receivables shall be recognized as bad debts after deducting the recoverable portion.

- i) The loan cannot be recovered in full or in part because the debtor has dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- ii) The collateral and the property of the primary/subordinate debtor have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank and its subsidiaries might collect where there is no financial benefit in execution.
- iii) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.
- iv) Non-performing loans and overdue receivables are yet to be recovered for two years after over the expired date.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Write-off financial assets held by the Bank and its subsidiaries might have recourse activities in progress and continually conduct recourse procedures in accordance with related policies.

- i) Assessment of expected credit loss
  - i) Credit assets

For the assessment of expected credit loss, the Bank and its subsidiaries divide credit assets into different groups by the borrower's credit risk characteristics, including industry, credit risk rating, overdue status and collaterals, to correspond with different risk parameters.

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. The Bank and its subsidiaries apply the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information.

The Bank takes into account the forward-looking information, such as the industry prospect, estimated financial status, and corporate potential, for each case's internal rating when reviewing the credit business. One of the abovementioned indicators that shows the credit risk of credit assets has increased significantly is the internal rating change. In addition, the assessment of expected credit loss is based on the credit risk group and related parameters.

Fubon Bank (China) assesses the domestic and foreign macroeconomic environment, and the related external banking environment and calculates the weighted scores as the forward-looking information for the PD calculation.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Bank and its subsidiaries evaluate “EAD” with the carrying amount and interest receivables of financial assets. Estimations of the 12-month ECLs and lifetime ECLs of loan commitments are based on the “Guidelines for IFRS9 Impairment Assessment Methodology” issued by the Bank’s Association. The off-balance sheet exposure items adopt the standard of credit conversion factor from “Guidelines for the calculation of bank’s regulatory capital and risk weighted assets – Credit Risk Standardized Approach”. The credit conversion factor is used to calculate the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime, in order to determine the amount of “EAD” for calculating expected credit losses.

ii) Debt investments

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default (“PD”) of the issuer with the loss given default (“LGD”), multiplying, the exposure at default (“EAD”), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

Probability of default and recovery rate are calculated based on probability of default and loss given default regularly announced by external credit rating agencies. As the international credit rating agencies have considered the forward-looking information when assessing credit ratings. The Bank considers the forward-looking information to be appropriate and also observes and periodically updates the changes in parameters. “EAD” is evaluated by the carrying amount and interest receivables of financial assets. Amortized cost of each future period is calculated by lifetime exposure on straight-line basis.

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

Total carrying value

For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 276,471,637	-	1,634,460	-	-	278,106,097
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(134,981,038)	-	-	-	-	(134,981,038)
Originated or purchased new financial assets	154,188,398	-	848,130	-	-	155,036,528
Effects of exchange rate changes and others	2,702,590	-	32,795	-	-	2,735,385
Ending balance	<u>\$ 298,381,587</u>	<u>-</u>	<u>2,515,385</u>	<u>-</u>	<u>-</u>	<u>300,896,972</u>

For the nine months ended September 30, 2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 257,163,761	-	-	-	-	257,163,761
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(984,571)	-	984,571	-	-	-
— Derecognition of financial assets at current period	(215,616,835)	-	-	-	-	(215,616,835)
Originated or purchased new financial assets	234,065,201	-	144,777	-	-	234,209,978
Effects of exchange rate changes and others	7,552,714	-	67,516	-	-	7,620,230
Ending balance	<u>\$ 282,180,270</u>	<u>-</u>	<u>1,196,864</u>	<u>-</u>	<u>-</u>	<u>283,377,134</u>

Expected credit losses

For the nine months ended September 30, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 197,094	-	1,575	-	-	198,669	41,173	239,842
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(149,577)	-	-	-	-	(149,577)	-	(149,577)
Originated or purchased new financial assets	58,228	-	1,677	-	-	59,905	-	59,905
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	616	616
Effects of exchange rate changes and others	689	-	60,212	-	-	60,901	(332)	60,569
Ending balance	<u>\$ 106,434</u>	<u>-</u>	<u>63,464</u>	<u>-</u>	<u>-</u>	<u>169,898</u>	<u>41,457</u>	<u>211,355</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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For the nine months ended September 30, 2022 (Restatement)								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 154,258	-	-	-	-	154,258	-	154,258
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(662)	-	662	-	-	-	-	-
— Derecognition of financial assets at current period	(94,348)	-	-	-	-	(94,348)	-	(94,348)
Originated or purchased new financial assets	75,003	-	393	-	-	75,396	-	75,396
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	42,034	42,034
Effects of exchange rate changes and others	(2,052)	-	54	-	-	(1,998)	-	(1,998)
Ending balance	<u>\$ 132,199</u>	<u>-</u>	<u>1,109</u>	<u>-</u>	<u>-</u>	<u>133,308</u>	<u>42,034</u>	<u>175,342</u>

ii) Debt investments measured at amortized cost

Total carrying value

For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 921,031,324	-	14,966,171	-	-	935,997,495
Changes due to recognition of financial instruments at beginning:						
— Transfer to 12-month ECLs		313,260	-	(313,260)	-	-
— Derecognition of financial assets at current period		(323,843,472)	-	(1,512,158)	-	(325,355,630)
Originated or purchased new financial assets		289,791,950	-	162,918	-	289,954,868
Effects of exchange rate changes and others		16,068,545	-	(6,083)	-	16,062,462
Ending balance	<u>\$ 903,361,607</u>	<u>-</u>	<u>13,297,588</u>	<u>-</u>	<u>-</u>	<u>916,659,195</u>

For the nine months ended September 30, 2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 901,798,191	-	12,240,241	-	-	914,038,432
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period		(493,619,239)	-	(523,187)	-	(494,142,426)
Originated or purchased new financial assets		478,089,617	-	5,564	-	478,095,181
Effects of exchange rate changes and others		42,814,400	-	1,722,666	-	44,537,066
Ending balance	<u>\$ 929,082,969</u>	<u>-</u>	<u>13,445,284</u>	<u>-</u>	<u>-</u>	<u>942,528,253</u>

(Continued)



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

Expected credit losses

	For the nine months ended September 30, 2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 223,539	-	400,133	-	-	623,672	37,899	661,571
Changes due to recognition of financial instruments at beginning:								
— Transfer to 12-month ECLs	3,177	-	(3,177)	-	-	-	-	-
— Derecognition of financial assets at current period	(59,583)	-	(22,983)	-	-	(82,566)	-	(82,566)
Originated or purchased new financial assets	59,368	-	6,396	-	-	65,764	-	65,764
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1,321	1,321
Effects of exchange rate changes and others	12,290	-	26,611	-	-	38,901	(37)	38,864
Ending balance	<u>\$ 238,791</u>	<u>-</u>	<u>406,980</u>	<u>-</u>	<u>-</u>	<u>645,771</u>	<u>39,183</u>	<u>684,954</u>
	For the nine months ended September 30, 2022 (Restatement)							
Beginning balance	\$ 217,382	-	397,036	-	-	614,418	-	614,418
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(14,989)	-	(48,863)	-	-	(63,852)	-	(63,852)
Originated or purchased new financial assets	41,403	-	109	-	-	41,512	-	41,512
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	38,740	38,740
Effects of exchange rate changes and others	(8,489)	-	51,170	-	-	42,681	319	43,000
Ending balance	<u>\$ 235,307</u>	<u>-</u>	<u>399,452</u>	<u>-</u>	<u>-</u>	<u>634,759</u>	<u>39,059</u>	<u>673,818</u>

(Continued)

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

iii) Receivables

Total carrying value

For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 101,335,736	1,850,195	-	502,354	-	103,688,285
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(905,518)	907,019	-	(1,501)	-	-
— Transfer to credit-impaired financial assets	(150,835)	(132,411)	-	283,246	-	-
— Transfer to 12-month ECLs	696,336	(694,207)	-	(2,129)	-	-
— Derecognition of financial assets at current period	(63,223,268)	(656,659)	-	(321,918)	-	(64,201,845)
Originated or purchased new financial assets	86,258,028	2,874,084	-	136,657	-	89,268,769
Write-off	-	-	-	(6,962)	-	(6,962)
Effects of exchange rate changes and others	169,117	(14)	-	-	-	169,103
Ending balance	<u>\$ 124,179,596</u>	<u>4,148,007</u>	<u>-</u>	<u>589,747</u>	<u>-</u>	<u>128,917,350</u>

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

For the nine months ended September 30, 2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 92,780,947	1,101,636	-	502,700	-	94,385,283
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(852,004)	852,664	-	(660)	-	-
— Transfer to credit-impaired financial assets	(94,658)	(79,940)	-	174,598	-	-
— Transfer to 12-month ECLs	381,181	(380,895)	-	(286)	-	-
— Derecognition of financial assets at current period	(56,095,068)	(346,820)	-	(219,943)	-	(56,661,831)
Originated or purchased new financial assets	61,429,837	780,149	-	47,481	-	62,257,467
Write-off	-	-	-	(3,486)	-	(3,486)
Effects of exchange rate changes and others	201,166	218,776	-	(4,028)	-	415,914
Ending balance	<u>\$ 97,751,401</u>	<u>2,145,570</u>	<u>-</u>	<u>496,376</u>	<u>-</u>	<u>100,393,347</u>

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

(Continued)

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

Expected credit losses

For the nine months ended September 30, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 200,633	86,950	674	163,704	-	451,961	209,630	661,591
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(6,345)	7,720	-	(1,375)	-	-	-	-
– Transfer to credit-impaired financial assets	(1,255)	(13,269)	-	14,524	-	-	-	-
– Transfer to 12-month ECLs	33,888	(31,948)	(92)	(1,848)	-	-	-	-
– Derecognition of financial assets at current period	(129,273)	(16,514)	(4)	(20,511)	-	(166,302)	-	(166,302)
Originated or purchased new financial assets	186,848	81,264	7	29,242	-	297,361	-	297,361
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	39,087	39,087
Write-off	-	-	-	(14,353)	-	(14,353)	-	(14,353)
Effects of exchange rate changes and others	(2,476)	57,658	(239)	3,570	-	58,513	(3)	58,510
Ending balance	<u>\$ 282,020</u>	<u>171,861</u>	<u>346</u>	<u>172,953</u>	<u>-</u>	<u>627,180</u>	<u>248,714</u>	<u>875,894</u>
For the nine months ended September 30, 2022 (Restatement)								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 178,767	54,825	542	417,275	-	651,409	176,344	827,753
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(6,033)	6,638	-	(605)	-	-	-	-
– Transfer to credit-impaired financial assets	(1,121)	(6,987)	-	8,108	-	-	-	-
– Transfer to 12-month ECLs	15,366	(15,175)	-	(191)	-	-	-	-
– Derecognition of financial assets at current period	(114,900)	(13,219)	(3)	(20,933)	-	(149,055)	-	(149,055)
Originated or purchased new financial assets	189,881	47,674	-	17,716	-	255,271	-	255,271
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	53,673	53,673
Write-off	-	-	-	(13,968)	-	(13,968)	-	(13,968)
Recovery from write-off	-	-	-	6,027	-	6,027	-	6,027
Effects of exchange rate changes and others	(1,528)	28,315	(240)	43,845	-	70,392	7	70,399
Ending balance	<u>\$ 260,432</u>	<u>102,071</u>	<u>299</u>	<u>457,274</u>	<u>-</u>	<u>820,076</u>	<u>230,024</u>	<u>1,050,100</u>

(Continued)

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

iv) Discounts and loans

Total carrying value

For the nine months ended September 30, 2023						
	<u>12-month ECLs</u>	<u>Lifetime ECLs (collective assessment)</u>	<u>Lifetime ECLs (individual assessment)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>Total</u>
Beginning balance	\$ 2,051,733,632	43,542,343	-	9,211,963	-	2,104,487,938
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(10,858,029)	11,004,210	-	(146,181)	-	-
— Transfer to credit-impaired financial assets	(1,841,877)	(744,226)	-	2,586,103	-	-
— Transfer to 12-month ECLs	3,558,059	(3,474,670)	-	(83,389)	-	-
— Derecognition of financial assets at current period	(674,529,774)	(18,900,325)	-	(2,212,794)	-	(695,642,893)
Originated or purchased new financial assets	834,256,445	15,381,093	-	7,234,212	-	856,871,750
Write-off	-	-	-	(1,583,993)	-	(1,583,993)
Effects of exchange rate changes and others	13,211,518	(7,981,109)	-	18,079	-	5,248,488
Ending balance	<u>\$ 2,215,529,974</u>	<u>38,827,316</u>	<u>-</u>	<u>15,024,000</u>	<u>-</u>	<u>2,269,381,290</u>
For the nine months ended September 30, 2022 (Restatement)						
	<u>12-month ECLs</u>	<u>Lifetime ECLs (collective assessment)</u>	<u>Lifetime ECLs (individual assessment)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>Total</u>
Beginning balance	\$ 1,972,762,865	60,685,086	-	9,446,438	-	2,042,894,389
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(15,014,945)	15,066,307	-	(51,362)	-	-
— Transfer to credit-impaired financial assets	(1,055,618)	(483,635)	-	1,539,253	-	-
— Transfer to 12-month ECLs	8,588,387	(8,520,815)	-	(67,572)	-	-
— Derecognition of financial assets at current period	(741,386,799)	(37,512,067)	-	(3,263,615)	-	(782,162,481)
Originated or purchased new financial assets	843,062,750	27,743,368	-	3,195,073	-	874,001,191
Write-off	-	-	-	(1,297,252)	-	(1,297,252)
Effects of exchange rate changes and others	8,236,415	791,138	-	81,040	-	9,108,593
Ending balance	<u>\$ 2,075,193,055</u>	<u>57,769,382</u>	<u>-</u>	<u>9,582,003</u>	<u>-</u>	<u>2,142,544,440</u>

(Continued)

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

Expected credit losses

For the nine months ended September 30, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 4,084,146	1,274,218	-	3,396,653	-	8,755,017	18,986,055	27,741,072
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(23,339)	41,674	-	(18,335)	-	-	-	-
– Transfer to credit-impaired financial assets	(12,185)	(158,083)	-	170,268	-	-	-	-
– Transfer to 12-month ECLs	320,654	(306,391)	-	(14,263)	-	-	-	-
– Derecognition of financial assets at current period	(1,349,213)	(282,285)	-	(572,368)	-	(2,203,866)	-	(2,203,866)
Originated or purchased new financial assets	1,581,034	307,069	-	1,925,258	-	3,813,361	-	3,813,361
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1,778,408	1,778,408
Write-off	-	-	-	(1,583,993)	-	(1,583,993)	-	(1,583,993)
Recovery from write-off	-	-	-	316,768	-	316,768	-	316,768
Effects of exchange rate changes and others	(829,204)	578,966	-	1,342,988	-	1,092,750	30	1,092,780
Ending balance	<u>\$ 3,771,893</u>	<u>1,455,168</u>	<u>-</u>	<u>4,962,976</u>	<u>-</u>	<u>10,190,037</u>	<u>20,764,493</u>	<u>30,954,530</u>
For the nine months ended September 30, 2022 (Restatement)								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 4,745,774	1,530,317	-	2,910,357	-	9,186,448	16,624,387	25,810,835
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(203,663)	212,096	-	(8,433)	-	-	-	-
– Transfer to credit-impaired financial assets	(10,729)	(69,668)	-	80,397	-	-	-	-
– Transfer to 12-month ECLs	165,978	(146,210)	-	(19,768)	-	-	-	-
– Derecognition of financial assets at current period	(1,733,593)	(702,480)	-	(1,146,248)	-	(3,582,321)	-	(3,582,321)
Originated or purchased new financial assets	1,602,134	497,263	-	2,461,171	-	4,560,568	-	4,560,568
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	1,804,500	1,804,500
Write-off	-	-	-	(1,320,117)	-	(1,320,117)	-	(1,320,117)
Recovery from write-off	-	-	-	323,539	-	323,539	-	323,539
Effects of exchange rate changes and others	(723,562)	388,936	-	63,677	-	(270,949)	673	(270,276)
Ending balance	<u>\$ 3,842,339</u>	<u>1,710,254</u>	<u>-</u>	<u>3,344,575</u>	<u>-</u>	<u>8,897,168</u>	<u>18,429,560</u>	<u>27,326,728</u>

(Continued)

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

v) Other financial assets

Total carrying value

For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 8,674,872	-	-	70,020	-	8,744,892
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(5,108,842)	-	-	(5,875)	-	(5,114,717)
Originated or purchased new financial assets	7,231,820	-	-	306,155	-	7,537,975
Write-off	-	-	-	(260,114)	-	(260,114)
Effects of exchange rate changes and others	5,382	-	-	17	-	5,399
Ending balance	<u>\$ 10,803,232</u>	<u>-</u>	<u>-</u>	<u>110,203</u>	<u>-</u>	<u>10,913,435</u>

For the nine months ended September 30, 2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 25,573,976	-	-	46,996	-	25,620,972
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(22,541,483)	-	-	(5,923)	-	(22,547,406)
Originated or purchased new financial assets	5,217,749	-	-	187,068	-	5,404,817
Write-off	-	-	-	(169,134)	-	(169,134)
Effects of exchange rate changes and others	76,174	-	-	5,009	-	81,183
Ending balance	<u>\$ 8,326,416</u>	<u>-</u>	<u>-</u>	<u>64,016</u>	<u>-</u>	<u>8,390,432</u>

Expected credit losses

For the nine months ended September 30, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 795	-	-	64,855	-	65,650	1	65,651
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(794)	-	-	(5,730)	-	(6,524)	-	(6,524)
Originated or purchased new financial assets	948	-	-	96,949	-	97,897	-	97,897
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(1)	(1)
Write-off	-	-	-	(260,114)	-	(260,114)	-	(260,114)
Recovery from write-off	-	-	-	208,330	-	208,330	-	208,330
Effects of exchange rate changes and others	5	-	-	1,214	-	1,219	-	1,219
Ending balance	<u>\$ 954</u>	<u>-</u>	<u>-</u>	<u>105,504</u>	<u>-</u>	<u>106,458</u>	<u>-</u>	<u>106,458</u>

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

For the nine months ended September 30, 2022 (Restatement)								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ -	-	-	43,212	-	43,212	-	43,212
Changes due to recognition of financial instruments at beginning:								
– Derecognition of financial assets at current period	-	-	-	(5,880)	-	(5,880)	-	(5,880)
Originated or purchased new financial assets	798	-	-	48,426	-	49,224	-	49,224
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	1	1
Write-off	-	-	-	(169,134)	-	(169,134)	-	(169,134)
Recovery from write-off	-	-	-	201,985	-	201,985	-	201,985
Effects of exchange rate changes and others	7	-	-	(59,722)	-	(59,715)	-	(59,715)
Ending balance	<u>\$ 805</u>	<u>-</u>	<u>-</u>	<u>58,887</u>	<u>-</u>	<u>59,692</u>	<u>1</u>	<u>59,693</u>

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

Expected credit losses

For the nine months ended September 30, 2023								
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 264,934	62,790	-	8,718	-	336,442	217,473	553,915
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(3,877)	4,199	-	(322)	-	-	-	-
– Transfer to credit-impaired financial assets	(220)	(1,008)	-	1,228	-	-	-	-
– Transfer to 12-month ECLs	25,160	(25,006)	-	(154)	-	-	-	-
– Derecognition of financial assets at current period	(80,396)	(16,257)	-	(1,397)	-	(98,050)	-	(98,050)
Originated or purchased new financial assets	162,951	35,793	-	8,282	-	207,026	-	207,026
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	12,812	12,812
Effects of exchange rate changes and others	(72,696)	13,152	-	(3,058)	-	(62,602)	-	(62,602)
Ending balance	<u>\$ 295,856</u>	<u>73,663</u>	<u>-</u>	<u>13,297</u>	<u>-</u>	<u>382,816</u>	<u>230,285</u>	<u>613,101</u>

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

	For the nine months ended September 30, 2022 (Restatement)							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 286,508	110,962	-	10,999	-	408,469	190,322	598,791
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(5,126)	5,808	-	(682)	-	-	-	-
– Transfer to credit-impaired financial assets	(122)	(542)	-	664	-	-	-	-
– Transfer to 12-month ECLs	16,175	(15,371)	-	(804)	-	-	-	-
– Derecognition of financial assets at current period	(98,983)	(22,610)	-	(3,115)	-	(124,708)	-	(124,708)
Originated or purchased new financial assets	112,331	15,256	-	2,789	-	130,376	-	130,376
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	48,778	48,778
Effects of exchange rate changes and others	(41,864)	16,756	-	(1,931)	-	(27,039)	-	(27,039)
Ending balance	<u>\$ 268,919</u>	<u>110,259</u>	<u>-</u>	<u>7,920</u>	<u>-</u>	<u>387,098</u>	<u>239,100</u>	<u>626,198</u>

k) Maximum exposure to credit risk

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

Taipei Fubon Bank (The Bank)

Off-balance sheet items	Maximum exposure amount		
	September 30, 2023	December 31, 2022 (Restatement)	September 30, 2022 (Restatement)
Irrevocable loan commitments	\$ 143,306,702	129,853,583	224,265,838
Standby letters of credit	8,061,341	7,637,976	9,020,155
Financial guarantees	26,389,292	25,385,750	26,888,287
Total	<u>\$ 177,757,335</u>	<u>162,877,309</u>	<u>260,174,280</u>

Fubon Bank (China)

Off-balance sheet items	Maximum exposure amount		
	September 30, 2023	December 31, 2022	September 30, 2022
Irrevocable loan commitments	\$ 892,368	736,857	1,078,667
Standby letters of credit	61,202	9,840	16,309
Financial guarantees	706,144	510,221	332,904
Total	<u>\$ 1,659,714</u>	<u>1,256,918</u>	<u>1,427,880</u>

Units: In thousands of CNY

(Continued)



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

The maximum exposures of assets and off-balance sheet items pledged as collaterals or other credit enhancements are as follows:

Taipei Fubon Bank (The Bank)

<u>September 30, 2023</u>					
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>	
Loans	3.26 %	64.04 %	3.13 %	1.30 %	
Guarantees receivable	12.33 %	11.13 %	0.80 %	2.58 %	
Acceptances and other credits	0.22 %	0.39 %	0.02 %	-	%
Financial assets measured at fair value through profit or loss—Debt instruments	-	%	3.22 %	-	%
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	%	4.71 %	-	%
Debt investments measured at amortized cost	-	%	10.65 %	-	%
<u>December 31, 2022</u>					
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>	
Loans	3.21 %	64.14 %	3.36 %	1.58 %	
Guarantees receivable	13.62 %	10.87 %	0.98 %	2.79 %	
Acceptances and other credits	0.36 %	0.56 %	-	-	%
Financial assets measured at fair value through profit or loss—Debt instruments	-	%	4.45 %	-	%
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	%	4.54 %	-	%
Debt investments measured at amortized cost	-	%	9.62 %	-	%

(Continued)

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

<u>September 30, 2022</u>				
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>
Loans	3.36 %	62.31 %	3.40 %	1.61 %
Guarantees receivable	13.20 %	9.17 %	0.88 %	2.56 %
Acceptances and other credits	0.44 %	0.61 %	0.01 %	-
Financial assets measured at fair value through profit or loss— Debt instruments	-	-	4.86 %	-
Financial assets measured at fair value through other comprehensive income— Debt instruments	-	-	4.47 %	-
Debt investments measured at amortized cost	-	-	9.76 %	-

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

Fubon Bank (China)

<u>September 30, 2023</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	9.16 %	34.82 %	0.94 %
Guarantees receivable	22.74 %	5.41 %	58.15 %
Acceptances	19.71 %	0.80 %	52.08 %

<u>December 31, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	9.30 %	22.84 %	2.97 %
Guarantees receivable	29.96 %	7.39 %	48.15 %
Acceptances	30.50 %	1.51 %	46.45 %

<u>September 30, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	8.33 %	21.41 %	3.57 %
Guarantees receivable	36.69 %	17.91 %	18.25 %
Acceptances	39.71 %	2.03 %	38.10 %

(Continued)

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

JihSun Bank

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

<u>September 30, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<b><u>On-balance sheet items</u></b>				
Receivables				
— Derivatives default settlement \$ receivable	12,489	-	-	12,489
Loans discounted	129,117,477	-	3,809,709	132,927,186
<b><u>Off-balance sheet items</u></b>				
Unused amount of issued letter of credit	27,326	-	2,612	29,938
Various guarantee proceeds	481,825	-	45,500	527,325
Total	<u>\$ 129,639,117</u>	<u>-</u>	<u>3,857,821</u>	<u>133,496,938</u>

1) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentrations can arise in Taipei Fubon Bank and its subsidiaries' assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, loans and deposits, call loans to banks, investments, receivables and derivatives. Taipei Fubon Bank and its subsidiaries maintain a diversified portfolio, limit their exposure to any one geographic region, country or individual creditor and monitor the exposure continually in order to manage credit risk.

(Continued)

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

Taipei Fubon Bank and its subsidiaries' concentration of credit risk exposure are summarized by industry, geographical area and collateral as follows:

Taipei Fubon Bank (The Bank)

i) By industry

<u>Industry</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Private	\$ 1,157,597,105	56.16	996,655,036	56.79	978,134,148	55.27
Private enterprise	709,295,449	34.41	589,047,263	33.56	616,624,512	34.85
Financial organization	113,737,194	5.52	89,157,027	5.08	77,221,689	4.36
Public enterprise	47,032,055	2.28	39,883,340	2.27	49,608,591	2.80
Government institution	32,757,195	1.59	39,555,615	2.26	47,406,694	2.68
Non-profit organization	865,837	0.04	750,364	0.04	723,815	0.04
Total (Note)	<u>\$ 2,061,284,835</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,769,719,449</u>	<u>100.00</u>

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

ii) By geographical area

<u>Area</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Domestic	\$ 1,791,738,673	86.92	1,530,526,555	87.21	1,550,853,600	87.63
Asia	131,528,810	6.38	113,909,182	6.49	102,804,611	5.81
America	82,350,989	4.00	66,172,775	3.77	71,038,503	4.02
Others	55,666,363	2.70	44,440,133	2.53	45,022,735	2.54
Total	<u>\$ 2,061,284,835</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,769,719,449</u>	<u>100.00</u>

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

iii) By collateral

<u>Collateral</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unsecured	\$ 614,707,009	29.82	513,255,890	29.25	546,852,959	30.90
Secured	1,446,577,826	70.18	1,241,792,755	70.75	1,222,866,490	69.10
Properties	1,287,854,059	62.48	1,098,478,855	62.59	1,074,407,696	60.71
Guarantees	63,097,161	3.06	57,578,009	3.28	58,646,629	3.31
Financial Collaterals	68,791,955	3.34	58,145,445	3.31	61,383,716	3.47
Others	26,834,651	1.30	27,590,446	1.57	28,428,449	1.61
Total	<u>\$ 2,061,284,835</u>	<u>100.00</u>	<u>1,755,048,645</u>	<u>100.00</u>	<u>1,769,719,449</u>	<u>100.00</u>

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

(Continued)

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

JihSun Bank

i) By industry

<u>Industry</u>	<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Private	\$ 102,781,613	57.69	100,600,852	56.14
Private enterprise	73,666,735	41.35	76,706,056	42.81
Financial organization	1,688,403	0.95	1,856,210	1.04
Others	9,648	0.01	9,790	0.01
Total	<u>\$ 178,146,399</u>	<u>100.00</u>	<u>179,172,908</u>	<u>100.00</u>

ii) By geographical area

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

iii) By collateral

<u>Collateral</u>	<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Unsecured	\$ 45,101,642	25.32	46,245,722	25.81
Secured	133,044,757	74.68	132,927,186	74.19
Stocks	12,557,767	7.05	13,785,031	7.69
Bonds	749,678	0.42	776,100	0.43
Real estate	116,566,930	65.43	115,240,351	64.32
Movables	1,010,194	0.57	1,173,491	0.65
Notes receivable	643,488	0.36	730,297	0.41
Guaranty	520,276	0.29	602,758	0.34
Others	996,424	0.56	619,158	0.35
Total	<u>\$ 178,146,399</u>	<u>100.00</u>	<u>179,172,908</u>	<u>100.00</u>

(Continued)

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

iv) Credit risk rating grades

The credit risk defined by Taipei Fubon Bank is as follow:

1. Low Risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium Risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High Risk: Exposures require varying degrees of special attention and default risk is of greater concern.

September 30, 2023	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 139,709,858	407,129	-	140,116,987	-	-	-	-	-	-	38,172	140,078,815
Debt investments measured at amortized cost	787,133,940	1,677,787	-	788,811,727	11,829,167	1,468,421	-	13,297,588	-	-	637,009	801,472,306
Receivables												
Credit card receivables	58,478,414	21,400,047	104,545	79,983,006	-	313,345	1,678,388	1,991,733	589,747	-	341,366	82,223,120
Accounts receivable -factoring	23,614,237	2,360,946	8,393	25,983,576	-	2,153,671	-	2,153,671	-	-	311,265	27,825,982
Acceptances	162,992	421,143	-	584,135	-	-	-	-	-	-	5,962	578,173
Loans												
Personal finance	860,652,426	163,828,530	183,562	1,024,664,518	-	4,854,075	6,165,672	11,019,747	3,431,346	-	13,698,333	1,025,417,278
Corporate banking	468,610,075	461,777,847	3,333,221	933,721,143	-	21,863,897	1,578,050	23,441,947	9,215,243	-	12,504,120	953,874,213
Other financial assets	6,112,377	-	-	6,112,377	-	-	-	-	104,442	-	100,223	6,116,596
Off-balance sheet assets												
Financing commitments	685,684,103	152,726,912	73,283	838,484,298	-	2,431,434	1,789,492	4,220,926	519,371	-	317,961	842,906,634
Guarantees receivable	17,431,824	8,677,381	-	26,109,205	-	280,087	-	280,087	-	-	265,439	26,123,853
Credit receivable	5,240,988	2,779,671	-	8,020,659	-	40,682	-	40,682	-	-	4,911	8,056,430

(Continued)

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

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

(Continued)

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

September 30, 2022 (Restatement)	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 130,747,993	-	-	130,747,993	-	-	-	-	-	-	42,019	130,705,974
Debt investments measured at amortized cost	813,153,412	1,722,100	-	814,875,512	12,642,566	802,719	-	13,445,285	-	-	628,992	827,691,805
Receivables												
Credit card receivables	41,779,447	15,183,268	66,270	57,028,985	534	277,396	1,251,695	1,529,625	496,376	-	197,214	58,857,772
Accounts receivable -factoring	21,588,855	1,150,087	411	22,739,353	-	602,594	-	602,594	-	-	265,283	23,076,664
Acceptances	271,188	371,251	-	642,439	-	10,646	-	10,646	-	-	6,821	646,264
Loans												
Personal finance	814,912,793	139,451,145	147,229	954,511,167	223,979	3,461,194	4,843,032	8,528,205	2,537,581	-	12,733,713	952,843,240
Corporate banking	465,669,725	424,065,539	8,866,344	898,601,608	-	26,888,498	3,148,950	30,037,448	4,812,714	-	10,966,696	922,485,074
Other financial assets	5,862,432	-	-	5,862,432	-	-	-	-	60,850	-	56,345	5,866,937
Off-balance sheet assets												
Financing commitments	569,041,152	91,096,697	2,222,374	662,360,223	19,060	2,451,539	1,498,827	3,969,426	108,604	-	293,152	666,145,101
Guarantees receivable	16,013,914	10,796,378	-	26,810,292	-	77,995	-	77,995	-	-	270,642	26,617,645
Credit receivable	5,582,458	3,200,263	-	8,782,721	-	207,673	29,760	237,433	-	-	5,760	9,014,394

(Continued)



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

**Fubon Bank (China)**

i) By industry

Units: In thousands of CNY

Industry	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Personal loans	\$ 34,266,914	57.24	23,288,873	47.04	26,522,383	48.66
Finance and insurance	6,652,007	11.11	5,430,229	10.97	5,149,424	9.45
Wholesale and retailing	6,180,113	10.32	6,188,907	12.50	6,177,393	11.33
Manufacturing	2,736,289	4.57	3,079,253	6.22	4,321,222	7.93
Leasing and business service	1,834,485	3.06	1,620,462	3.27	1,538,348	2.82
Construction	1,661,494	2.78	2,187,293	4.42	2,516,321	4.62
Real estate	1,601,291	2.67	2,378,123	4.80	2,490,902	4.57
Water conservation and environment	1,195,562	2.00	1,829,246	3.69	2,141,343	3.93
Others	3,733,783	6.25	3,511,520	7.09	3,643,314	6.69
<b>Total</b>	<b>\$ 59,861,938</b>	<b>100.00</b>	<b>49,513,906</b>	<b>100.00</b>	<b>54,500,650</b>	<b>100.00</b>

Note: Included only discounts and loans.

ii) By geographical area

Units: In thousands of CNY

Area	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
East China	\$ 9,926,229	16.58	10,712,311	21.63	11,248,112	20.64
South west region	4,028,005	6.73	3,008,051	6.08	3,524,062	6.47
Central China	3,577,269	5.98	3,165,199	6.39	3,323,012	6.10
North China	2,922,783	4.88	3,712,912	7.50	4,028,676	7.39
South China	1,739,829	2.91	1,955,836	3.95	1,979,762	3.63
North west region	1,286,614	2.15	1,940,802	3.92	2,141,921	3.93
Others	36,381,209	60.77	25,018,795	50.53	28,255,105	51.84
<b>Total (Note)</b>	<b>\$ 59,861,938</b>	<b>100.00</b>	<b>49,513,906</b>	<b>100.00</b>	<b>54,500,650</b>	<b>100.00</b>

Note: Included only discounts and loans.

iii) By collateral

Units: In thousands of CNY

Collateral	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Credit loans	\$ 32,973,326	55.08	32,131,982	64.89	36,346,530	66.69
Guarantees loans	560,771	0.94	1,468,542	2.97	1,947,815	3.57
Collateral loans	26,327,841	43.98	15,913,382	32.14	16,206,305	29.74
Mortgage loans	20,842,159	34.82	11,308,870	22.84	11,669,932	21.41
Pledge loans	5,485,682	9.16	4,604,512	9.30	4,536,373	8.33
<b>Total (Note)</b>	<b>\$ 59,861,938</b>	<b>100.00</b>	<b>49,513,906</b>	<b>100.00</b>	<b>54,500,650</b>	<b>100.00</b>

Note: Included only discounts and loans.

(Continued)

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

iv) Credit risk rating grades

The credit risk defined by Fubon Bank (China) is as follow:

1. Low risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High risk: Exposures require varying degrees of special attention and default risk is of greater concern.

Units: In thousands of CNY

September 30, 2023	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 35,901,781	-	-	35,901,781	570,606	-	-	570,606	-	-	39,503	36,432,884
Debt investments measured at amortized cost	25,985,247	-	-	25,985,247	-	-	-	-	-	-	10,876	25,974,371
Receivables												
Acceptances	3,873,957	-	-	3,873,957	-	-	-	-	-	-	4,615	3,869,342
Accounts receivable -factoring	13,642	-	-	13,642	-	-	-	-	-	-	246	13,396
Credit card receivables	111,451	-	-	111,451	591	-	-	591	-	-	1,937	110,105
Loans												
Personal finance	33,681,544	-	202,221	33,883,765	90,436	-	-	90,436	292,712	-	503,971	33,762,942
Corporate banking	14,329,270	9,409,639	709,629	24,448,538	560,141	-	339,750	899,891	246,595	-	574,021	25,021,003
Other financial assets	1,064,104	-	-	1,064,104	-	-	-	-	1,307	-	1,414	1,063,997
Off-balance sheet assets												
Loan commitments	1,420,376	-	-	1,420,376	-	-	-	-	-	-	4,752	1,415,624
Guarantees receivable	706,144	-	-	706,144	-	-	-	-	-	-	871	705,273
Credit receivable	61,202	-	-	61,202	-	-	-	-	-	-	-	61,202

(Continued)

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

Units: In thousands of CNY

December 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 34,968,506	-	-	34,968,506	370,337	-	-	370,337	-	-	45,305	35,293,538
Debt investments measured at amortized cost	26,575,559	-	-	26,575,559	-	-	-	-	-	-	9,866	26,565,693
Receivables												
Acceptances	3,455,750	-	-	3,455,750	-	-	-	-	-	-	6,717	3,449,033
Credit card receivables	93,307	-	-	93,307	549	-	-	549	-	-	1,392	92,464
Loans												
Personal finance	22,792,475	-	173,728	22,966,203	78,502	17,742	-	96,244	226,426	-	441,788	22,847,085
Corporate banking	21,325,992	166,294	3,852,619	25,344,905	-	675,110	-	675,110	205,018	-	306,129	25,918,904
Other financial assets	902,121	-	-	902,121	-	-	-	-	577	-	627	902,071
Off-balance sheet assets												
Loan commitments	1,193,677	-	-	1,193,677	-	-	-	-	-	-	6,809	1,186,868
Guarantees receivable	510,221	-	-	510,221	-	-	-	-	-	-	764	509,457
Credit receivable	9,840	-	-	9,840	-	-	-	-	-	-	-	9,840

(Continued)

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

Units: In thousands of CNY

September 30, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 33,891,683	-	-	33,891,683	267,867	-	-	267,867	-	-	30,085	34,129,465
Debt investments measured at amortized cost	25,560,488	-	-	25,560,488	-	-	-	-	-	-	10,032	25,550,456
Receivables												
Acceptances	3,776,993	-	-	3,776,993	-	-	-	-	-	-	8,010	3,768,983
Accounts receivable -factoring	9,976	-	-	9,976	-	-	-	-	-	-	151	9,825
Credit card receivables	93,994	-	-	93,994	606	-	-	606	-	-	1,528	93,072
Loans												
Personal finance	26,155,528	-	-	26,155,528	-	109,864	-	109,864	256,991	-	456,102	26,066,281
Corporate banking	20,122,099	1,564,299	1,861,312	23,547,710	-	4,188,075	-	4,188,075	242,482	-	355,495	27,622,772
Other financial assets	551,458	-	-	551,458	-	-	-	-	709	-	749	551,418
Off-balance sheet assets												
Loan commitments	1,518,553	-	-	1,518,553	-	-	-	-	-	-	12,002	1,506,551
Guarantees receivable	332,904	-	-	332,904	-	-	-	-	-	-	674	332,230
Credit receivable	16,309	-	-	16,309	-	-	-	-	-	-	1	16,308

(Continued)

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

- m) The financial effects of credit risk mitigation policies
  - i) Collaterals and other credit enhancement

In order to effectively manage collaterals, The Bank and its subsidiary establish strict collateral management system and control procedures, which specify the acceptable types of collaterals, suitable quantity, correspond exposure, collect/disposal regulations, appraisal, and revaluation methods, etc. The main collaterals for financial assets are as follows:

1. Real estate
2. Personal property
3. Deposits
4. Securities
5. Rights and Guarantees

The related collateral documents shall be obtained and the information of collateral shall be described in loan contract and transaction contract before issuing and transacting.

The collateral must be legally enforceable, and its guarantee value can be realized within a reasonable time. To make an objective and fair assessment on the guarantee capacity and value of the collateral, and to ensure that the collateral has operational benefits.

The nature of collaterals and the impact of changes in market and economic on the value of object should be considered, and the value of collaterals should be reviewed appropriately.

Regular and occasional inspections or field inspections of collaterals are used to understand their use, storage, and maintenance, so as to avoid situations in which collateral may be sold, leased, pledged, relocated, or disposed.

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

ii) The amount of collaterals of impaired financial assets

The Bank and its subsidiaries actively clean up the impaired financial assets, observe its collateral closely and recognize impairment loss. The impacts of collaterals on the carrying amount of credit-impaired financial assets are as follows:

Taipei Fubon Bank (The Bank)

<b>September 30, 2023</b>	<b>Financial instruments</b>	<b>Properties</b>	<b>Guarantees</b>	<b>Other</b>
<u>Assets</u>				
Receivables	- %	1.67 %	1.38 %	0.06 %
Loans	- %	32.89 %	21.93 %	1.53 %
Other financial assets	- %	- %	- %	- %

<b>December 31, 2022</b>	<b>Financial instruments</b>	<b>Properties</b>	<b>Guarantees</b>	<b>Other</b>
<u>Assets</u>				
Receivables	- %	1.59 %	0.56 %	1.21 %
Loans	- %	50.08 %	25.78 %	2.64 %
Other financial assets	- %	- %	- %	- %

<b>September 30, 2022</b>	<b>Financial instruments</b>	<b>Properties</b>	<b>Guarantees</b>	<b>Other</b>
<u>Assets</u>				
Receivables	- %	1.48 %	0.52 %	1.11 %
Loans	- %	50.50 %	26.62 %	2.46 %
Other financial assets	- %	- %	- %	- %

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

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

Fubon Bank (China)

<b>September 30, 2023</b>	<b>Financial instruments</b>	<b>Properties</b>	<b>Guarantees</b>
<u>Assets</u>			
Loans	7.01 %	3.19 %	0.14 %

  

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

  

<b>September 30, 2022</b>	<b>Financial instruments</b>	<b>Properties</b>	<b>Guarantees</b>
<u>Assets</u>			
Loans	8.09 %	1.13 %	0.16 %

JihSun Bank

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

  

<u>September 30, 2022</u>	<u>Collateral</u>	<u>Netting agreement</u>	<u>Other credit enhancement obtained</u>	<u>Total</u>
<u>On-balance sheet items</u>				
Loans discounted	\$ <u>323,451</u>	<u>-</u>	<u>12,863</u>	<u>336,314</u>

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

As of September 30, 2023, December 31 and September 30, 2022, the outstanding contract amount of the financial assets that have been written off and still have recourse activities, amounting to \$1,822,387 thousand, \$2,729,558 thousand and \$1,472,036 thousand, were held by the Bank.

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

- iv) The nature, policy and carrying amount of the obtained collaterals (Foreclosed collaterals and residuals taken over)

Fubon Bank (China) handles foreclosed collaterals in accordance with “The Administration of Collaterals in Banks”.

The foreclosed collaterals of Fubon Bank (China) are houses and buildings. As of September 30, 2023, December 31 and September 30, 2022, the carrying value amounted to \$52,899 thousand, \$52,961 thousand and \$53,618 thousand, respectively. Foreclosed collaterals are accounted for as other assets in the consolidated balance sheets.

2) Fubon Life Insurance and its subsidiaries

Credit risk refers to the risk resulted from the deterioration of the credit status of the investment, the descending of credit rating, the credit risk event which can be attributed to the default of contracts, and the default of the issuers or counterparties for fulfilling their obligation. Fubon Life Insurance and its subsidiaries may suffer losses from these incidents.

a) Analysis of concentrations of credit risk

The following are credit risk exposure of Fubon Life Insurance and its subsidiaries’ debt instruments, derivative instruments and loans distributed by industry and geographic area.

Credit risk exposure—by industry

Financial assets	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Industrial enterprise	\$ 178,172,563	5.25	163,091,149	5.04	167,713,014	5.08
Public business	143,061,070	4.22	133,703,650	4.13	135,058,124	4.09
Diversification	7,721,201	0.23	7,348,880	0.23	7,596,454	0.23
Mortgage backed securities	38,271,370	1.13	37,682,168	1.16	30,146,749	0.91
Financial sector	1,257,365,663	37.04	1,207,727,549	37.29	1,214,905,588	36.79
Consumer staples	310,732,194	9.15	281,768,117	8.70	295,204,355	8.94
Government	510,911,874	15.05	506,140,174	15.63	514,884,171	15.59
Technology	107,328,451	3.16	97,494,116	3.01	105,036,655	3.18
Raw material	79,195,836	2.33	71,574,169	2.21	74,487,727	2.26
Consumer discretionary	71,139,387	2.10	67,864,310	2.09	73,030,316	2.21
Energy	218,343,732	6.43	199,413,020	6.16	206,720,115	6.26
Asset backed securities	31,769,950	0.94	30,235,763	0.93	31,254,846	0.95
Telecommunication	238,003,105	7.01	219,539,422	6.78	227,807,278	6.90
Others	202,345,236	5.96	215,183,498	6.64	218,216,204	6.61
Subtotal	3,394,361,632	100.00	3,238,765,985	100.00	3,302,061,596	100.00
Fair value adjustment from business combinations	(265,391)	-	(105,734)	-	(93,525)	-
Total	<u>\$ 3,394,096,241</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,301,968,071</u>	<u>100.00</u>

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

Credit risk exposure—by geographic area

Financial assets	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 500,496,491	14.75	565,437,802	17.46	581,480,132	17.61
Asia except Taiwan	427,608,788	12.60	401,819,753	12.41	386,672,585	11.71
North America	1,574,687,069	46.39	1,438,416,855	44.41	1,481,835,566	44.88
Middle and South America	115,344,272	3.39	103,495,174	3.19	105,242,223	3.18
Europe	545,536,357	16.07	511,526,899	15.80	525,297,551	15.91
Africa/Middle East	230,688,655	6.80	218,069,502	6.73	221,533,539	6.71
Subtotal	3,394,361,632	100.00	3,238,765,985	100.00	3,302,061,596	100.00
Fair value adjustment from business combinations	(265,391)	-	(105,734)	-	(93,525)	-
Total	<u>\$ 3,394,096,241</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>	<u>3,301,968,071</u>	<u>100.00</u>

Note: Fubon Life Insurance and its subsidiaries operate credit business in the energy industry in Taiwan in 2023. As of September 30, 2023, loan commitment credit exposures of the off-balance sheet amount was \$8,000,000 thousand, which was not included in the above-mentioned industry and geographic area table.

b) Credit risk quality classification definitions

In terms of credit risk quality, Fubon Life Insurance and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk based on the credit rating. The definition of each level is as follows:

- i) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- ii) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation. Negative news or disadvantageous economic conditions may weaken their financial statuses and result in the doubt of asset impairment or the loss of Fubon Life Insurance and its subsidiaries.
- iii) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

(Continued)

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

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

Credit analysis of financial assets

	September 30, 2023												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit- impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable – interest receivable (included overdue loans)	\$ 31,171,732	525,849	374	31,697,955	179	131	-	310	1,828,423	-	1,828,423	1,861,067	31,665,621
Financial assets measured at fair value through other comprehensive income – debt instruments (Note 2)	283,479,589	4,897,641	-	288,377,230	-	330	-	330	2,753,470	-	2,753,470	(Note 1)	291,131,030
Financial assets measured at amortized cost (Note 2)	2,711,393,089	38,298,338	-	2,749,691,427	-	-	-	-	15,822,104	-	15,822,104	3,194,278	2,762,319,253
Other financial assets	4,070,779	630,594	-	4,701,373	-	-	-	-	-	-	-	4,506	4,696,867
Loans (Note 2)	190,462,572	38,537,527	316,184	229,316,283	988,071	2,951,694	382	3,940,147	712,601	-	712,601	1,658,406	232,310,625
<b>Total</b>	<b>\$ 3,220,577,761</b>	<b>82,889,949</b>	<b>316,558</b>	<b>3,303,784,268</b>	<b>988,250</b>	<b>2,952,155</b>	<b>382</b>	<b>3,940,787</b>	<b>21,116,598</b>	<b>-</b>	<b>21,116,598</b>	<b>6,718,257</b>	<b>3,322,123,396</b>

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

	December 31, 2022												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable— interest receivable (included overdue loans)	\$ 30,398,739	869,714	386	31,268,839	181	105	1	287	982,986	1	982,987	931,986	31,320,127
Financial assets measured at fair value through other comprehensive income— debt instruments (Note 2)	593,343,810	8,983,605	-	602,327,415	-	3,919	-	3,919	3,117,050	-	3,117,050	(Note 1)	605,448,384
Financial assets measured at amortized cost (Note 2)	2,209,654,559	41,843,688	-	2,251,498,247	-	-	-	-	15,107,287	-	15,107,287	1,936,549	2,264,668,985
Other financial assets	4,140,629	679,825	-	4,820,454	-	-	-	-	-	-	-	2,847	4,817,607
Loans (Note 2)	204,239,817	43,566,273	373,549	248,179,639	1,910,081	784,361	651	2,695,093	744,260	799	745,059	1,886,222	249,733,569
<b>Total</b>	<b>\$ 3,041,777,554</b>	<b>95,943,105</b>	<b>373,935</b>	<b>3,138,094,594</b>	<b>1,910,262</b>	<b>788,385</b>	<b>652</b>	<b>2,699,299</b>	<b>19,951,583</b>	<b>800</b>	<b>19,952,383</b>	<b>4,757,604</b>	<b>3,155,988,672</b>

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

	September 30, 2022												
	stage1				stage2				stage3			Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total		
Accounts receivable— interest receivable (included overdue loans)	\$ 29,957,642	676,084	373	30,634,099	147	121	1	269	719,252	1	719,253	716,697	30,636,924
Financial assets measured at fair value through other comprehensive income— debt instruments (Note 2)	607,904,171	8,881,822	-	616,785,993	1	6,211	-	6,212	3,894,921	-	3,894,921	(Note 1)	620,687,126
Financial assets measured at amortized cost (Note 2)	2,272,372,690	43,259,485	-	2,315,632,175	-	-	-	-	15,633,439	-	15,633,439	2,010,939	2,329,254,675
Other financial assets	3,894,449	682,742	-	4,577,191	-	-	-	-	-	-	-	3,616	4,573,575
Loans (Note 2)	206,344,963	44,926,988	387,501	251,659,452	626,728	669,318	740	1,296,786	681,082	808	681,890	1,959,155	251,678,973
<b>Total</b>	<b>\$ 3,120,473,915</b>	<b>98,427,121</b>	<b>387,874</b>	<b>3,219,288,910</b>	<b>626,876</b>	<b>675,650</b>	<b>741</b>	<b>1,303,267</b>	<b>20,928,694</b>	<b>809</b>	<b>20,929,503</b>	<b>4,690,407</b>	<b>3,236,831,273</b>

Note 1: For loss allowance of financial assets measured at fair value through other comprehensive income - debt instruments, please refer to note 6 (aj) (iii) 2) h).

Note 2: As of September 30, 2023, December 31 and September 30, 2022, fair value adjustments from business combinations of financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost and loans were \$(116,910) thousand, \$(104,370) thousand and \$(44,111) thousand, \$0 thousand, \$(56,094) thousand and \$(49,640) thousand and \$0 thousand, \$(47,092) thousand and \$(46,433) thousand, respectively.

Note 3: Fubon Life Insurance and its subsidiaries operate credit business in 2023. As of September 30, 2023, loan commitment credit exposures of the off-balance sheet was \$8,000,000 thousand, and the recognized loan commitments reserve was \$16,000 thousand, which was not included in the above-mentioned table.

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

- c) Determination on the credit risk that has increased significantly since initial recognition
- i) Fubon Life Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Life Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, market price decline, credit spreads, quantitative and qualitative information.
  - ii) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
- d) The definition of default and credit-impaired financial assets

Fubon Life Insurance and its subsidiaries' definition of default on financial assets is as follows. If one or more conditions are met, it is determined that the financial asset has defaulted. However, it is not limited to this, all obviously objective evidences as a result of the inability of the debt or its credit-linked company to be repaid are treated as a breach of contract and the impairment procedure will be proceeded.

- i) Bankruptcy:

Enter bankruptcy procedures in accordance with the "Bankruptcy Law", resolution for dissolution or takeover by the government, recognition of failure to pay loans on maturity date etc.

- ii) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

- iii) Debt restructuring:

Due to financial difficulties, after renegotiating with Fubon Life Insurance and its subsidiaries for debt reduction, extension or re-planning. Impairment on debt instrument held by Fubon Life Insurance and its subsidiaries arise from the issuer's application for debt restructuring.

- iv) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

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

v) Cross default or accelerated expiry:

A credit default of a credit-linked company or related institution's other debts or similar events that caused the early repayment of debt or breach of contract.

vi) The company completely suspended its operations because of local government orders.

e) Measurement of expected credit loss

i) The methodology and assumption applied

Expected credit loss is a probability weighted estimate of credit losses for a specific period, and the period is based on whether the credit risk of the financial instruments have increased significantly since initial recognition. If the financial assets are determined to have low credit risk or no significant increase in credit risk, an amount equal to 12-month expected credit losses will be recognized. The impairment requirement is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition or credit impaired. In order to measure expected credit losses, Fubon Life Insurance and its subsidiaries adopt probability of default ("PD"), and include loss given default ("LGD") and exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12-month and lifetime, respectively.

ii) Forward-looking information considerations

The default probability and loss given default, which Fubon Life Insurance and its subsidiaries used in debt instruments, are based on the information released periodically by Moody's, an international credit rating agency. The default rate includes the prediction of future macroeconomic status and implicit market data in order to adjust the default rate to forward looking PDs, the loss given default is based on the recovery rate of bonds by Moody's. The amount of exposure is measured by the amortized cost of the financial assets plus accrued interest. The default probability and loss given default used by Fubon Life Insurance and its subsidiaries for loans are internal historical information (such as credit loss experience) which is adjusted based on current observable data and forward-looking macroeconomic information (e.g. consumer price index and the unemployment rate, etc.). The amount of exposure is measured by the amortized cost (including accrued interest).

The estimation techniques or material assumptions made by Fubon Life Insurance and its subsidiaries to assess expected credit losses have no significant changes during the year.

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

f) Policies to hedge or mitigate credit risk

i) Collateral

Fubon Life Insurance and its subsidiaries require full collateral from the borrowers and set up lending policies to decrease credit risk. The amount of loan is evaluated based on borrower's ability to pay back, the type of collateral and the difficulty of its liquidation to ensure collection. Besides, creditor protection, collateral terms and offsetting terms are all addressed in the credit contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, in order to mitigate credit risks.

ii) Enhancement of other credits

Fubon Life Insurance and its subsidiaries have offsetting terms within credit contracts, which clearly define that all cash payments from debtors may be offset against their liabilities upon a credit event, in order to mitigate credit risk.

For the clients whom Fubon Life Insurance and its subsidiaries consider to be incompetent to repay the loans, Fubon Life Insurance and its subsidiaries would request one or more joint guarantors to enhance the guarantee for the creditor's right.

g) The maximum credit risk exposure of Fubon Life Insurance and its subsidiaries

The maximum credit risk exposure of the assets on the consolidated balance sheet, excluding collaterals or other credit enhancement tools, is the carrying amount of the assets.

The maximum exposure of assets used as collaterals, master netting agreement and other credit enhancements is the carrying amount on the consolidated balance sheet.

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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h) Changes in the loss allowance

The reconciliations in loss allowance of loans are as follows:

	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 21,994	13,715	209	53,142	31	89,091	1,797,119	1,886,210
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime ECLs	(1,314)	2,757	268	(1,711)	-	-	-	-
— Transfer to credit-impaired financial assets	(89)	(1,057)	-	1,146	-	-	-	-
— Transfer to 12-month ECLs	4,184	(3,252)	(35)	(897)	-	-	-	-
— Derecognition of financial assets at current period	(2,219)	(3,249)	(12)	(8,094)	(31)	(13,605)	-	(13,605)
Originated or purchased new financial assets	1,482	1,229	-	-	-	2,711	-	2,711
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(227,602)	(227,602)
Write-off	-	-	-	(11,682)	-	(11,682)	-	(11,682)
Changes in models/risk parameters	(2,908)	7,972	(293)	19,440	-	24,211	-	24,211
Effects of exchange rate changes and others	(565)	(335)	-	(1,035)	-	(1,935)	-	(1,935)
Balance as of September 30, 2023	<u>\$ 20,565</u>	<u>17,780</u>	<u>137</u>	<u>50,309</u>	<u>-</u>	<u>88,791</u>	<u>1,569,517</u>	<u>1,658,308</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”</u>	<u>Total</u>
Balance as of January 1, 2022	\$ 35,954	12,395	793	55,952	33	105,127	2,109,375	2,214,502
Changes due to financial instruments recognized as at beginning:								
– Transfer to lifetime ECLs	(377)	450	14	(87)	-	-	-	-
– Transfer to credit-impaired financial assets	(27)	(863)	(2)	892	-	-	-	-
– Transfer to 12-month ECLs	4,199	(3,780)	(172)	(247)	-	-	-	-
– Derecognition of financial assets at current period	(21,948)	(1,025)	(119)	(3,595)	(1)	(26,688)	-	(26,688)
Originated or purchased new financial assets	18,694	775	-	-	-	19,469	-	19,469
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(235,962)	(235,962)
Write-off	-	-	-	(3,379)	-	(3,379)	-	(3,379)
Changes in models/risk parameters	(8,406)	5,536	(375)	(1,917)	-	(5,162)	-	(5,162)
Effects of exchange rate changes and others	(1,326)	(623)	-	(1,688)	-	(3,637)	-	(3,637)
Balance as of September 30, 2022	<u>\$ 26,763</u>	<u>12,865</u>	<u>139</u>	<u>45,931</u>	<u>32</u>	<u>85,730</u>	<u>1,873,413</u>	<u>1,959,143</u>

Note 1: As of September 30, 2023 and 2022, the loss allowance of loans from investment-linked insurance policies amounted to \$98 thousand and \$12 thousand, respectively, which were not included in abovementioned reconciliations

Note 2: As of September 30, 2023, Fubon Life Insurance and its subsidiaries operate loans business for the irrevocable loan commitment, recognized loan commitments reserve was \$16,000 thousand, which was not included in the above-mentioned table. There was no such transaction as of September 30, 2022.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The reconciliations in loss allowance of financial assets measured at fair value through other comprehensive income are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 132,221	73	-	1,028,304	-	1,160,598
Changes due to financial instruments recognized as at beginning:						
– Transfer to credit-impaired financial assets	(85)	-	-	85	-	-
– Transfer to 12-month ECLs	3,403	(42)	-	(3,361)	-	-
– Derecognition of financial assets at current period	(11,891)	(26)	-	(17,977)	-	(29,894)
Originated or purchased new financial assets	7,557	-	-	-	-	7,557
Write-off	-	-	-	(1,878)	-	(1,878)
Changes in models/risk parameters	20,891	-	-	17,143	-	38,034
Effects of exchange rate changes and others	(80,088)	2	-	23,373	-	(56,713)
Balance as of September 30, 2023	<u>\$ 72,008</u>	<u>7</u>	<u>-</u>	<u>1,045,689</u>	<u>-</u>	<u>1,117,704</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 320,062	1,502	-	143,623	-	465,187
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(85)	1,661	-	(1,576)	-	-
– Transfer to credit-impaired financial assets	(9,010)	(221)	-	9,231	-	-
– Transfer to 12-month ECLs	3,747	(4)	-	(3,743)	-	-
– Derecognition of financial assets at current period	(65,409)	(1,139)	-	(20,069)	-	(86,617)
Originated or purchased new financial assets	28,257	-	-	-	-	28,257
Write-off	(1)	-	-	(54,515)	-	(54,516)
Changes in models/risk parameters	(148,323)	(1,589)	-	894,117	-	744,205
Effects of exchange rate changes and others	9,901	(82)	-	106,113	-	115,932
Balance as of September 30, 2022	<u>\$ 139,139</u>	<u>128</u>	<u>-</u>	<u>1,073,181</u>	<u>-</u>	<u>1,212,448</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The reconciliations in loss allowance of financial assets measured at amortized cost are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 522,443	-	-	1,414,106	-	1,936,549
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(10,515)	-	-	-	-	(10,515)
Originated or purchased new financial assets	3,590	-	-	-	-	3,590
Changes in models/risk parameters	647,314	-	-	437,827	-	1,085,141
Effects of exchange rate changes and others	141,819	-	-	37,694	-	179,513
Balance as of September 30, 2023	<u>\$ 1,304,651</u>	<u>-</u>	<u>-</u>	<u>1,889,627</u>	<u>-</u>	<u>3,194,278</u>

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

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 1,256,846	-	-	-	-	1,256,846
Changes due to financial instruments recognized as at beginning:						
— Transfer to credit-impaired financial assets	(14,121)	-	-	14,121	-	-
— Derecognition of financial assets at current period	(153,207)	-	-	-	-	(153,207)
Originated or purchased new financial assets	15,292	-	-	-	-	15,292
Changes in models/risk parameters	(629,889)	-	-	1,293,914	-	664,025
Effects of exchange rate changes and others	64,936	-	-	163,047	-	227,983
Balance as of September 30, 2022	<u>\$ 539,857</u>	<u>-</u>	<u>-</u>	<u>1,471,082</u>	<u>-</u>	<u>2,010,939</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The reconciliations in loss allowance of other financial assets are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 2,847	-	-	-	-	2,847
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(11)	-	-	-	-	(11)
Originated or purchased new financial assets	33	-	-	-	-	33
Changes in models/risk parameters	1,591	-	-	-	-	1,591
Effects of exchange rate changes and others	46	-	-	-	-	46
Balance as of September 30, 2023	<u>\$ 4,506</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,506</u>

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

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 3,136	-	-	-	-	3,136
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(225)	-	-	-	-	(225)
Originated or purchased new financial assets	220	-	-	-	-	220
Changes in models/risk parameters	254	-	-	-	-	254
Effects of exchange rate changes and others	231	-	-	-	-	231
Balance as of September 30, 2022	<u>\$ 3,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,616</u>

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

3) Fubon Insurance and its subsidiaries

Credit risk is the risk Fubon Insurance and its subsidiaries would suffered from the loss due to the downgrade of borrower's credit rating or borrower failing to make payments, the counterparty's failure or refusing to meet its obligation. The risk includes but not limited to the following risks: the credit risk of the issuer, the counterparty and the underlying assets.

Credit risk mainly comes from the trading of financial instruments generated from operating activity of Fubon Insurance and its subsidiaries. Fubon Insurance and its subsidiaries decreases the probability of a larger loss resulting from any single credit risk event due to the over concentration of the portfolios through regular analysis and monitor.

a) Management process of credit risk

i) Risk identification

Fubon Insurance and its subsidiaries' management process of credit risk could identify the existing and potential risk, analyze the source of the major risk of the operation and the product, and plan proper control system.

ii) Risk measurement

When measuring credit risk, Fubon Insurance and its subsidiaries consider the factors including the content of contracts, the condition of the market, securities or guarantees, the variation of the future probable risk of the counterparty and evaluating the risk in asset portfolios with credit risk except for individual risk. Also, by collecting related information of credit rating, Fubon Insurance and its subsidiaries analyze and quantitatively measure the credit risk in accordance with the level of business and practical settlement methods and calculates the credit risk capital based on the rules stipulated by the authority. For financial assets at amortized cost and at fair value through other comprehensive income or other credit position, depending on the practical settlement methods, Fubon Insurance and its subsidiaries measure the credit risk by referring to the expected loss formula ( $ECL=EAD \times PD \times LGD$ ).

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

iii) Risk monitoring

Based on the process of risk monitoring established, Fubon Insurance and its subsidiaries review and monitor the credit limit usage and over-limit circumstances regularly with proper disposition. Through proper and frequent monitoring and hierarchical control system, the responsible person could submit the report by related rules when finding mistakes and unusual events. When the relevant unit gets aware of significant credit risk event, it should notify risk management department of Fubon Insurance and its subsidiaries and deal with the problem according to the Company's guidelines related to the reporting of significant credit risk event to control the timeliness of the dealing process.

iv) Risk responding

When an event of credit risk occurs, the head of any related unit involved or who has authority to deal with the event would respond to the event immediately, and report to risk management department by following the authorization table of Fubon Insurance and its subsidiaries. Subsequently, the reason of the event would be investigated, the remediation plan would be developed, and the progress of actions would be followed.

b) Credit risk management mechanism

Credit risk management mechanism includes:

i) Credit risk management before transaction:

Before Fubon Insurance and its subsidiaries are engaged in investment and transaction business, a completed evaluation and analysis will be performed on subject of investments and transactions, issuer, credit and financial position information of counterparty and guarantee agency and it also will confirm the legality of the transaction. Meanwhile, Fubon Insurance and its subsidiaries will confirm if transaction counterparty, issuer and guarantee agency exceeded credit limits. In case of involving in the decision-making process of complex structured instrument, Fubon Insurance should follow the authorization level related to credit risk management, and have proper notification process and operating activities.

ii) Management of credit limit by hierarchy:

Considering the complexity and characteristics of the investment assets, Fubon Insurance and its subsidiaries set credit hierarchical management system and manages them by different hierarchy, including the following:

1. By counterparty, issuer and guarantee agency, set credit limit and manage by different hierarchy.
2. By country, set credit limit and manage hierarchically.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Besides, it will re-examine credit limit when inside or outside economic circumstances have changed severely.

iii) Credit risk management after transaction:

1. Examine credit status periodically: Periodically review the overall credit market conditions to understand trends in the credit markets and get an early warning to credit risk. Meanwhile, periodically examine credit status of counterparty, issuer and guarantee agency to fully disclose their risk situation.
2. Control credit risk limit by each position: Measure credit exposure amount monthly, compare with authorized credit risk limit and monitor the risk. Classification of the measuring credit exposure amount of Fubon Insurance and its subsidiaries includes: counterparty, issuer, guarantee agency, country and commodity. According to different business characteristics, Fubon Insurance and its subsidiaries take individual or portfolio management approach to review the changes in credit status in connection with the transaction balance or position periodically.

c) Concentrations of credit risk

To control credit concentration risk, Fubon Insurance and its subsidiaries confirm that a loss resulting from any single credit risk event will not exceed credit risk limit through regular statistic and monitor concentration as follows:

i) Concentrations of credit risk – by geographical area

September 30, 2023						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>32,113,599</u>	<u>4,092,249</u>	<u>5,148,155</u>	-	<u>854,190</u>	<u>42,208,193</u>
Ratio of the total	<u>76.08</u> %	<u>9.70</u> %	<u>12.20</u> %	-	<u>2.02</u> %	<u>100.00</u> %
December 31, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>29,143,933</u>	<u>4,646,051</u>	<u>3,995,008</u>	-	<u>789,566</u>	<u>38,574,558</u>
Ratio of the total	<u>75.55</u> %	<u>12.04</u> %	<u>10.36</u> %	-	<u>2.05</u> %	<u>100.00</u> %
September 30, 2022						
By area	Taiwan	Asia except Taiwan	North America	Central and South America	Europe	Total
Exposure amount	\$ <u>36,822,463</u>	<u>5,599,611</u>	<u>6,547,687</u>	<u>286,073</u>	<u>3,944,549</u>	<u>53,200,383</u>
Ratio of the total	<u>69.21</u> %	<u>10.53</u> %	<u>12.31</u> %	<u>0.54</u> %	<u>7.41</u> %	<u>100.00</u> %

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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d) Credit risk exposure

Maximum credit risk exposure of Fubon Insurance and its subsidiaries' financial assets (without considering collateral or other credit enhancements instruments) is the net amount of book values less the offset amount recognized in accordance with IAS 32 and the net expected credit-impaired recognized in accordance with IFRS 9.

	September 30, 2023		December 31, 2022		September 30, 2022	
	Book value	Maximum exposure	Book value	Maximum exposure	Book value	Maximum exposure
<b><u>Non-derivative financial instruments</u></b>						
<b>Financial assets</b>						
Cash and cash equivalents	\$ 12,770,856	12,770,856	10,897,303	10,897,303	14,294,195	14,294,195
Receivables	6,979,571	6,979,571	4,712,357	4,712,357	9,030,924	9,030,924
Current tax assets	2,898,631	2,898,631	2,067,260	2,067,260	1,015,288	1,015,288
Financial assets measured at fair value through profit or loss	7,231,245	7,231,245	7,335,850	7,335,850	13,664,643	13,664,643
Financial assets measured at amortized cost	1,667,884	1,667,884	1,560,957	1,560,957	1,604,301	1,604,301
Other financial assets	87,027	87,027	-	-	-	-
Financial assets measured at fair value through other comprehensive income	6,977,323	6,977,323	10,696,822	10,696,822	16,733,102	16,733,102
Reinsurance contract assets	24,594,186	24,594,186	23,580,092	23,580,092	21,179,484	21,179,484
Other assets	8,364,692	8,364,692	4,160,281	4,160,281	2,503,406	2,503,406
<b>Financial liabilities</b>						
Short term liabilities and borrowings	12,548,889	12,548,889	9,780,000	9,780,000	-	-
Payables	16,637,768	16,637,768	16,482,543	16,482,543	14,847,351	14,847,351
Current tax liabilities	9,228	9,228	9,916	9,916	19,351	19,351
Lease liabilities	621,602	621,602	742,146	742,146	766,147	766,147
Other liabilities	87,161	87,161	435,812	435,812	445,026	445,026
<b><u>Derivative financial instruments</u></b>						
<b>Financial assets</b>						
Financial assets measured at fair value through profit or loss	-	-	68,226	68,226	5,143	5,143
<b>Financial liabilities</b>						
Financial liabilities measured at fair value through profit or loss	149,548	149,548	106,214	106,214	810,727	810,727

e) Credit quality analysis

For credit quality, Fubon Insurance and its subsidiaries periodically follow credit rating information issued by credit rating agency, and based on the rating, classified as low risk, medium risk and high risk as follows:

- i) Low risk: Issuer or counterparty is capable of fulfilling contractual commitments. Even under variable negative news or unfavorable economic conditions, their financial condition is good enough to cope with it.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- ii) Medium risk: Issuer or counterparty has poor ability to fulfill contractual commitments. Variable negative news or unfavorable economic conditions may weaken its financial condition, and trigger concerns of assets impairment or cause loss to Fubon Insurance and its subsidiaries.
- iii) High risk: The possibility of issuer or counterparty to fulfill contractual commitments is poor and depends on operating environment, variable negative news or unfavorable economic conditions will reduce its ability and willingness to fulfill obligations.
- iv) The impaired amount refers to the amount provided for all financial assets based on the regulations of accounting standards. Under the principle of conservations, the amount is able to reflect the current value of the impairment. The information of credit quality is shown as follows:

September 30, 2023											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 10,224,602	-	-	10,224,602	-	622,574	-	622,574	-	-	10,847,176
Financial assets measured at amortized cost	1,668,474	-	-	1,668,474	-	-	-	-	-	590	1,667,884
<b>Total</b>	<b>\$ 11,893,076</b>	<b>-</b>	<b>-</b>	<b>11,893,076</b>	<b>-</b>	<b>622,574</b>	<b>-</b>	<b>622,574</b>	<b>-</b>	<b>590</b>	<b>12,515,060</b>
December 31, 2022											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 11,151,631	-	-	11,151,631	-	-	-	-	-	-	11,151,631
Financial assets measured at amortized cost	1,561,484	-	-	1,561,484	-	-	-	-	-	527	1,560,957
<b>Total</b>	<b>\$ 12,713,115</b>	<b>-</b>	<b>-</b>	<b>12,713,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527</b>	<b>12,712,588</b>
September 30, 2022											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 15,272,793	-	-	15,272,793	-	-	-	-	-	-	15,272,793
Financial assets measured at amortized cost	1,604,839	-	-	1,604,839	-	-	-	-	-	538	1,604,301
<b>Total</b>	<b>\$ 16,877,632</b>	<b>-</b>	<b>-</b>	<b>16,877,632</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>538</b>	<b>16,877,094</b>

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

(Continued)

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

For all notes receivable, accounts receivable and due from reinsurers and ceding companies, Fubon Insurance and its subsidiaries apply the simplified approach to estimate the expected credit loss, the analysis is as follows:

September 30, 2023					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%~20%	2%~5%	10%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 17,620,091	947,028	895,202	9,679,152	29,141,473
Expected credit loss	137,818	19,507	87,811	162,730	407,866
December 31, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%~15%	2%~5%	10%~25%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 19,812,009	634,693	179,670	130,362	20,756,734
Expected credit loss	58,617	13,595	13,014	27,626	112,852
September 30, 2022					
	Not overdue	30 days overdue	90 days overdue	90 days and above overdue	Total
	0%	2%~5%	10%~25%	25%~100%	
Expected credit loss rate					
Carrying amount	\$ 11,198,429	1,020,872	804,948	310,665	13,334,914
Expected credit loss	-	22,981	79,360	142,629	244,970

- f) Determination on the credit risk that has increased significantly since initial recognition
- i) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Judgment criteria: External credit rating above investment grade (BBB-).
  - ii) Fubon Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, overdue situation, credit spreads, and other market information related to the issuer or debtor, etc.

(Continued)

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

g) Definitions for default and credit impairment of financial assets

Fubon Insurance and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Insurance and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

- i) Quantitative indicators: When financial assets-receivables are overdue for more than 90 days, it is determined that the financial assets have been breached and the credit is impaired.
- ii) Qualitative indicators: If there is evidence that the issuer or the debtor will be unable to pay the contract, or show that the issuer or the debtor has significant financial difficulties, such as:
  - 1. The issuer or the debtor has filed for bankruptcy or is likely to file a bankruptcy.
  - 2. The financial instrument's contract of the issuer's or debtor's has defaulted.
  - 3. The financial market of the financial asset disappeared due to the financial difficulties of the issuer or the debtor.
  - 4. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.
- iii) The aforementioned definition of breach of contract and credit impairment applies to all financial assets held by Fubon Insurance and its subsidiaries, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.
- iv) If a financial asset no longer meets the definition of default and credit impairment for six consecutive months, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Assessment of expected credit loss

i) Adopted methods and assumptions

For Fubon Insurance and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. If the financial assets are significantly increased in credit risk or the credits have been impaired, the expected credit losses for a lifetime will be recognized.

(Continued)

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

In order to measure expected credit losses, Fubon Insurance and its subsidiaries adopt probability of default (“PD”), and include loss given default (“LGD”) and exposure at default (“EAD”), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and lifetime, respectively.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Insurance and its subsidiaries, related impairment assessments are based on information on the default rate and loss given default regularly announced by Moody’s.

Fubon Insurance and its subsidiaries measure its exposure to breach of contract by the total amount of the amortized cost of financial instruments and interest receivable.

In order to determine if the credit risk has increased significantly since the initial recognition, Fubon Insurance and its subsidiaries assess the expected default risk during the existence of financial instruments on the reporting day, the rules for determination are as follows:

The financial instrument has the original rating, and is non-investment grade on the reporting date, and it falls at least one notch than the original score.

ii) Forward-looking information considerations

Fubon Insurance and its subsidiaries take forward-looking information into account when judging whether the credit risk of a financial instrument has increased significantly since its initial recognition and when the expected credit loss is measured. The default probability used by Fubon Insurance and its subsidiaries in relation to the impairment assessment is based on the default probability information published by Moody’s on a regular basis and contains forward-looking general economic information.

iii) The estimation techniques or material assumptions made by Fubon Insurance and its subsidiaries to assess expected credit losses have no significant changes during the reporting period.

(Continued)

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

iv) Changes in loss allowance

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

	<b>For the nine months ended September 30, 2023</b>			
	<b>12-month ECLs</b>	<b>Lifetime ECLs (collective assessment)</b>	<b>Lifetime ECLs (individual assessment)</b>	<b>Impairment recognized due to IFRS 9</b>
Beginning balance	\$ 5,237	-	-	5,237
Changes due to recognition of financial instruments at beginning:				
— Transfer to lifetime expected credit losses	(406)	-	406	-
— Derecognition of financial assets at current period	(306)	-	-	(306)
Originated or purchased new financial assets	225	-	-	225
Effects of exchange rate changes and others	1,022	-	16,652	17,674
Ending balance	<u>\$ 5,772</u>	<u>-</u>	<u>17,058</u>	<u>22,830</u>

	<b>For the nine months ended September 30, 2022</b>			
	<b>12-month ECLs</b>	<b>Lifetime ECLs (collective assessment)</b>	<b>Lifetime ECLs (individual assessment)</b>	<b>Impairment recognized due to IFRS 9</b>
Beginning balance	\$ 10,166	-	-	10,166
Changes due to recognition of financial instruments at beginning:				
— Derecognition of financial assets at current period	(3,096)	-	-	(3,096)
Originated or purchased new financial assets	645	-	-	645
Effects of exchange rate changes and others	324	-	-	324
Ending balance	<u>\$ 8,039</u>	<u>-</u>	<u>-</u>	<u>8,039</u>

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

	<b>For the nine months ended September 30, 2023</b>			
	<b>12-month ECLs</b>	<b>Lifetime ECLs (collective assessment)</b>	<b>Lifetime ECLs (individual assessment)</b>	<b>Impairment recognized due to IFRS 9</b>
Beginning balance	\$ 527	-	-	527
Effects of exchange rate changes and others	63	-	-	63
Ending balance	<u>\$ 590</u>	<u>-</u>	<u>-</u>	<u>590</u>

	<b>For the nine months ended September 30, 2022</b>			
	<b>12-month ECLs</b>	<b>Lifetime ECLs (collective assessment)</b>	<b>Lifetime ECLs (individual assessment)</b>	<b>Impairment recognized due to IFRS 9</b>
Beginning balance	\$ 465	-	-	465
Effects of exchange rate changes and others	73	-	-	73
Ending balance	<u>\$ 538</u>	<u>-</u>	<u>-</u>	<u>538</u>

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries have exposure to credit risk, including issuer credit risk, counterparty credit risk and credit risk of underlying assets.

(Continued)



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

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

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

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

Fubon Securities and its subsidiaries face credit risk arising from financial assets including bank deposits, debt securities, over the counter (OTC) derivative transactions, repurchase agreements, reverse sell agreements, securities borrowing and lending, refundable deposits, futures trading margin, other refundable deposits, and receivables.

a) Analysis of concentrations of credit risk

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

Financial assets	September 30, 2023					
	Credit risk exposure amount – by region					
	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	\$ 38,960,712	334,229	5,210,928	108	-	44,505,977
Customer margin account	24,059,501	731,428	2,170,145	-	62,800	27,023,874
Financial assets mandatorily measured at fair value through profit or loss – current	25,585,106	-	1,871,308	170,730	200,370	27,827,514
Debt securities	23,816,360	-	1,871,308	170,730	200,370	26,058,768
Derivatives – OTC	737,007	-	-	-	-	737,007
Derivatives – Futures trading margin	649,010	-	-	-	-	649,010
Foreign exchange derivatives	25,048	-	-	-	-	25,048
Other debt securities	357,676	-	-	-	-	357,676
Call option – Futures	5	-	-	-	-	5
Margin deposits for borrowed securities	5,879,330	-	-	-	-	5,879,330
Other refundable deposits	1,641,764	6,619	-	-	-	1,648,383
Other current assets	1,570,721	126,066	-	-	-	1,696,787
Financial assets measured at fair value through other comprehensive income – Debt instruments	2,226,750	-	3,964,953	341,688	2,840,736	9,374,127
Total	<u>\$ 99,923,884</u>	<u>1,198,342</u>	<u>13,217,334</u>	<u>512,526</u>	<u>3,103,906</u>	<u>117,955,992</u>
Proportion of the total	<u>84.71 %</u>	<u>1.02 %</u>	<u>11.21 %</u>	<u>0.43 %</u>	<u>2.63 %</u>	<u>100.00 %</u>

(Continued)

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

<b>Financial assets</b>	<b>December 31, 2022 (Restatement)</b>					
	<b>Credit risk exposure amount—by region</b>					
	<b>Taiwan</b>	<b>Hong Kong</b>	<b>Asia</b>	<b>Europe</b>	<b>America</b>	<b>Total</b>
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
<b>Total</b>	<b>\$ 92,291,515</b>	<b>1,060,405</b>	<b>15,795,007</b>	<b>121</b>	<b>1,224,764</b>	<b>110,371,812</b>
Proportion of the total	<b>83.62 %</b>	<b>0.96 %</b>	<b>14.31 %</b>	<b>- %</b>	<b>1.11 %</b>	<b>100.00 %</b>
	<b>September 30, 2022 (Restatement)</b>					
	<b>Credit risk exposure amount—by region</b>					
<b>Financial assets</b>	<b>Taiwan</b>	<b>Hong Kong</b>	<b>Asia</b>	<b>Europe</b>	<b>America</b>	<b>Total</b>
Cash and cash equivalents	\$ 37,997,616	401,165	6,518,485	228	-	44,917,494
Customer margin account	28,690,877	281,519	2,076,944	-	34,829	31,084,169
Financial assets mandatorily measured at fair value through profit or loss — current	24,503,047	-	362,709	-	-	24,865,756
Debt securities	23,119,996	-	362,709	-	-	23,482,705
Derivatives—OTC	581,352	-	-	-	-	581,352
Derivatives—Futures trading margin	393,157	-	-	-	-	393,157
Foreign exchange derivatives	4,813	-	-	-	-	4,813
Other debt securities	400,865	-	-	-	-	400,865
Call option—Futures	2,864	-	-	-	-	2,864
Margin deposits for borrowed securities	6,051,030	-	-	-	-	6,051,030
Other refundable deposits	2,084,920	7,297	160	-	-	2,092,377
Other current assets	4,450,204	379,414	-	-	8,061	4,837,679
Financial assets measured at fair value through other comprehensive income—Debt instruments	2,937,630	-	922,806	-	1,236,973	5,097,409
<b>Total</b>	<b>\$ 106,715,324</b>	<b>1,069,395</b>	<b>9,881,104</b>	<b>228</b>	<b>1,279,863</b>	<b>118,945,914</b>
Proportion of the total	<b>89.72 %</b>	<b>0.90 %</b>	<b>8.30 %</b>	<b>- %</b>	<b>1.08 %</b>	<b>100.00 %</b>

(Continued)

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

### Notes to the Consolidated Financial Statements

September 30, 2023												
Credit risk exposure amount—by industry												
Financial assets	Central and local										Total	
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry		Other services
Cash and cash equivalents	\$ 43,801,254	-	-	-	-	-	-	-	-	-	704,723	44,505,977
Customer margin account	27,023,874	-	-	-	-	-	-	-	-	-	-	27,023,874
Financial assets mandatorily measured at fair value through profit or loss—current	6,486,715	397,085	262,552	2,018,976	433,281	101,603	601,019	10,820,294	3,203,260	1,060,912	2,441,817	27,827,514
Debt securities	4,717,969	397,085	262,552	2,018,976	433,281	101,603	601,019	10,820,294	3,203,260	1,060,912	2,441,817	26,058,768
Derivatives—OTC	737,007	-	-	-	-	-	-	-	-	-	-	737,007
Derivatives—Futures trading margin	649,010	-	-	-	-	-	-	-	-	-	-	649,010
Foreign exchange derivatives	25,048	-	-	-	-	-	-	-	-	-	-	25,048
Other debt securities	357,676	-	-	-	-	-	-	-	-	-	-	357,676
Call option—Futures	5	-	-	-	-	-	-	-	-	-	-	5
Margin deposits for borrowed securities	5,879,330	-	-	-	-	-	-	-	-	-	-	5,879,330
Other refundable deposits	1,643,435	-	-	-	-	-	-	-	-	-	4,948	1,648,383
Other current assets	944,160	-	-	-	-	-	-	-	-	-	752,627	1,696,787
Financial assets measured at fair value through other comprehensive income—debt instruments	4,138,524	99,661	-	465,979	-	-	198,158	1,840,464	2,257,603	96,688	277,050	9,374,127
<b>Total</b>	<b>\$ 89,917,292</b>	<b>496,746</b>	<b>262,552</b>	<b>2,484,955</b>	<b>433,281</b>	<b>101,603</b>	<b>799,177</b>	<b>12,660,758</b>	<b>5,460,863</b>	<b>1,157,600</b>	<b>4,181,165</b>	<b>117,955,992</b>
Proportion of the total	<b>76.23 %</b>	<b>0.42 %</b>	<b>0.22 %</b>	<b>2.11 %</b>	<b>0.37 %</b>	<b>0.09 %</b>	<b>0.68 %</b>	<b>10.73 %</b>	<b>4.63 %</b>	<b>0.98 %</b>	<b>3.54 %</b>	<b>100.00 %</b>

  

December 31, 2022 (Restatement)												
Credit risk exposure amount—by industry												
Financial assets	Central and local										Total	
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry		Other services
Cash and cash equivalents	\$ 43,155,960	-	-	-	-	-	-	-	-	-	856,266	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss—current	2,832,774	52,103	231,227	684,936	523,811	84,545	705,669	11,592,247	1,837,164	340,062	1,504,128	20,388,666
Debt securities	1,479,494	52,103	231,227	684,936	523,811	84,545	705,669	11,592,247	1,837,164	340,062	1,504,128	19,035,386
Derivatives—OTC	570,586	-	-	-	-	-	-	-	-	-	-	570,586
Derivatives—Futures trading margin	398,978	-	-	-	-	-	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	-	-	-	-	-	377,004
Call option—Futures	6	-	-	-	-	-	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	-	-	-	-	-	5,619,101
Other refundable deposits	2,072,989	-	-	2,408	-	-	-	-	-	-	3,262	2,078,659
Other current assets	2,404,384	-	-	-	-	-	-	-	-	-	663,163	3,067,547
Financial assets measured at fair value through other comprehensive income—Debt instruments	2,105,043	99,140	-	438,576	-	-	196,692	843,801	-	-	96,942	3,780,194
<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>

  

September 30, 2022 (Restatement)												
Credit risk exposure amount—by industry												
Financial assets	Central and local										Total	
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry		Other services
Cash and cash equivalents	\$ 44,128,659	-	-	-	-	-	-	-	-	-	788,835	44,917,494
Customer margin account	31,084,169	-	-	-	-	-	-	-	-	-	-	31,084,169
Financial assets mandatorily measured at fair value through profit or loss—current	4,367,092	781,891	258,845	653,334	530,658	159,108	598,937	12,091,295	3,542,548	440,757	1,441,291	24,865,756
Debt securities	2,984,041	781,891	258,845	653,334	530,658	159,108	598,937	12,091,295	3,542,548	440,757	1,441,291	23,482,705
Derivatives—OTC	581,352	-	-	-	-	-	-	-	-	-	-	581,352
Derivatives—Futures trading margin	393,157	-	-	-	-	-	-	-	-	-	-	393,157
Foreign exchange derivatives	4,813	-	-	-	-	-	-	-	-	-	-	4,813
Other debt securities	400,865	-	-	-	-	-	-	-	-	-	-	400,865
Call option—Futures	2,864	-	-	-	-	-	-	-	-	-	-	2,864
Margin deposits for borrowed securities	6,051,030	-	-	-	-	-	-	-	-	-	-	6,051,030
Other refundable deposits	2,086,552	-	-	2,470	-	-	-	-	-	-	3,355	2,092,377
Other current assets	3,085,971	-	-	-	-	-	-	-	-	-	1,751,708	4,837,679
Financial assets measured at fair value through other comprehensive income—debt instruments	2,159,778	99,336	-	454,000	-	-	197,352	1,393,559	696,023	-	97,361	5,097,409
<b>Total</b>	<b>\$ 92,963,251</b>	<b>881,227</b>	<b>258,845</b>	<b>1,109,804</b>	<b>530,658</b>	<b>159,108</b>	<b>796,289</b>	<b>13,484,854</b>	<b>4,238,571</b>	<b>440,757</b>	<b>4,082,550</b>	<b>118,945,914</b>
Proportion of the total	<b>78.16 %</b>	<b>0.74 %</b>	<b>0.22 %</b>	<b>0.93 %</b>	<b>0.45 %</b>	<b>0.13 %</b>	<b>0.67 %</b>	<b>11.34 %</b>	<b>3.56 %</b>	<b>0.37 %</b>	<b>3.43 %</b>	<b>100.00 %</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Securities and its subsidiaries' exposure to credit risk is derived mainly from the financial industry and Taiwan because the Fubon Securities and its subsidiaries deposit cash in different financial institutions and hold debt securities issued or guaranteed by the banks; also, most of the Fubon Securities and its subsidiaries' counterparties of derivative transactions, investments in debt securities, and security lending are financial institutions in Taiwan.

b) Credit risk of financial assets

i) Cash and cash equivalents

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

ii) Financial assets measured at fair value – current

1. Debt securities

Fubon Securities and its subsidiaries hold positions in debt securities, including bonds, convertible bonds and bond funds, which are issued by domestic companies. The details of debt securities are as follows:

a. Convertible bonds

Convertible bonds held by Fubon Securities and its subsidiaries are primarily issued by domestic companies with good credit scores. To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.

b. Bond funds

The underlying assets of bond funds held by Fubon Securities and its subsidiaries are mainly fixed income securities.

2. Bonds with repurchase/resell agreement (RP/RS) undertaking

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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3. Derivatives—Over-the-Counter (OTC)

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

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

4. Derivatives—futures trading margin

For trading on the centralized futures market, Fubon Securities and its subsidiaries deposit futures trading margin into an account designated by Fubon Securities and its subsidiaries as a guarantee of future funding to fulfill a contractual obligation. Fubon Futures and Yuanta Futures are futures commission merchants. Since Fubon Futures is a 100%-owned subsidiary, the credit risk is very low.

5. Other debt securities

Other debt securities are mainly the real estate beneficiary securities, Fubon R1. Because of the good quality of entrusted assets and the above-average quality of renters in the asset pool, Fubon Securities and its subsidiaries have low credit risk.

iii) Margin deposits for borrowed securities

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iv) Other refundable deposits

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

v) Other current assets

Other current assets of Fubon Securities and its subsidiaries are cash provided for pledge or restricted use to domestic financial institutions with good credit.

c) Credit risk quality classification definitions

i) Credit Risk quality classification definitions

In terms of credit risk quality, Fubon Securities and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk, based on the credit rating. The definition of each level is as follow:

Low Risk: exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

Medium Risk: exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with medium default risk.

High Risk: exposures require varying degrees of special attention and default risk is of greater concern.

Impaired: Fubon Securities and its subsidiaries or the target do not perform its obligation according to the contracts and the potential estimated loss has reached the standard of impairment. The information of credit risk quality was as follow:

September 30, 2023											
Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total	
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets measured fair value through other comprehensive income – debt instruments	\$ 7,944,936	1,433,307	-	9,378,243	-	-	-	-	-	4,116	9,374,127

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December 31, 2022 (Restatement)										
Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
\$ 2,520,956	1,261,389	-	3,782,345	-	-	-	-	-	2,151	3,780,194

Financial assets measured fair value through other comprehensive income – debt instruments

  

September 30, 2022 (Restatement)										
Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
\$ 2,972,995	2,126,711	-	5,099,706	-	-	-	-	-	2,297	5,097,409

Financial assets measured fair value through other comprehensive income – debt instruments

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

September 30, 2023							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 39,295,049	5,210,928	-	-	-	-	44,505,977
Customer margin account	27,023,874	-	-	-	-	-	27,023,874
Financial assets mandatorily measured at fair value through profit or loss – current	18,468,763	9,220,606	138,145	-	-	-	27,827,514
Debt securities	17,294,300	8,626,323	138,145	-	-	-	26,058,768
Derivative assets – OTC	142,724	594,283	-	-	-	-	737,007
Derivative assets – Futures trading margin	649,010	-	-	-	-	-	649,010
Foreign exchange derivatives	25,048	-	-	-	-	-	25,048
Other debt securities	357,676	-	-	-	-	-	357,676
Call option – Futures	5	-	-	-	-	-	5
Margin deposits for borrowed securities	5,879,330	-	-	-	-	-	5,879,330
Other refundable deposits	1,648,383	-	-	-	-	-	1,648,383
Other current assets	1,696,787	-	-	-	-	-	1,696,787
Financial assets measured at fair value through other comprehensive income – debt instruments	7,944,936	1,433,307	-	-	-	4,116	9,374,127
Subtotal	<u>101,957,122</u>	<u>15,864,841</u>	<u>138,145</u>	<u>-</u>	<u>-</u>	<u>4,116</u>	<u>117,955,992</u>
Proportion of the total	86.43 %	13.45 %	0.12 %	-	-	-	100.00 %
Receivables	37,724,578	15,504,459	734,898	-	180,311	180,311	53,963,935
Accounts receivable	24,783,044	6,793	-	-	180,311	180,311	24,789,837
Receivables from pecuniary finance	12,941,534	15,497,666	734,898	-	-	-	29,174,098
Total	<u>\$ 139,681,700</u>	<u>31,369,300</u>	<u>873,043</u>	<u>-</u>	<u>180,311</u>	<u>184,427</u>	<u>171,919,927</u>
Proportion of the total	<u>81.25 %</u>	<u>18.25 %</u>	<u>0.51 %</u>	<u>- %</u>	<u>0.10 %</u>	<u>0.11 %</u>	<u>100.00 %</u>

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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December 31, 2022 (Restatement)							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 31,992,535	12,019,691	-	-	-	-	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss – current	12,632,086	7,479,555	277,025	-	-	-	20,388,666
Debt securities	11,731,811	7,026,550	277,025	-	-	-	19,035,386
Derivative assets – OTC	117,581	453,005	-	-	-	-	570,586
Derivative assets – Futures trading margin	398,978	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	5,619,101
Other refundable deposits	2,078,659	-	-	-	-	-	2,078,659
Other current assets	3,067,547	-	-	-	-	-	3,067,547
Financial assets measured at fair value through other comprehensive income – debt instruments	2,520,956	1,261,389	-	-	-	2,151	3,780,194
Subtotal	<b>89,336,303</b>	<b>20,760,635</b>	<b>277,025</b>	<b>-</b>	<b>-</b>	<b>2,151</b>	<b>110,371,812</b>
Proportion of the total	<b>80.94 %</b>	<b>18.81 %</b>	<b>0.25 %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>100.00 %</b>
Receivables	<b>25,259,941</b>	<b>11,026,107</b>	<b>753,710</b>	<b>-</b>	<b>180,150</b>	<b>180,150</b>	<b>37,039,758</b>
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	<b>\$ 114,596,244</b>	<b>31,786,742</b>	<b>1,030,735</b>	<b>-</b>	<b>180,150</b>	<b>182,301</b>	<b>147,411,570</b>
Proportion of the total	<b>77.74 %</b>	<b>21.56 %</b>	<b>0.70 %</b>	<b>- %</b>	<b>0.12 %</b>	<b>0.12 %</b>	<b>100.00 %</b>

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

September 30, 2022 (Restatement)							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 38,399,009	6,518,485	-	-	-	-	44,917,494
Customer margin account	31,084,169	-	-	-	-	-	31,084,169
Financial assets mandatorily measured at fair value through profit or loss – current	16,308,590	8,350,076	207,090	-	-	-	24,865,756
Debt securities	15,378,330	7,897,285	207,090	-	-	-	23,482,705
Derivative assets – OTC	128,561	452,791	-	-	-	-	581,352
Derivative assets – Futures trading margin	393,157	-	-	-	-	-	393,157
Foreign exchange derivatives	4,813	-	-	-	-	-	4,813
Other debt securities	400,865	-	-	-	-	-	400,865
Call option – Futures	2,864	-	-	-	-	-	2,864
Margin deposits for borrowed securities	6,051,030	-	-	-	-	-	6,051,030
Other refundable deposits	2,092,377	-	-	-	-	-	2,092,377
Other current assets	4,837,679	-	-	-	-	-	4,837,679
Financial assets measured at fair value through other comprehensive income – debt instruments	2,972,995	2,126,711	-	-	-	2,297	5,097,409
Subtotal	<b>101,745,849</b>	<b>16,995,272</b>	<b>207,090</b>	<b>-</b>	<b>-</b>	<b>2,297</b>	<b>118,945,914</b>
Proportion of the total	<b>85.54 %</b>	<b>14.29 %</b>	<b>0.17 %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>100.00 %</b>
Receivables	<b>30,191,809</b>	<b>10,637,840</b>	<b>809,500</b>	<b>-</b>	<b>181,723</b>	<b>181,723</b>	<b>41,639,149</b>
Accounts receivable	19,535,632	7,850	-	-	181,723	181,723	19,543,482
Receivables from pecuniary finance	10,656,177	10,629,990	809,500	-	-	-	22,095,667
Total	<b>\$ 131,937,658</b>	<b>27,633,112</b>	<b>1,016,590</b>	<b>-</b>	<b>181,723</b>	<b>184,020</b>	<b>160,585,063</b>
Proportion of the total	<b>82.16 %</b>	<b>17.21 %</b>	<b>0.63 %</b>	<b>- %</b>	<b>0.11 %</b>	<b>0.11 %</b>	<b>100.00 %</b>

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

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As seen in above tables, Fubon Securities and its subsidiaries have no financial assets which are overdue but not impaired. 0.51% of normal assets are classified under high risk category. Those assets mainly are receivables from pecuniary finance and electronic industry convertible bonds. The details of assets classified as high risk are as follows:

1. Cash and cash equivalents: To fulfill daily settlement payments and remittance operations, it is required to deposit a certain amount to the main delivery lines for the brokerage business and other operations. The management of Fubon Securities and its subsidiaries periodically review the financial condition, operation and credit risk.
  2. Debt securities: To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.
  3. Receivables from pecuniary finance: The risk of financial loss arises from price fluctuation in the underlying securities. To lower credit risk, Fubon Securities and its subsidiaries closely monitor market volatility of underlying assets and set strict control over counterparty credit risk.
- ii) Determination on the credit risk that has increased significantly since initial recognition

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

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

Fubon Securities and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Securities and its subsidiaries determine that the financial assets has been defaulted and credit-impaired:

1. Quantitative indicators

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

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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 Fubon Securities and its subsidiaries, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.

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

iv) Expected credit loss measurement

1. Adopted methods and assumptions

For Fubon Securities and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. Financial instruments and operating lease receivables for which the credit risk has increased significantly since the initial recognition or for which the credit has been impaired, are measured at the expected credit loss over the remaining period.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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In order to measure expected credit losses, Fubon Securities and its subsidiaries adopt Probability of default (“PD”), and include Loss given default (“LGD”) and Exposure at default (“EAD”), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and for a lifetime, respectively.

Default probability is how likely the issuer or the counterparty breaches the contract, and the loss given default is the rate of loss due to default by the issuer or the counterparty. Fubon Securities and its subsidiaries calculate the default probability and loss given default based on the regularly published information from international credit rating agencies (Moody’ s), internal historical information (such as credit losses experience), current observable data and forward-looking general economic information (such as gross domestic production), after adjusting the historical data.

The estimation techniques or material assumptions made by Fubon Securities and its subsidiaries to assess expected credit losses have no significant changes for the nine months ended September 30, 2023 and 2022.

v) Forward-looking information considerations

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

One of the determinations of whether the credit risk of debt investments measured at fair value through other comprehensive income held by Fubon Securities and its subsidiaries has increased significantly, is based on the external ratings from international credit rating agencies (Moody’ s). The expected credit losses calculation is referred to the external rating scale and Moody’ s regularly published default rate and loss given default information. The forward-looking macroeconomic condition is considered and is appropriately adjusted.

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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 September 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 nine months ended September 30, 2023						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ 2,151	-	-	-	-	2,151	2,151
Changes due to financial instruments recognized as at beginning:							
– Derecognition of financial assets at current period	(255)	-	-	-	-	(255)	(255)
Originated or purchased new financial assets	1,559	-	-	-	-	1,559	1,559
Effects of exchange rate changes and others	661	-	-	-	-	661	661
Ending balance	\$ 4,116	-	-	-	-	4,116	4,116

(Continued)

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	For the nine months ended September 30, 2022 (Restatement)						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ 3,944	-	-	-	-	3,944	3,944
Changes due to financial instruments recognized as at beginning:							
– Derecognition of financial assets at current period	(2,788)	-	-	-	-	(2,788)	(2,788)
Originated or purchased new financial assets	1,068	-	-	-	-	1,068	1,068
Effects of exchange rate changes and others	73	-	-	-	-	73	73
Ending balance	<u>\$ 2,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,297</u>	<u>2,297</u>

For the nine months ended September 30, 2023 and 2022, there was no significant change in the allowance loss resulting from significant changes in the total carrying amount.

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

As of September 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 nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances measured in accordance with IFRS 9	Total
Beginning balance	\$ -	-	212,681	36,644	-	249,325	249,325
Originated or purchased new financial assets	-	-	1,851	1,028	-	2,879	2,879
Effects of exchange rate changes and others	-	-	2,016	(2,267)	-	(251)	(251)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>216,548</u>	<u>35,405</u>	<u>-</u>	<u>251,953</u>	<u>251,953</u>

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

	<u>For the nine months ended September 30, 2022 (Restatement)</u>						
	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (not purchased or originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Total</u>
Beginning balance	\$ -	-	236,940	29,518	-	266,458	266,458
Originated or purchased new financial assets	-	-	686	9,510	-	10,196	10,196
Effects of exchange rate changes and others	-	-	(24,525)	(1,143)	-	(25,668)	(25,668)
Ending balance	<u>\$ -</u>	<u>-</u>	<u>213,101</u>	<u>37,885</u>	<u>-</u>	<u>250,986</u>	<u>250,986</u>

Affected by the sharp plummet in US stocks in February, 2018, Fubon Futures had an unpaid amount of future exchange margins receivable amounting to \$187,104 thousand, \$187,751 thousand and \$188,004 thousand, respectively, which has yet to be recovered, and therefore, the loss allowance amounting to \$180,311 thousand, \$180,150 thousand and \$180,154 thousand, respectively, after considering the actual recovery, had been recognized, as of September 30, 2023, restatement of December 31 and September 30, 2022.

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vii) Impairment loss

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

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

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

Fubon Securities and its subsidiaries have persistently tried to settle the aforementioned claims, and recorded the uncollected receivables from such unsettled pecuniary finance contracts and the past-maturity corporate bonds as overdue receivables.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosure related to Fubon Bank (Hong Kong) and its subsidiaries is all expressed in thousands of HKD, unless otherwise stated.

a) Sources and definition of credit risk

Credit risk is the risk of suffering financial loss in the event that any of Fubon Bank (Hong Kong) and its subsidiaries' customers or counterparties fail to fulfill their obligation to Fubon Bank (Hong Kong) and its subsidiaries. It arises mainly from loans and advances, debt securities held, and counterparty credit risk arising from derivative contracts entered into with customers or counterparties. It also arises from trading and treasury activities.

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

b) Strategy, objectives, policies and procedures

Fubon Bank (Hong Kong) and its subsidiaries manage credit risk through a framework of controls to ensure credit risk taking activities are based on sound principles and in line with the overall business objectives of Fubon Bank (Hong Kong) and its subsidiaries. It has established a set of credit policies and procedures, which define the credit risk taking criteria, the credit approval upper limit delegated from the Board of Directors, credit monitoring processes, credit rating and sorting systems, and loan impairment criteria.

The credit risk management process is designed to facilitate early detection of customer, industry, or product risk exposures that require special monitoring. The overall portfolio risk is subject to continuous monitoring. The general risk management report covers information including large-scale risk assumptions, national risk assumptions, industry risk assumptions, loan quality, and loan depreciation, then it is submitted to the Credit Committee, the Executive Credit Committee, and the Risk Committee.

c) Credit risk management framework

The Board of Directors have delegated credit approval authorities to the following in descending order of authority: The Executive Credit Committee, the Credit Committee and the Wholesale Credit Committee. The Executive Credit Committee serves as the credit committee of the Board of Directors to review and approve credits that require the approval from the Board of Directors. In addition, it approves Fubon Bank (Hong Kong) and its subsidiaries' credit policies and credit risk profile, taking into consideration relevant law and regulations.

The Credit Committee is a management level committee that provides management oversight of Fubon Bank (Hong Kong) and its subsidiaries' credit risk management. It ensures that Fubon Bank (Hong Kong) and its subsidiaries have in place an effective credit risk management framework and that its credit risks are within the credit policies and credit risk profile as specified by the Board of Directors or its delegated committees. The Credit Committee reviews and endorses credit policies and the credit risk profile for the Executive Credit Committee's approval, and reviews and approves credit related guidelines. It also conducts on-going review of the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure that the credit risk profile of Fubon Bank (Hong Kong) and its subsidiaries is within the established risk appetite of Fubon Bank (Hong Kong) and its subsidiaries. The Credit Committee also reviews and approves credits that are within the authority as delegated by the Board of Directors.

The Wholesale Credit Committee reviews and approves wholesale credits that are within its authority as delegated by the Board of Directors.

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

The credit units, Enterprise Credit Risk Management Department, Special Assets Management Department and Retail Credit Risk Oversight & Data Analytics Team, provide centralized management of credit risk for corporate credits and retail credits respectively. They are responsible for:

- i) independent evaluation of corporate credit applications;
- ii) monitoring loan portfolios and conducting regular analysis;
- iii) managing problematical corporate credits to achieve the highest recovery;
- iv) recommending loan classification, impairment and charge-off;
- v) reporting to the Credit Committee and Executive Credit Committee regularly on aspects of the loan portfolio.

Compliance reviews are conducted by independent unit on an ongoing basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practice. The internal audit function of Fubon Bank (Hong Kong) and its subsidiaries is an independent appraisal function set up with the primary objective of evaluating the internal control system and compliance with laws, regulatory guidelines and internal control policies.

Credit risk limits are set at different levels, including portfolio and individual customer levels, taking into consideration various factors including market situation, capital requirements, and the returns.

d) Risk report and evaluation system

Specific policies and measures to address different kinds of credit related activities are set out below:

i) Institutional Banking

Credit risk from institutional bank is managed by conducting thorough credit evaluation, credit risk mitigation through collateral and guarantee, internal credit rating system and post-approval monitoring system. Subject to the size of the credit, the value of collateral and the internal credit rating of the client, different levels of credit approval agencies are required. Credit decision takes into account facility structure, tenor, the repayment ability of the obligor and credit mitigation through collateral and guarantee.

Fubon Bank (Hong Kong) and its subsidiaries have established limits for credit exposure to individual industry and customer groups, regardless of whether the credit exposure is funded or non-funded. Fubon Bank (Hong Kong) and its subsidiaries also undertake ongoing credit review and monitoring at several levels. The relevant policies and procedures also take into account the rules under the Hong Kong Banking Ordinance, regulatory requirements of the HKMA and best market practices.

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

ii) Retail Banking

Credit risk from Retail Banking is product driven, arising from retail loan products such as credit cards, unsecured personal loans, merchant receivable financing, mortgage loans and loans secured with wealth management products. Because of the homogeneous nature of these products, credit risk management is primarily based on statistical analyses of risks with respect to different types of product, collateral and customer. Fubon Bank (Hong Kong) and its subsidiaries determine product terms and desired customer profiles on a regular basis by developing, validating and fine-tuning internal scorecards and stress testing models.

iii) Counterparty credit risk

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value of loans or other financial instruments, counterparty credit risk means counterparty default risk, credit valuation adjustment risk and settlement risk. Counterparty credit risk exposure means an exposure to counterparty credit risk, which involves situation in which Fubon Bank (Hong Kong) and its subsidiaries enter into a derivative or non-same day spot foreign currency exchange settlement transaction with a counterparty which may subsequently fail to meet its obligations on or before the final settlement of the transactions. These credit exposures are managed as part of the overall credit limits to the counterparties and central clearing counterparty. In evaluating the credit risk associated with counterparty, financial strength is always the primary considerations. Fubon Bank (Hong Kong) and its subsidiaries use the current exposure method for the purpose of providing capital for such counterparty exposures.

Wrong way risk occurs when the credit exposure to a counterparty is adversely correlated with the credit quality of the counterparty. Credit exposures and potential losses may increase as a result of adverse change in market conditions. Fubon Bank (Hong Kong) and its subsidiaries have set up policies and procedures to control wrong-way risk.

iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio management and collateral requirements as for loan transactions.

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

v) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of clients or counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by client group, industry and product, but are concentrated in Hong Kong.

e) Mitigation or hedging policy, and monitoring strategy and procedure

Fubon Bank (Hong Kong) and its subsidiaries' credit evaluation focuses primarily on the obligor's repayment ability from its cash flow and financial condition. In addition, Fubon Bank (Hong Kong) and its subsidiaries employ various credit risk mitigation measures such as appropriate facility structuring, posting of collateral and/or third-party support as well as transfer of risk to other third-parties, which form an integral part of the credit risk management process. Credit and market concentration risks of credit risk reduction measures used by Fubon Bank (Hong Kong) and its subsidiaries are minimal. The most commonly used credit risk mitigation measures are provided below:

Collateral

Fubon Bank (Hong Kong) and its subsidiaries hold collateral against taking credit risk mainly in the form of cash deposits, marketable securities, and mortgage interest over property and guarantees. Fubon Bank (Hong Kong) and its subsidiaries have in place policies and procedures that govern the assessment, acceptance and the periodic valuation of the collateral. Collateral taken to secure credit risk is revalued periodically ranging from daily to annually depending on the type of collateral. For treasury operations, collateral taken is marked to market daily.

Master netting agreements

Collateral generally is not held over credit risk extended to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. However, where applicable, Fubon Bank (Hong Kong) and its subsidiaries manage credit exposure to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results in the settlement of counterparty exposure on a net basis in the event a default occurs.

Fubon Bank (Hong Kong) and its subsidiaries' preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter derivative instruments is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or following other pre-agreed termination events.

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

It is also common for Fubon Bank (Hong Kong) and its subsidiaries to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty to mitigate the inherent market risk of derivative instruments.

f) Determination on credit risk significantly increase

Fubon Bank (Hong Kong) reviews the credit risk of financial assets at the reporting date to determine if the credit risk of individual financial assets have increased significantly since the initial recognition. Fubon Bank (Hong Kong) mainly considers the following in order to make a decision:

- i) The financial asset is overdue for 30 days or more
- ii) The debtor's internal credit rating declined significantly
- iii) The debtor's external credit rating dropped significantly
- iv) The debtor's industry was identified as a high-risk industry and its internal credit rating was low or individual indicators reached an early warning level
- v) Debtor was classified at the category of extra attention by Fubon Bank (Hong Kong)

g) The definition of breach of contract

Fubon Bank (Hong Kong) uses the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Bank (Hong Kong) determines that the financial assets have been defaulted and credit-impaired:

i) Quantitative indicators

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

ii) Qualitative indicators

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

1. The borrower has filed for bankruptcy or is likely to file a bankruptcy.
2. The borrower has died or the company is dissolved.
3. The financial instrument's contract of the borrower's has been breached.
4. The financial market of the financial asset disappeared due to the financial difficulties of the borrower.

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

5. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower a concession that would not have been considered.
  6. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.
- h) Expected credit losses measurement

Fubon Bank (Hong Kong) classifies different types of financial assets into different groups based on their product categories and debtor identities, so that expected credit losses can be calculated to correspond to different risk parameters.

For Fubon Bank (Hong Kong), if there is no significant increase in credit risk of financial assets, the 12-month expected credit losses will be recognized. If the financial assets are significantly increase in credit risk, the expected credit losses for a lifetime will be recognized.

When Fubon Bank (Hong Kong) provides expected credit losses, it will consider the debtor's probability of default, and include loss given default and exposure at default, and consider the impact of the time value of money to calculate the corresponding expected credit loss.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Bank (Hong Kong) are based on the historical information of internal credit losses of each combination and makes corresponding adjustments based on the current observable data and forward-looking general economic information. If individual portfolios do not have a history of credit losses, Fubon Bank (Hong Kong) will use similar combinations of credit loss history or external credit loss histories for the portfolio. In terms of loss given default, Fubon Bank (Hong Kong) mainly bases on the market value of individual collateral, and makes corresponding adjustments based on the relevant forward-looking general economic information. In determining the amount of breach of contract, Fubon Bank (Hong Kong) will consider historical data and will make an estimate of its future withdrawal amount for the amount of commitment not yet withdrawn on the statement date, to be included in the amount of breach of contractual risk.

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

i) Financial assets measured at amortized cost

Units: In thousands of HKD						
For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 63,513	-	1,069	-	-	64,582
Changes due to financial instruments recognized as at beginning:						
Originated or purchased new financial assets	(9,618)	-	(127)	-	-	(9,745)
Write-off	16,491	-	-	-	-	16,491
Effects of exchange rate changes and others	(13,695)	-	930	-	-	(12,765)
Ending balance	<u>\$ 56,691</u>	<u>-</u>	<u>1,872</u>	<u>-</u>	<u>-</u>	<u>58,563</u>
Units: In thousands of HKD						
For the nine months ended September 30, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 54,748	-	6,069	-	-	60,817
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(6,955)	-	889	-	-	(6,066)
Originated or purchased new financial assets	9,164	-	-	-	-	9,164
Effects of exchange rate changes and others	2,450	-	(6,326)	-	-	(3,876)
Ending balance	<u>\$ 59,407</u>	<u>-</u>	<u>632</u>	<u>-</u>	<u>-</u>	<u>60,039</u>

ii) Discounts and Loans

Units: In thousands of HKD						
For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 233,758	-	244,490	-	-	478,248
Changes due to financial instruments recognized as at beginning:						
— Transfer to lifetime ECLs	(3,058)	-	3,058	-	-	-
— Transfer to 12-month ECLs	6,085	-	(6,085)	-	-	-
— Derecognition of financial assets at current period	(101,163)	-	(5,190)	-	-	(106,353)
Originated or purchased new financial assets	83,932	-	3,429	-	-	87,361
Write-off	-	-	(50,044)	-	-	(50,044)
Effects of exchange rate changes and others	(44,087)	-	278,617	-	-	234,530
Ending balance	<u>\$ 175,467</u>	<u>-</u>	<u>468,275</u>	<u>-</u>	<u>-</u>	<u>643,742</u>

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

Units: In thousands of HKD

For the nine months ended September 30, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 169,019	-	330,104	-	-	499,123
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(117)	-	117	-	-	-
– Transfer to 12-month ECLs	144	-	(144)	-	-	-
– Derecognition of financial assets at current period	(22,816)	-	(12,623)	-	-	(35,439)
Originated or purchased new financial assets	59,605	-	10,842	-	-	70,447
Write-off	-	-	(129,429)	-	-	(129,429)
Effects of exchange rate changes and others	12,025	-	148,645	-	-	160,670
Ending balance	<u>\$ 217,860</u>	<u>-</u>	<u>347,512</u>	<u>-</u>	<u>-</u>	<u>565,372</u>

iii) Off-balance sheet guarantees and commitments

Units: In thousands of HKD

For the nine months ended September 30, 2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	25,068	-	7,804	-	-	32,872
Effects of exchange rate changes and others	(4,582)	-	(3,527)	-	-	(8,109)
Ending balance	<u>\$ 20,486</u>	<u>-</u>	<u>4,277</u>	<u>-</u>	<u>-</u>	<u>24,763</u>

Units: In thousands of HKD

For the nine months ended September 30, 2022						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 27,093	-	6,057	-	-	33,150
Effects of exchange rate changes and others	(3,486)	-	(1,085)	-	-	(4,571)
Ending balance	<u>\$ 23,607</u>	<u>-</u>	<u>4,972</u>	<u>-</u>	<u>-</u>	<u>28,579</u>

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

i) The maximum exposure to credit risk

The balance sheet is not considering the maximum exposure to credit risk of the guarantees and other credit instruments being the same as their book value. The maximum exposure to credit risk of financial instruments off balance sheet is as follows (not considering the guarantees or other credit instruments):

Units: In thousands of HKD

<u>Off-balance sheet items</u>	<u>Maximum exposure to credit risk</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Irrevocable loan commitments	\$ 3,867,523	2,295,063	2,779,277
Standby letters of credit	540,727	342,556	254,542
Financial guarantees	138,535	126,262	125,130
<b>Total</b>	<b>\$ 4,546,785</b>	<b>2,763,881</b>	<b>3,158,949</b>

The maximum exposure of assets and off-balance sheet items pledged as collaterals, general agreement of net amount settlement and other credit enhancement tools are as follows:

	<u>September 30, 2023</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
<b>On-balance sheet items</b>			
Discounts and loans	36.60 %	-	43.00 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	3.61 %
	<u>December 31, 2022</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
<b>On-balance sheet items</b>			
Discounts and loans	35.16 %	-	55.41 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	6.24 %
	<u>September 30, 2022</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
<b>On-balance sheet items</b>			
Discounts and loans	37.73 %	-	48.77 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	4.92 %

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

j) The significant concentrations of the credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of borrowers or market counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by obligor group, industry and product, but are concentrated in Hong Kong.

Information of loans and nonperforming loans in different industries, areas and guarantees with significant concentration of credit risk is as follow:

i) By industry and by area

Industry and area	September 30, 2023		December 31, 2022		Units: In thousands of HKD September 30, 2022	
	Amount	%	Amount	%	Amount	%
Commercial and financial						
Property development	\$ 6,818,757	10.47	4,919,629	7.39	3,661,705	5.85
Property investment	9,153,297	14.05	9,292,497	13.97	9,252,086	14.78
Financial concerns	1,538,332	2.36	1,737,027	2.61	1,203,199	1.92
Stockbrokers	10,000	0.02	1,091,439	1.64	696,667	1.11
Wholesale and retail trade	1,295,383	1.99	1,360,563	2.04	1,347,655	2.15
Manufacturing	2,895,246	4.44	2,918,750	4.39	2,481,354	3.96
Transport and transport equipment	230,093	0.35	322,610	0.48	433,548	0.69
Information technology	816,927	1.25	702,039	1.06	910,675	1.46
Electricity and gas	274,032	0.42	569,626	0.86	496,574	0.79
Others	4,997,774	7.67	5,895,050	8.86	6,152,247	9.83
Individuals						
Project plan	1,921	-	2,255	-	2,407	-
Loan for the purchase of other residential properties	13,543,732	20.79	13,623,919	20.48	13,532,690	21.61
Credit card advances	828,457	1.27	795,183	1.20	718,252	1.15
Others	3,429,985	5.26	3,749,312	5.63	3,923,907	6.27
	45,833,936	70.34	46,979,899	70.61	44,812,966	71.57
Trade finance	5,566,097	8.54	5,141,619	7.73	4,935,862	7.88
Gross advances for use in Hong Kong	51,400,033	78.88	52,121,518	78.34	49,748,828	79.45
Gross advances for use outside Hong Kong	13,762,254	21.12	14,415,443	21.66	12,866,382	20.55
Gross advances to customers	<u>\$ 65,162,287</u>	<u>100.00</u>	<u>66,536,961</u>	<u>100.00</u>	<u>62,615,210</u>	<u>100.00</u>

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

	September 30, 2022										
	stage1				stage2				stage3	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Discounts and loans											
Personal finance											
— Mortgage	\$ 19,876,629	-	-	19,876,629	-	277,246	-	277,246	8,652	32,343	20,130,184
— Consumer loans	2,724,706	-	-	2,724,706	-	241,295	-	241,295	4,946	19,892	2,951,055
Corporate finance											
— Commercial loans	37,700,664	-	-	37,700,664	-	1,153,927	-	1,153,927	627,145	513,137	38,968,599
Due from the central bank and call loans to banks	8,267,154	-	-	8,267,154	-	-	-	-	-	130	8,267,024
Financial assets measured at amortized cost – debt instruments	44,034,697	-	1,234,928	45,269,625	100,834	-	-	100,834	-	59,909	45,310,550
Off-balance sheet items:											
Guarantee and commitments	31,490,730	-	-	31,490,730	-	168,551	-	168,551	-	28,579	31,630,702

(iv) Liquidity risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Source and definition of liquidity risk

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

b) Management strategy and principles

Taipei Fubon Bank (The Bank)

- i) The Bank's strategy is to lower liquidity risk by acquiring stable, low interest rate, sufficient funding to cover asset size growth and meet obligation on matured liabilities and to escape gaps from between funding availability and demand.
- ii) The principle is to harmonize fund availability with the Bank's deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central bank's policies to increase fund use and lower liquidity risk. The Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdown and repayment, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.
- iii) The Bank has set funding liquidity risk limit indicators to monitor and manage the liquidity risk of the Bank. The general manager is authorized to set up the funding liquidity risk limit within the scope of regulations and risk appetite and regularly reports to Assets and Liabilities Management Committee and the Board of Directors (Managing Directors).

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

Fubon Bank (China)

- i) The liquidity risk management strategy of Fubon Bank (China) aims not only at meeting compliance and regulatory requirements but also finding sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term assets allocation and dispersing sources of funds on the basis of market conditions, Fubon Bank (China) manages its liquidity risk exposure at an acceptable level to ensure its sustainable business operations and sound reputation.
  - ii) The liquidity risk management of Fubon Bank (China) is centralized given the size and complexity of its current business scope with an organizational structure suitable for its liquidity exposure. The Board of Directors take the ultimate responsibility of the bank's liquidity risk management. The management is in charge of implementations of liquidity management, authoring the Asset & Liability Management Committee (ALCO) to implement daily management duties. Liquidity risk assessment reports are submitted via ALCO to the Risk & Related Party Transaction Committee and Board of Directors on a quarterly basis.
  - iii) The liquidity risk management of Fubon Bank (China) involves the full participation of staff in the dynamic prevention, scientific quantification and prudent management of risk to ensure that Fubon Bank (China) has sufficient funding for its capital growth and various obligations.
- c) Maturity analysis

The Bank's management policy is to match the maturities and interest rates of assets and liabilities, and to control the un-matched gap. Because of uncertain terms and different conditions, the maturities and interest rates of assets and liabilities usually do not match perfectly, and may result in a potential gain or loss. To maintain proper liquidity, the Bank uses appropriate ways to group assets and liabilities in order to evaluate liquidity and to monitor the ratios of short-term negative funding gap to total asset in major currencies.

(Continued)

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

An analysis of cash inflow and outflow in assets and liabilities held by Taipei Fubon Bank and its subsidiaries for managing liquidity risk for the remaining periods from the balance sheet date to the contractual maturity dates. The maturity analysis of financial assets and liabilities, derivatives assets and liabilities, and off-balance sheet items in main currencies was as follows (except for non-deliverable derivatives, all were non-discounted contractual cash flow):

i) The maturity analysis of financial assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

	September 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 85,303,246	7,545,742	6,338,893	11,107,273	34,978,550	145,273,704
Investment in marketable securities (Note 2)	203,214,946	21,248,872	40,666,005	76,512,388	198,091,550	539,733,761
Securities purchased under resell agreements	24,825,894	245,638	-	-	-	25,071,532
Loans (included overdue loans)	84,291,706	131,035,539	134,032,766	117,119,106	1,245,365,699	1,711,844,816
Deliverable derivative assets	147,097,267	247,622,148	150,226,184	102,664,293	5,872,047	653,481,939
Non-deliverable derivative assets	9,421,422	-	-	1,880	76,626	9,499,928
Other capital inflow on maturity	56,753,203	15,165,865	14,198,248	9,202,458	39,463,646	134,783,420
<b>Total assets</b>	<b>\$ 610,907,684</b>	<b>422,863,804</b>	<b>345,462,096</b>	<b>316,607,398</b>	<b>1,523,848,118</b>	<b>3,219,689,100</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 9,032,603	2,302,581	500,000	100,469	108,000	12,043,653
Deposits and remittances	236,426,262	225,231,201	189,233,311	331,582,507	1,042,712,826	2,025,186,107
Securities sold under repurchase agreements	304,971	6,729,990	11,022	-	-	7,045,983
Payables	927,898	2,514,004	522,368	905,787	102,564	4,972,621
Financial bonds payable	-	-	-	11,168,637	82,225,092	93,393,729
Deliverable derivative liabilities	175,584,981	280,040,819	168,605,071	99,935,143	7,776,504	731,942,518
Non-deliverable derivative liabilities	8,782,916	-	-	33,240	1,557,433	10,373,589
Other capital outflow on maturity	17,448,973	774,407	4,650,842	4,855,642	17,038,791	44,768,655
<b>Total liabilities</b>	<b>\$ 448,508,604</b>	<b>517,593,002</b>	<b>363,522,614</b>	<b>448,581,425</b>	<b>1,151,521,210</b>	<b>2,929,726,855</b>

(Continued)

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

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 76,597,060	7,682,352	4,811,940	9,149,655	28,355,405	126,596,412
Investment in marketable securities (Note 2)	197,883,815	5,700,832	45,973,424	87,676,342	197,661,180	534,895,593
Securities purchased under resell agreements	10,713,908	170,095	-	-	-	10,884,003
Loans (included overdue loans)	57,112,670	123,407,105	94,744,167	105,389,737	1,090,658,929	1,471,312,608
Deliverable derivative assets	185,153,123	252,207,168	112,112,591	89,841,643	15,498,665	654,813,190
Non-deliverable derivative assets	5,578,874	-	-	689	30,592	5,610,155
Other capital inflow on maturity	38,739,380	11,544,780	11,416,863	7,356,904	30,870,787	99,928,714
Total assets	<u>\$ 571,778,830</u>	<u>400,712,332</u>	<u>269,058,985</u>	<u>299,414,970</u>	<u>1,363,075,558</u>	<u>2,904,040,675</u>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 4,184,908	1,000	132,695	-	108,000	4,426,603
Deposits and remittances	164,613,713	238,706,142	149,536,135	284,335,218	879,620,463	1,716,811,671
Securities sold under repurchase agreements	-	5,104,109	10,628	31,031	-	5,145,768
Payables	408,103	494,376	546,519	788,285	71,910	2,309,193
Financial bonds payable and due to the central bank and banks	-	-	-	500,680	84,913,818	85,414,498
Deliverable derivative liabilities	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities	5,438,177	-	-	-	835,925	6,274,102
Other capital outflow on maturity	15,658,725	4,248,688	4,065,460	774,271	14,110,981	38,858,125
Total liabilities	<u>\$ 403,673,141</u>	<u>570,124,720</u>	<u>311,901,507</u>	<u>379,850,733</u>	<u>994,700,117</u>	<u>2,660,250,218</u>

(Continued)

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

Units: In thousands of TWD

	September 30, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 50,853,417	5,725,321	5,251,630	9,055,706	28,637,880	99,523,954
Investment in marketable securities (Note 2)	191,700,477	10,001,147	5,592,066	102,494,674	207,908,861	517,697,225
Securities purchased under resell agreements	10,111,213	-	-	-	-	10,111,213
Loans (included overdue loans)	78,979,026	131,473,451	109,753,169	79,013,807	1,083,975,251	1,483,194,704
Deliverable derivative assets	184,007,616	188,162,240	171,340,478	88,942,453	20,990,723	653,443,510
Non-deliverable derivative assets	5,765,810	-	-	1,768	42,086	5,809,664
Other capital inflow on maturity	35,423,733	11,159,345	10,626,960	7,352,378	30,951,208	95,513,624
<b>Total assets</b>	<b>\$ 556,841,292</b>	<b>346,521,504</b>	<b>302,564,303</b>	<b>286,860,786</b>	<b>1,372,506,009</b>	<b>2,865,293,894</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 498,049	1,000	-	132,695	108,000	739,744
Deposits and remittances	170,361,025	174,258,799	159,869,222	275,672,275	870,267,460	1,650,428,781
Securities sold under repurchase agreements	3,702,653	3,150,663	42,008	-	-	6,895,324
Payables	386,943	1,106,382	332,416	534,016	69,073	2,428,830
Financial bonds payable and due to the central bank and banks	-	-	-	501,762	83,356,092	83,857,854
Deliverable derivative liabilities	221,294,065	275,276,266	183,961,610	135,195,430	21,058,535	836,785,906
Non-deliverable derivative liabilities	5,500,308	-	-	-	889,974	6,390,282
Other capital outflow on maturity	16,198,922	659,058	3,852,852	3,451,242	14,690,857	38,852,931
<b>Total liabilities</b>	<b>\$ 417,941,965</b>	<b>454,452,168</b>	<b>348,058,108</b>	<b>415,487,420</b>	<b>990,439,991</b>	<b>2,626,379,652</b>

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

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

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

(Continued)



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

ii) The maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	September 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 1,331,623	755,000	804,000	1,021,000	20,000	3,931,623
Investment in marketable securities (Note 2)	620,883	49,925	290,347	487,131	10,198,036	11,646,322
Securities purchased under resell agreements	44,505	59,277	-	-	-	103,782
Loans (included overdue loans)	1,023,911	707,042	416,190	249,427	1,853,374	4,249,944
Deliverable derivative assets	8,677,484	9,830,437	5,818,576	3,667,699	288,050	28,282,246
Non-deliverable derivative assets	109,226	61	1,024	5,204	340,702	456,217
Other capital inflow on maturity	1,460,581	287,821	112,675	75,353	132,165	2,068,595
Total assets	<u>\$ 13,268,213</u>	<u>11,689,563</u>	<u>7,442,812</u>	<u>5,505,814</u>	<u>12,832,327</u>	<u>50,738,729</u>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 3,151,043	1,210,000	-	-	-	4,361,043
Deposits and remittances	4,840,608	4,668,215	2,543,974	3,423,601	3,088,287	18,564,685
Securities sold under repurchase agreements	357,427	915,896	-	-	-	1,273,323
Payables	52,487	83,833	23,843	13,278	328	173,769
Financial bonds payable	-	-	-	-	360,974	360,974
Deliverable derivative liabilities	5,776,782	8,562,010	5,208,323	3,796,985	223,459	23,567,559
Non-deliverable derivative liabilities	74,917	-	-	-	133,574	208,491
Other capital outflow on maturity	412,462	122,469	88,777	205,030	982,690	1,811,428
Total liabilities	<u>\$ 14,665,726</u>	<u>15,562,423</u>	<u>7,864,917</u>	<u>7,438,894</u>	<u>4,789,312</u>	<u>50,321,272</u>

(Continued)

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

Units: In thousands of USD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 1,646,667	505,000	495,000	945,000	-	3,591,667
Investment in marketable securities (Note 2)	756,729	115,833	121,021	189,738	9,404,364	10,587,685
Securities purchased under resell agreements	11,186	93,834	-	-	-	105,020
Loans (included overdue loans)	488,538	627,881	443,556	188,370	1,722,971	3,471,316
Deliverable derivative assets	11,250,939	11,290,859	5,451,592	3,494,085	560,523	32,047,998
Non-deliverable derivative assets	95,662	123	360	345	256,758	353,248
Other capital inflow on maturity	863,143	405,795	56,433	22,073	131,249	1,478,693
<b>Total assets</b>	<b>\$ 15,112,864</b>	<b>13,039,325</b>	<b>6,567,962</b>	<b>4,839,611</b>	<b>12,075,865</b>	<b>51,635,627</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 1,003,028	800,000	60,000	20,000	-	1,883,028
Deposits and remittances	5,082,047	6,821,020	1,894,724	3,529,341	3,975,897	21,303,029
Securities sold under repurchase agreements	309,174	1,231,302	-	-	-	1,540,476
Payables	31,880	59,914	15,272	7,361	187	114,614
Financial bonds payable	-	-	-	-	391,189	391,189
Deliverable derivative liabilities	7,795,178	8,835,581	3,861,826	3,264,049	565,845	24,322,479
Non-deliverable derivative liabilities	33,500	-	-	-	95,769	129,269
Other capital outflow on maturity	266,720	117,732	73,930	72,162	985,193	1,515,737
<b>Total liabilities</b>	<b>\$ 14,521,527</b>	<b>17,865,549</b>	<b>5,905,752</b>	<b>6,892,913</b>	<b>6,014,080</b>	<b>51,199,821</b>

(Continued)

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

Units: In thousands of USD

	September 30, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 1,532,903	196,000	505,000	780,000	-	3,013,903
Investment in marketable securities (Note 2)	860,413	47,276	169,746	225,262	9,523,723	10,826,420
Securities purchased under resell agreements	83,359	41,398	-	-	-	124,757
Loans (included overdue loans)	682,030	688,036	425,079	254,831	1,509,002	3,558,978
Deliverable derivative assets	10,572,446	10,337,262	6,637,848	4,987,611	781,125	33,316,292
Non-deliverable derivative assets	169,618	30	316	627	260,849	431,440
Other capital inflow on maturity	1,402,111	288,605	82,608	25,918	233,267	2,032,509
<b>Total assets</b>	<b>\$ 15,302,880</b>	<b>11,598,607</b>	<b>7,820,597</b>	<b>6,274,249</b>	<b>12,307,966</b>	<b>53,304,299</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 1,406,452	1,044,000	-	60,000	-	2,510,452
Deposits and remittances	4,552,931	7,058,601	2,775,937	3,269,098	4,167,952	21,824,519
Securities sold under repurchase agreements	700,041	867,263	167,245	-	-	1,734,549
Payables	30,910	44,875	13,071	4,271	73	93,200
Financial bonds payable	-	-	-	-	392,116	392,116
Deliverable derivative liabilities	7,212,100	7,205,216	6,079,024	3,255,267	765,026	24,516,633
Non-deliverable derivative liabilities	70,579	-	89	-	91,292	161,960
Other capital outflow on maturity	450,301	65,416	14,525	113,828	1,048,839	1,692,909
<b>Total liabilities</b>	<b>\$ 14,423,314</b>	<b>16,285,371</b>	<b>9,049,891</b>	<b>6,702,464</b>	<b>6,465,298</b>	<b>52,926,338</b>

Note1: The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

Note2: Investment in marketable securities includes financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and debt investments measured at amortized cost.

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

(Continued)

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

iii) The maturity analysis of financial assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	September 30, 2023					Total
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 3,881,744	2,332	-	-	5,838,344	9,722,420
Investment in marketable securities (Note)	1,043,115	3,418,445	13,655,444	52,030,339	203,423	70,350,766
Securities purchased under resell agreements	1,172,191	-	-	-	-	1,172,191
Loans (included overdue loans)	7,196,392	13,035,843	16,956,237	33,913,879	-	71,102,351
Deliverable derivative assets	34,355,924	49,868,289	82,739,898	482,198	-	167,446,309
Non-deliverable derivative assets	2,343	7,833	28,768	4,413	-	43,357
Other capital inflow on maturity	911,727	1,093,228	2,451,096	-	802,911	5,258,962
<b>Total assets</b>	<b>\$ 48,563,436</b>	<b>67,425,970</b>	<b>115,831,443</b>	<b>86,430,829</b>	<b>6,844,678</b>	<b>325,096,356</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 5,924,146	1,696,303	-	-	-	7,620,449
Due to the central bank and banks	-	13,651	619,353	-	-	633,004
Deposits and remittances	40,342,324	18,406,389	17,597,443	17,223,973	-	93,570,129
Securities sold under repurchase agreements	4,754,262	-	-	-	-	4,754,262
Payables	1,761,656	1,012,904	1,061,696	1,347,756	-	5,184,012
Financial bonds payable	-	1,093,500	157,800	5,681,229	-	6,932,529
Deliverable derivatives liabilities	34,239,596	49,817,145	82,296,653	470,128	-	166,823,522
Non-deliverable derivatives liabilities	11,015	16,669	42,176	-	-	69,860
Other capital outflow on maturity	4,642,685	5,831,380	5,436,483	220,599	533	16,131,680
<b>Total liabilities</b>	<b>\$ 91,675,684</b>	<b>77,887,941</b>	<b>107,211,604</b>	<b>24,943,685</b>	<b>533</b>	<b>301,719,447</b>

(Continued)

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

Units: In thousands of CNY

	December 31, 2022					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 7,608,114	3,052	-	-	6,096,376	13,707,542
Investments in marketable securities (Note)	3,003,534	1,031,316	14,479,068	50,082,968	666,888	69,263,774
Securities purchased under resell agreements	1,988,451	-	-	-	-	1,988,451
Loans (included overdue loans)	6,418,714	11,674,880	16,507,504	22,667,215	-	57,268,313
Deliverable derivative assets	53,259,317	41,155,121	69,911,669	169,242	-	164,495,349
Non-deliverable derivative assets	3,073	4,158	36,434	2,939	-	46,604
Other capital inflow on maturity	928,242	690,556	2,589,592	-	601,868	4,810,258
<b>Total assets</b>	<b>\$ 73,209,445</b>	<b>54,559,083</b>	<b>103,524,267</b>	<b>72,922,364</b>	<b>7,365,132</b>	<b>311,580,291</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 4,509,766	2,248,789	771,036	-	-	7,529,591
Due to the central bank and banks	-	-	222,180	-	-	222,180
Deposits and remittances	42,049,959	14,603,627	20,940,976	9,924,352	-	87,518,914
Securities sold under repurchase agreements	8,053,978	-	45,548	-	-	8,099,526
Payables	1,755,749	680,519	2,389,592	537	-	4,826,397
Financial bonds payable	20,400	1,032,000	1,165,900	3,643,312	-	5,861,612
Deliverable derivatives liabilities	52,944,742	40,969,628	69,523,374	169,135	-	163,606,879
Non-deliverable derivatives liabilities	1,183	2,503	13,595	1,951	-	19,232
Other capital outflow on maturity	4,023,940	4,907,194	4,153,819	230,609	433	13,315,995
<b>Total liabilities</b>	<b>\$ 113,359,717</b>	<b>64,444,260</b>	<b>99,226,020</b>	<b>13,969,896</b>	<b>433</b>	<b>291,000,326</b>

(Continued)

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

Units: In thousands of CNY

	September 30, 2022					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 3,723,906	2,743	-	-	6,581,441	10,308,090
Investments in marketable securities (Note)	661,524	2,190,256	12,332,330	51,164,498	3,504,716	69,853,324
Securities purchased under resell agreements	1,001,253	-	-	-	-	1,001,253
Loans (included overdue loans)	5,585,877	12,396,586	20,714,998	23,193,163	-	61,890,624
Deliverable derivative assets	70,040,777	29,423,707	78,338,546	382,737	-	178,185,767
Non-deliverable derivative assets	5,262	13,349	22,275	674	-	41,560
Other capital inflow on maturity	1,360,303	1,071,612	1,722,697	520,457	330,954	5,006,023
<b>Total assets</b>	<b>\$ 82,378,902</b>	<b>45,098,253</b>	<b>113,130,846</b>	<b>75,261,529</b>	<b>10,417,111</b>	<b>326,286,641</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 5,439,839	2,639,550	983,733	-	-	9,063,122
Deposits and remittances	39,202,342	20,752,859	14,282,912	14,054,294	-	88,292,407
Securities sold under repurchase agreements	4,264,855	-	-	-	-	4,264,855
Payables	2,392,303	118,132	391,724	3,257,074	-	6,159,233
Financial bonds payable	-	93,500	1,124,800	4,736,812	-	5,955,112
Deliverable derivatives liabilities	69,745,042	29,349,200	77,074,471	382,800	-	176,551,513
Non-deliverable derivatives liabilities	4,065	12,243	19,131	347	-	35,786
Other capital outflow on maturity	3,592,476	8,722,256	5,565,487	10,010	433	17,890,662
<b>Total liabilities</b>	<b>\$ 124,640,922</b>	<b>61,687,740</b>	<b>99,442,258</b>	<b>22,441,337</b>	<b>433</b>	<b>308,212,690</b>

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

(Continued)

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

iv) The maturity analysis of derivatives assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

	September 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 2,096,004	422,568	209,950	168,378	23,877	2,920,777
– Currency swap	144,820,324	241,209,853	149,350,671	96,749,665	1,853,050	633,983,563
– Cross currency swap	180,939	5,989,727	665,563	5,746,250	3,995,120	16,577,599
Subtotal	<u>147,097,267</u>	<u>247,622,148</u>	<u>150,226,184</u>	<u>102,664,293</u>	<u>5,872,047</u>	<u>653,481,939</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	554,010	-	-	-	-	554,010
– Interest rate derivative instruments – hedging	-	-	-	1,880	76,626	78,506
– Interest rate derivative instruments – non-hedging	8,422,027	-	-	-	-	8,422,027
– Equity derivative instruments	445,385	-	-	-	-	445,385
Subtotal	<u>9,421,422</u>	<u>-</u>	<u>-</u>	<u>1,880</u>	<u>76,626</u>	<u>9,499,928</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 962,829	1,387,694	5,945	-	-	2,356,468
– Currency swap	174,064,302	278,097,025	167,290,861	99,297,343	5,160,289	723,909,820
– Cross currency swap	557,850	556,100	1,308,265	637,800	2,616,215	5,676,230
Subtotal	<u>175,584,981</u>	<u>280,040,819</u>	<u>168,605,071</u>	<u>99,935,143</u>	<u>7,776,504</u>	<u>731,942,518</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	554,010	-	-	-	-	554,010
– Interest rate derivative instrument – hedging	-	-	-	33,240	1,557,433	1,590,673
– Interest rate derivative instruments – non-hedging	7,792,452	-	-	-	-	7,792,452
– Equity derivative instruments	436,454	-	-	-	-	436,454
Subtotal	<u>8,782,916</u>	<u>-</u>	<u>-</u>	<u>33,240</u>	<u>1,557,433</u>	<u>10,373,589</u>

(Continued)

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

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 539,799	1,870,901	760,101	70,806	128,812	3,370,419
– Currency swap	183,405,049	233,445,878	106,363,880	75,568,963	7,324,453	606,108,223
– Cross currency swap	<u>1,208,275</u>	<u>16,890,389</u>	<u>4,988,610</u>	<u>14,201,874</u>	<u>8,045,400</u>	<u>45,334,548</u>
Subtotal	<u>185,153,123</u>	<u>252,207,168</u>	<u>112,112,591</u>	<u>89,841,643</u>	<u>15,498,665</u>	<u>654,813,190</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instruments – hedging	-	-	-	689	30,592	31,281
– Interest rate derivative instruments – non-hedging	4,623,963	-	-	-	-	4,623,963
– Equity derivative instruments	503,471	-	-	-	-	503,471
Subtotal	<u>5,578,874</u>	<u>-</u>	<u>-</u>	<u>689</u>	<u>30,592</u>	<u>5,610,155</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 2,276,650	3,768,387	56,118	-	-	6,101,155
– Currency swap	209,396,915	316,372,018	151,270,937	74,358,077	14,200,150	765,598,097
– Cross currency swap	1,695,950	1,430,000	6,283,015	19,063,171	838,870	29,311,006
Subtotal	<u>213,369,515</u>	<u>321,570,405</u>	<u>157,610,070</u>	<u>93,421,248</u>	<u>15,039,020</u>	<u>801,010,258</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instrument – hedging	-	-	-	-	835,925	835,925
– Interest rate derivative instruments – non-hedging	4,480,765	-	-	-	-	4,480,765
– Equity derivative instruments	505,972	-	-	-	-	505,972
Subtotal	<u>5,438,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,925</u>	<u>6,274,102</u>

(Continued)



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

Units: In thousands of TWD

	September 30, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 6,891,645	1,066,301	957,356	543,016	-	9,458,318
– Currency swap	171,973,064	181,666,601	153,109,252	72,270,625	8,824,143	587,843,685
– Cross currency swap	<u>5,142,907</u>	<u>5,429,338</u>	<u>17,273,870</u>	<u>16,128,812</u>	<u>12,166,580</u>	<u>56,141,507</u>
Subtotal	<u>184,007,616</u>	<u>188,162,240</u>	<u>171,340,478</u>	<u>88,942,453</u>	<u>20,990,723</u>	<u>653,443,510</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	554,125	-	-	-	-	554,125
– Interest rate derivative instruments – hedging	-	-	-	1,768	42,086	43,854
– Interest rate derivative instruments – non-hedging	4,630,656	-	-	-	-	4,630,656
– Equity derivative instruments	581,029	-	-	-	-	581,029
Subtotal	<u>5,765,810</u>	<u>-</u>	<u>-</u>	<u>1,768</u>	<u>42,086</u>	<u>5,809,664</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 769,116	1,135,502	31,230	-	-	1,935,848
– Currency swap	215,597,349	268,920,704	182,234,430	109,533,194	19,105,715	795,391,392
– Cross currency swap	<u>4,927,600</u>	<u>5,220,060</u>	<u>1,695,950</u>	<u>25,662,236</u>	<u>1,952,820</u>	<u>39,458,666</u>
Subtotal	<u>221,294,065</u>	<u>275,276,266</u>	<u>183,961,610</u>	<u>135,195,430</u>	<u>21,058,535</u>	<u>836,785,906</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	554,126	-	-	-	-	554,126
– Interest rate derivative instruments – hedging	-	-	-	-	889,974	889,974
– Interest rate derivative instruments – non-hedging	4,366,650	-	-	-	-	4,366,650
– Equity derivative instruments	579,532	-	-	-	-	579,532
Subtotal	<u>5,500,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>889,974</u>	<u>6,390,282</u>

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

Note 2: The amount as of December 31 and September 30, 2022 excluded JihSun Bank.

(Continued)

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

v) The maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	September 30, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 280,139	278,462	109,099	200,662	1,553	869,915
– Currency swap	8,377,345	9,531,975	5,664,477	3,447,037	201,497	27,222,331
– Cross currency swap	20,000	20,000	45,000	20,000	85,000	190,000
Subtotal	<u>8,677,484</u>	<u>9,830,437</u>	<u>5,818,576</u>	<u>3,667,699</u>	<u>288,050</u>	<u>28,282,246</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	29,953	-	-	-	-	29,953
– Interest rate derivative instruments – hedging	-	61	1,024	5,204	340,702	346,991
– Interest rate derivative instruments – non-hedging	79,132	-	-	-	-	79,132
– Equity derivative instruments	139	-	-	-	-	139
– Commodity derivative instruments	2	-	-	-	-	2
Subtotal	<u>109,226</u>	<u>61</u>	<u>1,024</u>	<u>5,204</u>	<u>340,702</u>	<u>456,217</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 238,439	344,919	146,321	192,512	19,346	941,537
– Currency swap	5,532,543	8,039,637	5,039,133	3,407,566	65,000	22,083,879
– Cross currency swap	5,800	177,454	22,869	196,907	139,113	542,143
Subtotal	<u>5,776,782</u>	<u>8,562,010</u>	<u>5,208,323</u>	<u>3,796,985</u>	<u>223,459</u>	<u>23,567,559</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	40,856	-	-	-	-	40,856
– Interest rate derivative instruments – hedging	-	-	-	-	133,574	133,574
– Interest rate derivative instruments – non-hedging	33,925	-	-	-	-	33,925
– Equity derivative instruments	136	-	-	-	-	136
Subtotal	<u>74,917</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,574</u>	<u>208,491</u>

(Continued)

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

Units: In thousands of USD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 357,432	203,387	13,636	38,093	-	612,548
– Currency swap	10,833,507	11,037,472	5,212,956	2,772,992	530,523	30,387,450
– Cross currency swap	60,000	50,000	225,000	683,000	30,000	1,048,000
Subtotal	<u>11,250,939</u>	<u>11,290,859</u>	<u>5,451,592</u>	<u>3,494,085</u>	<u>560,523</u>	<u>32,047,998</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	17,206	-	-	-	-	17,206
– Interest rate derivative instruments – hedging	-	123	360	345	256,758	257,586
– Interest rate derivative instruments – non-hedging	78,167	-	-	-	-	78,167
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>95,662</u>	<u>123</u>	<u>360</u>	<u>345</u>	<u>256,758</u>	<u>353,248</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 153,813	229,200	99,684	125,725	4,300	612,722
– Currency swap	7,598,802	8,016,842	3,585,510	2,634,015	278,526	22,113,695
– Cross currency swap	42,563	589,539	176,632	504,309	283,019	1,596,062
Subtotal	<u>7,795,178</u>	<u>8,835,581</u>	<u>3,861,826</u>	<u>3,264,049</u>	<u>565,845</u>	<u>24,322,479</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	21,111	-	-	-	-	21,111
– Interest rate derivative instruments – hedging	11	-	-	-	95,769	95,780
– Interest rate derivative instruments – non-hedging	12,089	-	-	-	-	12,089
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,769</u>	<u>129,269</u>

(Continued)

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

Units: In thousands of USD

	September 30, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 284,612	181,822	19,283	40,915	602	527,234
– Currency swap	10,117,834	9,971,440	6,558,565	4,028,696	710,523	31,387,058
– Cross currency swap	170,000	184,000	60,000	918,000	70,000	1,402,000
Subtotal	<u>10,572,446</u>	<u>10,337,262</u>	<u>6,637,848</u>	<u>4,987,611</u>	<u>781,125</u>	<u>33,316,292</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	48,806	-	-	-	-	48,806
– Interest rate derivative instruments – hedging	-	30	316	627	260,849	261,822
– Interest rate derivative instruments – non-hedging	120,248	-	-	-	-	120,248
– Equity derivative instruments	186	-	-	-	-	186
– Commodity derivative instruments	378	-	-	-	-	378
Subtotal	<u>169,618</u>	<u>30</u>	<u>316</u>	<u>627</u>	<u>260,849</u>	<u>431,440</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 345,477	271,216	197,884	85,473	-	900,050
– Currency swap	6,683,640	6,744,334	5,274,287	2,598,217	333,526	21,634,004
– Cross currency swap	182,983	189,666	606,853	571,577	431,500	1,982,579
Subtotal	<u>7,212,100</u>	<u>7,205,216</u>	<u>6,079,024</u>	<u>3,255,267</u>	<u>765,026</u>	<u>24,516,633</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	50,501	-	-	-	-	50,501
– Interest rate derivative instruments – hedging	-	-	89	-	91,292	91,381
– Interest rate derivative instruments – non-hedging	19,514	-	-	-	-	19,514
– Equity derivative instruments	186	-	-	-	-	186
– Commodity derivative instruments	378	-	-	-	-	378
Subtotal	<u>70,579</u>	<u>-</u>	<u>89</u>	<u>-</u>	<u>91,292</u>	<u>161,960</u>

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

Note 2: The amount as of December 31 and September 30, 2022 excluded JihSun Bank.

(Continued)

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

vi) The maturity analysis of derivative assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	<b>September 30, 2023</b>				
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
<b>Assets</b>					
<b>Deliverable derivative assets</b>					
– Forward contracts	\$ 336,795	253,243	161,808	-	751,846
– Currency swap	<u>34,019,129</u>	<u>49,615,046</u>	<u>82,578,090</u>	<u>482,198</u>	<u>166,694,463</u>
Subtotal	<u>34,355,924</u>	<u>49,868,289</u>	<u>82,739,898</u>	<u>482,198</u>	<u>167,446,309</u>
<b>Non-deliverable derivative assets</b>					
– Interest rate derivative instruments – non-hedging	1,361	4,470	6,502	4,413	16,746
– Option contracts	<u>982</u>	<u>3,363</u>	<u>22,266</u>	<u>-</u>	<u>26,611</u>
Subtotal	<u>2,343</u>	<u>7,833</u>	<u>28,768</u>	<u>4,413</u>	<u>43,357</u>
<b>Liabilities</b>					
<b>Deliverable derivative liabilities</b>					
– Forward contracts	\$ 333,497	253,636	165,187	-	752,320
– Currency swap	<u>33,906,099</u>	<u>49,563,509</u>	<u>82,131,466</u>	<u>470,128</u>	<u>166,071,202</u>
Subtotal	<u>34,239,596</u>	<u>49,817,145</u>	<u>82,296,653</u>	<u>470,128</u>	<u>166,823,522</u>
<b>Non-deliverable derivative liabilities</b>					
– Interest rate derivative instruments – non-hedging	2,932	10,927	2,719	-	16,578
– Option contracts	<u>8,083</u>	<u>5,742</u>	<u>39,457</u>	<u>-</u>	<u>53,282</u>
Subtotal	<u>11,015</u>	<u>16,669</u>	<u>42,176</u>	<u>-</u>	<u>69,860</u>

Units: In thousands of CNY

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

(Continued)

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

Units: In thousands of CNY

Assets	September 30, 2022				
	0-30 days	31-90 days	91-365 days	Over 1 year	Total
<b>Deliverable derivative assets</b>					
– Forward contracts	\$ 2,213,001	1,107,406	1,358,886	-	4,679,293
– Currency swap	67,827,776	28,316,301	76,979,660	382,737	173,506,474
Subtotal	70,040,777	29,423,707	78,338,546	382,737	178,185,767
<b>Non-deliverable derivative assets</b>					
– Interest rate derivative instruments – non-hedging	5,262	10,534	22,275	674	38,745
– Option contracts	-	2,815	-	-	2,815
Subtotal	5,262	13,349	22,275	674	41,560
<b>Liabilities</b>					
<b>Deliverable derivative liabilities</b>					
– Forward contracts	\$ 2,248,033	1,144,500	1,442,813	-	4,835,346
– Currency swap	67,497,010	28,204,701	75,631,657	382,800	171,716,168
Subtotal	69,745,043	29,349,201	77,074,470	382,800	176,551,514
<b>Non-deliverable derivative liabilities</b>					
– Interest rate derivative instruments – non-hedging	4,065	9,428	19,131	347	32,971
– Option contracts	-	2,815	-	-	2,815
Subtotal	4,065	12,243	19,131	347	35,786

## vii) Maturity analysis of financial liabilities of JihSun Bank

## 1. Maturity analysis of non derivatives liabilities

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 7,027,947	1,702,354	2,541	6,305,480	49,869	15,088,191
Lease liabilities	16,393	31,969	47,342	89,061	374,284	559,049
Securities sold under repurchase agreements	1,050,263	550,000	-	-	-	1,600,263
Payables	1,117,600	107,244	59,011	53,979	55,316	1,393,150
Deposits	34,216,793	24,033,046	18,846,947	39,651,427	115,139,797	231,888,010
Other financial liabilities	9,213	30,710	19,962	20,576	1,210,607	1,291,068

Units: In thousands of TWD

	September 30, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 8,648,339	3,305,506	2,203,990	3,006,122	78,300	17,242,257
Lease liabilities	16,262	30,450	44,872	85,461	393,217	570,262
Securities sold under repurchase agreements	1,871,346	601,075	-	-	-	2,472,421
Payables	623,601	85,361	68,676	372,577	70,179	1,220,394
Deposits	38,127,896	19,295,038	23,929,003	38,305,937	117,429,051	237,086,925
Other financial liabilities	21,591	70,487	41,276	42,229	1,208,437	1,384,020

(Continued)

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

2. Maturity analysis of derivatives liabilities

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign currency swap	\$ 7,628	-	-	-	-	7,628
– FX options	-	187	-	-	73,598	73,785
– Interest rate instruments	123,011	-	-	-	-	123,011
– Equity instruments	12,533	-	-	-	-	12,533
<b>Total</b>	<b>\$ 143,172</b>	<b>187</b>	<b>-</b>	<b>-</b>	<b>73,598</b>	<b>216,957</b>

Units: In thousands of TWD

	September 30, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Forward contract	\$ 744	-	-	-	-	744
– Foreign currency swap	14,306	-	-	-	-	14,306
– FX options	-	-	-	-	86,531	86,531
– Interest rate instruments	131,649	-	-	-	-	131,649
– Equity instruments	55,474	-	-	-	-	55,474
<b>Total</b>	<b>\$ 202,173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,531</b>	<b>288,704</b>

viii) The maturity analysis of off-balance sheet items

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

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

September 30, 2023	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 143,306,702	-	-	-	-	143,306,702
Standby letters of credit	1,377,652	4,435,057	1,735,635	512,997	-	8,061,341
Financial guarantees	18,888,251	3,474,200	60,955	-	3,965,886	26,389,292
<b>Total</b>	<b>\$ 163,572,605</b>	<b>7,909,257</b>	<b>1,796,590</b>	<b>512,997</b>	<b>3,965,886</b>	<b>177,757,335</b>

Units: In thousands of TWD

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

Units: In thousands of TWD

September 30, 2022 (Restatement)	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 209,523,405	2,665,982	3,313,384	2,462,255	6,300,812	224,265,838
Standby letters of credit	2,056,219	4,912,540	1,646,360	405,036	-	9,020,155
Financial guarantees	21,750,110	1,041,000	131,003	413,681	3,552,493	26,888,287
<b>Total</b>	<b>\$ 233,329,734</b>	<b>8,619,522</b>	<b>5,090,747</b>	<b>3,280,972</b>	<b>9,853,305</b>	<b>260,174,280</b>

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

Fubon Bank (China)

Units: In thousands of CNY

September 30, 2023	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 184,175	168,242	249,451	290,500	892,368
Standby letters of credit	5,023	56,179	-	-	61,202
Financial guarantees	28,600	363,449	256,971	57,124	706,144
<b>Total</b>	<b>\$ 217,798</b>	<b>587,870</b>	<b>506,422</b>	<b>347,624</b>	<b>1,659,714</b>

Units: In thousands of CNY

December 31, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 98,035	78,608	380,935	179,279	736,857
Standby letters of credit	-	9,840	-	-	9,840
Financial guarantees	32,977	31,430	350,975	94,839	510,221
<b>Total</b>	<b>\$ 131,012</b>	<b>119,878</b>	<b>731,910</b>	<b>274,118</b>	<b>1,256,918</b>

Units: In thousands of CNY

September 30, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ -	-	539,161	539,506	1,078,667
Standby letters of credit	9,430	6,879	-	-	16,309
Financial guarantees	28,163	142,471	69,948	92,322	332,904
<b>Total</b>	<b>\$ 37,593</b>	<b>149,350</b>	<b>609,109</b>	<b>631,828</b>	<b>1,427,880</b>

2) Fubon Life Insurance and its subsidiaries

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that Fubon Life Insurance does not possess sufficient cash and is not able to raise funds in time and finally failed to fulfill the obligation (debt repayment). Market liquidity risk refers to the risk that Fubon Life Insurance is not able to settle or offset current position with reasonable market price due to the shallow market depth or market disorder or the oversized possession of the investment position and finally Fubon Life Insurance may suffer from losses.

In terms of capital liquidity risk, Fubon Life Insurance and its subsidiaries manage it in two aspects, short term and mid-to-long term. In addition to setting indicators for short-term liquidity risk management, the relevant business departments have established a real-time cash reporting mechanism and use appropriate currency market instruments for the daily capital movement. Besides, mid- and long-term liquidity management targets are set and reviewed regularly through the Asset and Liability Management Committee, and cash flow analysis models are used to monitor the asset-liability alignment to plan for risk reduction.

Regarding market liquidity risk, the risk management department of Fubon Life Insurance and its subsidiaries established a monitoring mechanism for the concentration of stock and the overall liquidity of investment positions in accordance with the internal management policies and relevant regulations, and the investment department assesses market liquidity risk before trading to avoid market liquidity risk.

(Continued)



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

In addition, Fubon Life Insurance and its subsidiaries establish complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

Fubon Life Insurance and its subsidiaries possess sufficient operating funds, including cash and cash equivalent and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of Fubon Life Insurance and its subsidiaries is extremely low. In addition, the derivative financial instruments Fubon Life Insurance and its subsidiaries engage in, such as delivery forward exchange contracts and foreign exchange swaps, are all of highly liquid currencies. The possibility that they are not able to be sold at reasonable prices in the market is minimum, and therefore the market liquidity risk is low. Furthermore, forward exchange contracts and foreign exchange swaps, which matured are mostly rolled forward and the capital to pay for the settlements is sufficient. Thus, the capital liquidity risk is insignificant.

The maturity structure of the non-derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

<b>September 30, 2023</b>					
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable	\$ 37,792,540	262,053	-	-	38,054,593
Bonds payables (Note)	3,736,980	7,447,543	40,399,441	73,947,983	125,531,947
<b>Total</b>	<b>\$ 41,529,520</b>	<b>7,709,596</b>	<b>40,399,441</b>	<b>73,947,983</b>	<b>163,586,540</b>

  

<b>December 31, 2022</b>					
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable	\$ 61,814,967	256,964	-	-	62,071,931
Short-term liabilities	12,217,500	-	-	-	12,217,500
Bonds payables (Note)	4,243,366	5,067,478	38,927,930	39,757,754	87,996,528
<b>Total</b>	<b>\$ 78,275,833</b>	<b>5,324,442</b>	<b>38,927,930</b>	<b>39,757,754</b>	<b>162,285,959</b>

  

<b>September 30, 2022</b>					
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable	\$ 36,804,551	227,162	-	-	37,031,713
Bonds payable (Note)	4,251,540	4,944,200	39,092,183	38,430,704	86,718,627
<b>Total</b>	<b>\$ 41,056,091</b>	<b>5,171,362</b>	<b>39,092,183</b>	<b>38,430,704</b>	<b>123,750,340</b>

Note: The disclosed amounts include estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, the bonds payable has no maturity date, the contractual cash flows are calculated based on a remaining maturity of 10 years.

(Continued)

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

The maturity structure of the derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

	<b>September 30, 2023</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	
Financial liabilities measured at fair value through profit or loss	\$ 46,841,866	218,901	-	-	47,060,767
Financial liabilities for hedging	1,878,377	1,063,146	-	-	2,941,523
<b>Total</b>	<b>\$ 48,720,243</b>	<b>1,282,047</b>	<b>-</b>	<b>-</b>	<b>50,002,290</b>

  

	<b>December 31, 2022</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	
Financial liabilities measured at fair value through profit or loss	\$ 29,234,427	-	-	-	29,234,427
Financial liabilities for hedging	3,790,282	164,170	-	-	3,954,452
<b>Total</b>	<b>\$ 33,024,709</b>	<b>164,170</b>	<b>-</b>	<b>-</b>	<b>33,188,879</b>

  

	<b>September 30, 2022</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	
Financial liabilities measured at fair value through profit or loss	\$ 101,142,118	6,716,355	-	-	107,858,473
Financial liabilities for hedging	10,574,772	2,300,647	-	-	12,875,419
<b>Total</b>	<b>\$ 111,716,890</b>	<b>9,017,002</b>	<b>-</b>	<b>-</b>	<b>120,733,892</b>

3) Fubon Insurance and its subsidiaries

Liquidity risks are divided into “funding liquidity risk” and “market liquidity risk.” Fubon Insurance and its subsidiaries monitor liquidity risks in compliance with their risk management rules. Funding liquidity risk is the risk that the entity cannot provide sufficient funding to meet the needs for the growth of asset level and the settlement of the obligation of matured liabilities, which caused late-payment to counterparties or called for an emergency fund raising requirement to cover the funding gaps. Market liquidity risk is the loss incurred as a market participant unable to easily exit a position on a prevailing market price or to liquidate a position immediately while not hitting the best price due to insufficiency of market depth or market transparency, or market failure.

(Continued)

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

- a) Management process of liquidity risk
- i) Risk identification  
To achieve liquidity risk management goal, Fubon Insurance and its subsidiaries identify potential liquidity risk factors encountered during operation process. Those risk factors are such as funding liquidity risk factors, market liquidity risk factors and characteristics of products being traded.
  - ii) Risk measurement  
Fubon Insurance and its subsidiaries measure the possibility of occurrence and the degree of negative impact of risk events and risk factors by qualitative or quantitative method, and compare these influences with risk limits set by the management which is used as a basis for the setting of the priority in risk control and the response measures subsequently.
  - iii) Risk monitoring  
Fubon Insurance and its subsidiaries establish liquidity risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limits are breached. Fubon Insurance and its subsidiaries have established proper monitor frequency and hierarchical reporting mechanism to deal with whenever there is any abnormal situation occurred or deficiency identified. A specific reporting procedure would be followed to ensure the timely response to significant liquidity risk.
  - iv) Risk responding  
As liquidity risk occurs, the head of any related unit being impacted or relevant unit with the authority to deal with the event would respond to the event immediately, and report to risk management and related departments in accordance with the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the event, and develop a remediation plan, and risk management department would monitor the progress of the follow up actions.
- b) Liquidity risk management mechanism
- i) Management strategies of funding liquidity risk in operation and investment are as follows: ensuring balance of capital inflow and outflow, examining and predicting capital demand at present and in the future in accordance with strategies of operational management and investment activities, establishing critical indicators of funding liquidity risk, and making appropriate adjustment with business strategy and market condition.

(Continued)

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

Fubon Insurance and its subsidiaries manage the liquidity risk efficiently in two aspects, short-term and medium-long term. Besides setting the percentage of liquid assets in total assets and the net everyday cash flow as standards of measurement and control, Fubon Insurance and its subsidiaries have already established the immediate cash-using information system, using proper market monetary instruments or foreign exchange instruments to allocate daily cash. Medium-long term liquidity management decreases related risk through annual reviewing on the assessment report of using assets and liabilities and applying the model of cash flow analysis to monitor the using of assets and liabilities.

- ii) Market liquidity risk management mainly considers the proportionality of trade volumes and holding position. Fubon Insurance and its subsidiaries set up key indicators of market liquidity risk management in accordance with the market size, depth, dimension and liquidity of each product, as well as with the operation strategy and target budget. In order to avoid market liquidity risk, Fubon Insurance and its subsidiaries establish control mechanism to concentrate for daily transactions and investment position limits.
- iii) Fubon Insurance and its subsidiaries establish complete risk management system to deal with the mass demand of cash in abnormal or urgent condition. To monitor daily net cash flow, Fubon Insurance and its subsidiaries have established immediate cash flow estimation system and preserved proper amount of equivalent cash for future response. Financial department and accounting office provide risk management department with the condition of cash liquidity monthly, while risk management department also regularly reviews the limitation of market liquidity risk and it should inform the Risk Management Committee with the indicators of the market liquidity risk and the management of the limitation. If the management indicator approaches the limitation, it should enhance the intention of the capital variation.

Fubon Insurance and its subsidiaries possess sufficient operating capital, government bonds and other securities to satisfy the capital demand in investment, pay liabilities matured and execute contracts' obligation. Therefore, the liquidity risk is low and in compliance with rules.

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

iv) The maturity analyses of financial assets and liabilities are as follows:

		September 30, 2023							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 301,236	597,603	2,080,908	1,057,186	1,454,013	2,755,535	2,600,695	10,847,176
	Financial assets measured at amortized cost	-	-	-	20,235	71,970	1,575,679	-	1,667,884
		<u>\$ 301,236</u>	<u>597,603</u>	<u>2,080,908</u>	<u>1,077,421</u>	<u>1,525,983</u>	<u>4,331,214</u>	<u>2,600,695</u>	<u>12,515,060</u>
The maturity analysis of financial liabilities									
	Short-term liabilities	<u>\$ 12,548,889</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,548,889</u>
		December 31, 2022							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 603,107	699,839	1,846,080	1,207,446	1,457,389	2,849,539	2,488,231	11,151,631
	Financial assets measured at amortized cost	-	-	-	-	99,078	1,461,879	-	1,560,957
		<u>\$ 603,107</u>	<u>699,839</u>	<u>1,846,080</u>	<u>1,207,446</u>	<u>1,556,467</u>	<u>4,311,418</u>	<u>2,488,231</u>	<u>12,712,588</u>
The maturity analysis of financial liabilities									
	Bank loans	<u>\$ 9,780,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,780,000</u>
		September 30, 2022							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 802,928	698,079	3,239,113	1,190,974	2,122,968	4,326,705	2,892,026	15,272,793
	Financial assets measured at amortized cost	-	-	-	-	106,339	1,497,962	-	1,604,301
		<u>\$ 802,928</u>	<u>698,079</u>	<u>3,239,113</u>	<u>1,190,974</u>	<u>2,229,307</u>	<u>5,824,667</u>	<u>2,892,026</u>	<u>16,877,094</u>

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

c) The maturity analyses of derivative financial assets and liabilities

All of the forward rate contracts and swap contracts are not held for trading, but mainly for avoiding the foreign exchange rate risk generated from the foreign investment capital. Being high liquidity monetary, whose probability of being unable to sale in the market is extremely small, the liquidity risk of the currency held is low. Matured forward rate contracts and swap contracts almost will be continued and there is enough capital for settlement. Therefore, the liquidity risk of the capital is low. The maturity analysis of derivative financial instruments is as follows:

		<b>September 30, 2023</b>					
		<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>No maturity date</b>	<b>Total</b>
Maturity analysis of financial assets	\$	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Maturity analysis of financial liabilities	\$	<u>149,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,548</u>
		<b>December 31, 2022</b>					
		<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>No maturity date</b>	<b>Total</b>
Maturity analysis of financial assets	\$	<u>68,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,226</u>
Maturity analysis of financial liabilities	\$	<u>106,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,214</u>
		<b>September 30, 2022</b>					
		<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>No maturity date</b>	<b>Total</b>
Maturity analysis of financial assets	\$	<u>5,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,143</u>
Maturity analysis of financial liabilities	\$	<u>810,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>810,727</u>

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

4) Fubon Securities and its subsidiaries

Liquidity risk is the risk that Fubon Securities and its subsidiaries cannot provide sufficient funding for asset size growth or matured liabilities, do not have sufficient cash to meet obligations to counterparties, or cannot raise emergency funding to cover funding gaps.

a) Capital liquidity risk measurement analysis

<u>Financial assets</u>	<b>September 30, 2023</b>					
	<b>Cash flow gap</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Cash and cash equivalents	\$ 14,215,527	14,762,161	14,565,157	963,132	-	44,505,977
Customer margin account	27,023,874	-	-	-	-	27,023,874
Financial assets mandatorily measured at fair value through profit or loss — current	29,205,720	-	-	-	8,472,913	37,678,633
Open-end funds, money market instruments and other securities	331,626	-	-	-	-	331,626
Operating securities	26,962,670	-	-	-	8,115,237	35,077,907
Derivatives — OTC	737,007	-	-	-	-	737,007
Derivatives — Futures trading margin	649,010	-	-	-	-	649,010
Foreign exchange derivatives	25,048	-	-	-	-	25,048
Other debt securities	-	-	-	-	357,676	357,676
Call option — Futures	5	-	-	-	-	5
Securities invested by brokers	500,354	-	-	-	-	500,354
Financial assets measured at fair value through other comprehensive income — current and non-current	124,566	-	-	4,575,556	20,948,457	25,648,579
Receivables from pecuniary finance	24,214,501	3,209,151	875,223	875,223	-	29,174,098
Collateral for borrowed securities	1,831	-	-	-	-	1,831
Margin deposits for borrowed securities	5,879,330	-	-	-	-	5,879,330
Accounts receivables (including related party)	24,750,249	48,383	19,353	13,056	-	24,831,041
Total	<u>\$ 125,415,598</u>	<u>18,019,695</u>	<u>15,459,733</u>	<u>6,426,967</u>	<u>29,421,370</u>	<u>194,743,363</u>
Proportion of the total	<u>64.40 %</u>	<u>9.25 %</u>	<u>7.94 %</u>	<u>3.30 %</u>	<u>15.11 %</u>	<u>100.00 %</u>

(Continued)

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

<b>Financial liabilities</b>	<b>September 30, 2023</b>					
	<b>Cash flow gap</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Short-term borrowings	\$ 683,478	-	-	-	-	683,478
Commercial papers issued	33,980,895	-	-	-	-	33,980,895
Held-for-trading financial liabilities — current	10,380,675	-	-	-	-	10,380,675
Call (put) warrants	379,535	-	-	-	-	379,535
Derivatives—OTC	7,796,343	-	-	-	-	7,796,343
Liabilities in sale of borrowed securities	2,204,779	-	-	-	-	2,204,779
Put option—Futures	18	-	-	-	-	18
Financial liabilities designated as at fair value through profit or loss	1,955,568	-	-	-	-	1,955,568
Securities sold under repurchase agreements	16,598,446	-	-	-	-	16,598,446
Securities financing refundable deposits	2,525,386	334,690	91,279	91,279	-	3,042,634
Deposits payable for securities financing	2,786,604	369,309	100,721	100,720	-	3,357,354
Securities lending refundable deposits	41,409,929	-	-	-	-	41,409,929
Futures customers' equity	27,023,874	-	-	-	-	27,023,874
Accounts payable (including related party)	23,034,968	61	17	17	-	23,035,063
Lease liabilities—current and non-current (Note)	21,907	40,311	56,994	96,875	280,398	496,485
Receipts under custody	2,215,500	213	1	-	-	2,215,714
<b>Total</b>	<b>\$ 162,617,230</b>	<b>744,584</b>	<b>249,012</b>	<b>288,891</b>	<b>280,398</b>	<b>164,180,115</b>
Proportion of the total	<b>99.05 %</b>	<b>0.45 %</b>	<b>0.15 %</b>	<b>0.18 %</b>	<b>0.17 %</b>	<b>100.00 %</b>
Cash inflow	125,415,598	18,019,695	15,459,733	6,426,967	29,421,370	194,743,363
Cash outflow	162,617,230	744,584	249,012	288,891	280,398	164,180,115
Net cash flow	(37,201,632)	17,275,111	15,210,721	6,138,076	29,140,972	30,563,248

Note: The disclosed amounts include estimated interests.

(Continued)



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

<u>Financial assets</u>	<b>December 31, 2022 (Restatement)</b>					
	<b>Cash flow gap</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Cash and cash equivalents	\$ 27,439,846	15,245,870	600,700	508,810	217,000	44,012,226
Customer margin account	31,425,419	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss – current	18,566,468	-	-	-	6,103,809	24,670,277
Open-end funds, money market instruments and other securities	287,819	-	-	-	-	287,819
Operating securities	16,775,498	-	-	-	5,726,805	22,502,303
Derivatives – OTC	570,586	-	-	-	-	570,586
Derivatives – Futures trading margin	398,978	-	-	-	-	398,978
Other debt securities	-	-	-	-	377,004	377,004
Call option – Futures	6	-	-	-	-	6
Securities invested by brokers	526,875	-	-	-	-	526,875
Foreign exchange derivatives	6,706	-	-	-	-	6,706
Financial assets measured at fair value through other comprehensive income – current and non-current	-	-	-	4,052,596	17,025,013	21,077,609
Receivables from pecuniary finance	17,530,600	2,469,910	860,237	645,178	-	21,505,925
Collateral for borrowed securities	66,922	-	-	-	-	66,922
Margin deposits for borrowed securities	5,619,101	-	-	-	-	5,619,101
Accounts receivables (including related party)	15,450,941	59,095	26,423	14,907	813	15,552,179
<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	<b>70.82 %</b>	<b>10.84 %</b>	<b>0.91 %</b>	<b>3.19 %</b>	<b>14.24 %</b>	<b>100.00 %</b>

(Continued)

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

<b>Financial liabilities</b>	<b>December 31, 2022 (Restatement)</b>					
	<b>Cash flow gap</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Short-term borrowings	\$ 130,000	60,000	-	-	-	190,000
Commercial papers issued	1,799,554	5,589,825	-	-	-	7,389,379
Held-for-trading financial liabilities — current	9,188,964	-	-	-	-	9,188,964
Call (put) warrants	193,965	-	-	-	-	193,965
Derivatives—OTC	5,557,330	-	-	-	-	5,557,330
Liabilities in sale of borrowed securities	3,437,627	-	-	-	-	3,437,627
Put option—Futures	42	-	-	-	-	42
Financial liabilities designated as at fair value through profit or loss	933,241	-	-	-	-	933,241
Securities sold under repurchase agreements	9,203,271	-	-	-	-	9,203,271
Securities financing refundable deposits	4,368,893	604,000	213,888	160,416	-	5,347,197
Deposits payable for securities financing	3,940,442	545,152	192,929	144,696	-	4,823,219
Securities lending refundable deposits	30,692,886	-	-	-	-	30,692,886
Futures customers' equity	31,425,419	-	-	-	-	31,425,419
Accounts payable (including related party)	14,988,852	237	83	62	-	14,989,234
Lease liabilities—current and non-current (Note)	25,163	50,024	68,800	114,537	317,988	576,512
Receipts under custody	2,755,258	198	-	-	-	2,755,456
<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 flow	6,647,354	10,925,439	1,011,660	4,801,780	23,028,647	46,414,880

Note: The disclosed amounts include estimated interests.

(Continued)

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

<u>Financial assets</u>	<u>September 30, 2022 (Restatement)</u>					
	<u>Cash flow gap</u>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Cash and cash equivalents	\$ 25,076,576	17,782,914	1,266,904	594,100	197,000	44,917,494
Customer margin account	31,084,169	-	-	-	-	31,084,169
Financial assets mandatorily measured at fair value through profit or loss – current	21,369,400	-	-	-	10,081,931	31,451,331
Open-end funds, money market instruments and other securities	1,010,138	-	-	-	-	1,010,138
Operating securities	18,738,628	-	-	-	9,681,066	28,419,694
Derivatives – OTC	581,353	-	-	-	-	581,353
Derivatives – Futures trading margin	393,157	-	-	-	-	393,157
Foreign exchange derivatives	4,813	-	-	-	-	4,813
Other debt securities	-	-	-	-	400,865	400,865
Call option – Futures	2,864	-	-	-	-	2,864
Securities invested by brokers	638,447	-	-	-	-	638,447
Financial assets measured at fair value through other comprehensive income – current and non-current	200,027	200,107	-	7,258,552	17,995,676	25,654,362
Bond purchased under resell agreement	61,179	-	-	-	-	61,179
Receivables from pecuniary finance	18,352,032	2,313,731	767,034	662,870	-	22,095,667
Collateral for borrowed securities	85,484	-	-	-	-	85,484
Margin deposits for borrowed securities	6,051,030	-	-	-	-	6,051,030
Accounts receivables (including related party)	19,486,099	54,889	24,329	15,216	831	19,581,364
Total	<u>\$ 121,765,996</u>	<u>20,351,641</u>	<u>2,058,267</u>	<u>8,530,738</u>	<u>28,275,438</u>	<u>180,982,080</u>
Proportion of the total	<u>67.28 %</u>	<u>11.25 %</u>	<u>1.14 %</u>	<u>4.71 %</u>	<u>15.62 %</u>	<u>100.00 %</u>

(Continued)

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

<b>Financial liabilities</b>	<b>September 30, 2022 (Restatement)</b>					
	<b>Cash flow gap</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Short-term borrowings	\$ 387,470	-	170,000	-	-	557,470
Commercial papers issued	13,940,962	900,000	-	-	-	14,840,962
Held-for-trading financial liabilities – current	8,626,107	-	-	-	-	8,626,107
Call (put) warrants	204,206	-	-	-	-	204,206
Derivatives – OTC	5,788,229	-	-	-	-	5,788,229
Liabilities in sale of borrowed securities	2,324,870	-	-	-	-	2,324,870
Bonds purchased under resell agreement – Borrowed securities	60,868	-	-	-	-	60,868
Replenishable bond	245,754	-	-	-	-	245,754
Put option – Futures	2,180	-	-	-	-	2,180
Financial liabilities designated as at fair value through profit or loss	859,966	-	-	-	-	859,966
Securities sold under repurchase agreements	14,249,258	-	-	-	-	14,249,258
Securities financing refundable deposits	3,454,448	430,242	139,814	124,469	-	4,148,973
Deposits payable for securities financing	3,887,514	484,992	158,045	140,120	-	4,670,671
Securities lending refundable deposits	32,716,891	-	-	-	-	32,716,891
Futures customers' equity	31,084,169	-	-	-	-	31,084,169
Accounts payable (including related party)	19,519,910	107	36	30	-	19,520,083
Lease liabilities – current and non-current (Note)	26,074	48,376	69,189	117,731	298,234	559,604
Receipts under custody	4,657,521	202	-	-	-	4,657,723
<b>Total</b>	<b>\$ 133,410,290</b>	<b>1,863,919</b>	<b>537,084</b>	<b>382,350</b>	<b>298,234</b>	<b>136,491,877</b>
Proportion of the total	<u>97.74 %</u>	<u>1.37 %</u>	<u>0.39 %</u>	<u>0.28 %</u>	<u>0.22 %</u>	<u>100.00 %</u>
Cash inflow	121,765,996	20,351,641	2,058,267	8,530,738	28,275,438	180,982,080
Cash outflow	133,410,290	1,863,919	537,084	382,350	298,234	136,491,877
Net cash flow	(11,644,294)	18,487,722	1,521,183	8,148,388	27,977,204	44,490,203

Note: The disclosed amounts include estimated interests.

As of the reporting date, the cash flows of Fubon Securities and its subsidiaries have shown an increase in net cash inflow in most of the periods. Fubon Securities and its subsidiaries maintained great net cash inflow to accumulated capital deficit for a long-term period which shows Fubon Securities and its subsidiaries could sustain adequate quality of capital volatility.

b) Capital liquidity risk management

In order to allocate capital effectively, Fubon Securities and its subsidiaries utilize liquidity risk management mechanisms to evaluate and monitor short-term cash flow requirements for various types of business, and consider local short-term, cross-border, or cross-market demand for capital.

(Continued)

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

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

In order to increase liquidity reserve, Fubon Securities and its subsidiaries sell the low-risk assets of dealing positions from trading departments. Fubon Securities and its subsidiaries dispose of high-liquidity stocks, government bonds, and other securities in order to respond to adverse shocks affecting the market. Fubon Securities and its subsidiaries also use secured loan credit lines and long-term financing credit lines from banks and bills corporations to implement Fubon Securities and its subsidiaries' capital allocation emergency response plan.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) Management strategy and principles

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes Fubon Bank (Hong Kong) and its subsidiaries' ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity maintenance ratio, and to make new loans and investments as opportunities arise.

Fubon Bank (Hong Kong) and its subsidiaries have a Liquidity Risk Management Policy which covers Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy, a mechanism to identify, measure, monitor and control liquidity risks, and also Fubon Bank (Hong Kong) and its subsidiaries' contingency funding plan. A Liquidity Risk Management Guideline covers risk measurement, risk reporting and operational requirements in implementing Fubon Bank (Hong Kong) and its subsidiaries' liquidity management strategy. The policy and guideline are both reviewed by the Asset and Liability Committee ("ALCO"). The policy and guideline are approved by Risk Committee of the Board ("RCB") and the ALCO respectively.

RCB reviews and approves Fubon Bank (Hong Kong) and its subsidiaries' risk appetite statement at least annually. Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy is to maintain a healthy liquidity position with adequate stock of liquid assets, well-diversified funding structure relying on a broad customer deposit portfolio with prudent loan-to-deposit ratio and money market funding ratio to support Fubon Bank (Hong Kong) and its subsidiaries' liquidity needs under both normal and stressed conditions.

(Continued)

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

It is the responsibility of management to ensure compliance with local regulatory requirements and limits set by RCB. Liquidity is managed on a daily basis by Funding Desk unit. The Funding Desk unit is responsible for ensuring that Fubon Bank (Hong Kong) and its subsidiaries have adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to minimize price and reinvestment rate risk in the case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

Compliance with liquidity and funding requirements is monitored by the ALCO and is reported to the RCB on a regular basis. This process includes:

- i) maintaining balances within relevant regulatory requirements;
- ii) predicting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- iii) maintaining adequate intraday liquidity position and assessing how the intraday liquidity profile will change in conditions of stress.
- iv) monitoring balance sheet liquidity and loan to deposit ratios against internal requirements;
- v) maintaining diversified sources of liquidity with adequate back-up facilities;
- vi) managing the concentration and profile of debt maturities;
- vii) managing lending commitment to customers within pre-determined management alert triggers;
- viii) managing debt financing plans;
- ix) monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix;
- x) setting up funding contingency plans, which identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systematic or other crises, while minimizing adverse long-term implications for the business; and
- xi) managing liquidity on a legal entity and on a group basis. Intragroup funding transactions are carried out at arm's length and treated in the same way as transactions with non-related third parties and controlled within pre-determined management alert triggers.

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

b) Qualitative explanation

i) The management of funding and liquidity risk

As part of its liquidity risk management, Fubon Bank (Hong Kong) and its subsidiaries focus on a number of components, including maintaining sufficient liquid assets, maintaining diversified sources of liquidity, reserving necessary funding capacity and contingent planning. Fubon Bank (Hong Kong) and its subsidiaries manage liquidity risk by holding sufficient liquid assets (e.g. cash and short-term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudential level. Debt securities held are marked to the market on daily basis to ensure their market liquidity. Fubon Bank (Hong Kong) and its subsidiaries also adopt a funding strategy that is to achieve diversification of funding by controlling the concentration of top deposits, wholesale funding and reliance of foreign exchange swap markets. Moreover, adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

In addition to observing the statutory liquidity ratio, Fubon Bank (Hong Kong) and its subsidiaries have established different liquidity risk metrics, including but not limited to the liquidity maintenance ratio, loan-to-deposit ratio, cumulative cash flow gap and concentration of funding sources to measure and analyze its liquidity risks. Financial Management Division is responsible for measurement and monitoring of these liquidity metrics and reporting to the ALCO regularly.

Fubon Bank (Hong Kong) and its subsidiaries applied the following different risks indicators to assess and monitor the balance sheet structure and concentration of funding sources at intervals throughout the year 2022:

- The loan-to-deposit ratio of all currencies remained below 80%, and each individual major loan did not exceed its relevant management alert triggers;
- Core funding ratio remained above 125%;
- Irrevocable and unfulfilled loan commitments (in terms of liquidity maintenance ratio) maintained at not more than HKD 9 billion;
- the concentration of single depositor maintained at less than 5% of total customer deposits;
- The concentration of the first ten depositors maintained at less than 20% of total customer deposits;
- The deposit concentration of financial organizations usually maintained at less than 15% of the total customer deposits;

(Continued)

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

- the ratio of swap fund (a measure of reliance on foreign exchange and/or currency swap markets) maintained at less than 15%;
- the wholesale fund remained at less than 20% of total fund;
- Certificates of deposit and other issued debt securities shall not exceed 10% of the total customer deposits (including certificates of deposit and other issued debt securities); and
- Group's internal funds shall maintain at a low level of not more than USD \$53,000 thousand.

ii) Core deposits

Fubon Bank (Hong Kong) and its subsidiaries monitor the stability of customer deposits by means of the core deposit ratio, which is the ratio of core deposits to total customer deposits. Fubon Bank (Hong Kong) and its subsidiaries categorize customer deposits into core deposits after taking into consideration of nature of deposits, relationship history with customers and stability of customer's total balance. An alert trigger level is set on the core deposits ratio which is monitored by the ALCO. In 2022, the core deposit ratio maintained above 25%.

iii) Loan to deposit ratio

Fubon Bank (Hong Kong) and its subsidiaries emphasize the importance of customer deposits as a source of funds to finance lending to customers, and mitigate against reliance on short-term interbank funding. A limit on the loan to deposit ratio is established and approved by the RCB and monitored by the ALCO.

iv) Cash flow forecasting and stress testing

Fubon Bank (Hong Kong) and its subsidiaries conduct cash flow analysis and cash flow forecasting arising from on-and off-balance sheet items over a set of time horizons on a regular basis to identify funding needs in specific time buckets. Fubon Bank (Hong Kong) and its subsidiaries also regularly perform stress tests on its liquidity position to ensure that proper liquidity is maintained. In the stress test, both on-and off-balance sheet items with a cash flow impact are considered, with applicable hypothetical and historical assumptions. Three stressed scenarios, namely an institution-specific crisis scenario, a general market crisis scenario, and a combined scenario are adopted with minimum survival period defined pursuant to HKMA's Supervisory Policy Manual guideline "Sound Systems and Controls for Liquidity Risk Management". Stress testing assumptions are reviewed and approved by the ALCO regularly to ensure their continued appropriateness.

(Continued)



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

v) Liquidity Cushion

Fubon Bank (Hong Kong) and its subsidiaries maintain a stock of high-quality readily liquefiable assets as a liquidity cushion against a range of stressed scenarios. The eligible assets are unencumbered, low credit risk and low market risk. The liquidity cushion is segregated from debt securities held for trading purposes. A certain portion of the liquidity cushion is made up of the most liquid and readily marketable assets (such as debt securities issued by government or multinational development banks) that can be easily liquidated to meet funding needs in the initial phase of liquidity stress.

The size of the liquidity cushion shall be adequate to meet Fubon Bank (Hong Kong) and its subsidiaries' day-to-day liquidity needs and also emergency funding needs under both normal and stress market conditions. The minimum required liquidity cushion size is determined with reference to the funding gap arising from the results of the periodic liquidity stress tests of Fubon Bank (Hong Kong) and its subsidiaries. Management alert triggers are established by the ALCO to ensure sufficient size of liquidity cushion is maintained and appropriate diversification among the liquidity cushion is achieved. The size and mix of the liquidity cushion is reviewed by the ALCO regularly.

Size and portfolio of liquidity cushion were maintained above all relevant management alert triggers throughout the year 2022:

- net long position of Exchange Fund Bills/Notes held was maintained at not less than HKD 2 billion;
- assets eligible for Lenders of Last Resort purpose was maintained at not less than 30% of total customer deposits;
- level 1 high-quality readily liquefiable assets were maintained at not less than 9% of total customer deposits;
- non-financial institution high-quality readily liquefiable assets were maintained at not less than 26% of total customer deposits; and
- total high-quality readily liquefiable assets were maintained at not less than 32% of total customer deposits.

vi) Contingent liquidity risk

Fubon Bank (Hong Kong) and its subsidiaries provide customers with committed and standby facilities. These facilities increase the funding requirements of Fubon Bank (Hong Kong) and its subsidiaries when customers drawdown. The liquidity risk associated with the potential drawdown on committed facilities is factored into our stressed scenarios and a management alert trigger is set for these facilities.

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

vii) Contingency funding plan

Fubon Bank (Hong Kong) and its subsidiaries have formulated a Contingency Funding Plan (“CFP”) that describes Fubon Bank (Hong Kong) and its subsidiaries’ strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations. The CFP is designed to be pro-active and pre-emptive. Fubon Bank (Hong Kong) and its subsidiaries utilize early warning indicators, which cover both qualitative and quantitative measures, monitoring both internal and external factors. Should there be any early signs of significant impact on Fubon Bank (Hong Kong) and its subsidiaries’ liquidity position, the management would be informed for their consideration. Once the CFP is triggered, a Crisis Management Team, which is led by the senior management, is formed to handle the crisis. Strategy and procedures in obtaining contingency funding, as well as roles and responsibilities of parties concerned are clearly stated. The CFP also includes the analysis of cash flow projections to estimate potential liquidity needs under stress scenarios.

The CFP is subject to regular testing to ensure its effectiveness and operational feasibility, particularly in respect of the availability of the contingency sources of funding listed in it. The CFP is also subject to review and update on a regular basis to ensure it remains robust over time. Any changes to the CFP would be approved by the RCB.

Moreover, in accordance with the HKMA’s Supervisory Policy Manual “Recovery Planning”, Fubon Bank (Hong Kong) and its subsidiaries have established a Recovery Plan, which has been approved by the Board. The Recovery Plan helps ensure that Fubon Bank (Hong Kong) and its subsidiaries are able to recover quickly from period of severe stress and preserve or restore its liquidity level. The Recovery Plan is subject to a regular, at least annual, review and update.

c) The maturity analysis of non-derivative financial liabilities

Units: In thousands of HKD

	September 30, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 580,465	1,062,141	-	-	-	1,642,606
Securities sold under repurchase agreements	2,016,442	3,597,555	224,609	-	-	5,838,606
Financial bonds payable	45,867,128	29,883,978	22,717,258	13,411,087	47,955	111,927,406

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

Units: In thousands of HKD

	<b>December 31, 2022</b>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 349,961	1,305,495	-	-	-	1,655,456
Securities sold under repurchase agreements	3,030,771	3,158,711	-	-	-	6,189,482
Financial bonds payable	48,829,749	29,081,891	17,713,654	11,204,119	346,959	107,176,372

Units: In thousands of HKD

	<b>September 30, 2022</b>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Non-derivative financial liabilities measured at fair value through profit or loss	\$ 499,385	798,831	-	-	-	1,298,216
Securities sold under repurchase agreements	3,564,221	2,831,247	-	-	-	6,395,468
Financial bonds payable	42,391,207	27,394,153	19,304,516	13,966,986	166,704	103,223,566

## d) The maturity analysis of derivative financial liabilities

## i) Net settlement derivative instruments

Units: In thousands of HKD

	<b>September 30, 2023</b>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 12,914,565	1,756,272	1,216,823	941,269	3,272,136	20,101,065
– Interest rate derivative instruments	-	-	-	-	74,032	74,032
Derivative financial liabilities for hedging						
– Interest rate derivative instruments	258,351	97,860	491,471	3,108,033	23,365,720	27,321,435
<b>Total</b>	<b>\$ 13,172,916</b>	<b>1,854,132</b>	<b>1,708,294</b>	<b>4,049,302</b>	<b>26,711,888</b>	<b>47,496,532</b>

Units: In thousands of HKD

	<b>December 31, 2022</b>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 9,307,786	1,927,248	1,605,177	785,015	-	13,625,226
Derivative financial liabilities for hedging						
– Interest rate derivative instruments	452,960	648,201	1,607,226	2,092,986	21,245,908	26,047,281
<b>Total</b>	<b>\$ 9,760,746</b>	<b>2,575,449</b>	<b>3,212,403</b>	<b>2,878,001</b>	<b>21,245,908</b>	<b>39,672,507</b>

(Continued)

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

Units: In thousands of HKD

	<b>September 30, 2022</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 9,473,262	1,748,301	1,016,781	1,308,651	-	13,546,995
Derivatives financial liabilities for hedging						
– Interest rate derivative instruments	7,850	800,685	1,106,829	3,362,091	21,135,908	26,413,363
<b>Total</b>	<b>\$ 9,481,112</b>	<b>2,548,986</b>	<b>2,123,610</b>	<b>4,670,742</b>	<b>21,135,908</b>	<b>39,960,358</b>

## ii) The maturity analysis of off-balance sheet items

Units: In thousands of HKD

	<b>September 30, 2023</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	
Irrevocable loan commitments	\$ 113	335,588	4,142	162,415	3,365,265	3,867,523
Standby letters of credit	91,883	404,506	44,338	-	-	540,727
Financial guarantees	22,519	42,955	18,221	30,485	24,355	138,535
<b>Total</b>	<b>\$ 114,515</b>	<b>783,049</b>	<b>66,701</b>	<b>192,900</b>	<b>3,389,620</b>	<b>4,546,785</b>

Units: In thousands of HKD

	<b>December 31, 2022</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	
Irrevocable loan commitments	\$ 99,843	218,982	95,383	344,533	1,536,322	2,295,063
Standby letters of credit	166,585	144,261	31,710	-	-	342,556
Financial guarantees	3,320	12,132	5,600	71,576	33,634	126,262
<b>Total</b>	<b>\$ 269,748</b>	<b>375,375</b>	<b>132,693</b>	<b>416,109</b>	<b>1,569,956</b>	<b>2,763,881</b>

Units: In thousands of HKD

	<b>September 30, 2022</b>					<b>Total</b>
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	
Irrevocable loan commitments	\$ 2,112	482,513	569,129	129,493	1,596,030	2,779,277
Standby letters of credit	49,657	186,278	18,607	-	-	254,542
Financial guarantees	2,684	1,500	59,207	8,926	52,813	125,130
<b>Total</b>	<b>\$ 54,453</b>	<b>670,291</b>	<b>646,943</b>	<b>138,419</b>	<b>1,648,843</b>	<b>3,158,949</b>

(Continued)

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

(v) Market risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) The definition and classification of market risk

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

b) Market risk strategy and procedures

Taipei Fubon Bank (The Bank)

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

Fubon Bank (China)

Pursuant to the guidance of relevant laws and regulations, a series of policies and procedures regarding market risk management policies and procedure control are stipulated to regulate internal control of market risks as well as trading strategies and limits. IT systems are also established to identify, quantify, monitor and control market risks, ensuring that market risk exposures of Fubon Bank (China) are managed strongly and effectively.

(Continued)

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

c) Organization and framework

Taipei Fubon Bank (The Bank)

To strengthen risk management function, the Bank has established the Risk Management Committee, which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to review related significant market risk policies, monitor changes in the Bank's significant market risk information and compliance with the quota. The Bank has established the Risk Management Division, which is responsible for formulating policies on and procedures for market risk management, enforcing market risk limits, reporting market risk events timely and validating valuation models independently. Furthermore, the Independent Audit Department under the Board of Directors is an added support for the market risk management framework.

Fubon Bank (China)

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

The Risk Management Department, which is independent from front trading desk and back settlement desk, is responsible for implementing market risk policies authorized by the Board and the senior management. Internal Audit Department is responsible for reviewing and evaluating the effectiveness and independence of the risk management system. Compliance Department, on the other hand, is accountable for monitoring compliance risk and reporting to the Board and senior management.

(Continued)

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

d) Market risk management, control and reporting

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

e) Measurement of trading book market risk

Taipei Fubon Bank (The Bank)

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

i) VaR (Value at Risk)

VaR is a tool that measures “the worst expected loss over a given time horizon under normal market conditions at a given level of confidence.” The Bank adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level. The Bank adopts the historical simulation to calculate current VaR and stressed VaR, covering most market risk scenarios. To ensure the VaR’s quality, the Bank performs back-testing and statistical tests regularly.

VaR information of trading book is shown below:

<u>Common VaR</u>	<u>For the nine months ended September 30, 2023</u>			
	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	<u>End of period</u>
Equity group	\$ 5,598	705	3,332	705
Interest rate group	137,842	25,366	89,132	25,366
Exchange rate group	34,698	7,045	17,842	7,045
Volatility group	927	300	523	807
Diversification effect	-	-	(24,094)	(9,365)
Common VaR of trading book			<u>\$ 86,735</u>	<u>24,558</u>

(Continued)

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

<u>Common VaR</u>	<u>For the nine months ended September 30, 2022</u>			<u>End of period</u>
	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	
Equity group	\$ 20,117	759	6,166	759
Interest rate group	94,136	24,258	55,322	94,136
Exchange rate group	19,879	8,499	14,266	16,776
Volatility group	880	382	599	542
Diversification effect	-	-	(22,095)	(16,703)
Common VaR of trading book			<u>\$ 54,258</u>	<u>95,510</u>

Note 1: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because it has no significant meaning.

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

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

ii) Stress testing

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

Fubon Bank (China)

To manage the trading book market risks, Fubon Bank (China) has set appropriate market risk measurements and relevant risk limits based on its trading products and the features and complexity of its risk exposures, including position limits on notional amounts, net exposures of foreign currencies, stop loss limits of various products, and sensitivity limits. Fubon Bank (China)'s main currency businesses of trading book are spot trade and options. The main interest rate businesses of trading book are bonds, forward contracts, currency swap and CNY interest rate swap. The market risk level is normal.

(Continued)



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

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

JihSun Bank

<b>99%C.L.1 day (VaR)</b>	Unit: In thousands of TWD		
	<b>For the nine months ended September 30, 2022</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Exchange Rate risk	\$ 692	1,819	65
Interest Rate risk	180	721	106
Equity Price risk	-	-	-
Securities in all	705	1,832	122

f) Banking Book Market Risk

Taipei Fubon Bank (The Bank)

i) Interest rate risk

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

Banking book interest rate risk refers to possible loss due to unfavorable changes in interest rates for the banking book portfolio. One of the methods used to determine exposure to interest rate risks is earnings analysis, which focuses on the effects interest rate changes on the earnings of the banking book portfolio, especially earnings in the short term. Had the interest rate increased/decreased 1bps (basis points) as of September 30, 2023, December 31 and September 30, 2022, and all other factors been held constant, the net interest income would have decreased/increased by \$4 million, \$8 million and \$8 million, respectively.

(Continued)

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

ii) Exchange rate risk

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

The Bank has a foreign exchange business, overseas branches, overseas subsidiaries branch's investment accounted for using the equity method. As of September 30, 2023, the percentage of the exchange differences on translation of foreign operation is immaterial when compared with the Bank's entire foreign currency position.

iii) Equity securities risk

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

The sensitivity analysis for equity positions of banking book is listed below:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Stock prices increased by 10%	\$ -	2,993,724	-	3,190,628	-	2,958,010
Stock prices decreased by 10%	-	(2,993,724)	-	(3,190,628)	-	(2,958,010)

(Continued)

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

Fubon Bank (China)

i) Interest rate risk

The interest rate risk of Fubon Bank (China) is mainly from the risk of interest repricing. Calculate the repricing gap of interest-rate sensitive assets and liabilities according to the standardized measurement framework designated by local regulatory authorities, and set risk indicators for monitoring. Assuming the other conditions remain the same, the following sensitivity analysis is performed for the risk measure in terms of a 50 basis point increase or decrease in interest rate:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Interest rate increased by \$ 50 basis points	(532,572)	(30,288)	(150,321)	(328,971)	(169,508)	(393,257)
Interest rate decreased by 50 basis points	517,612	31,108	150,970	238,370	169,928	296,938

Units: In thousands of CNY

ii) Exchange rate risk

Fubon Bank (China) uses CNY to perform the loan/deposit and inter-bank borrowing and foreign currency is composed of USD. In order to effectively control the exchange rate risk, Fubon Bank (China) establishes the foreign exchange gap controlling conditions and simultaneously conducts the foreign currency sensitivity analysis on assets/liabilities, based on its risk-taking ability and operating strategy. Assuming CNY appreciates or depreciates 5% compared to all foreign currency spot rate and forward rate, the outcome is as follows:

	September 30, 2023		December 31, 2022		September 30, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Foreign exchange rate for USD and HKD against CNY increased by 5%	\$ (838,762)	294,147	(275,313)	341,540	(179,967)	326,983
Foreign exchange rate for USD and HKD against CNY decreased by 5%	838,762	(294,147)	275,313	(341,540)	179,967	(326,983)

Units: In thousands of CNY

(Continued)

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

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

Unit: In thousands of TWD

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

Unit: In thousands of TWD

<b>September 30, 2022</b>			
<b>Risk Item</b>	<b>Movement</b>	<b>Amount</b>	
		<b>Profit and loss</b>	<b>Equity</b>
Interest	Interest rate curve shift up 100bps	\$ 2,766	(267,961)
Rate Risk	Interest rate curve shift down 100bps	(2,823)	276,580
Exchange	Foreign currency appreciate 7% against TWD	(1,869)	319,701
Rate Risk	Foreign currency depreciate 7% against TWD	1,869	(319,701)
Equity	Equity price appreciate 20%	-	-
Price Risk	Equity price depreciate 20%	-	-

(Continued)

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

g) Effect of interest rate benchmark reform

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

Taipei Fubon Bank and its subsidiaries established a USD LIBOR transition project. This transition project coordinates the changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at September 30, 2023, changes required to IT systems and internal processes have been implemented. For the financial assets that yet deformed, the transition is expected to be completed before the first repricing date or before the cease of quoting of the Synthetic LIBOR.

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

	<u>September 30, 2023</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 1,135,159	-
Debts investments	6,696,368	-
	<u>December 31, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 78,229,690	75,592,244
Debts investments	45,033,833	34,512,046

(Continued)

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

	<u>September 30, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 84,087,265	82,393,256
Debts investments	46,189,700	36,588,756

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

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

	<u>September 30, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 157,423,000	-
Cross currency swap contracts	4,697,955	-
Equity swap contracts	2,617,238	-
Foreign exchange swap contracts	10,112,540	-

(Continued)

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

2) Fubon Life Insurance and its subsidiaries

Market risk refers to the risk that the value of assets decreases due to disadvantageous movement of the market price and this may result in a loss to Fubon Life Insurance and its subsidiaries. The risk factors of the market price fluctuation include interest rates, foreign exchange rates, stock prices, and commodity prices.

Guided by Assets and Liabilities Management Committee and other operations, Fubon Life Insurance takes financial environment, all the economic indicators, liability risk properties and ALM into account, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee or other operations. This is to allow assets and liabilities to coordinate better in terms of payment terms and profits, to pursue long term business and protect the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to Fubon Life Insurance and its subsidiaries.

Fubon Life Insurance and its subsidiaries widely apply various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these two instruments, Fubon Life Insurance and its subsidiaries are able to measure, monitor and manage market risk completely and effectively.

a) Value at Risk

Value at Risk is to apply statistical techniques to measure the maximum potential loss of the investment portfolio resulted from market risk factor variation in a given period of time and under certain confidence interval. Fubon Life Insurance and its subsidiaries apply 99% as the confidence interval to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure that Fubon Life Insurance and its subsidiaries are able to measure the maximum potential risk of the portfolios reasonably, completely and accurately.

(Continued)

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

b) Sensitivity analysis

Besides using VaR to manage market risk, Fubon Life Insurance and its subsidiaries adopt sensitivity analysis to serve as a basis for corporate risk analysis, risk alert and operation management. Sensitivity analysis is to measure the amount changed in the portfolio value resulted from the variation of single risk factor. This will facilitate Fubon Life Insurance and its subsidiaries to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (Fubon Life Insurance)

Units: In thousands of TWD

<b>September 30, 2023</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	69,743,744
	Price decline by 10%	-	(69,743,744)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(10,777)	(24,876,226)
	Yield curve (TWD) incline by 50BPS	-	(11,592,740)
	Yield curve (Other) incline by 50BPS	(379)	(223,171)
	Yield curve (USD) decline by 50BPS	10,818	24,886,537
	Yield curve (TWD) decline by 50BPS	-	12,168,879
	Yield curve (Other) decline by 50BPS	380	227,198
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(18,505,535)	(10,894,989)
	TWD to all currency decline by 3%	18,505,535	10,894,989

Units: In thousands of TWD

<b>December 31, 2022</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	66,468,482
	Price decline by 10%	-	(66,468,482)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(6,905)	(39,515,967)
	Yield curve (TWD) incline by 50BPS	-	(12,438,041)
	Yield curve (Other) incline by 50BPS	(320)	(363,382)
	Yield curve (USD) decline by 50BPS	6,928	41,241,659
	Yield curve (TWD) decline by 50BPS	-	12,599,425
	Yield curve (Other) decline by 50BPS	321	375,488
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(12,294,522)	(10,281,863)
	TWD to all currency decline by 3%	12,294,522	10,281,863

(Continued)



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

Units: In thousands of TWD

<b>September 30, 2022</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	63,056,821
	Price decline by 10%	-	(63,056,821)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(7,704)	(37,941,502)
	Yield curve (TWD) incline by 50BPS	-	(12,900,816)
	Yield curve (Other) incline by 50BPS	(355)	(369,298)
	Yield curve (USD) decline by 50BPS	7,732	39,828,113
	Yield curve (TWD) decline by 50BPS	-	12,915,847
	Yield curve (Other) decline by 50BPS	356	382,158
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(13,306,169)	(11,846,014)
	TWD to all currency decline by 3%	13,306,169	11,846,014

## Sensitivity analysis (Fubon Hyundai Life Insurance)

Units: In thousands of KRW

<b>September 30, 2023</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	158,962,987
	Price decline by 10%	-	(158,962,987)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	-	(40,772,043)
	Yield curve (KRW) incline by 50BPS	-	(35,255,085)
	Yield curve (USD) decline by 50BPS	-	43,362,251
	Yield curve (KRW) decline by 50BPS	-	36,317,797
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	20,305,160	-
	KRW to all currency decline by 3%	(20,305,160)	-

Units: In thousands of KRW

<b>December 31, 2022</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	125,434,910
	Price decline by 10%	-	(125,434,910)
Interest rate risk (Yield curve)	Yield curve (KRW) incline by 50BPS	-	(52,211,254)
	Yield curve (KRW) decline by 50BPS	-	54,095,718
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	4,511,659	-
	KRW to all currency decline by 3%	(4,511,659)	-

(Continued)

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Units: In thousands of KRW

September 30, 2022			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	130,222,863
	Price decline by 10%	-	(130,222,863)
Interest rate risk	Yield curve (KRW) incline by 50BPS	-	(57,102,577)
	Yield curve (KRW) decline by 50BPS	-	59,177,494
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	18,846,210	-
	KRW to all currency decline by 3%	(18,846,210)	-

Note 1: The sensitivity analysis of equity risk and interest rate risk mainly includes financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The scenario of equity risk includes stocks and funds, but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The exchange rate risk sensitivity analysis excludes foreign currency policy, OIU assets, and overseas funds denominated in TWD.

Note 2: The abovementioned sensitivity analysis is a scenario assumed that the impact of changes in risk factor on fair value is based on other factors which remained constant.

Note 3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect \$(224) thousand, \$(145) thousand and \$(161) thousand in profit or loss and \$(738,130) thousand, \$(1,065,296) thousand and \$(1,047,448) thousand in equity of Fubon Life Insurance on September 30, 2023, December 31 and September 30, 2022, respectively.

Note 4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect KRW (1,556,341) thousand, KRW (1,062,692) thousand and KRW (1,162,386) thousand in equity of Fubon Hyundai Life Insurance Co., Ltd on September 30, 2023, December 31 and September 30, 2022, respectively.

Hong Kong and Vietnam subsidiaries are considered insignificant to the consolidated disclosures after Fubon Life Insurance and its subsidiaries' assessment; therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

c) Interest Rate Benchmark Reform

Fubon Life Insurance and its subsidiaries completed their transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform). Fubon Life Insurance and its subsidiaries' remaining IBOR exposures as at June 30, 2023 – financial assets indexed to US dollar LIBOR – have been automatically switched to the Secured Overnight Financing Rate (SOFR) in accordance with fallback clauses. This includes \$31,385,914 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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3) Fubon Insurance and its subsidiaries

Market risk is the risk of losses in the value of assets in a given period resulting from unfavorable changes in the asset's market prices. Fubon Insurance and its subsidiaries management set a monitor system on the concentration of daily transactions, established a sound crisis response mechanism to deal with working capital demand due to emergency or abnormal event.

a) Management process of market risk

i) Risk identification

To achieve market risk management goal, Fubon Insurance and its subsidiaries have identified potential market risk factors encountered during operation process. Positions in different financial instruments were classified into four categories, mainly interest, foreign exchange rate, equity security and commodity.

ii) Risk measurement

1. Establish a risk quantification model, adopt basic statistical measurement, sensitivity analysis and scenario analysis etc., for different risk factors to measure market risk.
2. Analyze outcome from the risk model for better market risk planning, supervision and control.
3. Measure possible losses from the holding position daily under normal market fluctuation and perform stress testing monthly.
4. Evaluate accuracy of the risk model by retroactive testing or other methodologies.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iii) Risk monitoring

Fubon Insurance and its subsidiaries have established market risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limit is breached. Fubon Insurance and its subsidiaries have established proper monitoring frequency and hierarchical reporting mechanism to ensure proper reporting whenever there is any abnormal situation occurred or any deficiency identified. A specific reporting procedure would be followed to ensure the control of timing in dealing with significant market risk.

iv) Risk responding

As market risk occurs, the head of any related unit being impacted or in-charge unit with relevant authority would respond to the event immediately, and report to risk management and related departments based on the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the risk event, develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

b) Concentration of market risk

The main counterparty and buyer of financial instruments of Fubon Insurance and its subsidiaries are companies in financial industry. There are rules about limitation of the government bonds, fixed income bonds, bonds, convertible bonds, funds, stocks, derivative financial instruments, structured notes and bonds securitization to control the risk.

c) Market risk management mechanism

i) Risk tolerance management

Risk tolerance refers to the maximum amount of risk an entity is willing to withstand. Market risk tolerance is submitted to and approved by the Risk Management Committee annually.

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Risk limit management

Establishment of risk limits is to put risk tolerance management into practice. Risk limits for different financial products were made by trading position, investment position and hedging position separately. When setting risk limits, various factors were taken into account, such as risk tolerance, business history, expected budget target, market liquidity of a specific product, historical utilization of risk limits, traders' trading experiences, trading system and supports by the operation department. The amendments of risk limits should first be proposed to Risk Control Department of the Company and signed by internal delegates. After reviewed by the Risk Management Committee of the Company and Fubon Insurance, the amendments are presented to the Board of Directors. Under system support, Fubon Insurance and its subsidiaries' limits include VaR and foreign exchange risk.

iii) Valuation management

Commodity is evaluated based on the market value if it is available. If the market value is not readily available, the product value will be calculated using the latest market price, quotation from the counterparty or valuation model.

d) Risk value model

Risk value is a statistical estimate of probable worst outcome during normal fluctuation. Fubon Insurance and its subsidiaries use value at risk (VaR) model to measure the potential maximum loss in value of an investment portfolio at risk over a period of ten-day for a 99% confidence interval with respect to different market factors.

Fubon Insurance and its subsidiaries apply retroactive testing which provides estimates of the accuracy of VaR model to check whether a VaR methodology is being used appropriately, completely and accurately in measuring the potential maximum loss in value of an investment portfolio. The retroactive testing procedure consists of calculating the number or percentage of times that the actual portfolio returns fall outside the VaR estimate. A VaR is computed over a period of one year with reconciled profit and loss on a daily basis. Fubon Insurance and its subsidiaries periodically monitor the outcome of the aforementioned model and test the accuracy of parameters and assumptions being used.

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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i) Fubon Insurance

Units: In thousands of TWD			
<b>September 30, 2023</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 372,244	488,528	296,643
Equity group	560,227	633,202	467,115
Fund group	6,637	9,814	4,735
Asset securitization group	106,460	118,823	90,480
Total position	784,561	1,094,986	563,473
<b>December 31, 2022</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 708,052	863,621	421,746
Equity group	1,371,072	2,470,680	571,023
Fund group	90,095	167,767	6,645
Asset securitization group	54,310	128,969	37,857
Total position	1,686,053	2,632,476	1,072,385
<b>September 30, 2022</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 728,121	863,621	421,746
Equity group	1,615,714	2,470,680	710,020
Fund group	115,000	167,767	77,935
Asset securitization group	49,308	80,768	37,857
Total position	1,837,673	2,632,476	1,171,897

ii) Fubon Property and Casualty Insurance

Units: In thousands of TWD			
<b>September 30, 2023</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 6,813	14,956	5,956
Equity group	37,624	45,885	32,936
Total position	41,569	52,619	34,611
<b>December 31, 2022</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 9,027	48,122	3,262
Equity group	44,281	61,648	16,211
Total position	46,741	80,134	25,910

(Continued)

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

<u>Common VaR</u>	<u>September 30, 2022</u>		
	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 15,206	20,624	3,271
Equity group	70,001	61,648	26,315
Total position	73,362	74,500	25,958

Note 1: VaR was adopted for the nine months ended September 30, 2023 and 2022 and for the year ended December 31, 2022.

Note 2: VaR was computed over a period of ten days.

Since Vietnam, Thailand and Philippines subsidiaries did not have any investment, it was unnecessary to disclose their risk value.

4) Fubon Securities and its subsidiaries

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

Trading book positions fit the following definitions:

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

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

i) Guidelines and Procedures

Fubon Securities and its subsidiaries have enacted comprehensive policies of market risk management and have established mechanism for deal execution, clearing and settlement. Based on the risk factors they are exposed to trading book positions are categorized in the following four groups: interest rates instruments, exchange rates instruments, securities and commodities. Fubon Securities and its subsidiaries have established management policies and market risk limits that implement the risk management systems to identify, measure, monitor and control the market risk.

(Continued)

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

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

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

iii) Procedure for Market Risk Control, Reporting and Verification

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

iv) Market Risk Measurement of Trading Book

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

(Continued)



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

VaR is defined as ‘the worst expected loss over a target horizon with a given level of confidence and normal market environment’. Fubon Securities and its subsidiaries adopt Historical Simulation risk models to evaluate the one-day worst loss on current net positions, with a 99% confidence level. Historical Simulation is used to calculate Common VaR and Stressed VaR, which reflects the impact on position held by Fubon Securities and its subsidiaries in the historical scenario. To conform to Basel Committee on Banking Supervision’s suggestion after the financial crisis in 2008, a new Stressed VaR used a 12-month period of market turmoil to assess potential losses above the 99% confidence level used in the VaR model. The outcome of Historical Simulation was easier to explain and understand, and the method could also avoid mistaken risk factor hypotheses being used. To ensure the quality of VaR measures, Fubon Securities and its subsidiaries execute statistical hypothesis testing and back-testing periodically.

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

Common VaR information of trading book was as follows:

Units: In thousands of TWD

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

<u>Common VaR</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Foreign exchange rate	\$ 1,692	941	1,283
Interest rate	54,066	16,395	36,962
Equity	43,646	37,356	40,845
Fluctuation	2,488	2,038	2,229

Units: In thousands of TWD

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

<u>Common VaR</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Foreign exchange rate	\$ 2,053	348	1,347
Interest rate	24,197	14,600	20,086
Equity	58,382	45,754	52,736
Fluctuation	8,980	5,242	6,541

(Continued)

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

**For the nine months ended September 30, 2023**

<u>Common VaR</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Foreign exchange rate	\$ 3,677	437	1,593
Interest rate	68,511	16,395	39,038
Equity	62,935	37,356	45,839
Fluctuation	5,549	1,214	2,503

Units: In thousands of TWD

**For the nine months ended September 30, 2022**

<u>Common VaR</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Foreign exchange rate	\$ 2,053	280	1,020
Interest rate	38,154	10,358	23,823
Equity	60,524	36,583	48,483
Fluctuation	8,980	1,042	4,060

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

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

Units: In thousands of TWD

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

<u>Common VaR</u>	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>
Foreign exchange rate	\$ -	-	-
Interest rate	3,235	632	2,096
Equity	7,051	2,482	4,727
Fluctuation	-	-	-

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

(Continued)

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

**For the nine months ended September 30, 2022**

<b>Common VaR</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average</b>
Foreign exchange rate	\$ -	-	-
Interest rate	18,445	632	7,585
Equity	12,301	2,482	7,482
Fluctuation	-	-	-

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

#### Stress Testing

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

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

#### Sensitivity analysis

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

1. Delta: Measure the changing value of a specific asset whose price changes 1%.
2. Gamma: Measure the changing Delta value of a specific asset whose price changes 1%.
3. Vega: Measure the changing value of a specific asset whose price volatility changes 1%.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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4. Price Value of Basis Point (PVBP): Measure the changing value of the yield rate curve when it moves 1 bp in parallel.

v) Interest Rate Benchmark Reform

Fubon Securities and its subsidiaries completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform). Fubon Securities and its subsidiaries' remaining IBOR exposures as at 31 December 2022 – corporate debt securities indexed to US dollar London Inter-bank Offered Rate – have been automatically switched to the Secured Overnight Financing Rate in accordance with fallback clauses.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) The definition and classification of market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and other derivative instruments, as well as from balance sheet or structural positions. Fubon Bank (Hong Kong) and its subsidiaries transact in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, market making activities, and offsetting transactions in order to hedge Fubon Bank (Hong Kong) and its subsidiaries' open position. Fubon Bank (Hong Kong) and its subsidiaries do not engage in significant proprietary trading.

b) Guidelines and procedures

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce Fubon Bank (Hong Kong) and its subsidiaries' exposure to the volatility inherent in financial instruments.

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (Hong Kong) and its subsidiaries have also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board of Directors. Market risk is managed within various limits approved by the Board of Directors. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits. The Asset and Liability Committee reviews and approves these restrictions, which are approved by the Board of Directors at least once a year. Regular monitoring is performed daily and the results are reported to the members of the Asset and Liability Committee. The risk exposures are also reported to the Risk Committee at least monthly.

The sale of derivatives to customers as risk management products and the subsequent use of derivatives to manage the resulting position is an integral part of Fubon Bank (Hong Kong) and its subsidiaries' business activities. These instruments are also used to manage Fubon Bank (Hong Kong) and its subsidiaries' own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by Fubon Bank (Hong Kong) and its subsidiaries are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. Fubon Bank (Hong Kong) and its subsidiaries also purchases exchange traded derivatives. Most of Fubon Bank (Hong Kong) and its subsidiaries' derivatives positions have been entered into to meet customer demand and to hedge these and other positions.

One of the tools used by Fubon Bank (Hong Kong) and its subsidiaries to monitor and limit market risk exposure is Value-at-risk (VaR). VaR is one of the techniques that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The calculation uses the historical simulation method as the means to estimate the statistical confidence level.

The VaR technique is only effective for potential loss events which are not correlated. Fubon Bank (Hong Kong) and its subsidiaries therefore augment its VaR limits with other positions and sensitivity limit structures. Additionally, Fubon Bank (Hong Kong) and its subsidiaries apply a wide range of sensitivity analysis and stress testing, both on individual portfolios and on Fubon Bank (Hong Kong) and its subsidiaries' consolidated positions to assess the potential impact on Fubon Bank (Hong Kong) and its subsidiaries' earnings as a result of extreme movements in market prices.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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c) Organization and framework

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

d) Evaluation technique of market risk: Value at risk (VaR). Fubon Bank (Hong Kong) adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level.

The following table shows the relevant market risk VaR:

Units: In thousands of HKD

<b>VaR</b>	<b>September 30, 2023</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Foreign exchange risk	\$ 175	1,500	42
Interest rate risk	103	1,338	56
Total risk	171	1,515	65

Units: In thousands of HKD

<b>VaR</b>	<b>December 31, 2022</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Foreign exchange risk	\$ 181	2,059	21
Interest rate risk	69	1,110	1
Total risk	171	2,062	30

Units: In thousands of HKD

<b>VaR</b>	<b>September 30, 2022</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Foreign exchange risk	\$ 164	2,059	21
Interest rate risk	43	263	1
Total risk	150	2,062	30

(Continued)

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e) Sensitivity information of interest rate risk, foreign exchange risk and equity risk

Units: In thousands of HKD

<b>September 30, 2023</b>			
<b>Main risk</b>	<b>Variance</b>	<b>Influenced amount</b>	
		<b>Equity</b>	<b>profit or loss</b>
Foreign exchange risk	10% increase in HKD	-	13,400
Foreign exchange risk	10% decrease in HKD	-	(13,400)
Interest rate risk	+100 basis points shift in yield curves	415,038	(576,047)
Interest rate risk	-100 basis points shift in yield curves	(415,038)	576,047
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

Units: In thousands of HKD

<b>December 31, 2022</b>			
<b>Main risk</b>	<b>Variance</b>	<b>Influenced amount</b>	
		<b>Equity</b>	<b>profit or loss</b>
Foreign exchange risk	10% increase in HKD	-	(155,300)
Foreign exchange risk	10% decrease in HKD	-	155,300
Interest rate risk	+100 basis points shift in yield curves	491,227	(517,461)
Interest rate risk	-100 basis points shift in yield curves	(491,227)	517,461
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

Units: In thousands of HKD

<b>September 30, 2022</b>			
<b>Main risk</b>	<b>Variance</b>	<b>Influenced amount</b>	
		<b>Equity</b>	<b>profit or loss</b>
Foreign exchange risk	10% increase in HKD	-	(355,400)
Foreign exchange risk	10% decrease in HKD	-	355,400
Interest rate risk	+100 basis points shift in yield curves	487,142	(543,456)
Interest rate risk	-100 basis points shift in yield curves	(487,142)	543,456
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

f) Interest Rate Benchmark Reform—Phase 2 Amendment

Fubon Bank (Hong Kong) and its subsidiaries completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), during the interim period. Fubon Bank (Hong Kong) and its subsidiaries' remaining IBOR exposures as at 31 December 2022 – financial assets indexed to US dollar London Inter-bank Offered Rate – have been automatically switched to the Secured Overnight Financing Rate in accordance with fallback clauses.

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(vi) Transfer of financial assets

1) Taipei Fubon Bank and its subsidiaries

Transferred financial assets that are not completely derecognized

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

Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

<u>Types of financial assets</u>	<u>September 30, 2023</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 5,006,565	4,771,331
Debt investments measured at amortized cost		
Repurchase agreements	77,587,020	70,256,905
<u>Types of financial assets</u>	<u>December 31, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 14,848,002	14,318,154
Debt investments measured at amortized cost		
Repurchase agreements	95,942,054	85,822,549
<u>Types of financial assets</u>	<u>September 30, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 10,755,355	10,402,193
Debt investments measured at amortized cost		
Repurchase agreements	89,093,937	81,942,641

(Continued)



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

2) Fubon Life Insurance and its subsidiaries

The transferred financial assets of Fubon Life Insurance and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly equity securities under lending agreements and bonds under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Life Insurance and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. Therefore, Fubon Life Insurance and its subsidiaries do not completely derecognize the transferred assets. The table below discloses the information of financial assets that are not completely derecognized and the associated financial liabilities:

Units: In thousands of TWD

<u>Types of financial assets</u>	<u>September 30, 2023</u>				
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 603,572	-	603,572	-	603,572
Financial assets measured at amortized cost					

Units: In thousands of TWD

<u>Types of financial assets</u>	<u>December 31, 2022</u>				
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 858,140	-	858,140	-	858,140
Financial assets measured at fair value through other comprehensive income					
Securities sold under repurchase agreements	5,879,628	5,168,385	5,879,628	5,168,385	711,243
Financial assets measured at amortized cost					
Securities sold under repurchase agreements	8,836,429	7,049,115	7,142,855	7,049,115	93,740

(Continued)

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

Units: In thousands of TWD

Types of financial assets	September 30, 2022				
	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 902,057	-	902,057	-	902,057

3) Fubon Insurance and its subsidiaries

Transferred financial assets that are completely derecognized

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

There is no financial asset which is not completely derecognized on September 30, 2023, December 31 and September 30, 2022.

4) Fubon Securities and its subsidiaries

Transferred financial assets that are not completely derecognized

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

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

(Continued)

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

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

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

<u>Types of financial assets</u>	<u>September 30, 2023</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 7,372,205	7,816,637
Convertible bonds transferred to counter parties of asset exchange option	5,621,848	4,743,958
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	9,146,394	8,781,809
<u>Types of financial assets</u>	<u>December 31, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 5,669,105	5,692,361
Convertible bonds transferred to counter parties of asset exchange option	4,409,904	4,012,151
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	3,621,437	3,510,910
<u>Types of financial assets</u>	<u>September 30, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 10,579,321	10,468,140
Convertible bonds transferred to counter parties of asset exchange option	4,578,451	4,201,430
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	3,871,044	3,781,118

(Continued)

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

5) Fubon Bank (Hong Kong) and its subsidiaries

Transferred financial assets that are not completely derecognized

The transferred financial assets of Fubon Bank (Hong Kong) and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Bank (Hong Kong) and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Fubon Bank (Hong Kong) and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized. The table below shows the financial assets that are not completely derecognized and the associated liabilities.

Unit: In thousands of HKD					
<b>September 30, 2023</b>					
<u>Types of financial assets</u>	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,001,397	5,765,088	6,009,452	5,765,088	244,364
Unit: In thousands of HKD					
<b>December 31, 2022</b>					
<u>Types of financial assets</u>	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,497,523	6,123,565	6,490,650	6,123,565	367,085
Unit: In thousands of HKD					
<b>September 30, 2022</b>					
<u>Types of financial assets</u>	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,619,063	6,365,297	6,601,969	6,365,297	236,672

(Continued)

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

(vii) Offsetting financial assets and financial liabilities

1) Taipei Fubon Bank and its subsidiaries

Taipei Fubon Bank and its subsidiaries did not hold any financial instruments which meet Section 42 of the IAS 32 endorsed by the FSC. Therefore, the financial instrument will be offset on the balance sheet.

Although Taipei Fubon Bank and its subsidiaries do not engage in any transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

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

September 30, 2023						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
Financial assets				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 75,926,572	-	75,926,572	38,825,828	12,430,422	24,670,322
Securities purchased under resell agreements	33,584,244	-	33,584,244	33,337,362	-	246,882
<b>Total</b>	<b>\$ 109,510,816</b>	<b>-</b>	<b>109,510,816</b>	<b>72,163,190</b>	<b>12,430,422</b>	<b>24,917,204</b>

September 30, 2023						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
Financial liabilities				Financial instruments (Note 1)	Pledged cash collaterals	
Derivative financial instruments (Note 2)	\$ 60,537,970	-	60,537,970	34,947,982	20,168,681	5,421,307
Securities sold under repurchase agreements	75,028,236	-	75,028,236	74,913,034	-	115,202
<b>Total</b>	<b>\$ 135,566,206</b>	<b>-</b>	<b>135,566,206</b>	<b>109,861,016</b>	<b>20,168,681</b>	<b>5,536,509</b>

(Continued)

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

December 31, 2022 (Restatement)						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 61,331,157	-	61,331,157	35,066,280	14,945,226	11,319,651
Securities purchased under resell agreements	24,365,326	-	24,365,326	24,068,955	-	296,371
<b>Total</b>	<b>\$ 85,696,483</b>	<b>-</b>	<b>85,696,483</b>	<b>59,135,235</b>	<b>14,945,226</b>	<b>11,616,022</b>

  

December 31, 2022 (Restatement)						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash collaterals	
Derivative financial instruments (Note 2)	\$ 45,518,082	-	45,518,082	32,440,427	6,970,316	6,107,339
Securities sold under repurchase agreements	100,140,703	-	100,140,703	99,929,691	24,897	186,115
<b>Total</b>	<b>\$ 145,658,785</b>	<b>-</b>	<b>145,658,785</b>	<b>132,370,118</b>	<b>6,995,213</b>	<b>6,293,454</b>

  

September 30, 2022 (Restatement)						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 113,804,739	-	113,804,739	59,340,689	19,784,329	34,679,721
Securities purchased under resell agreements	20,146,875	-	20,146,875	19,957,086	-	189,789
<b>Total</b>	<b>\$ 133,951,614</b>	<b>-</b>	<b>133,951,614</b>	<b>79,297,775</b>	<b>19,784,329</b>	<b>34,869,510</b>

(Continued)

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

September 30, 2022 (Restatement)						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash collaterals	
Derivative financial instruments (Note 2)	\$ 83,030,558	-	83,030,558	54,594,982	21,867,487	6,568,089
Securities sold under repurchase agreements	92,344,834	-	92,344,834	91,762,623	180,476	401,735
<b>Total</b>	<b>\$ 175,375,392</b>	<b>-</b>	<b>175,375,392</b>	<b>146,357,605</b>	<b>22,047,963</b>	<b>6,969,824</b>

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

Note 2: Derivative financial assets for hedging are included.

2) Fubon Life Insurance and its subsidiaries

Although Fubon Life Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

September 30, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 58,467,666	-	58,467,666	10,499,548	13,230	47,954,888
Securities purchased under resell agreements	110,800,797	-	110,800,797	110,800,797	-	-
<b>Total</b>	<b>\$ 169,268,463</b>	<b>-</b>	<b>169,268,463</b>	<b>121,300,345</b>	<b>13,230</b>	<b>47,954,888</b>

(Continued)

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

September 30, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash collaterals	
Derivative financial instruments	\$ 50,002,290	-	50,002,290	13,712,486	10,597,352	25,692,452

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 80,363,755	-	80,363,755	19,443,116	-	60,920,639
Securities purchased under resell agreements	69,629,996	-	69,629,996	69,629,996	-	-
Total	\$ 149,993,751	-	149,993,751	89,073,112	-	60,920,639

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash collaterals	
Derivative financial instruments	\$ 33,188,879	-	33,188,879	20,997,053	8,102,359	4,089,467
Securities purchased under resell agreements	12,217,500	-	12,217,500	12,217,500	-	-
Total	\$ 45,406,379	-	45,406,379	33,214,553	8,102,359	4,089,467

(Continued)



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

September 30, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 60,347,170	-	60,347,170	24,934,046	26,845	35,386,279
Securities purchased under resell agreements	103,416,022	-	103,416,022	103,416,022	-	-
<b>Total</b>	<b>\$ 163,763,192</b>	<b>-</b>	<b>163,763,192</b>	<b>128,350,068</b>	<b>26,845</b>	<b>35,386,279</b>

September 30, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash collaterals	
Derivative financial instruments	\$ 120,733,892	-	120,733,892	40,046,599	18,823,654	61,863,639

Note: General agreement of net amount settlement and non-cash collateral are included.

3) Fubon Insurance and its subsidiaries

Although Fubon Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

September 30, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash received as collaterals	
Derivative financial instruments	-	-	-	-	-	-

(Continued)

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

September 30, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Pledged cash collaterals	
Derivative financial instruments	\$ 149,548	-	149,548	-	-	149,548

  

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash received as collaterals	
Derivative financial instruments	\$ 68,226	-	68,226	68,226	-	-

  

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Pledged cash collaterals	
Derivative financial instruments	\$ 106,214	-	106,214	68,226	-	37,988

  

September 30, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments	Cash received as collaterals	
Derivative financial instruments	\$ 5,143	-	5,143	5,143	-	-

(Continued)

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

September 30, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 810,727	-	810,727	5,143	-	805,584

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries did not hold any financial instruments contract which meets Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Securities and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

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

September 30, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Cash received as collaterals	(e)=(c)-(d)
Derivative financial assets	\$ 762,060	-	762,060	-	-	762,060

September 30, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial liabilities	\$ 7,796,361	-	7,796,361	-	-	7,796,361
Repurchase agreements	16,598,446	-	16,598,446	16,598,446	-	-
Total	\$ 24,394,807	-	24,394,807	16,598,446	-	7,796,361

(Continued)

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

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

December 31, 2022 (Restatement)						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities	\$ 5,557,372	-	5,557,372	-	-	5,557,372
Repurchase agreements	9,203,271	-	9,203,271	9,203,271	-	-
Total	\$ 14,760,643	-	14,760,643	9,203,271	-	5,557,372

September 30, 2022 (Restatement)						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial assets	\$ 589,029	-	589,029	-	-	589,029
Resell agreements	61,179	-	61,179	61,179	-	-
Total	\$ 650,208	-	650,208	61,179	-	589,029

September 30, 2022 (Restatement)						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities	\$ 5,790,409	-	5,790,409	-	-	5,790,409
Repurchase agreements	14,249,258	-	14,249,258	14,249,258	-	-
Total	\$ 20,039,667	-	20,039,667	14,249,258	-	5,790,409

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

(Continued)

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

5) Fubon Bank (Hong Kong) and its subsidiaries

Fubon Bank (Hong Kong) and its subsidiaries hold financial instruments contracts which meet Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Bank (Hong Kong) and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

Units: In thousands of HKD

September 30, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 2,487,497	-	2,487,497	12,621	-	2,474,876
September 30, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 41,902	-	41,902	12,621	-	29,281
Securities sold under repurchase agreements	5,765,088	-	5,765,088	-	-	5,765,088
Total	\$ 5,806,990	-	5,806,990	12,621	-	5,794,369

(Continued)

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

Units: In thousands of HKD

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 2,122,983	-	2,122,983	13,585	-	2,109,398

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 31,192	-	31,192	13,585	-	17,607
Securities sold under repurchase	6,123,565	-	6,123,565	-	-	6,123,565
Total	\$ 6,154,757	-	6,154,757	13,585	-	6,141,172

Units: In thousands of HKD

September 30, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 2,111,506	-	2,111,506	24,767	-	2,086,739

September 30, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 75,597	-	75,597	24,767	-	50,830
Securities sold under repurchase agreements	6,365,297	-	6,365,297	-	-	6,365,297
Total	\$ 6,440,894	-	6,440,894	24,767	-	6,416,127

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

(Continued)

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

## (ak) Structured entities

## (i) Taipei Fubon Bank and its subsidiaries

- 1) Taipei Fubon Bank and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Taipei Fubon Bank and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Taipei Fubon Bank and its subsidiaries
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by unconsolidated structured entities
Property trust plans	Invest in property trust plans to gain repayments of debts	Invest in trust issued by unconsolidated structured entities
Private fund investment	For investment purposes	Investment in units or limited partnership equity issued by such funds

- 2) The carrying amounts of the unconsolidated structured entities recognized by Taipei Fubon Bank and its subsidiaries were as below:

<u>September 30, 2023</u>	<u>Asset securitization products</u>	<u>Property trust plans</u>	<u>Private fund investment</u>
<b>Assets possessed</b>			
— Financial assets measured at \$ fair value through profit or loss	2,047,656	262,778	51,659
— Financial assets measured at fair value through other comprehensive income	15,389,638	-	-
— Debt investments measured at amortized cost	48,191,996	-	-
Total assets possessed	<u>\$ 65,629,290</u>	<u>262,778</u>	<u>51,659</u>

(Continued)

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

<b>December 31, 2022 (Restatement)</b>	<b>Asset securitization products</b>	<b>Property trust plans</b>	<b>Private fund investment</b>
<b>Assets possessed</b>			
— Financial assets measured at \$ fair value through profit or loss	798,448	130,398	12,674
— Financial assets measured at fair value through other comprehensive income	10,274,904	-	-
— Debt investments measured at amortized cost	37,973,252	-	-
Total assets possessed	<u><u>\$ 49,046,604</u></u>	<u><u>130,398</u></u>	<u><u>12,674</u></u>

<b>September 30, 2022 (Restatement)</b>	<b>Asset securitization products</b>	<b>Property trust plans</b>	<b>Private fund investment</b>
<b>Assets possessed</b>			
— Financial assets measured at \$ fair value through profit or loss	803,299	132,014	14,286
— Financial assets measured at fair value through other comprehensive income	9,083,161	-	-
— Debt investments measured at amortized cost	39,741,989	-	-
Total assets possessed	<u><u>\$ 49,628,449</u></u>	<u><u>132,014</u></u>	<u><u>14,286</u></u>

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

- 3) For the nine months ended September 30, 2023 and 2022, Taipei Fubon Bank and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products, property trust plans and private fund investment.
- (ii) Fubon Life Insurance and its subsidiaries
- 1) Consolidated structured entities

The consolidated structured entity of Fubon Life Insurance and its subsidiaries is the real estate investment and management entity. The structured entity is consolidated because the involvement in it exposes Fubon Life Insurance and its subsidiaries to variability of returns from performance and their influence over it. As of September 30, 2023, December 31 and September 30, 2022, Fubon Life Insurance and its subsidiaries offered \$24,024,186 thousand, \$28,431,649 thousand and \$27,240,327 thousand of non-contractual obligation loan for the entity, respectively.

(Continued)



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

2) Unconsolidated structured entities

- a) Fubon Life Insurance and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Life Insurance and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Life Insurance and its subsidiaries
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products, REIT and collateral asset	Invest in assets securitization products, REIT and collateral asset to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities, principle and income

- b) The carrying amounts of the unconsolidated structured entities recognized by Fubon Life Insurance and its subsidiaries were as below:

September 30, 2023	Private fund investment	Asset securitization products, REIT and asset-based loan
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 199,861,687	36,259,566
– Financial assets measured at fair value through other comprehensive income	-	12,992,516
– Financial assets measured at amortized cost	-	57,379,317
– Loan	-	20,183,028
<b>Total assets possessed</b>	<b>\$ 199,861,687</b>	<b>126,814,427</b>

(Continued)

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

<u>December 31, 2022</u>	<u>Private fund investment</u>	<u>Asset securitization products, REIT and asset-based loan</u>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 174,850,508	36,785,958
– Financial assets measured at fair value through other comprehensive income	-	23,282,895
– Financial assets measured at amortized cost	-	45,001,408
– Loan	-	22,693,445
Total assets possessed	<u>\$ 174,850,508</u>	<u>127,763,706</u>

<u>September 30, 2022</u>	<u>Private fund investment</u>	<u>Asset securitization products, REIT and asset-based loan</u>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 186,840,499	37,851,035
– Financial assets measured at fair value through other comprehensive income	-	23,100,730
– Financial assets measured at amortized cost	-	46,095,735
– Loan	-	22,003,616
Total assets possessed	<u>\$ 186,840,499</u>	<u>129,051,116</u>

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

- c) For the nine months ended September 30, 2023 and 2022, Fubon Life Insurance and its subsidiaries did not offer any financial support to those unconsolidated private fund investment, asset securitization products, REITs and asset-based loan.

(Continued)

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

(iii) Fubon Insurance and its subsidiaries

- 1) Fubon Insurance and its subsidiaries possess the equities of the following structured entities which are not included in the consolidated financial statements. The fund is from Fubon Insurance and its subsidiaries and an external third party:

<b>Types of structured entity</b>	<b>Characteristic and purpose</b>	<b>Equity owned by Fubon Insurance and its subsidiaries</b>
Private equity fund	Invest in funds that cannot be traded in a public market	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products of commercial real estate and financial asset beneficiary certificates	Invest in asset-backed securities issued by the entity

- 2) The carrying amounts of the assets related to the structured entities recognized by Fubon Insurance and its subsidiaries but not yet included in the consolidated financial statements were as follows:

<b>September 30, 2023</b>	<b>Private equity fund</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss (Note)	\$ 50,681	1,720,859
– Financial assets measured at fair value through other comprehensive income	-	300,925
– Financial assets measured at amortized cost	-	92,205
Total assets possessed	<u>\$ 50,681</u>	<u>2,113,989</u>
<b>December 31, 2022</b>	<b>Private equity fund</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 60,128	1,864,448
– Financial assets measured at fair value through other comprehensive income	-	299,422
– Financial assets measured at amortized cost	-	99,078
Total assets possessed	<u>\$ 60,128</u>	<u>2,262,948</u>

(Continued)

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

<u>September 30, 2022</u>	<u>Private equity fund</u>	<u>Asset securitization products</u>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 61,259	1,975,373
– Financial assets measured at fair value through other comprehensive income	-	300,957
– Financial assets measured at amortized cost	<u>-</u>	<u>106,339</u>
Total assets possessed	<u>\$ 61,259</u>	<u>2,382,669</u>

Note: Guarantee deposits were included.

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

- 3) For the nine months ended September 30, 2023 and 2022, Fubon Insurance and its subsidiaries did not offer any financial support to those unconsolidated private equity fund and asset securitization products.
- (iv) Fubon Securities and its subsidiaries
- 1) Fubon Securities and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Securities and its subsidiaries and an external third-party.

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

- 2) The carrying amounts of the unconsolidated structured entities recognized by Fubon Securities and its subsidiaries were as below:

<u>September 30, 2023</u>	<u>Asset securitization products</u>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss	\$ <u>357,676</u>
<u>December 31, 2022 (Restatement)</u>	<u>Asset securitization products</u>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss	\$ <u>377,004</u>

(Continued)

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

<b>September 30, 2022 (Restatement)</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
– Financial assets measured at fair value through profit or loss	<b>\$ <u>400,865</u></b>

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

- 3) For the nine months ended September 30, 2023 and 2022, Fubon Securities and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products.

(v) Other subsidiaries

- 1) Other subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from the subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by other subsidiaries
Private fund investment	Invest in private fund to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by the entity

- 2) The carrying amounts of the unconsolidated structured entities recognized by other subsidiaries were as below:

<b>September 30, 2023</b>	<b>Private fund investment</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	<b>\$ <u>3,036</u></b>	<b><u>43,698</u></b>
<b>December 31, 2022</b>	<b>Private fund investment</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	<b>\$ <u>171,997</u></b>	<b><u>74,147</u></b>

(Continued)

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

<b>September 30, 2022</b>	<b>Private fund investment</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
— Financial assets measured at fair value through profit or loss	<b>\$ <u>190,774</u></b>	<b><u>77,271</u></b>

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

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

(al) Capital Management

(i) General information

Objectives for managing capital are as follows:

- 1) The Company's basic objective of capital management shall be in compliance with the capital requirements of FSC and achieve the statutory capital adequacy ratio. The qualified capital calculation is in accordance with regulation by competent authorities.
- 2) Maintain an optimal capital structure to respond to possible operational or economic risks, to sustain future development of the business, and to make appropriate and effective capital allocation through dynamic adjustment.

(ii) Procedure for capital management

The Company maintained capital adequacy ratio to meet the requirements of the authority and report to the authority every quarter.

The Company complies with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The subsidiaries shall comply with the related capital adequacy norms, and overseas subsidiaries shall comply with local ordinances.

The Capital is managed by the authority of the Company according to the Company Capital Adequacy Monitoring Standard, and set internal control indicators for capital adequacy ratio. In the event that the capital adequacy ratio of the Company or its subsidiaries falls below the statutory minimum requirement, the responsible units of the Company shall report the improvement measures to the Chairman and the Board of Directors of the Company and report the improvement measures to the competent authorities.

(Continued)

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

(am) Significant impact of related foreign currency information

	September 30, 2023			December 31, 2022			September 30, 2022		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial assets:									
Monetary items									
USD	\$ 121,912,729	32.288 /32.268 /32.400 /32.006	3,932,766,484	118,357,747	30.708 /30.522 /30.723 /30.966 /30.710	3,635,929,437	118,144,770	31.743 /31.521 /31.747 /31.848 /31.751 /31.720	3,750,565,290
HKD	88,006,709	4.126 /4.124	363,048,860	80,647,182	3.940 /3.939 /3.938	317,714,130	78,438,273	4.045 /4.044	317,212,920
CNY	143,216,382	4.408 /4.421	631,646,003	138,637,651	4.413 /4.408 /4.406	612,218,246	140,364,714	4.468 /4.475 /4.470	627,133,644
Non-Monetary items									
USD	13,055,930	32.288 /32.268 /32.006	421,123,011	12,187,590	30.708 /30.723 /30.966	374,300,598	14,441,332	31.743 /31.747 /31.848	457,543,347
EUR	1,252,059	33.950 /34.233	42,861,328	1,474,537	32.765 /32.755	48,313,858	1,384,681	30.988 /31.210	42,907,976
KRW	1,311,868,180	0.024	31,259,328	1,118,441,563	0.024	27,260,713	1,027,670,061	0.022	22,802,846
Derivatives									
USD	337,969	32.288 /32.268 /32.006	10,913,441	1,003,292	30.708 /30.723 /30.966	30,845,924	344,066	31.743 /31.747 /31.848	10,925,263
Investments accounted for using equity method									
CNY	4,505,345	4.408	19,860,760	4,248,014	4.413	18,748,350	4,124,060	4.468	18,426,817
HKD	2,489,137	4.126	10,270,315	2,640,228	3.940	10,401,308	2,506,233	4.044	10,135,488
KRW	755,842,583	0.024	17,989,053	735,013,733	0.024	17,960,061	703,504,697	0.022	15,615,694
Financial liabilities:									
Monetary items									
USD	\$ 42,594,668	32.288 /32.268	1,372,448,381	43,793,383	30.708 /30.723 /30.710	1,345,749,809	44,836,613	31.743 /31.747 /31.751 /31.720	1,423,278,728
HKD	76,530,752	4.126 /4.124	315,738,493	77,063,114	3.940 /3.939 /3.938	303,593,908	73,121,689	4.045 /4.044	295,712,433
CNY	114,573,727	4.408 /4.421	505,307,142	113,933,034	4.413 /4.408	502,952,563	119,230,033	4.468 /4.475 /4.470	532,767,645
Non-Monetary items									
USD	1,932,368	32.288	62,373,877	1,405,620	30.723	43,186,769	1,409,080	31.747	44,733,952
CNY	2,029,226	4.408 /4.421	8,951,889	1,571,538	4.413	6,935,889	3,868,960	4.468	17,286,997
Derivatives									
USD	1,554,899	32.288 /32.268 /32.006	50,150,671	1,083,244	30.708 /30.966 /30.723	33,295,093	3,827,715	31.747 /31.743 /31.848	121,544,855

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

(Continued)

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

(an) Non-cash trading investing and financing activities

	January 1, 2023	Changes in cash flows from financing activities	Non-cash adjustment			September 30, 2023
			Effect of exchange rate changes	Fair value fluctuation	Other changes	
Bonds payable	\$ 257,381,535	50,458,771	434,648	(2,344,281)	470,642	306,401,315
Lease liabilities	21,792,236	(2,152,014)	36,118	-	1,103,196	20,351,091
	<u>\$ 279,173,771</u>	<u>48,306,757</u>	<u>470,766</u>	<u>(2,344,281)</u>	<u>1,573,838</u>	<u>326,752,406</u>

	January 1, 2022	Changes in cash flows from financing activities	Non-cash adjustment			September 30, 2022
			Effect of exchange rate changes	Fair value fluctuation	Other changes	
Bonds payable	\$ 266,168,615	(7,056,789)	3,848,542	(3,869,241)	417,637	259,508,764
Lease liabilities	21,477,286	(2,005,692)	88,090	-	2,806,298	21,832,671
	<u>\$ 287,645,901</u>	<u>(9,062,481)</u>	<u>3,936,632</u>	<u>(3,869,241)</u>	<u>3,223,935</u>	<u>281,341,435</u>

(ao) The following disclosures are only applicable to Taipei Fubon Bank and JihSun Bank, in accordance with relevant regulations

(i) Asset quality of overdue loans and overdue receivables

Taipei Fubon Bank

Units: In thousands of TWD, %

Item		September 30, 2023				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	896,286	288,824,371	0.31	3,927,652	438.21
	Unsecured	400,755	563,631,577	0.07	7,216,391	1,800.70
Consumer loan	Mortgage (Note 4)	273,435	649,085,280	0.04	9,728,401	3,557.85
	Cash card	-	572	-	12	-
	Micro credit (Note 5)	86,448	56,513,207	0.15	646,586	747.95
	Others (Note 6)					
	Secured	607,000	412,959,379	0.15	4,314,586	710.80
	Unsecured	20,335	35,157,979	0.06	368,825	1,813.74
Total		2,284,259	2,006,172,365	0.11	26,202,453	1,147.09
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		94,474	84,057,405	0.11	664,944	703.84
Accounts receivable – factoring with no recourse (Note 7)		-	27,279,411	-	301,627	-
Excluded NPL as a result of debt consultation and loans agreement (Note 8)				21,899		
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)				18,983		
Excluded NPL as a result of debt solvency and restart plan (Note 9)				340,648		
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)				362,638		

(Continued)



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

Units: In thousands of TWD, %

Item		September 30, 2022 (Restatement)				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	1,327,630	285,621,334	0.46	3,480,598	262.17
	Unsecured	548,822	550,685,506	0.10	6,328,049	1,153.02
Consumer loan	Mortgage (Note 4)	349,749	605,657,478	0.06	9,069,143	2,593.04
	Cash card	-	704	-	14	-
	Micro credit (Note 5)	61,391	53,143,780	0.12	588,849	959.18
	Others (Note 6)					
	Secured	776,863	368,904,978	0.21	3,861,004	497.00
	Unsecured	33,549	35,448,400	0.09	372,753	1,111.07
Total		3,098,004	1,899,462,180	0.16	23,700,410	765.02
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		48,227	60,090,631	0.08	385,451	799.24
Accounts receivable – factoring with no recourse (Note 7)		-	21,807,431	-	249,218	-
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		15,652				
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		27,402				
Excluded NPL as a result of debt solvency and restart plan (Note 9)		350,162				
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		363,759				

Note 1: For loan business: Overdue loans represent the amounts of reported overdue loans pursuant to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans” issued by the MOF.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business:  $NPL\ Ratio = NPL / Total\ Loans$ .

For credit card business:  $Delinquency\ Ratio = Overdue\ receivable / Account\ receivable$ .

Note 3: For loan business:  $Coverage\ Ratio = LLR / NPL$

For credit card business:  $Coverage\ Ratio = Allowance\ for\ credit\ losses / Overdue\ receivables$ .

Note 4: Household mortgage means the purpose of financing is to purchase, build, or fix up the dwelling, and the dwelling owned by the borrower, spouse, or children fully secures the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loan refer to secured or non-secured loans excluding mortgage, cash card, micro credit, and credit card.

Note 7: Accounts receivable – factoring with no recourse: As required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), provision for bad debt is recognized once no compensation is received from the factoring or insurance company.

(Continued)

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

Note 8: The amounts of excluded NPL and excluded overdue receivables through financial debt negotiation and loan agreement were disclosed based on the interpretation issued by the Banking Bureau dated April 25, 2006 (Ref. 09510001270).

Note 9: The amounts of excluded NPL and excluded overdue receivables through debt solvency and restart plan were disclosed based on the interpretation issued by the Banking Bureau dated September 15, 2008 (Ref. 09700318940) and September 20, 2016 (Ref. 10500134790).

(ii) Concentration of credit extensions

Taipei Fubon Bank

Units: In thousands of TWD, %

<b>September 30, 2023</b>			
<b>Rank (Note 1)</b>	<b>Group name (Note 2)</b>	<b>Credit extensions balance (Note 3)</b>	<b>% of net asset value</b>
1	A group (semiconductor assembly and testing industry)	13,676,721	4.87
2	B group (other electronic component manufacturing industry)	12,531,681	4.46
3	C group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	9,144,267	3.26
4	D group (other electronic component manufacturing industry)	8,800,000	3.13
5	E group (computers manufacturing industry)	8,684,013	3.09
6	F group (financial leasing)	8,536,193	3.04
7	G group (petrochemical raw material manufacturing industry)	8,313,222	2.96
8	H group (residential and building development, rental and sales)	8,190,000	2.92
9	I group (manufacture of man-made fibers)	8,189,770	2.92
10	J group (LCD and its component manufacturing industry)	7,381,754	2.63

(Continued)

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

Units: In thousands of TWD, %

<b>September 30, 2022</b>			
<b>Rank (Note 1)</b>	<b>Group name (Note 2)</b>	<b>Credit extensions balance (Note 3)</b>	<b>% of net asset value</b>
1	A group (other electronic component manufacturing industry)	13,273,032	5.77
2	B group (semiconductor assembly and testing industry)	12,630,443	5.49
3	C group (other electronic component manufacturing industry)	8,800,000	3.83
4	D group (footwear and garment manufacturing)	8,614,336	3.75
5	E group (computers and related equipment and software development)	8,305,919	3.61
6	F group (computers manufacturing industry)	8,066,990	3.51
7	G group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	7,780,776	3.38
8	H group (cable and other subscription programming)	7,537,552	3.28
9	I group (residential and building development, rental and sales)	7,032,000	3.06
10	J group (passive electronic components manufacturing industry)	6,878,810	2.99

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Groups enterprise refers to a group of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: The total amount of credits, endorsements or other transactions is the sum of various loans (including import and export negotiations, discounted, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

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

(Continued)

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

JihSun Bank

Units: In thousands of TWD, %

<b>September 30, 2022</b>			
<b>Rank</b>	<b>Group name</b>	<b>Credit extensions balance</b>	<b>% of net asset value</b>
1	A group – other general merchandise retail	2,968,762	12.41
2	B group – financial leasing	2,957,032	12.36
3	C group – manufacture of man-made fibers	2,793,200	11.68
4	D group – other amusement and recreation activities	2,442,730	10.21
5	E group – real estate development	2,409,614	10.07
6	F group – ocean freight forwarding	2,305,898	9.64
7	G group – wholesale electronic and communication equipment and parts	2,163,806	9.05
8	H group – manufacture of other electronic parts and components not elsewhere classified	1,720,000	7.19
9	I group – real estate development	1,507,314	6.30
10	J group – motor rental industry	1,395,000	5.83

(iii) Interest rate sensitivity information

**Interest Rate Sensitivity (TWD)**

Taipei Fubon Bank

Units: In thousands of TWD, %

<b>September 30, 2023</b>						
<b>Items</b>	<b>1-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>	
Interest rate-sensitive assets	\$ 1,905,560,957	125,768,870	97,552,975	174,762,872	2,303,645,674	
Interest rate-sensitive liabilities	722,358,426	1,247,960,749	61,049,666	97,483,257	2,128,852,098	
Interest rate sensitivity gap	1,183,202,531	(1,122,191,879)	36,503,309	77,279,615	174,793,576	
Net worth						270,677,682
Ratio of interest rate-sensitive assets to liabilities (%)						108.21
Ratio of the interest rate sensitivity gap to net worth (%)						64.58

(Continued)

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

Units: In thousands of TWD, %

September 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,669,912,061	49,545,990	118,896,499	180,195,669	2,018,550,219
Interest rate-sensitive liabilities	533,350,975	1,052,057,298	50,148,193	99,151,077	1,734,707,543
Interest rate sensitivity gap	1,136,561,086	(1,002,511,308)	68,748,306	81,044,592	283,842,676
Net worth					223,308,123
Ratio of interest rate-sensitive assets to liabilities (%)					116.36
Ratio of the interest rate sensitivity gap to net worth (%)					127.11

Note 1: The above amounts include only New Taiwan Dollar amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (New Taiwan dollars).

Note 5: The amount as of September 30, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of TWD, %

September 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 195,902,652	8,317,677	11,378,024	25,281,682	240,880,035
Interest rate-sensitive liabilities	83,900,572	127,142,272	9,564,849	1,242,908	221,850,601
Interest rate sensitivity gap	112,002,080	(118,824,595)	1,813,175	24,038,774	19,029,434
Net worth					23,431,645
Ratio of interest rate-sensitive assets to liabilities (%)					108.58
Ratio of the interest rate sensitivity gap to net worth (%)					81.21

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches held by JihSun Bank. (Excluding foreign currency amounts) are denominated in New Taiwan dollars.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest-rate sensitivity gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (New Taiwan dollars)

(Continued)

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

Interest Rate Sensitivity (USD)

Taipei Fubon Bank

Units: In thousands of USD, %

September 30, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 15,378,953	1,675,829	1,853,315	10,342,441	29,250,538
Interest rate-sensitive liabilities	27,709,642	3,295,696	2,994,883	1,081,214	35,081,435
Interest rate sensitivity gap	(12,330,689)	(1,619,867)	(1,141,568)	9,261,227	(5,830,897)
Net worth					213,421
Ratio of interest rate-sensitive assets to liabilities (%)					83.38
Ratio of the interest rate sensitivity gap to net worth (%)					(2,732.11)

Units: In thousands of USD, %

September 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 12,862,751	1,212,797	1,198,744	9,716,595	24,990,887
Interest rate-sensitive liabilities	29,998,543	2,579,918	2,007,001	788,959	35,374,421
Interest rate sensitivity gap	(17,135,792)	(1,367,121)	(808,257)	8,927,636	(10,383,534)
New worth					156,738
Ratio of interest rate-sensitive assets to liabilities (%)					70.65
Ratio of the interest rate sensitivity gap to net worth (%)					(6,624.77)

Note 1: The above amounts include only USD amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (U.S. dollars).

Note 5: The amount as of September 30, 2022 excluded JihSun Bank.

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

JihSun Bank

Units: In thousands of USD, %

September 30, 2022					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 459,973	72,508	28,074	246,099	806,654
Interest rate-sensitive liabilities	194,158	471,821	128,239	1,331	795,549
Interest rate sensitivity gap	265,815	(399,313)	(100,165)	244,768	11,105
Net worth					15,311
Ratio of interest rate-sensitive assets to liabilities (%)					101.40
Ratio of the interest rate sensitivity gap to net worth (%)					72.53

Note 1: Listed amounts of the head office, domestic branches and offshore banking unit held by JihSun Bank (excluding contingent assets and liabilities) are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (U.S. dollars)

(iv) Profitability

Taipei Fubon Bank

Unit: %

Item		For the nine months ended September 30	
		2023	2022 (Restatement)
Return on total assets	Before income tax	0.54	0.57
	After income tax	0.47	0.49
Return on net worth	Before income tax	7.89	8.66
	After income tax	6.84	7.46
Profit margin		36.85	42.95

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the nine months ended September 30, 2023 and 2022.

(Continued)

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

(v) Maturity analysis

Maturity Analysis of Assets and Liabilities (TWD)

Taipei Fubon Bank

Units: In thousands of TWD

September 30, 2023							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 3,219,689,100	310,506,667	300,401,017	422,863,804	345,462,096	316,607,398	1,523,848,118
Main capital outflow on maturity	3,815,579,433	166,574,601	337,914,918	629,554,833	531,465,361	727,870,828	1,422,198,892
Gap	(595,890,333)	143,932,066	(37,513,901)	(206,691,029)	(186,003,265)	(411,263,430)	101,649,226

Units: In thousands of TWD

September 30, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 2,865,293,894	243,845,814	312,995,478	346,521,504	302,564,303	286,860,786	1,372,506,009
Main capital outflow on maturity	3,487,933,860	167,788,748	308,233,610	570,612,956	522,299,289	705,251,143	1,213,748,114
Gap	(622,639,966)	76,057,066	4,761,868	(224,091,452)	(219,734,986)	(418,390,357)	158,757,895

Note 1: The above amounts are book value of assets and liabilities held by headquarter and domestic branches of Taipei Fubon Bank and denominated is New Taiwan dollars.

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

JihSun Bank

Units: In thousands of TWD

September 30, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 249,837,148	21,142,400	36,258,926	35,747,537	12,261,815	18,224,167	126,202,303
Main capital outflow on maturity	296,630,906	10,523,711	19,726,391	29,874,618	38,047,735	56,933,686	141,524,765
Gap	(46,793,758)	10,618,689	16,532,535	5,872,919	(25,785,920)	(38,709,519)	(15,322,462)

Note: Listed amounts of the head office and domestic branches held by JihSun Bank (excluding foreign currency amounts) are denominated in New Taiwan dollars.

Maturity Analysis of Assets and Liabilities (USD)

Taipei Fubon Bank

Units: In thousands of USD

September 30, 2023						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 65,877,937	19,606,524	14,721,798	9,261,827	7,112,383	15,175,405
Main capital outflow on maturity	73,527,664	21,982,303	20,607,773	11,347,861	12,173,999	7,415,728
Gap	(7,649,727)	(2,375,779)	(5,885,975)	(2,086,034)	(5,061,616)	7,759,677

(Continued)



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

Units: In thousands of USD

September 30, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 68,384,966	21,558,052	14,409,126	10,128,617	7,906,308	14,382,863
Main capital outflow on maturity	77,354,361	22,906,490	21,133,897	12,382,701	11,195,815	9,735,458
Gap	(8,969,395)	(1,348,438)	(6,724,771)	(2,254,084)	(3,289,507)	4,647,405

Note 1: The above amounts are book value of assets and liabilities held by Taipei Fubon Bank and denominated in U.S. dollars.

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

JihSun Bank

Units: In thousands of USD

September 30, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 914,511	317,662	180,975	90,545	43,550	281,779
Main capital outflow on maturity	1,002,410	229,579	117,709	83,879	258,196	313,047
Gap	(87,899)	88,083	63,266	6,666	(214,646)	(31,268)

**(7) Related-party transactions:**

- (a) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd. (Sichuan VipFubon)	Related parties in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related parties in substance
Funds Managed by Fubon Asset Management	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
China United Property Insurance Company Limited (China United Property Insurance)	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock Exchange)	Related parties in substance
Taipei Exchange (TPEX)	Related parties in substance
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
momo.com Inc. (momo)	Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
Yong Hsin Shing Ye Co., Ltd. (Yong Hsin Shing Ye)	Related parties in substance
Probright Technology Inc.	Related parties in substance
Synnex Technology International Corporation (Synnex Technology)	Related parties in substance
Taiwan Cement Corporation	Related parties in substance
Beijing Global Media Technology Co., Ltd. (Beijing Global)	Related parties in substance
TAIWAN MINO GROUP CO., LTD. (TAIWAN MINO)	Related parties in substance
DediProg Technology Co., Ltd. (DediProg Technology)	Related parties in substance
POU CHEN CORPORATION	Related parties in substance
TacBright Optronics Corporation	Related parties in substance
Yulon Finance Corporation	Related parties in substance
Alexander Marine Co., Ltd. (Alexander Marine)	Related parties in substance
AMIA CO., LTD.	Related parties in substance
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Related parties in substance
Fubon Land Development Co., Ltd. (Fubon Land Development)	Related parties in substance
Taipei Rapid Transit Corporation (Taipei Rapid Transit)	Related parties in substance
Taiwan Shin Kong Security Co., Ltd. (Taiwan Shin Kong Security)	Related parties in substance

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

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Taihsin Property Insurance Agent Co., Ltd. (Taihsin Property Insurance Agent)	Related parties in substance
Mstar Semi (Shenzhen) Inc. (Mstar Semi)	Related parties in substance
MediaTek (Shenzhen) Inc. (MediaTek (Shenzhen))	Related parties in substance
MediaTek (Chengdu) Inc. (MediaTek Software)	Related parties in substance
You Hua Metallic Material (Shanghai) Co., Ltd.	Related parties in substance
Wuxi GIH Innovation Industrial Development Inc. (Wuxi GIH)	Related parties in substance
JihSun Securities Investment Trust Co., Ltd. (JihSun Securities Investment Trust)	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Global Information Technology Co., Ltd.	Related parties in substance
H GREEN POWER INC.	Related parties in substance
Bluewalnut Co., Ltd.	Related parties in substance
LINE Biz+ Taiwan Co., Ltd. (LINE Biz+ Taiwan)	Related parties in substance
Taiwan Win TV Media Co., Ltd. (Taiwan Win TV)	Related parties in substance
Carplus Auto Leasing Corporation (Carplus Auto Leasing)	Related parties in substance
Tokio Marine Newa Insurance Co., Ltd. (Tokio Marine Newa Insurance)	Related parties in substance
Yuchang Motor Co., Ltd. (Yuchang Motor)	Related parties in substance
Empower Motor Co., Ltd. (Empower)	Related parties in substance
Huilien Motor Co., Ltd. (Huilien Motor)	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Insurance Gallery Foundation	Related parties in substance
Fubon Cultural and Educational Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Taipei Fubon Commercial Bank Charity Foundation	Related parties in substance

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

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Fubon Property Management Co., Ltd. (Fubon Property Management)	Related parties in substance
Taiwan High Speed Rail Corporation (Taiwan High Speed Rail)	Related parties in substance
Easycard Corporation (Easycard)	Related parties in substance
Convoy Financial Services Limited (Convoy Financial Services)	Related parties in substance
USI CORPORATION	Related parties in substance
Taiwan VCM Corporation (Taiwan VCM)	Related parties in substance
Kbro Co., Ltd. (Kbro)	Related parties in substance
Line Bank Co., Ltd. (Line Bank)	Related parties in substance
Taipei New Horizon Co., Ltd. (Taipei New Horizon)	Related parties in substance
CHC RESOURCES CORPORATION (CHC RESOURCES)	Related parties in substance
Alpha Networks Inc. (Alpha Networks)	Related parties in substance
TA-HO MARITIME CORPORATION	Related parties in substance
Sharehope Medicine Co., Ltd. (Sharehope Medicine)	Related parties in substance
Kbro Media Co., Ltd. (Kbro Media)	Related parties in substance
Taiwan Life Insurance Co., Ltd. (Taiwan Life Insurance)	Related parties in substance
China United Insurance Group Co., Ltd. (China United Insurance Group)	Related parties in substance
Century Development Corporation (Century Development)	Related parties in substance
Hui Yang Venture Capital Co., Ltd. (Hui Yang Venture Capital)	Related parties in substance
Advanced Echem Materials Co., Ltd. (AEMC)	Related parties in substance
Les enfants Co., Ltd. (Les enfants)	Related parties in substance
BESTCOM Infotech Corp. (BESTCOM Infotech)	Related parties in substance
CHINA GENERAL PLASTICS CORPORATION (CHINA GENERAL PLASTICS)	Related parties in substance
CGPC Polymer Corporation (CGPC Polymer)	Related parties in substance

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

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
DIGIFLOW (DIGIFLOW)	Related parties in substance
The Non-Life Insurance Association of China (Non-Life Insurance Association)	Related parties in substance
TAIPEI FOREIGN EXCHANGE MARKET DEVELOPMENT FOUNDATION (Taipei FOREX Inc.)	Related parties in substance
LINE Taiwan (LINE Taiwan)	Related parties in substance
Fuli Property Insurance Agent Co., Ltd. (Fuli Property Insurance Agent)	Related parties in substance
Chinese Culture University	Related parties in substance
YFY Inc. (YFY)	Related parties in substance
TFN Media Co., Ltd. (TFN Media)	Related parties in substance
Dao-Ying Industrial Co., Ltd. (Dao-Ying Industrial)	A major stockholder of the Company
Chung Hsing Land Development Co., Ltd. (Chung Hsing Land Development)	A major stockholder of the Company
Ming-Dong Industrial Co., Ltd. (Ming-Dong Industrial)	A major stockholder of the Company
Taipei City Government	A major stockholder of the Company
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and the related parties in substance

(b) Significant transactions with related parties

(i) Bank deposits and deposits

1) Bank deposits

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taiwan Business Bank	\$ 25,304,858	0.58~1.48	1,315,825	0.46~1.25	1,303,205	0~1.00
Far Eastern Bank	6,802,604	0.58~1.43	7,864,962	0~4.40	11,343,746	0~3.35
Xiamen Bank	215,387	0~0.25	173,613	0~0.40	206,299	0.35~1.73
Total	<u>\$ 32,322,849</u>		<u>9,354,400</u>		<u>12,853,250</u>	

2) Restricted bank deposits

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Far Eastern Bank	<u>\$ -</u>		<u>77,413</u>	0.45~4.20	<u>-</u>	

(Continued)

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

3) Deposits in related parties

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Others	<u>\$ 89,117,831</u>	0~6.60	<u>105,042,000</u>	0~11.00	<u>91,113,685</u>	0~6.35

(ii) Due to banks, due from banks and call loans from banks

1) Due from banks

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Xiamen Bank	<u>\$ 145,093</u>	<u>117,387</u>	<u>138,550</u>

2) Deposits from related parties (accounted for other financial assets)

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Sichuan VipFubon	<u>\$ 881,653</u>	<u>882,688</u>	<u>893,625</u>

3) Call loans from banks

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taiwan Business Bank	\$ 176,331	2.25	488,642	1.85~2.5	-	
Xiamen Bank	55,095	0.05~0.75	96,956	0.05~0.75	100,986	0.01~0.25
Total	<u>\$ 231,426</u>		<u>585,598</u>		<u>100,986</u>	

(iii) Financial instruments

1) Transaction of derivative financial instruments

<u>December 31, 2022</u>						
<u>Name of related party</u>	<u>Derivative instruments</u>	<u>period</u>	<u>Contract (notional) amount</u>	<u>Gains (losses) on valuation</u>	<u>Balance Sheet</u>	
					<u>Account</u>	<u>Balance</u>
Far Eastern Bank	Interest rate swap contracts	2018.01.09~2023.02.27	\$ 1,500,000	275	IRS contract value (assets)	275
Far Eastern Bank	Interest rate swap contracts	2018.07.11~2023.07.13	300,000	(946)	IRS contract value (liabilities)	946
Far Eastern Bank	IRS asset swap contracts	2022.11.01~2025.11.22	75,000	(6,210)	IRS asset swap contracts value (liabilities)	6,210

(Continued)

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

September 30, 2022						
Name of related party	Derivative instruments	period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Far Eastern Bank	Interest rate swap contracts	2017.02.21~ 2023.02.27	\$ 300,000	288	IRS contract value (assets)	288
Far Eastern Bank	Interest rate swap contracts	2018.01.09~ 2023.07.13	1,500,000	(1,297)	IRS contract value (liabilities)	1,297
Far Eastern Bank	Interest rate swap contracts	2016.12.18~ 2022.12.20	300,000	(763)	Financial liabilities measured at fair value through profit or loss	57
CTBC Securities	IRS asset swap contracts	2019.11.05~ 2022.10.29	20,000	(87)	IRS asset swap contracts value (liabilities)	87

- 2) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Funds managed by Fubon Asset Management	\$ 23,613,838	17,594,019	17,157,820
Funds managed by JihSun Securities Investment Trust	4,545,962	4,316,600	4,206,584
<b>Total</b>	<b>\$ 28,159,800</b>	<b>21,910,619</b>	<b>21,364,404</b>

- 3) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Fubon REIT I Fund	\$ 2,928,554	3,102,741	3,302,898
Fubon REIT II Fund	2,001,820	2,230,965	2,339,573
<b>Total</b>	<b>\$ 4,930,374</b>	<b>5,333,706</b>	<b>5,642,471</b>

(Continued)

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

## (iv) Receivables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Funds managed by Fubon Asset Management	\$ 178,416	137,894	148,701
China United Property Insurance	105,370	95,193	66,475
Taiwan Business Bank	29,000	1,347	2,164
Taiwan Futures Exchange	15,202	4,762	1,192
Far Eastern Bank	11,909	16,985	20,035
Hyundai Mobis Co., Ltd.	10,977	-	7,284
Taiwan Mobile	592	46,673	615
Related parties in substance (individual)	943	28	56,516
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,724	19,342	18,324
<b>Total</b>	<b>\$ <u>367,133</u></b>	<b><u>322,224</u></b>	<b><u>321,306</u></b>

## (v) Details of financing activities:

## 1) Loans

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Others	<u>\$ 34,215,976</u>	0~15.00	<u>16,587,762</u>	0~15.00	<u>18,248,637</u>	0~15.00

Units: In thousands of TWD

September 30, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	71	\$ 41,959	26,000	✓	-	None	None
Residential mortgage loans	281	3,522,797	2,589,886	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	12,282,788	12,282,788	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	11,350,000	11,350,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	124,407	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction	None

(Continued)



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

Units: In thousands of TWD

September 30, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Probright Technology Inc.	3,381	-	✓	-	SME credit guarantee fund	None
	Synnex Technology	4,780,000	4,780,000	✓	-	Credit guarantees	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	123,338	35,267	✓	-	Certificate of deposit	None
	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	None
	Taiwan VCM	595,200	595,200	✓	-	Credit guarantees	None
	CHC Resources	440,000	300,000	✓	-	Credit guarantees	None
	DediProg Technology	352,442	342,528	✓	-	SME credit guarantee fund	None
	BESTCOM Infotech	330,000	-	✓	-	Credit guarantees	None
	USI CORPORATION	324,800	324,800	✓	-	Credit guarantees	None
	Alexander Marine	210,000	160,000	✓	-	Credit guarantees	None
	TA-HO MARITIME	203,550	50,400	✓	-	Ships	None
	CGPC Polymer	100,000	-	✓	-	Credit guarantees	None
	TAIWAN MINO	68,700	68,700	✓	-	Certificate of deposit	None
	eChem Solutions	39,000	-	✓	-	Credit guarantee	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 39,128,889	34,215,976				

Units: In thousands of TWD

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 57,954	22,595	✓	-	None	None
Residential mortgage loans	302	3,731,955	2,905,720	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None

(Continued)

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

Units: In thousands of TWD

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Yong Hsin Shing Ye	44,000	28,000	✓	-	Building and land for construction	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	-	✓	-	Credit guarantees	None
	Other loans	17,227	16,389	✓	-	Credit guarantee fund and real estate	None
<b>Total</b>		<b>\$ 24,781,708</b>	<b>16,587,762</b>				

Units: In thousands of TWD

September 30, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	89	\$ 52,703	27,227	✓	-	None	None
Residential mortgage loans	336	3,780,784	3,097,263	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,000,000	5,000,000	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	5,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,199,694	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	80,420	80,420	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	200,000	✓	-	Credit guarantees	None
	Yulon Finance Corporation	300,000	300,000	✓	-	Credit guarantees	None
	Alexander Marine	100,000	100,000	✓	-	Credit guarantees	None
	AMIA CO., LTD.	30,000	30,000	✓	-	Securities and debt	None
	Other loans	26,164	12,033	✓	-	Credit guarantee fund and real estate	None
<b>Total</b>		<b>\$ 25,024,997</b>	<b>18,248,637</b>				

(Continued)

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

2) Secured loans

September 30, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	25 related parties in substance	\$ 177,142	152,517	Normal loans	Real estate	None

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	31 related parties in substance	\$ 203,608	174,138	Normal loans	Real estate	None

September 30, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	30 related parties in substance	\$ 203,551	196,458	Normal loans	Real estate	None

The transaction terms between related parties are identical to those of other market participants.

3) Life insurance loans:

September 30, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	75 related parties in substance	\$ 42,955	39,539	Normal loans	Policy value	None

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	97 related parties in substance	\$ 47,232	37,148	Normal loans	Policy value	None

(Continued)

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

September 30, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	93 related parties in substance	\$ 46,187	41,630	Normal loans	Policy value	None

The transaction terms between related parties are identical to those of other market participants.

(vi) Customer margin account

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Taiwan Futures Exchange	\$ <u>4,972,700</u>	<u>5,333,417</u>	<u>4,230,431</u>

(vii) Refundable deposits

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Taipei City Government	\$ 1,407,147	1,310,576	1,229,453
TPEX	54,500	59,206	67,206
Fubon REIT I Fund	53,251	52,067	53,410
Chung Hsing Land Development	37,436	37,436	37,436
Fubon REIT II Fund	37,146	36,930	36,930
Taiwan Stock Exchange	-	769,560	773,173
Taiwan Futures Exchange	-	107,316	102,679
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	17,768	17,497	17,796
Total	\$ <u>1,607,248</u>	<u>2,390,588</u>	<u>2,318,083</u>

(viii) Clearing and settlement fund

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Taiwan Stock Exchange	\$ 238,462	186,365	186,365
Taiwan Futures Exchange	162,346	219,832	225,815
TPEX	122,806	155,120	155,120
Total	\$ <u>523,614</u>	<u>561,317</u>	<u>567,300</u>

(Continued)

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

## (ix) Prepayments

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Cultural and Educational Foundation	\$ 4,048	-	-
Fubon Charity Foundation	3,339	-	-
Taiwan Fixed Network	2,693	2,978	-
Fubon Land Development	2,401	876	876
Taipei Rapid Transit	1,115	1,773	2,038
Fubon REIT I Fund	1,014	1,259	1,010
momo	597	802	1,150
Taiwan Shin Kong Security	-	2,219	2,219
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	2,059	2,852	1,197
Total	<u>\$ 17,266</u>	<u>12,759</u>	<u>8,490</u>

## (x) Payables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
China United Property Insurance	\$ 122,850	72,269	8,346
Taiwan Stock Exchange	47,332	38,542	36,238
Taihsin Property Insurance Agent	28,695	3,483	26,375
Taiwan Futures Exchange	25,380	28,696	32,830
TPEX	14,583	14,440	13,664
Hyundai Commercial Inc.	14,315	14,956	12,035
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	32,331	18,396	21,987
Total	<u>\$ 285,486</u>	<u>190,782</u>	<u>151,475</u>

(Continued)

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

## (xi) Deal on credit

The balance of financing and loans from other related parties to Fubon Securities and its subsidiaries were as follows:

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Related parties in substance	\$ <u>976,669</u>	<u>287,108</u>	<u>243,538</u>

## (xii) Principal of structured products

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Wuxi GIH	\$ 20,763	20,699	20,777
Mstar Semi	-	489,848	495,917
MediaTek (Shenzhen)	-	286,874	625,538
MediaTek Software	-	719,391	594,261
You Hua Metallic Material	-	-	13,404
Related parties in substance (individual)	61,232	58,542	398,464
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	7,373	7,619
Total	\$ <u>81,995</u>	<u>1,582,727</u>	<u>2,155,980</u>

## (xiii) Futures traders' equity

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>5,416,686</u>	<u>4,459,397</u>	<u>5,103,900</u>

## (xiv) Advance receipts

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taiwan Mobile	\$ 13,841	44,661	12,174
momo	11,158	163	7,850
Funds managed by Fubon Asset Management	9,455	15,125	19,346
JihSun Securities Investment Trust	4,830	2,034	248
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	7,467	4,775	4,633
Total	\$ <u>46,751</u>	<u>66,758</u>	<u>44,251</u>

(Continued)

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

## (xv) Guarantees

September 30, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	\$ 157,000	157,000	1,570	0.55%	Credit guarantees
Synnex Technology	111,100	-	-	0.44%	Credit guarantees
TA-HO MARITIME CORPORATION	59,000	59,000	590	0.59%	Ships
CHINA GENERAL PLASTICS	4,224	4,224	42	0.00%	Credit guarantees

December 31, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	\$ 157,000	157,000	1,570	0.55%	Credit guarantees

September 30, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	\$ 157,000	157,000	1,570	0.55%	Credit guarantees

## (xvi) Transaction for retirement pension savings:

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Hyundai Mobis Co., Ltd.	\$ 8,251,256	9,649,589	6,920,087
Hyundai Card Co., Ltd.	2,868,822	2,990,213	2,723,633
Hyundai Commercial Inc.	1,310,210	1,298,868	1,171,915
HYUNDAI IHL CORPORATION	149,472	-	-
Global Information Technology Co., Ltd.	46,808	-	-
H GREEN POWER INC.	46,632	-	-
Bluewalnut Co., Ltd.	19,799	-	-
Total	<u>\$ 12,692,999</u>	<u>13,938,670</u>	<u>10,815,635</u>

(Continued)

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

## (xvii) Income

## 1) Service fees

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	momo	\$ 210,669	187,484	624,929
LINE Biz+ Taiwan	202,031	174,181	613,253	467,550
Taiwan Mobile	10,753	42,283	98,520	125,967
Hyundai Mobis Co., Ltd.	4,831	4,072	15,393	11,760
Taipei City Government	3,242	2,262	10,910	15,727
DIGIFLOW	3,131	1,633	10,521	9,934
Easycard	4,844	2,194	10,091	9,848
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	18,325	14,930	47,638	47,378
Total	<u>\$ 457,826</u>	<u>429,039</u>	<u>1,431,255</u>	<u>1,178,265</u>

## 2) Management income

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Funds managed by Fubon Asset Management	<u>\$ 451,018</u>	<u>364,447</u>	<u>1,262,920</u>

## 3) Sales commissions

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Funds managed by Fubon Asset Management	<u>\$ 18,696</u>	<u>12,588</u>	<u>45,224</u>

## 4) Handling fee income

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Funds managed by Fubon Asset Management	\$ 24,485	34,927	61,580
Related parties in substance (individual)	412	4,665	757	17,847
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	247	467	247	1,839
Total	<u>\$ 25,144</u>	<u>40,059</u>	<u>62,584</u>	<u>114,131</u>

(Continued)



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

5) Sponsorship income, sales revenue and royalty income

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile	\$ 15,326	10,025	43,308	34,853
momo	17,123	12,699	42,900	36,609
Taiwan Win TV	-	25,397	-	42,857
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	35	-	512
Total	<u>\$ 32,449</u>	<u>48,156</u>	<u>86,208</u>	<u>114,831</u>

(xviii) Expenses

1) Insurance claims and payments

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile	\$ 83,287	64,967	233,950	186,113
China United Property Insurance	85,321	7,964	108,919	97,153
Taiwan High Speed Rail	146	38	5,597	16,299
Carplus Auto Leasing	-	40,050	-	118,201
Tokio Marine Newa Insurance	-	29,697	-	99,402
Yuchang Motor	-	8,286	-	24,075
Empower	-	5,689	-	15,056
Huilien Motor	-	3,563	-	13,352
Related parties in substance (individual)	1,951	18,916	20,460	28,771
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	4,548	12,975	8,828	48,819
Total	<u>\$ 175,253</u>	<u>192,145</u>	<u>377,754</u>	<u>647,241</u>

(Continued)

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

## 2) Donations

Name of related party	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Fubon Insurance Gallery Foundation	\$ 450,000	-	480,000	-
Fubon Charity Foundation	17,293	11,785	56,123	64,426
Fubon Cultural and Educational Foundation	24,047	19,417	45,952	50,426
Taipei Fubon Commercial Bank Charity Foundation	7,880	-	23,130	18,110
Fubon Art Foundation	-	33,331	20,770	57,499
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	15	900	2,516	6,017
<b>Total</b>	<b>\$ 499,235</b>	<b>65,433</b>	<b>628,491</b>	<b>196,478</b>

## 3) Other expenses

Name of related party	Category	For the three months ended September 30		For the nine months ended September 30	
		2023	2022	2023	2022
LINE Biz+ Taiwan momo	Service fee	\$ 403,065	497,926	1,693,160	1,790,563
Taiwan Stock Exchange	Rental expenses and miscellaneous purchases	376,634	326,577	1,155,850	774,087
Taiwan Futures Exchange	Stock listing fee, brokerage commission expenses and computer information fee	214,446	139,625	500,085	503,942
Taiwan Property Insurance Agent	Service fee, brokerage commission expenses and computer information fee	82,876	135,164	389,183	342,706
Taiwan Fixed Network	Commission expenses	84,719	79,691	281,014	266,330
Fubon Property Management	Rental expenses, utilities expenses, postage expenses and telecom expenses	73,021	55,939	220,915	183,319
TPEX	Management fee, service fee and utilities expenses	67,353	65,132	187,365	182,446
Taiwan High Speed Rail	Stock listing fee, brokerage commission expenses and computer information fee	68,271	52,822	175,452	165,059
Taiwan Mobile	Rental expenses and transportation expenses	23,271	18,744	69,306	52,358
Easycard	Telecom expenses and postage expenses	15,812	15,540	48,760	46,498
China United Property Insurance	Service fee	13,891	5,431	46,765	20,404
Funds managed by Fubon Asset Management	Reinsurance commissions	24,632	19,289	36,222	75,023
Fubon REIT I Fund	Service fee	6,365	5,231	28,083	20,954
	Rental expenses, management fees, educational training expenses, transportation expenses and utilities expenses	9,350	7,484	21,869	22,380

(Continued)

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

Name of related party	Category	For the three months ended September 30		For the nine months ended September 30	
		2023	2022	2023	2022
BESTCOM Infotech	Rental expenses and service fee	\$ 19,388	-	19,388	-
Hyundai Card Co., Ltd.	Service fee	6,812	4,074	17,075	14,169
Chung Hsing Land Development	Rental expenses and transportation expenses	5,384	5,493	16,373	16,812
Taipei FOREX Inc.	Service fee	4,133	3,830	12,846	12,308
Taiwan Shin Kong Security	Service fee	5,246	3,424	12,439	10,500
LINE Taiwan	Operating expenses	3,952	15,444	11,678	17,589
Fuli Property Insurance Agent	Commission expenses and service fee	2,065	2,268	6,675	10,238
Convoy Financial Services	Commission expenses and sales bonus	6	621	115	15,919
Non-Life Insurance Association	Advertising expenses	-	5,147	-	15,018
Tokio Marine Nawa Insurance	Reinsurance commissions and reinsurance expenses	-	17,827	-	34,048
Related parties in substance (individual)		(3,141)	15,758	1,336	16,020
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		30,222	25,156	68,860	91,538
Total		<u>\$ 1,537,773</u>	<u>1,523,637</u>	<u>5,020,814</u>	<u>4,700,228</u>

(xix) Insurance Receivable and Insurance Revenue

1) Insurance receivable

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Taipei City Government	\$ 19,910	6,938	7,842
Taiwan Mobile	6,561	3,012	5,921
Taiwan High Speed Rail momo	1,887	85,265	1,867
Taipei New Horizon	-	15,590	-
Chinese Culture University	-	3,390	7,155
YFY	-	9	14,562
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	29,798	22,627	19,963
Total	<u>\$ 59,803</u>	<u>149,335</u>	<u>59,070</u>

(Continued)

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

2) Insurance Revenue

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
CHC RESOURCES	\$ 13,537	(512)	117,816	3,368
Taipei City Government	31,615	11,305	70,700	27,201
momo	5,617	5,411	64,774	57,731
Taiwan Mobile	6,967	6,692	39,480	39,406
USI CORPORATION	(47)	-	39,341	-
Taiwan High Speed Rail	10,126	7,666	28,638	19,766
Alpha Networks	323	1,277	20,662	16,862
Kbro	6,269	4,914	20,344	21,091
Taiwan Cement Corporation	1,739	2,198	17,798	2,198
Line Bank	4,190	3,551	16,262	14,149
TA-HO MARITIME	-	-	15,151	-
Synnex Technology	1,882	-	12,443	-
Taiwan Fixed Network	3,328	2,631	11,955	3,316
MediaTek	-	2,806	11,586	16,717
Carplus Auto Leasing	-	48,420	-	225,979
YFY	-	14,562	-	14,572
Related parties in substance (individual)	130,353	188,406	412,891	527,635
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	40,327	40,459	132,443	129,900
Total	<u>\$ 256,226</u>	<u>339,786</u>	<u>1,032,284</u>	<u>1,119,891</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

(xx) Bonds payable and Interest Expense

1) Bonds payable

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350	221,970
Hyundai Commercial Inc. (Note)	2,380,000	2,443,500	2,219,700
Total	<u>\$ 2,380,000</u>	<u>2,687,850</u>	<u>2,441,670</u>

Note: Recognized as equity of Fubon Hyundai Life Insurance.

(Continued)

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

2) Interest Expense

<u>Name of related party</u>	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Hyundai Commercial Inc.	<u>\$ 41,777</u>	<u>38,011</u>	<u>129,072</u>	<u>116,122</u>

(xxi) Leasing

1) The company rents from related parties

a) Right-of-use asset

<u>Name of related party</u>	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	<u>2023</u>	<u>2022</u>	<u>2022</u>
Taipei City Government	\$ 30,467,950	28,703,681	29,575,658
Fubon REIT I Fund	222,371	282,006	330,814
Fubon REIT II Fund	184,389	159,484	194,313
Chung Hsing Land Development	54,841	222,265	278,686
Ming-Dong Industrial	41,537	42,880	48,838
Fubon Charity Foundation	32,860	41,549	47,488
Related parties in substance (individual)	41,634	66,593	75,010
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,141	17,800	25,422
<b>Total</b>	<u><u>\$ 31,056,723</u></u>	<u><u>29,536,258</u></u>	<u><u>30,576,229</u></u>

(Continued)

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

b) Lease liability

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei City Government	\$ 7,864,643	8,041,556	7,981,491
Fubon REIT I Fund	222,266	281,550	330,033
Fubon REIT II Fund	186,779	172,498	206,031
Chung Hsing Land Development	56,636	229,902	286,601
Ming-Dong Industrial	42,439	43,767	49,610
Fubon Charity Foundation	33,930	42,915	48,786
Related parties in substance (individual)	43,353	68,809	77,083
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,293	17,989	25,477
<b>Total</b>	<b>\$ <u>8,461,339</u></b>	<b><u>8,898,986</u></b>	<b><u>9,005,112</u></b>

2) The company leases to related parties

a) Guarantee deposits

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
momo	\$ 56,625	46,649	46,649
Fubon Insurance Gallery Foundation	26,884	-	-
Sharehope Medicine	17,912	17,912	17,912
Les enphants	10,506	-	-
Taiwan Mobile	10,197	10,182	11,824
Hyundai Card Co., Ltd.	6,836	20,987	19,065
Fubon Art Foundation	2,835	29,719	29,719
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	33,988	36,799	35,875
<b>Total</b>	<b>\$ <u>165,783</u></b>	<b><u>162,248</u></b>	<b><u>161,044</u></b>

(Continued)

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

b) Performance guarantee

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Les enphants	\$ 372,962	-	-
Sharehope Medicine (Note)	270,642	269,296	267,956
<b>Total</b>	<b>\$ 643,604</b>	<b>269,296</b>	<b>267,956</b>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

c) Rental revenue

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
momo	\$ 46,893	46,749	140,532	138,654
Taiwan Mobile	10,782	12,241	32,069	37,108
Sharehope Medicine	9,978	9,928	29,859	29,710
Taiwan Fixed Network	8,383	8,271	25,012	25,201
Hyundai Card Co., Ltd.	3,735	11,958	23,858	38,714
Kbro	5,872	5,862	17,616	17,587
Ming-Dong Industrial	4,667	4,667	14,001	10,557
JihSun Securities Investment Trust	4,256	4,157	12,730	12,491
Les enphants	10,615	-	10,615	-
Hyundai Commercial Inc.	1,767	4,456	10,245	13,534
Kbro Media	-	-	466	38,743
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,096	9,485	31,950	21,434
<b>Total</b>	<b>\$ 121,044</b>	<b>117,774</b>	<b>348,953</b>	<b>383,733</b>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(Continued)

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

(xxii) Acquisition of property and equipment

1) Transaction of debt instrument

a) Repurchase agreement

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Ming-Dong Industrial	\$ 790,000	-	-
Dao-Ying Industrial	718,000	-	-
Related parties in substance (individual)	5,065,304	4,436,373	5,086,793
Total	<u>\$ 6,573,304</u>	<u>4,436,373</u>	<u>5,086,793</u>

b) Resell agreement

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taiwan Life Insurance	\$ 1,350,000	-	-
CTBC Securities	954,263	-	300,127
Total	<u>\$ 2,304,263</u>	<u>-</u>	<u>300,127</u>

c) Bonds purchased

<u>Name of related party</u>	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Taiwan Life Insurance	\$ -	<u>2,676,131</u>

d) Bonds sold/matured

<u>Name of related party</u>	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Far Eastern Bank	\$ 1,000,000	-
Taiwan Mobile	-	302,685
Funds managed by JihSun Securities Investment Trust	-	50,473
Total	<u>\$ 1,000,000</u>	<u>353,158</u>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Transaction of equity instruments:

Shares undertaken

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
China United Insurance Group	\$ 8,403,546	8,281,059	7,961,750
Century Development	388,657	216,282	209,777
Hui Yang Venture Capital	3,714	15,620	3,242
eChem Solutions	-	59,115	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,254	14,086	2,653
<b>Total</b>	<b>\$ <u>8,797,171</u></b>	<b><u>8,586,162</u></b>	<b><u>8,177,422</u></b>

3) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
BESTCOM Infotech	\$ 245,285	-
Taipei City Government	67,624	15,427
Fubon Land Development	24,175	23,215
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,802	33
<b>Total</b>	<b>\$ <u>338,886</u></b>	<b><u>38,675</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Compensation to executive officers

Executive officers' compensation comprised:

	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 496,452	511,880	1,493,866	1,602,860
Post-employment benefits	18,933	12,392	52,852	35,189
Other long-term employee benefits	1,677	1,334	5,186	4,462
	<u>\$ 517,062</u>	<u>525,606</u>	<u>1,551,904</u>	<u>1,642,511</u>

(d) Information on related party transactions amounting to more than \$100,000 thousand

If a transaction occurs between two subsidiaries, only one subsidiary needs to disclose its related party information, and the inter-company transaction is eliminated in the consolidated financial statements.

(i) The Company

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u> <u>and its subsidiaries</u>
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	The subsidiary
Fubon Securities Co., Ltd. (Fubon Securities)	The subsidiary
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	The subsidiary
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	The subsidiary

2) Significant transactions with related parties were as follows:

a) Bank deposits

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Taipei Fubon Bank	<u>\$ 185,917</u>	<u>155,146</u>	<u>10,911,758</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

b) The investment balance details:

i) Balance of investment

<u>Name of security</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Fubon Life Insurance - non-cumulative perpetual subordinated corporate bonds	\$ <u>19,789,151</u>	<u>19,625,671</u>	<u>19,311,151</u>

ii) Interest receivables

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Fubon Life Insurance	\$ <u>370,849</u>	<u>552,329</u>	<u>370,849</u>

iii) Interest revenue

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ <u>181,480</u>	<u>181,480</u>	<u>538,521</u>	<u>538,521</u>

c) Income tax receivables

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Taipei Fubon Bank	\$ 1,867,301	2,388,885	1,871,624
Fubon Securities	623,745	814,780	689,257
Fubon Asset Management	127,297	135,586	105,983
Total	\$ <u>2,618,343</u>	<u>3,339,251</u>	<u>2,666,864</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

d) Lease Agreement

<u>Name of related party</u>	<b>Right-of-use assets</b>		
	September 30, 2023	December 31, 2022	September 30, 2022
Fubon Life Insurance	\$ 213,412	237,528	245,507

  

<u>Name of related party</u>	<b>Lease liabilities</b>		
	September 30, 2023	December 31, 2022	September 30, 2022
Fubon Life Insurance	\$ 227,695	247,050	253,845

(ii) Fubon Insurance and its subsidiaries

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd. (Fubon Financial Holdings)	Parent Company
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Xiamen Bank (China) Co., Ltd. (Xiamen Bank)	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd. (Taihsin Property Insurance Agent)	Related parties in substance
CHC RESOURCES CORPORATION (CHC RESOURCES)	Related parties in substance
China United Property Insurance Company Limited (China United Property Insurance)	Related parties in substance
Carplus Auto Leasing Corporation (Carplus Auto Leasing)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Others	Directors, supervisors, managers and their close relatives, etc.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Significant transactions with related parties were as follows:

a) Bank deposits

Name of related party	September 30, 2023		December 31, 2022		September 30, 2022	
	Ending balance	Interest rate range%	Ending balance	Interest rate range%	Ending balance	Interest rate range%
Taipei Fubon Bank	\$ 2,011,991	0.1~0.51	2,275,402	0~6	1,577,368	0.1~0.26
Xiamen Bank	215,387	0.25	173,613	0.05~0.40	206,299	0.35
Total	<u>\$ 2,227,378</u>		<u>2,449,015</u>		<u>1,783,667</u>	

b) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Fubon REIT I Fund	\$ 847,519	894,217	954,593
Fubon REIT II Fund	873,340	970,231	1,020,780
Total	<u>\$ 1,720,859</u>	<u>1,864,448</u>	<u>1,975,373</u>

c) Receivables

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
Fubon Financial Holdings	<u>\$ 2,898,631</u>	<u>2,067,260</u>	<u>1,015,288</u>

d) Reinsurance receivables

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
China United Property Insurance	<u>\$ 105,370</u>	<u>95,193</u>	<u>66,475</u>

e) Reinsurance payables

Name of related party	September 30, 2023	December 31, 2022	September 30, 2022
China United Property Insurance	<u>\$ 122,850</u>	<u>72,269</u>	<u>8,346</u>

f) Other revenue

Name of related party	Category	For the three months ended September 30		For the nine months ended September 30	
		2023	2022	2023	2022
China United Property Insurance	Reinsurance premium	<u>\$ 68,102</u>	<u>20,523</u>	<u>100,798</u>	<u>188,045</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## g) Expenses

## i) Retained claims payment

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile	\$ 83,287	64,967	233,950	186,113
Carplus Auto Leasing	-	40,050	-	118,201
China United Property Insurance	85,321	7,964	108,919	97,153
Total	<u>\$ 168,608</u>	<u>112,981</u>	<u>342,869</u>	<u>401,467</u>

## ii) Other Expenses

<u>Name of related party</u>	<u>Category</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taihsin Property Insurance Agent	Commission expenses	<u>\$ 84,719</u>	<u>79,691</u>	<u>281,014</u>	<u>266,330</u>

## h) Premium revenues

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	\$ 27,106	29,637	171,127	152,519
Carplus Auto Leasing	-	47,899	-	224,422
CHC RESOURCES	13,537	(512)	117,816	3,368
	<u>\$ 40,643</u>	<u>77,024</u>	<u>288,943</u>	<u>380,309</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

## i) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Life Insurance	<u>\$ 415,334</u>	<u>525,305</u>	<u>561,874</u>

  

<u>Name of related party</u>	<u>Lease liability</u>		
	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Life Insurance	<u>\$ 442,414</u>	<u>550,500</u>	<u>585,332</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Fubon Life Insurance and its subsidiaries

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd. (Fubon Financial Holdings)	Parent Company
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Funds Managed by Fubon Asset Management	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
momo.com Inc. (momo)	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance
Century Development Corporation (Century Development)	Related parties in substance
China United Insurance Group Co., Ltd. (China United Insurance Group)	Related parties in substance
Fubon Insurance Gallery Foundation	Related parties in substance
Sharehope Medicine Co., Ltd. (Sharehope Medicine)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
Les enfants Co., Ltd. (Les enfants)	Related parties in substance

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
BESTCOM Infotech Corp. (BESTCOM Infotech)	Related parties in substance
Fubon Property Management Co., Ltd. (Fubon Property Management)	Related parties in substance
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>September 30, 2023</u>		<u>December 31, 2022</u>		<u>September 30, 2022</u>	
	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>
Taipei Fubon Bank	\$ 25,399,367	0~1.37	30,643,918	0.385~1.4	12,601,835	0.17~0.29
Fubon Bank (Hong Kong)	68,254	0.5~0.9	105,879	0~0.75	123,968	0~0.25
Far Eastern Bank	6,502,526	0.58~1.43	7,501,870	0.475~1.5	9,501,913	0.35~1.2
Taiwan Business Bank	25,257,845	0.6~1.48	1,260,837	0.455~1.25	1,249,377	0.33~1
Total	<u>\$ 57,227,992</u>		<u>39,512,504</u>		<u>23,477,093</u>	

b) Financial instruments

i) Transaction of derivative financial instruments

<u>Name of related party</u>	<u>Name of derivative instrument contracts</u>	<u>Notional amount</u>		
		<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei Fubon Bank	Foreign exchange swap contracts	<u>\$ 41,303,040</u>	<u>21,495,600</u>	<u>25,394,400</u>

ii) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Funds managed by Fubon Asset Management	\$ 22,177,108	16,406,561	15,970,183
Funds managed by JihSun Securities Investment Trust	4,545,962	4,316,601	4,206,584
Total	<u>\$ 26,723,070</u>	<u>20,723,162</u>	<u>20,176,767</u>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

iii) Fubon Life Insurance and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon REIT I Fund	\$ 851,805	897,235	954,022
Fubon REIT II Fund	998,206	1,108,308	1,159,348
Total	<u>\$ 1,850,011</u>	<u>2,005,543</u>	<u>2,113,370</u>

c) Receivables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Financial Holdings	\$ 11,269,973	6,867,487	6,247,110
Fubon Insurance	293,932	280,438	339,923
Total	<u>\$ 11,563,905</u>	<u>7,147,925</u>	<u>6,587,033</u>

d) Loans

Secured loans

<u>September 30, 2023</u>							<u>Differences in transaction terms between related and non related parties</u>
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>		
Residential mortgage loans	25 related parties in substance	\$ 177,142	152,517	Normal loan	Real Estate		None
<u>December 31, 2022</u>							<u>Differences in transaction terms between related and non related parties</u>
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>		
Residential mortgage loans	31 related parties in substance	\$ 203,608	174,138	Normal loan	Real Estate		None
<u>September 30, 2022</u>							<u>Differences in transaction terms between related and non related parties</u>
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>		
Residential mortgage loans	30 related parties in substance	\$ 203,551	196,458	Normal loan	Real Estate		None

The transaction terms are identical to those of other market participants.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

e) Refundable deposits

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei City Government	\$ <u>1,402,157</u>	<u>1,305,586</u>	<u>1,224,464</u>

f) Transaction for retirement pension savings

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Hyundai Mobis Co., Ltd.	\$ 8,251,256	9,649,589	6,920,087
Hyundai Commercial Inc.	1,310,210	1,298,868	1,171,915
Hyundai Card Co., Ltd.	2,868,822	2,990,213	2,723,633
HYUNDAI IHL CORPORATION	149,472	-	-
Total	\$ <u>12,579,760</u>	<u>13,938,670</u>	<u>10,815,635</u>

g) Discretionary investment from related parties

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Asset Management	\$ <u>6,604,361</u>	<u>5,592,184</u>	<u>5,522,414</u>

h) Other revenue

<u>Name of related party</u>	<u>Category</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	Interest revenue and integrate business revenue	\$ 87,658	32,186	273,014	86,749
Fubon Insurance	Integrate business revenue and miscellaneous revenue	281,542	323,734	819,399	896,663
Total		\$ <u>369,200</u>	<u>355,920</u>	<u>1,092,413</u>	<u>983,412</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

i) Expenses

i) Donations

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2023	2022	2023	2022
Fubon Insurance Gallery Foundation	\$ <u>450,000</u>	<u>-</u>	<u>480,000</u>	<u>-</u>

ii) Other expenses

<u>Name of related party</u>	<u>Category</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		2023	2022	2023	2022
Fubon Property Management	Management fees, utilities expenses and investment property expenses	\$ <u>39,481</u>	<u>35,136</u>	<u>104,803</u>	<u>95,464</u>

j) Insurance revenue

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2023	2022	2023	2022
Related parties in substance (individual)	\$ <u>121,722</u>	<u>179,554</u>	<u>388,566</u>	<u>501,853</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

k) Bonds payable and interest expense

i) Bonds payable

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350	221,970
Hyundai Commercial Inc. (Note)	2,380,000	2,443,500	2,219,700
Total	<u>\$ 2,380,000</u>	<u>2,687,850</u>	<u>2,441,670</u>

Note: Recognized as equity of Fubon Hyundai Life Insurance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

ii) Interest expense

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Hyundai Commercial Inc.	<u>\$ 41,777</u>	<u>38,011</u>	<u>129,072</u>	<u>116,122</u>

l) Lease

i) The company rents from related parties

1) Right-of-use asset

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei City Government (Note)	\$ 30,446,192	28,656,799	29,520,310
Fubon REIT I Fund	108,183	140,096	171,560
Fubon Insurance	24,052	95,855	120,204
Total	<u>\$ 30,578,427</u>	<u>28,892,750</u>	<u>29,812,074</u>

Note: The amount was recognized as investment property.

2) Lease liability

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei City Government	\$ 7,845,758	7,992,975	7,928,915
Fubon REIT I Fund	107,691	139,917	170,573
Fubon Insurance	23,426	92,491	115,241
Total	<u>\$ 7,976,875</u>	<u>8,225,383</u>	<u>8,214,729</u>

ii) The company leases to related parties

1) Performance guarantee

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Sharehope Medicine (Note)	\$ 270,642	269,296	267,956
Les enphants	372,962	-	-
Total	<u>\$ 643,604</u>	<u>269,296</u>	<u>267,956</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Rental revenue

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ 37,952	38,062	113,964	114,089
momo	46,893	46,749	140,532	138,654
Total	<u>\$ 84,845</u>	<u>84,811</u>	<u>254,496</u>	<u>252,743</u>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

m) Acquisition of property and equipment

i) Transaction of debt instrument

Sold/matured

<u>Name of related party</u>	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank	\$ 199,161	400,324
Far Eastern Bank	1,000,000	-
Total	<u>\$ 1,199,161</u>	<u>400,324</u>

ii) Transaction of equity instruments

Shares undertaken

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Century Development	\$ 388,657	216,282	209,777
China United Insurance Group	8,403,546	8,281,059	7,961,750
Total	<u>\$ 8,792,203</u>	<u>8,497,341</u>	<u>8,171,527</u>

iii) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>
BESTCOM Infotech	\$ 191,646	-

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Fubon Securities and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)(Note)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Funds managed by Fubon Asset Management	Related parties in substance
Taiwan Stock Exchange Corporation (Taiwan Stock Exchange)	Related parties in substance
Taiwan Futures Exchange Corporation (Taiwan Futures Exchange)	Related parties in substance
Taipei Exchange (TPEX)	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
MediaTek Inc. (MediaTek)	Related parties in substance
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

Note: The financial statements were retroactively restated due to the reorganization of the Group, hence the content and amount disclosed by related parties of prior periods included JihSun Bank.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Significant transactions with related parties

a) Bank deposits, cash equivalents, short-term borrowings, and other current assets

Cash deposits in Taipei Fubon Bank and Fubon Bank (Hong Kong) were as follows:

Items	September 30, 2023	December 31, 2022 (Restatement)	September 30, 2022 (Restatement)
Demand deposits (excluding settlement accounts)	\$ <u>2,176,829</u>	<u>2,718,090</u>	<u>3,691,278</u>
Demand deposits (booked as customer margin accounts)	\$ <u>316,068</u>	<u>547,319</u>	<u>559,635</u>
Checking accounts	\$ <u>164,546</u>	<u>96,360</u>	<u>89,250</u>
Time deposits	\$ <u>570,000</u>	<u>2,935,600</u>	<u>1,570,850</u>
Pledged time deposit	\$ <u>138,000</u>	<u>204,000</u>	<u>154,000</u>
Foreign currency deposits (excluding settlement accounts)	\$ <u>256,235</u>	<u>339,188</u>	<u>468,518</u>
Foreign time deposit	\$ <u>14,423,348</u>	<u>14,098,558</u>	<u>15,054,185</u>

As of September 30, 2023, December 31 and September 30, 2022, Fubon Securities and its subsidiaries had put bank deposits in Far Eastern Bank and Taiwan Business Bank amounting to \$299,830 thousand, \$440,400 thousand and \$1,874,576 thousand, respectively.

As of September 30, 2023, December 31 and September 30, 2022, Fubon Securities and its subsidiaries had put time deposits in Taipei Fubon Bank as operating refundable deposits amounting to \$1,000,000 thousand, \$790,000 thousand and \$790,000 thousand, respectively.

Balances of short-term borrowings from Taipei Fubon Bank as of September 30, 2023, December 31 and September 30, 2022, were all nil, unused credit facilities from Taipei Fubon Bank were \$8,500,000 thousand, 9,700,000 thousand and 9,700,000 thousand, respectively. As of September 30, 2023, December 31 and September 30, 2022, the carrying value of lands and buildings pledged to Taipei Fubon Bank were \$1,447,608 thousand, \$1,423,429 thousand and \$1,440,384 thousand, respectively, and time deposits pledged to Taipei Fubon Bank for short-term borrowing were \$138,000 thousand, \$204,000 thousand and \$154,000 thousand, respectively. Fubon Securities also provided stock investments amounting to \$6,000,512 thousand, \$8,065,938 thousand and \$5,057,770 thousand (recognized as financial assets measured at fair value through other comprehensive income) to Taipei Fubon Bank as collateral for short-term borrowings and overdrafts as of September 30, 2023, December 31 and September 30, 2022.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Fubon Securities and its subsidiaries earned interest revenue on bank deposits:

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	2022		2022	
	2023	(Restatement)	2023	(Restatement)
Taipei Fubon Bank	\$ <u>149,000</u>	<u>78,021</u>	<u>525,889</u>	<u>113,951</u>

- b) The details of Fubon Asset Management's funds purchased by Fubon Securities and its subsidiaries were as follow:

<u>Name of Funds</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u> <u>(Restatement)</u>	<u>September 30,</u> <u>2022</u> <u>(Restatement)</u>
Funds managed by Fubon Asset Management	\$ <u>115,793</u>	<u>47,480</u>	<u>63,943</u>

- c) Operating securities-dealing

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

<u>Name of security</u>	<u>September 30, 2023</u>	
	<u>Cost</u>	<u>Gains (losses)</u> <u>on valuation</u>
Funds managed by Fubon Asset Management	\$ 967,076	(732)
Fubon REIT I Fund	<u>243,380</u>	<u>114,296</u>
Total	<u>\$ 1,210,456</u>	<u>113,564</u>
<u>Name of security</u>	<u>December 31, 2022 (Restatement)</u>	
Funds managed by Fubon Asset Management	\$ 806,699	304
Fubon REIT I Fund	<u>243,380</u>	<u>133,624</u>
Total	<u>\$ 1,050,079</u>	<u>133,928</u>
<u>Name of security</u>	<u>September 30, 2022 (Restatement)</u>	
Funds managed by Fubon Asset Management	\$ 822,347	(29,762)
Fubon REIT I Fund	<u>243,380</u>	<u>157,485</u>
Total	<u>\$ 1,065,727</u>	<u>127,723</u>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of security</u>	<u>For the three months ended September 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
Funds managed by Fubon Asset Management	\$ <u>7,747</u>	<u>30,492</u>

<u>Name of security</u>	<u>For the three months ended September 30, 2022 (Restatement)</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
Funds managed by Fubon Asset Management	\$ <u>14,685</u>	<u>(19,781)</u>

<u>Name of security</u>	<u>For the nine months ended September 30, 2023</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
Funds managed by Fubon Asset Management	\$ <u>13,898</u>	<u>137,430</u>

<u>Name of security</u>	<u>For the nine months ended September 30, 2022 (Restatement)</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
Funds managed by Fubon Asset Management	\$ <u>18,125</u>	<u>(122,086)</u>

d) Operating securities-hedging

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

<u>Name of security</u>	<u>For the three months ended September 30, 2022 (Restatement)</u>	
	<u>Dividend revenue</u>	<u>Gains (losses) on disposal of investments</u>
MediaTek	\$ <u>-</u>	<u>(29,979)</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of security	For the nine months ended September 30, 2022 (Restatement)	
	Dividend revenue	Gains (losses) on disposal of investments
MediaTek	\$ 34,440	(149,853)

- e) Finance assets measured at fair value through other comprehensive income

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on valuation were as follows:

Name of security	September 30, 2023	
	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	202,817

Name of security	December 31, 2022	
	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	204,541

Name of security	September 30, 2022	
	Cost	Gains (losses) on valuation
Taiwan Mobile	\$ 1,428,277	220,059

- f) Derivative financial instrument transaction

Unit: In thousands of TWD

December 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern Bank	Cross Currency Swap (CCS)	2018.01.09~ 2023.02.27	\$ 1,500,000	CCS contract value (assets)	275
Far Eastern Bank	Cross Currency Swap (CCS)	2018.07.11~ 2023.07.13	300,000	CCS contract value (liabilities)	946

Unit: In thousands of TWD

September 30, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern Bank	Cross Currency Swap (CCS)	2017.02.21~ 2023.02.27	\$ 300,000	CCS contract value (assets)	288
Far Eastern Bank	Cross Currency Swap (CCS)	2018.01.09~ 2023.07.13	1,500,000	CCS contract value (liabilities)	1,297

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

g) Customer margin account

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taiwan Futures Exchange	\$ <u>4,972,700</u>	<u>5,333,417</u>	<u>4,230,431</u>

h) Settlement and clearing funds

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taiwan Stock Exchange	\$ 238,462	186,365	186,365
Taiwan Futures Exchange	162,346	219,833	225,815
TPEX	<u>122,807</u>	<u>155,120</u>	<u>155,120</u>
Total	<u>\$ 523,615</u>	<u>561,318</u>	<u>567,300</u>

i) Deal on credit

As of September 30, 2023, December 31 and September 30, 2022, the balance of financing and loans from other related parties to Fubon Securities and its subsidiaries are \$976,669 thousand, \$287,108 thousand and \$243,538 thousand, respectively.

j) Other receivables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taipei Fubon Bank	\$ <u>134,586</u>	<u>98,001</u>	<u>99,103</u>

k) Security borrowing deposit

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taiwan Stock Exchange	\$ <u>-</u>	<u>769,560</u>	<u>769,560</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

l) Futures traders' equity

Related parties engaging in futures have Fubon Futures traders' equity deposited in Fubon Securities and its subsidiaries were as follow:

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u> <u>(Restatement)</u>	<u>September 30,</u> <u>2022</u> <u>(Restatement)</u>
Funds managed by Fubon Asset Management	\$ <u>5,416,686</u>	<u>4,459,397</u>	<u>5,103,900</u>

m) Dividend income

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Stock Exchange	\$ <u>195,477</u>	<u>249,242</u>	<u>195,477</u>	<u>249,242</u>

n) Facility rental revenue

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taipei Fubon Bank	\$ <u>161,545</u>	<u>145,772</u>	<u>442,347</u>	<u>450,542</u>

o) Brokerage handling fee expense

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Stock Exchange	\$ 169,205	107,069	395,693	391,238
Taiwan Futures Exchange	49,999	58,222	133,780	176,925
TPEX	51,944	41,928	138,252	130,338
Total	\$ <u>271,148</u>	<u>207,219</u>	<u>667,725</u>	<u>698,501</u>

p) Settlement and clearing service fee expense

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Futures Exchange	\$ <u>36,062</u>	<u>39,311</u>	<u>95,860</u>	<u>125,231</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

q) Right-of-use asset and lease liability

<u>Name of related party</u>	<b>Right-of-use asset</b>		
	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taipei Fubon Bank	<u>\$ 121,691</u>	<u>71,589</u>	<u>87,837</u>

  

<u>Name of related party</u>	<b>Lease liability</b>		
	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taipei Fubon Bank	<u>\$ 122,809</u>	<u>73,910</u>	<u>90,585</u>

(v) Taipei Fubon Bank and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holding Co., Ltd. (Fubon Financial Holdings)	Parent Company
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Fubon Futures Co., Ltd. (Fubon Futures)	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd. (Fubon Asset Management)	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Chung Hsing Land Development Co., Ltd. (Chung Hsing Land Development)	A major shareholder of Fubon Financial Holdings
LINE Biz+ Taiwan Co., Ltd. (LINE Biz+ Taiwan)	Related parties in substance
momo.com Inc. (momo)	Related parties in substance
Beijing Global Media Technology Co., Ltd. (Beijing Global)	Related parties in substance
TAIWAN MINO GROUP CO., LTD. (TAIWAN MINO)	Related parties in substance
USI CORPORATION (USI)	Related parties in substance
TA-HO MARITIME CORPORATION (TA-HO MARITIME)	Related parties in substance

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
DediProg Technology Co., Ltd. (DediProg Technology)	Related parties in substance
POU CHEN CORPORATION (POU CHEN)	Related parties in substance
CHC RESOURCES CORPORATION (CHC RESOURCES)	Related parties in substance
MediaTek (Shenzhen) Inc. (MediaTek (Shenzhen))	Related parties in substance
MediaTek (Chengdu) Inc. (MediaTek Software)	Related parties in substance
Mstar Semi (Shenzhen) Inc. (Mstar Semi)	Related parties in substance
Yong Hsin Shing Ye Co., Ltd. (Yong Hsin Shing Ye)	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd. (Sichuan VipFubon)	Related parties in substance
Taiwan Cement Corporation (Taiwan Cement)	Related parties in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related parties in substance
Probright Technology Inc. (Probright Technology)	Related parties in substance
Synnex Technology International Corporation (Synnex Technology)	Related parties in substance
TacBright Optronics Corporation (TacBright Optronics)	Related parties in substance
Yulon Finance Corporation (Yulon Finance)	Related parties in substance
Alexander Marine Co., Ltd. (Alexander Marine)	Related parties in substance
AMIA CO., LTD. (AMIA)	Related parties in substance
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Taiwan Life Insurance Co., Ltd. (Taiwan Life Insurance)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern Bank)	Related parties in substance
Taiwan VCM Corporation (Taiwan VCM)	Related parties in substance

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Name of related party</u>	<u>Relationship with the Company</u>
BESTCOM Infotech Corp. (BESTCOM Infotech)	Related parties in substance
CGPC Polymer Corporation (CGPC Polymer)	Related parties in substance
Advanced Echem Materials Co., Ltd. (AEMC)	Related parties in substance
Dao-Ying Industrial Co., Ltd. (Dao-Ying Industrial)	Related parties in substance
Ming-Dong Industrial Co., Ltd. (Ming-Dong Industrial)	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

The financial statements for the years ended 31 December 2022 and 30 September 2022 were retroactively restated due to the reorganization of the Group. Fubon Financial Holding included the former JihSun Financial Holding, Fubon Securities included the former JihSun Securities and Fubon Futures included the former JihSun Futures.

a) Loans, deposits, due to banks and call loans from banks

<u>Item</u>	<u>For the nine months ended September 30, 2023</u>		
	<u>September 30, 2023</u> <u>Ending balance</u>	<u>Interest rate/ service fee rate</u> <u>(%)</u>	<u>Interest revenue</u> <u>(expense)</u>
Loans	\$ <u>34,215,976</u>	0~15.00	93,201
Deposits	\$ <u>134,034,301</u>	0~6.595	(1,223,066)
Due from banks	\$ <u>352,906</u>		146
Call loans to banks	\$ <u>176,331</u>	2.25	5,281

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Units: In thousands of TWD

September 30, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	71	\$ 41,959	26,000	✓	-	None	None
Residential mortgage loans	281	3,522,797	2,589,886	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	12,282,788	12,282,788	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	11,350,000	11,350,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	124,407	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	28,000	28,000	✓	-	Building and land for construction	None
	Probright Technology	3,381	-	✓	-	SME credit guarantee fund	None
	Synnex Technology	4,780,000	4,780,000	✓	-	Credit guarantees	None
	Taiwan Cement	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	123,338	35,267	✓	-	Certificate of deposit	None
	POU CHEN	2,000,000	1,000,000	✓	-	Credit guarantees	None
	Taiwan VCM	595,200	595,200	✓	-	Credit guarantees	None
	CHC RESOURCES	440,000	300,000	✓	-	Credit guarantees	None
Others	DediProg Technology	352,442	342,528	✓	-	SME credit guarantee fund	None
	BESTCOM Infotech	330,000	-	✓	-	Credit guarantees	None
	USI	324,800	324,800	✓	-	Credit guarantees	None
	Alexander Marine	210,000	160,000	✓	-	Credit guarantees	None
	TA-HO MARITIME	203,550	50,400	✓	-	Ships	None
	CGPC Polymer	100,000	-	✓	-	Credit guarantees	None
	TAIWAN MINO	68,700	68,700	✓	-	Certificate of deposit	None
	AEMC	39,000	-	✓	-	Credit guarantees	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 39,128,889	34,215,976				

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Item	2022 (Restatement)		
	December 31, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ 16,587,762	0~15.00	74,124
Deposits	\$ 153,636,562	0~11.00	(638,551)
Due from banks	\$ 516,570	0~1.03	1,756
Call loans to banks	\$ 488,642	1.85~2.5	(13,473)

Units: In thousands of TWD

December 31, 2022 (Restatement)							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 57,954	22,595	✓	-	None	None
Residential mortgage loans	302	3,731,955	2,905,720	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	28,000	✓	-	Building and land for construction	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	79,436	33,443	✓	-	Certificate of deposit	None
Others	TacBright Optronics	200,000	-	✓	-	Credit guarantees	None
	Other loans	117	37	✓	-	Credit guarantee fund	None
	Other loans	17,110	16,352	✓	-	Real estate	None
<b>Total</b>		<b>\$ 24,781,708</b>	<b>16,587,762</b>				

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**For the nine months ended September 30, 2022**  
**(Restatement)**

Item	September 30, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
Loans	\$ <u>18,248,637</u>	0~15.00	<u>51,126</u>
Deposits	\$ <u>137,973,725</u>	0~6.35	<u>(329,621)</u>
Due from banks	\$ <u>688,846</u>	0~1.02	<u>(1,707)</u>

Units: In thousands of TWD

September 30, 2022 (Restatement)							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	89	\$ 52,703	27,227	✓	-	None	None
Residential mortgage loans	336	3,780,784	3,097,263	✓	-	Real estate	None
Others	Department of Rapid Transit systems, Taipei City Government	11,000,000	5,000,000	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	5,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,199,694	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye	44,000	44,000	✓	-	Building and land for construction (not including building) (there with a construction plan)	None
	Taiwan Cement	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global	80,420	80,420	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	200,000	✓	-	Credit guarantees	None
	Yulon Finance	300,000	300,000	✓	-	Credit guarantees	None
	Alexander Marine	100,000	100,000	✓	-	Credit guarantees	None
	AMIA	30,000	30,000	✓	-	Securities and debt	None

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

September 30, 2022 (Restatement)							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Other loans	\$ 117	57	✓	-	Credit guarantee fund	None
	Other loans	26,047	11,976	✓	-	Real estate	None
Total		\$ 25,024,997	18,248,637				

In accordance with Article 32 and Article 33 of the Banking Law, except for the amount of consumer loans and loans to the government, no credit can be granted for unsecured credit; at the time, there should be full guarantees, and their conditions must not be better than other similar credit grantees.

- b) Handled several guarantees

Units: In thousands of TWD

September 30, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement	157,000	157,000	1,570	0.55%	Credit guarantees

Units: In thousands of TWD

December 31, 2022 (Restatement)					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement	157,000	157,000	1,570	0.55%	Credit guarantees

Units: In thousands of TWD

September 30, 2022 (Restatement)					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement	157,000	157,000	1,570	0.55%	Credit guarantees

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

c) Bond transactions:

<u>Name of related party</u>	<u>Subject</u>	<u>Transaction types</u>	<u>For the nine months ended September 30</u>	
			<u>2023</u>	<u>2022 (Restatement)</u>
Taiwan Mobile	Bonds	Bonds sold	\$ -	302,685
Taiwan Life Insurance	Bonds	Bonds purchased	-	2,676,131

  

<u>Name of related party</u>	<u>Subject</u>	<u>Transaction types</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Taiwan Life Insurance	Bonds	Resell agreement	\$ 1,350,000	-	-
CTBC Securities	Bonds	Resell agreement	954,263	-	300,127
Dao-Ying Industrial	Bonds	Repurchase agreement	718,000	-	-
Ming-Dong Industrial	Bonds	Repurchase agreement	790,000	-	-
Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance	Bonds	Repurchase agreement	5,065,304	4,436,373	5,086,793

d) Fund and stock transactions

<u>Name of Funds</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Fubon REIT I Fund	\$ 864,623	911,344	969,024
Fubon REIT II Fund	118,391	131,450	137,503
<b>Total</b>	<b>\$ 983,014</b>	<b>1,042,794</b>	<b>1,106,527</b>

  

<u>Name of related party</u>	<u>Subject</u>	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Fubon Asset Management	Discretionary Investment Transaction Net Assets	\$ 2,231,625	2,073,253	2,123,443

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

e) Derivative financial instruments

Units: In thousands of TWD

September 30, 2023						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2023.06.01~2024.06.18	\$39,588,513	1,204,365	Valuation adjustment of financial asset measured at fair value through profit or loss	1,204,365

Units: In thousands of TWD

December 31, 2022 (Restatement)						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	(losses) Gains on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2022.12.26~2023.03.06	\$ 9,170,100	7,256	Valuation adjustment of financial asset measured at fair value through profit or loss	7,256
Fubon Life Insurance	Foreign currency swap contracts	2022.11.01~2023.03.31	12,604,150	(383,736)	Valuation adjustment of financial liability measured at fair value through profit or loss	383,736

Units: In thousands of TWD

September 30, 2022 (Restatement)						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Foreign currency swap contracts	2021.10.27~2022.12.30	\$16,625,055	2,425,197	Valuation adjustment of financial asset measured at fair value through profit or loss	2,371,389
Fubon Life Insurance	Foreign currency swap contracts	2022.09.26~2022.12.28	6,351,500	(27,113)	Valuation adjustment of financial liability measured at fair value through profit or loss	27,113
Far Eastern Bank	Interest rate swap contracts	2018.12.18~2022.12.20	300,000	(763)	Valuation adjustment of financial liability measured at fair value through profit or loss	57

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## f) Lease

## Lease agreement

<u>Name of related party</u>	<b>Right-of-use asset</b>		
	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Fubon Life Insurance	\$ 223,105	129,660	141,031
Fubon REIT II Fund	149,849	107,344	132,506
Fubon Insurance	93,529	148,081	166,718
Chung Hsing Land Development	<u>53,261</u>	<u>211,307</u>	<u>264,568</u>
	<b><u>\$ 519,744</u></b>	<b><u>596,392</u></b>	<b><u>704,823</u></b>
<u>Name of related party</u>	<b>Lease liability</b>		
	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Fubon Life Insurance	\$ 236,494	139,284	150,503
Fubon REIT II Fund	152,464	120,463	144,719
Fubon Insurance	96,501	150,923	168,953
Chung Hsing Land Development	<u>55,491</u>	<u>219,025</u>	<u>272,538</u>
	<b><u>\$ 540,950</u></b>	<b><u>629,695</u></b>	<b><u>736,713</u></b>

The house rental expenses which are from the leasing contracts with related parties of Taipei Fubon Bank and its subsidiaries refer the quotation of nearby buildings or entrust Real Estate Appraisers Firms to analysis. The rental expenses are calculated with the number of pings rented by related parties monthly or quarterly.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

g) Others

	<b>September 30,</b>	<b>December 31,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
	<u>2023</u>	<u>(Restatement)</u>	<u>(Restatement)</u>
Receivables – Fubon Financial Holdings	\$ 90,203	487,418	435,493
Receivables – Fubon Life Insurance	623,333	198,487	253,595
Receivables – Others	115,796	54,587	87,564
Payables – Others	128,104	110,755	114,813
Principal of structured products – Mstar Semi	-	489,848	495,917
Principal of structured products – MediaTek Software	-	719,391	594,261
Principal of structured products – MediaTek (Shenzhen)	-	286,874	625,538
Principal of structured products – Others	61,232	65,916	406,083
Refundable deposits – Fubon Futures	568,277	544,066	553,794
Other financial asset – Sichuan VipFubon	881,653	882,688	893,625
	<u>For the three months ended</u>	<u>For the nine months ended</u>	
	<u>September 30</u>	<u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2022</u>
	<u>(Restatement)</u>	<u>(Restatement)</u>	<u>(Restatement)</u>
Service fee income – Fubon Life Insurance	\$ 1,888,806	1,059,811	5,595,959
Service fee income – Others	707,710	628,823	2,073,443
Service expenses – LINE Biz+ Taiwan	403,237	496,593	1,693,132
Service expenses – momo	364,730	324,588	1,142,678
Service expenses – Others	87,733	65,910	243,765
Operating expenses – Others	131,234	121,443	510,429
	300,204		

Transactions between Taipei Fubon Bank and its subsidiaries and related parties were made at terms similar to that for unrelated parties, except for the preferential interest rates offered to employees for their savings and loans of up to certain amounts.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Fubon Bank (Hong Kong)

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Life Insurance (Hong Kong) Limited (Fubon Life Insurance (Hong Kong))	Company controlled by Fubon Financial Holdings
Xiamen Bank Co., Ltd. (Xiamen Bank)	Related parties in substance

2) Significant transactions with related parties

a) Deposits from the central bank and banks

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Xiamen Bank	\$ <u>55,095</u>	<u>96,956</u>	<u>100,986</u>

b) Receivables

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Fubon Life Insurance (Hong Kong)	\$ <u>100,733</u>	<u>742</u>	<u>21</u>

c) Commission income

<u>Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance (Hong Kong)	\$ <u>128,428</u>	<u>64,349</u>	<u>250,665</u>	<u>240,904</u>

(vii) Fubon Financial Holding Venture Capital and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Taipei Fubon Bank	\$ <u>439,020</u>	<u>371,478</u>	<u>129,079</u>

b) Other operating income

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance	\$ <u>64,361</u>	<u>43,905</u>	<u>180,757</u>	<u>128,047</u>

(viii) Fubon Marketing and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Insurance Co., Ltd. (Fubon Insurance)	Company controlled by Fubon Financial Holdings
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Taipei Fubon Bank	\$ <u>305,369</u>	<u>274,530</u>	<u>154,807</u>

b) Operating revenue

Remuneration of commissions and project service fees due to the appointment of agents by related parties, to sell their products or provide consulting services, their related details are as follows:

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ 124,302	118,027	370,520	349,776
Fubon Life Insurance	56,421	57,411	168,627	175,065
Total	\$ <u>180,723</u>	<u>175,438</u>	<u>539,147</u>	<u>524,841</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Fubon Asset Management and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Taipei Fubon Bank)	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited. (Fubon Bank (Hong Kong))	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Company controlled by Fubon Financial Holdings
Funds managed by Fubon Asset Management	Related parties in substance

2) Significant transactions with related parties

a) Bank deposits and deposits

i) Bank deposits

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei Fubon Bank	\$ 95,078	182,614	237,081
Fubon Bank (Hong Kong)	89,390	49,552	65,536
Total	<u>\$ 184,468</u>	<u>232,166</u>	<u>302,617</u>

ii) Restricted bank deposits

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Taipei Fubon Bank	<u>\$ 116,221</u>	<u>113,572</u>	<u>113,572</u>

b) Financial assets at fair value through profit or loss

<u>Name of related party</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Funds managed by Fubon Asset Management	<u>\$ 332,276</u>	<u>324,376</u>	<u>329,916</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

c) Accounts receivable

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>154,633</u>	<u>130,985</u>	<u>124,651</u>

d) The Company and its subsidiaries hold the funds issued by Fubon Asset Management which is traded outside the exchange market (excluding the index funds)

<u>Name of related party</u>	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>3,463,716</u>	<u>2,249,037</u>	<u>2,138,248</u>

e) Fully fiduciary discretionary investment balance by the related party

<u>Name of related party</u>	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Fubon Life Insurance	\$ 6,556,238	5,590,962	5,522,414
Taipei Fubon Bank	2,231,625	2,073,253	2,123,443
Total	\$ <u>8,787,863</u>	<u>7,664,215</u>	<u>7,645,857</u>

f) Management income

<u>Name of related party</u>	<u>For the three months ended</u> <u>September 30</u>		<u>For the nine months ended</u> <u>September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>451,017</u>	<u>364,447</u>	<u>1,262,920</u>	<u>1,081,284</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(8) Pledged assets**

The fair value of assets provided by Company for being pledged as collateral is as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Demand deposits (accounted for other financial assets)	Performance bond	\$ 15,000	15,000	15,000
Checking accounts (accounted for other financial assets)	Note 1	145	73	67
Time deposits (accounted for refundable deposits)	Guarantee deposits for Insurance business	1,007,297	1,012,028	1,024,800
Time deposits (accounted for refundable deposits)	Superficies performance bond and new construction guarantee deposit	1,452,427	1,452,517	1,452,514
Time deposits (accounted for other assets)	Bank loans	-	149,037	99,017
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	32,495,111	32,493,814	32,492,949
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	-	2,200,000	-
Due from banks (accounted for other financial assets)	Note 1	501,801	500,650	500,650

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Stocks (accounted for financial assets measured at fair value through other comprehensive income)	Bank loans	\$ -	3,419,651	3,683,410
Beneficiary securities (accounted for refundable deposits)	Bank loans	1,490,950	-	-
Government bonds (accounted for financial assets measured at fair value through profit or loss)	Pledged for securities trading guarantee	6,777,485	6,522	-
Government bonds (accounted for financial assets measured at fair value through other comprehensive income)	Pledged for securities trading guarantee	-	-	5,252,421
Government bonds (accounted for financial assets measured at fair value through other comprehensive income)	Note 1	1,969,429	571,960	7,962,020

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Government bonds (accounted for debt investment measured at amortized cost)	Guarantee deposits for Insurance business	\$ -	-	4,000
Government bonds (accounted for debt investment measured at amortized cost)	Note 1	4,124,492	6,614,665	10,324,329
Government bonds (accounted for refundable deposits)	Guarantee deposits for Insurance business	18,241,475	16,651,930	16,357,612
Government bonds (accounted for refundable deposits)	Bank loans	-	1,674,444	-
Corporate bonds(accounted for debt investment measured at amortized cost)	Note 1	476,000	-	364,394
Corporate bonds (accounted for refundable deposits)	Bank loans	2,237,328	-	-
Financial bonds (accounted for refundable deposits)	Bank loans	1,246,446	-	-
Asset securitization products (accounted for financial assets measured at fair value through other comprehensive income)	Note 1	-	-	4,081,585
Asset securitization product (accounted for debt investment measured at amortized cost)	Note 1	416,500	-	499,402

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Property and equipment – land and buildings	Bank loans	\$ 4,972,115	6,062,726	1,641,040
Investment property – land and buildings	Bank loans	<u>8,426,254</u>	<u>5,890,088</u>	<u>532,915</u>
Total		<u>\$ 85,850,255</u>	<u>78,715,105</u>	<u>86,288,125</u>

Note 1: Those pledged assets had been placed with (a) courts for meeting requirements for judiciary provisional seizure of debtors' property, (b) the National Credit Card Center for the Bank's potential obligations on credit card activities, (c) the Central Bank for the Bank's potential obligations on its trust activities, (d) foreign governments for the Bank's potential obligations on its overseas operations, (e) transactions for bonds business, (f) collaterals for derivatives transactions, (g) overdrafts of collateral, (h) securities brokerage deposit, (i) collaterals required for capital scheduling and (j) claims litigation.

**(9) Commitments and contingencies:**

(a) Taipei Fubon Bank and its subsidiaries

- (i) Except for disclosed in other notes of consolidated financial statements, Taipei Fubon Bank and its subsidiary had commitments as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022 (Restatement)</u>	<u>September 30, 2022 (Restatement)</u>
Undrawn credit card commitments	\$ 714,135,461	423,007,716	416,484,625
Collections for customers	28,299,203	22,465,445	24,941,336
Agency loans payable	1,173,605	1,374,816	1,434,895
Designated deposits	1,044,759	1,621,049	2,267,834
Designated loans	1,044,759	1,621,049	2,267,834
Designated financial management	3,213,138	3,926,946	5,652,759
Marketable securities under custody	587,653,318	563,271,684	580,352,631
Management for book-entry government bonds	174,871,400	167,605,900	186,827,100

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (ii) Taipei Fubon Bank and its subsidiaries' capital expenditure commitment were \$1,624,072 thousand, \$1,582,422 thousand and \$1,243,148 thousand as of September 30, 2023, December 31 and September 30, 2022.
- (iii) As of September 30, 2023, December 31 and September 30, 2022, the unfunded commitments (ceiling) of Taipei Fubon Bank and its subsidiaries' private fund agreements were as below (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
USD	\$ <u>3,290</u>	<u>2,550</u>	<u>2,550</u>

(b) Fubon Life Insurance and its subsidiaries

- (i) Fubon Life Insurance and its subsidiaries generate contingent liabilities through lawsuits from daily operating activities, besides from already estimated reserve for liabilities, there are lawsuits cases that are still on the go, which are all commissioned to Fubon Life Insurance and its subsidiaries' legal service unit or lawyers. Once Fubon Life Insurance and its subsidiaries acquire professional advice and estimated reasonable amount of money, Fubon Life Insurance and its subsidiaries will recognize the loss.
- (ii) Significant unrecognized commitment

The signed but unrecognized new construction contract and acquisitions amount of investment and owner-occupied properties of Fubon Life Insurance and its subsidiaries are as follows:

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
New construction	\$ 29,162,814	3,908,441	5,542,553
Purchase of investment property	-	2,251,093	2,251,093
Total	\$ <u>29,162,814</u>	<u>6,159,534</u>	<u>7,793,646</u>

- (iii) The unfunded commitments (ceiling) of Fubon Life Insurance and its subsidiaries' private fund agreements were as below (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
USD	\$ <u>3,277,910</u>	<u>3,379,453</u>	<u>3,702,963</u>
EUR	\$ <u>912,058</u>	<u>665,749</u>	<u>752,173</u>
KRW	\$ <u>163,484,874</u>	<u>182,756,598</u>	<u>188,755,355</u>
TWD	\$ <u>699,467</u>	<u>470,333</u>	<u>520,333</u>

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) On March 31, 2020, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Star Shining Energy Co., Ltd by phases. Total investment amount should not exceed \$2.4 billion. As of September 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$300 million as per the agreement above.
- (v) On June 24, 2022, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Aquastar Energy Corporation by phases. Total investment amount should not exceed \$315 million. As of September 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$135 million as per the agreement above.
- (vi) On June 9, 2023, Fubon Life Insurance and its subsidiaries signed a joint venture agreement to invest in Whole Max Green Power Co, Ltd by phases. The investment amount will not exceed \$627 million. As of September 30, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$150 million as per the agreement above.
- (vii) As of September 30, 2023, of the irrevocable loan contracts signed by Fubon Life Insurance and its subsidiaries for their credit business in 2023, the outstanding loan amounted to approximately \$8,000,000 thousand.
- (c) Fubon Insurance and its subsidiaries
- (i) Fubon Insurance and its subsidiaries have several insurance disputes and are requested to pay indemnities amounting to approximately \$558,585 thousand, of which approximately \$349,936 thousand has been reinsured. The difference not covered by reinsurance related to these claims has been accrued. These cases are still pending with the district court and have not been resolved as of September 30, 2023.
- (ii) The unfunded commitments (ceiling) of Fubon Insurance and its subsidiaries' private equity agreements were as below (in thousands):

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
USD	<u>\$ 14,175</u>	<u>13,734</u>	<u>14,191</u>
EUR	<u>\$ 13,696</u>	<u>13,621</u>	<u>12,979</u>

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

- (iii) As of September 30, 2023, Fubon Insurance and its subsidiaries had signed an engineering contract with the building contractor for the construction of the new building, and the total price was \$2,794,394 thousand. The actual payment was \$624,525 thousand.
- (iv) As of September 30, 2023, Fubon Insurance and its subsidiaries' unused letters of credit for reinsurance business are JPY\$2,000 thousand.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events**

Fubon Insurance borrowed \$3,280,000 thousand between October 1 and November 2, 2023, for financing needs of paying a significant amount of insurance payout. As of November 2, 2023, the balance of bank loans amounted to \$7,720,000 thousand. In addition, Fubon Insurance issued commercial papers at a price of \$2,097,905 thousand, of which the face value of \$2,100,000 thousand and repaid commercial papers amounted to \$2,100,000 thousand.

**(12) Other**

- (a) The US stocks had plummeted on February 6, 2018, resulting in the equity of customer margin to be negative. The clients of Fubon Futures Co., Ltd. breached the contract due to their failure to fully pay the additional guarantee deposits within three working days after having been noticed. Therefore, Fubon Futures Co., Ltd. had to recognize the future exchanges margins receivable with the approximate amount of \$185 million. This matter had been reported to the Taiwan Futures Exchange. As of September 30, 2023, the unpaid amount was \$187,104 thousand. After considering the actual recovery situation, Fubon Futures Co., Ltd. had recognized the allowance for doubtful accounts amounting to \$180,311 thousand.

- (b) Business or trading behaviors within subsidiaries:

- (i) Business or trading behaviors:

Please refer to note 7 for related-party transactions.

- (ii) Integrate business activities:

Subsidiaries operating in cross-selling, under the Company, included Taipei Fubon Bank Co. Ltd., Fubon Insurance Co. Ltd., Fubon Life Insurance Co. Ltd., Fubon Securities Co. Ltd., Fubon Futures Co. Ltd. and Fubon Insurance Agency Co. Ltd. (Original name: Fu Sheng Insurance Agency Co. Ltd). The cooperation among the subsidiaries, from planning their products, advocating different channels to train their personnel on cross-selling, and increasing cooperation in digital service, makes their relationship much closer and brings multi-business benefits.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Cross utilization of information:

In accordance with Financial Holding Company Act, Marketing Collaboration Agreement for Financial Holdings Company and its subsidiaries, and the self-discipline standard for financial holding company and its subsidiaries, the Company and its subsidiaries which joined the cross-selling business signed the “Agreement of Privacy Exchange” to keep the customers’ data confidential or to limit the use of the data. In addition, they also announced the “Jointly Privacy Statement” and disclosed the statement in each subsidiary’s website and the Company’s website, as well as facilitate customers to online searching and browsing.

(iv) Locations and business utilities:

The Company has been approved to conduct integrate business activities in “operation place” by the authorities. Thus, the customers can directly handle their relevant businesses in banking, securities and futures operation places.

(v) Allocation on revenues, costs, expenses, profits and losses:

Allocation of Revenue, Cost and Expense is calculated based on the proportion of actual sales among subsidiaries. For the nine months ended September 30, 2023 and 2022, the estimated amounts were as follows:

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Fubon Insurance	\$ 2,002,442	2,324,352
Taipei Fubon Bank	38,519	36,906
Fubon Life Insurance	110,662	113,508
Fubon Securities	149,152	116,368
Fubon Futures	49	-

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Financial information classified by business type:

For the nine months ended September 30, 2023

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	37,008,237	87,880,566	1,279,969	(232,628)	125,936,144
Net non-interest revenue	25,069,564	(10,537,683)	13,457,015	(324,658)	27,664,238
Net revenue	62,077,801	77,342,883	14,736,984	(557,286)	153,600,382
Bad debt expenses and guarantee liability provisions	(5,327,449)	(1,126,466)	(3,581)	(22,919)	(6,480,415)
Net change in provisions for insurance liability	-	(10,118,485)	-	265,706	(9,852,779)
Operating expenses	(30,347,282)	(21,350,991)	(8,134,612)	1,306,553	(58,526,332)
Income from continuing operations before income tax	26,403,070	44,746,941	6,598,791	992,054	78,740,856
Income tax benefit (expense)	(3,543,238)	(4,802,941)	(626,024)	(2,526,754)	(11,498,957)
Net income	22,859,832	39,944,000	5,972,767	(1,534,700)	67,241,899

For the nine months ended September 30, 2022

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	35,458,343	84,398,853	853,309	2,981,206	123,691,711
Net non-interest revenue	14,520,377	142,801,912	8,467,512	1,114,618	166,904,419
Net revenue	49,978,720	227,200,765	9,320,821	4,095,824	290,596,130
Bad debt expenses and guarantee liability provisions	(2,917,429)	(1,104,302)	1,259	125,004	(3,895,468)
Net change in provisions for insurance liability	-	(130,913,816)	-	249,012	(130,664,804)
Operating expenses	(22,482,571)	(19,944,400)	(5,544,839)	(3,255,337)	(51,227,147)
Income from continuing operations before income tax	24,578,720	75,238,247	3,777,241	1,214,503	104,808,711
Income tax benefit (expense)	(3,540,772)	(8,084,769)	(941,792)	(7,235,128)	(19,802,461)
Net income	21,037,948	67,153,478	2,835,449	(6,020,625)	85,006,250

Note: Including JihSun Financial Holding and its subsidiaries.

(Continued)

d) Financial statements of Fubon Financial Holding Co., Ltd.

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Balance Sheets**  
**September 30, 2023, December 31 and September 30, 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

Assets	September 30, 2023		December 31, 2022		September 30, 2022 (Restatement)		Liabilities and Equity	September 30, 2023		December 31, 2022		September 30, 2022 (Restatement)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Cash and cash equivalents	\$ 189,061	-	175,093	-	10,995,146	2	Commercial papers issued, net	\$ 32,465,353	3	42,854,598	6	37,766,698	5
Financial assets measured at fair value through profit or loss	19,789,151	2	19,625,671	3	19,311,151	3	Payables	683,025	-	598,765	-	596,757	-
Receivables, net	370,849	-	552,374	-	384,353	-	Current tax liabilities	14,978,191	2	13,052,250	2	12,756,327	2
Current tax assets	3,257,282	1	3,698,041	-	2,988,138	-	Bonds payable	97,869,925	11	79,888,159	11	79,887,504	11
Investments accounted for using equity method, net	874,002,881	97	688,566,805	97	675,462,708	95	Other borrowings	6,300,000	1	3,000,000	-	5,000,000	1
Property and equipment, net	58,610	-	56,489	-	47,420	-	Lease liabilities	241,436	-	269,331	-	285,951	-
Right-of-use assets, net	229,390	-	260,253	-	278,122	-	Deferred tax liabilities	8,014,110	1	7,678,286	1	6,911,195	1
Intangible assets, net	7,850	-	8,691	-	7,490	-	Other liabilities	12,782	-	13,097	-	16,506	-
Deferred tax assets	4,105	-	3,544	-	5,004	-	<b>Total liabilities</b>	<u>160,564,822</u>	<u>18</u>	<u>147,354,486</u>	<u>20</u>	<u>143,220,938</u>	<u>20</u>
Other assets, net	90,392	-	98,076	-	88,413	-	<b>Equity:</b>						
							Share capital:						
							Common stock	130,149,732	14	123,952,126	17	123,952,126	18
							Preferred stock	15,999,900	2	15,999,900	2	15,999,900	2
							Total share capital	146,149,632	16	139,952,026	19	139,952,026	20
							Capital surplus	165,051,911	18	171,017,736	24	168,792,297	24
							Retained earnings:						
							Legal reserve	95,593,238	11	90,913,681	13	90,913,681	13
							Special reserve	261,752,640	29	30,311,999	4	30,311,999	4
							Undistributed earnings	170,433,707	19	359,918,631	51	396,053,278	56
							Total retained earnings	527,779,585	59	481,144,311	68	517,278,958	73
							Total other equity interest	(101,546,379)	(11)	(226,423,522)	(31)	(273,967,761)	(39)
							Business combination not under common control	-	-	-	-	14,291,487	2
							<b>Total equity</b>	<u>737,434,749</u>	<u>82</u>	<u>565,690,551</u>	<u>80</u>	<u>566,347,007</u>	<u>80</u>
<b>Total assets</b>	<u>\$ 897,999,571</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>	<u>709,567,945</u>	<u>100</u>	<b>Total liabilities and equity</b>	<u>\$ 897,999,571</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>	<u>709,567,945</u>	<u>100</u>

(Continued)

## FUBON FINANCIAL HOLDING CO., LTD.

## Statement of Comprehensive Income

For the three months and nine months ended September 30, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except earnings per share)

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022 (Restatement)		2023		2022 (Restatement)	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Revenue :</b>								
Share of profit of associates and joint ventures accounted for using equity method	\$ 28,015,631	100	17,947,377	99	71,312,330	99	93,013,725	99
Other revenues	119,329	-	214,620	1	757,575	1	612,095	1
<b>Net revenue</b>	<u>28,134,960</u>	<u>100</u>	<u>18,161,997</u>	<u>100</u>	<u>72,069,905</u>	<u>100</u>	<u>93,625,820</u>	<u>100</u>
<b>Expense:</b>								
Operating expenses	243,394	1	288,349	2	662,042	1	753,752	1
Other expenses and losses	388,971	1	752,900	4	1,062,179	1	1,619,976	2
<b>Total expenses</b>	<u>632,365</u>	<u>2</u>	<u>1,041,249</u>	<u>6</u>	<u>1,724,221</u>	<u>2</u>	<u>2,373,728</u>	<u>3</u>
<b>Net income before tax from continuing operations</b>	27,502,595	98	17,120,748	94	70,345,684	98	91,252,092	97
<b>Less : Income tax expenses</b>	2,594,655	9	2,536,659	14	2,532,708	4	6,845,736	7
<b>Less : Net income of business combination not under common control</b>	-	-	273,991	1	-	-	692,367	1
<b>Net income</b>	<u>\$ 24,907,940</u>	<u>89</u>	<u>14,310,098</u>	<u>79</u>	<u>67,812,976</u>	<u>94</u>	<u>83,713,989</u>	<u>89</u>
<b>Other comprehensive income:</b>								
<b>Items not to be reclassified to profit or loss</b>								
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified to profit or loss	(1,425,203)	(5)	(3,021,737)	(17)	6,555,864	9	(12,628,187)	(13)
Less: income tax related to items not to be reclassified to profit or loss	-	-	-	-	-	-	-	-
Subtotal of items not to be reclassified to profit or loss	<u>(1,425,203)</u>	<u>(5)</u>	<u>(3,021,737)</u>	<u>(17)</u>	<u>6,555,864</u>	<u>9</u>	<u>(12,628,187)</u>	<u>(13)</u>
<b>Items that may be subsequently reclassified to profit or loss</b>								
Exchange differences on translation of foreign financial statements	3,139,990	11	3,513,785	19	2,444,146	3	7,251,872	8
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items that may be subsequently reclassified to profit or loss	(31,316,268)	(111)	(89,670,259)	(493)	118,302,565	164	(433,494,619)	(463)
Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
Subtotal of items that may be reclassified subsequently to profit or loss	<u>(28,176,278)</u>	<u>(100)</u>	<u>(86,156,474)</u>	<u>(474)</u>	<u>120,746,711</u>	<u>167</u>	<u>(426,242,747)</u>	<u>(455)</u>
<b>Other comprehensive income, net of income tax</b>	<u>(29,601,481)</u>	<u>(105)</u>	<u>(89,178,211)</u>	<u>(491)</u>	<u>127,302,575</u>	<u>176</u>	<u>(438,870,934)</u>	<u>(468)</u>
<b>Other comprehensive income of business combination not under common control</b>	-	-	158,475	1	-	-	414,060	-
<b>Total comprehensive income</b>	<u>\$ (4,693,541)</u>	<u>(16)</u>	<u>(74,709,638)</u>	<u>(411)</u>	<u>195,115,551</u>	<u>270</u>	<u>(354,742,885)</u>	<u>(379)</u>
<b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 1.91</u>		<u>1.10</u>		<u>4.94</u>		<u>6.20</u>	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Statement of Changes in Equity**  
**For the nine months ended September 30, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

	Share capital							Total other equity interest							Equity attributable to former owner of business combination under common control	Total equity
	Common stock		Preferred stock		Capital surplus	Retained earnings			Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total		
						Legal reserve	Special reserve	Undistributed earnings								
<b>Balance at January 1, 2022 (Restatement)</b>	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	23,617,642	973,186,951
Net income (Restatement)	-	-	-	-	-	-	83,713,989	83,713,989	-	-	-	-	-	-	692,367	84,406,356
Other comprehensive income (Restatement)	-	-	-	-	-	-	(6,963)	(6,963)	10,052,101	(166,223,659)	(253,495)	160,832	(282,185,690)	(438,449,911)	(414,060)	(438,870,934)
Total comprehensive income (Restatement)	-	-	-	-	-	-	83,707,026	83,707,026	10,052,101	(166,223,659)	(253,495)	160,832	(282,185,690)	(438,449,911)	278,307	(354,464,578)
Appropriation and distribution of retained earnings:																
Special reserve appropriated	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	-	(3,026,121)
Stock dividends from capital surplus	5,902,482	-	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(55,515)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	-	(57,182)
Changes in ownership interests in subsidiaries	-	-	-	1,386,684	-	-	-	-	(138)	239,500	-	-	-	239,362	(1,626,082)	(36)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(776,806)	(776,806)	-	776,806	-	-	-	776,806	-	-
Organizational restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,980,610)	(7,980,610)
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	2,230	5,958
<b>Balance at September 30, 2022 (Restatement)</b>	\$ 123,952,126	15,999,900	139,952,026	168,792,297	90,913,681	30,311,999	396,053,278	517,278,958	(16,819,586)	(155,145,952)	68,868	2,612,052	(104,683,143)	(273,967,761)	14,291,487	566,347,007
<b>Balance at January 1, 2023</b>	\$ 123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	-	565,690,551
Net income	-	-	-	-	-	-	67,812,976	67,812,976	-	-	-	-	-	-	-	67,812,976
Other comprehensive income	-	-	-	-	-	-	(18,606)	(18,606)	5,080,271	74,834,939	76,945	7,550	47,321,476	127,321,181	-	127,302,575
Total comprehensive income	-	-	-	-	-	-	67,794,370	67,794,370	5,080,271	74,834,939	76,945	7,550	47,321,476	127,321,181	-	195,115,551
Appropriation and distribution of retained earnings:																
Special reserve appropriated	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	-	(3,515,980)
Stock dividends from capital surplus	6,197,606	-	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(15,472)	-	-	-	-	-	-	-	-	-	-	-	(15,472)
Changes in ownership interests in subsidiaries	-	-	-	247,253	-	-	(5,617)	(5,617)	(206,669)	(1,298,042)	6,470	-	9,523	(1,488,718)	-	(1,247,082)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	943,497	943,497	-	(943,497)	-	-	-	(943,497)	-	-
Others	-	-	-	-	-	-	11,823	11,823	-	-	-	(11,823)	-	(11,823)	-	-
<b>Balance at September 30, 2023</b>	\$ 130,149,732	15,999,900	146,149,632	165,051,911	95,593,238	261,752,640	170,433,707	527,779,585	(11,452,793)	(57,795,231)	93,358	2,471,989	(34,863,702)	(101,546,379)	-	737,434,749

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Statement of Cash Flows**  
**For the nine months ended September 30, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022 (Restatement)
<b>Cash flows from (used in) operating activities:</b>		
<b>Income before income tax</b>	\$ 70,345,684	91,252,092
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	45,943	39,090
Amortization expenses	12,939	13,345
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(702,000)	438,000
Interest expense	1,043,647	615,945
Interest income	(44,388)	(56,494)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(71,312,330)	(93,013,725)
Other adjustments	(1)	4,386
<b>Subtotal of adjustments to reconcile profit (loss)</b>	<u>(70,956,190)</u>	<u>(91,959,453)</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in receivables	46	-
Increase in other assets	(1,377)	(3,068)
Decrease in payables	(116,490)	(248,651)
Increase (decrease) in other liabilities	(351)	924
<b>Subtotal of all adjustments</b>	<u>(71,074,362)</u>	<u>(92,210,248)</u>
Cash used in operating activities	(728,678)	(958,156)
Interest received	764,388	769,571
Dividends received	12,909,782	37,988,429
Interest paid	(832,099)	(663,492)
Income tax refund (paid)	<u>169,256</u>	<u>(1,732,922)</u>
<b>Net cash flows from operating activities</b>	<u>12,282,649</u>	<u>35,403,430</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(16,000,000)	(22,281,816)
Proceeds from disposal of investments accounted for using equity method	15,006,493	-
Proceeds from capital reduction of investments accounted for using equity method	-	853
Acquisition of property and equipment	(13,757)	(11,867)
Acquisition of intangible assets	(1,985)	(1,242)
Acquisition of right-of-use assets	(20)	-
<b>Net cash flows used in investing activities</b>	<u>(1,009,269)</u>	<u>(22,294,072)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in commercial papers payable	(10,389,245)	22,872,923
Proceeds from issuing bonds	19,677,566	10,486,747
Repayments of bonds	(1,700,000)	(13,300,000)
Increase in other borrowings	3,300,000	5,000,000
Repayment of lease liabilities	(38,934)	(36,372)
Cash dividends paid	(22,108,799)	(45,280,895)
Appraisal of dissenting shareholders	-	(28,888)
<b>Net cash flows used in financing activities</b>	<u>(11,259,412)</u>	<u>(20,286,485)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	13,968	(7,177,127)
<b>Cash and cash equivalents at beginning of period</b>	175,093	18,172,273
<b>Cash and cash equivalents at end of period</b>	<u>\$ 189,061</u>	<u>10,995,146</u>
<b>Components of cash and cash equivalents:</b>		
Cash and cash equivalents recognized in balance sheet	\$ 189,061	10,995,146
<b>Cash and cash equivalents at end of period</b>	<u>\$ 189,061</u>	<u>10,995,146</u>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(e) Subsidiaries' concise balance sheets and concise statements of comprehensive income

(i) Concise Balance sheets

	<b>Taipei Fubon Bank</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022 (Restatement)</b>
Cash and cash equivalents	\$ 66,296,300	83,042,685
Due from the central bank and call loans to banks	327,120,923	337,554,837
Financial assets measured at fair value through profit or loss	150,656,417	162,021,934
Financial assets measured at fair value through other comprehensive income	169,227,937	159,941,600
Debt investments measured at amortized cost	790,976,922	819,857,937
Financial assets for hedging	11,998,664	8,966,049
Securities purchased under resell agreements	28,422,473	15,675,354
Receivables, net	139,923,211	98,737,013
Current income tax assets	334,879	680,169
Discounts and loans, net	1,979,291,491	1,875,328,312
Investments accounted for using equity method	45,144,383	44,876,755
Other financial assets, net	6,116,595	5,866,937
Property and equipment, net	15,826,880	15,195,021
Right-of-use assets, net	3,753,155	4,665,943
Investment property	3,887,108	4,048,710
Intangible assets, net	3,225,526	3,176,922
Deferred tax assets	852,374	1,056,250
Other assets	24,537,379	28,488,819
<b>Total assets</b>	<b>\$ 3,767,592,617</b>	<b>3,669,181,247</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Taipei Fubon Bank</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Deposits to the central bank and banks	\$ 134,110,436	138,456,737
Financial liabilities measured at fair value through profit or loss	47,197,549	66,684,514
Financial liabilities for hedging	10,607,389	9,793,518
Securities sold under repurchase agreements	54,093,407	73,310,711
Payables	40,948,412	33,968,117
Current tax liabilities	3,213,340	2,671,651
Deposits and remittances	3,025,184,032	2,929,241,655
Bonds payable	105,018,865	96,045,214
Other financial liabilities	34,002,376	21,305,560
Provisions	3,077,045	3,335,813
Lease liabilities	3,851,181	4,757,263
Deferred tax liabilities	2,895,606	2,503,136
Other liabilities	<u>22,477,538</u>	<u>31,687,842</u>
<b>Total liabilities</b>	<u>3,486,677,176</u>	<u>3,413,761,731</u>
Common stock	143,270,965	129,774,223
Capital surplus	29,662,053	18,492,274
Retained earnings	108,571,123	89,659,389
Other equity	(588,700)	(7,953,333)
Equity attributable to former owner of business combination under common control	-	18,817,922
Business combination not under common control	<u>-</u>	<u>6,629,041</u>
<b>Total equity</b>	<u>280,915,441</u>	<u>255,419,516</u>
<b>Total liabilities and equity</b>	<u><u>\$ 3,767,592,617</u></u>	<u><u>3,669,181,247</u></u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Insurance</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 11,289,899	12,442,141
Receivables	6,570,052	8,648,839
Current income tax assets	2,898,631	1,015,288
Financial assets measured at fair value through profit or loss	4,888,282	11,354,969
Financial assets measured at amortized cost	1,667,884	1,604,301
Investments accounted for using equity method, net	1,353,200	1,414,897
Financial assets measured at fair value through other comprehensive income	6,964,211	16,718,441
Right-of-use assets	533,122	659,479
Investment property	9,837,479	9,632,726
Reinsurance contract assets	43,415,358	42,579,938
Property and equipment	6,383,608	5,956,319
Intangible assets	185,689	201,234
Deferred tax assets	9,481,733	5,199,173
Other assets	7,623,420	1,050,796
<b>Total assets</b>	<b>\$ 113,092,568</b>	<b>118,478,541</b>
Short-term borrowings	\$ 12,548,889	-
Payables	14,522,473	12,852,848
Current tax liabilities	1,021	16,015
Financial liabilities measured at fair value through profit or loss	149,548	810,727
Insurance liabilities	63,701,490	74,082,951
Lease liabilities	551,989	672,226
Deferred tax liabilities	1,607,911	1,535,504
Other liabilities	1,436,583	1,308,514
Provisions	847,481	1,078,844
<b>Total liabilities</b>	<b>95,367,385</b>	<b>92,357,629</b>
Common stock	14,678,396	4,678,396
Capital surplus	6,000,000	19,678,389
Retained earnings	(2,480,842)	3,012,314
Other equity	(472,371)	(1,248,187)
<b>Total equity</b>	<b>17,725,183</b>	<b>26,120,912</b>
<b>Total liabilities and equity</b>	<b>\$ 113,092,568</b>	<b>118,478,541</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Life Insurance</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Cash and cash equivalents	\$ 278,317,797	241,608,023
Receivables	44,565,109	41,465,069
Current tax assets	13,373,477	7,777,550
Financial assets measured at fair value through profit or loss	1,221,180,006	1,139,716,373
Financial assets measured at fair value through other comprehensive income	231,202,627	587,834,958
Financial assets for hedging	1,940	65,961
Financial assets measured at amortized cost	2,624,014,503	2,184,556,394
Investments accounted for using equity method, net	69,391,121	53,657,262
Investment property	269,204,398	256,754,758
Loans	204,641,358	227,261,784
Reinsurance contract assets	3,655,729	3,258,090
Property and equipment	19,096,786	19,001,874
Right-of-use assets	886,994	1,248,501
Intangible assets	297,056	280,364
Deferred tax assets	38,292,829	67,087,780
Other assets	33,092,538	41,426,758
Assets on insurance product, separate account	284,145,751	253,808,855
<b>Total assets</b>	<b>\$ <u>5,335,360,019</u></b>	<b><u>5,126,810,354</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Life Insurance</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Payables	\$ 29,015,852	31,584,784
Current tax liabilities	769,293	641,769
Financial liabilities measured at fair value through profit or loss	47,060,767	107,858,473
Financial liabilities for hedging	142,363	291,522
Bonds payable	77,500,000	55,000,000
Lease liabilities	15,184,496	15,522,799
Insurance liabilities	4,367,001,871	4,326,352,573
Reserve for insurance contract with nature of financial instrument futures	3,424,198	3,493,002
Foreign exchange valuation reserve	28,207,395	43,866,755
Provisions	7,007,025	7,992,146
Deferred tax liabilities	37,137,333	31,345,328
Other liabilities	6,601,743	5,802,224
Liabilities on insurance product, separate account	<u>284,145,751</u>	<u>253,808,855</u>
<b>Total liabilities</b>	<u>4,903,198,087</u>	<u>4,883,560,230</u>
Common stock	110,831,140	110,831,140
Capital surplus	31,382,654	31,147,203
Retained earnings	380,611,246	355,725,890
Other equity	<u>(90,663,108)</u>	<u>(254,454,109)</u>
<b>Total equity</b>	<u>432,161,932</u>	<u>243,250,124</u>
<b>Total liabilities and equity</b>	<u><b>\$ 5,335,360,019</b></u>	<u><b>5,126,810,354</b></u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Securities</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Current assets	\$ 169,415,048	145,498,690
Financial assets measured at fair value through other comprehensive income — non-current	10,714,191	12,498,139
Investments accounted for using equity method	6,996,844	9,143,377
Property and equipment	3,905,861	3,922,724
Right-of-use assets	435,549	482,407
Investment property	1,310,560	1,404,027
Intangible assets	438,774	411,128
Deferred tax assets	528,636	562,868
Other non-current assets	<u>1,641,375</u>	<u>1,950,422</u>
<b>Total assets</b>	<b>\$ <u>195,386,838</u></b>	<b><u>175,873,782</u></b>
Current liabilities	\$ 141,171,589	108,030,844
Provisions — non-current	734,088	1,057,396
Lease liabilities — non-current	260,710	265,272
Deferred tax liabilities	289,025	479,584
Other non-current liabilities	<u>9,990</u>	<u>11,924</u>
<b>Total liabilities</b>	<b><u>142,465,402</u></b>	<b><u>109,845,020</u></b>
Common stock	16,258,551	10,643,550
Capital surplus	10,054,473	69,686
Retained earnings	22,643,912	19,197,408
Other equity	3,964,500	2,961,703
Equity attributable to former owner of business combination under common control	-	24,519,169
Business combination not under common control	<u>-</u>	<u>8,637,246</u>
<b>Total equity</b>	<b><u>52,921,436</u></b>	<b><u>66,028,762</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u>195,386,838</u></b>	<b><u>175,873,782</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Asset Management</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Current assets	\$ 3,494,375	3,274,931
Financial assets measured at fair value through other comprehensive income — non-current	322,745	326,485
Investments accounted for using equity method	512,093	498,585
Property and equipment	17,411	20,230
Right-of-use assets	52,933	58,592
Intangible assets	2,342	1,792
Deferred tax assets	17,590	19,421
Other non-current assets	136,945	139,487
<b>Total assets</b>	<b>\$ 4,556,434</b>	<b>4,339,523</b>
Current liabilities	\$ 456,935	407,100
Provisions — non-current	48,725	57,639
Lease liabilities — non-current	22,969	32,217
Deferred tax liabilities	40	88
<b>Total liabilities</b>	<b>528,669</b>	<b>497,044</b>
Common stock	2,710,085	2,710,085
Capital surplus	549,384	549,384
Retained earnings	804,970	614,919
Other equity	(36,674)	(31,909)
<b>Total equity</b>	<b>4,027,765</b>	<b>3,842,479</b>
<b>Total liabilities and equity</b>	<b>\$ 4,556,434</b>	<b>4,339,523</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Marketing</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Current assets	\$ 84,624	81,377
Investments accounted for using equity method	232,330	218,310
Property and equipment	-	69
Right-of-use assets	-	1,721
Intangible assets	-	120
Other non-current assets	19,927	15,288
<b>Total assets</b>	<b>\$ 336,881</b>	<b>316,885</b>
Current liabilities	\$ 3,185	9,685
Provisions – non-current	-	252
Lease liabilities – non-current	-	783
Deferred tax liabilities	4,841	4,080
<b>Total liabilities</b>	<b>8,026</b>	<b>14,800</b>
Common stock	145,000	145,000
Capital surplus	9,880	9,880
Retained earnings	173,975	147,205
<b>Total equity</b>	<b>328,855</b>	<b>302,085</b>
<b>Total liabilities and equity</b>	<b>\$ 336,881</b>	<b>316,885</b>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Financial Holding Venture Capital</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Current assets	\$ 9,148,485	9,383,451
Financial assets measured at fair value through profit or loss – non-current	3,428,051	3,569,047
Financial assets measured at fair value through other comprehensive income – non-current	1,039,021	1,156,164
Investments accounted for using equity method	173,060	139,648
Property and equipment	754	1,061
Right-of-use assets	5,978	9,850
Intangible assets	35	95
Deferred tax assets	116,759	50,989
Other non-current assets	<u>1,166</u>	<u>1,165</u>
<b>Total assets</b>	<b>\$ <u>13,913,309</u></b>	<b><u>14,311,470</u></b>
Current liabilities	\$ 57,198	50,444
Provisions – non-current	7,688	7,853
Lease liabilities – non-current	2,089	5,939
Deferred tax liabilities	<u>6,984</u>	<u>30,985</u>
<b>Total liabilities</b>	<b><u>73,959</u></b>	<b><u>95,221</u></b>
Common stock	12,622,196	12,622,196
Capital surplus	1,362,478	1,362,585
Retained earnings	(1,302,772)	(1,694,236)
Other equity	<u>1,157,448</u>	<u>1,925,704</u>
<b>Total equity</b>	<b><u>13,839,350</u></b>	<b><u>14,216,249</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u>13,913,309</u></b>	<b><u>14,311,470</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon AMC</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Current assets	\$ 295,165	288,949
Property and equipment	156	393
Right-of-use assets	1,919	8,755
Investment property	2,327,656	2,385,864
Intangible assets	982	1,257
Deferred tax assets	364,075	383,329
Other non-current assets	13,646	13,647
<b>Total assets</b>	<b>\$ 3,003,599</b>	<b>3,082,194</b>
Current liabilities	\$ 97,127	136,696
Long-term bank borrowings	209,000	313,000
Provisions – non-current	24,423	24,508
Lease liabilities – non-current	981	698
Deferred tax liabilities	91,273	109,751
Other non-current liabilities	6,428	6,174
<b>Total liabilities</b>	<b>429,232</b>	<b>590,827</b>
Common stock	2,500,000	2,500,000
Capital surplus	3,141	3,141
Retained earnings	219,177	136,178
Other equity	(147,951)	(147,952)
<b>Total equity</b>	<b>2,574,367</b>	<b>2,491,367</b>
<b>Total liabilities and equity</b>	<b>\$ 3,003,599</b>	<b>3,082,194</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Units: In thousands of CNY	
	<b>Fubon Bank (China)</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,613,425	2,039,981
Due from the central bank and call loans to banks	8,101,450	8,261,985
Financial assets measured at fair value through profit or loss	3,643,102	8,575,210
Financial assets measured at fair value through other comprehensive income	35,752,667	33,441,165
Financial assets measured at amortized cost	25,974,371	25,550,456
Securities purchased under resell agreements	1,169,663	999,859
Receivables, net	5,001,909	5,265,768
Discounts and loans, net	58,783,946	53,689,053
Investments accounted for using equity method, net	115,412	98,425
Other financial assets	1,063,997	551,417
Property and equipment, net	1,028,138	1,050,043
Right-of-use assets, net	126,021	147,963
Intangible assets, net	149,279	126,708
Deferred tax assets	593,134	420,322
Other assets, net	110,663	73,569
<b>Total assets</b>	<b>\$ 143,227,177</b>	<b>140,291,924</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Units: In thousands of CNY	
	<b>Fubon Bank (China)</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Deposits from the central bank and banks	\$ 7,563,177	9,018,318
Due to the central bank and banks	595,923	-
Financial liabilities measured at fair value through profit or loss	1,731,880	2,820,883
Securities sold under repurchase agreements	4,748,994	4,259,980
Payables	6,706,298	7,234,229
Current tax liabilities	-	87,972
Deposits and remittances	90,334,388	85,557,139
Bonds payable	5,999,329	4,998,612
Other financial liabilities	15,906,870	17,583,354
Provisions	5,624	12,677
Lease liabilities	126,767	152,690
Deferred tax liabilities	24,105	330
Other liabilities	721	550
<b>Total liabilities</b>	<b>133,744,076</b>	<b>131,726,734</b>
Common stock	2,445,382	2,445,382
Other Equity Instruments	1,800,000	800,000
Capital surplus	747,795	747,795
Retained earnings	5,108,045	5,088,240
Other equity	(618,121)	(516,227)
<b>Total equity</b>	<b>9,483,101</b>	<b>8,565,190</b>
<b>Total liabilities and equity</b>	<b>\$ 143,227,177</b>	<b>140,291,924</b>

Note: The concise balance sheet of Fubon Bank (China) as of September 30, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Hyundai Life Insurance</b>	
	<b>September 30, 2023</b>	<b>September 30, 2022</b>
Cash and cash equivalents	\$ 6,728,552	5,094,918
Receivables	4,721,134	3,387,165
Current tax assets	276,808	-
Financial assets measured at fair value through profit or loss	41,951,451	32,617,341
Financial assets measured at fair value through other comprehensive income	50,053,080	41,727,268
Financial assets for hedging	894,378	870,534
Financial assets measured at amortized cost	93,564,758	100,987,991
Other financial assets, net	2,617,791	2,441,407
Investment property	2,424,638	2,281,820
Loans	51,668,494	51,632,769
Reinsurance contract assets	205,211	193,264
Property and equipment	301,910	310,388
Right-of-use assets	83,305	122,239
Intangible assets	758,095	751,384
Deferred tax assets	9,453,808	10,813,112
Other assets	1,330,973	1,063,880
Assets on insurance product, separate account	182,529,940	177,513,603
<b>Total assets</b>	<b>\$ 449,564,326</b>	<b>431,809,083</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Hyundai Life Insurance</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2023</b>	<b>2022</b>
Payables	\$ 5,012,643	2,064,780
Current tax liabilities	-	540,761
Financial liabilities for hedging	2,799,160	12,583,898
Bonds payable	18,328,226	14,199,141
Lease liabilities	82,207	121,824
Insurance liabilities	195,606,413	191,652,921
Provisions	354,127	319,077
Other liabilities	1,346,043	163,718
Liabilities on insurance product, separate account	<u>210,701,711</u>	<u>207,909,096</u>
<b>Total liabilities</b>	<u>434,230,530</u>	<u>429,555,216</u>
Common stock	41,805,109	32,190,529
Capital surplus	961,651	1,008,058
Retained earnings	3,525,765	6,248,554
Other equity	<u>(30,958,729)</u>	<u>(37,193,274)</u>
<b>Total equity</b>	<u>15,333,796</u>	<u>2,253,867</u>
<b>Total liabilities and equity</b>	<u><u>\$ 449,564,326</u></u>	<u><u>431,809,083</u></u>

Note: The concise balance sheet of Fubon Hyundai Life Insurance as of September 30, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Concise Statements of comprehensive income

	<b>Taipei Fubon Bank</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Interest revenue	\$ 72,068,238	39,421,958
Interest expense	(45,156,137)	(14,283,753)
Net interest revenue	26,912,101	25,138,205
Net non-interest revenues	22,746,700	17,125,422
Net revenue	49,658,801	42,263,627
Bad debt expenses and guarantee liability provisions	(2,512,538)	(1,017,680)
Operating expenses	(23,203,559)	(17,968,598)
Income before income tax	23,942,704	23,277,349
Less: income tax expense	3,697,782	3,411,536
Less: Net income of business combination not under common control	-	378,837
Net income	20,244,922	19,486,976
Other comprehensive income (net of income tax)	7,480,489	(8,079,087)
Other comprehensive income of business combination not under common control	-	41,111
Total comprehensive income	<b>\$ 27,725,411</b>	<b>11,449,000</b>
Earnings per share (In New Taiwan Dollars)	<b>\$ 1.41</b>	<b>1.36</b>
	<b>Fubon Insurance</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 33,832,235	35,307,310
Operating cost	(30,479,300)	(50,211,412)
Operating expenses	(6,342,784)	(6,526,743)
Net operating loss	(2,989,849)	(21,430,845)
Non-operating income and expense	(68,129)	(323,377)
Loss before income tax	(3,057,978)	(21,754,222)
Less: income tax benefit	(647,634)	(4,668,602)
Net loss	(2,410,344)	(17,085,620)
Other comprehensive income (net of income tax)	(349,678)	(11,656,480)
Total comprehensive income	<b>\$ (2,760,022)</b>	<b>(28,742,100)</b>
Basic earnings per share (In New Taiwan Dollars)	<b>\$ (2.50)</b>	<b>(51.02)</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Life Insurance</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 368,397,240	392,538,542
Operating cost	(308,175,599)	(290,212,044)
Operating expenses	<u>(11,896,050)</u>	<u>(10,997,067)</u>
Operating income	48,325,591	91,329,431
Non-operating income and expense	<u>897,130</u>	<u>3,937,745</u>
Income before income tax	49,222,721	95,267,176
Less: income tax expense	<u>6,091,207</u>	<u>11,655,704</u>
Net income	<u>43,131,514</u>	<u>83,611,472</u>
Other comprehensive income (net of income tax)	<u>119,377,666</u>	<u>(423,882,491)</u>
Total comprehensive income	<b>\$ <u>162,509,180</u></b>	<b><u>(340,271,019)</u></b>
Basic earnings per share (In New Taiwan Dollars)	<b>\$ <u>3.89</u></b>	<b><u>7.54</u></b>
	<b>Fubon Securities</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Revenue	\$ 12,949,005	12,129,192
Expenses	<u>(9,434,849)</u>	<u>(8,042,969)</u>
Net operating income	3,514,156	4,086,223
Non-operating income and expense	<u>2,405,634</u>	<u>826,548</u>
Income before income tax	5,919,790	4,912,771
Less: income tax expense	430,359	1,083,608
Less: Net income of business combination not under common control	<u>-</u>	<u>388,120</u>
Net income	5,489,431	3,441,043
Other comprehensive income (net of income tax)	(1,532,468)	(3,413,507)
Other comprehensive income of business combination not under common control	<u>-</u>	<u>373,552</u>
Total comprehensive income	<b>\$ <u>3,956,963</u></b>	<b><u>401,088</u></b>
Basic earnings per share (In New Taiwan Dollars)	<b>\$ <u>3.38</u></b>	<b><u>2.12</u></b>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Asset Management</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 1,369,350	1,190,534
Operating expenses	<u>(750,133)</u>	<u>(673,500)</u>
Operating income	619,217	517,034
Non-operating income and expense	<u>(6,071)</u>	<u>(90,289)</u>
Income before income tax	613,146	426,745
Less: income tax expense	<u>129,659</u>	<u>106,757</u>
Net income	<u>483,487</u>	<u>319,988</u>
Other comprehensive income (net of income tax)	<u>(579)</u>	<u>16,274</u>
Total comprehensive income	<b><u>\$ 482,908</u></b>	<b><u>336,262</u></b>
Basic earnings per share (In New Taiwan Dollars)	<b><u>\$ 1.78</u></b>	<b><u>1.18</u></b>
	<b>Fubon Marketing</b>	
	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 695	751
Operating cost	(547)	(592)
Operating expenses	<u>(5,300)</u>	<u>(13,392)</u>
Operating loss	(5,152)	(13,233)
Non-operating income and expense	<u>128,171</u>	<u>106,290</u>
Income before income tax	123,019	93,057
Less: income tax expense	<u>-</u>	<u>-</u>
Net income	<u>123,019</u>	<u>93,057</u>
Other comprehensive income (net of income tax)	<u>-</u>	<u>-</u>
Total comprehensive income	<b><u>\$ 123,019</u></b>	<b><u>93,057</u></b>
Basic earnings per share (In New Taiwan Dollars)	<b><u>\$ 8.48</u></b>	<b><u>6.42</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Financial Holding Venture Capital</b>	
	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 169,443	(4,100,240)
Operating expenses	<u>(87,952)</u>	<u>(70,445)</u>
Operating income (loss)	81,491	(4,170,685)
Non-operating income and expense	<u>60,331</u>	<u>161,290</u>
Income (loss) before income tax	141,822	(4,009,395)
Less: income tax expense (benefit)	<u>(13,128)</u>	<u>(48,102)</u>
Net income (loss)	<u>154,950</u>	<u>(3,961,293)</u>
Other comprehensive income (net of income tax)	<u>(1,132,744)</u>	<u>1,604,904</u>
Total comprehensive income	<u><b>\$ (977,794)</b></u>	<u><b>(2,356,389)</b></u>
Basic earnings per share (In New Taiwan Dollars)	<u><b>\$ 0.12</b></u>	<u><b>(3.14)</b></u>
	<b>Fubon AMC</b>	
	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 281,054	254,918
Operating expenses	<u>(112,619)</u>	<u>(112,201)</u>
Operating income	168,435	142,717
Non-operating income and expense	<u>82,466</u>	<u>59,228</u>
Income before income tax	250,901	201,945
Less: income tax expense	<u>46,894</u>	<u>49,847</u>
Net income	<u>204,007</u>	<u>152,098</u>
Total comprehensive income	<u><b>\$ 204,007</b></u>	<u><b>152,098</b></u>
Basic earnings per share (In New Taiwan Dollars)	<u><b>\$ 0.82</b></u>	<u><b>0.61</b></u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		Units: In thousands of CNY	
		<b>Fubon Bank (China)</b>	
		<b>For the nine months ended</b>	
		<b>September 30</b>	
		<b>2023</b>	<b>2022</b>
Interest revenue	\$	3,692,107	4,059,255
Interest expense		<u>(2,757,593)</u>	<u>(2,168,942)</u>
Net interest revenue		934,514	1,890,313
Net non-interest revenues		<u>210,217</u>	<u>(501,057)</u>
Net revenue		<u>1,144,731</u>	<u>1,389,256</u>
Bad debt expenses and guarantee liability provisions		(464,633)	(244,420)
Operating expenses		<u>(815,666)</u>	<u>(790,680)</u>
Income (loss) before income tax		(135,568)	354,156
Less: income tax benefit		<u>(147,618)</u>	<u>(26,245)</u>
Net income		<u>12,050</u>	<u>380,401</u>
Other comprehensive income (net of income tax)		<u>(92,856)</u>	<u>(452,864)</u>
Total comprehensive income	<b>\$</b>	<b><u>(80,806)</u></b>	<b><u>(72,463)</u></b>

Note: The concise statements of comprehensive income of Fubon Bank (China) for the nine months ended September 30, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

		<b>Fubon Hyundai Life Insurance</b>	
		<b>For the nine months ended</b>	
		<b>September 30</b>	
		<b>2023</b>	<b>2022</b>
Operating Revenue	\$	49,882,151	56,158,236
Operating cost		(51,874,470)	(51,147,631)
Operating expenses		<u>(2,016,055)</u>	<u>(1,457,291)</u>
Net operating income (loss)		(4,008,374)	3,553,314
Non-operating income and expense		<u>4,371</u>	<u>(25,396)</u>
Income (loss) before income tax		(4,004,003)	3,527,918
Less: income tax expense (benefit)		<u>(783,363)</u>	<u>875,632</u>
Net income (loss)		<u>(3,220,640)</u>	<u>2,652,286</u>
Other comprehensive income (net of income tax)		<u>54,518</u>	<u>(34,564,073)</u>
Total comprehensive income	<b>\$</b>	<b><u>(3,166,122)</u></b>	<b><u>(31,911,787)</u></b>

Note: The concise statements of comprehensive income of Fubon Hyundai Life Insurance for the nine months ended September 30, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(f) Profitability of the Company and bank, insurance and security subsidiaries

September 30, 2023

Unit: %

Item	Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities	
Return on total assets	Before income tax	0.97 %	11.64 %	0.87 %	0.80 %	(0.13)%	1.27 %	(1.14)%	(3.74)%	4.46 %
	After income tax	0.83 %	11.22 %	0.73 %	0.68 %	0.01 %	1.11 %	(0.92)%	(2.95)%	4.14 %
Return on equity	Before income tax	15.86 %	14.40 %	11.76 %	7.57 %	(2.00)%	18.67 %	(44.73)%	(36.72)%	13.21 %
	After income tax	13.54 %	13.88 %	9.95 %	6.42 %	0.18 %	16.36 %	(35.98)%	(28.94)%	12.25 %
Profit margin		43.78 %	95.50 %	40.77 %	36.61 %	1.05 %	11.71 %	(6.46)%	(7.12)%	42.39 %

September 30, 2022

Unit: %

Item	Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities	
Return on total assets	Before income tax	1.32 %	13.45 %	0.88 %	0.60 %	0.34 %	2.47 %	0.96 %	(24.18)%	3.27 %
	After income tax	1.07 %	12.34 %	0.73 %	0.51 %	0.36 %	2.17 %	0.72 %	(18.99)%	2.29 %
Return on equity	Before income tax	17.95 %	15.81 %	12.25 %	5.61 %	5.76 %	30.16 %	25.67 %	(81.96)%	9.33 %
	After income tax	14.56 %	14.50 %	10.26 %	4.70 %	6.18 %	26.47 %	19.30 %	(64.37)%	6.54 %
Profit margin		29.25 %	90.99 %	46.11 %	31.39 %	27.38 %	21.30 %	4.72 %	(48.39)%	28.37 %

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average net worth of equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax is the income for the nine months ended September 30, 2023 and 2022.

Note 5: The return on assets and return on equity are presented annualized ratios.

- (g) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies have followed suit by downgrading the credit rating for Russian bonds. Fubon Life Insurance and its subsidiaries have closely monitored and evaluated the credit risk of the Russian Bonds, and continuously reviewed the interest payment and principal repayment of the relevant bonds, and recognized the expected credit loss based on the assessed credit risk.

- (h) Financial assets reclassification

- (i) Fubon Life Insurance reclassified financial assets

Since 2022, the major central banks led by Federal Reserve System have adopted the tight monetary policy, which made the stock, bond and foreign exchange markets experience drastic and unprecedented changes. Then, the interest rates have risen to the extreme level defined by the International Insurance Capital Standards (ICS). Therefore, in accordance with the Regulation of IFRS 9 “Financial Instruments” and the Ji Mi No.000000354 “Financial Asset Reclassification Concerns of an insurer arising from Changes in the Business Model for Managing Financial Assets due to Drastic Changes in the International Economic Situation” issued on October 7, 2022 by the Accounting Research and Development Foundation of the Republic of China (ARDF), the subsidiary, Fubon Life Insurance, adjusted the business model of related managed activities and oversea bonds investment based on the major changes from the external financial environment. Fubon Life Insurance reclassified part of the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost on January 1, 2023.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

After the reclassification of financial assets on January 1, 2023, other equity increased by \$69,877,356 thousand, financial assets measured at amortized cost increased by \$380,841,976 thousand, financial assets measured at fair value through other comprehensive income decreased by \$293,497,526 thousand, and deferred tax assets decreased by \$17,467,094 thousand.

(ii) Fubon Hyundai Life Insurance Co., Ltd. reclassified financial assets

The major management of Fubon Hyundai Life Insurance Co., Ltd., decided to change the business model because the local government has changed the supervision system of risk based capital related regulations. The major management of Fubon Life Insurance, approved on December 15, 2022 that the reclassification date would be January 1, 2023 according to the Regulation of IFRS 9 “Financial Instruments”.

Fubon Hyundai Life Insurance Co., Ltd., reclassified part of the U.S. bonds from financial assets measured at amortized cost to financial assets measured at fair value through other comprehensive income to increase cash management flexibility and avoid significant increases in capital requirements. At the same time, considering the relatively low cost of Korean debt capital demand and asset-liability management, Fubon Hyundai Life Insurance planned to manage domestic debts by collecting the contractual cash flow. Therefore, Fubon Hyundai Life Insurance reclassified part of Korea bonds from financial assets measured at value through other comprehensive income to financial assets measured at amortized cost.

After the reclassification of financial assets by Fubon Hyundai Life Insurance Co., Ltd., on January 1, 2023, Fubon Life Insurance and its subsidiaries’ other equity increased by \$129,337 thousand, financial assets measured at amortized cost decreased by \$7,232,181 thousand, financial assets measured at fair value through other comprehensive income increased by \$7,449,761 thousand, deferred tax assets decreased by \$50,478 thousand, and non-controlling interests increased by \$37,765 thousand.

(iii) The above financial assets of Fubon Life Insurance and its subsidiaries were reclassified from the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized. As of September 30, 2023, the fair value of those under recognized parts was \$297,960,576 thousand. Without reclassification on January 1, 2023, the proposed mandatory information on September 30, 2023, other equity interest would have been decreased by \$90,847,375 thousand and non-controlling interests would have been decreased by \$228,064 thousand. Then, for the nine months ended September 30, 2023, the fair value loss (after tax) to be recognized in other comprehensive income would have been \$19,669,967 thousand (including the derecognized parts at the end of the period and considering adjustments made for changes in shareholders' equity). Of which, equity attributable to owners of the parent company and non-controlling interests were \$(19,714,905) thousand and \$44,938 thousand, respectively.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Fubon Life Insurance will follow the regulations of Gin Guan Bao Tsai No.11104942741. Fubon Life Insurance and its subsidiaries reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The changes in the fair value should be included in the net decrease in other equity in accordance with Gin Guan Bao Tsai No. 11004920441. The amount incurred in the current year shall be appropriated in the special reserve. If there is a reversal of the net amount of changes in the fair value of financial assets (including disposals) and net decrease in other equity, the special reserve appropriated may be distributed for the reversed portion.
- (v) The Company will follow Rule No. 11102279031 issued by the FSC. Fubon Life Insurance reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost, and appropriated the special reserve in accordance with Gin Guan Bao Tsai No.11104942741. When the Company distributing earnings, the same amount of special reserve should be appropriated for the changes in the fair value of the financial assets reclassified by Fubon Life Insurance. If there is a reversal of changes in the fair value of financial assets reclassified by Fubon Life Insurance, the reversed portion of special reserve could be distributed.
- (i) Due to the COVID-19 pandemic and the epidemic prevention measures promoted by the government, Fubon Insurance and its subsidiaries' branch offices operated normally as of September 30, 2023, and the premium for the nine months ended September 30, 2023 did not decrease significantly due to the COVID-19 pandemic. Fubon Insurance and its subsidiaries sold COVID-19 insurance and vaccine insurance for the COVID-19 epidemic, and there were about 2 thousand (reference to the controversial case in 2022) and 1,706 thousand underwritten cases (the premium income were about \$0.003 billion and \$2.653 billion) and about 406 thousand and 867 thousand pieces of the insurance claim (the insurance claim payment were about \$15.291 billion and \$39.037 billion), and had recognized claim reserves and the insurance claim payment following the regulations in order to protect customer equity. Fubon Insurance and its subsidiaries have taken corresponding measures and are continuously evaluating and dealing with the subsequent events.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions:

For the nine months ended September 30, 2023, according to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the related information on significant transactions by the Company and subsidiaries that should be further disclosed as follows:

(i) Loans to others:

Units: In thousands of TWD

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short- term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 5)
													Item	Value		
1	Fubon Asset Management Service Co., Ltd.	Ruo-Shuei Environment Integration Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	108,000	108,000	3,360	3%-4%	1	3,360	-	34	None	-	128,718	13,202,169
2	Fubon Asset Management Service Co., Ltd.	De-Cheng International Development Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	108,000	108,000	74,966	3%-4%	1	74,966	-	750	None	-	128,718	13,202,169
3	Fubon Asset Management Service Co., Ltd.	Yung-Sheng Real Estate Development Co., Ltd.	Accounts receivable - reimbursable expenditure	No	116,000	116,000	76,000	3%-4%	1	76,000	-	760	None	-	128,718	13,202,169
4	Fubon Asset Management Service Co., Ltd.	YI LIAN Construction Co., Ltd.	Accounts receivable - reimbursable expenditure	No	100,000	100,000	-	3%-4%	1	-	-	-	None	-	128,718	13,202,169

Note 1: Serial number is determined as follows:

- (1) 0 represents parent company.
- (2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note 2: Those ending balances are effective credit/amount as of the reporting date.

Note 3: The natures of loans are determined as follows:

- (1) Please fill 1 if the category belongs to business relation.
- (2) Please fill 2 if the category belongs to short-term loan.

Note 4: The limit to the individual borrower: 5% of the creditor's net worth on September 30, 2023.

Note 5: The total limit of the loan: 7 times of the creditor's net worth, deducting capital infusion and real estate purchase on September 30, 2023.

(ii) Endorsement and guarantees for others: None

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Marketable securities held as of September 30, 2023:

Units: In thousands of TWD / Thousands shares

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Stock							
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	700	34,362	3.68	34,362	
	Rapidtek Technologies Inc.	-	Financial assets measured at fair value through profit or loss	514	37,507	2.00	37,507	
	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	50	2,594	0.04	2,594	
	Yuen Foong Yu Consumer Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss	355	13,703	0.13	13,703	
	Grade Upon Technology Corp.	-	Financial assets measured at fair value through profit or loss	26	1,453	0.14	1,453	
	BASECOM TELECOMMUNICATION CO., LTD.	-	Financial assets measured at fair value through profit or loss	600	12,975	3.23	12,975	
	Timing Pharmaceutical Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,300	28,295	1.51	28,295	
	PocketNet Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,078	1,881	1.66	1,881	
	Cinema Pro Limited	-	Financial assets measured at fair value through profit or loss	2,800	600	14.69	600	
	HUANG CHIEH METAL HOLDINGS CO.,LTD.	-	Financial assets measured at fair value through profit or loss	495	36,412	0.83	36,412	
	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	440	9,655	2.91	9,655	
3S System Technology Inc	-	Financial assets measured at fair value through profit or loss	255	7,124	0.44	7,124		

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Noodoe Group	-	Financial assets measured at fair value through profit or loss	450	16,210	4.81	16,210	
	GLORY WHEEL ENTERPRISE CO., LTD.	-	Financial assets measured at fair value through profit or loss	260	30,240	0.90	30,240	
	AviviD Innovative Media CO., LTD.	-	Financial assets measured at fair value through profit or loss	400	28,251	5.09	28,251	
	SANTI RENEWABLE ENERGY CO., LTD.	-	Financial assets measured at fair value through profit or loss	700	21,000	0.22	21,000	
	Amis Technology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	48,750	-	22.06	-	
	Artlux Inc.	-	Financial assets measured at fair value through profit or loss	392	-	0.58	-	
	APEX Flight Academy	-	Financial assets measured at fair value through profit or loss	1,313	-	3.42	-	
Fubon Securities Investment Services Co., Ltd.	<u>Beneficiary certificates</u>							
	Fubon Chi Hsiang Money Market	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	1,251	20,080	-	20,080	
Fubon Mintou Venture Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	4,018	51,661	0.08	51,661	
	FSITC Taiwan Money Market	-	Financial assets measured at fair value through profit or loss	3,293	51,662	0.13	51,662	
	Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,120	51,579	0.06	51,579	
	Yuanta De-Li Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,472	41,308	0.17	41,308	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Futures Co., Ltd.	<u>Beneficiary certificates</u>							
	JKO Dow Jones Copper ER Futures ETF	-	Financial assets measured at fair value through profit or loss	500	11,445	4.98	11,445	
	JKO S&P GSCI Soybeans ER Futures ETF	-	Financial assets measured at fair value through profit or loss	1,000	27,400	8.93	27,400	
	Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF	-	Financial assets measured at fair value through profit or loss	500	4,140	0.04	4,140	
	Cathay Nikkei 225 Currency-hedged ETF Fund	-	Financial assets measured at fair value through profit or loss	400	15,076	2.18	15,076	
	Yuanta Global Leaders Balanced Fund-USD (A)	-	Financial assets measured at fair value through profit or loss	100	34,872	1.12	34,872	
	Yuanta Japan Leaders Equity Fund	-	Financial assets measured at fair value through profit or loss	3,033	29,607	1.01	29,607	
	Fubon US Treasury Inflation-Linked Bond Index Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,410	45,720	8.88	45,720	
	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,376	49,837	5.35	49,837	
Fubon Futures Co., Ltd.	<u>Stock</u>							
	Taiwan Futures Exchange Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	11,882	959,799	2.18	959,799	
Fubon Asset Management Co., Ltd.	<u>Beneficiary certificates</u>							
	Fubon Taiwan Technology ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	342	38,801	-	38,801	
	Fubon MSCI Taiwan ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	29	2,625	-	2,625	

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Fubon SSE180 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	31	954	-	954	
	Fubon FTSE TWSE Taiwan 50 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	758	-	758	
	Fubon SZSE 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	16	184	-	184	
	Fubon TOPIX ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	9	275	-	275	
	Fubon NIFTY ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	371	-	371	
	Fubon NASDAQ-100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	638	-	638	
	Fubon TWSE Corporate Governance 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	-	6	-	6	
	Fubon FTSE Developed Europe ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	7	170	-	170	
	Fubon S&P US Preferred Stock ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	12	175	-	175	
	Fubon China Policy Bank Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	6	127	-	127	
	Fubon Dow Jones Taiwan High-Quality Dividend 30 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	625	12,000	-	12,000	
	Fubon 9-35 Years US Corporate Bond A ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	500	17,545	-	17,545	
	Fubon Chi Hsiang Money Market	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	10,018	160,824	-	160,824	

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Fubon Aggressive Growth Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	229	13,145	-	13,145	
	Fubon Global Investment-grade Bond Fund A	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	990	9,807	-	9,807	
	Fubon US Treasury Inflation-Linked Bond Index Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	4,361	45,208	-	45,208	
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,353	30,259	-	30,259	
	Yuanta De- Bao Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,277	40,337	-	40,337	
Fubon Asset Management Co., Ltd.	<u>Stock</u>							
	Fund Rich Securities Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	2,018	20,917	3.36	20,917	
Fubon Asset Management Co., Ltd.	<u>Government bond</u>							
	103 Central Government Development Bond 13	-	Financial assets measured at fair value through other comprehensive income	-	301,828	-	301,828	
Fubon Fund Management (HK) Limited	<u>Beneficiary certificates</u>							
	Fubon HS SH-SZ-HK (Selected Corp) High Div Yield Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	345	14,733	-	14,733	
	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	83	2,122	-	2,122	
	Fubon ICE FactSet Asia Battery and Energy Storage Technology Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	391	9,657	-	9,657	
	Fubon FTSE Taiwan RIC Capped Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	83	2,151	-	2,151	

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Held company name	Held company securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Insurance Agency Co., Ltd.	<u>REIT</u>							
	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	462	6,930	-	6,930	
	Fubon R2	Related parties in substance	Financial assets measured at fair value through profit or loss	868	11,883	-	11,883	
	Cathay R2	-	Financial assets measured at fair value through profit or loss	722	12,382	-	12,382	
Fubon Insurance Agency Co., Ltd.	<u>Government bond</u>							
	96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	386	-	297	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Stock</u>							
	Century Development Corporation	Related parties in substance	Financial assets measured at fair value through profit or loss	3,509	41,933	1.00	41,933	
	Airoha Technology Corp.	Related parties in substance	Financial assets measured at fair value through profit or loss	70	42,234	0.05	42,234	
	Long time tech. Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	10,000	246,600	8.39	246,600	
	TaiRx, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	2,760	78,356	3.06	78,356	
	Sunny Pharmtech Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,507	527,896	9.77	527,896	
	momo.com. Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,524	2,772,950	2.30	2,772,950	
	Bigbest Solutions, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	8,000	54,719	11.43	54,719	

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	StemCyte International, Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,075	319,433	9.95	319,433	
	Asian Crown International Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	824	-	6.94	-	
	DETKET Technology Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	990	11,595	8.99	11,595	
	TeTanTi Agricultural Biotechnology Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,500	15,321	6.00	15,321	
	Jeoutai Technology	Related parties in substance	Financial assets measured at fair value through profit or loss	2,714	49,500	8.06	49,500	
	Annji Pharmaceutical Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	9,688	290,640	10.97	290,640	
	Gaius Automotive Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,750	240,535	7.61	240,535	
	AP BIOSCIENCES INC.	-	Financial assets measured at fair value through profit or loss	1,000	55,400	1.54	55,400	
	PHALANX BIOTECH GROUP, INC.	-	Financial assets measured at fair value through profit or loss	29	174	0.04	174	
	DoDoPal Holdings Ltd.	-	Financial assets measured at fair value through profit or loss	42	-	6.78	-	
	Crystal Bright Developments Limited	-	Financial assets measured at fair value through profit or loss	10	-	1.91	-	
	Eva Technologies Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,340	7,956	6.50	7,956	
	ABG II-WX Limited	-	Financial assets measured at fair value through profit or loss	-	469,029	9.30	469,029	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Ever Victory Global Ltd.	-	Financial assets measured at fair value through profit or loss	5,000	83,445	0.81	83,445	
	ACP Barite Investment L.P.	-	Financial assets measured at fair value through profit or loss	-	521,673	7.50	521,673	
	New Epoch capital L.P.	-	Financial assets measured at fair value through profit or loss	-	251,469	3.50	251,469	
	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	605	13,276	4.00	13,276	
	T-E Pharma Holding	-	Financial assets measured at fair value through profit or loss	3,750	19,849	1.42	19,849	
	H.H. GALAXY CO., LTD.	-	Financial assets measured at fair value through profit or loss	637	85,326	2.90	85,326	
	Tanvex BioPharma, Inc.	-	Financial assets measured at fair value through profit or loss	2,006	131,201	1.50	131,201	
	Twi Biotechnology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	2,700	49,464	3.98	49,464	
	Inergy Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,600	108,000	3.50	108,000	
	Alar Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	3,522	524,320	6.18	524,320	
	VisEra Technologies Company Limited	-	Financial assets measured at fair value through profit or loss	580	120,350	0.18	120,350	
	ECOVE Environment Corporation	-	Financial assets measured at fair value through profit or loss	470	148,944	0.66	148,944	
	Taiwan Microloops Corp.	-	Financial assets measured at fair value through profit or loss	2,283	155,183	4.49	155,183	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	2,400	124,536	1.79	124,536	
	HD Renewable Energy Co., Ltd.	-	Financial assets measured at fair value through profit or loss	7,441	837,132	7.44	837,132	
	BRIM Biotechnology, Inc.	-	Financial assets measured at fair value through profit or loss	1,582	118,941	1.37	118,941	
	One Production Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,131	24,603	3.16	24,603	
	ESUN HOLDINGS LIMITED	-	Financial assets measured at fair value through profit or loss	1,653	1,398	0.09	1,398	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Preferred stock</u>							
	OmniEyes Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,841	51,790	19.39	51,790	
	FOOTPRINTKU INC.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,800	20,164	8.28	20,164	
	Elixiron Immunotherapeutics (Cayman) Limited	-	Financial assets measured at fair value through profit or loss	2,010	1,289	2.59	1,289	
	TIPCO International Limited	-	Financial assets measured at fair value through profit or loss	1	2,861	4.54	2,861	
	LoneStar Heart, Inc.	-	Financial assets measured at fair value through profit or loss	294	-	4.01	-	
	Aeolus Robotics Corporation Limited	-	Financial assets measured at fair value through profit or loss	6,000	23,635	7.18	23,635	
RenalPro Medical, Inc.	-	Financial assets measured at fair value through profit or loss	1,581	-	12.83	-		

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Artlux Corporation	-	Financial assets measured at fair value through profit or loss	2,784	-	4.10	-	
	Black Light Surgical, Inc	-	Financial assets measured at fair value through profit or loss	628	1,146	3.23	1,146	
	Triller Hold Co LLC	-	Financial assets measured at fair value through profit or loss	3,539	94,381	1.51	94,381	
	SuperMetalix, Inc	-	Financial assets measured at fair value through profit or loss	788	6,117	6.67	6,117	
	URRobot Holding Ltd	-	Financial assets measured at fair value through profit or loss	1,328	72,976	3.98	72,976	
	Neuchips Inc	-	Financial assets measured at fair value through profit or loss	2,500	99,420	2.73	99,420	
	AVOCOR TECHNOLOGIES USA, INC.	-	Financial assets measured at fair value through profit or loss	254	56,603	3.33	56,603	
	Yoda Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	5,000	64,577	9.11	64,577	
	Stampede Entertainment, Inc.	-	Financial assets measured at fair value through profit or loss	629	306,739	3.48	306,739	
	New Garden Co., Ltd.(Cayman)	-	Financial assets measured at fair value through profit or loss	4,994	54,426	8.02	54,426	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Grand Academy Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	154,613	4.17	154,613	
	Starview Heights Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	26,769	4.17	26,769	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Stock							
	Diamond Bioventure	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,345	1,568,495	4.40	1,568,495	
	Kbro Media Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	4,898	17,472	11.66	17,472	
	Star River Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,341	11,382	1.49	11,382	
	Star Shining Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	49,000	375,580	7.00	375,580	
	Wholx Max Green Power Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,590	12,290	1.00	12,290	
	Fubon Hospitality Management Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	5,000	4,824	17.86	4,824	
	Xin-Yao Bioventure Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	17,500	186,433	5.00	186,433	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	P. LEAGUE+	Related parties in substance	Financial assets measured at fair value through other comprehensive income	500	6,367	8.33	6,367	
	Cofit Healthcare Inc.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	275	2,164	10.20	2,164	
	Jing Ying Investment Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,805	68,067	5.00	68,067	
	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	26,124	279,426	3.50	279,426	
	Omniad Media Incorporation	-	Financial assets measured at fair value through other comprehensive income	7,675	-	10.21	-	
	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	240	25,430	2.00	25,430	
	Taiwania Capital Management Corporation	-	Financial assets measured at fair value through other comprehensive income	20,720	49,586	8.29	49,586	
Fubon Sports & Entertainment Co., Ltd.	<u>Stock</u>							
	CHOXUE Holdings	-	Financial assets measured at fair value through other comprehensive income	298	-	1.66	-	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	September 30, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
TFB Capital Co., Ltd.	<u>Stock</u>							
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	500	24,544	2.63	24,544	
	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	524	2,886	0.07	2,886	
	URRobot Holding Ltd.	-	Financial assets measured at fair value through profit or loss	1,328	72,976	3.98	72,976	
	Welab Sky Limited	-	Financial assets measured at fair value through profit or loss	10,000	585,060	2.67	585,060	
TFB Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets measured at fair value through profit or loss	25,484	245,015	-	245,015	
	Nomura Global Financial Bond Fund	-	Financial assets measured at fair value through profit or loss	14,403	140,681	-	140,681	
	Allianz Global Investors US Bond Fund	-	Financial assets measured at fair value through profit or loss	852	266,214	-	266,214	
	Fin Regatta II, LP	-	Financial assets measured at fair value through profit or loss	3,000	51,659	5.00	51,659	
TFB Capital Co., Ltd.	<u>Convertible bonds</u>							
	Stash Financial, Inc.	-	Financial assets measured at fair value through profit or loss	-	81,552	-	81,552	
	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	-	96,865	-	96,865	
TFB Capital Co., Ltd.	<u>Stock</u>							
	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,320	399,177	5.00	399,177	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Cumulative purchase or sales of the same investee's capital stock up to \$300,000 thousand or 10% of paid-in capital:

Units: In Thousands of TWD / Thousands shares

Purchase or sale company	Marketable securities type and name	Account	Counter-party	Relation-ship	January 1, 2023		Purchase		Sale				September 30, 2023	
					No. of shares	Amounts	No. of shares	Accounts	No. of shares	Sales price	Book value	Disposal gain or loss	No. of shares	Accounts
Fubon Financial Holding	Fubon Insurance	Investments accounted for using equity method	Fubon Insurance	Subsidiary	467,840	558,331	1,000,000	13,251,711 (Note 1)	-	-	-	-	1,467,840	13,810,042
Taipei Fubon Bank	Dah Chung Bills Finance Corp.	Financial assets measured at fair value through other comprehensive income	Far Eastern International Bank	Stakeholder	34,740 (Note 2)	420,385	-	(7,296) (Note 3)	34,740	425,966	413,089	12,877	-	-
Fubon Life Insurance	Fubon Hyundai Life Insurance	Investments accounted for using equity method	Fubon Hyundai Life Insurance	Subsidiary	175,334	7,246,784	78,500	5,548,523 (Note 4)	-	-	-	-	253,834	12,795,307
Fubon Life Insurance	Fubon Life Insurance (Hong Kong)	Investments accounted for using equity method	Fubon Life Insurance (Hong Kong)	Subsidiary	2,675,000	8,137,221	600,000	3,531,773 (Note 5)	-	-	-	-	3,275,000	11,668,994
Fubon Life Insurance	Bow Bells House (Jersey) Limited	Investments accounted for using equity method	Bow Bells House (Jersey) Limited	Subsidiary	46,173	(12,344)	137,950	4,630,784 (Note 6)	-	-	-	-	184,123	4,618,440
Fubon Securities	Fubon Futures	Investment accounted for using equity method	Fubon Futures	Subsidiary	140,000	4,336,510	70,000	(898,276) (Note 7)	-	-	-	-	210,000	3,438,234

Note 1: Included the initial investment costs amounting to \$16,000,000 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 2: Dah Chung Bills Finance Corp. was originally invested by the Jih-Sun Bank. Due to the merger with Jih-Sun Bank on April 1, 2023, Taipei Fubon Bank assumed Jih-Sun Bank's 34,740 thousand shares of Dah Chung Bills Finance Corp. under general assumption.

Note 3: The amount is the gain or loss on valuation adjustment.

Note 4: Included the initial investment costs amounting to \$9,451,007 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method and capital surplus.

Note 5: Included the initial investment costs amounting to \$2,453,356 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 6: Included the initial investment costs amounting to \$5,422,159 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 7: Included the initial investment costs amounting to \$1,050,000 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method, dividends received and adjustments from reorganizations.

- (v) Acquisition or disposal amount of the same securities up to \$300,000 thousand or 10% of paid-in capital: None.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Obtain of real estate up to \$300,000 thousand or 10% of paid-in capital:

(In Thousands of TWD)

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party,				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Insurance	The case of reconstruction of urban unsafe and old buildings	2019.07.24~2022.12.23	3,044,135	Paid in accordance with the project progress	DACIN Construction Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Handling the case of reconstruction of urban unsafe and old buildings	The transaction amount includes the management consultant contract of \$27,939 thousand with a related party, Fubon Construction, and the relevant administrative tax fees of the Taipei City Government.
Fubon Life Insurance	Land: Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County	2022.04.27	2,648,345 (Note 1)	Fully paid	TA SAN SHANG International Container Terminal Co., Ltd.	Not related party	-	-	-	-	Referred to market price and appraisal reports.	Real estate investment	The project acquired the ownership on April 27, 2023.
Fubon Life Insurance	Capacity transfer for land development case of Lane No. 723, 725, 2 Lane, Yucheng Section, Nangang District, Taipei City.	2022.08.12	1,085,207 (Note 2)	Fully paid	Taipei City Government	Related party	NA	NA	NA	-	NA	Apply capacity transfer for development case	The project acquired the permit certificate of capacity transfer from the Taipei City Government on April 20, 2023.
Fubon Life Insurance	New-build program of A25 superficies	2014.07.29~2023.09.01	13,159,185	Payment based on construction progress	Li Jin Engineering Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	1. The case had acquired user license in January 2023. 2. The acceptance of the program is undergoing improvements, and the total program costs have not come to an end. 3. Transactions with related parties include an administrative consulting contract of \$161,160 thousand with Fubon Land Development Co., a consulting contract of \$4,300 thousand with Fubon Art Foundation, and the administrative tax charge from the Taipei City Government.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party,				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance	New-build superficies program in Xinmin Section of Beitou	2014.05.30~2023.09.14	1,621,788	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions with related parties include an administrative consulting contract of 26,840 thousand with Fubon Land Development Co. and the administrative tax charge from the Taipei City Government.
Fubon Life Insurance	New-build program of the northern base of Chende Building	2012.03.09~2023.05.04	2,865,224	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program in Yucheng Section of Nangang District	2020.06.23~2023.06.21	887,105	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program of the surface rights beside Aozihdi Station in Kaohsiung	2018.04.20~2023.07.03	27,372,587	Payment based on construction progress	Samsung C&T corporation Taiwan Branch-Korea, Formosa Builders, Inc.	Not related party	-	-	-	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment and owner-occupied property	
Fubon Life Insurance	New-build program (urban renewal) in Dunhua Section of Songshan District	2021.03.11~2023.06.09	457,699	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government

Note 1: It is the total purchase price of contract. Transaction cost is separately counted.

Note 2: The book value of capacity transfer land road and capacity deposit were \$1,085,207 thousand in total.

(vii) Disposal of real estate up to \$300,000 thousand or 10% of paid-in capital: None

(viii) Discount of commission fees for transaction with related parties up to \$5,000 thousand: None

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Receivables from related parties up to \$300,000 thousand or 10% of paid-in capital:

Unit: In thousands of TWD

Company of accounted for receivable	Counter-party	Relation-ship	Balance of receivables from related party	Turnover rate	Post-due receivables – related parties		Subsequently received amount of receivables from related party	Allowance for doubtful accounts
					Amount	Resolution		
The Company	Taipei Fubon Bank	Subsidiary of the Company	1,867,301 (Note 1)	-	-	-	-	-
"	Fubon Securities	"	623,745 (Note 1)	-	-	-	-	-
"	Fubon Life Insurance	"	370,849	-	-	-	-	-
Taipei Fubon Bank	Fubon Life Insurance	Subsidiary of the Parent	623,333	-	-	-	-	-
Fubon Insurance	Fubon Financial Holding	Parent Company	2,898,631 (Note 2)	-	-	-	-	-
Fubon Life Insurance	Fubon Financial Holding	"	11,269,973 (Note 2)	-	-	-	-	-

Note 1: The tax receivable by tax link mainly of subsidiary of company estimated payment that Company should be paid.

Note 2: The tax receivables to the subsidiaries, which derived from tax receivable of the Company as a result of combined income tax declaration.

Note 3: The inter-company transactions have been eliminated.

(x) Transactions of financial derivatives: for future information please refer to notes 6(c), 6(f) and 6(ah).

(xi) Transaction information of NPL disposition:

1) Summary of transaction information of NPL disposition:

Unit: In Thousands of TWD

Trade date	Counterparty	Debt component	Book value (Note)	Sale price	Gains (Losses) on disposal	Additional term	Relationship
2023.02.27	Korea Asset Management Corporation	Mortgage loan	34,550 KRW	36,144 KRW	1,757 KRW	None	None
			1,451,695	1,525,888	74,193		
2023.04.27	Korea Asset Management Corporation	Mortgage loan	71,378 KRW	74,543 KRW	3,504 KRW	None	None
			2,999,076	3,146,991	147,915		
2023.06.29	Korea Asset Management Corporation	Mortgage loan	58,434 KRW	60,167 KRW	2,010 KRW	None	None
			2,455,211	2,540,069	84,858		
2023.08.30	Korea Asset Management Corporation	Mortgage loan	77,688 KRW	80,184 KRW	2,864 KRW	None	None
			3,264,205	3,385,130	120,925		

Note 1: The book value is the NPL amount, less, allowance for doubtful accounts.

Note 2: The foreign currency is converted into TWD using closing exchange rate on September 30, 2023, and average exchange rate for the nine months ended September 30, 2023.

2) The information of a transaction of NPL disposition up to \$1,000,000 thousand should be disclosed: None

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(xii) Types of securitization instruments and other relevant information approved to issue pursuant to financial assets securitization rules or real estate securitization rules: None

(xiii) Business relationships and significant inter-company transactions

Unit: In thousands of TWD

No.	Company	Counter-party	Relationship	Transaction details			Rates of operation income/total asset
				Accounts	Amounts	Transaction terms	
0	Fubon Financial Holding	Fubon Life Insurance	1	Gain and loss on financial assets and liabilities measured at fair value through profit or loss	538,521	Same as non related-party transactions	0.35 %
0	Fubon Financial Holding	Fubon Life Insurance	1	Financial assets measured at fair value through profit or loss	19,789,151	Same as non related-party transactions	0.18 %
1	Taipei Fubon Bank	Fubon Life Insurance	3	Net service fee revenue	5,595,959	Same as non related-party transactions	3.64 %
1	Taipei Fubon Bank	Fubon Insurance	3	Net service fee revenue	197,095	Same as non related-party transactions	0.13 %
1	Taipei Fubon Bank	Fubon Securities	3	Net service fee revenue	293,077	Same as non related-party transactions	0.19 %
1	Taipei Fubon Bank	Fubon Life Insurance (Hong Kong)	3	Net service fee revenue	110,383	Same as non related-party transactions	0.07 %
2	Fubon Life Insurance	Fubon Insurance	3	Other non-interest revenue, net	819,399	Same as non related-party transactions	0.53 %
2	Fubon Life Insurance	Fubon Insurance	3	Gains (losses) on investment property	113,964	Same as non related-party transactions	0.07 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net interest revenue and other non-interest revenue, net	273,014	Same as non related-party transactions	0.18 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net insurance service revenue	84,409	Same as non related-party transactions	0.05 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Bank deposits	25,399,367	Same as non related-party transactions	0.23 %
2	Fubon Life Insurance	Fubon Financial Holding	2	Receivables	11,269,973	Same as non related-party transactions	0.10 %
3	Fubon Securities	Fubon Life Insurance	3	Net service fee and commission income	79,774	Same as non related-party transactions	0.05 %
3	Fubon Securities	Taipei Fubon Bank	3	Other non-interest revenue, net	442,347	Same as non related-party transactions	0.29 %
3	Fubon Securities	Taipei Fubon Bank	3	Net interest revenue	525,889	Same as non related-party transactions	0.34 %
3	Fubon Securities	Taipei Fubon Bank	3	Bank deposits	17,785,103	Same as non related-party transactions	0.16 %
4	Fubon Insurance	Fubon Life Insurance	3	Net insurance service revenue	97,405	Same as non related-party transactions	0.06 %
4	Fubon Insurance	Taipei Fubon Bank	3	Net insurance service revenue	171,127	Same as non related-party transactions	0.11 %
5	Fubon Insurance Agency	Fubon Insurance	3	Net service fee and commission income	370,520	Same as non related-party transactions	0.24 %
6	Fubon Insurance Agency (Original name: Fu Sheng Insurance Agency)	Fubon Life Insurance	3	Net service fee and commission income	168,627	Same as non related-party transactions	0.11 %

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Company	Counter-party	Relationship	Transaction details			Rates of operation income/total asset
				Accounts	Amounts	Transaction terms	
7	Fubon Bank (Hong Kong)	Fubon Life Insurance (Hong Kong)	3	Net service fee and commission income	250,665	Same as non related-party transactions	0.16 %
8	Fubon Financial Holding Venture Capital	Fubon Life Insurance	3	Other non-interest revenue, net	180,757	Same as non related-party transactions	0.12 %
8	Fubon Financial Holding Venture Capital	Taipei Fubon Bank	3	Other non-interest revenue, net	77,994	Same as non related-party transactions	0.05 %

Note 1: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on the companies' category.

Note 2: The relation category among traders is determined as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Above listed are the significant transactions that comprised over 0.05% of the consolidated revenue or total assets.

(xiv) Other significant transactions that may have substantial influence upon the decision made by financial statement user: None.

(b) Information on investment in Mainland China:

(i) Information of the Company and its subsidiaries' investees in Mainland China:

Units: In thousands

Investee Company	Main Business	Total Amount of Paid-in Capital (thousand)	Investment types (Note 1)	Accumulated outflow of Investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income from investee	Percentage of ownership	Equity in the Earnings (gains)	Carrying value as of September 30, 2023	Accumulated inward remittance of earnings as of September 30, 2023
					Outflow	Inflow						
Fubon Bank (China)	Banking	10,779,894 (CNY2,445,382)	(1)	46,444,152	-	-	46,444,152	52,826 (CNY12,050)	100.00 %	(409,020)	47,124,461	168,999
Sichuan VipFubon Consumer Finance Ltd.	Loan for Personal Consumption	2,204,133 (CNY500,000)	(2)	-	-	-	-	230,146 (CNY52,497)	25.00 %	57,537	508,766	-
Xiamen Bank	Banking	11,633,978 (CNY2,639,128)	Note 2	52,288	-	-	52,288	Note 3	18.03 %	1,595,955	18,761,624	1,903,293
Fubon Property and Casualty Insurance Limited	Property Insurance	4,937,258 (CNY1,120,000)	(1)	4,310,273	-	-	4,310,273	(68,071) (CNY15,527)	80.00 %	(54,456)	852,138	-
Teng Fu Bo Investment Limited (Note 6)	Investment advisory	3,290,330 (CNY746,400)	(3)	-	-	-	-	(17,132) (CNY3,908)	6.54 %	2,886	95,996	-
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd. (Note 8)	Insurance risk and loss assessment	8,817 (CNY2,000)	(3)	-	-	-	-	2,337 (CNY553)	19.96 %	380	2,540	-
Teng Fu Bo Investment Limited (Note 6)	Investment advisory	3,290,330 (CNY746,400)	(1)	724,863	-	-	724,863	(17,132) (CNY3,908)	8.50 %	3,755	124,893	-
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Limited)	Financial leasing	4,104,246 (CNY931,034)	(1)	1,356,479	-	-	1,356,479	(230,165) (CNY52,501)	25.00 %	-	-	-
Founder Fubon Fund Management Ltd.	Fund raising and asset management	2,909,456 (CNY660,000)	(1)	1,029,119	-	-	1,029,119	16,190	33.30 %	5,391	342,306	-

(Continued)

## FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Note 1: Investment types are as follows.

1. Direct investment in Mainland China.
2. Reinvestment in Mainland China through a third regional company (Fubon Bank (China))
3. Others.

Note 2: The company has invested in the mainland China directly rather than invested through 100% owned subsidiary, Fubon Bank (Hong Kong), since November 30, 2018.

Note 3: Xiamen Bank was listed on October 27, 2020. Since the relevant financial information has not been published locally, it cannot be disclosed in other regions in accordance with local securities regulations. However, the relevant profits and losses have been recognized in accordance with regulations.

Note 4: Fubon Life Insurance and Fubon Insurance set up Fubon Property and Casualty Insurance Ltd., which engaged in the insurance business in Mainland China in 2010. The related registration procedure had been approved by Insurance Bureau of FSC, the Investment Commission, MOEA and CBIRC. In 2012, Fubon Life Insurance and Fubon Insurance signed a joint investment contract with Xiamen Port Holding Group, wherein Fubon Life Insurance, Fubon Insurance and Xiamen Port Holding Group would be holding 40%, 40% and 20% shares, respectively, of Fubon Property and Casualty Insurance Ltd. As of September 30, 2023, the total investment of Fubon Life Insurance and Fubon Insurance amounted to CNY 896 million.

Note 5: The recognition of equity in the earnings is based on the reviewed financial statements of the investees.

Note 6: Fubon Property and Casualty Insurance Ltd. originally held 31.1% of the total investment of Teng Fu Bo Investment Limited. On July 16, 2020, the Board of Fubon Property and Casualty Insurance Ltd. had resolved not to participate in the capital increase of Teng Fu Bo Investment Limited. It has been approved by the China Banking and Insurance Regulatory Commission on August 19, 2020, and the percentage of ownership of Fubon Property and Casualty Insurance Ltd. decreased from 31.1% to 16.667%. On August 13, 2020, Fubon Property and Casualty Insurance Co., Ltd. shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. On October 6, 2021, the case had been approved by the competent authority to sell the shareholding to Fubon Financial Holding Venture Capital Co., Ltd. and TFB Capital Co., Ltd. The equity transfer was completed on October 15, 2021, which resulted in the shareholdings to decrease from 16.667% to 8.167%. As of September 30, 2023, total investment is CNY 60,956 thousand. The Company and its subsidiaries also indirectly invested in WeSure Insurance Ltd. through Teng Fu Bo Investment Ltd.

Note 7: Fubon AMC discontinued to recognize their shares of further losses of Xinyuanfutong Financial Leasing Co., Ltd. (Original name: CITIC FUTONG Financial Leasing Limited) on December 31, 2019 since it has not incurred any obligations. Please refer to Note 6 (1) for details.

Note 8: On April 8, 2021, Fubon Property & Casualty Insurance Co., Ltd. acquired 24.96% shares of Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co., Ltd. As of September 30, 2023, total investment is CNY 668 thousand.

Note 9: The foreign currency is converted into TWD using CNY closing exchange rate on September 30, 2023 and average exchange rate for the nine months ended September 30, 2023.

#### (ii) Upper limit on investment:

Units: In thousands

Company	Accumulated investment in Mainland China as of September 30, 2023	Investment amounts authorized by investment commission, MOEA	Upper limit on investment (Note)
Fubon Financial Holding Co., Ltd.	21,916,862 (CNY4,503,293)	29,735,500 (CNY6,143,036)	442,460,850
Taipei Fubon Bank Co., Ltd.	24,579,578 (CNY5,093,113)	24,579,578 (CNY5,093,113)	168,549,265
Fubon Life Insurance Co., Ltd.	2,155,322	2,155,416	259,297,159
Fubon Insurance Co., Ltd.	2,154,951 (CNY448,000)	2,154,951 (CNY448,000)	10,635,110
TFB Capital Co., Ltd.	425,612 (CNY97,405)	425,612 (CNY97,405)	1,279,251
Fubon Financial Holding Venture Capital Co., Ltd.	299,251 (CNY68,184)	299,251 (CNY68,184)	8,303,610
Fubon Assets Management Service Co., Ltd.	1,356,479 (CNY270,000)	1,356,479 (CNY270,000)	1,544,620
Fubon Asset Management Co., Ltd.	1,029,119 (CNY219,780)	1,029,119 (CNY219,780)	2,416,659

Note 1: Excluding investments not accounted for using equity method.

Note 2: It was calculated by each company's net value as of September 30, 2023.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Major shareholders:

Units: In shares

Shareholder's Name	Shareholding	Shares	Percentage
Taipei City Government		1,619,904,447	11.57 %
Ming-Dong Industrial Co., Ltd.		1,033,429,378	7.38 %
Dao-Ying Industrial Co., Ltd.		944,879,605	6.75 %

Note: (i) The information of major shareholders who hold 5 percent or more of the issuer's common stocks and preferred stocks, including treasury stocks, is provided by Taiwan Depository and Clearing Corp. for every quarter. The share capital disclosed on financial report and the actual numbers of dematerialized securities may be different due to their discrepancies calculation basis.

(ii) If the shareholder entrusts the shares to the trust, the shareholding will be disclosed by the trustee's account individually. As for those shareholders who are responsible for the declaration of insiders' shareholding with more than 10 percent in accordance with the Securities and Exchange Act, their shareholdings shall include their own shares and the trust in which they have the authority to decide the allocation of their trust assets. Please refer to the Market Observation Post System for information on the insiders' shareholding.

**(14) Segment Information:**

(a) Operating segment information

The reportable segments of the Company are as follows:

- (i) Bank business: Engaged in banking business.
- (ii) Insurance business: Providing a variety of life and property insurance services.
- (iii) Life insurance business: Providing a variety of life and property insurance services.
- (iv) Securities business: Engaged in securities business.
- (v) Others: Engaged in financial holding venture capital and asset management business, etc.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Financial information classified by business type please refer to note 12(c).

The Company reports segments information by business type to offer different business and services. All of these business types are administered separately and have different finance and marketing strategies.

The Company does not allocate tax expenses to reporting segments. The accounting policies of the operating segments are the same as those described in Note 2. The income of the operating segments is based on income before tax, which also serves as the basis for the performance measurement. The sales and transfer between the departments are regarded as third party sales and transfer, and are measured at current market value.

(b) Business information

Operating Segments information was as follows:

For the three months ended September 30, 2023						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination	Total
Net revenues						
Revenue by external customers	\$ 19,921,825	3,759,697	27,544,510	5,265,431	(1,050,776)	55,440,687
Revenue between segments	2,153,785	(118,311)	(2,297,785)	184,587	77,724	-
Total	<u>\$ 22,075,610</u>	<u>3,641,386</u>	<u>25,246,725</u>	<u>5,450,018</u>	<u>(973,052)</u>	<u>55,440,687</u>
Segment income (Note 1)	<u>\$ 9,223,582</u>	<u>992,319</u>	<u>20,056,506</u>	<u>2,509,324</u>	<u>(430,510)</u>	<u>32,351,221</u>
For the three months ended September 30, 2022						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination (Note 2)	Total
Net revenues						
Revenue by external customers	\$ 15,886,991	(16,901,773)	59,864,597	3,347,273	2,258,854	64,455,942
Revenue between segments	1,832,667	(93,998)	(1,675,248)	89,160	(152,581)	-
Total	<u>\$ 17,719,658</u>	<u>(16,995,771)</u>	<u>58,189,349</u>	<u>3,436,433</u>	<u>2,106,273</u>	<u>64,455,942</u>
Segment income (Note 1)	<u>\$ 9,299,256</u>	<u>(16,955,582)</u>	<u>22,358,230</u>	<u>1,628,137</u>	<u>1,247,743</u>	<u>17,577,784</u>
For the nine months ended September 30, 2023						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination	Total
Net revenues						
Revenue by external customers	\$ 55,517,780	(5,272,824)	89,060,827	13,811,646	482,953	153,600,382
Revenue between segments	6,560,021	(301,476)	(6,143,644)	925,339	(1,040,240)	-
Total	<u>\$ 62,077,801</u>	<u>(5,574,300)</u>	<u>82,917,183</u>	<u>14,736,985</u>	<u>(557,287)</u>	<u>153,600,382</u>
Segment income (Note 1)	<u>\$ 26,403,070</u>	<u>(3,071,557)</u>	<u>47,818,498</u>	<u>6,598,791</u>	<u>992,054</u>	<u>78,740,856</u>
Segment assets	<u>\$ 4,918,434,369</u>	<u>120,464,274</u>	<u>5,841,525,323</u>	<u>228,359,674</u>	<u>(26,481,353)</u>	<u>11,082,302,287</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the nine months ended September 30, 2022						
	Bank business	Property insurance business	Life insurance business	Securities business	Others and Adjustment and elimination (Note 2)	Total
Net revenues						
Revenue by external customers	\$ 43,834,858	(7,330,489)	241,205,557	9,307,984	3,578,220	290,596,130
Revenue between segments	6,143,862	(332,155)	(6,342,148)	12,837	517,604	-
Total	<u>\$ 49,978,720</u>	<u>(7,662,644)</u>	<u>234,863,409</u>	<u>9,320,821</u>	<u>4,095,824</u>	<u>290,596,130</u>
Segment income (Note 1)	<u>\$ 24,578,720</u>	<u>(21,686,607)</u>	<u>96,924,854</u>	<u>3,777,241</u>	<u>1,214,503</u>	<u>104,808,711</u>
Segment assets	<u>\$ 4,487,481,536</u>	<u>127,433,690</u>	<u>5,620,053,564</u>	<u>157,887,448</u>	<u>329,475,200</u>	<u>10,722,331,438</u>

Note 1: Income tax expense information is not included in segments information.

Note 2: Including JihSun Financial Holding and its subsidiaries.