TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAIPEI FUBON COMMERCIAL BANK Co., LTD.

March 13, 2024

Deloitte.

勤業眾信

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, certain other guidelines issued by the local authorities and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Bank and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Impairment of Discounts and Loans

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

Management assesses the impairment of discounts and loans in accordance with International Financial Reporting Standard 9 and complies with the regulatory requirements. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter.

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

1. We understood and tested the internal controls relevant to the lending process and assessment of loan impairment.

2. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including the probability of default, loss given default, and exposure at default) to reflect the actual situation, and we recalculated the impairment loss on loans.

3. We examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

Other Matter

We have also audited the parent company only financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material going concern uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Mei-Hui Wu and Zhi-Xian Ke.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2024

Notice to Readers

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

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

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022 (Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 47)	$ 101,722,328	2	$ 120,141,088	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	396,176,449	9	380,727,109	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 16 and 47)	156,790,922	4	145,479,236	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11 and 16)	306,599,692	7	308,043,700	7
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 4, 10, 11, 16 and 49)	882,869,593	20	927,810,554	22
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	7,148,768	-	8,543,867	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 12 and 47)	23,679,453	1	24,358,432	1
RECEIVABLES, NET (Notes 4, 13 and 47)	171,182,552	4	126,970,406	3
CURRENT TAX ASSETS (Notes 4, 44 and 47)	518,805	-	732,297	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 47)	2,264,294,549	52	2,076,746,866	50
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 17)	15,910,896	-	16,165,809	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18, 47 and 49)	13,117,940	-	8,679,241	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	21,272,611	1	20,888,019	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 20 and 47)	4,585,178	-	5,090,438	-
INVESTMENT PROPERTIES (Notes 4 and 21)	3,960,588	-	4,149,108	-
INTANGIBLE ASSETS, NET (Notes 4 and 22)	14,867,806	-	15,227,494	-
DEFERRED TAX ASSETS (Notes 4 and 44)	3,437,640	-	2,536,937	-
OTHER ASSETS (Notes 23 and 47)	13,597,545	-	10,743,681	-
TOTAL ASSETS	$ 4,401,733,315	100	$ 4,203,034,282	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 24 and 47)	$ 118,613,023	3	$ 142,095,340	3
DUE TO THE CENTRAL BANK AND BANKS (Notes 25 and 48)	1,315,767	-	922,135	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 47)	40,530,839	1	41,739,466	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 11)	9,443,146	-	8,968,186	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 26 and 47)	78,905,632	2	100,140,703	3
PAYABLES (Notes 27 and 47)	69,177,934	2	55,933,570	1
CURRENT TAX LIABILITIES (Notes 4, 44 and 47)	2,916,683	-	3,375,717	-
DEPOSITS AND REMITTANCES (Notes 28 and 47)	3,511,263,519	80	3,325,902,515	79
BANK DEBENTURES (Notes 11, 29 and 48)	124,057,295	3	119,252,622	3
OTHER FINANCIAL LIABILITIES (Notes 30 and 47)	103,021,009	2	83,671,679	2
PROVISIONS (Notes 4, 31 and 32)	3,041,878	-	2,980,035	-
LEASE LIABILITIES (Notes 4, 20, 47 and 48)	4,674,021	-	5,209,609	-
DEFERRED TAX LIABILITIES (Notes 4 and 44)	3,178,755	-	2,877,130	-
OTHER LIABILITIES (Notes 33 and 47)	18,589,136	-	25,598,953	1
Total liabilities	4,088,728,637	93	3,918,667,660	93
EQUITY (Notes 4 and 34)				
Attributable to owners of the Bank				
Capital stock				
Common stock	143,270,965	3	129,774,223	3
Capital surplus	29,659,243	1	18,492,902	-
Retained earnings				
Legal reserve	74,882,060	2	67,910,779	2
Special reserve	11,519,957	-	2,808,577	-
Unappropriated earnings	26,446,077	1	23,237,599	1
Total retained earnings	112,848,094	3	93,956,955	3
Other equity	929,919	-	(6,239,893)	-
Total equity attributable to owners of the Bank	286,708,221	7	235,984,187	6
Attributable to former owner of business combination under common control	-	-	25,912,409	1
Non-controlling interests	26,296,457	-	22,470,026	-
Total equity	313,004,678	7	284,366,622	7
TOTAL LIABILITIES AND EQUITY	$ 4,401,733,315	100	$ 4,203,034,282	100

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

(With Deloitte & Touche auditors' report dated March 13, 2024)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)		Change of Percentage
	Amount	**%**	**Amount**	**%**	**%**
NET INTEREST INCOME (Notes 4, 35 and 47)					
Interest income	$ 121,079,621	168	$ 83,391,161	133	45
Interest expense	(78,761,575)	(109)	(39,143,861)	(62)	101
Total net interest income	42,318,046	59	44,247,300	71	(4)
NET NON-INTEREST INCOME					
Service fee income, net (Notes 4, 36 and 47)	13,350,844	19	8,692,756	14	54
Gains on financial assets and liabilities at fair value through profit or loss (Notes 8, 37 and 47)	11,876,103	16	1,150,243	2	932
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 38)	1,966,512	3	2,727,051	4	(28)
Gains on derecognition of financial assets at amortized cost (Note 39)	98,007	-	14,208	-	590
Foreign exchange gains, net (Notes 4 and 40)	1,741,748	2	2,204,468	3	(21)
Impairment loss on assets (Notes 4, 9, 10 and 12)	(278,246)	-	(88,058)	-	216
Share of gain (loss) of associates accounted for using the equity method (Note 17)	369,862	-	(59,063)	-	726
Other non-interest income, net (Note 47)					
Gain from bargain purchase (Note 17)	-	-	3,072,956	5	(100)
Other gains and losses	469,295	1	734,487	1	(36)
Total net non-interest income	29,594,125	41	18,449,048	29	60
TOTAL NET REVENUE	71,912,171	100	62,696,348	100	15
ALLOWANCE FOR BAD DEBT EXPENSE, COMMITMENTS AND GUARANTEES (Notes 4 and 47)	(6,049,360)	(8)	(3,273,300)	(5)	85

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)		Change of Percentage
	Amount	%	Amount	%	%
OPERATING EXPENSES (Notes 32, 41, 42, 43 and 47)					
Employee benefits	$ (19,344,654)	(27)	$ (16,233,212)	(26)	19
Depreciation and amortization	(4,205,809)	(6)	(4,017,270)	(6)	5
Other general and administrative	(14,441,831)	(20)	(9,779,424)	(16)	48
Total operating expenses	(37,992,294)	(53)	(30,029,906)	(48)	27
INCOME BEFORE INCOME TAX	27,870,517	39	29,393,142	47	(5)
INCOME TAX EXPENSE (Notes 4 and 44)	(3,422,355)	(5)	(4,429,555)	(7)	(23)
NET INCOME FOR THE YEAR	24,448,162	34	24,963,587	40	(2)
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans (Note 34)	(132,829)	-	365,927	1	(136)
Gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 34)	9,139,765	12	(5,393,836)	(9)	269
Share of the other comprehensive (loss) income of associates ventures accounted for using the equity method (Note 34)	(19,249)	-	1,867	-	(1,131)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 44)	37,868	-	29,919	-	27
	9,025,555	12	(4,996,123)	(8)	281

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022 (Restated)		Change of Percentage
	Amount	**%**	**Amount**	**%**	**%**
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations (Note 34)	$ (1,740,706)	(2)	$ 1,921,891	3	(191)
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 34)	(417,753)	(1)	500,009	1	(184)
Gains (losses) on investments in debt instruments at fair value through other comprehensive income (Note 34)	1,957,774	3	(4,758,910)	(8)	141
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	(118,399)	-	657,786	1	(118)
	(319,084)	-	(1,679,224)	(3)	(81)
Other comprehensive income (loss) for the year, net of income tax	8,706,471	12	(6,675,347)	(11)	230
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 33,154,633	46	$ 18,288,240	29	81
NET INCOME ATTRIBUTABLE TO					
Owners of the Bank	$ 24,648,419	34	$ 22,796,289	36	8
Former owner of business combination under common control	(175,402)	-	1,137,837	2	(115)
Non-controlling interests	(24,855)	-	1,029,461	2	(102)
	$ 24,448,162	34	$ 24,963,587	40	(2)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO					
Owners of the Bank	$ 33,687,943	47	$ 16,781,576	27	101
Former owner of business combination under common control	(141,836)	-	1,129,820	2	(113)
Non-controlling interests	(391,474)	(1)	376,844	-	(204)
	$ 33,154,633	46	$ 18,288,240	29	81

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		Percentage		Change of (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
EARNINGS PER SHARE (NEW TAIWAN DOLLARS) (Note 45)					
Basic	$ 1.71		$ 1.67		

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

(With Deloitte & Touche auditors' report dated March 13, 2024) (Concluded)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Note 34)													
	Capital Stock			Retained Earnings				Other Equity						
	Shares (Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Profit or Loss of Hedging Instruments	Revaluation Surplus	Equity Attributable to Former Owner of Business Combination under Common Control	Non-controlling Interests (Notes 4 (4) and 34)	Total Equity
BALANCE AT JANUARY 1, 2022	12,256,209	$ 122,562,088	$ 18,491,335	$ 61,789,528	$ 2,949,929	$ 20,404,170	$ 85,143,627	$ (3,684,651)	$ 3,240,952	$ -	$ 676,599	$ -	$ 18,870,610	$ 245,300,560
Retroactive adjustment by equity attributable to former owner of business combination under common control and non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	14,514,692	10,344,141	24,858,833
BALANCE AT JANUARY 1, 2022, AS RESTATED	12,256,209	122,562,088	18,491,335	61,789,528	2,949,929	20,404,170	85,143,627	(3,684,651)	3,240,952	-	676,599	14,514,692	29,214,751	270,159,393
Appropriation of the 2021 earnings														
Legal reserve	-	-	-	6,121,251	-	(6,121,251)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(141,352)	141,352	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	(251,039)	(176,328)	(7,639,502)
Common stock dividends	721,213	7,212,135	-	-	-	(7,212,135)	(7,212,135)	-	-	-	-	-	-	-
Net income for the year ended December 31, 2022	-	-	-	-	-	22,796,289	22,796,289	-	-	-	-	1,137,837	1,029,461	24,963,587
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	254,691	254,691	1,986,667	(8,343,309)	87,238	-	(8,017)	(652,617)	(6,675,347)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	23,050,980	23,050,980	1,986,667	(8,343,309)	87,238	-	1,129,820	376,844	18,288,240
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	201,721	201,721	-	(201,721)	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(24)	(9)	(33)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	1,567	-	-	(15,103)	(15,103)	-	(1,668)	-	-	-	-	(15,204)
Non-controlling interest - perpetual bond	-	-	-	-	-	-	-	-	-	-	-	-	3,574,500	3,574,500
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(772)	(772)
Changes in equity attributable to former owner of business combination under common control	-	-	-	-	-	-	-	-	-	-	-	10,518,960	(10,518,960)	-
BALANCE AT DECEMBER 31, 2022	12,977,422	129,774,223	18,492,902	67,910,779	2,808,577	23,237,599	93,956,955	(1,697,984)	(5,305,746)	87,238	676,599	25,912,409	22,470,026	284,366,622
Appropriation of the 2022 earnings														
Legal reserve	-	-	-	6,971,281	-	(6,971,281)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	8,711,380	(8,711,380)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,554,938)	(7,554,938)	-	-	-	-	(1,145,434)	-	(8,700,372)
Net income for the year ended December 31, 2023	-	-	-	-	-	24,648,419	24,648,419	-	-	-	-	(175,402)	(24,855)	24,448,162
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	(121,704)	(121,704)	(1,404,007)	10,673,711	(108,476)	-	33,566	(366,619)	8,706,471
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	24,526,715	24,526,715	(1,404,007)	10,673,711	(108,476)	-	(141,836)	(391,474)	33,154,633
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,946,341	1,946,341	-	(1,946,341)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	(163)	-	-	(26,979)	(26,979)	-	-	-	-	-	-	(27,142)
Non-controlling interest - perpetual bond	-	-	-	-	-	-	-	-	-	-	-	-	4,396,920	4,396,920
Interest of non-controlling interest - perpetual bond	-	-	-	-	-	-	-	-	-	-	-	-	(179,015)	(179,015)
Organization restruction	1,349,674	13,496,742	11,166,504	-	-	-	-	-	(45,075)	-	-	(24,625,139)	-	(6,968)
BALANCE AT DECEMBER 31, 2023	14,327,096	$ 143,270,965	$ 29,659,243	$ 74,882,060	$ 11,519,957	$ 26,446,077	$ 112,848,094	$ (3,101,991)	$ 3,376,549	$ (21,238)	$ 676,599	$ -	$ 26,296,457	$ 313,004,678

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

(With Deloitte & Touche auditors' report dated March 13, 2024)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 27,870,517	$ 29,393,142
Adjustments for:		
Depreciation expense	2,977,070	2,887,207
Amortization expense	1,228,739	1,130,063
Provision for bad-debt expense	5,989,067	3,478,616
Net gain on financial assets and liabilities at fair value through profit or loss	(11,876,103)	(1,150,243)
Interest expense	78,761,575	39,143,861
Net gain on derecognition of financial assets at amortized cost	(98,007)	(14,208)
Interest income	(121,079,621)	(83,391,161)
Dividend income	(2,356,635)	(2,320,123)
Net change in provision for guarantee liabilities	(3,478)	20,959
Net change in other provisions	68,902	1,237
Share of (gain) loss of associates accounted for using the equity method	(369,862)	59,063
Loss on disposal of property and equipment	23,798	1,021
Property and equipment transferred to expenses	51,340	1,370
Loss on disposal of intangible assets	21,613	-
Loss (gain) on disposal of investment properties	390,123	(406,928)
Impairment loss on financial assets	311,766	93,859
Reversal of impairment loss on financial assets	(26,677)	(7,376)
Impairment loss on non-financial assets	-	3,386
Reversal of impairment loss on non-financial assets	-	(4,808)
Gain on disposal of collaterals	(44,551)	-
Gain on fair value adjustment of investment properties	(73,480)	(188,624)
Gain from bargain purchase	-	(3,072,956)
Other adjustments	(32,520)	(19,413)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to other banks	(86,479,188)	3,863,922
Decrease in financial assets at fair value through profit or loss	48,404,469	6,386,472
Decrease (increase) in financial assets at fair value through other comprehensive income	8,737,082	(22,217,368)
Decrease (increase) in investments in debt instruments at amortized cost	44,381,556	(20,268,379)
(Increase) decrease in securities sold under resell agreements	(233,070)	465,273
Increase in receivables	(39,677,579)	(10,040,045)
Increase in discounts and loans	(198,344,722)	(59,435,417)
(Increase) decrease in other financial assets	(4,713,101)	16,941,343
(Increase) decrease in other assets	(2,954,749)	968,550
Decrease in deposits from the Central Bank and other banks	(22,980,832)	(38,468,199)
Decrease in financial liabilities at fair value through profit or loss	(50,899,273)	(28,190,047)
Decrease in securities sold under repurchase agreements	(20,693,148)	(15,247,766)
Increase in payables	8,411,395	3,286,884

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
Increase in deposits and remittances	$ 193,868,640	$ 187,184,426
Increase in other financial liabilities	20,747,601	954,667
Decrease in provisions for employee benefits	(106,731)	(14,582)
(Decrease) increase in other liabilities	(6,446,321)	12,411,927
Cash (used in) generated from operations	(127,244,395)	24,219,605
Interest received	116,698,574	79,213,144
Dividends received	2,567,282	2,808,526
Interest paid	(72,668,687)	(34,029,857)
Income tax paid	(4,386,460)	(1,697,059)
Net cash (used in) generated from operating activities	(85,033,686)	70,514,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	-	(7,289,959)
Acquisition of property and equipment	(1,900,631)	(1,248,813)
Proceeds from disposal of property and equipment	22,688	16,772
Acquisition of intangible assets	(706,587)	(676,205)
Proceeds from disposal of collaterals	97,125	-
Proceeds from disposal of investments property	-	1,200
Net cash used in investing activities	(2,487,405)	(9,197,005)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	4,623,530	218,971
Decrease in due to the Central Bank and other banks	(915,390)	(12,885,940)
Proceeds from issuance of bank debentures	18,232,308	11,830,000
Repayments of bank debentures	(13,643,462)	(7,200,000)
Principal repayment of lease obligation	(1,845,142)	(1,730,595)
Cash dividends paid	(8,700,372)	(7,639,502)
Changes in non-controlling interests	-	(781)
Changes in equity attributable to former owner of business combination under common control	(6,968)	(24)
Issuing perpetual bond	4,396,920	3,574,500
Interest paid of perpetual bond	(179,015)	-
Net cash generated from (used in) financing activities	1,962,409	(13,833,371)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(4,256,477)	3,635,313

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$ (89,815,159)	$ 51,119,296
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	306,749,283	255,629,987
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 216,934,124	$ 306,749,283

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2023 and 2022:

	December 31	
	2023	2022
Cash and cash equivalents in the consolidated balance sheets	$ 101,722,328	$ 120,141,088
Due from the Central Bank and call loans to other banks qualifying for cash and cash equivalents under the definition of IAS 7	93,664,618	164,148,968
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	21,547,178	22,459,227
Cash and cash equivalents in the consolidated statements of cash flows	$ 216,934,124	$ 306,749,283

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

(With Deloitte & Touche auditors' report dated March 13, 2024) (Concluded)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

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

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

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

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

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

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

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

As of December 31, 2023, the Bank had a trust department, an offshore banking unit ("OBU"), 179 domestic branches (including a business department), 5 overseas branches and 2 preparatory office.

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

Fubon Bank (China) mainly renders foreign currency and RMB services to customers. As of December 31, 2023, Fubon Bank (China) had its headquarters and 25 branches (including preparatory offices) within mainland China.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on March 13, 2024.

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

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

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

   1) Amendments to IAS 1 "Disclosure of Accounting Policies"

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

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

- The Bank and its subsidiaries may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

a) The Bank and its subsidiaries changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Bank and its subsidiaries chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Bank and its subsidiaries are required to make significant judgments or assumptions in applying an accounting policy, and the Bank and its subsidiaries disclose those judgments or assumptions; or

e) The accounting is complex, and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

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

3) Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"

The amendments introduce a temporary exception to the requirements in IAS 12 by stipulating that the Bank and its subsidiaries should neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendments also require the Bank and its subsidiaries to disclose that it has applied the exception and separately disclose its current tax expense (income) related to Pillar Two income taxes. In addition, for periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the Bank and its subsidiaries should disclose qualitative and quantitative information that helps users of financial statements understand the Bank and its subsidiaries' exposure to Pillar Two income taxes. The requirement that the Bank and its subsidiaries apply the exception and the requirement to disclose that fact are applied immediately and retrospectively upon issuance of the amendments. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim period ending on or before December 31, 2023. The Bank and its subsidiaries has adopted the following revised IFRS since May 25, 2023, without any material impact on the Consolidated Financial Statements.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

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

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

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

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

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

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

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

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

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

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"

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

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

2) Amendments to IAS 21 "Lack of Exchangeability"

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and IFRS Accounting Standards issued by the FSC.

Basis of Preparation

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

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

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for the assets or liabilities.

Classification of Current and Non-current Assets and Liabilities

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

Basis of Consolidation

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

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

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

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

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

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

Foreign Currencies

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

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

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

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

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

Cash and Cash Equivalents

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

Investments in Associates

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement category

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

a) Financial assets at fair value through profit or loss

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

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

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

b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial asset; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

2) Impairment of financial assets

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

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

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

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

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

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

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

3) Derecognition of financial assets

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

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

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

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

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

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with Bank and its subsidiaries' documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

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

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

e. Modification of financial instruments

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

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

Hedge Accounting

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

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

Fair value hedges

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

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

Repurchase and Resell Transactions

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

Property and Equipment

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

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

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

Investment Properties

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

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

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

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

Goodwill

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

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

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

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

Intangible Assets

a. Intangible assets acquired separately

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

b. Intangible assets acquired in a business combination

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

c. Derecognition of intangible assets

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

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

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

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

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

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Other long-term employee benefits

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

d. Employee benefit - employees' preferential deposits

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

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

Share-based Payment

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

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

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

Income Tax

Income tax expense includes current income tax and deferred income tax. The Bank and its subsidiaries determine that the additional tax they should pay under the Pillar Two of the global minimum tax rules falls within the scope of IAS 12 "Income Taxes," and have applied temporary exemption from deferred tax accounting treatment related to additional tax, and recognize the additional tax actually incurred as current income tax.

a. Current tax

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

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred taxes for the period

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

Recognition of Interest Income and Interest Expense

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

Recognition of Service Fee Income and Service Fee Expense

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

Business Combinations

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

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

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

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

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

Leases

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

a. The Bank and its subsidiaries as lessor

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

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

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

b. The Bank and its subsidiaries as lessee

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

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

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

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

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated impairment loss on discounts and loans

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022 (Restated)**
Cash on hand	$ 9,158,865	$ 14,549,659
Due from other banks, net	89,282,257	102,650,150
Notes and checks for clearing	3,281,206	2,941,279
	$ 101,722,328	$ 120,141,088

Cash and cash equivalents are assessed for impairment using the approach similar to those used for investments in debt instruments. The Bank and its subsidiaries consider their cash and cash equivalents to have low credit risk, so their loss allowance evaluation is on a 12-month expected credit loss basis. As of December 31, 2023 and 2022, a loss allowance of $20,274 thousand and $16,681 thousand was recognized.

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

	December 31	
	2023	**2022 (Restated)**
Call loans to banks, net	$ 255,112,506	$ 250,382,876
Deposit reserves	121,996,920	111,067,679
Due from the Central Bank - others	19,067,023	19,276,554
	$ 396,176,449	$ 380,727,109

Under a directive issued by the Central Bank of China, the New Taiwan dollar (NTD) denominated deposit reserves are determined by applying a prescribed percentage to the average monthly balances of customers' NTD-denominated deposits. As of December 31, 2023 and 2022, deposit reserves for checking accounts amounted to $30,269,766 thousand and $20,675,037 thousand, respectively, and the required deposit reserves amounted to $65,470,403 thousand and $62,231,546 thousand, respectively. The deposit reserves for checking accounts are not interest bearing and may be withdrawn anytime. The required deposit reserves are subject to withdrawal restrictions. In addition, foreign-currency deposit reserves are determined at a prescribed percentage of the balances of foreign-currency deposits. These reserves may be withdrawn anytime but bear no interests.

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

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

Due to the low credit risk of due from the Central Bank and call loans to other banks, the allowance is recognized as 12-month expected credit losses. On December 31, 2023 and 2022, allowances of $2,850 thousand and $0 thousand were recognized from the deposits in the Central Bank and call loans to other banks, respectively.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022 (Restated)
Financial assets designated as at fair value through profit or loss		
Government bonds	$ 492,897	$ -
Financial assets mandatorily measured as at fair value through profit or loss		
Commercial paper	76,268,391	46,116,564
Government bonds	13,349,162	3,816,140
Convertible corporate bonds	11,119,890	16,032,255
Corporate bonds	5,851,313	9,468,206
Others	10,940,256	17,258,781
	117,529,012	92,691,946
Derivatives		
Currency swap contracts	26,322,791	37,482,768
Interest rate swap contracts	7,521,476	7,775,095
Others	4,924,746	7,529,427
	38,769,013	52,787,290
Financial assets at fair value through profit or loss	$ 156,790,922	$ 145,479,236
Held-for-trading financial liabilities		
Derivatives		
Currency swap contracts	$ 28,838,699	$ 28,222,635
Interest rate swap contracts	5,973,825	5,414,862
Option contracts	2,389,301	815,753
Forward Exchange Agreement	2,213,313	3,152,827
Cross-currency swap contracts	789,068	3,637,503
Others	326,633	495,886
Financial liabilities at fair value through profit or loss	$ 40,530,839	$ 41,739,466

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

The financial assets mentioned above were designated as at fair value through profit or loss because the assets were hybrid instruments or because this designation eliminated or significantly reduced a measurement or recognition inconsistency.

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

	December 31	
	2023	**2022 (Restated)**
Currency swap contracts	$ 2,578,931,256	$ 2,614,399,874
Interest rate swap contracts	1,283,074,266	1,126,440,562
Option contracts	249,096,200	73,722,204
Forward contracts	208,254,785	231,375,664
Cross-currency swap contracts	19,670,925	81,438,035
Equity swap contracts	2,710,778	7,126,275
Futures contracts	1,561,084	1,901,209
Commodity swap contracts	146,439	-
Credit default swap contracts	-	44,134

The Bank and its subsidiaries' breakdown of gain or loss on financial assets or liabilities at fair value through profit or loss as of December 31, 2023 and 2022 are summarized as follows:

	For the Year Ended December 31 (Restated)	
	2023	**2022**
Net gain on financial assets and liabilities held-for-trading	$ 11,862,804	$ 1,150,243
Financial assets designated as at fair value through profit or loss	13,299	-
	$ 11,876,103	$ 1,150,243

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	**2022 (Restated)**
Investments in equity instruments at fair value through comprehensive income	$ 25,893,486	$ 35,228,138
Investments in debt instruments at fair value through comprehensive income	280,706,206	272,815,562
	$ 306,599,692	$ 308,043,700

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

	December 31	
	2023	**2022 (Restated)**
Listed shares and emerging market shares (Note 11)	$ 14,837,911	$ 23,878,226
REITs (Note 11)	8,261,043	8,149,164
Unlisted shares	2,794,532	3,200,748
	$ 25,893,486	$ 35,228,138

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

For the years ended 2023 and 2022, the Bank and its subsidiaries sold part of their shares designated as at fair value through other comprehensive income in order to manage and adjust the investment portfolio. The sold shares had fair values of $30,675,333 thousand and $5,982,607 thousand, respectively. The Bank and its subsidiaries transferred a gain of $1,886,934 thousand and $202,223 thousand from other equity to retained earnings.

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

	For the Year Ended December 31	
	2023	**2022 (Restated)**
Dividend income		
Held at the end of the reporting period	$ 1,793,565	$ 2,041,116
Derecognised in the reporting period	563,070	279,007
	$ 2,356,635	$ 2,320,123

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

	December 31	
	2023	**2022 (Restated)**
Government bonds (Note 11)	$ 97,523,536	$ 76,964,090
Bank debentures (Note 11)	75,776,482	61,163,694
Corporate bonds (Note 11)	60,680,140	54,882,502
Interbank lending	30,868,979	40,417,687
Commercial paper	-	21,344,701
Others	15,857,069	18,042,888
	$ 280,706,206	$ 272,815,562

The above assets under repurchase agreements were as follows:

	December 31	
	2023	**2022 (Restated)**
Carrying amount	$ 2,899,021	$ 14,848,002

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

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	December 31	
	2023	2022 (Restated)
Negotiable certificates of deposits	$ 256,553,920	$ 318,913,768
Corporate bonds (Note 11)	229,752,583	218,023,966
Bank debentures (Note 11)	204,191,512	203,583,321
Government bonds (Note 11)	144,302,238	140,129,200
CMO Guaranteed mortgage note	45,408,917	37,973,252
Others	3,297,468	9,848,618
	883,506,638	928,472,125
Less: Allowance for impairment loss	637,045	661,571
	$ 882,869,593	$ 927,810,554

The above assets sold under repurchase agreements were as follows:

	December 31	
	2023	2022 (Restated)
Carrying amount	$ 84,303,227	$ 95,942,054

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

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

11. FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2023	2022 (Restated)
Financial assets for hedging		
Fair value hedge - interest rate swap	$ 7,148,768	$ 8,543,867
Financial liabilities for hedging		
Fair value hedge - call loans	$ 5,316,510	$ 5,189,570
Fair value hedge - interest rate swap	4,126,636	3,778,616
	$ 9,443,146	$ 8,968,186

Fair Value Hedges

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

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

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

December 31, 2023

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount Asset	Carrying Amount Liability	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge						
Interest rate swap contracts	$ 217,237,295	2024.01.22-2053.08.15	Financial assets and liabilities for hedging	$ 7,148,768	$ 4,126,636	$ (1,816,445)
Call loans	5,316,510	2024.01.10-2024.03.27	Financial liabilities for hedging	-	5,316,510	49,338

Hedged Items	Carrying Amount Asset	Carrying Amount Liability	Accumulated Amount of Fair Value Adjustments Asset	Accumulated Amount of Fair Value Adjustments Liability	Change in Value Used for Calculating Hedge Ineffectiveness
Fair value hedge					
Interest risk					
Bank debentures	$ -	$ 67,077,796	$ -	$ (2,922,950)	$ 47,321
Financial assets at fair value through other comprehensive income - government bonds	5,608,424	-	(77,718)	-	(79,413)
Financial assets at fair value through other comprehensive income - corporate bonds	314,283	-	(25,895)	-	(22,497)
Financial assets at fair value through other comprehensive income - bank debentures	4,310,813	-	(65,799)	-	60,971
Financial assets at amortized cost - government bonds	20,587,487	-	(210,682)	-	13,618
Financial assets at amortized cost - corporate bonds	86,919,756	-	(4,179,087)	-	1,395,692
Financial assets at amortized cost - bank debentures	26,733,643	-	(1,372,076)	-	403,804
Exchange rate risk					
Financial assets at fair value through other comprehensive income - stock	871,872	-	12,187	-	(24,137)
Financial assets at fair value through other comprehensive income - REITs	4,369,192	-	21,583	-	(25,201)

December 31, 2022

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

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

For the years ended December 31, 2023 and 2022

Comprehensive Income	Gains or Losses on Ineffective Hedge Recognized in Comprehensive Income (Loss) For the Year Ended December 31 2023	2022	Comprehensive Income Statement Line Item in Which Hedge Ineffectiveness Is Included
Fair value hedge			
Interest risk			
Bank debentures	$ 3,051	$ 10,601	Financial assets and liabilities at fair value through profit or loss

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	December 31 2023	December 31 2022 (Restated)
Corporate bonds	$ 14,697,846	$ 11,585,383
Commercial paper	6,040,699	1,806,899
Government bonds	2,057,718	2,206,467
Bank debentures	883,190	8,766,577
	23,679,453	24,365,325
Less: Allowance for impairment loss	-	6,894
	$ 23,679,453	$ 24,358,432

(Continued)

	December 31	
	2023	2022 (Restated)
Dates of resell agreements	2024.01.02- 2024.03.28	2023.01.03- 2023.03.30
Amounts of resell agreements	$ 23,724,170	$ 24,412,119

(Concluded)

13. RECEIVABLES, NET

	December 31	
	2023	2022 (Restated)
Credit card receivables	$ 89,893,852	$ 65,944,655
Accounts receivable - factoring	31,818,039	21,252,107
Interest receivables	21,793,025	16,504,011
Acceptances	20,251,519	16,491,523
Others	8,466,854	7,439,701
	172,223,289	127,631,997
Less: Allowance for impairment loss	1,040,737	661,591
	$ 171,182,552	$ 126,970,406

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

14. DISCOUNTS AND LOANS, NET

	December 31	
	2023	2022 (Restated)
Discounts and overdrafts	$ 118,252	$ 293,615
Accounts receivable - financing	1,091,196	1,883,360
Short-term loans	352,258,394	294,281,053
Short-term secured loans	191,997,506	191,036,888
Medium-term loans	349,175,409	364,019,924
Medium-term secured loans	265,266,176	229,247,709
Long-term loans	50,692,110	50,289,831
Long-term secured loans	1,081,229,000	968,138,687
Import and export bill negotiation	1,019,464	1,577,519
Nonperforming loans transferred from loans	4,616,017	4,179,344
	2,297,463,524	2,104,947,930
Less: Allowance for impairment loss	31,598,568	27,741,072
Less: Adjustments of premium and discount	1,570,407	459,992
	$ 2,264,294,549	$ 2,076,746,866

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

The Bank and its subsidiaries sold credit assets in order to accelerate the recovery of debts, and recognized the loss of credit assets measured by amortized cost of $72,333 thousand from January 1, 2022 to December 31, 2022, please refer to Note 39.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

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

b. Material non-controlling interests

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

Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2023	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2022	Accumulated Non-controlling Interests December 31 2023	Accumulated Non-controlling Interests December 31 2022
Fubon Bank (China)	$ (24,855)	$ 635,890	$ 26,296,457	$ 22,470,026

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

Fubon Bank (China)

	December 31 2023	December 31 2022
Total assets	$ 633,841,756	$ 620,348,374
Total liabilities	(580,270,606)	(569,988,040)
Equity	$ 53,571,150	$ 50,360,334
Equity attributable to:		
Owners of the Bank	$ 27,274,693	$ 27,890,308
Non-controlling interests	26,296,457	22,470,026
	$ 53,571,150	$ 50,360,334

	For the Year Ended December 31	
	2023	2022
Total net revenue	$ 6,683,411	$ 7,954,025
Net (loss) income for the year	$ (305,467)	$ 1,511,145
Other comprehensive (loss) income for the year	(701,622)	(1,364,180)
Total comprehensive (loss) income for the year	$ (1,007,089)	$ 146,965
Net (loss) income attributable to:		
Owners of the Bank	$ (280,612)	$ 875,255
Non-controlling interests	(24,855)	635,890
	$ (305,467)	$ 1,511,145
Total comprehensive (loss) income attributable to:		
Owners of the Bank	$ (615,615)	$ 122,049
Non-controlling interests	(391,474)	24,916
	$ (1,007,089)	$ 146,965
Net cash (outflow) inflow from:		
Operating activities	$ (25,713,602)	$ (13,469,830)
Investing activities	(311,992)	(447,255)
Financing activities	3,228,098	3,452,113

16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

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

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

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

	December 31	
	2023	**2022 (Restated)**
Asset securitization		
Financial assets at fair value through profit or loss	$ 1,901,675	$ 798,448
Financial assets at fair value through other comprehensive income	15,498,183	10,274,904
Investments in debt instruments measured at amortized cost	48,115,685	37,973,252
Trust plan - property right		
Financial assets at fair value through profit or loss	223,270	130,398
Private equity investments		
Financial assets at fair value through profit or loss	52,636	12,674
	$ 65,791,449	$ 49,189,676

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

c. The Bank and its subsidiaries did not provide any financial support to the unconsolidated structured entities for the years ended December 31, 2023 and 2022.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	**2022**
Associates that are not individually material	$ 15,910,896	$ 16,165,809

Information of associates that are not individually material:

	For the Year Ended December 31	
	2023	**2022**
The Bank and its subsidiaries' share of:		
Net income (loss)	$ 369,862	$ (59,063)
Other comprehensive (loss) income	(437,002)	501,876
Total comprehensive (loss) income for the year	$ (67,140)	$ 442,813

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

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

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

18. OTHER FINANCIAL ASSETS, NET

	December 31	
	2023	2022 (Restated)
Other financial institution deposits not qualifying as cash equivalents	$ 13,113,710	$ 8,674,872
Nonperforming loans transferred from other than loans	124,160	70,020
	13,237,870	8,744,892
Less: Allowance for impairment loss	119,930	65,651
	$ 13,117,940	$ 8,679,241

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

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

19. PROPERTY AND EQUIPMENT, NET

	For the Year Ended December 31, 2023							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Improvements	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2022	$ 9,753,632	$ 12,866,232	$ 4,786,771	$ 314,423	$ 1,368,594	$ 3,436,745	$ 858,124	$ 33,384,521
Additions	-	9,950	700,490	14,993	70,083	153,428	951,687	1,900,631
Disposals	(13,790)	(14,230)	(533,858)	(18,727)	(84,070)	(156,529)	-	(821,204)
Reclassification	236,531	(740,247)	240,116	19,666	2,795	129,345	(849,215)	(961,009)
Effect of foreign currency exchange differences	-	(146,487)	(20,048)	(307)	(8,024)	(6,292)	-	(181,158)
Balance at December 31, 2022	9,976,373	11,975,218	5,173,471	330,048	1,349,378	3,556,697	960,596	33,321,781
Accumulated depreciation and impairment								
Balance at January 1, 2022	3,132	4,818,919	3,877,717	268,037	1,138,669	2,390,028	-	12,496,502
Depreciation	-	328,391	404,319	17,837	80,876	336,202	-	1,167,625
Disposals	-	(3,522)	(518,623)	(18,191)	(82,214)	(152,168)	-	(774,718)
Reclassification	(3,132)	(769,322)	(94)	15,306	(19,185)	(17)	-	(776,444)
Effect of foreign currency exchange differences	-	(37,101)	(14,130)	(241)	(7,473)	(4,850)	-	(63,795)
Balance at December 31, 2022	-	4,337,365	3,749,189	282,748	1,110,673	2,569,195	-	12,049,170
Carrying amount at December 31, 2021 and January 1, 2022	$ 9,750,500	$ 8,047,313	$ 909,054	$ 46,386	$ 229,925	$ 1,046,717	$ 858,124	$ 20,888,019
Carrying amount at December 31, 2022	$ 9,976,373	$ 7,637,853	$ 1,424,282	$ 47,300	$ 238,705	$ 987,502	$ 960,596	$ 21,272,611

	For the Year Ended December 31, 2022 (Restated)							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Improvements	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2022	$ 9,909,723	$ 12,854,032	$ 4,739,465	$ 308,684	$ 1,323,585	$ 3,172,114	$ 635,632	$ 32,943,235
Additions	-	16,301	194,600	13,814	65,805	77,448	880,845	1,248,813
Disposals	(7,743)	(10,269)	(232,724)	(12,472)	(33,257)	(25,978)	-	(322,443)
Reclassification	(148,348)	(98,726)	63,773	1,545	1,440	196,240	(658,415)	(642,491)
Effect of foreign currency exchange differences	-	104,894	21,657	2,852	11,021	16,921	62	157,407
Balance at December 31, 2022	9,753,632	12,866,232	4,786,771	314,423	1,368,594	3,436,745	858,124	33,384,521
Accumulated depreciation and impairment								
Balance at January 1, 2022	3,002	4,616,815	3,710,479	259,830	1,076,086	2,080,575	-	11,746,787
Depreciation	-	328,337	383,173	17,964	86,800	322,147	-	1,138,421
Impairment loss	3,132	(4,554)	-	-	-	-	-	(1,422)
Disposals	-	(2,448)	(231,431)	(11,821)	(33,130)	(25,820)	-	(304,650)
Reclassification	(3,002)	(141,381)	6	-	(6)	-	-	(144,383)
Effect of foreign currency exchange differences	-	22,150	15,490	2,064	8,919	13,126	-	61,749
Balance at December 31, 2022	3,132	4,818,919	3,877,717	268,037	1,138,669	2,390,028	-	12,496,502
Carrying amount at December 31, 2021 and January 1, 2022	$ 9,906,721	$ 8,237,217	$ 1,028,986	$ 48,854	$ 247,499	$ 1,091,539	$ 635,632	$ 21,196,448
Carrying amount at December 31, 2022	$ 9,750,500	$ 8,047,313	$ 909,054	$ 46,386	$ 229,925	$ 1,046,717	$ 858,124	$ 20,888,019

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

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

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022 (Restated)**
Carrying amounts		
Buildings	$ 3,780,604	$ 4,431,374
Machinery and computer equipment	645,221	521,094
Transportation equipment	36,471	33,772
Office and other equipment	122,882	104,198
	$ 4,585,178	$ 5,090,438

	For the Year Ended December 31	
	2023	**2022 (Restated)**
Additions to right-of-use assets	$ 1,470,149	$ 1,800,426
Depreciation expense of right-of-use assets		
Buildings	$ 1,576,614	$ 1,587,242
Machinery and computer equipment	167,855	99,978
Transportation equipment	24,039	26,409
Office and other equipment	40,937	35,157
	$ 1,809,445	$ 1,748,786

b. Lease liabilities

	December 31	
	2023	**2022 (Restated)**
Carrying amounts	$ 4,674,021	$ 5,209,609

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	**2022 (Restated)**
Buildings	0.39%-5.28%	0.39%-4.96%
Machinery and computer equipment	0.52%-1.61%	0.52%-0.56%
Transportation equipment	0.52%-5.28%	0.48%-3.50%
Office and other equipment	0.52%-3.51%	0.49%-3.51%

	For the Year Ended December 31	
	2023	2022 (Restated)
Interest expense on lease liabilities	$ 145,087	$ 160,449

c. Other lease information

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

	For the Year Ended December 31	
	2023	2022 (Restated)
Expenses on short term lease contract	$ 14,553	$ 9,069
Expenses relating to leases of low-value asset	$ 31,019	$ 19,310
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 63,762	$ 55,018
Total cash outflow for leases	$ (2,026,267)	$ (1,922,110)

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

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

The maturity analysis for lease liabilities is as follows:

December 31, 2023

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 144,023	$ 281,484	$ 1,216,998	$ 2,970,566	$ 421,837	$ 5,034,908

December 31, 2022 (Restated)

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

21. INVESTMENT PROPERTIES

	December 31	
Item	2023	2022 (Restated)
Land	$ 3,414,528	$ 3,574,699
Buildings	546,060	574,409
	$ 3,960,588	$ 4,149,108

The movements of investment properties are shown below:

	For the Year Ended December 31	
	2023	**2022 (Restated)**
Balance, beginning of the year	$ 4,149,108	$ 3,824,843
Disposals	-	(1,200)
Reclassification	(262,000)	136,841
Change in fair value of investment properties	73,480	188,624
Balance, end of the year	$ 3,960,588	$ 4,149,108

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

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

	December 31	
	2023	**2022 (Restated)**
Year 1	$ 97,114	$ 107,956
Year 2	86,026	72,068
Year 3	48,042	57,942
Year 4	8,839	34,372
Year 5	2,670	9,789
Year 6 onwards	-	2,337
	$ 242,691	$ 284,464

The fair values of the investment properties as of December 31, 2023 and 2022, were based on the valuations carried out on these dates by independent qualified professional appraisers, Dai Guang-Ping, Chang Hung-Kai, Chang Yi-Chih. Yeh Yu-Fen and Yeh Shi-Yu, from the real estate appraisal office, Savills plc, a duly certified ROC real estate appraiser.

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

	December 31	
	2023	**2022 (Restated)**
Expected future cash inflows	$ 5,502,744	$ 5,150,855
Expected future cash outflows	(213,830)	(222,856)
Expected future cash inflows, net	$ 5,288,914	$ 4,927,999
Discount rate	3.845%	3.595%-4.095%

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

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

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

For the years ended December 31, 2023 and 2022, the rental income and direct operating expense from investment properties of the Bank and its subsidiaries were as follows:

	For the Year Ended December 31	
	2023	**2022 (Restated)**
Rental income	$ 109,688	$ 109,398
Direct operating expenses	12,927	12,444

22. INTANGIBLE ASSETS, NET

	December 31	
	2023	**2022 (Restated)**
Banking licenses and operating rights	$ 5,308,453	$ 5,418,245
Core deposits	4,173,297	4,591,235
Computer software	3,289,326	3,062,184
Goodwill	2,017,400	2,055,856
Customer relationships	77,330	97,974
Others	2,000	2,000
	$ 14,867,806	$ 15,227,494

The movements of intangible assets are listed below:

	For the Year Ended December 31					
	2023			2022		
	Goodwill	**Others**	**Total**	**Goodwill**	**Others**	**Total**
Balance, beginning of the year	$ 2,055,856	$ 13,171,638	$ 15,227,494	$ 2,028,320	$ 13,070,949	$ 15,099,269
Additions	-	706,587	706,587	-	676,205	676,205
Disposals	-	(21,613)	(21,613)	-	-	-
Amortizations	-	(1,190,173)	(1,190,173)	-	(1,088,926)	(1,088,926)
Reclassification	-	395,225	395,225	-	356,094	356,094
Effect of foreign currency exchange differences	(38,456)	(211,258)	(249,714)	27,536	157,316	184,852
Balance, end of the year	$ 2,017,400	$ 12,850,406	$ 14,867,806	$ 2,055,856	$ 13,171,638	$ 15,227,494

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

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

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

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

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

23. OTHER ASSETS

	December 31	
	2023	**2022 (Restated)**
Refundable deposits	$ 11,624,617	$ 8,801,396
Prepaid expense	1,376,451	980,894
Others	596,477	961,391
	$ 13,597,545	$ 10,743,681

24. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2023	**2022 (Restated)**
Call loans	$ 114,043,298	$ 119,557,198
Deposit from the Central Bank and banks	3,969,256	13,903,867
Deposit from the Chunghwa Post	600,469	8,634,275
	$ 118,613,023	$ 142,095,340

25. DUE TO THE CENTRAL BANK AND BANKS

	December 31	
	2023	**2022 (Restated)**
Due to Interbank	$ 1,315,767	$ 922,135

26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31	
	2023	2022 (Restated)
Bank debentures	$ 32,704,420	$ 49,839,667
Corporate bonds	37,103,982	24,777,090
Government bonds	9,097,230	19,197,832
Discounted note	-	6,326,114
	$ 78,905,632	$ 100,140,703
Dates of repurchase agreements	2024.01.02- 2024.06.28	2023.01.03- 2023.06.30
Amounts of repurchase agreements	$ 79,643,987	$ 100,874,324

27. PAYABLES

	December 31	
	2023	2022 (Restated)
Acceptances	$ 20,251,519	$ 16,491,523
Accrued interest	16,728,927	11,407,391
Accrued expenses (Note 32)	10,478,821	6,951,470
Accounts payable - factoring	6,065,829	4,744,492
Accrued notes and checks	3,423,980	2,854,642
Accrued payroll and transfer of provisional funds	2,982,559	2,953,366
Others	9,246,299	10,530,686
	$ 69,177,934	$ 55,933,570

28. DEPOSITS AND REMITTANCES

	December 31	
	2023	2022 (Restated)
Checking	$ 15,056,178	$ 14,642,660
Public treasury	56,034,487	63,104,435
Demand	721,524,194	730,248,362
Savings	1,435,702,104	1,298,864,066
Time	1,139,680,296	1,114,836,682
Negotiable certificates of deposit	141,941,031	103,522,063
Others	1,325,229	684,247
	$ 3,511,263,519	$ 3,325,902,515

29. BANK DEBENTURES

Taipei Fubon Bank

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

	December 31	
	2023	2022
First issue of subordinated bank debentures in 2013; fixed 1.70%; maturity: August 2023	$ -	$ 500,000
First issue of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 2024	4,500,000	4,500,000
Second issue of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 2024	3,700,000	3,700,000
Second issue of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 2024	3,000,000	3,000,000
Fourth issue of subordinated bank debentures in 2017; fixed 1.30%; maturity: October 2024	1,750,000	1,750,000
Fifth issue of dominant bank debentures in 2017; 0%; maturity: December 2047 (US$100,000 thousand)	3,925,801	3,767,483
Second issue of dominant bank debentures in 2018; 0%; maturity: March 2048 (US$195,000 thousand)	7,682,682	7,355,264
Third issue of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 2025	1,200,000	1,200,000
Third issue of subordinated bank debentures in 2018; fixed 1.30%; maturity: September 2028	1,800,000	1,800,000
Fifth issue of dominant bank debentures in 2018; 0%; maturity: November 2048 (US$80,000 thousand)	3,142,263	2,992,573
Sixth issue of dominant bank debentures in 2018; fixed 1.10%; maturity: November 2028	3,700,000	3,700,000
Seventh issue of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000
First issue of dominant bank debentures in 2019; fixed 0.98%; maturity: March 2029	1,500,000	1,500,000
Second issue of dominant bank debentures in 2019; fixed 0.95%; maturity: May 2029	1,300,000	1,300,000
Third issue of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000
Fourth issue of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000
Fifth issue of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 2029	6,000,000	6,000,000
Sixth issue of dominant bank debentures in 2019; fixed 0.88%; maturity: October 2029	6,600,000	6,600,000
Seventh issue of dominant bank debentures in 2019; fixed 0.88%; maturity: December 2029	3,100,000	3,100,000

(Continued)

	December 31	
	2023	2022
First issue of dominant bank debentures in 2020; fixed 0.75%; maturity: March 2030	$ 5,000,000	$ 5,000,000
Second issue of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000
Third issue of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 2027	200,000	200,000
Third issue of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 2030	1,800,000	1,800,000
Fourth issue of subordinated bank debentures in 2020; fixed 1.50%; perpetual	2,850,000	2,850,000
First issue of dominant bank debentures in 2021; fixed 0.40%; maturity: January 2026	1,000,000	1,000,000
Second issue of dominant bank debentures in 2021; fixed 0.40%; maturity: September 2026	1,000,000	1,000,000
Third issue of subordinated bank debentures in 2021; fixed 0.70%; maturity: September 2031	2,400,000	2,400,000
Fourth issue of dominant bank debentures in 2021; fixed 0.45%; maturity: September 2026	2,700,000	2,700,000
Fourth issue of dominant bank debentures in 2021; fixed 0.52%; maturity: September 2028	1,400,000	1,400,000
First issue of dominant bank debentures in 2022; fixed 0.70%; maturity: May 2025	1,000,000	1,000,000
Second issue of subordinated bank debentures in 2022; fixed 2.00%; maturity: June 2029	2,000,000	2,000,000
Third issue of subordinated bank debentures in 2022; fixed 3.00%; perpetual	2,300,000	2,300,000
Fourth issue of subordinated bank debentures in 2022; fixed 1.90%; maturity: September 2029	5,000,000	5,000,000
Fifth issue of subordinated bank debentures in 2022; fixed 3.10%; perpetual	1,530,000	1,530,000
First issue of subordinated bank debentures in 2023; fixed 3.5%; perpetual	3,870,000	-
Second issue of subordinated bank debentures in 2023; fixed 3.5%; perpetual	3,300,000	-
Third issue of dominant bank debentures in 2023; fixed 1.4%; maturity: April 2028	1,300,000	-
Fourth issue of dominant bank debentures in 2023; fixed 1.4%; maturity: August 2025	1,000,000	-
Valuation adjustments of bank debentures	(2,922,950)	(2,906,349)
	$ 106,777,796	$ 97,188,971

(Concluded)

Fubon Bank (China)

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

	December 31	
	2023	2022
Tier-2 capital bond (first period); fixed rate of 5.43%; maturity: December 2028 (RMB1,000,000 thousand)	$ -	$ 4,413,439
Tier-2 capital bond (first period); fixed rate of 5.20%; maturity: April 2029 (RMB1,000,000 thousand)	4,320,277	4,413,439
FBCN, fixed rate of 4.08%; maturity: January 2025 (RMB1,000,000 thousand)	4,318,668	4,409,895
Capital bond; fixed rate of 3.20%; maturity: March 2023 (RMB1,000,000 thousand)	-	4,413,439
Capital bond; fixed rate of 3.92%; maturity: December 2023 (RMB1,000,000 thousand)	-	4,413,439
Capital bond; fixed rate of 3.25%; maturity: April 2026 (RMB2,000,000 thousand)	8,640,554	-
	$ 17,279,499	$ 22,063,651

30. OTHER FINANCIAL LIABILITIES

	December 31	
	2023	2022 (Restated)
Principal amount of structured products	$ 102,496,009	$ 83,427,536
Others	525,000	244,143
	$ 103,021,009	$ 83,671,679

31. PROVISIONS

	December 31	
	2023	2022 (Restated)
Provisions for employee benefits (Note 32)	$ 2,160,247	$ 2,134,149
Reserve for financial commitments	347,396	287,923
Reserve for losses on guarantees	256,084	259,574
Others	278,151	298,389
	$ 3,041,878	$ 2,980,035

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

32. EMPLOYEE BENEFITS PLANS

	December 31	
	2023	2022 (Restated)
Provisions for employee benefits		
Defined benefit plans	$ 1,241,873	$ 1,300,433
Preferential interest rate plan for employees' deposits	650,405	633,567
Other long-term employee benefits plan	267,843	200,023
Others	126	126
	$ 2,160,247	$ 2,134,149

As of December 31, 2023, the reserve for preferential retirement under Jih-Sun's employee settlement plan amounted to $643,279 thousand, which was presented in accrued expenses amounted to $588,047 thousand and other long-term employee benefit plans amounted to $55,232 thousand.

a. Defined contribution plans

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

The total expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were $431,231 thousand and $408,942 thousand, respectively, which represent contributions payable to these plans by the Bank and its subsidiaries at rates specified in the rules of the plan.

b. Defined benefit plans

The defined benefit plan adopted by the Bank in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the years before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of next year. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Bank has no right to influence the investment policy and strategy for these contributions. Before the implementation of the new labor retirement system, Jih-Sun Bank allocated 5% of the monthly deposit into the company's special account, and it will not be withdrawn after April 2002.

The breakdown of the scheme assets is as follows:

	December 31	
	2023	2022 (Restated)
Taiwan Bank Labor Retirement Reserve Fund Special Account	$ 1,924,988	$ 1,970,759
Reserve Fund Special Account included in retirement pension assets as at fair value	177,798	176,283
Fair value of plan assets	$ 2,102,786	$ 2,147,042

The amounts included in the consolidated balance sheets in respect of the Bank's defined benefit plans were as follows:

	December 31	
	2023	2022 (Restated)
Present value of defined benefit obligation	$ 3,344,659	$ 3,368,395
Fair value of plan assets	(2,102,786)	(2,147,042)
Net defined benefit liability	$ 1,241,873	$ 1,221,353

Movements in net defined benefit liability (assets) were as follows:

Restated

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2022	$ 3,760,885	$ (2,101,764)	$ 1,659,121
Service cost			
Current service cost	38,998	-	38,998
Net interest expense (income)	27,658	(15,399)	12,259
Recognized in profit or loss	66,656	(15,399)	51,257
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(154,466)	(154,466)
Actuarial gain - changes in financial assumptions	(241,542)	-	(241,542)
Actuarial loss - experience adjustments	22,271	-	22,271
Recognized in other comprehensive loss	(219,271)	(154,466)	(373,737)
Contributions from the employer	-	(68,353)	(68,353)
Benefits paid	(239,875)	192,940	(46,935)
Balance at December 31, 2022	$ 3,368,395	$ (2,147,042)	$ 1,221,353
Balance at January 1, 2023	$ 3,368,395	$ (2,147,042)	$ 1,221,353
Service cost			
Current service cost	34,085	-	34,085
Net interest expense (income)	49,127	(31,161)	17,966
Recognized in profit or loss	83,212	(31,161)	52,051
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(12,510)	(12,510)
Actuarial loss - changes in financial assumptions	8,023	-	8,023
Actuarial loss - experience adjustments	130,752	-	130,752
Recognized in other comprehensive income (loss)	138,775	(12,510)	126,265
Contributions from the employer	-	(130,666)	(130,666)
Benefits paid	(245,723)	218,593	(27,130)
Balance at December 31, 2023	$ 3,344,659	$ (2,102,786)	$ 1,241,873

Through the defined benefit plans under the Labor Standards Law, the Bank is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

Taipei Fubon Bank

	December 31	
	2023	**2022**
Discount rate	1.50%	1.50%
Expected rate of salary increase	2.25%	2.25%

If there was a possible reasonable change in each of the significant actuarial assumptions and all other assumptions would remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.5% increase	$ (139,759)	$ (129,380)
0.5% decrease	$ 148,763	$ 138,018
Expected rate of salary increase		
0.5% increase	$ 147,037	$ 136,385
0.5% decrease	$ (139,556)	$ (129,164)

As mentioned above, the sensitivity analysis presented above was based on the assumption that there would be a change in each of the actuarial assumptions and that all other assumptions would remain constant. However, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The change in the present value of the defined benefit obligation was measured using the project unit credit method.

	December 31	
	2023	**2022**
Expected contributions to the plan for the next year	$ 48,600	$ 40,800
Average duration of the defined benefit obligation	8.7 years	9 years

Jih-Sun Bank

	December 31, 2022
Discount rate	1.50%
Expected rate of salary increase	2.00%

If there was a possible reasonable change in each of the significant actuarial assumptions and all other assumptions would remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2022
Discount rate	
0.5% increase	$ (18,953)
0.5% decrease	$ 20,334
Expected rate of salary increase	
0.5% increase	$ 20,132
0.5% decrease	$ (18,955)

As mentioned above, the sensitivity analysis presented above was based on the assumption that there would be a change in each of the actuarial assumptions and that all other assumptions would remain constant. However, it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The change in the present value of the defined benefit obligation was measured using the project unit credit method.

	December 31, 2022
Expected contributions to the plan for the next year	$ 6,471
Average duration of the defined benefit obligation	10 years

c. Preferential interest rate plan for employees' deposits

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

The amounts included in the consolidated balance sheets arising from the Bank's obligations for the employees' preferential deposits were as follows:

	December 31	
	2023	2022
Present value of funded retired benefit obligation	$ 650,405	$ 633,567
Fair value of plan assets	-	-
Net liability arising from retired benefit obligation	$ 650,405	$ 633,567

Movements in the net funded retired benefit liability were as follows:

	Present Value of the Funded Retired Benefit Obligation	Fair Value of the Plan Assets	Net Funded Retired Benefit Liability
Balance at January 1, 2022	$ 611,231	$ -	$ 611,231
Service cost			
Current service cost	50,546	-	50,546
Net interest expense	23,293	-	23,293
Recognized in profit or loss	73,839	-	73,839
Remeasurement			
Actuarial loss - experience adjustments	7,810	-	7,810
Recognized in other comprehensive income	7,810	-	7,810
Benefits paid	(59,313)	-	(59,313)
Balance at December 31, 2022	$ 633,567	$ -	$ 633,567
Balance at January 1, 2023	$ 633,567	$ -	$ 633,567
Service cost			
Current service cost	44,303	-	44,303
Net interest expense	24,173	-	24,173
Recognized in profit or loss	68,476	-	68,476
Remeasurement			
Actuarial gain - changes in financial assumptions	(3,865)	-	(3,865)
Actuarial loss - experience adjustments	10,429	-	10,429
Recognized in other comprehensive loss	6,564	-	6,564
Benefits paid	(58,202)	-	(58,202)
Balance at December 31, 2023	$ 650,405	$ -	$ 650,405

The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate	4.0%	4.0%
Expected return on employees' deposits	2.0%	2.0%
Withdrawal percentage of preferential deposits	1.4%	1.4%

If possible reasonable change in each of the significant actuarial assumptions occurred and all other assumptions remained constant, the present value of the funded retired benefit obligation would increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.5% increase	$ (28,291)	$ (27,281)
0.5% decrease	$ 30,765	$ 29,671
Withdrawal percentage of preferential deposits		
0.5% increase	$ (23,388)	$ (22,732)
0.5% decrease	$ 25,245	$ 24,533

The sensitivity analysis presented above was based on the assumption that there would be a change in each of the actuarial assumptions and that all other assumptions would remain constant. However, it was unlikely that the change in assumptions occurred in isolation of one another as some of the assumptions might have been correlated. The change in the present value of the funded retired benefit obligation was measured by the project unit credit method and the method.

	December 31	
	2023	2022
Average duration of the funded retired benefit obligation	9.3 years	9 years

d. Defined contribution plans of overseas subsidiaries

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

For the years ended December 31, 2023 and 2022, Fubon Bank (China), the Bank’s overseas subsidiary, recognized expenses of $109,255 thousand and $100,739 thousand, respectively.

33. OTHER LIABILITIES

	December 31	
	2023	2022 (Restated)
Guarantee deposits received	$ 8,930,676	$ 17,262,947
Advance receipts	7,006,996	7,171,005
Suspended accounts and payments for clearing	2,260,403	798,809
Others	391,061	366,192
	$ 18,589,136	$ 25,598,953

34. EQUITY

a. Capital stock

Common stock

	December 31	
	2023	2022
Number of shares authorized (in thousands)	18,000,000	18,000,000
Amount of capital stock authorized	$ 180,000,000	$ 180,000,000
Number of shares issued and received (in thousands)	14,327,096	12,977,422
Amount of outstanding and issued shares (par value of NT$10)	$ 143,270,965	$ 129,774,223

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

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

b. Capital surplus

	December 31	
	2023	2022
Arising from consolidation	$ 7,488,402	$ 7,490,431
Arising from issuance of common shares	21,289,775	10,121,242
Changes in the equity of investee accounted for using the equity method	3,401	3,564
Changes in ownership interests in subsidiaries	877,665	877,665
	$ 29,659,243	$ 18,492,902

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

c. Legal reserve

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

d. Special reserve

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

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

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

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

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

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

e. Appropriation of earnings and dividends policy

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

1) 30% as legal reserve and, under FSC rules, a special reserve (or special reserve reversal);

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

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

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

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

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

f. Other equity items

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

	For the Year Ended December 31	
	2023	**2022**
Balance, beginning of the year	$ (1,697,984)	$ (3,684,651)
Recognized during the year		
Exchange differences on translating financial statements of foreign operations	(1,168,788)	1,659,743
Share of affiliated companies using the equity method	(235,219)	326,924
Other comprehensive income recognized during the year	(1,404,007)	1,986,667
Balance, end of the year	$ (3,101,991)	$ (1,697,984)

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

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ (5,305,746)	$ 3,240,952
Recognized during the period		
Unrealized gains		
Debt instruments	1,102,469	(2,936,098)
Equity instruments	9,096,659	(5,252,353)
Adjustments of allowance for debt debenture	135,508	37,108
Share from associates accounted for using the equity method	11,917	(16,628)
Reclassification adjustment		
Disposal of investments in debt instruments	327,158	(175,338)
Other comprehensive (losses) income recognized during the year	10,673,711	(8,343,309)
Cumulative unrealized losses of equity instruments transferred to retained earnings due to disposal	(1,946,341)	(201,721)
Changes in equity in affiliates recognized using the equity method	-	(1,668)
Organization restructure	(45,075)	-
Balance, end of the year	$ 3,376,549	$ (5,305,746)

3) Gains (losses) on hedges

	For the Year Ended December 31	
	2023	2022
Balance, beginning of the year	$ 87,238	$ -
Recognized during the year		
Share of affiliated companies using the equity method	(108,476)	87,238
Other comprehensive income recognized during the year	(108,476)	87,238
Balance, end of the year	$ (21,238)	$ 87,238

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

	For the Year Ended December 31	
	2023	2022 (Restated)
Balance, beginning of the year	$ 25,912,409	$ 14,514,692
Cash dividends paid to equity attributable to former owner of business combination under common control	(1,145,434)	(251,039)
Attributable to former owner of business combination under common control		
Net (loss) income for the year	(175,402)	1,137,837
Other comprehensive income (loss) recognized during the year		
Exchange differences arising from the translation of financial statements of foreign operations	(12,866)	5,784
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	46,432	(52,281)

(Continued)

	For the Year Ended December 31	
	2023	2022 (Restated)
Remeasurement of defined benefit plans	$ -	$ 38,480
Other comprehensive income (loss) recognized during the year	33,566	(8,017)
Changes in ownership interests in subsidiaries	-	(24)
Equity transferred from non-controlling interests	-	10,518,960
Organizational restructuring	(24,625,139)	-
Balance, end of the year	$ -	$ 25,912,409

(Concluded)

h. Non-controlling interests

	For the Year Ended December 31	
	2023	2022 (Restated)
Balance, beginning of the year	$ 22,470,026	$ 29,214,751
Cash dividends paid to non-controlling interests	-	(176,328)
Attributable to non-controlling interests:		
Net (loss) income for the year	(24,855)	1,029,461
Other comprehensive income recognized during the year		
Exchange differences arising from the translations of financial statements of foreign operations	(559,053)	256,363
Unrealized losses on financial assets at fair value through other comprehensive income	192,434	(908,980)
Other comprehensive income or loss for the year	(366,619)	(652,617)
Changes in ownership interests in subsidiaries	-	(9)
Non-controlling interest - perpetual bond	4,396,920	3,574,500
Interest of non-controlling interest - perpetual bond	(179,015)	-
Changes in non-controlling interests	-	(772)
Non-controlling interest transferred to equity attributable to former owner of business combination under common control	-	(10,518,960)
Balance, end of the year	$ 26,296,457	$ 22,470,026

35. NET INTEREST INCOME

	For the Year Ended December 31	
	2023	2022 (Restated)
Interest income		
Discounts and loans	$ 68,672,332	$ 51,298,672
Investments in debt instruments measured at amortized cost	27,184,504	18,139,196
Due from banks and call loans to banks	13,338,385	5,642,947
Investments in debt instruments measured at fair value through other comprehensive income	8,467,711	6,520,915
Others	3,416,689	1,789,431
	121,079,621	83,391,161

(Continued)

	For the Year Ended December 31	
	2023	2022 (Restated)
Interest expense		
Deposits	$ 61,985,293	$ 28,640,874
Call loans from and Due to the Central Bank and other banks	5,612,922	2,656,779
Structured products	4,025,797	3,442,817
Bank debentures	3,464,217	2,141,825
Bonds sold under repurchased agreement interests	2,497,701	1,560,868
Others	1,175,645	700,698
	78,761,575	39,143,861
Net interest	$ 42,318,046	$ 44,247,300

(Concluded)

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

36. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2023	2022 (Restated)
Service fee income		
Insurance service fee income	$ 6,254,950	$ 4,166,745
Trust and custody business	6,047,603	5,449,604
Credit card business	3,285,427	1,622,229
Loan service	1,345,568	1,272,782
Others	2,000,147	1,863,515
	18,933,695	14,374,875
Service fee expense		
Credit card business	1,920,510	1,620,658
Loan service	1,622,706	2,091,273
Office space expense	618,534	604,605
Others	1,421,101	1,365,583
	5,582,851	5,682,119
Net service fee	$ 13,350,844	$ 8,692,756

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

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

	For the Year Ended December 31	
	2023	2022 (Restated)
Interest income	$ 1,585,202	$ 725,478
Dividend income	48,272	295,431
Realized gains (losses)		
Derivatives	5,912,091	2,351,342
Corporate bonds	309,510	57,800
Stock	183,572	(449,669)
Government bonds	61,310	(292,871)
Beneficiary certificates	(28,467)	(132,453)
Others	129,240	(9,393)
	6,567,256	1,524,756
Gains (losses) on valuation		
Derivatives	1,923,870	2,777,491
Convertible corporate bonds	1,563,400	(3,470,205)
Corporate bonds	126,816	(445,352)
Bank debentures	87,419	(219,544)
Beneficiary certificates	81,648	(79,973)
Others	(107,780)	42,161
	3,675,373	(1,395,422)
	$ 11,876,103	$ 1,150,243

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

	For the Year Ended December 31	
	2023	2022 (Restated)
Dividend income	$ 2,356,635	$ 2,320,123
Bank debentures	(140,356)	116,811
Government bonds	(229,376)	297,707
Others	(20,391)	(7,590)
	$ 1,966,512	$ 2,727,051

39. GAIN ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST

	For the Year Ended December 31	
	2023	2022 (Restated)
Government bonds	$ 112,988	$ -
Bank debentures	39,911	63,528
Beneficiary securities	2,369	22,435
Corporate bonds	(57,261)	578
Discounts and loans	-	(72,333)
	$ 98,007	$ 14,208

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

40. FOREIGN EXCHANGE GAINS (LOSSES)

	For the Year Ended December 31	
	2023	2022 (Restated)
General exchange gains	$ 1,735,975	$ 2,053,844
Exchange gains or losses from private capital	5,773	150,624
	$ 1,741,748	$ 2,204,468

41. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31	
	2023	2022 (Restated)
Salaries and wages	$ 15,550,595	$ 13,599,141
Labor insurance, national health insurance, and group life insurance	1,437,642	1,323,212
Post-employment benefit expense	695,822	662,781
Other employee benefits expense	1,660,595	648,078
	$ 19,344,654	$ 16,233,212

For compliance with the Articles of Incorporation of the Bank, the Bank stipulates the distribution of employees' compensation at rates of 1% to 5% of net profit before income tax and employees' compensation, but the Bank should not make appropriations from earnings if it has a deficit. On March 13, 2024 and February 22, 2023 by the approval of Board of Directors the employees' estimated compensation were $290,253 thousand and $274,379 thousand, representing 1% of the base net profit.

Jih-sun Bank and Jih-Sun Life Insurance Agency employees' compensation were $8,449 thousand and $116 thousand in 2022, respectively.

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

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

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

42. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2023	2022 (Restated)
Depreciation	$ 2,977,070	$ 2,887,207
Amortization	1,228,739	1,130,063
	$ 4,205,809	$ 4,017,270

43. GENERAL AND ADMINISTRATIVE

	For the Year Ended December 31	
	2023	2022 (Restated)
Marketing	$ 4,197,800	$ 1,518,724
Taxation and government fee	3,250,446	2,377,171
Equipment repair	1,149,287	1,112,476
Rental	1,042,264	825,150
Insurance	893,302	843,441
Others	3,908,732	3,102,462
	$ 14,441,831	$ 9,779,424

44. INCOME TAX

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

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

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Year Ended December 31	
	2023	2022 (Restated)
Current tax		
Current year	$ 3,800,506	$ 3,711,947
Adjustments for prior years	403,351	(29,434)
	4,203,857	3,682,513
Deferred tax		
Current year	(781,502)	747,042
Income tax expense recognized in profit or loss	$ 3,422,355	$ 4,429,555

A reconciliation of accounting profit and current income tax expense is as follows:

	For the Year Ended December 31	
	2023	2022 (Restated)
Income tax expense calculated at the statutory rate (20%)	$ 5,574,103	$ 5,878,628
Tax-exempt income	(2,941,966)	(2,059,426)
Unqualified items in determining taxable income	337,276	539,401
Effect of differences in domestic and overseas tax rates	(136,811)	(19,346)
Adjustments for prior year	388,449	(26,141)
Others	201,304	116,439
Income tax expense recognized in profit or loss	$ 3,422,355	$ 4,429,555

b. Income tax recognized in equity

	December 31	
	2023	2022 (Restated)
Current tax		
Disposal of investments in equity instruments at fair value through other comprehensive income	$ (61,284)	$ 502
Deferred tax		
Disposal of investments in equity instruments at fair value through other comprehensive income	61,284	(502)
	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022 (Restated)
Deferred tax		
Recognized during the year		
Remeasurement of defined benefit plan	$ (26,566)	$ 73,185
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	196,881	(864,803)
Share of other comprehensive profits and losses of related companies using the equity method	(89,784)	103,913
	$ 80,531	$ (687,705)

d. Current tax assets and liabilities

	December 31 2023	December 31 2022 (Restated)
Current tax assets		
Linked-tax receivable	$ 273,470	$ 487,418
Prepaid income tax and income tax refund receivable	245,335	244,879
	$ 518,805	$ 732,297
Current tax liabilities		
Linked-tax payable	$ 1,812,908	$ 2,388,885
Income tax payable	1,103,775	986,832
	$ 2,916,683	$ 3,375,717

e. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Allowance for credit losses	$ 438,145	$ 325,835	$ -	$ -	$ (13,777)	$ 750,203
Employee benefit plans	517,545	(3,328)	26,566	-	-	540,783
Profit or loss on financial instruments	1,419,972	(266,878)	(196,881)	(61,284)	(12,799)	882,130
Loss carryforwards	6,885	1,140,795	-	-	(15,827)	1,131,853
Others	154,390	(28,870)	9,160	-	(2,009)	132,671
	$ 2,536,937	$ 1,167,554	$ (161,155)	$ (61,284)	$ (44,412)	$ 3,437,640
Deferred tax liabilities						
Temporary differences						
Share of gain of associates accounted for using the equity method	$ 1,370,099	$ 21,066	$ (80,624)	$ -	$ -	$ 1,310,541
Land value increment tax	503,479	(2,426)	-	-	-	501,053
Profit or loss on financial instruments	277,696	383,301	-	-	(3,803)	657,194
Intangible assets	88,736	(766)	-	-	-	87,970
Others	637,120	(15,123)	-	-	-	621,997
	$ 2,877,130	$ 386,052	$ (80,624)	$ -	$ (3,803)	$ 3,178,755

For the year ended December 31, 2022 (Restated)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Differences	Closing Balance
Deferred tax assets						
Temporary differences						
Allowance for credit losses	$ 394,742	$ 37,396	$ -	$ -	$ 6,007	$ 438,145
Employee benefit plans	571,243	9,718	(63,416)	-	-	517,545
Profit or loss on financial instruments	196,307	378,504	846,067	-	(906)	1,419,972
Profit or loss on investment properties	996	(5,408)	21,777	-	-	17,365
Others	183,302	(41,033)	(373)	-	2,014	143,910
	$ 1,346,590	$ 379,177	$ 804,055	$ -	$ 7,115	$ 2,536,937
Deferred tax liabilities						
Temporary differences						
Share of gain of associates accounted for using the equity method	$ 1,015,800	$ 250,759	$ 103,540	$ -	$ -	$ 1,370,099
Land value increment tax	494,898	8,581	-	-	-	503,479
Profit or loss on financial instruments	29,576	267,233	(18,736)	(502)	125	277,696
Intangible assets	89,503	(767)	-	-	-	88,736
Others	5,161	600,413	31,546	-	-	637,120
	$ 1,634,938	$ 1,126,219	$ 116,350	$ (502)	$ 125	$ 2,877,130

f. Unused loss carryforwards information

Loss carryforwards of Fubon Bank (China) as of December 31, 2023 were comprised of:

Unused Amount	Expiry Year
$ 3,177	2026
1,036,765	2028
$ 1,039,942	

Loss carryforwards of TFB Capital Co., Ltd. as of December 31, 2023 were comprised of:

Unused Amount	Expiry Year
$ 957	2030
11,552	2031
21,882	2032
8,828	2033
$ 43,219	

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

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

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

45. EARNINGS PER SHARE

(In New Taiwan Dollars)

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 1.71	$ 1.67

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

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

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 1.76	$ 1.67

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

Net Income for the Year

	For the Year Ended December 31	
	2023	**2022**
Income used in computing basic earnings per share		
Income for the year attributable to owners of the Bank	$ 24,648,419	$ 22,796,289
Income (loss) for the period attributable to former owner of business combination under common control	(175,402)	1,137,837
	$ 24,473,017	$ 23,934,126

Number of Shares

(In Thousand Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of common stock used in computing basic earnings per share	14,327,096	14,327,096

46. BUSINESS COMBINATIONS

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

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

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

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

47. RELATED-PARTY TRANSACTIONS

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

a. Related parties

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

(Continued)

Related Party	Relationship with the Bank and Its Subsidiaries
Fubon Hyundai Life Insurance Co., Ltd.	Equity-method investee of subsidiary of FFH
Fubon Life Insurance (Hong Kong) Company Limited	Equity-method investee of subsidiary of FFH
Taipei City Government (“TCG”) and its departments	Major shareholder of parent company
Chung Hsing Land Development Co., Ltd. (“CHLDC”)	Major shareholder of parent company
Mingdong Industrial Co., Ltd. (Mingdong Industrial)	Major shareholder of parent company
Taiwan Mobile Co., Ltd. (“Taiwan Mobile”)	Related party in substance
Taiwan High Speed Rail Corp. (“Taiwan High Speed Rail”)	Related party in substance
Taiwan Fixed Network Co., Ltd. (“Taiwan Fixed Network”)	Related party in substance
Fubon Charity Foundation (Fubon Charity)	Related party in substance
Fubon Cultural and Educational Foundation (Fubon Culture and Education)	Related party in substance
Fubon Art Foundation (Fubon Art)	Related party in substance
Fubon Sports & Entertainment Co., Ltd. (Fubon Sports)	Related party in substance
Sichuan Vip Fubon Consumer Finance Ltd. (Sichuan Vip)	Related party in substance
Taipei Fubon Bank Charity Foundation (Taipei Fubon Bank Charity)	Related party in substance
Fubon Digital Music Asset Management Co., Ltd. (Fubon Digital Music)	Related party in substance
momo.com Inc. (momo)	Related party in substance
Fubon Apartment Building Management and Maintenance Co., Ltd. (Fubon Apartment Building)	Related party in substance
Advanced Echem Materials Company Limited	Related party in substance
DIGIFLOW COMPANY LIMITED (Digiflow tech)	Related party in substance
EasyCard Corporation (EasyCard)	Related party in substance
Taiwan Futures Exchange (TAIFEX)	Related party in substance
YONG HSIN SHING YE CO., LTD. (Yong Hsin)	Related party in substance
Taiwan Cement Corporation (TCC)	Related party in substance
Probright Technology Inc.	Related party in substance
Synnex Technology International Corporation	Related party in substance
Alexander Marine Co., Ltd.	Related party in substance
TAIWAN MINO GROUP CO., LTD.	Related party in substance
Ta-Ho Maritime Corporation	Related party in substance
DediProg Technology Co., Ltd.	Related party in substance
POU CHEN CORPORATION	Related party in substance
CHC Resources Corporation	Related party in substance
Swanson Plastics Corporation (Swanson Plastics)	Related party in substance
Thermaltake Technology Co., Ltd. (Thermaltake)	Related party in substance
CGPC Polymer Corporation (CGPCPOL)	Related party in substance
THORNEN ENGINEERING COMPANY LIMITED	Related party in substance
KOERNER Engineering Enterprise Co., Ltd.	Related party in substance
Nanya Technology Corporation (NTC)	Related party in substance
LINE Taiwan Limited (Line Taiwan)	Related party in substance
BESTCOM Infotech Corp. (Bestcom)	Related party in substance
Xiamen City Cooperative Bank (Xiamen Bank)	Related party in substance

(Continued)

Related Party	Relationship with the Bank and Its Subsidiaries
Mstar Semiconductor (Shenzhen) Inc. (“Mstar Semiconductor”)	Related party in substance
Mediatek (Shenzhen) Inc. (“Mediatek (Shenzhen)”)	Related party in substance
Tac Bright Optronics Co., Ltd.	Related party in substance
Taiwan Life Insurance Co., Ltd. (“Taiwan Life Insurance”)	Related party in substance
TAITA CHEMICAL COMPANY, LIMITED	Related party in substance
Taipei Forex Inc.	Related party in substance
Mediatek (Chengdu) Inc. (“Mediatek (Chengdu)”)	Related party in substance
KUANG HSIN PRINTING CO., LTD.	Related party in substance
Country Hospital	Related party in substance
Wuxi Huanyu Enterprise Management Services Limited. (Wuxi Huanyu)	Related party in substance
Taiwan Shin Kong Security Co., Ltd.	Related party in substance
Beijing Global Media Technology Co., Ltd (“Beijing Global”)	Related party in substance
Taiwan VCM Corporation	Related party in substance
TAIWAN BUSINESS BANK, LTD. (TBB)	Related party in substance
ALLIED BIOTECH CORP	Related party in substance
CHINA GENERAL PLASTICS CORPORATION (CGPC)	Related party in substance
TAIWAN LINE TEK ELECTRONIC CO., LTD. (LINETEK)	Related party in substance
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD. (CHINSAN)	Related party in substance
ACME ELECTRONICS CORPORATION (ACME)	Related party in substance
CTBC Securities Co., Ltd. (CTBC Securities)	Related party in substance
USI Corporation	Related party in substance
Others	Directors, supervisors, managers and their relatives within the second degree of consanguinity

(Concluded)

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

Due to the reorganization of the group’s organization, the consolidated and restated statements from the beginning, the amount as of December 31, 2022 Fubon Financial Holding includes the original Risheng Financial Holding, Fubon Securities includes the original Risheng Securities, and Fubon Futures includes the original Risheng Futures.

1) Deposits

December 31, 2023

Ending Balance	% of the Account Balance	Rate (%)	Interest Expense
$ 133,412,046	3.80	0-6.595	$ 1,775,859

December 31, 2022 (Restated)

Ending Balance	% of the Account Balance	Rate (%)	Interest Expense
$ 158,784,666	4.62	0-11	$ 638,551

2) Due from other banks - deposits and Due to other banks - call loans

a) Due from other banks - deposits

	December 31	
	2023	2022 (Restated)
Fubon Bank (Hong Kong) Limited	$ 235,109	$ 399,183
Xiamen City Cooperative Bank	126,536	117,387
	$ 361,645	$ 516,570

b) Due to other banks - call loans

	December 31, 2023	Rate (%)	December 31, 2022 (Restated)	Rate (%)
Taiwan Business Bank Co., Ltd.	$ -	-	$ 488,642	1.85-2.5

3) Financial instrument

a) Derivative financial instruments

December 31, 2023

Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Currency swap contracts	2023.09.11-2024.06.18	$ 40,044,490	$ (1,028,311)	Revaluation of financial liabilities at fair value through profit or loss	$ 1,028,311
Fubon Hyundai Life Insurance	Non Deliverable Forward	2023.11.16-2024.05.21	3,305,782	98,478	Revaluation of financial assets at fair value through profit or loss	98,478

December 31, 2022 (Restated)

Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance	Currency swap contracts	2022.12.26-2023.03.06	$ 9,170,100	$ 7,256	Revaluation of financial assets at fair value through profit or loss	$ 7,256
Fubon Life Insurance	Currency swap contracts	2022.11.01-2023.03.31	12,604,150	(383,736)	Revaluation of financial liabilities at fair value through profit or loss	383,736

b) The balance of Fubon No. 1 REIT and Fubon No. 2 REIT

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon No. 1 REIT	$ 819,056	$ 911,344
Fubon No. 2 REIT	114,154	131,450

4) Receivables

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Life Insurance	$ 118,293	$ 198,487
Fubon Asset Management	31,288	32,096
Fubon Securities Co., Ltd.	14,911	11,159
other	11,669	11,332
	$ 176,161	$ 253,074

5) Linked-tax receivable (payable)

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

	December 31 2023	December 31 2022 (Restated)
Linked-tax receivable (included in current tax assets)	$ 273,470	$ 487,418
Linked-tax payable (included in current tax liabilities)	1,812,908	2,388,885

6) Loans

	For the Year Ended December 31, 2023						
	Ending Balance	Highest Balance for the Year	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
Loans	$ 31,382,841	$ 47,273,782	1.39	$ 140,305	0-15.00	$ 118,519	$ 9,794

	December 31, 2023						
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	72	$ 44,199	$ 26,677	✓	$ -	None	Yes
Housing mortgage loans	276	3,647,872	2,526,495	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	12,282,788	6,932,788	✓	-	Credit guarantees	Yes
	Department of Finance, TCG	15,350,000	11,000,000	✓	-	Credit guarantees	Yes
	Synnex Technology International Corporation	4,780,000	4,780,000	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	2,174,887	107,927	✓	-	Credit guarantees	Yes
	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	Yes

(Continued)

Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
	December 31, 2023						
	NANYA TECHNOLOGY CORPORATION	$ 1,500,000	$ 1,500,000	✓	$ -	Credit guarantees	Yes
	Taiwan VCM Corporation	595,200	595,200	✓	-	Credit guarantees	Yes
	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.	460,000	400,000	✓	-	Credit guarantees	Yes
	CHC Resources Corporation	440,000	300,000	✓	-	Credit guarantees	Yes
	TAITA CHEMICAL CO., LTD.	425,000	425,000	✓	-	Credit guarantees	Yes
	DediProg Technology Co., Ltd.	352,442	345,092	✓	-	Credit guarantee fund	Yes
	BESTCOM INFOTECH CORP.	330,000	-	✓	-	Credit guarantees	Yes
	USI Corporation	324,800	-	✓	-	Credit guarantees	Yes
	SWANSON PLASTICS CORPORATION	300,000	300,000	✓	-	Credit guarantees	Yes
	THERMALTAKE TECHNOLOGY CO., LTD.	270,000	270,000	✓	-	Credit guarantees	Yes
	TAIWAN LINE TEK ELECTRONIC CO., LTD.	250,000	80,000	✓	-	Credit guarantees	Yes
	Alexander Marine Co., Ltd	210,000	-	✓	-	Credit guarantees	Yes
	Ta-Ho Maritime Corporation	203,550	47,250	✓	-	Vessel	Yes
	CGPC POLYMER CORPORATION	200,000	200,000	✓	-	Credit guarantees	Yes
	ACME ELECTRONICS CORPORATION	200,000	119,100	✓	-	Credit guarantees	Yes
	CHINA GENERAL PLASTICS CORP.	195,200	180,000	✓	-	Credit guarantees	Yes
	TCC	300,000	-	✓	-	Credit guarantees	Yes
	Beijing Global	120,876	14,257	✓	-	Bank deposit certificate	Yes
	ALLIED BIOTECH CORP.	80,000	80,000	✓	-	Credit guarantees	Yes
	TAIWAN MINO GROUP CO., LTD	68,700	68,700	✓	-	Bank deposit certificate	Yes
	Advanced Echem Materials Company Limited	39,000	-	✓	-	Credit guarantees	Yes
	Forbes Marshall & ADCA	37,502	35,480	✓	-	Machinery and equipment	Yes
	Yong Hsinl	28,000	28,000	✓	-	Land	Yes
	KUANG HSIN PRINTING CO., LTD.	28,000	8,000	✓	-	Land, building	Yes
	KOERNER ENGINEERING ENTERPRISE CO., LTD.	27,338	7,875	✓	-	Land, building and credit guarantee fund	Yes
	Country Hospital	5,000	5,000	✓	-	Land, building	Yes
	Probright Technology Inc.	3,381	-	✓	-	Credit guarantee fund	Yes
	Other	47	-	✓	-	Credit guarantee fund	Yes
		$ 47,273,782	$ 31,382,841				

(Concluded)

	Ending Balance	Highest Balance for the Year	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
	For the Year Ended December 31, 2022 (Restated)						
Loans	$ 16,587,762	$ 24,781,708	0.80	$ 36,946	0-15	$ 74,124	$ 4,024

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

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

7) Other financial assets

	December 31 2023	December 31 2022 (Restated)
Sichuan Vip	$ 864,055	$ 882,688

8) Refundable deposits

	December 31 2023	December 31 2022 (Restated)
Fubon Futures	$ 344,108	$ 544,066
Taiwan Futures Exchange	224,859	40,000
CHLDC	36,728	35,342
Fubon No. 2 REIT	26,574	26,417
Fubon Insurance	19,750	19,586
Fubon Life Insurance	14,624	10,318
Others	20,724	18,703
	$ 687,367	$ 694,432

9) Prepayments

	December 31 2023	December 31 2022 (Restated)
Fubon Insurance	$ 21,268	$ 5,624
Others	252	2,619
	$ 21,520	$ 8,243

10) Payables

	December 31	
	2023	2022 (Restated)
Fubon Securities	$ 104,366	$ 89,229
Fubon Life Insurance	14,037	11,268
Fubon Insurance	13,185	244
Others	1,055	10,014
	$ 132,643	$ 110,755

11) Principal amount of structured products

	December 31	
Related Party	2023	2022 (Restated)
Mstar Semiconductor	$ -	$ 489,848
Mediatek (Chengdu)	-	719,391
Mediatek (Shenzhen)	-	286,874
Wuxi Huanyu	-	20,699
Others	49,639	65,915
	$ 49,639	$ 1,582,727

12) Non-lease deposit

	December 31	
Related Party	2023	2022 (Restated)
Fubon Hyundai Life Insurance	$ 93,800	$ -
Fubon Asset Management	12,000	12,000
	$ 105,800	$ 12,000

13) Guarantees

	December 31, 2023				
Related Party	Highest Balance in the Current Year	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
Synnex Technology International Corporation	$ 1,280,000	$ -	$ -	0.44%	Credit guarantees
TCC	157,000	-	-	0.55%	Credit guarantees
Ta-Ho Maritime Corporation	59,000	59,000	590	0.59%	Vessel
KOERNER ENGINEERING ENTERPRISE CO., LTD.	16,704	16,647	166	1.00-1.05%	Land and buildings
CHINA GENERAL PLASTICS CORP.	4,224	-	-	-	Credit guarantees

	December 31, 2022 (Restated)				
Related Party	Highest Balance in the Current Year	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
TCC	$ 157,000	$ 157,000	$ -	0.55%	Credit guarantees (approval date on March 15, 2022. FFH listed it as related party on August 12, 2022)

14) Discretionary investment by related parties

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Securities Investment Trust	$ 2,255,281	$ 2,073,253

15) Revenue

a) Service fee income

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Life Insurance	$ 6,972,136	$ 4,756,036
momo	923,524	738,664
Line Biz	788,222	688,840
Fubon Securities	364,405	266,506
Fubon Insurance	270,255	259,996
Taiwan Mobile	197,473	172,910
Fubon Life Insurance (Hong Kong)	108,954	172,565
Fubon Securities Investment Trust	69,485	37,605
Fubon Bank (Hong Kong) and its eligible subsidiaries	17,620	16,486
TCG	15,351	19,365
Digiflow	13,708	12,340
EasyCard	12,648	12,221
Others	54,860	52,690
	$ 9,808,641	$ 7,206,224

b) Others

Related Party	Nature	December 31 2023	December 31 2022 (Restated)
Fubon Asset Management	Revenue from the rendering of services and others	$ 17,552	$ 18,783
Sichuan Vip	Others	14,789	33,788
Fubon Digital Music	Financial advisor expenses	3,336	15,284
Taipei Fubon Bank Charity	Revenue from the rendering of services	2,589	2,542
Others		511	8,668
		$ 38,777	$ 79,065

16) Expenses

a) Contribution

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Cultural and Educational Foundation	$ 32,567	$ 11,765
Fubon Charity	28,860	9,591
Taipei Fubon Bank Charity	23,130	27,200
Fubon Art	-	14,204
Others	8,762	6,629
	$ 93,319	$ 69,389

b) Service fee expenses

Related Party	December 31 2023	December 31 2022 (Restated)
Line Biz+	$ 2,010,849	$ 2,485,003
momo	1,557,609	1,150,216
Fubon Insurance	70,104	46,572
EasyCard	67,709	27,350
Fubon Securities	64,971	65,530
Taiwan High Speed Rail	32,605	15,698
Fubon Life Insurance	17,510	17,380
Taipei Forex Inc.	15,444	16,183
Fubon Securities Investment Trust	11,167	11,431
BESTCOM INFOTECH CORP.	10,925	-
Taiwan Fixed Network Co., Ltd.	10,161	-
Others	20,420	47,022
	$ 3,889,474	$ 3,882,385

c) Marketing collaboration

The Bank enters into a transfer and delivery contract, a business premises fee sharing agreement and a cooperation fee contract with Fubon Securities, and calculates the apportionable fees based on the average amount of deposits of Fubon Securities customers with the Bank. In 2023 and 2022, the Bank paid Fubon Securities a venue usage fee of $616,924 thousand and $597,869 thousand respectively.

d) Others expenses

Related Party	Nature	December 31 2023	December 31 2022 (Restated)
Fubon Insurance	Insurance expenses, rent and advertising costs	$ 154,702	$ 103,115
Fubon Sports & Entertainment Co., Ltd.	Advertising costs and others expenses	119,999	113,952
Taiwan Fixed Network Co., Ltd.	Telecommunication expenses and rent	114,232	97,946
Fubon Life Insurance	Insurance expenses, rent and others expenses	86,837	80,937
Fubon Apartment Building	Building administration expenses, water and electricity expenses and others expenses	68,816	61,078
Taiwan High Speed Rail	Rent and transportation expenses	62,296	54,675
Fubon Securities	Rent, commission expense, house repairing maintenance charge and others expenses	18,452	27,611
Taiwan Shin Kong Security Co., Ltd.	Protect expenses	16,424	10,633
CHLDC	Rent	15,180	15,798
LINE TAIWAN LIMITED	Others expenses	13,331	8,915
Taiwan Mobile	Postage expenses and Rent	11,120	2,606
Others		28,905	24,749
		$ 710,294	$ 602,015

17) Lease

a) Lease to a related party

i. Right-of-use assets

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Life Insurance	$ 370,860	$ 129,660
Fubon No. 2 REIT	125,408	107,344
Fubon Insurance	74,742	148,081
Fubon Securities	57,274	42,474
TCG	53,752	46,882
Fubon No. 1 REIT	22,156	39,891
Fubon Charity	18,958	39,614
Mingdong Industrial	18,406	32,229
CHLDC	-	211,307
Others	6,030	11,764
	$ 747,586	$ 809,246

ii. Lease liabilities

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Life Insurance	$ 384,887	$ 139,284
Fubon No. 2 REIT	128,143	120,463
Fubon Insurance	77,585	150,923
Fubon Securities	60,723	44,833
TCG	54,041	48,581
Fubon No. 1 REIT	22,893	40,480
Fubon Charity	19,910	40,896
Mingdong Industrial	19,006	32,674
CHLDC	-	219,025
Others	6,048	11,800
	$ 773,236	$ 848,959

b) Lease to related parties

i. Advance receipts

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Securities	$ 9,531	$ 11,037
Fubon Asset Management	1,385	1,385
Fubon Insurance	525	525
Taiwan Mobile	444	444
Others	572	636
	$ 12,457	$ 14,027

ii. Rental income

Related Party	December 31 2023	December 31 2022 (Restated)
Fubon Securities	$ 59,018	$ 65,996
Fubon Asset Management	8,309	8,344
	6,565	6,560
	$ 73,892	$ 80,900

The rental income from the above lease is all business leases, and the lease conditions are not significantly different from the general lease conditions (market price).

18) Property transactions - debt instrument transactions

a) Repurchase agreement

Related Party	December 31 2023	December 31 2022 (Restated)
Directors, supervisors, managers and their relatives within the second degree of consanguinity	$ 3,977,214	$ 4,436,373

b) Reverse repurchase agreement

Related Party	December 31 2023	December 31 2022 (Restated)
Taiwan Life Insurance	$ 1,350,000	$ -
CTBC Securities	553,876	-

c) Purchaser

Related Party	December 31 2023	December 31 2022 (Restated)
Taiwan Life Insurance	$ -	$ 2,676,131
Fubon Life Insurance	199,161	400,324
TCC	-	1,296
	$ 199,161	$ 3,077,751

d) Sale and maturity

Related Party	December 31 2023	December 31 2022 (Restated)
TCC	$ -	$ 285,000
Taiwan Mobile	-	300,967
	$ -	$ 585,967

19) Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022 (Restated)
Short-term employee benefits	$ 841,991	$ 826,424
Post-employment benefits	6,171	6,128
Others	1,400	1,296
	$ 849,562	$ 833,848

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

48. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes: Change in Exchange Rate	Non-cash Changes: Change in Fair Value	Non-cash Changes: Other Changes	Others	Closing Balance
Due to the Central Bank and banks	$ 922,135	$ 3,708,140	$ (3,314,508)	$ -	$ -	$ -	$ 1,315,767
Bank debentures	119,252,622	4,588,846	(399,276)	(16,601)	631,704	-	124,057,295
Lease liabilities	5,209,609	(1,845,142)	(8,503)	-	1,435,421	(117,364)	4,674,021
	$ 125,384,366	$ 6,451,844	$ (3,722,287)	$ (16,601)	$ 2,067,125	$ (117,364)	$ 130,047,083

For the year ended December 31, 2022 (Restated)

	Opening Balance	Cash Flows	Non-cash Changes: Change in Exchange Rate	Non-cash Changes: Change in Fair Value	Non-cash Changes: Other Changes	Others	Closing Balance
Due to the Central Bank and banks	$ 13,578,776	$ (12,666,969)	$ 10,328	$ -	$ -	$ -	$ 922,135
Bank debentures	116,300,162	4,630,000	1,685,770	(3,942,451)	579,141	-	119,252,622
Lease liabilities	5,157,092	(1,730,595)	49,971	-	1,861,438	(128,297)	5,209,609
	$ 135,036,030	$ (9,767,564)	$ 1,746,069	$ (3,942,451)	$ 2,440,579	$ (128,297)	$ 125,384,366

49. PLEDGED ASSETS

The following assets had been provided as refundable deposits:

	December 31, 2023	December 31, 2022 (Restated)
Negotiable certificates of deposit of the Central Bank (included in investments in debt instruments measured at amortized cost)	$ 32,496,982	$ 34,693,688
Government bonds (included in investments in debt instruments measured at amortized cost)	1,942,795	3,755,336
Due from other banks (included in other financial assets)	501,801	500,650
	$ 34,941,578	$ 38,949,674

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

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

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31	
	2023	2022 (Restated)
Undrawn credit card commitments	$ 732,047,928	$ 423,007,716
Collections for customers	26,002,723	22,465,445
Agency loans payable	1,115,417	1,374,816
Trust deposits	915,899	1,621,049
Entrusted loans	915,899	1,621,049
Entrusted financial management	3,224,416	3,926,946
Marketable securities under custody	572,659,445	563,271,684
Management for book-entry government bonds	145,269,200	167,605,900

b. As of December 31, 2023 and 2022, the capital expenditure commitment amount were $1,344,673 thousand and $1,582,422 thousand, respectively.

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

(In Thousands of U.S. Dollars)

	December 31	
	2023	2022
USD	$ 3,148	$ 2,550

51. TRUST BUSINESS UNDER THE TRUST LAW

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

Balance Sheets of Trust Accounts
December 31, 2023 and 2022

	2023	2022 (Restated)		2023	2022 (Restated)
Bank deposits	$ 10,291,452	$ 9,116,561	Payables	$ 9,441	$ 7,779
Short-term investments			Capital		
Mutual funds	259,538,976	240,704,601	Money	468,892,347	374,060,015
Bonds	148,804,390	111,867,265	Marketable securities	18,419,046	19,428,393
Stock	55,343,098	56,658,683	Real estate	60,942,900	51,357,492
Structured products	16,680,292	16,370,102	Special purpose trust accounts	-	37,485,772
Receivables	27,439	1,847	Trust account	-	1,344,421
	480,394,195	425,602,498	Charitable trust	-	20,150
Securities investment trust fund under custody	369,663,894	243,143,922		548,254,293	483,696,243
Real estate			Securities investment trust fund under custody	369,663,894	243,143,922
Land	43,994,909	38,150,949	Reserves and cumulative earnings		
Construction in progress	13,567,344	9,948,585	Cumulative earnings	(14,177,637)	(9,074,414)
Buildings	165,968	110,383	Net income	14,327,771	8,310,995
	57,728,221	48,209,917	Deferred carry-over	-	(11,627)
				150,134	(775,046)
Total trust assets	$ 918,077,762	$ 726,072,898	Total trust liabilities	$ 918,077,762	$ 726,072,898

Trust Income Statements
For the Years Ended December 31, 2023 and 2022

	2023	2022 (Restated)
Trust income		
Interest income	$ 16,721,466	$ 13,910,963
Others	703,064	28,439
Cash dividends	1,561,599	1,593,910
Realized capital income - common stock	1,112,848	694,104
Unrealized capital income - common stock	229,882	5,048
Realized capital income - mutual funds	1,803,887	1,399,704
Realized capital income - bonds	38,423	83,902
Realized capital income - structured products	6	-
Distribution from beneficial certificates	161,499	119,567
	22,332,674	17,835,637
Trust expense		
Trust administrative expense	1,162,345	1,074,519
Supervision fee	296	470
Service fee	7,531	12,654
Income tax expense	3,280	715
Others	472,878	358,604
Realized capital loss - common stock	189,606	558,825
Unrealized capital loss - common stock	12,994	456,449
Realized capital loss - mutual funds	5,262,177	5,978,917
Realized capital loss - bonds	766,220	950,406
Realized capital loss - structured products	127,576	133,083
Total trust expense	8,004,903	9,524,642
Net income	$ 14,327,771	$ 8,310,995

Trust Property of Trust Accounts
December 31, 2023 and 2022

Investment Portfolio	2023	2022 (Restated)
Bank deposits	$ 10,291,452	$ 9,116,561
Short-term investments		
Mutual funds	259,538,976	240,704,601
Bonds	148,804,390	111,867,265
Stock	55,343,098	56,658,683
Structured products	16,680,292	16,370,102
Receivables	27,439	1,847
	480,394,195	425,602,498
Security investment trust fund under custody	369,663,894	243,143,922
Real estate		
Land	43,994,909	38,150,949
Construction in progress	13,567,344	9,948,585
Buildings	165,968	110,383
	57,728,221	48,209,917
	$ 918,077,762	$ 726,072,898

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

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

Refer to Note 47 for the cross-selling revenues and expenses for the years ended December 31, 2023 and 2022.

53. FINANCIAL INSTRUMENTS

a. Fair value

1) Overview

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

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

2) The Levels of the fair value hierarchy are described below:

a) Level 1

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

i. All financial instruments traded in the market are homogeneous.

ii. Willing buyers and sellers are found in the market all the time.

iii. The public can access the price information easily.

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

b) Level 2

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

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

ii. Quoted prices of identical or similar financial instruments in inactive markets;

iii. When marking-to-model, observable inputs other than quoted prices (such as interest rates and yield curves observable at commonly quoted intervals, and implied volatilities), i.e., the inputs can be observed in the market and can reflect the expectation of market participants;

iv. Inputs are derived from or corroborated by observable market data through correlation or other means.

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

c) Level 3

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

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

b. Specific financial instruments measured at fair value

1) Fair value hierarchy

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

	December 31, 2023			
Item	**Total**	**Level 1**	**Level 2**	**Level 3**
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 1,562,312	$ 891,298	$ -	$ 671,014
Bond investments	34,690,397	17,462,156	8,875,991	8,352,250
Others	81,276,303	2,225,803	78,384,194	666,306
Financial assets designated as at FVTPL				
Bond investments	492,897	492,897	-	-
Financial assets at fair value through other comprehensive income				
Stock investments	17,632,443	14,837,911	-	2,794,532
Bond investments	233,980,158	53,515,420	173,753,785	6,710,953
Others	54,987,091	8,549,280	39,895,347	6,542,464
Investment properties	3,960,588	-	-	3,960,588
Liabilities				
Hedging of financial liabilities - non-derivative	5,316,510	-	5,316,510	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	38,769,013	690,172	35,423,017	2,655,824
Financial assets for hedging	7,148,768	-	7,148,768	-
Liabilities				
Financial liabilities at fair value through profit or loss	40,530,839	-	37,860,724	2,670,115
Financial liabilities for hedging	4,126,636	-	4,126,636	-

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

2) Fair value measurement technique

a) Financial instruments

The financial assets should be measured by marking to market.

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

i. Ensure the consistency and integrity of market data.

ii. The source of market data should be transparent, easy to access, and independent.

iii. Listed securities with representative quoted prices should be valued at closing prices.

iv. Fair value of unlisted securities with no closing prices are evaluated based on prices quoted by independent brokers.

v. The guidelines provided by the regulatory authorities should be followed.

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

i. Model inputs should be consistent and complete.

ii. Valuation models should be made on the basis of proper assumptions. The Bank should also consider its internal control system, market risk management framework and mathematical expertise in making calculations. Moreover, model validation should be implemented by a quantitative trading team that is independent of the market risk-taking unit.

iii. There should be standard procedures for model alteration and the operation of a backup system, and valuation results should be tested periodically using historical backup data.

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

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

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

b) Non-financial instruments

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

i. Cash flows: The Bank and its subsidiaries evaluate market rentals of comparable properties on the basis of current lease agreements, local rental prices and market similarity, and rule out the values that are too high or too low. In addition, properties with terminal values should add the present value of terminal value to their market rentals.

ii. Analysis period: The income is measured by 10 years.

iii. Discount rate: The discount rate is based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75% and asset-specific risk premiums.

3) Fair value adjustment

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

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

The Bank and its subsidiaries regularly review and enhance the liquidity of quotes to improve the quality of evaluation information. The Bank and its subsidiaries transferred part of the NTD Bonds from Level 1 to Level 2 because the Bank and its subsidiaries determined these investments were not in an active market. Thus, the relevant amount was transferred from the first grade to the second grade, for the years ended December 31, 2023 and 2022

5) Reconciliation of Level 3 items

a) Reconciliation of Level 3 assets

For the Year Ended December 31, 2023

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/Issue	Transfer to Level 3	Disposal/Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 11,317,666	$ 724,568	$ -	$ 3,873,101	$ 2,785,942	$ 2,516,697	$ 3,839,186	$ 12,345,394
Financial assets at fair value through other comprehensive income	8,043,154	(333,395)	71,824	12,361,710	6,950,805	5,726,782	5,319,367	16,047,949
Investment properties	4,149,108	73,480	-	-	-	-	262,000	3,960,588

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

For the Year Ended December 31, 2022 (Restated)

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/Issue	Transfer to Level 3	Disposal/Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 18,097,845	$ 2,414,377	$ -	$ 2,781,569	$ 2,138,404	$ 8,730,950	$ 5,383,579	$ 11,317,666
Financial assets at fair value through other comprehensive income	6,711,166	233,105	(220,016)	584,855	4,874,003	762,784	3,377,175	8,043,154
Investment properties	3,824,843	188,624	-	-	136,841	1,200	-	4,149,108

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

As of December 31, 2023 and 2022, valuation gains of $630,049 thousand and gains of $1,916,486 thousand, respectively, were included in profit or loss, and valuation gains of $59,797 thousand and losses of $226,795 thousand, respectively, were included in other comprehensive income of assets held.

b) Reconciliation of Level 3 liabilities

For the Year Ended December 31, 2023

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/Issued	Transfer to Level 3	Disposed	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities	$ 2,330,307	$ 325,634	$ 620	$ 168,406	$ 154,852	$ -	$ 2,670,115

For the Year Ended December 31, 2022

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/Issued	Transfer to Level 3	Disposed	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss Held-for-trading financial liabilities	$ 1,300,560	$ 1,151,355	$ 1,126	$ -	$ 122,734	$ -	$ 2,330,307

As of December 31, 2023 and 2022, valuation losses of $576,931 thousand and losses of $1,073,134 thousand, respectively, were included in profit and loss of liabilities held.

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

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

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

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

Taipei Fubon Bank

December 31, 2023

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 1,701,560	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Derivative financial assets						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	2,806	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.

December 31, 2022

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

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

Jih-Sun Bank

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

December 31, 2022

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

7) Valuation processes for Level 3 fair value measurements

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

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

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

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

Taipei Fubon Bank

Name	December 31, 2023			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 1,287	$ (1,466)	$ -	$ -

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

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

Jih-Sun Bank

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

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

1) Fair value information of financial instruments

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

	December 31, 2023	
Items	Carrying Amount	Fair Value
Financial assets		
Investments in debt instruments measured at amortized cost	$ 882,869,593	$ 850,037,527
Financial liabilities		
Bank debentures	124,057,295	121,237,115

	December 31, 2022 (Restated)	
Items	Carrying Amount	Fair Value
Financial assets		
Investments in debt instruments measured at amortized cost	$ 927,810,554	$ 886,372,092
Financial liabilities		
Bank debentures	119,252,622	116,176,531

2) Fair value hierarchy of financial instruments

Assets and Liabilities	December 31, 2023			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 850,037,527	$ 236,301,793	$ 460,874,459	$ 152,861,275
Financial liabilities				
Bank debentures	121,237,115	91,357,718	29,879,397	-

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

3) Measurement technique

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

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, part of other financial assets, due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, and remittances approximate their fair value because of the short maturities of these instruments.

b) Discounts and loans, deposits, and principals of structured products are interest-earning financial assets/interest-bearing financial liabilities; thus, their carrying amounts approximate their fair value. The carrying amounts of nonperforming loans are estimated at their recoverable amounts after considering the reserve for impairment loss; thus the carrying amounts are regarded as fair value.

c) Investments in debt instruments measured at amortized cost and bank debentures are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

54. FINANCIAL RISK MANAGEMENT

a. Overview

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

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

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

b. Risk management framework

Taipei Fubon Bank

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

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

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

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

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

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

Fubon Bank (China)

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

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

c. Credit risk

1) Credit risk definitions and sources

Taipei Fubon Bank

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

Fubon Bank (China)

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

2) Strategy/objectives/policies and procedures

Taipei Fubon Bank

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

Fubon Bank (China)

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

3) Credit risk management framework

Taipei Fubon Bank

a) To strengthen risk management function, under the supervision of the board of directors, the Bank has established the Risk Management Committee, which is composed of senior management and chaired by the Chairman or the supervisor assigned by the Chairman, to examine credit risk policies and quotas and to monitor the information and changes in the Bank's significant credit risk and the qualification status of quotas.

b) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure; monitoring risk limits; reporting; and coordinating the development of the mechanism for managing credit risk.

c) Under the risk controller, there are legal and personal credit risk management units which are responsible for performing credit review, post-loan management, collection and credit management.

d) The Bank has established the Credit Review Committee of corporate banking and the Credit Review Committee of personal finance to review credit above a certain limit to strengthen control over cases involving large credit amounts.

e) The audit department, which is under the supervision of the board of directors, conducts the third defense line of examining independently the effectiveness of internal control functions.

Fubon Bank (China)

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

4) Credit risk measurement, control and reporting

Taipei Fubon Bank

a) The Bank has established credit risk measurement and control procedures, including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage and limit the country risk, single legal entity and group exposure risk, and industry concentration risk effectively. The Bank has also established a vigorous review and early warning mechanism to ensure that there are proper actions taken for effective credit risk management.

b) The Bank regularly performs credit risk stress testing based on the guideline issued by the Financial Supervisory Commission. It continues to develop scenario analysis and stress testing to provide senior management with an assessment of risk tolerance, as well as to provide a sound basis for credit portfolio management.

c) The Bank has completed several Basel Accord credit risk management projects, including risk data warehousing system, internal risk rating system, and the risk-weighted asset calculation system. The development and revision of score card and rating models are validated periodically and stability.

Fubon Bank (China)

a) The credit risk control process includes credit policy development, credit approval, early warning and collection. Credit risk supervision includes the regular follow-up of high-risk cases, exposure limit control of country risk, and customer credit grading management; and real-estate loan monitoring and other monthly monitoring, which includes high risk exposure towards industry concentration and the concentration of single clients/group clients and its affiliated parties.

b) Fubon Bank (China) makes a regular credit portfolio stress test based on the actual status of the credit portfolio. The stress test results, including changes in results due to differences in risk triggers, will be reported at the board meeting and serve as reference for risk management and decision-making.

c) The credit management system of Fubon Bank (China) has modules for credit approval, loan ledger management, collateral information maintenance, customer grading management and -five-category asset classification for bank loans. The system can support credit risk management effectively.

5) Credit risk mitigation

Taipei Fubon Bank

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

Fubon Bank (China)

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

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

a) Credit assets

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

i. Financial assets that are overdue more than 30 days;

ii. Significant fall in the debtor's internal or external credit rating;

iii. Significant increase in the credit risk of any product of the same debtor;

iv. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

v. Significant changes in actual or expected operating results of the borrower.

b) Debt instruments

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

i. Significant changes in the internal and external ratings of financial assets or debtors;

ii. The fair value of financial assets is significantly lower than the amortized cost;

iii. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

iv. Significant changes in actual or expected operating results of the borrower;

v. Significant increase in the credit risk of other financial instruments of the same borrower.

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

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

7) Definition of default and credit impaired financial assets

a) Credit assets

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

i. Financial assets are overdue for more than 90 days;

ii. Financial assets are recognized as overdue loans or bad debts;

iii. The debtors or issuers are undergoing financial difficulties;

iv. Changes in the conditions of the debt contract due to the financial difficulties of the debtor;

v. The debtor has claimed bankruptcy or is likely to claim bankruptcy;

vi. The debtor has undergone a reorganization or is likely to request a reorganization;

vii. Credit losses have occurred at the time of the creation of the financial assets.

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

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

b) Debt instruments

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

i. The financial assets have failed to repay the principal and interest on time according to the conditions of issuance;

ii. The issuer is undergoing financial difficulties;

iii. The issuer has claimed bankruptcy or is likely to claim bankruptcy;

iv. The issuer has undergone a reorganization or is likely to request a reorganization;

v. Credit losses have occurred at the time of the creation of the financial assets.

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

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

8) Write-off policy

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

a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.

c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to the Bank.

d) Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.

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

9) Assessment of expected credit losses

a) Credit assets

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

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

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

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

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

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

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

b) Debt instruments

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

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

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

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

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

Total carrying value

	For the Year Ended December 31, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 276,471,637	$ -	$ 1,634,460	$ -	$ -	$ 278,106,097
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(157,633,766)	-	(2,648)	-	-	(157,636,414)
Originated or purchased financial assets	164,820,486	-	844,268	-	-	165,664,754
Effect of exchange rate changes and others	(1,920,674)	-	(30,035)	-	-	(1,950,709)
Balance, December 31	$ 281,737,683	$ -	$ 2,446,045	$ -	$ -	$ 284,183,728

	For the Year Ended December 31, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 257,163,761	$ -	$ -	$ -	$ -	$ 257,163,761
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(984,571)	-	984,571	-	-	-
Derecognized financial assets in the current period	(269,288,040)	-	-	-	-	(269,288,040)
Originated or purchased financial assets	285,304,558	-	604,434	-	-	285,908,992
Effect of exchange rate changes and others	4,275,929	-	45,455	-	-	4,321,384
Balance, December 31	$ 276,471,637	$ -	$ 1,634,460	$ -	$ -	$ 278,106,097

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 197,094	$ -	$ 1,575	$ -	$ -	$ 198,669	$ 41,173	$ 239,842
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(152,386)	-	(3)	-	-	(152,389)	-	(152,389)
Originated or purchased financial assets	60,087	-	20,998	-	-	81,085	-	81,085
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	(40,815)	(40,815)
Effect of exchange rate changes and others	(7,198)	-	431,166	-	-	423,968	(358)	423,610
Balance, December 31	$ 97,597	$ -	$ 453,736	$ -	$ -	$ 551,333	$ -	$ 551,333

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 154,258	$ -	$ -	$ -	$ -	$ 154,258	$ -	$ 154,258
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(662)	-	662	-	-	-	-	-
Derecognized financial assets in the current period	(111,642)	-	-	-	-	(111,642)	-	(111,642)
Originated or purchased financial assets	156,507	-	885	-	-	157,392	-	157,392
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	41,173	41,173
Effect of exchange rate changes and others	(1,367)	-	28	-	-	(1,339)	-	(1,339)
Balance, December 31	$ 197,094	$ -	$ 1,575	$ -	$ -	$ 198,669	$ 41,173	$ 239,842

b) Investments in debt instruments at amortized cost

Total carrying value

	For the Year Ended December 31, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 921,031,324	$ -	$ 14,966,171	$ -	$ -	$ 935,997,495
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transfer to lifetime ECL	(2,364,917)	-	2,364,917	-	-	-
Transferred to 12-month ECL	313,260	-	(313,260)	-	-	-
Derecognized financial assets in the current period	(360,000,790)	-	(2,142,186)	-	-	(362,142,976)
Originated or purchased financial assets	317,435,916	-	653,908	-	-	318,089,824
Effect of exchange rate changes and others	(2,644,724)	-	(31,136)	-	-	(2,675,860)
Balance, December 31	$ 873,770,069	$ -	$ 15,498,414	$ -	$ -	$ 889,268,483

	For the Year Ended December 31, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 901,798,191	$ -	$ 12,240,241	$ -	$ -	$ 914,038,432
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transfer to lifetime ECL	(1,332,162)	-	1,332,162	-	-	-
Derecognized financial assets in the current period	(569,413,183)	-	(554,320)	-	-	(569,967,503)
Originated or purchased financial assets	557,871,023	-	514,049	-	-	558,385,072
Effect of exchange rate changes and others	32,107,455	-	1,434,039	-	-	33,541,494
Balance, December 31	$ 921,031,324	$ -	$ 14,966,171	$ -	$ -	$ 935,997,495

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 223,539	$ -	$ 400,133	$ -	$ -	$ 623,672	$ 37,899	$ 661,571
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(1,807)	-	1,807	-	-	-	-	-
Transferred to 12-month ECL	3,177	-	(3,177)	-	-	-	-	-
Derecognized financial assets in the current period	(60,398)	-	(57,202)	-	-	(117,600)	-	(117,600)
Originated or purchased financial assets	59,270	-	21,752	-	-	81,022	-	81,022
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	(37,622)	(37,622)
Effect of exchange rate changes and others	169	-	49,782	-	-	49,951	(277)	49,674
Balance, December 31	$ 223,950	$ -	$ 413,095	$ -	$ -	$ 637,045	$ -	$ 637,045

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 217,382	$ -	$ 397,036	$ -	$ -	$ 614,418	$ -	$ 614,418
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(879)	-	879	-	-	-	-	-
Derecognized financial assets in the current period	(21,380)	-	(49,135)	-	-	(70,515)	-	(70,515)
Originated or purchased financial assets	44,343	-	4,762	-	-	49,105	-	49,105
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	37,952	37,952
Effect of exchange rate changes and others	(15,927)	-	46,591	-	-	30,664	(53)	30,611
Balance, December 31	$ 223,539	$ -	$ 400,133	$ -	$ -	$ 623,672	$ 37,899	$ 661,571

c) Receivables

Total carrying value

	For the Year Ended December 31, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 101,335,736	$ 1,850,195	$ -	$ 502,354	$ -	$ 103,688,285
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(1,001,008)	1,002,384	-	(1,376)	-	-
Transferred to credit impaired financial assets	(219,312)	(171,712)	-	391,024	-	-
Transferred to 12-month ECL	735,420	(733,352)	-	(2,068)	-	-
Derecognized financial assets in the current period	(59,297,585)	(668,225)	-	(451,375)	-	(60,417,185)
Originated or purchased financial assets	97,674,122	1,158,527	-	194,414	-	99,027,063
Written off as bad debt expense	-	-	-	(8,696)	-	(8,696)
Effect of exchange rate changes and others	(325,999)	(58)	-	-	-	(326,057)
Balance, December 31	$ 138,901,374	$ 2,437,759	$ -	$ 624,277	$ -	$ 141,963,410

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

	For the Year Ended December 31, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 92,780,947	$ 1,101,636	$ -	$ 502,700	$ -	$ 94,385,283
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(935,017)	935,376	-	(359)	-	-
Transferred to credit impaired financial assets	(139,131)	(98,979)	-	238,110	-	-
Transferred to 12-month ECL	421,538	(420,967)	-	(571)	-	-
Derecognized financial assets in the current period	(53,045,367)	(323,705)	-	(290,855)	-	(53,659,927)
Originated or purchased financial assets	40,274,386	507,403	-	67,698	-	40,849,487
Written off as bad debt expense	-	-	-	(5,711)	-	(5,711)
Effect of exchange rate changes and others	21,978,380	149,431	-	(8,658)	-	22,119,153
Balance, December 31	$ 101,335,736	$ 1,850,195	$ -	$ 502,354	$ -	$ 103,688,285

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

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 200,633	$ 86,950	$ 674	$ 163,704	$ -	$ 451,961	$ 209,630	$ 661,591
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(6,516)	7,791	4	(1,279)	-	-	-	-
Transferred to credit impaired financial assets	(1,764)	(15,357)	-	17,121	-	-	-	-
Transferred to 12-month ECL	35,334	(33,485)	(92)	(1,757)	-	-	-	-
Derecognized financial assets in the current period	(67,481)	(16,591)	(30)	(24,687)	-	(108,789)	-	(108,789)
Originated or purchased financial assets	316,048	88,513	4	58,417	-	462,982	-	462,982
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	85,354	85,354
Written off as bad debt expense	-	-	-	(61,411)	-	(61,411)	-	(61,411)
Effect of exchange rate changes and others	(75,514)	69,351	(161)	7,340	-	1,016	(6)	1,010
Balance, December 31	$ 400,740	$ 187,172	$ 399	$ 157,448	$ -	$ 745,759	$ 294,978	$ 1,040,737

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 178,767	$ 54,825	$ 542	$ 417,275	$ -	$ 651,409	$ 176,344	$ 827,753
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,882)	6,196	12	(325)	-	1	-	1
Transferred to credit impaired financial assets	(1,401)	(7,988)	-	9,389	-	-	-	-
Transferred to 12-month ECL	17,177	(16,756)	-	(421)	-	-	-	-
Derecognized financial assets in the current period	(123,746)	(13,146)	(3)	(355,960)	-	(492,855)	-	(492,855)
Originated or purchased financial assets	138,474	28,816	101	67,488	-	234,879	-	234,879
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	33,285	33,285
Written off as bad debt expense	-	-	-	(18,442)	-	(18,442)	-	(18,442)
Recoveries of bad debts	-	-	-	6,027	-	6,027	-	6,027
Effect of exchange rate changes and others	(2,756)	35,003	22	38,673	-	70,942	1	70,943
Balance, December 31	$ 200,633	$ 86,950	$ 674	$ 163,704	$ -	$ 451,961	$ 209,630	$ 661,591

d) Discounts and loans

Total carrying value

	For the Year Ended December 31, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 2,051,733,632	$ 43,542,343	$ -	$ 9,211,963	$ -	$ 2,104,487,938
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(11,585,739)	11,738,116	-	(152,377)	-	-
Transferred to credit impaired financial assets	(2,195,291)	(787,034)	-	2,982,325	-	-
Transferred to 12-month ECL	3,589,948	(3,496,711)	-	(93,237)	-	-
Derecognized financial assets in the current period	(763,006,471)	(22,985,841)	-	(2,636,754)	-	(788,629,066)
Originated or purchased financial assets	962,101,107	16,425,495	-	8,242,809	-	986,769,411
Written off as bad debt expense	-	-	-	(2,042,736)	-	(2,042,736)
Effect of exchange rate changes and others	880,825	(5,524,662)	-	(48,593)	-	(4,692,430)
Balance, December 31	$ 2,241,518,011	$ 38,911,706	$ -	$ 15,463,400	$ -	$ 2,295,893,117

	For the Year Ended December 31, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,972,762,865	$ 60,685,086	$ -	$ 9,446,438	$ -	$ 2,042,894,389
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(14,941,535)	14,985,881	-	(44,346)	-	-
Transferred to credit impaired financial assets	(1,446,007)	(451,440)	-	1,897,447	-	-
Transferred to 12-month ECL	8,821,476	(8,752,670)	-	(68,806)	-	-
Derecognized financial assets in the current period	(830,138,323)	(40,005,070)	-	(3,051,848)	-	(873,195,241)
Originated or purchased financial assets	915,186,164	16,797,952	-	3,122,658	-	935,106,774
Written off as bad debt expense	-	-	-	(2,162,724)	-	(2,162,724)
Effect of exchange rate changes and others	1,488,992	282,604	-	73,144	-	1,844,740
Balance, December 31	$ 2,051,733,632	$ 43,542,343	$ -	$ 9,211,963	$ -	$ 2,104,487,938

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 4,084,146	$ 1,274,218	$ -	$ 3,396,653	$ -	$ 8,755,017	$ 18,986,055	$ 27,741,072
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(23,512)	38,313	-	(14,801)	-	-	-	-
Transferred to credit impaired financial assets	(15,204)	(159,376)	-	174,580	-	-	-	-
Transferred to 12-month ECL	257,491	(237,478)	-	(20,013)	-	-	-	-
Derecognized financial assets in the current period	(1,532,120)	(391,006)	-	(591,714)	-	(2,514,840)	-	(2,514,840)
Originated or purchased financial assets	1,869,155	311,855	-	2,290,761	-	4,471,771	-	4,471,771
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	2,044,585	2,044,585
Written off as bad debt expense	-	-	-	(2,042,736)	-	(2,042,736)	-	(2,042,736)
Recoveries of bad debts	-	-	-	436,512	-	436,512	-	436,512
Effect of exchange rate changes and others	(760,903)	1,005,361	-	1,218,019	-	1,462,477	(273)	1,462,204
Balance, December 31	$ 3,879,053	$ 1,841,887	$ -	$ 4,847,261	$ -	$ 10,568,201	$ 21,030,367	$ 31,598,568

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 4,745,774	$ 1,530,317	$ -	$ 2,910,357	$ -	$ 9,186,448	$ 16,624,387	$ 25,810,835
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(198,019)	205,600	-	(7,581)	-	-	-	-
Transferred to credit impaired financial assets	(12,534)	(70,121)	-	82,655	-	-	-	-
Transferred to 12-month ECL	175,429	(154,555)	-	(20,874)	-	-	-	-
Derecognized financial assets in the current period	(2,072,751)	(870,161)	-	(821,158)	-	(3,764,070)	-	(3,764,070)
Originated or purchased financial assets	1,807,991	323,388	-	2,375,534	-	4,506,913	-	4,506,913
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	2,361,396	2,361,396
Written off as bad debt expense	-	-	-	(2,194,042)	-	(2,194,042)	-	(2,194,042)
Recoveries of bad debts	-	-	-	420,367	-	420,367	-	420,367
Effect of exchange rate changes and others	(361,744)	309,750	-	651,395	-	599,401	272	599,673
Balance, December 31	$ 4,084,146	$ 1,274,218	$ -	$ 3,396,653	$ -	$ 8,755,017	$ 18,986,055	$ 27,741,072

e) Other financial assets

Total carrying value

	For the Year Ended December 31, 2023					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 8,674,872	$ -	$ -	$ 70,020	$ -	$ 8,744,892
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(6,148,847)	-	-	(6,575)	-	(6,155,422)
Originated or purchased financial assets	10,681,626	-	-	453,941	-	11,135,567
Written off as bad debt expense	-	-	-	(393,132)	-	(393,132)
Effect of exchange rate changes and others	(93,941)	-	-	(94)	-	(94,035)
Balance, December 31	$ 13,113,710	$ -	$ -	$ 124,160	$ -	$ 13,237,870

	For the Year Ended December 31, 2022 (Restated)					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 25,573,976	$ -	$ -	$ 46,996	$ -	$ 25,620,972
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(22,920,148)	-	-	(5,908)	-	(22,926,056)
Originated or purchased financial assets	5,990,498	-	-	263,317	-	6,253,815
Written off as bad debt expense	-	-	-	(239,365)	-	(239,365)
Effect of exchange rate changes and others	30,546	-	-	4,980	-	35,526
Balance, December 31	$ 8,674,872	$ -	$ -	$ 70,020	$ -	$ 8,744,892

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 795	$ -	$ -	$ 64,855	$ -	$ 65,650	$ 1	$ 65,651
Changes due to financial instruments that have been recognized at the beginning of the period:								-
Derecognized financial assets in the current period	(795)	-	-	(6,049)	-	(6,844)	-	(6,844)
Originated or purchased financial assets	948	-	-	110,474	-	111,422	-	111,422
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	(1)	(1)
Written off as bad debt expense	-	-	-	(393,132)	-	(393,132)	-	(393,132)
Recoveries of bad debts	-	-	-	279,270	-	279,270	-	279,270
Effect of exchange rate changes and others	(13)	-	-	63,577	-	63,564	-	63,564
Balance, December 31	$ 935	$ -	$ -	$ 118,995	$ -	$ 119,930	$ -	$ 119,930

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ -	$ 43,212	$ -	$ 43,212	$ -	$ 43,212
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	-	-	-	(5,865)	-	(5,865)	-	(5,865)
Originated or purchased financial assets	796	-	-	55,870	-	56,666	-	56,666
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	1	1
Written off as bad debt expense	-	-	-	(239,365)	-	(239,365)	-	(239,365)
Recoveries of bad debts	-	-	-	265,990	-	265,990	-	265,990
Effect of exchange rate changes and others	(1)	-	-	(54,987)	-	(54,988)	-	(54,988)
Balance, December 31	$ 795	$ -	$ -	$ 64,855	$ -	$ 65,650	$ 1	$ 65,651

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

Expected credit losses

	For the Year Ended December 31, 2023							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 264,934	$ 62,790	$ -	$ 8,718	$ -	$ 336,442	$ 217,473	$ 553,915
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(4,283)	4,594	-	(311)	-	-	-	-
Transferred to credit impaired financial assets	(345)	(1,413)	-	1,758	-	-	-	-
Transferred to 12-month ECL	29,560	(29,323)	-	(237)	-	-	-	-
Derecognized financial assets in the current period	(101,929)	(17,574)	-	(1,323)	-	(120,826)	-	(120,826)
Originated or purchased financial assets	169,305	49,570	-	9,731	-	228,606	-	228,606
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	(5,029)	(5,029)
Effect of exchange rate changes and others	(67,153)	23,261	-	(3,208)	-	(47,100)	-	(47,100)
Balance, December 31	$ 290,089	$ 91,905	$ -	$ 15,128	$ -	$ 397,122	$ 212,444	$ 609,566

	For the Year Ended December 31, 2022 (Restated)							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 286,508	$ 110,962	$ -	$ 10,999	$ -	$ 408,469	$ 190,322	$ 598,791
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(4,927)	5,754	-	(827)	-	-	-	-
Transferred to credit impaired financial assets	(206)	(714)	-	920	-	-	-	-
Transferred to 12-month ECL	17,559	(16,755)	-	(804)	-	-	-	-
Derecognized financial assets in the current period	(115,533)	(74,811)	-	(3,031)	-	(193,375)	-	(193,375)
Originated or purchased financial assets	116,442	11,977	-	3,458	-	131,877	-	131,877
Impairment differences recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans”	-	-	-	-	-	-	27,151	27,151
Effect of exchange rate changes and others	(34,909)	26,377	-	(1,997)	-	(10,529)	-	(10,529)
Balance, December 31	$ 264,934	$ 62,790	$ -	$ 8,718	$ -	$ 336,442	$ 217,473	$ 553,915

11) Maximum exposure to credit risk

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

Taipei Fubon Bank

Off-Balance Sheet Item	Maximum Exposure Amount	
	December 31, 2023	December 31, 2022 (Restated)
Irrevocable credit commitments	$ 162,055,166	$ 129,853,583
Standby letters of credit	7,783,493	7,637,976
Financial guarantees	25,243,196	25,385,750
Total	$ 195,081,855	$ 162,877,309

Fubon Bank (China)

(In Thousands of RMB)

Off-Balance Sheet Item	Maximum Exposure Amount	
	December 31, 2023	December 31, 2022 (Restated)
Irrevocable credit commitments	$ 257,309	$ 736,857
Standby letters of credit	24,036	9,840
Financial guarantees	571,922	510,221
Total	$ 853,267	$ 1,256,918

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

Taipei Fubon Bank

December 31, 2023	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.14%	64.82%	2.87%	1.06%
Guarantees receivable	13.82%	11.69%	1.36%	2.65%
Acceptances and other credits	0.13%	0.35%	0.01%	
Financial assets at fair value through profit or loss - debt instruments	-	-	2.72%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.60%	-
Investments in debt instruments measured at amortized cost	-	-	10.90%	-

Taipei Fubon Bank

December 31, 2022	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.21%	64.14%	3.36%	1.58%
Guarantees receivable	13.62%	10.87%	0.98%	2.79%
Acceptances and other credits	0.36%	0.56%	-	-
Financial assets at fair value through profit or loss - debt instruments	-	-	4.45%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	4.54%	-
Investments in debt instruments measured at amortized cost	-	-	9.62%	-

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

Fubon Bank (China)

December 31, 2023	Financial Instrument	Property	Guarantee
Category of assets			
Loans	8.99%	33.45%	0.85%
Guarantees receivable	27.82%	5.29%	33.68%
Acceptances	8.99%	0.31%	3.46%

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

Jih-Sun Bank

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

12) Concentration of credit risk exposure

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

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

Taipei Fubon Bank

a) By industry

By Industry	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Private	$ 1,188,754,422	57.05	$ 996,655,036	56.79
Private enterprise	718,033,648	34.46	589,047,263	33.56
Financial organization	112,979,569	5.42	89,157,027	5.08
Public enterprise	34,002,235	1.63	39,883,340	2.27
Government institution	29,040,715	1.39	39,555,615	2.26
Non-profit organization	869,748	0.05	750,364	0.04
Total	$ 2,083,680,337	100.00	$ 1,755,048,645	100.00

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

b) By geographical area

Geographical Area	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Domestic	$ 1,822,675,186	87.47	$ 1,530,526,555	87.21
Asia	124,422,983	5.97	113,909,182	6.49
America	76,608,220	3.68	66,172,775	3.77
Others	59,973,948	2.88	44,440,133	2.53
Total	$ 2,083,680,337	100.00	$ 1,755,048,645	100.00

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

c) By collateral

By Collateral	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Unsecured	$ 619,548,974	29.73	$ 513,255,890	29.25
Secured	1,464,131,363	70.27	1,241,792,755	70.75
Properties	1,316,361,840	63.18	1,098,478,855	62.59
Guarantees	58,404,160	2.80	57,578,009	3.28
Financial instruments	67,170,174	3.22	58,145,445	3.31
Others	22,195,189	1.07	27,590,446	1.57
Total	$ 2,083,680,337	100.00	$ 1,755,048,645	100.00

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

Jih-Sun Bank

a) By industry

By Industry	December 31, 2022	
	Amount	%
Private	$ 102,781,613	57.69
Private enterprise	73,666,735	41.35
Financial institution	1,688,403	0.95
Others	9,648	0.01
Total	$ 178,146,399	100.00

b) By geographical area

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

c) By collateral

By Collateral	December 31, 2022	
	Amount	%
Unsecured	$ 45,101,642	25.32
Secured	133,044,757	74.68
Stocks	12,557,767	7.05
Bonds	749,678	0.42
Properties	116,566,930	65.43
Movables	1,010,194	0.57
Notes receivable	643,488	0.36
Guarantees	520,276	0.29
Others	996,424	0.56
Total	$ 178,146,399	100.00

d) Classification of credit ratings quality risk

Taipei Fubon Bank

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

December 31, 2023	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 136,232,008	$ 387,884	$ -	$ 136,619,892	$ -	$ -	$ -	$ -	$ -	$ -	$ 38,427	$ 136,581,465
Investments in debt instruments measured at amortized cost	759,328,716	1,597,128	-	760,925,844	13,207,317	2,291,098	-	15,498,415	-	-	626,568	775,797,691
Receivables												
Credit card receivables	63,896,490	22,370,605	140,220	86,407,315	-	323,241	2,022,274	2,345,515	624,277	-	408,270	88,968,837
Accounts receivable - factoring	29,530,303	2,113,417	11,873	31,655,593	-	81,948	-	81,948	-	-	357,922	31,379,619
Acceptances	163,121	359,001	-	522,122	-	7,342	-	7,342	-	-	5,331	524,133
Loans												
Personal finance	883,609,943	171,388,811	207,834	1,055,206,588	-	4,783,749	7,080,443	11,864,192	3,586,605	-	14,098,979	1,056,558,406
Corporate banking	453,991,458	467,104,091	1,539,245	922,634,794	8,475	21,281,928	1,427,840	22,718,243	9,521,220	-	12,588,354	942,285,903
Other financial assets	7,498,433	-	-	7,498,433	-	-	-	-	118,164	-	113,801	7,502,796
Off-balance sheet assets												
Financial commitment	753,802,015	117,705,337	75,590	871,582,942	-	2,310,192	1,999,853	4,310,045	529,982	-	338,475	876,084,494
Guarantees receivable	16,206,358	8,818,552	-	25,024,910	-	218,286	-	218,286	-	-	254,657	24,988,539
Credit receivable	5,522,909	2,250,757	-	7,773,666	-	9,827	-	9,827	-	-	5,989	7,777,504

December 31, 2022 (Restated)	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 122,140,267	$ -	$ -	$ 122,140,267	$ -	$ -	$ -	$ -	$ -	$ -	$ 39,611	$ 122,100,656
Investments in debt instruments measured at amortized cost	802,101,270	1,640,447	-	803,741,717	14,189,882	776,289	-	14,966,171	-	-	618,029	818,089,859
Receivables												
Credit card receivables	47,101,401	16,226,833	74,271	63,402,505	460	268,383	1,356,725	1,625,568	502,355	-	216,254	65,314,174
Accounts receivable - factoring	20,289,531	742,537	99	21,032,167	-	219,940	-	219,940	-	-	246,546	21,005,561
Acceptances	712,040	525,476	-	1,237,516	-	2,265	-	2,265	-	-	12,421	1,227,360
Loans												
Personal finance	832,197,309	141,208,063	176,324	973,581,696	223,920	3,683,639	4,860,435	8,767,994	2,544,262	-	13,001,273	971,892,679
Corporate banking	431,282,004	425,895,540	7,756,267	864,933,811	-	29,167,539	2,202,484	31,370,023	4,763,546	-	11,438,913	889,628,467
Other financial assets	4,693,417	-	-	4,693,417	-	-	-	-	67,471	-	62,884	4,698,004
Off-balance sheet assets												
Financial commitments	480,477,195	90,372,349	1,931,233	572,780,777	23,955	2,196,300	1,252,876	3,473,131	117,860	-	257,873	576,113,895
Guarantees receivable	15,486,085	9,682,289	-	25,168,374	-	217,376	-	217,376	-	-	256,202	25,129,548
Credit receivables	4,567,452	3,047,406	7,000	7,621,858	-	16,119	-	16,119	-	-	6,419	7,631,558

Fubon Bank (China)

a) By industry

(In Thousands of RMB)

By Industry	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Personal loans	$ 35,725,721	57.09	$ 23,288,873	47.04
Finance and insurance	7,284,058	11.64	5,430,229	10.97
Wholesale and retail	6,183,491	9.88	6,188,907	12.50
Manufacturing	3,092,296	4.94	3,079,253	6.22
Real estate	2,153,373	3.44	2,378,123	4.80
Leasing and business services	1,823,483	2.91	1,620,462	3.27
Construction	1,733,667	2.77	2,187,293	4.42
Water conservation and environment	998,892	1.60	1,829,246	3.69
Others	3,584,681	5.73	3,511,520	7.09
Total (Note)	$ 62,579,662	100.00	$ 49,513,906	100.00

Note: Included only discounts and loans.

b) By geographical area

(In Thousands of RMB)

Geographical Area	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
East China	$ 11,051,399	17.66	$ 10,712,311	21.63
Central China	4,131,569	6.60	3,165,199	6.39
Southwest China	3,753,964	6.00	3,008,051	6.08
North China	2,985,669	4.77	3,712,912	7.50
South China	1,767,731	2.82	1,955,836	3.95
Northwest China	1,112,135	1.78	1,940,802	3.92
Others	37,777,195	60.37	25,018,795	50.53
Total (Note)	$ 62,579,662	100.00	$ 49,513,906	100.00

Note: Included only discounts and loans.

c) By collateral

(In Thousands of RMB)

By Collateral	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Clean loans	$ 35,491,655	56.71	$ 32,131,982	64.89
Guarantee loans	531,726	0.85	1,468,542	2.97
Collateral loans	26,556,281	42.44	15,913,382	32.14
Pledge loans	20,933,271	33.45	11,308,870	22.84
Mortgage loans	5,623,010	8.99	4,604,512	9.30
Total (Note)	$ 62,579,662	100.00	$ 49,513,906	100.00

Note: Included only discounts and loans.

d) Classification of credit ratings quality risk

Fubon Bank (China)

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

(In Thousands of RMB)

December 31, 2023	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 33,589,927	$ -	$ -	$ 33,589,927	$ 566,178	$ -	$ -	$ 566,178	$ -	$ -	$ 117,071	$ 34,039,034
Investments in debt instruments measured at amortized cost	26,119,674	-	-	26,119,674	-	-	-	-	-	-	2,425	26,117,249
Receivables												
Acceptances	4,564,998	-	-	4,564,998	-	-	-	-	-	-	7,424	4,557,574
Credit card receivables	118,926	-	-	118,926	684	-	-	684	-	-	1,272	118,338
Loans												
Personal finance	35,241,787	-	47,100	35,288,887	125,210	-	2,540	127,750	309,084	-	492,630	35,233,091
Corporate banking	14,943,563	10,237,533	562,360	25,743,456	534,832	-	339,500	874,332	236,153	-	644,157	26,209,784
Other financial assets	1,299,749	-	-	1,299,749	-	-	-	-	1,388	-	1,419	1,299,718
Financial assets off-balance sheet												
Financial commitment	803,205	-	-	803,205	-	-	-	-	-	-	2,065	801,140
Guarantees receivable	571,922	-	-	571,922	-	-	-	-	-	-	330	571,592
Credit receivable	24,036	-	-	24,036	-	-	-	-	-	-	23	24,013

(In Thousands of RMB)

December 31, 2022	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 34,968,506	$ -	$ -	$ 34,968,506	$ 370,337	$ -	$ -	$ 370,337	$ -	$ -	$ 45,305	$ 35,293,538
Investments in debt instruments measured at amortized cost	26,575,559	-	-	26,575,559	-	-	-	-	-	-	9,866	26,565,693
Receivables												
Acceptances	3,455,750	-	-	3,455,750	-	-	-	-	-	-	6,717	3,449,033
Credit card receivables	93,307	-	-	93,307	549	-	-	549	-	-	1,392	92,464
Loans												
Personal finance	22,792,475	-	173,728	22,966,203	78,502	17,742	-	96,244	226,426	-	441,788	22,847,085
Corporate banking	21,325,992	166,294	3,852,619	25,344,905	-	675,110	-	675,110	205,018	-	306,129	25,918,904
Other financial assets	902,121	-	-	902,121	-	-	-	-	577	-	627	902,071
Financial assets off-balance sheet												
Financial commitment	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

13) Financial impact of credit risk mitigation policy

a) Collateral and other credit enhancements

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

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

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

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

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

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

b) The collateral amount of impaired financial assets

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

Taipei Fubon Bank

December 31, 2023	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	-	1.55%	1.13%	0.06%
Loans	-	33.39%	6.59%	1.49%
Other financial assets	-	-	-	-

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

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

Fubon Bank (China)

December 31, 2023	Financial Instrument	Property	Guarantee
Asset category			
Loans	7.19%	2.44%	0.14%

December 31, 2022	Financial Instrument	Property	Guarantee
Asset category			
Loans	8.78%	1.74%	0.17%

Jih-Sun Bank

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

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

The outstanding contract amount of the Bank’s financial assets that were written off and still have recourse actions as of December 31, 2023 and 2022 was $2,442,298 thousand and $2,729,558 thousand, respectively.

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

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

The properties of the collaterals held by Fubon Bank (China) are houses and buildings. As of December 31, 2023 and 2022, the carrying amounts of the properties were $0 thousand and $52,961 thousand, respectively. The collateral assumed are classified as other assets in the consolidated balance sheets.

d. Liquidity risk

1) Source and definition of liquidity risk

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

2) Liquidity risk management strategy and principles

Taipei Fubon Bank

a) The Bank’s strategy is to lower liquidity risk by acquiring stable, low interest-rate, sufficient funding to cover asset size growth and meet obligations on matured liabilities and to narrow gaps between funding availability and demand.

b) The principle is to harmonize fund availability with the Bank's deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central Bank's policies to increase fund use and lower liquidity risk. Thus, the Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdowns and repayments, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.

c) The Bank has the liquidity risk limits to monitor and manage the Bank's liquidity risk. The liquidity risk limits are regulated by the Bank's president based on the regulations and the range of risk appetite, then regularly reported to the ALCO and the directors (permanent).

Fubon Bank (China)

a) The liquidity risk management strategy of Fubon Bank (China) aims not only to meet compliance and regulatory requirements but also to find a sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term asset allocation and dispersing fund sources on the basis of market conditions, the Bank manages its liquidity risk exposure at an acceptable level to ensure the sustainability of its business operations and maintain its fine reputation.

b) Fubon Bank (China) maintains a strategically defined risk appetite for its liquidity management. Daily liquidity management is centralized given the size and complexity of its current business scope, and Fubon Bank (China)'s organization structure is suitable for managing liquidity exposure. The board of directors takes the ultimate responsibility for Fubon Bank (China)'s liquidity risk. The senior management, which is in charge of implementing liquidity management policies and procedures, has authorized the Asset and Liability Management Committee to perform related management duties daily. Liquidity risk assessment reports are prepared by the risk management for submission to the Risk & Related Party Transaction Committee.

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

3) Maturity analysis

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

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

a) Maturity analysis of financial assets and liabilities - NTD

Taipei Fubon Bank

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 72,682,040	$ 6,606,397	$ 7,018,607	$ 11,318,672	$ 34,558,383	$ 132,184,099
Investments in marketable securities (Note)	215,013,346	37,282,715	40,263,709	58,243,797	188,079,685	538,883,252
Securities purchased under resell agreements	20,990,776	-	-	-	-	20,990,776
Loans (included overdue loans)	101,398,065	132,217,644	120,540,692	99,888,073	1,293,764,458	1,747,808,932
Deliverable derivative assets	170,724,803	218,036,392	163,783,596	67,891,672	3,242,540	623,679,003
Non-deliverable derivative assets	6,251,892	-	593	1,742	32,301	6,286,528
Other capital inflow on maturity	58,236,967	16,437,087	15,897,799	8,533,069	36,887,276	135,992,198
Subtotal	645,297,889	410,580,235	347,504,996	245,877,025	1,556,564,643	3,205,824,788
Liabilities						
Deposits from the Central Bank and banks	604,787	-	100,469	-	108,000	813,256
Deposits and remittances	185,856,596	204,016,654	216,746,380	349,539,618	1,065,676,857	2,021,836,105
Securities sold under repurchase agreements	1,052,783	3,274,480	109,109	-	-	4,436,372
Payables	652,463	547,420	867,783	1,238,265	106,959	3,412,890
Bank debentures	-	-	4,497,966	8,429,618	81,736,969	94,664,553
Deliverable derivative liabilities	203,308,583	278,555,071	192,046,662	52,066,859	4,630,510	730,607,685
Non-deliverable derivative liabilities	5,768,488	-	2,544	21,968	810,600	6,603,600
Other capital outflow on maturity	25,647,348	5,415,777	4,865,638	892,219	13,801,434	50,622,416
Subtotal	422,891,048	491,809,402	419,236,551	412,188,547	1,166,871,329	2,912,996,877

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 76,597,060	$ 7,682,352	$ 4,811,940	$ 9,149,655	$ 28,355,405	$ 126,596,412
Investments in marketable securities (Note)	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
Subtotal	571,778,830	400,712,332	269,058,985	299,414,970	1,363,075,558	2,904,040,675
Liabilities						
Deposits from the Central Bank and banks	4,184,908	1,000	132,695	-	108,000	4,426,603
Deposits and remittances	164,613,713	238,706,142	149,536,135	284,335,218	879,620,463	1,716,811,671
Securities sold under repurchase agreements	-	5,104,109	10,628	31,031	-	5,145,768
Payables	408,103	494,376	546,519	788,285	71,910	2,309,193
Bank debentures and due to the Central Bank and banks	-	-	-	500,680	84,913,818	85,414,498
Deliverable derivative liabilities	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities	5,438,177	-	-	-	835,925	6,274,102
Other capital outflow on maturity	15,658,725	4,248,688	4,065,460	774,271	14,110,981	38,858,125
Subtotal	403,673,141	570,124,720	311,901,507	379,850,733	994,700,117	2,660,250,218

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

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

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

b) Maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 2,468,366	$ 704,000	$ 1,133,000	$ 1,383,000	$ 0	$ 5,688,366
Investments in marketable securities (Note 2)	610,780	208,439	360,150	281,284	10,427,155	11,887,808
Securities purchased under resell agreements	17,950	69,475	-	-	-	87,425
Loans (included overdue loans)	724,411	662,725	470,202	277,141	1,659,652	3,794,131
Deliverable derivative assets	10,495,657	9,655,320	6,485,062	2,367,366	156,222	29,159,627
Non-deliverable derivative assets	75,461	318	2,386	1,646	212,292	292,103
Other capital inflow on maturity	1,406,711	320,372	69,456	61,504	91,517	1,949,560
Subtotal	15,799,336	11,620,649	8,520,256	4,371,941	12,546,838	52,859,020
Liabilities						
Deposits from the Central Bank and banks	2,135,290	575,000	-	-	-	2,710,290
Deposits and remittances	5,544,451	5,132,869	2,317,677	4,845,494	3,998,616	21,839,107
Securities sold under repurchase agreements	458,726	1,130,467	-	-	-	1,589,193
Payables	55,435	71,366	22,668	20,694	139	170,302
Bank debentures	-	-	-	-	410,943	410,943
Deliverable derivative liabilities	7,361,758	7,843,911	5,603,451	2,812,785	110,000	23,731,905
Non-deliverable derivative liabilities	73,487	-	-	81	104,620	178,188
Other capital outflow on maturity	375,554	137,556	132,667	154,756	839,627	1,640,160
Subtotal	16,004,701	14,891,169	8,076,463	7,833,810	5,463,945	52,270,088

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 1,646,667	$ 505,000	$ 495,000	$ 945,000	$ -	$ 3,591,667
Investments in marketable securities (Note 2)	756,729	115,833	121,021	189,738	9,404,364	10,587,685
Securities purchased under resell agreements	11,186	93,834	-	-	-	105,020
Loans (including overdue loans)	488,538	627,881	443,556	188,370	1,722,971	3,471,316
Deliverable derivative assets	11,250,939	11,290,859	5,451,592	3,494,085	560,523	32,047,998
Non-deliverable derivative assets	95,662	123	360	345	256,758	353,248
Other capital inflow on maturity	863,143	405,795	56,433	22,073	131,249	1,478,693
Subtotal	15,112,864	13,039,325	6,567,962	4,839,611	12,075,865	51,635,627
Liabilities						
Deposits from the Central Bank and banks	1,003,028	800,000	60,000	20,000	-	1,883,028
Deposits and remittances	5,082,047	6,821,020	1,894,724	3,529,341	3,975,897	21,303,029
Securities sold under repurchase agreements	309,174	1,231,302	-	-	-	1,540,476
Payables	31,880	59,914	15,272	7,361	187	114,614
Bank debentures	-	-	-	-	391,189	391,189
Deliverable derivative liabilities	7,795,178	8,835,581	3,861,826	3,264,049	565,845	24,322,479
Non-deliverable derivative liabilities	33,500	-	-	-	95,769	129,269
Other capital outflow on maturity	266,720	117,732	73,930	72,162	985,193	1,515,737
Subtotal	14,521,527	17,865,549	5,905,752	6,892,913	6,014,080	51,199,821

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

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

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

c) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

December 31, 2023	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 4,409,196	$ 2,584	$ -	$ -	$ 5,680,738	$ 10,092,518
Investments in marketable securities (Note)	813,667	2,147,980	14,370,925	50,931,543	203,899	68,468,014
Loans (including overdue loans)	10,655,210	11,913,339	26,887,702	24,850,976	-	74,307,227
Deliverable derivative assets	54,491,307	40,482,839	75,514,381	411,184	-	170,899,711
Non-deliverable derivative assets	27,186	3,597	11,236	1,290	-	43,309
Other capital inflow on maturity	1,381,035	1,600,977	2,130,273	-	1,059,799	6,172,084
Subtotal	71,777,601	56,151,316	118,914,517	76,194,993	6,944,436	329,982,863
Liabilities						
Deposits from the Central Bank and banks	4,190,758	2,737,220	36,470	-	-	6,964,448
Deposits from the Central Bank	-	398,496	721,529	-	-	1,120,025
Deposits and remittances	37,732,780	13,321,439	23,214,482	22,428,112	-	96,696,813
Securities sold under repurchase agreements	4,613,890	-	-	-	-	4,613,890
Payables	2,267,653	1,087,874	1,914,320	538	-	5,270,385
Bank debentures	20,400	-	137,400	4,409,729	-	4,567,529
Deliverable derivative liabilities	54,312,356	40,392,239	75,440,010	410,689	-	170,555,294
Non-deliverable derivative liabilities	27,437	2,590	13,117	-	-	43,144
Other capital outflow on maturity	5,235,051	5,778,760	4,928,250	214,894	209	16,157,164
Subtotal	108,400,325	63,718,618	106,405,578	27,463,962	209	305,988,692

(In Thousands of RMB)

December 31, 2022	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 7,608,114	$ 3,052	$ -	$ -	$ 6,096,376	$ 13,707,542
Investments in marketable securities (Note)	3,003,534	1,031,316	14,479,068	50,082,968	666,888	69,263,774
Securities purchased under resell agreements	1,988,451	-	-	-	-	1,988,451
Loans (including overdue loans)	6,418,714	11,674,880	16,507,504	22,667,215	-	57,268,313
Deliverable derivative assets	53,259,317	41,155,121	69,911,669	169,242	-	164,495,349
Non-deliverable derivative assets	3,073	4,158	36,434	2,939	-	46,604
Other capital inflow on maturity	928,242	690,556	2,589,592	-	601,868	4,810,258
Subtotal	73,209,445	54,559,083	103,524,267	72,922,364	7,365,132	311,580,291
Liabilities						
Deposits from the Central Bank and banks	4,509,766	2,248,789	771,036	-	-	7,529,591
Deposits from the Central Bank	-	-	222,180	-	-	222,180
Deposits and remittances	42,049,959	14,603,627	20,940,976	9,924,352	-	87,518,914
Securities sold under repurchase agreements	8,053,978	-	45,548	-	-	8,099,526
Payables	1,755,749	680,519	2,389,592	537	-	4,826,397
Bank debentures	20,400	1,032,000	1,165,900	3,643,312	-	5,861,612
Deliverable derivative liabilities	52,944,742	40,969,628	69,523,374	169,135	-	163,606,879
Non-deliverable derivative liabilities	1,183	2,503	13,595	1,951	-	19,232
Other capital outflow on maturity	4,023,940	4,907,194	4,153,819	230,609	433	13,315,995
Subtotal	113,359,717	64,444,260	99,226,020	13,969,896	433	291,000,326

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

d) Maturity analysis of derivatives assets and liabilities - NTD

Taipei Fubon Bank

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 330,246	$ 374,982	$ 704,938	$ 219,234	$ -	$ 1,629,400
Currency swaps	169,397,184	216,541,822	159,096,518	61,745,558	1,719,770	608,500,852
Cross-currency swaps	997,373	1,119,588	3,982,140	5,926,880	1,522,770	13,548,751
Subtotal	170,724,803	218,036,392	163,783,596	67,891,672	3,242,540	623,679,003
Non-deliverable derivative assets						
Foreign exchange derivative instruments	466,622	-	-	-	-	466,622
Interest rate derivative instruments - hedging	-	-	593	1,742	32,301	34,636
Interest rate derivative instruments - non-hedging	5,451,265	-	-	-	-	5,451,265
Equity derivative instruments	334,005	-	-	-	-	334,005
Subtotal	6,251,892	-	593	1,742	32,301	6,286,528
Liabilities						
Deliverable derivative liabilities						
Forward contracts	1,088,272	1,457,085	61,538	-	-	2,606,895
Currency swaps	200,912,046	277,097,986	191,985,124	51,429,059	2,014,295	723,438,510
Cross-currency swaps	1,308,265	-	-	637,800	2,616,215	4,562,280
Subtotal	203,308,583	278,555,071	192,046,662	52,066,859	4,630,510	730,607,685
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	466,623	-	-	-	-	466,623
Interest rate derivative instruments - hedging	-	-	2,544	21,968	810,600	835,112
Interest rate derivative instruments - non-hedging	4,967,860	-	-	-	-	4,967,860
Equity derivative instruments	334,005	-	-	-	-	334,005
Subtotal	5,768,488	-	2,544	21,968	810,600	6,603,600

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 539,799	$ 1,870,901	$ 760,101	$ 70,806	$ 128,812	$ 3,370,419
Currency swaps	183,405,049	233,445,878	106,363,880	75,568,963	7,324,453	606,108,223
Cross-currency swaps	1,208,275	16,890,389	4,988,610	14,201,874	8,045,400	45,334,548
Subtotal	185,153,123	252,207,168	112,112,591	89,841,643	15,498,665	654,813,190
Non-deliverable derivative assets						
Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
Interest rate derivative instruments - hedging	-	-	-	689	30,592	31,281
Interest rate derivative instruments - non-hedging	4,623,963	-	-	-	-	4,623,963
Equity derivative instruments	503,471	-	-	-	-	503,471
Subtotal	5,578,874	-	-	689	30,592	5,610,155
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,276,650	3,768,387	56,118	-	-	6,101,155
Currency swaps	209,396,915	316,372,018	151,270,937	74,358,077	14,200,150	765,598,097
Cross-currency swaps	1,695,950	1,430,000	6,283,015	19,063,171	838,870	29,311,006
Subtotal	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
Interest rate derivative instruments - hedging	-	-	-	-	835,925	835,925
Interest rate derivative instruments - non-hedging	4,480,765	-	-	-	-	4,480,765
Equity derivative instruments	505,972	-	-	-	-	505,972
Subtotal	5,438,177	-	-	-	835,925	6,274,102

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

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

e) Maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 715,675	$ 334,518	$ 174,932	$ 370,955	$ -	$ 1,596,080
Currency swaps	9,734,982	9,320,802	6,310,130	1,976,411	71,222	27,413,547
Cross-currency swaps	45,000	-	-	20,000	85,000	150,000
Subtotal	10,495,657	9,655,320	6,485,062	2,367,366	156,222	29,159,627
Non-deliverable derivative assets						
Foreign exchange derivative instruments	30,531	-	-	-	-	30,531
Interest rate derivative instruments - hedging	47	318	2,386	1,646	212,292	216,689
Interest rate derivative - non-hedging	44,726	-	-	-	-	44,726
Equity derivative instruments	118	-	-	-	-	118
Product derivative instruments	39	-	-	-	-	39
Subtotal	75,461	318	2,386	1,646	212,292	292,103
Liabilities						
Deliverable derivative liabilities						
Forward contracts	316,599	438,242	206,893	369,526	-	1,331,260
Currency swaps	7,012,888	7,368,213	5,257,651	2,244,146	60,000	21,942,898
Cross-currency swaps	32,271	37,456	138,907	199,113	50,000	457,747
Subtotal	7,361,758	7,843,911	5,603,451	2,812,785	110,000	23,731,905
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	42,590	-	-	-	-	42,590
Interest rate derivative instruments - hedging	-	-	-	81	104,620	104,701
Interest rate derivative - non-hedging	30,742	-	-	-	-	30,742
Equity derivative instruments	119	-	-	-	-	119
Product derivative instruments	36	-	-	-	-	36
Subtotal	73,487	-	-	81	104,620	178,188

(In Thousands of U.S. Dollars)

December 31, 2022	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 357,432	$ 203,387	$ 13,636	$ 38,093	$ -	$ 612,548
Currency swaps	10,833,507	11,037,472	5,212,956	2,772,992	530,523	30,387,450
Cross-currency swaps	60,000	50,000	225,000	683,000	30,000	1,048,000
Subtotal	11,250,939	11,290,859	5,451,592	3,494,085	560,523	32,047,998
Non-deliverable derivative assets						
Foreign exchange derivative instruments	17,206	-	-	-	-	17,206
Interest rate derivative instruments - hedging	-	123	360	345	256,758	257,586
Interest rate derivative - non-hedging	78,167	-	-	-	-	78,167
Equity derivative instruments	169	-	-	-	-	169
Product derivative instruments	120	-	-	-	-	120
Subtotal	95,662	123	360	345	256,758	353,248
Liabilities						
Deliverable derivative liabilities						
Forward contracts	153,813	229,200	99,684	125,725	4,300	612,722
Currency swaps	7,598,802	8,016,842	3,585,510	2,634,015	278,526	22,113,695
Cross-currency swaps	42,563	589,539	176,632	504,309	283,019	1,596,062
Subtotal	7,795,178	8,835,581	3,861,826	3,264,049	565,845	24,322,479
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	21,111	-	-	-	-	21,111
Interest rate derivative instruments - hedging	11	-	-	-	95,769	95,780
Interest rate derivative - non-hedging	12,089	-	-	-	-	12,089
Equity derivative instruments	169	-	-	-	-	169
Product derivative instruments	120	-	-	-	-	120
Subtotal	33,500	-	-	-	95,769	129,269

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

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

f) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

December 31, 2023	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 68,359	$ 382,477	$ 142,019	$ -	$ 592,855
Currency swaps	54,422,948	40,100,362	75,372,362	411,184	170,306,856
Subtotal	54,491,307	40,482,839	75,514,381	411,184	170,899,711
Non-deliverable derivative liabilities					
Interest rate derivatives - non-hedging	11,314	3,597	4,589	1,290	20,790
Option Contracts	15,872	-	6,647	-	22,519
Subtotal	27,186	3,597	11,236	1,290	43,309
Liabilities					
Deliverable derivative liabilities					
Forward contracts	123,074	390,392	144,566	-	658,032
Currency swaps	54,189,282	40,001,847	75,295,444	410,689	169,897,262
Subtotal	54,312,356	40,392,239	75,440,010	410,689	170,555,294
Non-deliverable derivative liabilities					
Interest rate derivatives - non-hedging	392	2,220	6,975	-	9,587
Option Contracts	27,045	370	6,142	-	33,557
Subtotal	27,437	2,590	13,117	-	43,144

(In Thousands of RMB)

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

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

i Non-derivative liabilities

December 31, 2022	0-30 Days	31-90 Days	91- 180 Days	181-365 Days	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 7,027,947	$ 1,702,354	$ 2,541	$ 6,305,480	$ 49,869	$ 15,088,191
Lease liabilities	16,393	31,969	47,342	89,061	374,284	559,049
Securities sold under repurchase agreements	1,050,263	550,000	-	-	-	1,600,263
Payables	1,117,600	107,244	59,011	53,979	55,316	1,393,150
Deposits and remittances	34,216,793	24,033,046	18,846,947	39,651,427	115,139,797	231,888,010
Other financial liabilities	9,213	30,710	19,962	20,576	1,210,607	1,291,068

ii Derivative liabilities

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

h) Maturity analysis of off-balance sheet items

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

Taipei Fubon Bank

December 31, 2023	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 162,055,166	$ -	$ -	$ -	$ -	$ 162,055,166
Standby letters of credit	2,515,864	3,684,970	1,072,525	508,753	1,381	7,783,493
Financial guarantees	18,833,703	2,171,200	-	-	4,238,293	25,243,196
Total	$ 183,404,733	$ 5,856,170	$ 1,072,525	$ 508,753	$ 4,239,674	$ 195,081,855

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

Fubon Bank (China)

(In Thousands of RMB)

December 31, 2023	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 2,170	$ 16,000	$ 152,384	$ 86,755	$ 257,309
Standby letters of credit	23,786	250	-	-	24,036
Financial guarantees	14,492	98,353	291,217	167,860	571,922
Total	$ 40,448	$ 114,603	$ 443,601	$ 254,615	$ 853,267

(In Thousands of RMB)

December 31, 2022	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 98,035	$ 78,608	$ 380,935	$ 179,279	$ 736,857
Standby letters of credit	-	9,840	-	-	9,840
Financial guarantees	32,977	31,430	350,975	94,839	510,221
Total	$ 131,012	$ 119,878	$ 731,910	$ 274,118	$ 1,256,918

e. Market risk

1) Market risk definition and classifications

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

2) Market risk strategy and procedures

Taipei Fubon Bank

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

Fubon Bank (China)

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

3) Market risk management framework

Taipei Fubon Bank

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

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

Fubon Bank (China)

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

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

4) Market risk measurement, control and reporting

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

5) Measurement of trading book market risk

Taipei Fubon Bank

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

a) Value at Risk ("VaR")

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

Trading book VaR information is shown below:

Common VaR	For the Year Ended December 31, 2023 Highest	Lowest	Mean	End of Year
Equity	$ 5,598	$ -	$ 2,575	$ -
Interest rate	137,842	25,366	75,513	40,718
Exchange rate	34,698	3,581	14,622	3,589
Volatility	927	300	527	584
Diversification effect	-	-	(19,507)	(5,011)
Common VaR of trading book			$ 73,730	$ 39,880

Common VaR	For the Year Ended December 31, 2022 Highest	Lowest	Mean	End of Year
Equity	$ 20,117	$ 759	$ 5,630	$ 857
Interest rate	94,136	24,258	55,568	63,106
Exchange rate	19,879	4,097	13,851	16,869
Volatility	880	235	561	235
Diversification effect	-	-	(21,302)	(23,203)
Common VaR of trading book			$ 54,308	$ 57,864

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

Note 2: Amount as of for the year ended December 31, 2022 excluded the Jih-Sun Bank.

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

b) Stress testing

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

Fubon Bank (China)

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

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

Jih-Sun Bank

(In Thousands of NTD)

99% C.L. 1 Day (VaR)	For the Year Ended December 31, 2022 Mean	Highest	Lowest
Exchange rate	$ 721	$ 1,879	$ 65
Interest rate	163	125	106
Equity price	-	-	-
Securities in all	737	1,943	122

6) Measurement of banking book market risk

Taipei Fubon Bank

a) Interest rate risk

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

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

b) Exchange rate risk

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

The Bank's overseas branches and these branches' long-term equity-method investments have foreign exchange businesses. The percentage of the foreign currency operating funds used for the foreign exchange business operations is low when compared with the Bank's entire foreign currency position. As of December 31, 2022, for the operating funds of overseas branches, the Bank considers the ratio of exchange differences on translating foreign operations to the equity of the Bank's owners to be immaterial.

c) Equity risk

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

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

	December 31			
	2023		2022	
	Influence on Profit and Loss	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**
Stock price increase by 10%	$ -	$ 2,309,896	$ -	$ 3,190,628
Stock price decrease by 10%	-	(2,309,896)	-	(3,190,628)

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

Fubon Bank (China)

a) Interest rate risk

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

(In Thousands of RMB)

	December 31			
	2023		2022	
	Impact on Profit and Loss	**Impact on Other Equity**	**Impact on Profit and Loss**	**Impact on Other Equity**
Interest rate increases 50 basis points	$ (190,515)	$ (368,743)	$ (150,321)	$ (328,971)
Interest rate decreases 50 basis points	194,813	390,790	150,970	238,370

b) Exchange rate risk

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

(In Thousands of RMB)

	December 31			
	2023		2022	
	Influence on Profit and Loss	Influence on Other Equity	Influence on Profit and Loss	Influence on Other Equity
USD and HKD appreciate by 5% against the RMB	$ (924,365)	$ 276,039	$ (275,313)	$ 341,540
USD and HKD depreciate by 5% against the RMB	924,365	(276,039)	275,313	(341,540)

<u>Jih-Sun Bank</u>

The sensitivity analysis of interest rate risk, exchange rate risk and equity securities risk was as follows:

(In Thousands of NTD)

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

7) Effect of interest rate benchmark reform

The Bank and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) replaced USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Bank and its subsidiaries established a USD LIBOR transition project. 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 of December 31, 2023, changes required to IT systems and internal processes have been implemented. For the financial assets with contracts unaltered, the transition is expected to be completed before the first repricing date after exiting or before the cease of quoting of the Synthetic LIBOR.

The following table contains book values about total amount that yet deformed and amount that not yet had the contingency clause of the non-derivative financial instruments:

	December 31, 2023	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Debt investments	$ 5,392,971	$ -

	December 31, 2022 (Restated)	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 78,229,690	$ 75,592,244
Debt investments	45,033,833	34,512,046
	$ 123,263,523	$ 110,104,290

The following table contains the contract amount about total amount that yet deformed and amount that not yet had the contingency clause of the derivative financial instruments:

	December 31, 2022 (Restated)	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 148,971,220	$ -
Exchange rate swap contracts	9,786,443	-
Equity swap contracts	2,377,676	-
Cross-currency swap contracts	2,357,921	-
Total of derivative financial instruments effected by interest rate benchmark reform	$ 163,493,260	$ -

8) Foreign currency rate risk information

The table below shows the foreign currency risk information on the carrying amounts of all financial assets and liabilities denominated in foreign currencies and their respective functional currency as of December 31, 2023 and 2022.

Taipei Fubon Bank

	December 31, 2023		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 28,820,130	30.7543	$ 886,341,498
AUD	5,130,600	20.9769	107,624,260
HKD	11,418,735	3.9380	44,967,437
JPY	185,231,798	0.2171	40,212,527
RMB	8,924,279	4.3203	38,555,356
Nonmonetary item			
USD	362,006	30.7543	11,133,227
AUD	184,173	20.9769	3,863,378
JPY	13,058,297	0.2171	2,834,865
RMB	346,961	4.3203	1,498,968
VND	184,855,082	0.0013	234,211
Investments accounted for using the equity method			
RMB	6,312,883	4.3203	27,273,403
KRW	371,921,283	0.0236	8,794,079
Financial liabilities			
Monetary item			
USD	35,979,769	30.7543	1,106,530,814
RMB	11,419,016	4.3203	49,333,313
HKD	10,404,044	3.9380	40,971,543
JPY	127,406,298	0.2171	27,659,016
VND	19,600,832,735	0.0013	24,834,255
Nonmonetary item			
USD	301,364	30.7543	9,268,209
RMB	339,652	4.3203	1,467,391
JPY	6,455,801	0.2171	1,401,509
VND	190,906,817	0.0013	241,879
AUD	2,801	20.9769	58,750

	December 31, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 24,075,945	30.7233	$ 739,692,317
AUD	4,674,405	20.8840	97,620,302
RMB	10,443,844	4.4134	46,093,267
JPY	153,558,818	0.2331	35,790,568
EUR	1,049,922	32.7552	34,390,394
Nonmonetary item			
USD	475,184	30.7233	14,599,205
JPY	12,748,588	0.2331	2,971,364
AUD	139,817	20.8840	2,919,947
RMB	596,411	4.4134	2,632,222
HKD	138,645	3.9395	546,198
Investments accounted for using the equity method			
RMB	6,318,820	4.4134	27,887,728
KRW	362,550,833	0.0244	8,858,930
Financial liabilities			
Monetary item			
USD	33,485,604	30.7233	1,028,788,029
RMB	11,208,156	4.4134	49,466,512
HKD	8,648,928	3.9395	34,072,876
JPY	86,893,702	0.2331	20,252,663
AUD	933,039	20.8840	19,485,596
Nonmonetary item			
USD	243,877	30.7233	7,492,691
RMB	526,304	4.4134	2,322,812
JPY	4,837,622	0.2331	1,127,524
HKD	12,061	3.9395	47,513
AUD	137	20.8840	2,870

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

Fubon Bank (China)

	December 31, 2023		
	Foreign Currencies	Exchange Rate	RMB
Financial assets			
Monetary item			
USD	$ 2,255,158	7.0827	$ 15,972,611
HKD	564,231	0.9062	511,318
EUR	17,757	7.8592	139,557
JPY	420,593	0.0502	21,119
Nonmonetary item			
USD	165,782	7.0827	1,174,182
EUR	114	7.8592	892
AUD	113	4.8484	549
JPY	6,531	0.0502	328
Financial liabilities			
Monetary item			
USD	4,832,543	7.0827	34,227,450
EUR	15,879	7.8592	124,799
JPY	1,804,938	0.0502	90,631
HKD	77,638	0.9062	70,357
Nonmonetary item			
USD	83,246	7.0827	589,603

	December 31, 2022		
	Foreign Currencies	Exchange Rate	RMB
Financial assets			
Monetary item			
USD	$ 2,526,238	6.9646	$ 17,594,239
HKD	306,727	0.8933	273,990
EUR	8,885	7.4229	65,949
JPY	360,800	0.0524	18,891
Nonmonetary item			
USD	282,820	6.9646	1,969,726
EUR	857	7.4229	6,361
JPY	28,584	0.0524	1,497
AUD	21	4.7138	99
Financial liabilities			
Monetary item			
USD	4,159,575	6.9646	28,969,779
EUR	14,117	7.4229	104,792
JPY	1,937,929	0.0524	101,466
HKD	40,241	0.8933	35,946
Nonmonetary item			
USD	102,702	6.9646	715,280
JPY	261	0.0524	14

Jih-Sun Bank

(Units: Thousands of Dollars, Unless Otherwise Stated)

	December 31, 2022		
	Foreign Currencies	**Exchange Rate (NTD)**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 843,982	30.7100	$ 25,918,681
JPY	4,196,818	0.2324	975,341
EUR	14,531	32.7220	475,483
AUD	43,411	20.8308	904,287
HKD	149,754	3.9390	589,879
RMB	1,194,291	4.4080	5,264,436
ZAR	251,972	1.8120	456,572
Others	-	-	249,780
Financial liabilities			
Monetary item			
USD	882,787	30.7100	27,110,396
JPY	4,151,011	0.2324	964,695
EUR	14,550	32.7220	476,105
AUD	40,697	20.8308	847,751
HKD	149,239	3.9390	587,853
RMB	866,857	4.4080	3,821,106
ZAR	424,892	1.8120	769,904
Others	-	-	257,271

Note: Information on other foreign currencies equivalent to less than NT$100 million is disclosed aggregately.

f. ESG and climate risk

The Bank complies with FFH’s Sustainable Finance Policy and the Bank’s Climate Risk Management Policy, the United Nations Principles for Responsible Investment, the Equator Principles, as well as other international standards, ensuring that environmental, social and corporate governance issues are taken into consideration as allocating capital. Furthermore, in order to accurately assess the ESG risks, when institutional clients apply for a credit line, investments and relevant credit facilities, the Bank fills out a “Sustainability Risk Assessment Checklist” for each client. However, potential client that has a significant adverse impact on the environmental and social sustainability should have their credit requests rejected. Meanwhile, the Bank has formulated the “Sustainable Credit and Investment Guidelines” for investing in or pulling investment out of five high-carbon emission-sensitive industries, including power plants, coal mining, cement, petrochemicals, and iron and steel. In addition, the Bank assesses the client’s ESG rating on the basis of ESG impact and transition practices along with green due diligence survey comprehensively to understand the objectives and implementation effectiveness of the client’s energy transition, and uses the evaluation results for future strategies.

g. Transfers of financial assets

Transfers of financial assets not qualifying for derecognition

The transferred financial assets of the Bank and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements and equity security lending agreements.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Bank and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed prices in the future.

The Bank and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Bank and its subsidiaries still bear the interest rate risk and credit risk; thus, the Bank and its subsidiaries do not derecognize these assets.

The analysis of financial assets and related liabilities that do not qualify for derecognition is shown in following table:

Category of Financial Assets	**December 31, 2023**	
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 2,899,021	$ 2,648,040
Investments in debt instruments measured at amortized cost	84,303,227	76,257,592

Category of Financial Assets	**December 31, 2022 (Restated)**	
	Transferred Financial Assets - Book Value	**Related Financial Liabilities - Book Value**
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 14,848,002	$ 14,318,154
Investments in debt instruments measured at amortized cost	95,942,054	85,822,549

h. Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries had no financial instruments that were covered by the offsetting requirements under Section 42 of IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission.

The Bank and its subsidiaries are not engaged in transactions that met offsetting criteria in IFRSs, but they sign net settlement contracts or similar agreements with counterparties, e.g., global master repurchase agreements, global securities lending agreements and similar repurchasing agreements or reverse-repurchasing agreements. These executable net settlement contracts or similar agreements allow repurchase transactions to be settled with amount after netting financial assets and liabilities as agreed upon by the transacting parties. If one party defaults on a contract, the other one may choose net settlement.

The netting information on financial assets and financial liabilities is set out below:

December 31, 2023

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 45,917,781	$ -	$ 45,917,781	$ 31,284,086	$ 7,351,616	$ 7,282,079
Securities purchased under resell agreements	23,679,453	-	23,679,453	23,462,973	-	216,480
	$ 69,597,234	$ -	$ 69,597,234	$ 54,747,059	$ 7,351,616	$ 7,498,559

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 44,657,475	$ -	$ 44,657,475	$ 28,639,176	$ 9,213,343	$ 6,804,956
Securities sold under repurchased agreements	78,905,632	-	78,905,632	78,843,638	-	61,994
	$ 123,563,107	$ -	$ 123,563,107	$ 107,482,814	$ 9,213,343	$ 6,866,950

December 31, 2022 (Restated)

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 61,331,157	$ -	$ 61,331,157	$ 35,066,280	$ 14,945,226	$ 11,319,651
Securities purchased under resell agreements	24,365,326	-	24,365,326	24,068,955	-	296,371
	$ 85,696,483	$ -	$ 85,696,483	$ 59,135,235	$ 14,945,226	$ 11,616,022

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 45,518,082	$ -	$ 45,518,082	$ 32,440,427	$ 6,970,316	$ 6,107,339
Securities sold under repurchased agreements	100,140,703	-	100,140,703	99,929,691	24,897	186,115
	$ 145,658,785	$ -	$ 145,658,785	$ 132,370,118	$ 6,995,213	$ 6,293,454

Note 1: Including netting settlement agreement and non-cash financial collaterals.

Note 2: Including derivative financial assets for hedging.

55. CAPITAL MANAGEMENT

a. Overview

In accordance with the minimum requirements on the regulatory capital to risk (weighted) assets ratio (i.e. the capital adequacy ratio) from the "Regulation Governing the Capital Adequacy and Capital Category of Banks" under Article 44 of the Banking Act, the Bank's regulatory capital and consolidated eligible capital should be higher than the statutory requirement. This is the fundamental principle of capital management.

For sound operations, the Bank has established internal control policies to ensure its capital adequacy ratio meets the minimum regulatory requirement.

b. Capital management procedures

The Bank's capital is managed by the Bank's Capital Adequacy Management Policy, which was approved by the board of directors. Regulatory capital is calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks," and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 capital) and net Tier 2 capital. In addition, adjusted items include the change in credit risk of financial liabilities recognize as unrealized gains and losses (where gains should be deducted, and losses should be added back).

1) Net Tier 1 capital

a) Net common equity Tier 1 capital: Mainly includes common stock, capital surplus, retained earnings, other equity, and non-controlling interests, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

b) Net additional Tier 1 capital: Mainly includes non-cumulative perpetual preferred stock, non-cumulative perpetual subordinated debts, and the capital issued by the Bank's subsidiaries but not held by the Bank, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

2) Net Tier 2 capital

Mainly includes long-term subordinated debts, the capital issued by the Bank's subsidiaries but not held by the Bank, operational reserves and loan-loss provisions, and so on, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

The Bank evaluates capital adequacy regularly as well as the future demand for capital and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

As of December 31, 2022, the Bank and its subsidiaries had met the authorities' minimum requirements for capital adequacy ratio.

56. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Except for profitability described in item (d) below, the following information only refers to the Bank.

a. Asset quality

See Table 1.

b. Concentration of credit extensions

Taipei Fubon Bank

December 31, 2023

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (other electronic component manufacturing industry)	$ 13,530,447	4.72
2	B Group (semiconductor assembly and testing industry)	11,722,742	4.09
3	C Group (Integrated circuit manufacturing)	9,633,769	3.36
4	D Group (passive electronic components manufacturing industry)	9,467,018	3.30
5	E Group (petrochemical raw material manufacturing industry)	9,148,444	3.19
6	F Group (other electronic component manufacturing industry)	9,020,000	3.15
7	G Group (computers and related equipment and software development)	8,393,564	2.93
8	H Group (financial leasing)	8,309,452	2.90
9	I Group (residential and building development, rental and sales)	8,190,000	2.86
10	J Group (manufacture of man-made fibers)	7,123,870	2.48

December 31, 2022

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (other electronic component manufacturing industry)	$ 13,923,851	5.90
2	B Group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	9,453,991	4.01
3	C Group (other electronic component manufacturing industry)	8,800,000	3.73
4	D Group (LCD and its component manufacturing industry)	8,750,281	3.71
5	E Group (residential and building development, rental and sales)	7,960,000	3.37
6	F Group (passive electronic components manufacturing industry)	7,482,987	3.17
7	G Group (cable and other pay-per-view programming)	7,387,067	3.13
8	H Group (semiconductor assembly and testing industry)	7,157,368	3.03
9	I Group (computers and related equipment and software development)	7,100,237	3.01
10	J Group (footwear and garment manufacturing)	6,637,876	2.81

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of any of the above groups, the total amount of credit, endorsement or other transactions of the entire group must be listed and disclosed by code and line of industry. The industry of the Bank and its subsidiaries should be represented by the industry of the entity with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: A group refers to a combination of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: The total amount of credits, endorsements or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances, and guarantees.

Note 4: Amount as of December 31, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

December 31, 2022

Rank	Group Name	Credit Extensions Balance	% to Net Asset Value
1	A Group (ocean freight transportation forwarding services)	$ 3,033,783	12.40
2	B Group (real estate development)	3,019,503	12.34
3	C Group (retail sale of other integrated)	2,936,840	12.00
4	D Group (financial leasing)	2,817,299	11.51
5	E Group (manufacture of man-made fibers)	2,689,496	10.99
6	F Group (wholesale electronic and communication equipment and parts)	2,062,989	8.43
7	G Group (other electronic component manufacturing industry)	1,640,000	6.70
8	H Group (real estate development)	1,411,674	5.77
9	I Group (automobile rental)	1,395,000	5.70
10	J Group (real estate development)	1,340,000	5.48

c. Interest rate sensitivity information

Taipei Fubon Bank

Interest Rate Sensitivity (New Taiwan Dollars)
December 31, 2023

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,987,773,828	$ 96,352,262	$ 83,135,419	$ 169,957,619	$ 2,337,219,128
Interest rate-sensitive liabilities	628,090,586	1,314,711,572	70,905,056	97,322,659	2,111,029,873
Interest rate sensitivity gap	1,359,683,242	(1,218,359,310)	12,230,363	72,634,960	226,189,255
Net worth					272,096,085
Ratio of interest rate-sensitive assets to liabilities					110.71%
Ratio of the interest rate sensitivity gap to net worth					83.13%

Interest Rate Sensitivity (New Taiwan Dollars)
December 31, 2022

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,682,127,371	$ 81,517,760	$ 109,519,745	$ 162,100,863	$ 2,035,265,739
Interest rate-sensitive liabilities	605,229,457	1,053,767,091	46,611,891	98,022,111	1,803,630,550
Interest rate sensitivity gap	1,076,897,914	(972,249,331)	62,907,854	64,078,752	231,635,189
Net worth					227,411,716
Ratio of interest rate-sensitive assets to liabilities					112.84%
Ratio of the interest rate sensitivity gap to net worth					101.86%

Note 1: The above amounts included only New Taiwan dollar amounts held by the onshore branches of the Bank (i.e., excluding foreign currency). In compliance with the Central Bank's supervision policies, the above data is prepared for off-site monitoring on the 15th of the next month.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earning assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets ÷ Interest rate-sensitive liabilities (New Taiwan dollars).

Note 5: Amount as of December 31, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

(In Thousands of NTD, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 189,683,596	$ 9,572,774	$ 9,212,035	$ 25,896,196	$ 234,364,601
Interest rate-sensitive liabilities	84,584,437	119,432,769	8,860,136	1,011,995	213,889,337
Interest rate sensitivity gap	105,099,159	(109,859,995)	351,899	24,884,201	20,475,264
Net worth					23,888,501
Ratio of interest rate-sensitive assets to liabilities					109.57%
Ratio of the interest rate sensitivity gap to net worth					85.71%

Taipei Fubon Bank

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 15,728,353	$ 1,958,381	$ 2,269,472	$ 10,418,698	$ 30,374,904
Interest rate-sensitive liabilities	29,641,563	2,606,406	4,138,658	1,063,574	37,450,201
Interest rate sensitivity gap	(13,913,210)	(648,025)	(1,869,186)	9,355,124	(7,075,297)
Net worth					350,550
Ratio of interest rate-sensitive assets to liabilities					81.11%
Ratio of the interest rate sensitivity gap to net worth					(2,018.34%)

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2022

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 13,175,537	$ 995,016	$ 1,360,913	$ 9,582,784	$ 25,114,250
Interest rate-sensitive liabilities	29,331,047	1,799,016	2,332,263	911,083	34,373,409
Interest rate sensitivity gap	(16,155,510)	(804,000)	(971,350)	8,671,701	(9,259,159)
Net worth					197,993
Ratio of interest rate-sensitive assets to liabilities					73.06%
Ratio of the interest rate sensitivity gap to net worth					(4,676.51%)

Note 1: The above amounts include only USD amounts held by the Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earnings assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

Note 3: Interest rate-sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (U.S. dollars).

Note 5: Amount as of December 31, 2022 excluded the Jih-Sun Bank.

Jih-Sun Bank

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 463,036	$ 56,470	$ 50,388	$ 249,432	$ 819,326
Interest rate-sensitive liabilities	235,153	454,496	151,537	1,979	843,165
Interest rate sensitivity gap	227,883	(398,026)	(101,149)	247,453	(23,839)
Net worth					20,010
Ratio of interest rate-sensitive assets to liabilities					97.17%
Ratio of the interest rate sensitivity gap to net worth					(119.14%)

d. Profitability

(%)

Item		For the Year Ended December 31, 2023	For the Year Ended December 31, 2022 (Restated)
Return on total assets	Before income tax	0.65	0.72
	After income tax	0.57	0.61
Return on equity	Before income tax	9.33	10.60
	After income tax	8.19	9.00
Profit margin		34.00	39.82

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

e. Maturity analysis of assets and liabilities

Taipei Fubon Bank

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2023

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 3,205,824,788	$ 344,660,499	$ 300,637,390	$ 410,580,235	$ 347,504,996	$ 245,877,025	$ 1,556,564,643
Main capital outflow on maturity	3,854,253,083	167,022,594	316,762,025	613,596,544	601,917,264	715,987,242	1,438,967,414
Gap	(648,428,295)	177,637,905	(16,124,635)	(203,016,309)	(254,412,268)	(470,110,217)	117,597,229

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2022

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 2,904,040,675	$ 304,668,607	$ 267,110,223	$ 400,712,332	$ 269,058,985	$ 299,414,970	$ 1,363,075,558
Main capital outflow on maturity	3,522,150,560	165,580,089	295,831,517	685,601,650	485,116,902	667,908,569	1,222,111,833
Gap	(618,109,885)	139,088,518	(28,721,294)	(284,889,318)	(216,057,917)	(368,493,599)	140,963,725

Note 1: The above amounts are book value of assets and liabilities held by the Bank and denominated in New Taiwan dollars.

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

Jih-Sun Bank

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2023

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 243,625,550	$ 19,171,924	$ 29,229,645	$ 38,381,086	$ 13,130,304	$ 16,306,073	$ 127,406,518
Main capital outflow on maturity	288,375,920	10,485,104	16,751,985	31,156,706	30,639,717	59,896,060	139,446,348
Gap	(44,750,370)	8,686,820	12,477,660	7,224,380	(17,509,413)	(43,589,987)	(12,039,830)

Taipei Fubon Bank

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2023

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 69,514,833	$ 23,570,728	$ 14,847,896	$ 9,966,968	$ 6,165,884	$ 14,963,357
Capital outflow on maturity	77,124,542	24,227,824	20,312,714	11,660,420	12,881,788	8,041,796
Gap	(7,609,709)	(657,096)	(5,464,818)	(1,693,452)	(6,715,904)	6,921,561

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2022

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 65,405,666	$ 21,665,355	$ 15,204,478	$ 8,077,461	$ 6,285,324	$ 14,173,048
Capital outflow on maturity	73,256,398	21,645,692	22,528,467	8,711,078	11,625,806	8,745,355
Gap	(7,850,732)	19,663	(7,323,989)	(633,617)	(5,340,482)	5,427,693

Note 1: The above amounts are book value of assets and liabilities held by the Bank and denominated in U.S. dollars.

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

Jih-Sun Bank

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2022

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 931,493	$ 356,927	$ 177,540	$ 87,619	$ 35,872	$ 273,535
Capital outflow on maturity	1,040,969	259,471	107,644	93,880	273,469	306,505
Gap	(109,476)	97,456	69,896	(6,261)	(237,597)	(32,970)

57. STATEMENT OF CAPITAL ADEQUACY

Taipei Fubon Bank

Analysis		Year (Note 2)	December 31, 2023 Consolidation	December 31, 2023 Standalone	December 31, 2022 Consolidation	December 31, 2022 Standalone
Regulatory capital	Net common equity Tier 1 capital		$ 282,458,923	$ 269,012,459	$ 235,059,680	$ 217,017,919
	Net additional Tier 1 capital		36,366,572	31,000,000	27,293,371	23,830,000
	Net Tier 2 capital		54,803,189	47,512,537	51,035,379	45,566,298
	Regulatory capital		373,628,684	347,524,996	313,388,430	286,414,217
Risk-weighted assets	Credit risk	Standardized approach	2,304,898,736	1,947,121,397	2,040,074,059	1,692,414,530
		Internal rating - based approach	-	-	-	-
		Securitization	23,703,231	10,902,106	34,346,430	7,617,967
	Operational risk	Basic indicator approach	-	-	-	-
		Standardized approach/ alternative standardized approach	110,964,600	96,694,775	96,284,613	82,653,313
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	79,847,513	62,551,138	81,144,400	65,865,513
		Internal models approach	-	-	-	-
	Total risk-weighted assets		2,519,414,080	2,117,269,416	2,251,849,502	1,848,551,323
Total capital adequacy ratio			14.83%	16.41%	13.92%	15.49%
Common equity Tier 1 ratio			11.21%	12.71%	10.44%	11.74%
Tier 1 capital ratio			12.65%	14.17%	11.65%	13.03%
Leverage ratio			6.86%	7.42%	6.39%	6.87%

Note 1: The above table was prepared in accordance with the “Regulations Governing the Capital Adequacy and Capital Category of Banks” and related calculation tables.

Note 2: The formula:

1) Regulatory capital = Net common equity Tier 1 capital + Net additional Tier 1 capital + Net Tier 2 capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) × 12.5.

3) Total capital adequacy ratio = Regulatory capital/Total risk-weighted assets.

4) Common equity Tier 1 ratio = Net common equity Tier 1 capital/Total risk-weighted assets.

5) Tier 1 capital ratio = (Net common equity Tier 1 capital + Net additional Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Net Tier 1 capital/Exposure measurement.

Note 3: Amount as of December 31, 2022 excluded the Jih-Sun Bank; details on Jih-Sun Bank were set out below:

Jih-Sun Bank

(In Thousands of NTD, %)

<table>
<tr><th colspan="3">Analysis / Year (Note 2)</th><th>December 31, 2022</th></tr>
<tr><td rowspan="4">Regulatory capital</td><td colspan="2">Net common equity Tier 1 capital</td><td>$ 24,029,273</td></tr>
<tr><td colspan="2">Net additional Tier 1 capital</td><td>-</td></tr>
<tr><td colspan="2">Net Tier 2 capital</td><td>1,947,575</td></tr>
<tr><td colspan="2">Regulatory capital</td><td>25,976,848</td></tr>
<tr><td rowspan="9">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>148,190,715</td></tr>
<tr><td>Internal rating-based approach</td><td>-</td></tr>
<tr><td>Securitization</td><td>-</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic indicator approach</td><td>7,674,620</td></tr>
<tr><td>Standardized approach/ alternative standardized approach</td><td>-</td></tr>
<tr><td>Advanced measurement approach</td><td>-</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standardized approach</td><td>447,933</td></tr>
<tr><td>Internal models approach</td><td>-</td></tr>
<tr><td colspan="2">Total risk-weighted assets</td><td>156,313,268</td></tr>
<tr><td colspan="3">Total capital adequacy ratio</td><td>16.62%</td></tr>
<tr><td colspan="3">Common equity Tier 1 ratio</td><td>15.37%</td></tr>
<tr><td colspan="3">Tier 1 capital ratio</td><td>15.37%</td></tr>
<tr><td colspan="3">Leverage ratio</td><td>8.31%</td></tr>
</table>

58. SEGMENT INFORMATION

The segment information reported to the chief operating decision maker for assessment of segment performance focuses on the nature of business operations and pretax profit or loss.

The accounting standards and policies mentioned in Note 4 apply to all the business segments. Under IFRS 8 “Operating Segments,” the Bank and its subsidiaries report the following:

a. Personal finance group: Responsible for wealth management, trust and consumer finance business, etc.

b. Corporate banking group: Responsible for corporate and investment banking and public treasury, etc.

c. Financial market group: Responsible for financial markets, etc.

d. Overseas subsidiary: On the business operations of the Bank’s subsidiary, Fubon Bank (China).

e. Others: Business segments other than the above groups.

The Bank and its subsidiaries' segmental and geographical information of revenue and operating results were as follows:

a. Segmental revenue and operating results

For the year ended December 31, 2023

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 22,196,620	$ 19,692,250	$ (5,772,479)	$ 5,744,939	$ 456,716	$ 42,318,046
Net interest income (external)	5,737,741	2,516,435	28,767,392	6,095,169	(798,691)	42,318,046
Inter-segment revenues (expenses)	16,458,879	17,175,815	(34,539,871)	(350,230)	1,255,407	-
Net non-interest income	14,593,014	3,850,677	14,436,063	938,471	(4,224,100)	29,594,125
Net revenue	$ 36,789,634	$ 23,542,927	$ 8,663,584	$ 6,683,410	$ (3,767,384)	$ 71,912,171
Net profit (loss) before income tax	$ 18,163,297	$ 17,749,298	$ 7,821,857	$ (784,285)	$ (15,079,650)	$ 27,870,517

For the year ended December 31, 2022 (Restated)

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 17,684,583	$ 14,266,520	$ 1,437,633	$ 10,592,669	$ 265,895	$ 44,247,300
Net interest income (external)	11,516,976	12,958,810	16,775,613	10,625,214	(7,629,313)	44,247,300
Inter-segment revenues (expenses)	6,167,607	1,307,710	(15,337,980)	(32,545)	7,895,208	-
Net non-interest income	10,267,541	3,312,781	7,667,422	(2,638,644)	(160,052)	18,449,048
Net revenue	$ 27,952,124	$ 17,579,301	$ 9,105,055	$ 7,954,025	$ 105,843	$ 62,696,348
Net profit (loss) before income tax	$ 14,915,435	$ 13,361,398	$ 8,405,569	$ 1,752,271	$ (9,041,531)	$ 29,393,142

b. Geographical information

The Bank and its subsidiaries' net income is classified according to geographical location of the operating department, information is as follows:

	For the Year Ended December 31	
	2023	2022 (Restated)
Taiwan	$ 56,083,139	$ 49,423,123
Asia	15,829,032	13,273,225
	$ 71,912,171	$ 62,696,348

59. ADDITIONAL DISCLOSURES

a. Relevant information of material transaction:

No.	Item	Explanation
1	Acquired and disposed of investment at costs or prices of at least NT$300 million or 10% of the issued capital	Table 2
2	Acquisition of individual real estates at costs of at least NT$300 million or 10% of the issued capital	None
3	Disposal of individual real estates at prices of at least NT$300 million or 10% of the issued capital	None
4	Allowance for service fee to related parties amounting to at least NT$5 million	None
5	Receivables from related parties amounting to at least NT$300 million or 10% of the issued capital	None
6	Trading information - sale of non-performing loans	None
7	Financial asset securitization	None
8	Related parties transaction	Table 3
9	Other significant transactions which may affect the decisions of financial report users	None

b. Information related to subsidiary:

No.	Item	Explanation
1	Financing provided	None
2	Endorsements/guarantees provided	None
3	Marketable securities held	Table 4
4	Acquisition and disposal of marketable securities at costs or prices of at least NT$300 million or 10% of the issued capital	None
5	Derivative transactions	Note 8

Note: Subsidiaries which belong to financial, insurance, securities industries and its main business registration include financing provided, endorsements/guarantees provided, acquisition and disposal of marketable securities do not need to disclose above information.

c. Information on investments in mainland China: Table 5.

d. The related information and proportionate share in investees: Table 6.

TABLE 1

TAIPEI FUBON COMMERCIAL BANK CO., LTD.

OVERDUE LOANS AND RECEIVABLES
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, %)

Item			December 31, 2023					December 31, 2022 (Restated)				
			Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loans	Secured		$ 927,191	$ 280,327,644	0.33	$ 4,079,352	439.97	$ 1,298,602	$ 283,680,593	0.46	$ 3,883,628	299.06
	Unsecured		398,177	560,886,920	0.07	7,158,670	1,797.86	495,490	516,855,150	0.10	6,354,723	1,282.51
Consumer finance	Mortgage (Note 4)		310,862	663,519,646	0.05	9,942,720	3,198.44	371,070	618,419,463	0.06	9,270,433	2,498.30
	Cash card		-	549	0.00	11	0.00	-	673	0.00	13	0.00
	Microcredit (Note 5)		99,045	60,349,041	0.16	697,096	703.82	63,879	52,111,864	0.12	581,064	909.63
	Other (Note 6)	Secured	733,233	424,088,280	0.17	4,421,653	603.04	1,010,044	378,512,067	0.27	3,962,725	392.33
		Unsecured	23,166	36,996,259	0.06	387,831	1,674.14	43,516	36,805,925	0.12	387,600	890.71
Total			2,491,674	2,026,168,339	0.12	26,687,333	1,071.06	3,282,601	1,886,385,735	0.17	24,440,186	744.54
			Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio	Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio
Credit card			107,596	91,138,207	0.12	761,829	708.05	55,401	66,946,975	0.08	426,976	770.70
Accounts receivable - factoring with no recourse (Note 7)			-	31,124,929	-	350,698	-	-	21,507,440	-	246,218	-
Excluded NPL as a result of debt negotiations and loan agreements (Note 8)			19,713					14,119				
Excluded overdue receivables as a result of debt negotiations and loan agreements (Note 8)			17,076					25,342				
Excluded NPL as a result of consumer debt clearance (Note 9)			341,810					351,365				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			366,158					361,845				

Note 1: These are the reported overdue loans as defined in the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans” issued by the Ministry of Finance. For credit cards, overdue receivables are subject to the Banking Bureau’s regulations dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loans, NPL ratio = NPL/Total loans.
For credit cards, delinquency ratio = Overdue receivables/Accounts receivable.

Note 3: For loans, coverage ratio = LLR/NPL.
For credit cards, coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage refers to loans granted for the purchase, construction or repair of the residence owned by the borrower or the borrower’s spouse or children, and the residence is used to secure the loan fully.

Note 5: Microcredits are subject to the Banking Bureau’s regulations dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Other consumer loans refer to secured or unsecured loans excluding mortgages, cash cards, microcredits, and credit cards.

Note 7: Under the Banking Bureau’s requirements in its letter dated July 19, 2005 (Ref. No. 094000494), an allowance for bad debts should be recognized within three months once no compensation is obtained from a factoring or insurance company for accounts receivable-factoring with no recourse.

Note 8: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements are based on the Banking Bureau’s requirement dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau’s requirement dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CAPITAL STOCK ACQUIRED OR DISPOSED OF AT COST OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units (In Thousands)	Amount	Units	Amount	Carrying Value	Gain (Loss) on Disposal	Units (In Thousands)	Amount
Taipei Fubon Commercial Bank Co., Ltd.	Stock of Dah Chung Bills Finance Corp.	Investments accounted for using equity method	Far Eastern International Bank	Stakeholders	34,740 (Note 1)	$ 420,385	-	$ (7,296) (Note 2)	34,740	$ 425,966	$ 413,089	$ 12,877	-	$ -

Note 1: Dazhong Bills Finance Co., Ltd. was originally a reinvestment of Jih-Sun Bank, and the Bank generally assumed its holdings of 34,740 thousand shares as a result of the merger of Risheng Bank on April 1, 2023.

Note 2: It is an evaluation of adjusted profit and loss.

TABLE 3

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage to Consolidated Revenue/Assets (Note 3)
0	TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank")	Fubon Bank (China)	a	Cash and cash equivalents	$ 92,885	Note 4	-
		Fubon Bank (China)	a	Due from the Central Bank and call loans to other banks	12,423,286	Note 4	0.28
		Fubon Bank (China)	a	Accrued interest	47,024	Note 4	-
		Fubon Bank (China)	a	Deposits from the Central Bank and banks	72	Note 4	-
		Fubon Bank (China)	a	Bank debentures	1,290	Note 4	-
		Fubon Bank (China)	a	Interest income	350,230	Note 4	0.49
		Fubon Bank (China)	a	Service fee income	1,290	Note 4	-
		TFB Capital Co., Ltd.	a	Receivables, net	2,811	Note 4	-
		TFB Capital Co., Ltd.	a	Interest payable	348	Note 4	-
		TFB Capital Co., Ltd.	a	Deposit and remittances	86,154	Note 4	-
		TFB Capital Co., Ltd.	a	Other liabilities	112	Note 4	-
		TFB Capital Co., Ltd.	a	Interest income	10	Note 4	-
		TFB Capital Co., Ltd.	a	Interest expense from deposits	116	Note 4	-

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: The flow of transactions among related parties is as follows:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by total consolidated assets, and the revenue or expense account is divided by the total consolidated net revenue of the period.

Note 4: For the transactions between the Bank and related parties, the terms are similar to those transacted with unrelated parties.

Note 5: The transactions and balances above had been eliminated in the preparation of consolidated financial statement.

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TFB Capital Co., Ltd.	Stock							
	Hyena Inc.	-	Financial assets at fair value through profit or loss	500	$ 18,929	2.63	$ 18,929	Unlisted stocks
	Teng Fu Bo Investment Limited	Related party in substance	Financial assets at fair value through other comprehensive income	37,320	277,435	5.00	277,435	Unlisted stocks
	Transsnet FinTech Group	-	Financial assets at fair value through profit or loss	524	2,617	0.07	2,617	Unlisted stocks
	URSrobot Holding Ltd.	-	Financial assets at fair value through profit or loss	1,328	64,508	3.98	64,508	Unlisted stocks
	Welab Sky Limited	-	Financial assets at fair value through profit or loss	10,000	520,070	2.67	520,070	Unlisted stocks
	Chenfeng Optronics Co., Ltd.		Financial assets at fair value through profit or loss	500	20,000	0.49	20,000	Unlisted stocks
	Beneficiary certificates							
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets at fair value through profit or loss	25,484	254,223	-	254,223	Beneficiary certificates
	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	14,403	147,078	-	147,078	Beneficiary certificates
	Allianz Global Investors Fund	-	Financial assets at fair value through profit or loss	852	269,121	-	269,121	Beneficiary certificates
	Fin Regatta II, LP	-	Financial assets at fair value through profit or loss	3,000	52,636	5.00	52,636	Beneficiary certificates
	Convertible corporate bonds							
	Stash Financial, Inc.	-	Financial assets at fair value through profit or loss	-	79,276	-	79,276	Convertible corporate bonds
	Transsnet FinTech Group		Financial assets at fair value through profit or loss	-	95,750	-	95,750	Convertible corporate bonds

TABLE 5

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023 (Note 3)	Note
					Outward	Inward							
Fubon Bank (China)	Banking	$ 10,564,728 (RMB 2,445,382)	Direct investment in mainland China	$ 24,579,578	$ -	$ -	$ 24,579,578	$ 71,400 (RMB 16,297)	57.92	$ (280,612)	$ 27,273,403	$ 107,737	
Sichuan Vip Fubon Consumer Finance Ltd.	Personal consumption loan	2,160,139 (RMB 500,000)	Others	-	-	-	-	282,294 (RMB 64,434)	14.48	40,876 (RMB 9,330)	296,263	-	
Teng Fu Bo Investment Limited	Investment Consulting	3,224,655 (RMB 746,400)	Others	425,612	-	-	425,612	(356,461) (RMB -81,362)	5.00	-	277,435	-	

	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investments, as Stipulated by the Investment Commission, MOEA
Taipei Fubon Commercial Bank Co., Ltd.	$ 24,579,578 (RMB 5,093,113)	$ 24,579,578 (RMB 5,093,113)	$ 172,024,933
TFB Capital Co., Ltd.	425,612 (RMB 97,405)	425,612 (RMB 97,405)	1,181,553

Note 1: The foreign currency of paid-in capital and net income was converted into New Taiwan dollars at the exchange rate on December 31, 2023 and the average exchange rate for the year ended December 31, 2023, respectively.

Note 2: Based on Rule No. 10300002750 approved by the Investment Commission under the Ministry of Economic Affair, the authorized investment amount is RMB4,093,113 thousand; and based on Rule No. 10900196820 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB1,000,000 thousand; Based on Rule No. 11000235080 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB97,405 thousand.

Note 3: The amounts were accumulated from the start date of the investment to the end of the period.

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Held at End-period			Investment Gain (Loss)	The Bank and Related Enterprises Consolidated Investment				Note
				Shares (Thousands)	Percentage of Ownership	Carrying Amount		Shares (Thousands)	Imitated Shares	Total		
										Shares (Thousands)	Percentage of Ownership	
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	Financial-related											
	Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	860	4.34	$ 76,205	$ 7,568	860	-	860	4.34	Note 2
	Taiwan Futures Exchange Corporation	Taipei	Futures exchange and settlement	6,889	1.26	487,243	16,316	45,279	-	45,279	8.30	Note 2
	Taiwan Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	18,000	1.70	212,343	11,880	18,000	-	18,000	1.70	Note 2
	Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	15,000	8.82	132,800	2,175	15,000	-	15,000	8.82	Note 2
	Financial Information Service Co., Ltd.	Taipei	Planning and developing the information systems of banking institutions and managing the information web system	18,678	3.58	852,725	51,364	18,678	-	18,678	3.58	Note 2
	Sunny Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	602	10.03	11,580	816	602	-	602	10.03	Note 2
	Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	2,400	4.00	12,039	-	2,400	-	2,400	4.00	Note 2
	EasyCard Corporation	Taipei	Electronic payment	1,374	1.96	123,864	1,033	1,374	-	1,374	1.96	Note 2
	Dah Chung Bills Finance Corp.	Taipei	Bills finance business	-	-	-	6,948	-	-	-	-	Note 2
	Fubon Bank (China)	China	Banking	-	57.92	27,273,403	(280,612)	-	-	-	100.00	Note 1
	Line Biz+ Taiwan Limited	Taipei	Third-party payment service industry	11,709	19.51	3,157,663	91,288	11,709	-	11,709	19.51	Note 1
	Line Bank Taiwan Limited	Taipei	Banking	407,750	27.18	3,318,299	(321,056)	407,750	-	407,750	27.18	Note 1
	TFB Capital Co., Ltd.	Taipei	Venture capital investment	200,000	100.00	1,969,255	76,178	200,000	-	200,000	100.00	Note 1
	Hyundai Card Co., Ltd.	Korea	Credit card industry	16,047	10.00	8,794,079	528,403	32,093	-	32,093	20.00	Note 1
	Non-financial related											
	Taipei Rapid Transit Corporation	Taipei	Public transportation	14	-	119	-	14	-	14	-	Note 2
	Taiwan Power Company	Taipei	Management of power facilities	374	-	912	-	374	-	374	-	Note 2
	Fubon Real Estate Management Co., Ltd.	Taipei	Construction manager	6,964	30.00	129,351	653	6,964	-	6,964	30.00	Note 1
	Easy Card Investment Holding Co., Ltd.	Taipei	Investment	3,269	4.91	42,013	3,679	3,269	-	3,269	4.91	Note 2
	Taiwan High Speed Rail Corporation	Taipei	Management of high speed rail	20,278	0.36	622,522	13,586	20,278	-	20,278	0.36	Note 2
	Taiwan Aerospace Corp.	Taipei	Aerospace industry	1,700	1.25	18,176	170	3,400	-	3,400	2.51	Note 2
	Da Chiang International Co., Ltd.	Taipei	Department stores	4,828	2.41	49,064	3,872	4,828	-	4,828	2.41	Note 2
	Pacific Resources Corporation	Taipei	Leasing industry	32	4.21	-	355	32	-	32	4.21	Note 2
Fubon Bank (China)	Financial-related											
	Sichuan Vip Fubon Consumer Finance Ltd.	China	Personal consumption loan	-	25.00	511,504	70,574	-	-	-	25.00	Note 1

Note 1: The investment gain (loss) was based on the investee's audited financial statements for the year ended December 31, 2023.

Note 2: The investment gain (loss) was the cash dividends recognized for the year ended December 31, 2023.