Stock Code:000960

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

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Representation Letter

The entities that are required to be included in the combined financial statements of Fubon Securities Co., Ltd. as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fubon Securities Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Fubon Securities Co., Ltd.

Chairman: Leo Cheng

Date: March 13, 2024

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Fubon Securities Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023 and 2022 (restated), the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 (restated), and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants", and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public 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 of our opinion.

Emphasis of the Matter

The Group has acquired 100% equity of JihSun Securities Co., Ltd. from Fubon Financial Holdings Co., Ltd. in cash and issued new shares on April 9, 2023. According to (100) Letter No.390 explanation issued by the Accounting Research and Development Foundation, the above transaction is a business combination under common control, and shall be treated as the business combination from the beginning. Therefore, the Group has restated the comparative information on 2022 retroactively when preparing and presenting its consolidated financial statements as of December 31, 2023. Please refer to Note 1 for details. We do not revise our opinion thereon.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. The valuation of financial instruments

   Please refer to Note 4 (g) “Financial instruments” for related accounting policy, Note 5 (a) for accounting assumptions and estimates, and Note 6(ah) “Disclosure of financial instruments” for details of valuation on financial instruments.

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

   <u>We performed our audit procedures by:</u>

   · Inspecting the internal control procedures for fair value measurement performed by the management.

   · Appointing our valuation specialists to assess the reasonableness of valuation techniques and to test the key parameters of financial assets without active market prices, wherein valuation models are used to ensure that the applied valuation techniques are in accordance with IFRS 13 “Fair Value Measurement”.

   · Verifying whether the presentation and disclosure of financial instruments are in accordance with the International Financial Reporting Standards.

2. The valuation of investment property

   Please refer to Note 4 (m) “Investment property” for related accounting policy, Note 5 (b) for accounting assumptions and estimates, and Note 6(m) “Investment property” for details of the valuation of investment properties.

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

   <u>We performed our audit procedures by:</u>

   · Inspecting whether the internal control procedure of investment property appraisals performed by professional evaluation agencies is in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

   · Verifying whether the presentation and disclosure of investment property are in accordance with IFRSs and the “Regulations Governing the Preparation of Financial Reports by Securities Firms”.

   · Evaluating the reasonableness of the management’s assessment on the valuation of investment property based on the evidences obtained from the audit team and the external estate appraiser joint firms, as well as appraisal reports and observable market evidences.

Other Matter

Fubon Securities Co., Ltd. has prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022 (restated), on which we have issued an unmodified opinion with emphasis of matter paragraph.

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 Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the 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 Lee, Feng-Hui and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 13, 2024

Notes to Readers

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

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

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 (Restated) Amount	%
	Current assets:				
111100	Cash and cash equivalents (notes 6(a), (ai), (al) and 7)	$ 39,576,593	16	44,012,226	23
112000	Financial assets measured at fair value through profit or loss－current (notes 6(b), (v), (ai), (aj), (ak) and 7)	50,781,149	21	24,670,277	13
113200	Financial assets measured at fair value through other comprehensive income－current (notes 6(c), (ai), (aj), 7 and 8)	17,848,174	7	7,832,791	4
114010	Securities purchased under resell agreements (notes 6(d) and (ai))	2,791,434	1	-	-
114030	Receivables from pecuniary finance (notes 6(e) and (ai))	32,000,386	13	21,505,925	11
114040	Margin deposits for securities refinance (note 6(e))	9,614	-	66,650	-
114050	Receivables from securities refinance (note 6(e))	8,012	-	52,120	-
114060	Receivables from securities borrowing and lending (note 6(f))	14,959,805	6	11,881,883	6
114070	Customer margin account (notes 6(g), (ai) and 7)	26,715,359	12	31,425,419	16
114090	Collateral for borrowed securities (note 6(ai))	-	-	66,922	-
114100	Margin deposits for borrowed securities (notes 6(ai) and 7)	4,514,029	2	5,619,101	3
114130	Notes and accounts receivable (notes 6(h) and (ai))	27,971,932	11	15,534,146	8
114140	Accounts receivable－related parties (notes 6(h), (ai) and 7)	56,501	-	18,346	-
114150	Prepayments (note 7)	71,540	-	87,869	-
114170	Other receivables	692,645	-	134,003	-
114180	Other receivables－related parties (note 7)	198,100	-	117,236	-
114600	Current tax assets	353	-	670	-
119000	Other current assets (notes 6(ai), 7 and 8)	4,044,357	2	4,109,940	2
	Total current assets	222,239,983	91	167,135,524	86
	Non-current assets:				
123200	Financial assets measured at fair value through other comprehensive income－non-current (notes 6(i), (ah), (ai) and 8)	10,501,457	4	13,244,818	7
124100	Investments accounted for using the equity method (note 6(j))	1,888,087	1	1,910,341	1
125000	Property and equipment (notes 6(k), 7 and 8)	3,937,262	2	3,797,933	2
125800	Right-of-use assets (notes 6(l) and 7)	459,069	-	549,868	-
126000	Investment property (notes 6(m), (ah), 7 and 8)	1,444,990	1	1,282,969	2
127000	Intangible assets (note 6(n))	512,961	-	478,557	-
128000	Deferred tax assets (note 6(ac))	639,325	-	592,595	1
129000	Other non-current assets (notes 6(o), (p), (q) and 7)	2,016,693	1	2,457,542	1
	Total non-current assets	21,399,844	9	24,314,623	14
	Total assets	$ 243,639,827	100	191,450,147	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 (Restated) Amount	%
	Current liabilities:				
211100	Short-term borrowings (notes 6(r) and (ai))	$ 1,124,892	-	190,000	-
211200	Commercial paper issued (notes 6(s) and (ai))	34,424,698	14	7,389,379	4
212000	Financial liabilities measured at fair value through profit or loss－current (notes 6(t), (v), (ah), (ai) and 7)	15,602,929	7	10,122,205	5
214010	Securities sold under repurchase agreements (notes 6(u) and (ai))	31,147,343	13	9,203,271	5
214040	Securities financing refundable deposits (notes 6(e) and (ai))	3,017,750	1	5,347,197	3
214050	Deposits payable for securities financing (notes 6(e) and (ai))	3,433,528	2	4,823,219	2
214070	Securities lending refundable deposits (note 6(ai))	37,472,020	15	30,692,886	16
214080	Futures traders' equity (notes 6(ai) and 7)	26,715,359	11	31,425,419	16
214130	Notes and accounts payable (notes 6(w) and (ai))	24,390,473	10	14,942,419	8
214140	Notes and accounts payable－related parties (notes 6(w), (ai) and 7)	23,159	-	46,815	-
214170	Other payables (note 6(x))	4,355,194	2	3,715,735	2
214180	Other payables－related parties (notes 6(x) and 7)	149,187	-	72,528	-
214600	Current tax liabilities (note 7)	888,821	-	1,105,386	1
216000	Lease liabilities- current (notes 6(z), (ai) and 7)	199,506	-	248,223	-
219000	Other current liabilities (notes 6(y), (ai) and 7)	4,759,838	2	3,633,562	2
	Total current liabilities	187,704,697	77	122,958,244	64
	Non-Current liabilities:				
225100	Provisions－non-current (notes 6(aa) and (ab))	752,246	-	972,377	1
226000	Lease liabilities- non-current (notes 6(z), (ai) and 7)	266,061	-	308,582	-
228000	Deferred tax liabilities (note 6(ac))	313,030	-	479,972	-
229000	Other non-current liabilities (note 7)	11,568	-	13,032	-
	Total non-current liabilities	1,342,905	-	1,773,963	1
	Total liabilities	189,047,602	77	124,732,207	65
	Equity attributable to shareholders of the company (note 6(ad)):				
301000	Share capital	16,258,551	7	10,643,550	6
302000	Capital surplus	10,054,500	4	69,671	-
	Retained earnings:				
304010	Legal reserve	6,440,591	3	6,260,270	3
304020	Special reserve	11,079,570	5	11,083,275	6
304040	Undistributed retained earnings	7,055,595	3	1,803,208	1
		24,575,756	11	19,146,753	10
305000	Other equity interests	3,638,597	1	3,302,630	2
	Total equity attributable to shareholders of the company	54,527,404	23	33,162,604	18
305600	Equity attributable to former owner of business combination under common control	-	-	33,447,337	17
306000	**Non-controlling interests**	64,821	-	107,999	-
	Total equity	54,592,225	23	66,717,940	35
	Total liabilities and equity	$ 243,639,827	100	191,450,147	100

See accompanying notes to consolidated financial statements.

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022 (Restated)	
		Amount	%	Amount	%
	Revenue:				
401000	Brokerage handling fee revenue (notes 6(ag) and 7)	$ 10,412,334	55	9,932,586	61
403000	Income from securities lendings	1,796,369	10	1,602,539	10
404000	Revenues from underwriting business (notes 6(ag) and 7)	486,681	3	366,205	2
406000	Gains on wealth management (note 7)	68,526	-	69,265	-
410000	Gains (losses) on sale of operating securities (notes 6(ag) and 7)	2,547,920	14	(524,284)	(3)
421100	Revenue from providing agency service for stock affairs (note 7)	120,611	1	147,459	1
421200	Interest revenue (notes 6(ag) and 7)	2,536,027	13	1,968,540	12
421300	Dividend revenue (notes 6(c) and 7)	1,348,670	7	1,338,818	8
421500	Valuation gains (losses) on operating securities measured at fair value through profit or loss (notes 6(ag) and 7)	1,752,126	9	(1,699,412)	(10)
421600	Gains (losses) on covering of borrowed securities and bonds with resale agreements－short sales	(70,107)	-	1,214,376	7
421610	Valuation gains (losses) on borrowed securities and bonds with resale agreements－ short sales at fair value through profit or loss	(282,529)	(2)	542,333	3
422200	Gains (losses) from issuance of call (put) warrants (notes 6(ag) and 7)	(250,239)	(1)	315,935	2
424300	Revenue from consignment of clearing and settlement	10,108	-	10,583	-
424400	Gains (losses) from derivatives－futures (note 6(v))	(514,681)	(3)	(645,694)	(4)
424500	Gains (losses) from derivatives－OTC (note 6(v))	(1,511,800)	(8)	1,753,505	11
425300	Expected credit losses (reversal of impairment loss)	(6,086)	-	3,263	-
428000	Other operating income (notes 6(ag), (al) and 7)	316,573	2	(27,867)	-
	Total Revenue	18,760,503	100	16,368,150	100
	Expenditure and expense:				
501000	Brokerage handling fee expense (note 7)	884,953	5	883,626	5
502000	Proprietary handling fee expense (note 7)	28,506	-	23,370	-
503000	Refinancing processing fee expense	2,967	-	4,011	-
504000	Underwriting operation processing fee expense	4,294	-	3,089	-
521200	Finance costs (notes 6(z), (ag) and 7)	2,817,009	15	775,556	5
521640	Losses from securities borrowing transactions	92,878	-	327,533	2
524100	Futures commission expense	144,262	1	160,976	1
524200	Securities commission expense	123	-	151	-
524300	Expense of clearing and settlement (note 7)	126,968	1	166,066	1
528000	Other operating expenditure (note 7)	68,806	-	86,547	1
531000	Employee benefits expense (notes 6(ab), (af), (ag), 7 and 12)	6,143,169	33	5,337,166	32
532000	Depreciation and amortization expense (notes 6(ag) and 12)	640,917	3	649,566	4
533000	Other operating expense (notes 6(m), (z), (ag) and 7)	3,710,459	20	3,543,017	22
	Total expenditure and expense	14,665,311	78	11,960,674	73
	Net operating income	4,095,192	22	4,407,476	27
	Non-operating income and expenses:				
601000	Share of profit (loss) of associates and joint ventures accounted for using equity method	81,662	-	(420,745)	(3)
602000	Other gains and losses (notes 6(i), (m), (ag) and 7)	3,583,762	19	1,735,031	11
	Total non-operating income and expenses	3,665,424	19	1,314,286	8
	Net income before tax from continuing operations	7,760,616	41	5,721,762	35
701000	**Less: Income tax expense (note 6(ac))**	706,531	4	1,271,851	8
	Net income	7,054,085	37	4,449,911	27
805000	**Other comprehensive income:**				
805500	**Items not to be reclassified to profit or loss**				
805510	Losses on remeasurements of defined benefit plans (note 6(ab))	(7,878)	-	97,684	1
805520	Revaluation gains on property	9,501	-	5,553	-
805540	Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	(1,586,196)	(8)	(4,012,438)	(24)
805550	Share of other comprehensive income of associates and joint ventures accounted for using equity method - items not to be reclassified to profit or loss	(102,386)	(1)	225,383	1
805599	Less: Income tax related to items not to be reclassified to profit or loss (note 6(ac))	(1,531)	-	21,067	-
	Subtotal of items not to be reclassified to profit or loss	(1,685,428)	(9)	(3,704,885)	(22)
805600	**Items that may be subsequently reclassified to profit or loss**				
805610	Exchange differences on translation of foreign operations	(64,910)	-	242,887	1
805615	Unrealized gains (losses) from debt instruments measured at fair value through other comprehensive income	261,493	1	35,532	-
805699	Less: Income tax related to items that may be subsequently reclassified to profit or loss (note 6(ac))	868	-	23,303	-
	Subtotal of items that may be subsequently reclassified to profit or loss	195,715	1	255,116	1
805000	**Other comprehensive income**	(1,489,713)	(8)	(3,449,769)	(21)
	Total comprehensive income	**$ 5,564,372**	**29**	**1,000,142**	**6**
	Consolidated net income attributable to:				
	Owners of parent	$ 6,959,807	36	2,743,654	16
	Equity attributable to former owner of business combination under common control	94,425	1	1,278,803	8
913200	Non-controlling interests	(147)	-	427,454	3
		$ 7,054,085	**37**	**4,449,911**	**27**
	Total comprehensive income attributable to:				
	Owners of parent	$ 5,821,179	30	759,697	5
	Equity attributable to former owner of business combination under common control	(258,275)	(1)	185,551	1
	Non-controlling interests	1,468	-	54,894	-
		$ 5,564,372	**29**	**1,000,142**	**6**
	Basic earnings per share (in New Taiwan Dollars) (note 6(ae))	**$**	**4.34**		**2.47**

See accompanying notes to consolidated financial statements.

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Share capital		Retained earnings				Total other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation gains	Total	Total equity attributable to owners of parent	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 10,643,550	68,581	5,571,271	11,025,254	6,889,986	23,486,511	(202,453)	4,508,921	39,673	4,346,141	38,544,783	-	64,987	38,609,770
Retrospective adjustment of equity attributable to former owner due to reorganization of entities under common control	-	-	-	-	-	-	-	-	-	-	-	20,918,535	14,948,690	35,867,225
Equity at beginning of period after adjustments	10,643,550	68,581	5,571,271	11,025,254	6,889,986	23,486,511	(202,453)	4,508,921	39,673	4,346,141	38,544,783	20,918,535	15,013,677	74,476,995
Net income	-	-	-	-	2,743,654	2,743,654	-	-	-	-	2,743,654	1,278,803	427,454	4,449,911
Other comprehensive income	-	-	-	-	(1,705)	(1,705)	93,209	(2,079,114)	3,653	(1,982,252)	(1,983,957)	(1,093,252)	(372,560)	(3,449,769)
Total comprehensive income	-	-	-	-	2,741,949	2,741,949	93,209	(2,079,114)	3,653	(1,982,252)	759,697	185,551	54,894	1,000,142
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	688,999	-	(688,999)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	58,021	(58,021)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(6,142,966)	(6,142,966)	-	-	-	-	(6,142,966)	(1,535,814)	(1,080,565)	(8,759,345)
Changes in equity of associates and joint ventures accounted for using equity method	-	1,090	-	-	-	-	-	-	-	-	1,090	-	-	1,090
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(942)	(942)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(938,741)	(938,741)	-	938,741	-	938,741	-	-	-	-
Changes in equity attributable to former owner of combination under common control	-	-	-	-	-	-	-	-	-	-	-	13,879,065	(13,879,065)	-
Balance at December 31, 2022	10,643,550	69,671	6,260,270	11,083,275	1,803,208	19,146,753	(109,244)	3,368,548	43,326	3,302,630	33,162,604	33,447,337	107,999	66,717,940
Net income	-	-	-	-	6,959,807	6,959,807	-	-	-	-	6,959,807	94,425	(147)	7,054,085
Other comprehensive income	-	-	-	-	(6,885)	(6,885)	(49,702)	(1,090,895)	8,854	(1,131,743)	(1,138,628)	(352,700)	1,615	(1,489,713)
Total comprehensive income	-	-	-	-	6,952,922	6,952,922	(49,702)	(1,090,895)	8,854	(1,131,743)	5,821,179	(258,275)	1,468	5,564,372
Appropriation and distribution of retained earnings:														
Legal reserve	-	-	180,321	-	(180,321)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,626,592)	(1,626,592)	-	-	-	-	(1,626,592)	(1,020,549)	-	(2,647,141)
Reversal of special reserve	-	-	-	(3,705)	3,705	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	30	-	-	-	-	-	-	-	-	30	-	-	30
Shares issued for pursuant to acquisitions	5,615,001	4,761,231	-	-	-	-	-	-	-	-	10,376,232	-	-	10,376,232
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(44,646)	(44,646)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	100,815	100,815	-	(100,815)	-	(100,815)	-	-	-	-
Reorganization	-	5,223,568	-	-	1,858	1,858	70,734	1,496,820	971	1,568,525	6,793,951	(32,168,513)	-	(25,374,562)
Balance at December 31, 2023	**$ 16,258,551**	**10,054,500**	**6,440,591**	**11,079,570**	**7,055,595**	**24,575,756**	**(88,212)**	**3,673,658**	**53,151**	**3,638,597**	**54,527,404**	**-**	**64,821**	**54,592,225**

See accompanying notes to consolidated financial statements.

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
Cash flows from (used in) operating activities, indirect method:		
Income before income tax	$ 7,760,616	5,721,762
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	458,212	492,780
Amortization expense	182,705	167,454
Expected credit losses (reversal of impairment loss)	6,086	(3,263)
Net gain on financial assets or liabilities at fair value through profit or loss	(416,851)	(820,210)
Interest expense	2,817,009	775,556
Interest revenue (including financial income)	(4,864,244)	(2,733,008)
Dividend revenue	(1,694,095)	(1,748,667)
Share of loss (profit) of associates and joint ventures accounted for using equity method	(81,662)	420,745
Loss (gain) on disposal of property and equipment	3,595	(1,112)
Loss (gain) on disposal of investments	(1,363,479)	292,903
Loss (gain) on non-operating financial instruments measured at fair value	(17,662)	77,967
Impairment loss on non-financial assets	20,116	12,298
Loss (gain) on fair value adjustment of investment property	(139,618)	39,332
Other adjustments	(2,471)	(119)
Total adjustments to reconcile loss	(5,092,359)	(3,027,344)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in financial assets at fair value through profit or loss	(23,751,645)	2,769,349
Increase in bond investments under resale agreements	(2,791,434)	-
Decrease (increase) in margin loans receivable	(10,494,461)	15,904,237
Decrease (increase) in refinancing margin	57,036	(41,140)
Decrease (increase) in refinancing collateral receivable	44,108	(30,752)
Increase in receivable of securities business money lending	(3,077,922)	(1,911,630)
Decrease (increase) in customer margin account	4,710,060	(1,113,667)
Decrease in security borrowing collateral price	66,922	25,219
Decrease (increase) in security borrowing margin	1,105,072	(300,193)
Decrease (increase) in notes receivable	120	(76)
Decrease (increase) in accounts receivable	(12,148,883)	14,087,730
Increase in accounts receivable - related parties	(38,155)	(4,559)
Decrease in other prepayments	16,312	541,772
Increase in other receivables	(489,929)	(6,582)
Decrease (increase) in other receivables - related parties	(80,864)	39,956
Decrease (increase) in financial assets at fair value through other comprehensive income	(8,604,240)	18,913,938
Decrease in other current assets	65,583	26,115,834
Increase in overdue receivable	(7,752)	(53,286)
Subtotal of changes in operating assets	(55,420,072)	74,936,150
Changes in operating liabilities:		
Increase (decrease) in liabilities for bonds with attached repurchase agreements	21,944,072	(18,733,340)
Increase (decrease) in financial liabilities at fair value through profit or loss	4,923,517	(950,470)
Increase (decrease) in securities financing refundable deposits	(2,329,447)	1,366,088
Increase (decrease) in deposits payable for securities financing	(1,389,691)	243,164
Increase in securities lending refundable deposits	6,779,134	11,206,437
Increase (decrease) in futures traders' equity	(4,710,060)	1,113,667
Increase (decrease) in accounts payable	9,448,220	(14,811,225)
Decrease in accounts payable - related parties	(23,656)	(15,656)
Increase (decrease) in other payables	588,489	(638,237)
Increase (decrease) in other payables - related parties	76,659	(32,776)
Decrease in provisions	(228,009)	(614,886)
Increase (decrease) in other current liabilities	1,126,276	(26,587,815)
Decrease in guarantee deposit received	(1,464)	(1,948)
Subtotal of changes in operating liabilities	36,204,040	(48,456,997)
Subtotal of changes in operating assets and liabilities	(19,216,032)	26,479,153
Subtotal of all adjustments	(24,308,391)	23,451,809
Cash flows from (used in) operations	(16,547,775)	29,173,571
Interest received	4,540,722	2,852,848
Dividends received	1,666,977	1,751,412
Interest paid	(2,767,087)	(571,202)
Income taxes paid	(1,135,807)	(1,520,640)
Net Cash flows from operating activities	(14,242,970)	31,685,989

See accompanying notes to consolidated financial statements.

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022 (Restated)
Cash flows used in investing activities:		
Proceeds from disposal of investments accounted for using equity method	$ 36	-
Acquisition of property and equipment	(200,994)	(69,224)
Proceeds from disposal of property and equipment	-	43,022
Decrease (increase) in operation guarantee	400,000	(20,000)
Decrease in deposits settlement fund	33,634	78,484
Decrease (increase) in refundable deposits	(11,475)	159,433
Acquisition of intangible assets	(96,134)	(66,910)
Acquisition of right-of-use assets	(22)	(21)
Decrease in other non-current assets	(6,448)	(32,518)
Increase in prepayment for land and building	(14,155)	(20,420)
Increase in prepayments for business facilities	(235,148)	(115,283)
Dividends received	1,560	24,956
Change in equity attributable to former owner of business combination under common control	(15,000,023)	-
Net cash flows used in investing activities	(15,129,169)	(18,481)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	934,892	(188,366)
Increase (decrease) in commercial papers payable	27,035,319	(7,158,116)
Payment of lease liabilities	(278,619)	(303,325)
Cash dividends paid	(2,647,141)	(8,759,345)
Change in non-controlling interests	(44,646)	(942)
Net cash flows from (used in) financing activities	24,999,805	(16,410,094)
Effect of exchange rate changes on cash and cash equivalents	(63,299)	247,228
Net increase (decrease) in cash and cash equivalents	(4,435,633)	15,504,642
Cash and cash equivalents at beginning of period	44,012,226	28,507,584
Cash and cash equivalents at end of period	**$ 39,576,593**	**44,012,226**

See accompanying notes to consolidated financial statements.

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

(1) Company history

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

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

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

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

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

The Company's parent and ultimate parent is Fubon Financial Holding Co., Ltd. The registered address of the Company is 3F and 4F., No.169 Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.). As of December 31, 2023, there were 57 branches (including head office) established for operating.

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

On March 13, 2024, the consolidated financial statements were presented to the Board of Directors and authorized for issuance afterward.

(3) New standards, amendments and interpretations adopted:

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

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

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

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform – Pillar Two Model Rules”

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

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

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

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

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

- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies

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

The material accounting policies adopted in these consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies have been applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Firms", "Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (the IFRSs endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profit or loss (including derivative financial instruments).

2) Financial assets measured at fair value through other comprehensive income.

3) Investment property.

4) The defined benefit liabilities, which is recognized as plan assets at fair value, less, the present value of the defined benefit obligation and the effect of the ceiling.

(ii) Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the Group entities operate. The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Principles of consolidation

(i) Principles of preparation of the consolidated financial statements

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

(Continued)

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

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

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

Changes in ownership interest

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

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2023**	**December 31, 2022 (Restated)**
The Company	Fubon Futures Co., Ltd. (Note 1)	Futures	100 %	100 %
The Company	Fubon Investment Service Co., Ltd.	Investment Service	100 %	100 %
The Company	Fubon Investment Holding (BVI) Ltd.	Investment Holding	100 %	100 %
The Company	Fubon Securities Venture Capital Co., Ltd.	Venture Capital	100 %	100 %
The Company	Fubon Mintou Venture Capital Co., Ltd.	Venture Capital	67 %	67 %
The Company	JihSun International Investment Holding Ltd. (Notes 1 and 3)	Investment Holding	- %	100 %
The Company	JihSun Securities Investment Consulting Co., Ltd. (Note 1)	Investment Service	- %	100 %
The Company	JS CRESVALE Securities International Ltd. (Notes 1 and 2)	Securities business	100 %	100 %
Fubon Investment Holding (BVI) Ltd.	Fubon Securities (HK) Ltd.	Securities business	100 %	100 %
JS CRESVALE Securities International Ltd.	JS CRESVALE Capital Ltd. (Note 1)	Stock and futures brokerage, sales of mutual funds	100 %	100 %

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

Note 2: The subsidiary, JihSun International Investment Holding Ltd. had been liquidated, wherein its entire shareholding in JS CRESVALE Securities International was transferred to Fubon Securities, with the approval of its board on August 15, 2023. Thereafter, JS CRESVALE Securities International Ltd., with the approval of its board on August 18, 2023, changed its shareholder from JihSun International Investment Holding Ltd. to Fubon Securities on September 14, 2023.

Note 3: The subsidiary, JihSun International Investment Holding Ltd. had been liquidated on December 27, 2023, wherein the certificate of dissolution was issued by the authority of Cayman Islands on January 2, 2024.

(d) Foreign currency transactions

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated into the presentation currency at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the foreign currency translation adjustment related to that foreign operation is reclassified to profit or loss as part of the gains or losses on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant cumulative amount of foreign currency translation adjustments is reattributed proportionately to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant foreign currency cumulative amount of translation adjustments is reclassified proportionately to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered as part of a net investment in a foreign operation and are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, unrestricted time deposits which may be terminated anytime without impairing the principal and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(g) Financial instruments

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group’s right to receive payment is established.

(Continued)

3) Fair value through profit or loss (FVTPL)

Financial assets that are not measured at amortized cost or at FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes a combined assessment of the objective of the business model of financial assets which best reflect the management and the information delivery. The information considered includes:

· the stated policies and objectives of the portfolio and how they are operating, including whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to related liabilities or expected cash outflows, or realizing cash flows through the sale of the assets;

· how the performance of the portfolio is evaluated and reported to the Group' s management;

· the risks that affect the performance of the business model (and the financial assets held within that business model) and how the risks are managed;

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations for future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ' principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

· contingent events that would change the amount or timing of cash flows;

· terms that may adjust the contractual coupon rate, including variable rate features;

· prepayment and extension features; and

· terms that limit the Group’ s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, other receivables, guarantee deposits and other financial assets), and debt investments measured at FVOCI.

The Group assesses that whether the credit risk of financial instruments has increased significantly since initial recognition. To measure loss allowance, lifetime ECL measurement applies for those financial assets that have suffered a significant increase in credit risk since initial recognition and 12-month ECL measurement for those have not at each reporting date.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information, which is available without undue cost or effort, including both quantitative and qualitative information, as well as analysis based on the Group’ s historical experience, credit assessment and forward-looking information.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt investments measured at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

7) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities

1) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

4) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, the Group will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group will first update the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Group will apply the policies on accounting for modifications to the additional changes.

(iii) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Investment in associates

Associates are those entities in which the Group has the power to exercise significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial statements include the Group’s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate’s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group’s interests in the associate.

When the Group’s share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

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When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings.

(i) Bonds investment with agreement

Repo and reverse repo bond transactions are the sale or purchase of bonds coupled with an agreement to repurchase or resell the same or substantially identical bonds at a stated price. The securities sold or purchased are treated as collateral for financing transactions and not as the sale or purchase of trading securities. Repo and reverse repo bond transactions are recorded as bonds sold under repurchase agreements and bonds purchased under resale agreements, respectively.

The difference between the selling and the purchase prices during the holding period for repo and reverse repo bond transactions is treated as finance cost or interest income. Repo and reverse repo bonds remain under the original operating account and are unaffected by temporary transfer in or out.

(j) Pecuniary and securities financing and refinancing

Pecuniary finance represents loans extended to securities investors and is accounted for as receivable from pecuniary finance. Such loans are secured by the securities purchased by investors. These securities are not reflected in the financial statements of the Group. These securities are returned to investors when investors terminate pecuniary financing.

Securities finance is affected by lending securities under custody that are received from pecuniary finance or borrowed from securities finance companies to investors. Such securities finance is not reflected in the financial statements of the Group. The investors' deposits for borrowing securities are held by the Group as collateral and are recorded under securities financing refundable deposits. In addition, investors are required to deposit the proceeds from sales of borrowed securities. Such deposits are accounted for as deposits payable for securities financing.

Pecuniary refinancing represents loans from securities finance companies when the Group lacks sufficient funds to perform pecuniary financing. These loans are recorded as refinance borrowings.

Securities refinancing represents borrowing securities from securities finance companies when the Group does not have sufficient securities to perform securities financing. For securities refinancing, the Group pays margin deposits to securities finance companies. These margin deposits are recorded as margin deposits for securities refinance. The Group also provides securities investors' proceeds from selling borrowed securities to securities finance companies as collateral and records them under deposits payable for securities financing and receivables from securities refinance.

(Continued)

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(k) Securities lending

The Group lends only the following securities in conducting securities lending business: the securities held for the Group's own account, the securities borrowed through the securities lending system of a securities exchange, and the collateral securities obtained in connection with customer margin purchases when conducting securities trading margin purchase and short sale business.

As the securities held for the Group's own account are for lending to securities borrowers, these securities shall be transferred out from the original account to securities lent for securities financing and measured at fair value. The securities borrowed through the securities lending system of a securities exchange are not reflected in the financial statements of the Group. The collateral securities obtained in connection with customer margin purchases when conducting securities trading margin purchase and short sale business are not reflected in the financial statements of the Group either because these collateral securities are the collateral of the borrowers.

If the collateral from securities lending is other securities, the Group will not have to record them in the financial statements but will have to record them in each borrower's account for each trade. For cash collateral, it will be recognized as securities lending refundable deposits. When the value of the collateral is insufficient, the Group will inform the borrower to make up the difference.

The fee from securities lending business is recognized as income from securities lending.

(l) Customer margin account

Customer margin account presented under current assets includes trading margins received from customers and the gains (losses) generated from unsettled futures contracts based on daily market values. The following are included in customer margin account:

(i) Deposits: Futures commission merchants deposit initial margins and premiums of traders in "customer margin account" accounts at banks.

(ii) Clearing balances of futures clearing house: Futures commission merchants qualified as clearing members appropriate initial margins and premiums of traders to the clearing balance of the clearing house.

(iii) Clearing balances of other futures commission merchants: Futures dealers not qualified as clearing members appropriate initial margins and premiums of traders to the clearing balance of futures dealers qualified as clearing members.

(m) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in ‘other equity - revaluation surplus’ is transferred to retained earnings.

(Continued)

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

The Group transfers investment property in or out based on its actual use. Transfers between categories should be based on market values, and accounting treatment should be conducted in accordance with IAS 40 " Investment Property".

(n) Property and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognized in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in 'other equity - revaluation surplus'.

Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(iii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iv) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property and equipment.

Land is not depreciated.

(Continued)

The estimated useful lives of property and equipment for current and comparative periods are as follows:

Buildings	25~55 years
Transportation equipment	5 years
Office equipment	3~ 5 years
Other equipment	3~ 5 years
Leasehold improvement	3~ 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the year and adjusted if appropriate.

(o) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments);
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group’ estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the evaluation of asset purchase option; or

— there is a change of the assessment on whether it will exercise a purchase, extension or termination option; or

— there is any modifications in the asset, scope or other terms in the lease

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for the interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

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The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(p) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

Operating right and customer relationship	10 years
Computer software	3~5 years

Amortization methods, useful lives and residual values are reviewed at the end of the year and adjusted if appropriate.

(q) Impairment of non-financial instruments

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets and investment properties, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

(Continued)

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(r) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest cost.

Under IAS 37 as endorsed by the FSC, the Group should estimate the costs of dismantling, relocating and restoring the leased assets at the end of the lease term, and the costs are estimated based on discounted present value.

(s) Futures traders' equity

Payables to customers presented under current liabilities correspond to futures trading margin. The account will be recorded as futures trading margin receivable when it becomes a debit balance.

(t) Revenue recognition

The Group's major revenue and cost recognition principles are as follows:

(i) Brokerage handling fee revenue, futures commission revenue, profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognized at the trading date.

(ii) Interest income or expense from margin loans, securities financing and refinancing, and bonds purchased under agreements to resell and sold under agreements to repurchase are recognized on an accrual basis.

(iii) Recognition of service revenue depends on the degree of service delivered.

(iv) Gains or losses on disposal of equity investments of financial assets measured at fair value are recognized at the trading date.

(v) Dividend revenue are recognized when the Group has the defined right to receive the payment.

(vi) Gains or losses on futures and options trade: Trading margin is recognized at cost and measured through mark-to-market valuation. The gains or losses from mark-to-market, reversed futures trading or settled contracts are recognized as gains or losses in the current period; dealing handling fee expenditures are recognized on the date of futures and options transaction.

(Continued)

(u) Employee benefits

(i) Defined contribution plans

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

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

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

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

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

(Continued)

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(iv) Other long-term employee benefits

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

(v) Income tax

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

(i) Current income tax

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

(ii) Deferred income tax

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

1) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

3) taxable temporary differences arising on the initial recognition of goodwill.

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

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

(Continued)

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

(w) Business combination

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

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

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

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

(x) Earnings per share

The Group discloses the Company’ s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation. The effect of any increase in outstanding shares due to the issuance of common stock from capitalization of retained earnings or capital surplus approved in the shareholders’ meeting is retroactively adjusted.

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(y) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The following assumptions and estimation uncertainties have a significant risk of material adjustments in the carrying amounts of assets and liabilities in the next financial year and have reflected the impact of the COVID-19, information is as follows:

(a) Fair value of financial instruments

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

(b) Fair value of investment property

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

(c) Assessment of financial assets’ impairment

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

(d) Income tax

The Group calculates its income tax in accordance with the local ordinances. The possible difference in tax base and calculation between the Group and the tax authorities leads to the uncertainty of income tax. The Group recognizes related income tax and deferred income tax by assessing possible additional income tax pursuant to the transactions and calculations for the tax. If the final tax determined by the authorities differs from the initial recognized amount, the difference will affect the income tax and deferred income tax accounts. Please refer to note 6 (ac) for the recongnition of income tax.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022 (Restated)
Petty cash	$ 3,200	2,207
Demand deposits and checking accounts	3,090,656	4,058,617
Time deposits	1,860,169	5,480,888
Foreign currency deposits	34,622,568	29,474,083
Cash and cash equivalents－commercial paper	-	4,996,431
Total	**$ 39,576,593**	**44,012,226**

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

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

	December 31, 2023	December 31, 2022 (Restated)
Financial assets mandatorily measured at fair value through profit or loss:		
Non-hedge derivative instruments	$ 1,202,184	976,276
Non-derivative financial assets	49,578,965	23,694,001
Total	**$ 50,781,149**	**24,670,277**

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The related accounts were as follows:

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

	December 31, 2023	December 31, 2022 (Restated)
Securities invested by broker	$ 563,405	526,875
Open-end funds, money market instruments and other securities	331,550	287,819
Operating securities－dealing	28,228,111	9,672,342
Operating securities－underwriting	555,774	215,514
Operating securities－hedging	19,900,125	12,991,451
Total	**$ 49,578,965**	**23,694,001**

1) Details of securities invested by broker

	December 31, 2023	December 31, 2022 (Restated)
Securities invested by broker	$ 772,039	648,817
Valuation adjustment	(208,634)	(121,942)
Total	**$ 563,405**	**526,875**

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

	December 31, 2023	December 31, 2022 (Restated)
Open-end funds, money market instruments and other securities	$ 315,438	280,986
Valuation adjustment	16,112	6,833
Total	**$ 331,550**	**287,819**

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3) Operating securities

		December 31, 2023	December 31, 2022 (Restated)
Dealing department－domestic:			
Listed stocks and funds－TWSE	$	4,820,518	2,305,519
Listed stocks and funds－TPEx		1,402,025	297,737
Bonds		11,232,678	6,100,717
Emerging stocks and funds－TPEx		661,679	451,538
Others		339,880	252,649
Subtotal		18,456,780	9,408,160
Dealing department－foreign:			
Bonds		9,026,077	92,250
Subtotal		9,026,077	92,250
Valuation adjustment		745,254	171,932
Total	$	**28,228,111**	**9,672,342**

		December 31, 2023	December 31, 2022 (Restated)
Underwriting department－domestic:			
Listed stocks－TWSE	$	4,290	-
Listed stocks－TPEx		15,985	770
Bonds		499,659	219,769
Others		-	8
Subtotal		519,934	220,547
Valuation adjustment		35,840	(5,033)
Total	$	**555,774**	**215,514**

		December 31, 2023	December 31, 2022 (Restated)
Hedging department－domestic:			
Listed stocks and warrants－ TWSE	$	3,025,680	508,552
Listed stocks and warrants－TPEx		306,975	142,956
Bonds		16,050,216	13,166,326
Subtotal		19,382,871	13,817,834
Hedging department－foreign:			
Others		124,916	-
Valuation adjustment		392,338	(826,383)
Total	$	**19,900,125**	**12,991,451**

(Continued)

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

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

	December 31, 2023	December 31, 2022 (Restated)
Futures trading margin－proprietary funds	$ 698,550	398,978
Interest rate swap contracts	461,842	566,469
IRS portion of asset swap contracts	8,373	4,117
Foreign exchange derivatives	32,738	6,706
Call options	681	6
Total	**$ 1,202,184**	**976,276**

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

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

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

	December 31, 2023	December 31, 2022 (Restated)
Debt investments measured at fair value through other comprehensive income:		
Government bonds	$ 100,048	100,138
Corporate bonds	1,700,000	1,100,000
Foreign bonds	10,971,698	2,787,798
Valuation adjustment	51,202	(207,742)
Subtotal	12,822,948	3,780,194
Equity investments measured at fair value through other comprehensive income:		
Stocks	4,593,669	4,136,614
Valuation adjustment	431,557	(84,017)
Subtotal	5,025,226	4,052,597
Total	**$ 17,848,174**	**7,832,791**

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

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

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

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

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

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

	2023	2022 (Restated)
Dividend income	$ 708,414	1,067,584

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

	2023	2022 (Restated)
Dividend income	$ 584,666	857,866

For the years ended December 31, 2023 and 2022 (restated), the Group has sold the stocks designated as at fair value through other comprehensive income for allocation and reconciliation of the portfolios. The sold stocks had a fair value of $11,287,483 and $20,401,270, respectively, and the Group recognized accumulated gain (loss) of $(131,422) and $(1,825,059). The accumulated gain (loss) has been transferred from other equity interests to retained earnings.

(iii) Information of fair value and risk management, please refer to note 6 (ah) and (ai) for details.

(iv) The guarantee of the financial assets measured at fair value through other comprehensive income－current provided as pledged assets, please refer to note 8 for details.

(d) Securities purchased under resell agreements

	December 31, 2023	December 31, 2022
Pecuniary financing	$ 2,791,434	-
The end date of the holding period	Open Tenor	
Interest rate range	5.05%~5.2%	-

(e) Pecuniary and securities financing and refinancing

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

	December 31, 2023		
	Shares (thousands)	Face value	Market value
Collateral securities for pecuniary financing	940,424	$ 9,404,241	55,025,003
Securities lent for securities financing	44,921	$ 449,210	3,754,192

	December 31, 2022 (Restated)		
	Shares (thousands)	Face value	Market value
Collateral securities for pecuniary financing	802,679	$ 8,026,794	33,557,984
Securities lent for securities financing	72,233	$ 722,330	4,865,401

(Continued)

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

Pecuniary finance represents loans extended to securities investors and is accounted for as receivables from pecuniary finance. Such loans are secured by the securities purchased by investors. These securities are not reflected in the financial statements of the Group. These securities will be returned to investors when investors terminate pecuniary financing. As of December 31, 2023 and 2022 (restated), the Group had receivables from pecuniary finance amounting to $32,000,386 and $21,505,925, respectively, and allowances for uncollectible accounts were $0. Please refer to note 6 (ai) for the estimation of impairment.

Securities finance represents securities lent to securities investors and is affected by lending to securities investors securities in custody that are received from pecuniary finance or borrowed from securities finance companies when necessary. The investors' deposits for borrowing securities are held by the Group as collateral and recorded under securities financing refundable deposits. In addition, investors are required to deposit the proceeds from sales of borrowed securities. Such deposits are accounted for as deposits payable for securities financing. As of December 31, 2023 and 2022 (restated), securities financing refundable deposits amounted to $3,017,750 and $5,347,197, respectively, and deposits payable for securities financing amounted to $3,433,528 and $4,823,219, respectively.

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

	December 31, 2023		
	Shares (thousands)	Face value	Market value
Securities borrowed in refinancing activities	218	$ 2,180	8,012

	December 31, 2022 (Restated)		
	Shares (thousands)	Face value	Market value
Securities borrowed in refinancing activities	990	$ 9,900	52,120

Securities refinancing is affected by borrowing securities from securities finance companies when the Group does not have sufficient securities to perform securities financing. For securities refinancing, the Group pays margin deposits to securities finance companies. These margin deposits are recorded as margin deposits for securities refinance. The Group also provides proceeds from selling borrowed securities to securities finance companies as collateral and records them under margin deposits for securities refinance and receivables from securities refinance. As of December 31, 2023 and 2022 (restated), margin deposits for securities refinance amounted to $9,614 and $66,650, respectively, and receivables from securities refinance amounted to $8,012 and $52,120, respectively.

As of December 31, 2023 and 2022 (restated), the Group provided other securities as collateral due to borrowing securities amounting to $5,049,864 and $7,856,265, respectively.

(Continued)

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

(f) Receivables from securities borrowings and lending

		December 31, 2023	December 31, 2022 (Restated)
Receivables from securities borrowings and lending－secured securities purchased or owned by investors as collateral	$	6,939	17,070
Receivables from securities borrowings and lending－non restricted		14,952,866	11,864,813
Total	$	**14,959,805**	**11,881,883**

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

(g) Customer margin account

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

		December 31, 2023	December 31, 2022 (Restated)
Bank deposits	$	17,656,110	22,936,039
Clearing balance of futures clearing house		6,048,303	5,333,417
Clearing balance of other futures commission merchants		2,985,219	3,087,577
Securities		25,727	68,386
Total	$	**26,715,359**	**31,425,419**

(h) Notes and accounts receivable

		December 31, 2023	December 31, 2022 (Restated)
Accounts receivable from non-related parties			
Proceeds receivable from customers	$	1,694,469	961,384
Accounts receivable－brokering		23,418,209	13,268,202
Clearance		1,329,505	141,100
Securities financing interest receivable		472,492	496,902
Bonds interest receivable		305,607	43,795
Cash dividends receivable		36,652	9,534
Revenues receivable		515,518	412,550
Others		379,298	380,516
Less: Loss allowance		(180,011)	(180,150)
		27,971,739	15,533,833
Notes receivable from non-related parties		193	313
Total	$	**27,971,932**	**15,534,146**
Accounts receivable from related parties	$	**56,501**	**18,346**

(Continued)

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

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

	December 31, 2023		December 31, 2022 (Restated)	
	Total amount	**Impairment**	**Total amount**	**Impairment**
Not overdue	$ 28,028,433	-	15,552,492	-
Overdue 0 to 180 days	-	-	-	-
Overdue 181 days to one year	-	-	-	-
Overdue more than one year	180,011	180,011	180,150	180,150
Total	**$ 28,208,444**	**180,011**	**15,732,642**	**180,150**

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

	December 31, 2023	**December 31, 2022 (Restated)**
Equity investments measured at fair value through other comprehensive income－non-current:		
Stocks	$ 7,487,703	8,031,751
Valuation adjustment	3,013,754	5,213,067
Total	**$ 10,501,457**	**13,244,818**

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

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

	2023	**2022 (Restated)**
Dividend income	**$ 345,381**	**414,298**

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

	2023	**2022 (Restated)**
Dividend income	**$ 27,017**	**819**

For the years ended December 31, 2023 and 2022 (restated), the Group has sold the stocks designated as at fair value through other comprehensive income for reconciliation of the portfolios and dissolution and liquidation of the investee. The sold stocks had a fair value of $772,689 and $44,275, and the Group recognized accumulated gain (loss) of $229,008 and $(213). The accumulated gain (loss) had been transferred from other equity interests to retained earnings.

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

(iii) The guarantee of the financial assets measured at fair value through comprehensive income － non-current provided as pledged assets, please refer to note 8 for details.

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

(j) Investments accounted for using the equity method

(i) Significant associates of the Group were as follows:

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

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

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

	December 31, 2023	December 31, 2022
Current assets	$ 9,981,985	10,690,626
Non-current assets	5,056,029	4,999,204
Current liabilities	(670,409)	(739,411)
Non-current liabilities	(70,864)	(133,303)
Net assets	$ **14,296,741**	**14,817,116**
Share of net assets of associates	$ **14,296,741**	**14,817,116**

	2023	2022
Revenue	$ **1,457,825**	**(3,109,956)**
Net income (loss) from continuing operations	$ 464,128	(3,757,040)
Other comprehensive income	(984,770)	2,001,654
Total comprehensive income	$ **(520,642)**	**(1,755,386)**
Share of comprehensive income of associates	$ **(520,642)**	**(1,755,386)**

	2023	2022
Share of net assets of associates at the beginning of periods	$ 1,659,463	1,879,932
Changes in capital surplus of associates accounted for using equity method	30	1,090
Total comprehensive income (loss) attributable to the Group for the periods	(58,312)	(196,603)
Dividends received from associates	-	(24,956)
Share of net assets of associates at the end of periods	1,601,181	1,659,463
Add: Unamortized premium	22,016	22,016
Carrying amount of equity of associates at the end of periods	$ **1,623,197**	**1,681,479**

(Continued)

(ii) Individually insignificant associates

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

	December 31, 2023	December 31, 2022 (Restated)
JihSun Securities Investment Trust Co., Ltd.	$ **264,890**	**228,862**

	2023	2022 (Restated)
Attributable to the Group:		
Gain from continuing operations	$ 29,679	44
Other comprehensive income	7,909	1,197
Comprehensive income	$ **37,588**	**1,241**

(k) Property and equipment

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

	Land	Buildings	Information Appliance	Transportation equipment	Leasehold improvement	Miscellaneous	Total
Cost or deemed cost:							
Balance at January 1, 2023 (Restated)	$ 3,102,448	653,124	1,507,070	138	554,742	332,470	6,149,992
Additions	-	-	143,729	-	17,181	40,084	200,994
Reclassification	(8,792)	(203,130)	105,025	-	17,310	4,460	(85,127)
Disposals	-	-	(200,925)	-	(134,331)	(66,531)	(401,787)
Effect of change in exchange rates	-	-	(9)	-	31	9	31
Balance at December 31, 2023	$ **3,093,656**	**449,994**	**1,554,890**	**138**	**454,933**	**310,492**	**5,864,103**
Balance at January 1, 2022 (Restated)	$ 3,276,140	784,645	1,547,608	138	567,843	409,580	6,585,954
Additions	-	-	51,236	-	4,548	13,439	69,223
Reclassification	(133,851)	(130,396)	(46,490)	-	12,676	(67,240)	(365,301)
Disposals	(39,841)	(1,125)	(47,659)	-	(31,743)	(23,595)	(143,963)
Effect of change in exchange rates	-	-	2,375	-	1,418	286	4,079
Balance at December 31, 2022 (Restated)	$ **3,102,448**	**653,124**	**1,507,070**	**138**	**554,742**	**332,470**	**6,149,992**
Depreciation and impairment loss:							
Balance at January 1, 2023 (Restated)	$ -	334,419	1,276,456	138	488,040	253,006	2,352,059
Depreciation	-	12,488	111,368	-	23,108	30,707	177,671
Reclassification	(19,156)	(193,294)	-	-	(3,305)	(8,857)	(224,612)
Impairment	19,156	960	-	-	-	-	20,116
Disposals	-	-	(200,513)	-	(133,233)	(64,650)	(398,396)
Effect of change in exchange rates	-	-	(20)	-	16	7	3
Balance at December 31, 2023	$ **-**	**154,573**	**1,187,291**	**138**	**374,626**	**210,213**	**1,926,841**
Balance at January 1, 2022 (Restated)	$ -	453,114	1,233,880	138	493,284	312,310	2,492,726
Depreciation	-	20,332	119,617	-	25,884	21,851	187,684
Reclassification	(11,439)	(139,769)	(32,194)	-	-	(57,945)	(241,347)
Impairment	11,439	859	-	-	-	-	12,298
Disposals	-	(117)	(46,945)	-	(31,714)	(23,402)	(102,178)
Effect of change in exchange rates	-	-	2,098	-	586	192	2,876
Balance at December 31, 2022 (Restated)	$ **-**	**334,419**	**1,276,456**	**138**	**488,040**	**253,006**	**2,352,059**

(Continued)

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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	Land	Buildings	Information Appliance	Transportation equipment	Leasehold improvement	Miscellaneous	Total
Carrying amounts:							
Balance at December 31, 2023	$ 3,093,656	295,421	367,599	-	80,307	100,279	3,937,262
Balance at January 1, 2022 (Restated)	$ 3,276,140	331,531	313,728	-	74,559	97,270	4,093,228
Balance at December 31, 2022 (Restated)	$ 3,102,448	318,705	230,614	-	66,702	79,464	3,797,933

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

(l) Right-of-use assets

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

	Land	Buildings	Machinery	Transportation equipment	Other equipment	Total
Cost:						
Balance at January 1, 2023 (Restated)	$ 136	1,105,078	39,412	11,191	41,451	1,197,268
Additions	-	442,878	22,142	3,808	9,958	478,786
Reductions	(136)	(781,344)	-	(8,069)	(7,400)	(796,949)
Effect of changes in exchange rates	-	298	-	-	-	298
Balance at December 31, 2023	$ -	766,910	61,554	6,930	44,009	879,403
Balance at January 1, 2022 (Restated)	$ 693	1,034,204	52,950	39,418	39,877	1,167,142
Additions	-	280,961	-	1,661	7,428	290,050
Reductions	(557)	(213,112)	(13,538)	(29,888)	(5,887)	(262,982)
Effect of changes in exchange rates	-	3,025	-	-	33	3,058
Balance at December 31, 2022 (Restated)	$ 136	1,105,078	39,412	11,191	41,451	1,197,268
Accumulated depreciation and impairment losses:						
Balance at January 1, 2023 (Restated)	$ 98	605,994	12,433	7,277	21,598	647,400
Depreciation	38	254,893	14,591	2,365	8,654	280,541
Other reductions	(136)	(493,351)	-	(7,059)	(7,284)	(507,830)
Effect of changes in exchange rates	-	223	-	-	-	223
Balance at December 31, 2023	$ -	367,759	27,024	2,583	22,968	420,334
Balance at January 1, 2022 (Restated)	$ 541	537,002	13,594	25,025	18,693	594,855
Depreciation	114	274,994	12,377	9,807	7,804	305,096
Other reductions	(557)	(207,575)	(13,538)	(27,555)	(4,918)	(254,143)
Effect of changes in exchange rates	-	1,573	-	-	19	1,592
Balance at December 31, 2022 (Restated)	$ 98	605,994	12,433	7,277	21,598	647,400
Carrying amounts:						
Balance at December 31, 2023	$ -	399,151	34,530	4,347	21,041	459,069
Balance at January 1, 2022 (Restated)	$ 152	497,202	39,356	14,393	21,184	572,287
Balance at December 31, 2022 (Restated)	$ 38	499,084	26,979	3,914	19,853	549,868

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(m) Investment property

	Land and land improvements	Buildings	Total
Cost or deemed cost:			
Balance at January 1, 2023 (Restated)	$ 1,081,100	201,869	1,282,969
Net gain (loss) from fair value adjustments	129,815	9,803	139,618
Reclassification	17,105	5,298	22,403
Balance at December 31, 2023	**$ 1,228,020**	**216,970**	**1,444,990**
Balance at January 1, 2022 (Restated)	$ 977,962	214,565	1,192,527
Net gain (loss) from fair value adjustments	(21,787)	(17,545)	(39,332)
Reclassification	124,925	4,849	129,774
Balance at December 31, 2022 (Restated)	**$ 1,081,100**	**201,869**	**1,282,969**
Carrying amount:			
Balance at December 31, 2023	**$ 1,228,020**	**216,970**	**1,444,990**
Balance at January 1, 2022 (Restated)	**$ 977,962**	**214,565**	**1,192,527**
Balance at December 31, 2022 (Restated)	**$ 1,081,100**	**201,869**	**1,282,969**

(i) Buildings are leased out as operating leases, and the primary terms of the lease agreements are the same as those of the general lease agreement.

(ii) A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2023	December 31, 2022 (Restated)
Less than one year	$ 32,418	28,514
One to two years	27,033	22,338
Two to three years	19,236	19,674
Three to four years	11,523	12,677
Four to five years	7,321	7,573
More than five years	21,522	8,973
Total undiscounted lease payments	**$ 119,053**	**99,749**

(iii) Investment property of the Company was evaluated by appraisers from professional real estate appraisers firm, with fair value as the appraisal basis in accordance with the "Regulations on Real Estate Appraisal". The valuation dates were on December 31, 2023, December 31 and March 31, 2022, respectively. The appraisals were performed by following valuation agencies:

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

The appraisers were Chih Wei-Sin and Chi Liang-An from Xinyi Real Estate Appraisers Firm on March 31, 2022.

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

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

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

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

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

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

The inputs applied are as follows:

	December 31, 2023	**December 31, 2022 (Restated)**
Discount rate	3.32~4.33	1.845~4.345

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

For the years ended December 31, 2023 and 2022 (restated), rental revenue from investment property amounted to $35,590 and $30,878, respectively; direct operating expenses were $849 and $1,080, respectively; while the direct operating expenses of investment property which did not generate rental revenue amounted to $324 and $265, respectively.

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

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(n) Intangible assets

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

	Operating rights	Computer software	Other intangible assets	Total
Costs:				
Balance at January 1, 2023 (Restated)	$ 239,135	1,475,458	10,999	1,725,592
Acquisitions	-	96,134	-	96,134
Reclassification	-	101,270	-	101,270
Disposals	-	(20,017)	-	(20,017)
Effect of change in exchange rates	-	(31)	-	(31)
Balance at December 31, 2023	**$ 239,135**	**1,652,814**	**10,999**	**1,902,948**
Balance at January 1, 2022 (Restated)	$ 239,135	1,199,895	10,999	1,450,029
Acquisition	-	66,910	-	66,910
Reclassification	-	257,250	-	257,250
Disposals	-	(49,567)	-	(49,567)
Effect of change in exchange rates	-	970	-	970
Balance at December 31, 2022 (Restated)	**$ 239,135**	**1,475,458**	**10,999**	**1,725,592**
Amortization:				
Balance at January 1,2023 (Restated)	$ 44,438	1,202,597	-	1,247,035
Amortization	10,668	152,248	-	162,916
Disposals	-	(19,946)	-	(19,946)
Effect of change in exchange rates	-	(18)	-	(18)
Balance at December 31, 2023	**$ 55,106**	**1,334,881**	**-**	**1,389,987**
Balance at January 1, 2022 (Restated)	$ 33,770	896,365	-	930,135
Amortization	10,668	129,239	-	139,907
Disposals	-	(49,444)	-	(49,444)
Reclassification	-	225,819	-	225,819
Effect of change in exchange rates	-	618	-	618
Balance at December 31, 2022 (Restated)	**$ 44,438**	**1,202,597**	**-**	**1,247,035**
Carrying amount:				
Balance at December 31, 2023	**$ 184,029**	**317,933**	**10,999**	**512,961**
Balance at January 1, 2022 (Restated)	**$ 205,365**	**303,530**	**10,999**	**519,894**
Balance at December 31, 2022 (Restated)	**$ 194,697**	**272,861**	**10,999**	**478,557**

(o) Operating deposits

As stipulated in the Regulations Governing Securities Firms, the Regulations for Securities Brokers Undertaking Pecuniary and Securities Financing, the Regulations Governing Futures Commission Merchants, and the Securities Investment Trust and Consulting Act, the Group has provided time deposits as operating deposits amounting to $970,000 and $1,370,000 as of December 31, 2023 and 2022 (restated), respectively, recognized as other non-current assets.

(Continued)

(p) Settlement and clearing funds

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

	December 31, 2023	December 31, 2022 (Restated)
Centralized exchange market	$ 239,368	187,448
Taipei Exchange	122,872	155,120
Taiwan Futures Exchange	166,527	219,833
Total	**$ 528,767**	**562,401**

(q) Overdue receivables

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

The details of overdue receivables were as follows:

	December 31, 2023	December 31, 2022 (Restated)
Receivables from failed pecuniary finance contracts and the related interest	$ 61,860	55,178
Other overdue receivables	7,743	6,673
Subtotal	69,603	61,851
Less: loss allowance	69,595	59,155
Total	**$ 8**	**2,696**

The composition of loss allowance was as follows:

	December 31, 2023	December 31, 2022 (Restated)
Beginning balance	$ 59,155	8,500
Allowance for doubtful account	10,440	50,655
Ending balance	**$ 69,595**	**59,155**

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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(r) Short-term borrowings

	December 31, 2023	December 31, 2022 (Restated)
Unsecured and secured loans	**$ 1,124,892**	**190,000**
Interest rate (%) range	2.10~6.19	1.975~2.275

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

(s) Commercial paper issued

	December 31, 2023	December 31, 2022 (Restated)
Commercial paper issued, par value	$ 34,450,000	7,400,000
Less: discounts on commercial paper issued	(25,302)	(10,621)
Total	**$ 34,424,698**	**7,389,379**
Interest rate (%) range	1.42~1.54	1.3~1.45

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

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

	December 31, 2023	December 31, 2022 (Restated)
Securities purchased under resell agreements－securities lending	$ 2,703,045	-
Warrant liabilities	365,843	193,965
Liabilities on sale of borrowed securities	2,359,882	3,437,627
Derivative liabilities－OTC	8,001,645	5,557,330
Financial liabilities designated as at fair value through profit or loss	2,172,146	933,241
Put options－futures	368	42
Total	**$ 15,602,929**	**10,122,205**

The related accounts were as follows:

(i) Securities purchased under resell agreements－securities lending

	December 31, 2023	December 31, 2022 (Restated)
Securities purchased under resell agreements－securities lending	$ 2,709,156	-
Valuation adjustment	(6,111)	-
Total	**$ 2,703,045**	**-**

(Continued)

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

(ii) Warrant liabilities

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

	December 31, 2023	December 31, 2022 (Restated)
Warrant liabilities	$ 13,028,430	13,298,390
Change in value of warrant liabilities	503,412	(5,980,070)
Market value	13,531,842	7,318,320
Warrants redeemed	12,565,509	11,828,106
Change in value of warrants redeemed	600,490	(4,703,751)
Market value	13,165,999	7,124,355
Warrant liabilities, net	**$ 365,843**	**193,965**

(iii) Liabilities on sale of borrowed securities

	December 31, 2023	December 31, 2022 (Restated)
Hedged:		
Listed stocks－TWSE	$ -	66,030
Listed stocks－TPEx	-	1,152
Valuation adjustment	-	10,867
Subtotal	-	78,049
Non-hedged:		
Listed stocks－TWSE	958,097	3,358,826
Listed stocks－TPEx	1,320,933	219,404
Valuation adjustment	80,852	(218,652)
Subtotal	2,359,882	3,359,578
Total	**$ 2,359,882**	**3,437,627**

(iv) Derivative liabilities－OTC

	December 31, 2023	December 31, 2022 (Restated)
Interest rate swap contracts	$ 374,991	469,750
IRS portion of asset swap contracts	216,753	115,817
Asset swap options	7,409,901	4,971,763
Total	**$ 8,001,645**	**5,557,330**

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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(v) Financial liabilities designated as at fair value through profit or loss

		December 31, 2023	December 31, 2022 (Restated)
Structured products	$	2,114,166	887,562
Exchange traded notes		57,980	45,679
Total	$	**2,172,146**	**933,241**

(vi) Put options－futures

		December 31, 2023	December 31, 2022 (Restated)
Put options－futures	$	**368**	**42**

(u) Securities sold under repurchase agreements

		December 31, 2023	December 31, 2022 (Restated)
Government bonds	$	2,332,701	50,000
Corporate bonds and financial bonds		28,814,642	9,153,271
Total	$	**31,147,343**	**9,203,271**
Interest rate (%)		0.96~5.6	0.79~4.55

As of December 31, 2023 and 2022, the bonds sold under repurchase agreements will be due within a year, and will be repurchased with an interest at a contracted price on a specific date. The total amount of repurchase agreements were $31,229,260 and $9,213,371, respectively.

(v) Derivative instruments

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

		December 31, 2023		December 31, 2022 (Restated)	
		Book value	Nominal amount	Book value	Nominal amount
Derivative assets:					
Futures trading margin－proprietary funds	$	698,550	-	398,978	-
Interest rate swap contracts		461,842	61,900,000	566,469	54,000,000
IRS portion of asset swap contracts		8,373	431,800	4,117	618,100
Foreign exchange derivatives		32,738	-	6,706	-
Call options		681	-	6	-
Derivative liabilities:					
Interest rate swap contracts	$	374,991	53,850,000	469,750	49,200,000
IRS portion of asset swap contracts		216,753	5,209,800	115,817	3,904,300
Asset swap options		7,409,901	14,216,800	4,971,763	11,309,800
Put options－futures		368	-	42	-
Structured products		2,114,166	2,115,423	887,562	827,500

(Continued)

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

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

The Group conducted a trading of futures and options for trading purpose, and the details for the years ended December 31, 2023 and 2022 were as follows:

(i) Futures contracts

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

December 31, 2023						
Item	Transaction types	Unsettled part Buy/Sell	Unsettled part Volume	Contract Value	Fair value	Note
Future:						
	10-Year T-Note Futures	Sell	150	$ (519,651)	(520,780)	
	2-Year T-Note Futures	Buy	85	537,751	538,282	
	2-Year T-Note Futures	Sell	124	(784,524)	(785,259)	
	5-Year T-Note Futures	Sell	438	(1,463,309)	(1,465,218)	
	E-Micro Gold Futures	Sell	15	(9,356)	(9,557)	
	Mini-Dow Jones	Sell	2	(11,320)	(11,690)	
	Mini NASDAQ 100	Sell	5	(51,296)	(52,354)	
	MiniS&P500	Sell	5	(36,388)	(37,059)	
	VN30	Sell	59	(8,466)	(8,481)	
	JTI	Sell	23	(116,715)	(118,138)	
	JTM	Sell	162	(82,105)	(83,210)	
	MHI	Buy	7	4,675	4,723	
	China A50	Buy	145	50,157	51,260	
	China A50	Sell	23	(8,143)	(8,131)	
	M1JY&	Buy	3	8,170	8,276	
	SSI	Sell	7	(24,842)	(25,390)	
	BRF	Sell	38	(92,007)	(90,034)	
	US, Treasury Bond Futures	Sell	129	(495,263)	(495,664)	
	MNQ	Buy	46	47,950	48,166	
	MNQ	Sell	48	(50,368)	(50,260)	
	MES	Sell	9	(6,629)	(6,671)	
	MYM	Buy	23	13,355	13,444	
	MYM	Sell	1	(569)	(585)	
	MCH	Sell	20	(4,568)	(4,565)	
	UB	Buy	148	605,794	608,069	
	UB	Sell	3	(12,268)	(12,326)	

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December 31, 2023						
Item	Transaction types	Unsettled part Buy/Sell	Unsettled part Volume	Contract Value	Fair value	Note
	M2K	Sell	77	$ (23,161)	(24,246)	
	ESX	Sell	7	(10,910)	(10,815)	
	FXXP	Sell	5	(4,072)	(4,079)	
	HHI	Sell	2	(2,284)	(2,282)	
	MTW	Sell	129	(270,918)	(271,284)	
	USDX	Sell	5	(15,911)	(15,535)	
	TWN	Sell	89	(167,428)	(169,757)	
	MSCI China Free Index Futures	Sell	41	(26,709)	(27,041)	
	MSCI China A50 Index Futures	Sell	3	(4,098)	(4,186)	
	RX	Sell	5	(5,420)	(5,482)	
	GIN	Sell	15	(20,171)	(20,158)	
	JNM	Buy	2	1,440	1,452	
	Stock Futures	Buy	384	88,218	89,982	Non-hedge account
	Stock Futures	Sell	1,829	(1,174,253)	(1,194,720)	Non-hedge account
	FIMTX	Buy	3	2,666	2,681	Non-hedge account
	FITX	Buy	19	67,204	67,906	Non-hedge account
	FINYF	Buy	106	142,355	143,661	Non-hedge account
	Stock Futures	Buy	547	66,734	67,064	Hedge account
	Stock Futures	Sell	8,849	(2,381,093)	(2,416,475)	Hedge account
	FINYF	Sell	273	(363,508)	(370,042)	Hedge account
	FIOAF	Sell	97	(26,384)	(26,762)	Hedge account
	FIOJF	Sell	109	(20,192)	(20,492)	Hedge account
	FIOKF	Sell	10	(989)	(1,017)	Hedge account
	FITE	Sell	52	(181,814)	(185,502)	Hedge account
	FITF	Sell	28	(48,136)	(48,143)	Hedge account
	FITX	Sell	260	(919,053)	(929,240)	Hedge account
	FIZE	Sell	140	(61,134)	(62,430)	Hedge account
	FIZF	Buy	6	2,550	2,579	Hedge account
	FIMTX	Buy	944	835,724	843,464	Hedge account
	FIRXF	Sell	34	(3,957)	(3,999)	Hedge account
	FIRIF	Sell	278	(58,650)	(60,675)	Hedge account
	Total			$ (7,093,289)	(7,168,725)	

(Continued)

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

December 31, 2022 (Restated)						
	Transaction	Unsettled part		Contract		
Item	types	Buy/Sell	Volume	Value	Fair value	Note
Future:						
	5-Year T-Note Futures	Sell	100	$ (331,833)	(331,596)	
	E-Micro Gold Futures	Sell	45	(25,235)	(25,248)	
	Mini-Dow Jones	Sell	2	(10,296)	(10,226)	
	Mini NASDAQ 100	Sell	61	(415,108)	(413,141)	
	MiniS&P500	Sell	12	(72,032)	(71,174)	
	VN30	Sell	491	(64,401)	(64,165)	
	JTM	Sell	175	(79,284)	(77,150)	
	MHI	Sell	30	(23,633)	(23,537)	
	China A50	Buy	16	6,420	6,432	
	M1JY&	Buy	3	8,734	8,879	
	BRF	Sell	6	(15,098)	(15,837)	
	NIFTY 50	Sell	51	(57,200)	(57,107)	
	US, Treasury Bond Futures	Sell	5	(19,239)	(19,255)	
	GDF	Sell	3	(16,753)	(16,832)	
	MNQ	Buy	485	326,628	328,481	
	MES	Buy	107	63,818	63,463	
	MES	Sell	1	(609)	(593)	
	SIL	Sell	47	(33,999)	(34,714)	
	MYM	Buy	15	7,639	7,670	
	CL	Sell	6	(14,650)	(14,795)	
	MCH	Sell	6	(1,609)	(1,598)	
	UB	Sell	15	(61,939)	(61,898)	
	M2K	Buy	23	6,245	6,257	
	ESX	Buy	1	1,261	1,240	
	FXXP	Sell	16	(11,272)	(11,113)	
	FIVNM30	Sell	119	(29,656)	(29,651)	
	HHI	Sell	24	(32,165)	(31,958)	
	RTY	Sell	6	(16,530)	(16,322)	
	MTW	Buy	241	401,010	401,684	
	USDX	Sell	41	(131,163)	(130,083)	
	TWN	Buy	43	65,190	65,619	
	HSI	Sell	2	(7,873)	(7,846)	
	TN	Sell	8	(29,898)	(29,072)	
	MSCI China Free Index Futures	Sell	42	(31,065)	(31,124)	
	MSCI China A50 Index Futures	Sell	6	(9,968)	(10,035)	
	Stock Futures	Buy	207	11,604	11,629	Non-hedge account
	Stock Futures	Sell	2,494	(551,521)	(535,048)	Non-hedge account

(Continued)

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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December 31, 2022 (Restated)						
	Transaction	Unsettled part		Contract		
Item	types	Buy/Sell	Volume	Value	Fair value	Note
	FITF	Sell	1	$ (1,499)	(1,494)	Non-hedge account
	FITX	Buy	497	1,424,945	1,403,841	Non-hedge account
	FITE	Sell	16	(42,033)	(41,200)	Non-hedge account
	Stock Futures	Buy	1,639	312,187	302,619	Hedge account
	Stock Futures	Sell	196	(20,461)	(20,306)	Hedge account
	FINYF	Buy	45	49,597	49,635	Hedge account
	FINYF	Sell	4	(4,368)	(4,414)	Hedge account
	FIOAF	Sell	40	(12,262)	(12,480)	Hedge account
	FIOJF	Sell	36	(7,537)	(7,690)	Hedge account
	FIOKF	Sell	20	(2,469)	(2,516)	Hedge account
	FITE	Sell	19	(49,598)	(48,925)	Hedge account
	FITF	Buy	1	1,496	1,494	Hedge account
	FITX	Sell	9	(25,466)	(25,443)	Hedge account
	FIZE	Buy	54	17,287	17,381	Hedge account
	FIZF	Sell	4	(1,497)	(1,494)	Hedge account
	FIMTX	Buy	179	126,813	126,508	Hedge account
	FIOBF	Sell	1	(294)	(300)	Hedge account
	Total			$ **569,361**	**565,452**	

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

December 31, 2023						
	Transaction	Unsettled part				
Item	types	Buy/Sell	Volume	Contract value	Fair value	Note
Future:						
	Index Futures	Buy	31	$ 41,309	41,642	
	Index Futures	Sell	27	(56,243)	(57,406)	
	Stock Futures	Buy	267	54,791	55,920	
	Metal Futures	Sell	4	(11,255)	(11,946)	
	Bond Futures	Buy	10	60,087	60,370	
	Bond Futures	Sell	11	(37,700)	(39,401)	
	Agricultural Products Futures	Sell	13	(26,589)	(25,906)	
	Total			$ **24,400**	**23,273**	

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

(ii) Option contracts

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

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

December 31, 2023						
		Unsettled part				
Item	Volume	Buy/sell	Volume	Contract value	Fair value	Note
Option:						
	Single Stock Options (call option)	Buy	18	$ 218	206	
	TXO (put option)	Buy	16	43	3	
	Total			$ 261	209	

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

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

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

December 31, 2023						
		Unsettled part				
Item	Volume	Buy/sell	Volume	Contract value	Fair value	Note
Option:						
	TXO (put option)	Buy	160	$ 498	472	
	TXO (put option)	Sell	160	(379)	(368)	
	Total			$ 119	104	

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

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

	2023	2022 (Restated)
Gains (losses) on futures contracts－realized	$ (444,002)	(594,306)
Gains (losses) on futures contracts－unrealized	(68,400)	(79,866)
Gains (losses) on options－realized	(2,152)	28,254
Gains (losses) on options－unrealized	(127)	224
Gains (losses) on derivative financial instruments, net－futures	$ (514,681)	(645,694)

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

	2023	2022 (Restated)
Gains (losses) on valuation exchange	$ 23,896	88,615
Valuation gains (losses) on asset swap options	(806,985)	1,603,149
Gains (losses) on maturity of asset swap options	227,843	74,556
Gains (losses) on exercise of asset swap options	(780,051)	(109,245)
Valuation gains (losses) from IRS portion of asset swap contracts	(129,328)	(101,528)
Gains (losses) on equity derivatives	-	(14)
Gains (losses) on structured products	(50,833)	196,042
Valuation gains (losses) on foreign exchange derivatives	3,658	1,930
Gains (losses) from derivatives－OTC	$ (1,511,800)	1,753,505

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

(w) Notes and accounts payable

	December 31, 2023	December 31, 2022 (Restated)
Accounts payable－non-related parties:		
Accounts payable of securities sold for customers	$ 1,466,655	706,607
Accounts payable for settlement	22,744,311	11,597,939
Settlement proceeds	54,812	1,684,469
Others	124,695	953,404
Notes and accounts payable	**$ 24,390,473**	**14,942,419**

	December 31, 2023	December 31, 2022 (Restated)
Accounts payable－related parties	**$ 23,159**	**46,815**

(x) Other payables

	December 31, 2023	December 31, 2022 (Restated)
Other payables－non-related parties:		
Tax payable	$ 73,997	38,582
Employee bonuses payable	2,375,803	2,420,833
Interest payable	262,600	211,523
Advertisement expense payable	6,670	10,866
Information technology fees payable	38,388	36,959
Professional service payable	27,453	20,161
Discount on brokerage commission payable	575,544	228,034
Short-term paid leave payable	180,705	120,390
Pensions payable	29,792	17,313
Insurance premium payable	82,435	45,702
Preferential retirement and retention bonuses payable	493,773	-
Others	208,034	565,372
Other payables	**$ 4,355,194**	**3,715,735**
Other payables－related parties	**$ 149,187**	**72,528**

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

(y) Other current liabilities

	December 31, 2023	December 31, 2022 (Restated)
Advance receipts	$ 102,276	5,383
Receipts under custody	3,272,936	2,755,456
Customer ledgers	1,180,902	811,632
Temporary receipts	167,272	48,862
Leverage contracts traders' equity	36,452	12,229
Total	**$ 4,759,838**	**3,633,562**

(z) Lease liabilities

The Group's lease liabilities were as follow:

	December 31, 2023	December 31, 2022 (Restated)
Current	**$ 199,506**	**248,223**
Non-current	**$ 752,246**	**972,377**

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

The amounts recognized in profit or loss were as follows:

	2023	2022 (Restated)
Interest on lease liabilities	**$ 16,340**	**13,531**
Variable lease payments not included in the measurement of lease liabilities	**$ 42,076**	**29,295**
Expenses relating to short-term leases	**$ 4,320**	**16,403**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**$ 52,267**	**46,111**

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

	2023	2022 (Restated)
Total cash outflow for leases	**$ 294,959**	**203,210**

(i) Real estate leases

As of December 31, 2023, the Group leases buildings for office space. The leases of office space typically run for a period of 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

(Continued)

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

(ii) Other leases

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

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

(aa) Provisions－non-current

	December 31, 2023	December 31, 2022 (Restated)
Provision for employee benefits	$ 705,980	901,621
Decommissioning costs	46,266	70,756
Total	**$ 752,246**	**972,377**

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

For the Group's provision for its employee benefit and employee benefit plan, please refer to note 6 (ab).

(ab) Employee benefits

The Group's provision for employee benefit were as follows:

	December 31, 2023	December 31, 2022 (Restated)
Defined benefit plan	$ 625,971	824,769
Compensated absences liability	14,287	5,538
Consolation plan	65,722	71,314
Total	**$ 705,980**	**901,621**

(i) Defined benefit plans

The reconciliations of defined benefit obligation and plan assets were as follows:

	December 31, 2023	December 31, 2022 (Restated)
Present value of the defined benefit obligation	$ 2,091,137	2,211,489
Fair value of the plan assets	(1,465,166)	(1,386,720)
Defined benefit obligation, net	**$ 625,971**	**824,769**

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The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary of six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by the local banks.

The Group’s labor pension reserve account balance amounted to $1,465,166 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations of the Group were as follows:

	2023	2022 (Restated)
Defined benefit obligation on January 1	$ 2,211,489	2,366,723
Current service cost and interest	46,512	29,984
Remeasurement of the net defined benefit (liability) asset		
－Effect of changes in demographic assumptions	(3,645)	-
－Effect of changes in financial assumptions	38,651	(137,362)
－Effect of experience adjustments	(18,778)	124,887
Benefits paid by the company	(23,918)	(15,337)
Benefits paid from the plan	(157,561)	(157,406)
Others	(1,613)	-
Defined benefit obligation on December 31	**$ 2,091,137**	**2,211,489**

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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3) Movements in fair value of the plan assets

The movements in fair value of the plan assets were as follows:

	2023	2022 (Restated)
Fair value of the plan assets on January 1	$ 1,386,720	832,837
Interest income	21,179	5,253
Remeasurements of net defined benefit assets		
－Return on the plan assets (excluding interest income)	8,349	85,209
Contributed by the participant of the plan	208,066	620,827
Benefits paid from the plan	(157,561)	(157,406)
Others	(1,587)	-
Fair value of the plan assets on December 31	**$ 1,465,166**	**1,386,720**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss of the Group were as follows:

	2023	2022 (Restated)
Current service costs	$ 11,254	13,399
Interest of the net defined liability	14,079	11,332
	$ 25,333	**24,731**

5) Actuarial losses recognized in other comprehensive income

The Group’s actuarial losses recognized in other comprehensive income were as follows:

	2023	2022 (Restated)
Cumulative amount on January 1	$ 1,693,069	1,790,753
Recognized during the period	7,879	(97,684)
Cumulative amount on December 31	**$ 1,700,948**	**1,693,069**

6) Actuarial assumptions

The following are the principal actuarial assumptions at the measurement date:

	December 31, 2023	December 31, 2022 (Restated)
Discount rates	1.5%~1.75%	1.5%~1.75%
Future salary increases	2.25%~2.5%	2.0%~2.5%

(Continued)

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date for 2023 is $17,484.

The weighted average lifetime of the defined benefit plans is 6.0~7.9 years.

7) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group used judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

The impacts of the actuarial assumptions changes on defined benefit obligation as of December 31, 2023 and 2022:

	Impact on the defined benefit obligation	
	Increase 0.5%	**Decrease 0.5%**
December 31, 2023		
Discount rate	(61,303)	64,523
Future salary increases	63,662	(61,101)
December 31, 2022 (Restated)		
Discount rate	(68,964)	72,786
Future salary increases	71,989	(68,797)

The aforementioned sensitivity analysis is used to analyze the impact when one assumption changes and other assumptions remain constant. In practice, many changes in assumptions might be correlated. The sensitivity analysis is consistent with the method used in calculating the amounts of the net retirement liability on the balance sheet.

The methods and assumptions adopted for sensitivity analysis are consistent with those of the previous period.

(ii) Defined contribution plans

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

The Group paid the pension costs of $162,952 and $182,373 to the Bureau of Labor Insurance under the pension plan for the years ended December 31, 2023 and 2022 (restated), respectively.

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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(ac) Income tax

(i) Income tax

The components of income tax expenses (benefits) were as follows:

		2023	2022 (Restated)
Current tax expense (benefit)			
Current period	$	928,363	959,393
Adjustment for prior periods		(9,803)	464
Deferred tax expense (benefit)			
Incurrence of temporary differences		(212,029)	311,994
Income tax expense	$	**706,531**	**1,271,851**

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

		2023	2022 (Restated)
Items not to be reclassified to profit or loss:			
Remeasurements of the defined benefit plans	$	(1,576)	19,536
Revaluation gains		45	1,531
	$	**(1,531)**	**21,067**
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations	$	**868**	**23,303**

Reconciliations of income tax expense and income before tax were as follows:

		2023	2022 (Restated)
Income before tax	$	**7,760,616**	**5,721,762**
Income tax based on domestic tax rate	$	1,552,123	1,144,352
Temporary differences		236,371	(292,554)
Permanent differences		(370,241)	108,527
Income tax exemption		(485,628)	(44,760)
Domestic investment gain under equity method		(15,042)	84,158
Deferred income tax		(236,429)	292,546
Revaluation on investment property-Land Value Increment Tax		24,228	(44,226)
Prior year income tax adjustment		(9,803)	464
Income basic tax		10,710	2,325
Unrecognized deferred tax assets from taxable loss		363	369
Others		(121)	20,650
Total	$	**706,531**	**1,271,851**

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

The components of unrecognized deferred tax assets were as follows:

	December 31, 2023	December 31, 2022
Taxable loss	$ 4,884	3,149

Taxable loss complies with ROC Income Tax Act, loss from previous 10 years confirmed by taxing authorities can be deducted from current year’s net profit before being taxed. The account was not recognized as deferred income tax asset because the chance for the subsidiary to have enough taxable income for temporary differences is low.

2) Recognized deferred tax assets and liabilities

The movements in the deferred tax assets and liabilities are as follow：

Deferred tax liabilities:

	Unrealized taxable financial instrument valuation	Foreign investment profit	Investment property under fair value method	Revaluation on investment property-Land Value Increment Tax	Others	Total
Balance at January 1 2023 (Restated)	$ 237,703	12,703	66,661	153,601	9,304	479,972
Debit (Credit) Income statement	(189,236)	7,026	839	24,228	(9,036)	(166,179)
Debit (Credit) Other comprehensive income	-	-	-	45	-	45
Others	-	-	4,449	(5,257)	-	(808)
Balance at December 31 2023	**$ 48,467**	**19,729**	**71,949**	**172,617**	**268**	**313,030**
Balance at January 1 2022 (Restated)	$ -	19,826	46,544	195,600	7,792	269,762
Debit (Credit) Income statement	237,703	(7,123)	20,061	(43,474)	1,018	208,185
Debit (Credit) Other comprehensive income	-	-	56	1,475	494	2,025
Balance at December 31 2022 (Restated)	**$ 237,703**	**12,703**	**66,661**	**153,601**	**9,304**	**479,972**

Deferred tax assets:

	Defined benefit plans	Unrealized taxable financial instrument valuation	Cumulative translation adjustment	Lawsuit loss	Investment property under fair value method	Foreign investment loss	Other	Total
Balance at January 1 2023 (Restated)	$ 296,783	-	15,199	2,182	10,582	-	267,849	592,595
(Debit) Credit Income statement	(1,818)	-	-	-	(1,938)	-	49,778	46,022
(Debit) Credit Other comprehensive income	1,576	-	(868)	-	-	-	-	708
Balance at December 31 2023	**$ 296,541**	**-**	**14,331**	**2,182**	**8,644**	**-**	**317,627**	**639,325**
Balance at January 1 2022 (Restated)	$ 344,624	76,223	38,502	2,182	19,996	-	257,222	738,749
(Debit) Credit Income statement	(28,799)	(76,223)	-	-	(9,414)	-	10,627	(103,809)
(Debit) Credit Other comprehensive income	(19,042)	-	(23,303)	-	-	-	-	(42,345)
Balance at December 31 2022 (Restated)	**$ 296,783**	**-**	**15,199**	**2,182**	**10,582**	**-**	**267,849**	**592,595**

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

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

(ad) Capital and other equity

(i) Share Capital

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

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

(ii) Capital surplus

The Company's capital surplus was as follows:

	December 31, 2023	December 31, 2022
Paid-in capital in excess of par value through merger	$ 5,223,568	-
Long-term equity investment adjustments	3,108	3,078
Premium on capital stock	4,827,824	66,593
Total	**$ 10,054,500**	**69,671**

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

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FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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(iii) Retained earnings

1) Legal reserve

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

2) Special reserve

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

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

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

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

a) If there is a net increase of fair value generated from the adoption of fair value model in the current period, the Company should recognize the same amount of increase as special reserve from its post-tax profitor or loss plus other adjustments included current unappropriated earnings or prior unappropriated earnings. If there was an accumulated net increase in the prior period, the Company should recognize the same amount of increase from its prior unappropriated earnings as special reserve which could not be distributed. When there was the deduction of accumulated net increase of fair value or disposal of investment property, the Company should reverse and distribute the earnings to cover the deduction or the disposal.

b) The difference between the deduction of other equity and the special reserve recognized due to the first-time adoption of IFRSs, the Company should retain its special reserve from the post-tax profitor or loss plus other adjustments included current unappropriated earnings and unappropriated earnings in the prior period. If there was the deduction of accumulation in other equity, the Company should recognize its special reserve from the unappropriated earnings in the prior period which could not be distributed. When reversing the deduction of other equity, the Company can distribute its reversed earnings.

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

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

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

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

3) Unappropriated earnings

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

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

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

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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(iv) Other equity (net of tax)

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Revaluation gains on property	Total
Balance as of January 1, 2023	$ (109,244)	3,368,548	43,326	3,302,630
Exchange differences on translation of foreign operations	(49,702)	-	-	(49,702)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(985,267)	-	(985,267)
Accumulated gains (losses) reclassified to profit or loss on disposal of debt instrument measured at fair value through other comprehensive income	-	4,028	-	4,028
Disposal of equity instruments measured at fair value through other comprehensive income	-	(100,815)	-	(100,815)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	(109,656)	-	(109,656)
Revaluation gains	-	-	8,854	8,854
Reorganization	70,734	1,496,820	971	1,568,525
Balance as of December 31, 2023	**$ (88,212)**	**3,673,658**	**53,151**	**3,638,597**
Balance as of January 1, 2022	$ (202,453)	4,508,921	39,673	4,346,141
Exchange differences on translation of foreign operations	93,209	-	-	93,209
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(2,460,089)	-	(2,460,089)
Accumulated gains (losses) reclassified to profit or loss on disposal of debt instrument measured at fair value through other comprehensive income	-	156,808	-	156,808
Disposal of equity instruments measured at fair value through other comprehensive income	-	938,741	-	938,741
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	224,167	-	224,167
Revaluation gains	-	-	3,653	3,653
Balance as of December 31, 2022	**$ (109,244)**	**3,368,548**	**43,326**	**3,302,630**

(v) Non-controlling interests

	2023	2022
Beginning balance	$ 107,999	64,987
Acquisition of the non-controlling interests	-	14,948,690
Attributable to non-controlling interests		
Net income (loss)	(147)	427,454
Gain (loss) on financial assets measured at fair value through other comprehensive income	1,615	(372,560)
Cash dividends	-	(1,080,565)
Changes in non-controlling interests	(44,646)	(942)
Changes in equity attributable to former owner of combination under common control	-	(13,879,065)
Ending balance	**$ 64,821**	**107,999**

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(ae) Earnings per share

	2023	2022 (Restated)
Net income attributable to the Company	$ 6,959,807	2,743,654
Net income attributable to Equity attributable to former owner of business combination under common control	94,425	1,278,803
Net income attributable to ordinary shareholders of the Company	**$ 7,054,232**	**4,022,457**
Weighted-average number of ordinary shares outstanding (in thousands)	**1,625,855**	**1,625,855**
Basic earnings per share (dollars)	**$ 4.34**	**2.47**

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

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

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

For the years ended December 31, 2023 and 2022, the estimated employees' compensation were \$7,685 and \$2,792, respectively, and remuneration to directors and supervisors was \$0. The amounts were calculated by using the income before tax, minus, employees' compensation and remuneration to directors and supervisors, multiple by the employees' compensation and remuneration to directors and supervisors quotient as the estimation basis; which is to be assigned in the Articles of Incorporation, and recognized as operating expenses for the years ended December 31, 2023 and 2022. If the actual distribution is different from the estimation, the difference will be dealt as changes in accounting estimates and recognized in profit or loss in the following year.

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

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(ag) Revenue and expense

(i) Brokerage handling fee revenue

		2023	2022 (Restated)
Centralized securities exchange market	$	6,379,906	5,898,125
Over-the-counter securities exchange		1,954,134	1,778,745
Futures Exchanges		991,701	1,396,804
Handling fees from securities financing		61,062	69,092
Income from dealing with securities lending		180,465	153,670
Revenues from sub-broker handling fee		845,066	636,150
Total	$	**10,412,334**	**9,932,586**

(ii) Revenues from underwriting business

		2023	2022 (Restated)
Revenues from underwriting securities on a firm commitment basis	$	169,845	129,288
Handling fee revenues from underwriting operations		55,021	37,376
Revenues from underwriting consultation		28,345	28,410
Other revenues from underwriting business		128,310	75,685
Commissions income from securities proxy sale		105,160	95,446
Total	$	**486,681**	**366,205**

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

		2023	2022 (Restated)
Dealing－domestic	$	1,424,080	(20,988)
Dealing－foreign		76,250	(417,155)
Underwriting－domestic		122,401	86,913
Hedging－domestic		935,865	(173,054)
Hedging－foreign		(10,676)	-
Total	$	**2,547,920**	**(524,284)**

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

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

	2023	2022 (Restated)
Dealing－domestic	$ 299,516	(217,721)
Dealing－foreign	178,535	46,255
Underwriting－domestic	55,354	(37,279)
Hedging－domestic	1,222,166	(1,490,722)
Hedging－foreign	(3,445)	-
Settlement coverage bonds payable of short sale	-	55
Total	$ 1,752,126	(1,699,412)

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

	2023	2022 (Restated)
Gains from changes in fair value of call (put) warrants	$ 13,808,451	26,866,625
Losses on exercise of call (put) warrants before maturity	(79,719)	(37,210)
Losses on changes in fair value upon redemption of call (put) warrants	(13,862,199)	(26,414,948)
Gains from expiry of call (put) warrants	-	631
Expenses arising from issuance of call (put) warrants	(116,772)	(99,163)
Total	$ (250,239)	315,935

(vi) Interest revenue

	2023	2022 (Restated)
Margin purchase / short sales	$ 1,408,854	1,541,998
Bonds interests	631,322	133,346
Interest from securities borrowing and lending	296,187	212,004
Others	199,664	81,192
Total	$ 2,536,027	1,968,540

(vii) Other operating income

	2023	2022 (Restated)
Advisory revenue	$ 12,692	38,027
Realized gains (losses) on debt investments measured at fair value through other comprehensive income	(4,028)	(537,477)
Foreign exchange gains (losses), net	15,843	248,387
Others	292,066	223,196
Total	$ 316,573	(27,867)

(Continued)

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

(viii) Employee benefits expense

	2023	2022 (Restated)
Wages and salaries	$ 5,434,385	4,583,034
Insurance expense	356,143	374,722
Director's remuneration	29,772	41,034
Pension expense	191,709	211,976
Other employee benefits expense	131,160	126,400
Total	**$ 6,143,169**	**5,337,166**

(ix) Depreciation and amortization expense

	2023	2022 (Restated)
Depreciation expense	$ 458,212	492,780
Amortization expense	182,705	156,786
Total	**$ 640,917**	**649,566**

(x) Other operating expense

	2023	2022 (Restated)
Rental expense	$ 102,148	92,306
Taxes	830,521	843,641
Information technology expense	411,900	447,577
Postage expense	259,659	256,002
Commission expense	75,276	43,784
Repair and maintenance expense	270,481	245,114
Professional service fees	126,684	103,318
Stock borrowing fees	784,621	778,177
Depository service expense	233,941	216,479
Advertisement expense	70,857	54,594
Others	544,371	462,025
Total	**$ 3,710,459**	**3,543,017**

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(xi) Finance costs

	2023	2022 (Restated)
Interest expense of asset swap	$ 51,899	12,682
Interest expense of securities sold under repurchase agreements	580,121	117,350
Interest expense and handling fee of commercial paper	404,669	135,607
Interest expense of lease liabilities	16,340	13,531
Interest expense of margin deposits	1,621,601	437,956
Others	142,379	58,430
Total	**$ 2,817,009**	**775,556**

(xii) Other gains and losses

	2023	2022 (Restated)
Financial income	$ 2,328,217	764,468
Gains (losses) on disposal of property and equipment	(3,595)	1,112
Gains (losses) on disposal of investment	64,772	3,077
Gains (losses) on fair value adjustment of investment property	139,618	(39,332)
Valuation gains (losses) on non-operating financial instruments measured at fair value through profit or loss	17,612	(77,918)
Dividend revenue	345,425	409,848
Rental revenue	35,590	30,878
Facility rental revenue	668,708	647,693
Cross-selling revenue	101,674	104,931
Cross-selling expense	(179,944)	(137,108)
Impairment loss on property and equipment	(20,116)	(12,298)
Others	85,801	39,680
Total	**$ 3,583,762**	**1,735,031**

(ah) Disclosure of financial instruments

(i) Fair value information

1) Summary

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

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

2) Definition of fair value hierarchy

a) Level 1

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

i) The products traded in the market are homogeneous.

ii) Willing parties are available anytime in the market.

iii) Price information is available for the public.

b) Level 2

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

i) Quoted prices of similar financial instruments in active markets. The fair value of financial instruments is inferred from the recent trading price of similar financial instruments. Whether products are similar should be judged based on their characteristics and trading rules. Fair value of financial instruments should be based on observable trading prices adjusted over time, trading conditions, the impact of related parties, and correlation of price with similar financial instruments.

ii) Quoted prices of similar financial instruments in non-active markets.

iii) Fair value using valuation models. The inputs of valuation models (i.e., interest rates, yield curve, volatility, etc.) are based on available data in the market and should be observable. Observable inputs are those that can be obtained from the market and reflect the expectations of market participants.

iv) The majority of the input parameters is derived from observable market data or can be validated by their correlation with observable market data.

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c) Level 3

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

(ii) Measured at fair value

1) Fair value hierarchy

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

	December 31, 2023			
Financial instruments measured at fair value	**Total**	**(Level 1)**	**(Level 2)**	**(Level 3)**
Recurring fair value measurement				
Non-derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	$ 11,232,303	10,855,532	376,771	-
Bond investment	37,451,707	19,845,137	17,485,099	121,471
Securities invested by broker	563,405	247,454	49,231	266,720
Others	331,550	331,550	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	15,526,683	5,025,226	-	10,501,457
Bond investment	12,822,948	99,687	12,723,261	-
Investment property	1,444,990	-	-	1,444,990
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	5,062,927	2,359,882	2,703,045	-
Financial liabilities designated as at fair value through profit or loss	57,980	57,980	-	-
Derivative financial instruments				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	1,202,184	699,231	502,953	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	8,367,856	366,211	8,001,645	-
Financial liabilities designated as at fair value through profit or loss	2,114,166	-	63,362	2,050,804

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

2) Valuation techniques

a) Financial instruments

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

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

b) Non-financial instruments

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

3) Fair value adjustment

a) Limitation of evaluation models and uncertainty inputs

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

b) Credit risk valuation adjustment

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

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

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

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

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

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

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4) Transfers between Level 1 and Level 2

There was no significant transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

5) Reconciliation for Level 3 of the fair value hierarchy

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

2023

Name	Beginning balance	Gains (Losses) on Valuation: Profit and Loss	Gains (Losses) on Valuation: Other Comprehensive Income	Increase: Purchased/ Issued	Increase: Transferred to Level 3	Decrease: Disposed/ Sold	Decrease: Transferred from Level 3	Ending balance
Financial assets mandatorily measured at fair value through profit or loss	$ 385,783	(61,951)	-	447,510	-	344,645	38,506	388,191
Financial assets measured at fair value through other comprehensive income	13,244,818	-	(2,199,313)	-	-	544,048	-	10,501,457
Investment property	1,282,969	139,618	-	-	364,222	-	341,819	1,444,990
Total	$ 14,913,570	77,667	(2,199,313)	447,510	364,222	888,693	380,325	12,334,638

2022 (Restated)

Name	Beginning balance	Gains (Losses) on Valuation: Profit and Loss	Gains (Losses) on Valuation: Other Comprehensive Income	Increase: Purchased/ Issued	Increase: Transferred to Level 3	Decrease: Disposed/ Sold	Decrease: Transferred from Level 3	Ending balance
Financial assets mandatorily measured at fair value through profit or loss	$ 344,481	17,450	-	252,936	9,012	168,569	69,527	385,783
Financial assets measured at fair value through other comprehensive income	13,079,436	-	166,647	-	-	1,265	-	13,244,818
Investment property	1,192,527	(39,332)	-	-	129,774	-	-	1,282,969
Total	$ 14,616,444	(21,882)	166,647	252,936	138,786	169,834	69,527	14,913,570

Valuation gains (losses) recognized in profit or loss for assets still held were \$77,667 and \$(21,882) as of December 31, 2023 and 2022 (restated), respectively.

Valuation gains (losses) recognized in other comprehensive income for assets still held were \$(2,199,313) and \$166,647 as of December 31, 2023 and 2022 (restated), respectively.

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

2023

Name	Beginning balance	Losses (gains) on Valuation: Profit and Loss	Losses (gains) on Valuation: Other Comprehensive Income	Increase: Purchased/ Issued	Increase: Transferred to Level 3	Decrease: Disposed/ Sold	Decrease: Transferred from Level 3	Ending balance
Financial liabilities designated as at fair value through profit or loss	$ 856,827	4,747	-	23,548,300	-	22,359,070	-	2,050,804

2022 (Restated)

Name	Beginning balance	Losses (gains) on Valuation: Profit and Loss	Losses (gains) on Valuation: Other Comprehensive Income	Increase: Purchased/ Issued	Increase: Transferred to Level 3	Decrease: Disposed/ Sold	Decrease: Transferred from Level 3	Ending balance
Financial liabilities designated as at fair value through profit or loss	$ 2,850,529	(3,479)	-	23,689,811	-	25,680,034	-	856,827

(Continued)

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Valuation gains recognized in profit or loss for the liabilities still held were $(4,747) and $3,479, as of December 31, 2023 and 2022 (restated), respectively.

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

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

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

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

Quantitative information of Level 3 inputs was as follows:

	December 31, 2023				
	Fair value	**Valuation techniques**	**Significant unobservable inputs**	**Intervals**	**Relationship between inputs and fair value**
Recurring fair value measurements					
Non-derivative financial instruments					
Assets:					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Bond investment	$ 121,471	Quoted prices of the counter party	Not applicable	Not applicable	Not applicable
Securities invested by broker	266,720	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Financial assets measured at fair value through other comprehensive income					
Stock investment	10,501,457	Evaluation methods of unlisted stock (Note 1)	The selection of the model is based on the evaluation methods of unlisted stock. (Note 1)	Not applicable	The selection of the model is based on the evaluation methods of unlisted stock.
Investment property	1,444,990	Note 2	Note 2	Note 2	Note 2
Derivative financial instruments					
Liabilities:					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	2,050,804	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

(Continued)

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

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

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

7) Measurement procedure of Level 3 inputs

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

Investment property is regularly appraised by professional appraisers commissioned by the General Affairs department in conformity with the Regulations Governing the Preparation of financial Reports by Securities Firms.

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

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

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

December 31, 2023

Name	Profit or loss Favorable	Profit or loss Unfavorable	Other comprehensive income Favorable	Other comprehensive income Unfavorable
Asset				
Financial assets mandatorily measured at fair value through profit or loss	$ 38,819	(38,819)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,050,146	(1,050,146)
Liabilities				
Financial liabilities designated as at fair value through profit or loss	205,080	(205,080)	-	-

December 31, 2022 (Restated)

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

(iii) Fair value of financial instruments not carried at fair value

1) Fair value information

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

2) Valuation techniques

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

a) The carrying amount of financial instruments are estimated by using the book value. It is considered to be reasonable since the maturity date is short. This method is applied to cash and cash equivalents, securities purchased under resell agreements, pecuniary finance and securities finance, receivables from securities borrowing and lending, collateral for borrowed securities, margin deposits for borrowed securities, accounts receivable, notes receivable, other receivables, short-term borrowings, commercial paper issued, securities sold under repurchase agreement, accounts payable, notes payable and other payables.

b) Because operating deposits, settlement and clearing funds, and refundable deposits do not have specified maturity date, their fair value are estimated based on their book value on the reporting day.

(ai) Financial risk management

(i) Risk management mechanisms

1) Risk management objectives

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

2) Risk management mechanisms

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

a) Risk management policy: risk management categories (including risk management culture, risk management organization and risk management process); scopes of risk management policy (including market risk, credit risk, liquidity risk (i.e. funding liquidity risk and liquidation risk), operational risk (i.e. system and event risk), legal risk and compliance; modification, amendments and waivers of the policies, regulations, and standards; application procedure for risk limits; risk control of investment; asset and liability management; large credit exposure management.

b) Implementation standard of risk management system: The Group sets risk management standards for the purpose of establishing risk management mechanisms, ensuring the integrity of the risk management system, and improving the efficiency of risk management. The standards include division of risk responsibility, the scope of risk management, market risk management mechanisms (risk management procedures, management mechanisms of risk limits, valuation management, risk factors management, model testing management), credit risk management mechanisms (management of credit risk rating, credit monitoring after transactions, high-risk-customer supervision, credit enhancement, and credit risk mitigation), liquidity risk management mechanisms (market liquidity risk management and funding liquidity risk management), operational risk management mechanisms (KPI and risk monitoring), legal risk and compliance management, and exceptional management.

c) Risk management of each business department: The Group sets risk mechanisms on the basis of different features and requirements for the business of different departments, including the equity derivatives department, dealing department, bond department, and relevant regulations on risk management. The relevant departments should follow the standards of risk management, including relevant control requirements for market risk, credit risk, operational risk, liquidity risk, and legal risk.

3) Risk management organizational framework

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

4) Risk management procedures

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

a) Credit risk

i) Strategies and processes

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

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

ii) Risk reporting and information measurement

The operation of credit risk management of the Group includes:

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

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

b) Liquidity risk

i) Strategies and processes

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

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

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

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

ii) Risk reporting and information measurement

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

c) Market risk

i) Strategies and processes

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

ii) Risk reporting and information measurement

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

5) Hedging strategy

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

(ii) Risk analysis

1) Credit risk presentation and disclosure

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

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

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

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

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

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a) Analysis of concentrations of credit risk

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

December 31, 2023						
	Credit risk exposure amount－by region					
Financial assets	Taiwan	Hong Kong	Asia	Europe	America	Total
Cash and cash equivalents	$ 34,144,844	321,576	5,109,563	610	-	39,576,593
Customer margin account	23,730,140	898,823	2,014,263	-	72,133	26,715,359
Financial assets mandatorily measured at fair value through profit or loss－current	31,022,209	-	4,969,032	429,279	3,939,342	40,359,862
Debt securities	29,481,199	-	4,969,032	429,279	3,939,342	38,818,852
Derivatives－OTC	470,215	-	-	-	-	470,215
Derivatives－futures trading margin	698,550	-	-	-	-	698,550
Foreign exchange derivatives	32,738	-	-	-	-	32,738
Other debt securities	338,826	-	-	-	-	338,826
Call Option－futures	681	-	-	-	-	681
Margin deposits for borrowed securities	4,514,029	-	-	-	-	4,514,029
Other refundable deposits	1,651,820	4,679	-	-	-	1,656,499
Other current assets	2,685,207	147,045	-	5	-	2,832,257
Financial assets measured at fair value through other comprehensive income－debt instruments	2,309,821	-	5,867,484	188,137	4,457,506	12,822,948
Total	$ 100,058,070	1,372,123	17,960,342	618,031	8,468,981	128,477,547
Proportion of the total	77.88 %	1.07 %	13.98 %	0.48 %	6.59 %	100.00 %

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

(Continued)

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	December 31, 2023											
	Credit risk exposure amount－by industry											
Financial assets	Financial service	Central and local government agencies	Retail and wholesale	Construction and building materials	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor Vehicle industry	Other services	Total
Cash and cash equivalents	$ 38,903,988	-	-	-	-	-	-	-	-	-	672,605	39,576,593
Customer margin account	26,715,359	-	-	-	-	-	-	-	-	-	-	26,715,359
Financial assets mandatorily measured at fair value through profit or loss－current	10,335,225	2,411,827	278,388	2,853,580	413,119	116,495	778,545	12,562,393	5,650,342	1,666,817	3,293,131	40,359,862
Debt securities	8,794,215	2,411,827	278,388	2,853,580	413,119	116,495	778,545	12,562,393	5,650,342	1,666,817	3,293,131	38,818,852
Derivatives－OTC	470,215	-	-	-	-	-	-	-	-	-	-	470,215
Derivatives－futures trading margin	698,550	-	-	-	-	-	-	-	-	-	-	698,550
Foreign exchange derivatives	32,738	-	-	-	-	-	-	-	-	-	-	32,738
Other debt securities	338,826	-	-	-	-	-	-	-	-	-	-	338,826
Call option－futures	681	-	-	-	-	-	-	-	-	-	-	681
Margin deposits for borrowed securities	4,514,029	-	-	-	-	-	-	-	-	-	-	4,514,029
Other refundable deposits	1,653,415	-	-	-	-	-	-	-	-	-	3,084	1,656,499
Other current assets	1,866,969	-	-	-	-	-	-	-	-	-	965,288	2,832,257
Financial assets measured at fair value through other comprehensive income－debt instruments	5,366,061	99,687	-	451,041	-	-	198,325	2,063,944	4,103,742	287,224	252,924	12,822,948
Total	$ **89,355,046**	**2,511,514**	**278,388**	**3,304,621**	**413,119**	**116,495**	**976,870**	**14,626,337**	**9,754,084**	**1,954,041**	**5,187,032**	**128,477,547**
Proportion of the total	**69.55 %**	**1.96 %**	**0.22 %**	**2.57 %**	**0.32 %**	**0.09 %**	**0.76 %**	**11.38 %**	**7.59 %**	**1.52 %**	**4.04 %**	**100.00 %**

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

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

b) Introduction to credit risk of financial assets

i) Cash and cash equivalents

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

(Continued)

ii) Financial assets measured at fair value－current

1. Debt securities

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

   a. Convertible bonds

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

   b. Bond funds

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

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

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

3. Derivatives－over-the-counter (OTC)

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

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

4. Derivatives－futures trading margin

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

5. Other debt securities

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

iii) Margin deposits for borrowed securities

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

iv) Other refundable deposits

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

v) Other current assets

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

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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c) Credit risk quality classification definitions

i) Credit Risk quality classification definitions

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

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

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

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

	December 31, 2023										
	Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets		
	Low risk	Moderate risk	High risk	Subtotal	Low risk	Moderate risk	High risk	Subtotal		Loss allowance	Total
Financial assets measured at fair value through other comprehensive income －debt instruments	$ 11,589,147	1,238,460	-	12,827,607	-	-	-	-	-	4,659	12,822,948

	December 31, 2022 (Restated)										
	Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets		
	Low risk	Moderate risk	High risk	Subtotal	Low risk	Moderate risk	High risk	Subtotal		Loss allowance	Total
Financial assets measured at fair value through other comprehensive income －debt instruments	$ 2,520,956	1,261,389	-	3,782,345	-	-	-	-	-	2,151	3,780,194

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

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	December 31, 2023						
	Financial assets credit quality and classification						
Financial assets	**Low risk**	**Moderate risk**	**High risk**	**Overdue but not impaired**	**Impaired**	**Loss allowance**	**Total**
Cash and cash equivalents	$ 34,467,030	5,109,563	-	-	-	-	39,576,593
Customer margin account	26,715,359	-	-	-	-	-	26,715,359
Financial assets mandatorily measured at fair value through profit or loss－current	25,913,484	14,331,986	114,392	-	-	-	40,359,862
Debt securities	24,752,740	13,951,720	114,392	-	-	-	38,818,852
Derivatives－OTC	89,949	380,266	-	-	-	-	470,215
Derivatives－futures trading margin	698,550	-	-	-	-	-	698,550
Foreign exchange derivatives	32,738	-	-	-	-	-	32,738
Other debt securities	338,826	-	-	-	-	-	338,826
Call option－futures	681	-	-	-	-	-	681
Margin deposits for borrowed securities	4,514,029	-	-	-	-	-	4,514,029
Other refundable deposits	1,656,499	-	-	-	-	-	1,656,499
Other current assets	2,832,257	-	-	-	-	-	2,832,257
Financial assets measured at fair value through other comprehensive income－debt instruments	11,589,147	1,238,460	-	-	-	4,659	12,822,948
Subtotal	**107,687,805**	**20,680,009**	**114,392**	**-**	**-**	**4,659**	**128,477,547**
Proportion of the total	**83.81 %**	**16.10 %**	**0.09 %**	**- %**	**- %**	**- %**	**100.00 %**
Receivables	**42,651,834**	**16,516,040**	**804,251**	**-**	**180,011**	**180,011**	**59,972,125**
Accounts receivable	27,965,193	6,546	-	-	180,011	180,011	27,971,739
Receivables from pecuniary finance	14,686,641	16,509,494	804,251	-	-	-	32,000,386
Total	**$ 150,339,639**	**37,196,049**	**918,643**	**-**	**180,011**	**184,670**	**188,449,672**
Proportion of the total	**79.78 %**	**19.74 %**	**0.49 %**	**- %**	**0.09 %**	**0.10 %**	**100.00 %**

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

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

(Continued)

As seen in the above tables, the Group had no financial assets which were overdue but not impaired. 0.49% of normal assets were classified in the high risk category. Those assets mainly were receivables from pecuniary finance and convertible bonds of construction and materials industry. The details of assets classified as high risk were as follows:

1. Cash and cash equivalents: To fulfill daily settlement payments and remittance operations, a certain amount is required to be deposited to the main delivery banks for the brokerage business and other operations. The management of the Group periodically reviews the financial condition, operation, and credit risk.

2. Debt securities: To control exposure to credit risk from convertible bonds, the Group transfers credit risk to external investors by asset swaps.

3. Receivables from pecuniary finance: A risk of financial loss arose from price fluctuation in the underlying securities. To lower credit risk, the Group has closely monitored market volatility of underlying assets and set strict controls over counterparty credit risk.

ii) Determination on the credit risk that has increased significantly since initial recognition

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

iii) Definitions for default and credit impairment of financial assets

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

1. Quantitative indicators

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

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2. Qualitative indicators

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

   – The borrower / issuer has filed for bankruptcy or is likely to file a bankruptcy.

   – The borrower / issuer has died or the company is dissolved.

   – The financial instrument’s contract of the borrower's or issuer's has defaulted.

   – The financial market of the financial asset disappeared due to the financial difficulties of the borrower or the issuer.

   – Due to financial or contractual reasons related to the financial difficulties of the borrower / issuer, the creditor of the borrower / issuer gives the borrower a concession that would not have been considered.

   – Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.

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

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

iv) Expected credit loss measurement

1. Adopted methods and assumptions

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

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

(Continued)

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

The estimation techniques or material assumptions made by the Group to assess expected credit losses have no significant changes for the year ended December 31, 2023 and 2022.

v) Forward-looking information considerations

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

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

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vi) Changes in loss allowance

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

As of December 31, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of debt instruments measured at fair value through other comprehensive income were as follows:

	2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	$ 2,151	-	-	-	-	2,151	2,151
Changes due to financial instruments recognized as at beginning:							
－Derecognition of financial assets at current period	(254)	-	-	-	-	(254)	(254)
Originated or purchased new financial assets	2,204	-	-	-	-	2,204	2,204
Effects of exchange rate changes and others	558	-	-	-	-	558	558
Ending balance	**$ 4,659**	**-**	**-**	**-**	**-**	**4,659**	**4,659**

	2022 (Restated)						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	$ 14,615	-	-	-	-	14,615	14,615
Changes due to financial instruments recognized as at beginning:							
－Derecognition of financial assets at current period	(13,504)	-	-	-	-	(13,504)	(13,504)
Originated or purchased new financial assets	984	-	-	-	-	984	984
Effects of exchange rate changes and others	56	-	-	-	-	56	56
Ending balance	**$ 2,151**	**-**	**-**	**-**	**-**	**2,151**	**2,151**

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For the years ended December 31, 2023 and 2022, there was no significant change in the loss allowance resulting from significant changes in the total carrying amount.

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

As of December 31, 2023 and 2022, the reconciliations of the beginning and ending balances for loss allowance of accounts receivable, other receivables and overdue receivables were as follows:

	2023						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	$ -	-	212,681	36,644	-	249,325	249,325
Originated or purchased new financial assets	-	-	1,670	1,752	-	3,422	3,422
Effects of exchange rate changes and others	-	-	1,517	(2,594)	-	(1,077)	(1,077)
Ending balance	**$ -**	**-**	**215,868**	**35,802**	**-**	**251,670**	**251,670**

	2022 (Restated)						
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances provided in accordance with IFRS 9	Total
Beginning balance	$ -	-	236,940	29,518	-	266,458	266,458
Originated or purchased new financial assets	-	-	2,396	11,047	-	13,443	13,443
Effects of exchange rate changes and others	-	-	(26,655)	(3,921)	-	(30,576)	(30,576)
Ending balance	**$ -**	**-**	**212,681**	**36,644**	**-**	**249,325**	**249,325**

Affected by the sharp plummet in the US stock market in February, 2018, Fubon Futures Co., Ltd. had an unpaid amount of future exchange margins receivable amounting to $186,557 and $187,751, respectively, which has yet to be recovered, and therefore, the loss allowance amounting to $180,011 and $180,150, respectively, after considering the actual recovery, had been recognized, as of December 31, 2023 and 2022 (restated).

(Continued)

vii) Impairment loss

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

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

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

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

2) Liquidity risk presentation and disclosure

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

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a) Liquidity risk measurement analysis

	December 31, 2023					
	Cash flow deficit					
Financial assets	0-30 days	31-90 days	91-180 days	181 days-1 year	>1 year	Total
Cash and cash equivalents	$ 17,455,329	14,113,407	7,224,418	783,439	-	39,576,593
Customer margin account	26,715,359	-	-	-	-	26,715,359
Financial assets mandatorily measured at fair value through profit or loss－current	30,545,397	-	-	-	20,235,752	50,781,149
Open-end funds, money market instruments and other securities	331,550	-	-	-	-	331,550
Operating securities	28,448,258	-	-	-	19,896,926	48,345,184
Derivatives－OTC	470,215	-	-	-	-	470,215
Derivatives－futures trading margin	698,550	-	-	-	-	698,550
Foreign exchange derivatives	32,738	-	-	-	-	32,738
Other debt securities	-	-	-	-	338,826	338,826
Call option－futures	681	-	-	-	-	681
Securities invested by broker	563,405	-	-	-	-	563,405
Financial assets measured at fair value through other comprehensive income－current and non-current	76,738	-	-	5,048,175	23,224,718	28,349,631
Securities sold under repurchase agreements	2,791,434	-	-	-	-	2,791,434
Receivables from pecuniary finance	26,880,324	3,520,042	960,012	640,008	-	32,000,386
Margin deposits for borrowed securities	4,514,029	-	-	-	-	4,514,029
Accounts receivable (included related parties)	27,946,354	52,273	20,163	9,450	-	28,028,240
Total	$ 136,924,964	17,685,722	8,204,593	6,481,072	43,460,470	212,756,821
Proportion of the total	64.36 %	8.31 %	3.86 %	3.04 %	20.43 %	100.00 %

(Continued)

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

	December 31, 2023					
	Cash flow deficit					
Financial liabilities	0-30 days	31- 90 days	91- 180 days	181 days- 1 year	>1 year	Total
Short-term borrowings	$ 1,124,892	-	-	-	-	1,124,892
Commercial paper issued	32,528,837	1,895,861	-	-	-	34,424,698
Held-for-trading financial liabilities－current	13,430,783	-	-	-	-	13,430,783
Call (put) warrants	365,843	-	-	-	-	365,843
Derivatives－OTC	8,001,645	-	-	-	-	8,001,645
Liabilities on sale of borrowed securities	2,359,882	-	-	-	-	2,359,882
Securities purchased under resell agreements－pecuniary refinancing	2,703,045	-	-	-	-	2,703,045
Put option－futures	368	-	-	-	-	368
Financial liabilities designated as at fair value through profit or loss	2,172,146	-	-	-	-	2,172,146
Securities sold under repurchase agreements	31,147,343	-	-	-	-	31,147,343
Securities financing refundable deposits	2,534,910	331,953	90,532	60,355	-	3,017,750
Deposits payable for securities financing	2,884,164	377,688	103,006	68,670	-	3,433,528
Securities lending refundable deposits	37,472,020	-	-	-	-	37,472,020
Futures traders' equity	26,715,359	-	-	-	-	26,715,359
Accounts payable (included related parties)	24,413,485	101	28	18	-	24,413,632
Lease liabilities－current and non-current (Note)	20,712	40,022	53,653	97,909	277,028	489,324
Receipts under custody	3,272,713	222	-	1	-	3,272,936
Total	**$ 177,717,364**	**2,645,847**	**247,219**	**226,953**	**277,028**	**181,114,411**
Proportion of the total	**98.12** %	**1.46** %	**0.14** %	**0.13** %	**0.15** %	**100.00** %
Cash inflow	**136,924,964**	**17,685,722**	**8,204,593**	**6,481,072**	**43,460,470**	**212,756,821**
Cash outflow	**177,717,364**	**2,645,847**	**247,219**	**226,953**	**277,028**	**181,114,411**
Net cash inflow	**(40,792,400)**	**15,039,875**	**7,957,374**	**6,254,119**	**43,183,442**	**31,642,410**

Note: The disclosed amounts include accrued interests.

(Continued)

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

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

Note: The disclosed amounts include accrued interests.

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

b) Liquidity risk management

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

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

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

3) Market risk analyses

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

Trading book positions fit the following definitions:

a) Positions held for earning profits from changes in bid-ask spread or changes in price and interest rate.

b) Positions held for brokerage business or dealing trading.

c) Positions held for offsetting risk from other positions (either entirely or partly).

d) Positions held for trading within approved market risk limits.

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

i) Guidelines and procedures

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

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ii) Organization and framework

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

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

iii) Procedure for market risk control, reporting and verification

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

iv) Market risk measurement of trading book

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

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Value at Risk (VaR)

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

	2023		
VaR (in thousands)	**High**	**Low**	**Average**
Foreign exchange rate	$ 3,677	218	1,380
Interest rate	68,511	16,395	39,206
Equity	62,935	35,803	44,824
Fluctuation	7,953	1,214	2,962

	2022		
VaR (in thousands)	**High**	**Low**	**Average**
Foreign exchange rate	$ 2,053	280	1,052
Interest rate	38,154	10,358	22,005
Equity	60,524	36,583	47,022
Fluctuation	11,745	1,042	5,727

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

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

	2022		
VaR (in thousands)	**High**	**Low**	**Average**
Foreign exchange rate	$ -	-	-
Interest rate	18,445	632	6,558
Equity	12,301	2,482	6,761
Fluctuation	-	-	-

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

Stress testing

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

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

Sensitivity analysis

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

1. Delta: Measure the changing value of a specific asset whose price changes 1%.

2. Gamma: Measure the changing Delta value of a specific asset whose price changes 1%.

3. Vega: Measure the changing value of a specific asset whose price volatility changes 1%.

4. Price Value of Basis Point (PVBP): Measure the changing value of the yield rate curve when it moves 1 bp in parallel.

4) Interest rate benchmark reform

The Group has completed the transition to alternative rates under the interest rate benchmark reform. The Group's remaining IBOR exposures on December 31, 2022 are corporate debt securities indexed to US dollar LIBOR, which was based on the appropriate fallback clauses that transferred US dollar LIBOR to SOFR automatically.

(iii) Transfer of financial assets

Transferred financial assets that are not completely derecognized

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

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

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

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

Types of financial assets	December 31, 2023 Carrying amount of the transferred financial assets	December 31, 2023 Carrying amount of relevant financial liabilities
Financial assets measured at fair value through profit or loss		
Under repurchase agreements	$ 19,800,582	19,086,790
Convertible bonds transferred to counter parties of asset exchange option	5,893,639	5,110,895
Financial assets measured at fair value through other comprehensive income		
Under repurchase agreements	12,723,261	12,060,553

Types of financial assets	December 31, 2022 (Restated) Carrying amount of the transferred financial assets	December 31, 2022 (Restated) Carrying amount of relevant financial liabilities
Financial assets measured at fair value through profit or loss		
Under repurchase agreements	$ 5,669,105	5,692,361
Convertible bonds transferred to counter parties of asset exchange option	4,409,904	4,012,151
Financial assets measured at fair value through other comprehensive income		
Under repurchase agreements	3,621,437	3,510,910

(iv) Offsetting of financial assets and financial liabilities

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

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

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

December 31, 2023						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
				Relevant amount not offset on the balance sheet (d)		
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheet (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Financial instrument (note)	Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	$ 503,634	-	503,634	-	-	503,634
Repurchase agreements	2,791,434	-	2,791,434	2,791,434	-	-
Total	**$ 3,295,068**	**-**	**3,295,068**	**2,791,434**	**-**	**503,634**

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December 31, 2023

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d) Financial instrument (note)	Relevant amount not offset on the balance sheet (d) Pledged cash Collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	$ 8,002,013	-	8,002,013	-	-	8,002,013
Repurchase agreements	31,147,343	-	31,147,343	31,147,343	-	-
Total	$ 39,149,356	-	39,149,356	31,147,343	-	8,002,013

December 31, 2022 (Restated)

Financial assets under offsetting or general agreement of net amount settlement or similar norms

Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheet (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d) Financial instrument (note)	Relevant amount not offset on the balance sheet (d) Cash received as collaterals	Net amount (e)=(c)-(d)
Derivative financial assets	$ 577,298	-	577,298	-	-	577,298

December 31, 2022 (Restated)

Financial liabilities under offsetting or general agreement of net amount settlement or similar norms

Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheet (d) Financial instrument (note)	Relevant amount not offset on the balance sheet (d) Pledged cash Collaterals	Net amount (e)=(c)-(d)
Derivative financial liabilities	$ 5,557,372	-	5,557,372	-	-	5,557,372
Repurchase agreements	9,203,271	-	9,203,271	9,203,271	-	-
Total	$ 14,760,643	-	14,760,643	9,203,271	-	5,557,372

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

(aj) Structured entities

Unconsolidated structured entities

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

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

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(ii) As of December 31, 2023 and 2022, the carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

December 31, 2023	Asset securitization products
Assets possessed	
－Financial assets measured at fair value through profit or loss－current	$ 338,826

December 31, 2022	Asset securitization products
Assets possessed	
－Financial assets measured at fair value through profit or loss－current	$ 377,004

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

(iii) For the years ended December 31, 2023 and 2022, the Group did not offer any financial support to those unconsolidated private investment funds and asset securitization products.

(ak) Capital management

(i) Capital adequacy ratio

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

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

The capital adequacy ratios that the Company declared to the authorities were as follows (expressed in millions of TWD):

	December 31, 2023	December 31, 2022 (Note)
Net amount of eligible regulatory capital	$ 43,161	25,278
Overall risk equivalent	$ 11,927	6,998
Regulatory capital adequacy ratio	362 %	361 %

1) Capital adequacy ratio = Net amount of eligible regulatory capital/Overall risk equivalent

2) Net amount of eligible regulatory capital = Tier 1 capital + Tier 2 capital + Tier 3 capital － Deductions.

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3) Overall risk equivalent = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operational risk.

Note: The information as of 2022, did not include JihSun Securities. The information of JihSun Securities was as follows (expressed in millions of TWD):

	December 31, 2022 (Note)
Net amount of eligible regulatory capital	$ 23,397
Overall risk equivalent	$ 3,817
Regulatory capital adequacy ratio	613 %

(ii) Capital adequacy ratio management

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

1) Evaluate the impact on capital adequacy from the occurrence of the situations and events.

2) Identify the factor in the situation or event which has the greatest impact on the capital adequacy ratio.

3) Evaluate strategies to cope with the situation or event.

4) Report to top management, adjust the allocation of the risk-weighted assets, or execute a capital replenishment plan.

(al) Others

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

	December 31, 2023			December 31, 2022 (Restated)		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial assets:						
Monetary items:						
USD	1,129,843	30.7543	34,747,531	1,019,319	30.7233	31,316,853
HKD	105,072	3.9380	413,777	177,131	3.9395	697,808
EUR	177	34.0089	6,020	6,841	32.7552	224,082
JPY	102,326	0.2171	22,215	112,145	0.2331	26,141
GBP	62	39.1809	2,429	53	37.0136	1,979
CNY	15,478	4.3203	66,870	18,355	4.4134	81,010
Non-monetary items:						
USD	1,323,309	30.7543	40,697,437	201,428	30.7233	6,188,528
EUR	31	34.0089	1,049	36	32.7552	1,171
HKD	19,790	3.9380	77,934	2,095	3.9395	8,252
JPY	55,912	0.2171	12,138	14,052	0.2331	3,275

(Continued)

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

	December 31, 2023			December 31, 2022 (Restated)		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial liabilities:						
Monetary items:						
USD	33,000	30.7543	1,014,892	51,257	30.7233	1,574,778
HKD	-	-	-	24,207	3.9395	95,364
EUR	-	-	-	6,615	32.7552	216,668
JPY	-	-	-	53,367	0.2331	12,440
GBP	-	-	-	51	37.0136	1,869
CNY	-	-	-	1,331	4.4134	5,876
Non-monetary items:						
USD	1,913,536	30.7543	58,849,466	1,058,977	30.7233	32,535,281

Because the Group has various kinds of functional currency, it uses the way of summarization to disclose the information on exchange gains or losses from monetary items. For the years ended December 31, 2023 and 2022 (restated), the exchange gains (losses), including realized and unrealized, amounted to $15,843 and $248,387, respectively.

(7) Related-party transactions

(a) Names and relationships of related parties

Name of related party	Relationship
Fubon Financial Holding Co., Ltd. (Fubon Financial Holding)	Parent company of the Company
Fubon Insurance Co., Ltd. (Fubon Insurance)	Subsidiary of Fubon Financial Holding
Fubon Life Insurance Co., Ltd. (Fubon Life Insurance)	Subsidiary of Fubon Financial Holding
Taipei Fubon Commercial Bank Co., Ltd. (Taipei Fubon Bank) (Note)	Subsidiary of Fubon Financial Holding
Fubon Bank (Hong Kong) Limited (Fubon Bank (HK))	Subsidiary of Fubon Financial Holding
Fubon Asset Management Co., Ltd (Fubon Asset Management)	Subsidiary of Fubon Financial Holding
Fubon Sports & Entertainment Co., Ltd. (Fubon Sports & Entertainment)	Sub-subsidiary of Fubon Financial Holding
Fubon Fund Management (Hong Kong) Limited (Fubon Fund Management (HK))	Sub-subsidiary of Fubon Financial Holding
Chung Hsing Construction Co., Ltd. (Chung Hsing Construction)	A major stockholder of Fubon Financial Holding
Taiwan Mobile Co., Ltd. (Taiwan Mobile)	Related parties in substance
Far Eastern International Bank Co., Ltd. (Far Eastern International Bank)	Related parties in substance
Taiwan Stock Exchange Co., Ltd. (TWSE)	Related parties in substance
Taiwan Futures Exchange Co., Ltd. (Taifex)	Related parties in substance

(Continued)

FUBON SECURITIES CO., LTD. AND SUBSIDIARIES
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Name of related party	Relationship
Taipei Exchange (TPEx)	Related parties in substance
Taiwan Fixed Network Co., Ltd. (Taiwan Fixed Network)	Related parties in substance
MediaTek Inc. (MTK)	Related parties in substance
Synnex Technology International Corporation (SYNNEX)	Related parties in substance
Hui Yang Venture Capital Co., Ltd. (Hui Yang Venture Capital)	Related parties in substance
Ming-Dong Industrial Co., Ltd. (Ming-Dong Industrial)	Related parties in substance
eChem Solutions Corp. (eChem Solutions)	Related parties in substance
CHO Pharma, Inc. (CHO)	Related parties in substance
Taiwan Cement Corporation (Taiwan Cement)	Related parties in substance
Diamond Biofund Inc. (Diamond Biofund)	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Cultural and Educational Foundation	Related parties in substance
Line Bank Co., Ltd. (Line Bank)	Related parties in substance
CTBC Securities Co., Ltd.	Related parties in substance
Taiwan Business Bank Co., Ltd. (Taiwan Business Bank)	Related parties in substance
Funds managed by Fubon Asset Management	Related parties in substance
Funds managed by JihSun Investment Trust	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and the related parties in substance

Note: The Group has restated its comparative information on 2022, wherein its transactions with JihSun Bank have been included.

(b) Compensation to executive officers

	2023	2022 (Restated)
Salaries and other short-term employee benefits	$ 397,503	332,365
Post-employment benefits	13,805	18,788
Other long-term employee benefits	2,050	1,360
	$ 413,358	**352,513**

(Continued)

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

(c) Significant transactions with related parties

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

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

	December 31, 2023		December 31, 2022 (Restated)	
	Amount	**%**	**Amount**	**%**
Demand deposits (excluding settlement accounts)	$ 1,779,160	61.38	2,718,090	69.11
Demand deposits (recognized as customer margin accounts)	$ 311,401	9.44	547,319	6.42
Checking account	$ 133,907	69.67	96,360	76.81
Time deposits	$ 490,000	26.34	2,935,600	53.56
Restricted time deposits	$ 138,000	100.00	204,000	100.00
Foreign currency deposits (excluding settlement accounts)	$ 154,519	0.45	339,188	1.15
Foreign time deposits	$ 9,753,957	100.00	14,098,558	100.00

As of December 31, 2023 and 2022, the Group had bank deposits in Far Eastern International Bank, Taiwan Business Bank and Line Bank of $202,767 and $440,400, respectively.

As of December 31, 2023 and 2022 (restated), the Group had provided time deposits in Taipei Fubon Bank as operating deposits and warrant deposits amounted to $970,000 and $790,000, respectively.

These were no balances of short-term borrowings from Taipei Fubon Bank as of December 31, 2023 and 2022 (restated), and unused credit facilities from Taipei Fubon Bank amounted to $8,500,000 and $9,700,000, respectively. As of December 31, 2023 and 2022 (restated), the carrying value of land and buildings pledged to Taipei Fubon Bank were $1,453,971 and $1,423,429, respectively, and time deposits pledged to Taipei Fubon Bank for short-term borrowing were $138,000 and $204,000, respectively. The Group also provided stock investments amounting to $8,392,758 and $8,065,938 (recognized as financial assets measured at fair value through other comprehensive income) to Taipei Fubon Bank as collateral for short-term borrowings and overdrafts as of December 31, 2023 and 2022 (restated), respectively.

Interest income from bank deposits was as follows:

Name of related party	**2023**	**2022 (Restated)**
Taipei Fubon Bank	$ 732,358	251,404
Far Eastern International Bank	$ 12,382	22,021
Others (no individual related party accounts for more than $10,000)	$ 4,620	1,186
Interest rate (%) range	0.32~5.80	0~4.95

(Continued)

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

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

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Funds managed by Fubon Asset Management	$ 97,752	47,480

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

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

	December 31, 2023	
Name of securities	Cost	Gains (losses) on valuation
Funds managed by Fubon Asset Management	$ 1,062,830	20,986
Fubon REIT I Fund	243,380	95,446
Others (no individual related party accounts for more than $10,000)	3,945	67
Total	$ 1,310,155	116,499

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

	2023	
Name of securities	Dividend revenue	Gains (losses) on disposal
Funds managed by Fubon Asset Management	$ 24,315	153,314
eChem	-	20,230
Others (no individual related party accounts for more than $10,000)	861	19,134
Total	$ 25,176	192,678

(Continued)

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

Name of securities	2022 (Restated) Dividend revenue	Gains (losses) on disposal
Funds managed by Fubon Asset Management	$ 24,824	(148,424)
MTK	13,472	(28,933)
CHO	-	37,418
eChem	584	79,657
Others (no individual related party accounts for more than $10,000)	572	1,414
Total	$ 39,452	(58,868)

For the years ended December 31, 2023 and 2022, the interest revenue arise from operating securities－others were $9,544 and $11,465, respectively.

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

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

Name of securities	2023 Dividend revenue	Gains (losses) on disposal
Others (no individual related party accounts for more than $10,000)	$ -	1,680

Name of securities	2022 (Restated) Dividend revenue	Gains (losses) on disposal
Others (no individual related party accounts for more than $10,000)	$ -	1,070

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

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

Name of securities	December 31, 2023 Cost	Gains (losses) on valuation
Others (no individual related party accounts for more than $10,000)	$ 11,529	(483)

(Continued)

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

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

Name of securities	2023 Dividend revenue	2023 Gains (losses) on disposal
Others (no individual related party accounts for more than $10,000)	**$ 115**	**4,881**

Name of securities	2022 (Restated) Dividend revenue	2022 (Restated) Gains (losses) on disposal
MTK	$ 34,440	155,720
Others (no individual related party accounts for more than $10,000)	91	(978)
Total	**$ 34,531**	**154,742**

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

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

Name of securities	December 31, 2023 Cost	December 31, 2023 Shares	December 31, 2023 Gain (loss) on valuation
Taiwan Mobile	**$ 1,428,277**	**17,242**	**271,785**

Name of securities	December 31, 2022 Cost	December 31, 2022 Shares	December 31, 2022 Gain (loss) on valuation
Taiwan Mobile	**$ 1,428,277**	**17,242**	**204,541**

Name of securities	2023 Dividend revenue	2023 Gains (losses) on disposal
Taiwan Mobile	$ 74,141	-
SYNNEX	25,900	(64,409)
Others (no individual related party accounts for more than $10,000)	-	(6,678)
Total	**$ 100,041**	**(71,087)**

(Continued)

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

Name of securities	2022 Dividend revenue	2022 Gains (losses) on disposal
Taiwan Mobile	$ 74,141	-
Taiwan Cement	-	(64,245)
Total	**$ 74,141**	**(64,245)**

7) Derivative financial instrument transaction

December 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.01.09~ 2023.02.27	$ 1,500,000	CCS contract value (assets)	275
Far Eastern International Bank	Cross Currency Swap (CCS)	2018.07.11~ 2023.07.13	300,000	CCS contract value (liabilities)	946
Far Eastern International Bank	IRS Portion of Asset Swap	2022.11.01~ 2025.11.22	75,000	IRS Portion of Asset Swap (liabilities)	6,210

8) Bond transaction－Bond sold

Name of related party	2023	2022
Funds managed by JihSun Investment Trust	**$ -**	**50,473**

9) Customer margin account

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taifex	**$ 6,048,303**	**5,333,417**

10) Accounts receivable

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Funds managed by Fubon Asset Management	$ 43,369	6,909
Others (no individual related party accounts for more than $10,000)	13,132	11,437
Total	**$ 56,501**	**18,346**

(Continued)

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

11) Other receivables

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taipei Fubon Bank	$ 135,248	98,001
Fubon Life Insurance	27,110	9,890
Taifex	28,679	4,762
Others (no individual related party accounts for more than $10,000)	7,063	4,583
Total	**$ 198,100**	**117,236**

12) Margin deposits for borrowed securities (recognized as margin deposits for borrowed securities)

Name of related party	December 31, 2023	December 31, 2022 (Restated)
TWSE	**$ -**	**769,560**

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

Name of related party	December 31, 2023	December 31, 2022 (Restated)
TWSE	$ 238,462	186,365
Taifex	166,527	219,833
TPEx	122,872	155,120
Total	**$ 527,861**	**561,318**

14) Refundable deposits (recognized as other non-current assets)

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taipei Fubon Bank	$ 9,534	11,234
TPEx	71,000	56,206
Taifex	20,000	-
Others (no individual related party accounts for more than $10,000)	19,166	18,124
Total	**$ 119,700**	**85,564**

(Continued)

15) Futures traders' equity

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

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taipei Fubon Bank	$ 344,108	544,065
Fund managed by Fubon Asset Management	5,072,718	4,459,397
Total	**$ 5,416,826**	**5,003,462**

16) Deal on credit

As of December 31, 2023 and 2022, the Group had receivables from the other related parties' pecuniary finance as well as securities borrowing and lending amounted to $914,939 and $287,108, respectively.

17) Accounts payable

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taifex	$ 22,740	28,443
TWSE	-	12,910
Others (no individual related party accounts for more than $10,000)	419	5,462
Total	**$ 23,159**	**46,815**

18) Other payables

Name of related party	December 31, 2023	December 31, 2022 (Restated)
Taipei Fubon Bank	$ 38,653	17,577
Fubon Sports & Entertainment	14,802	9,345
TWSE	57,091	25,632
TPEx	18,548	8,959
Others (no individual related party accounts for more than $10,000)	20,093	11,015
Total	**$ 149,187**	**72,528**

19) Current tax liabilities

The Company has designated Fubon Financial Holding as the taxpayer to file a combined corporate income tax return starting from the year 2002. As of December 31, 2023 and 2022, current tax liabilities of the Company were $781,641 and $814,780, respectively.

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

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

Name of related party	2023	2022 (Restated)
Fubon Life Insurance	$ 106,482	91,041
Taipei Fubon Bank	92,448	65,668
Fubon Insurance	1,172	10,620
Funds managed by Fubon Asset Management	81,813	123,956
Others (no individual related party accounts for more than $10,000)	10,155	26,649
Total	**$ 292,070**	**317,934**

21) Revenue from underwriting business

Name of related party	2023	2022 (Restated)
Fubon Financial Holding	$ 19,300	10,200
Fubon Asset Management	96,878	68,877
Fubon Life Insurance	18,790	-
Diamond Biofund	39,990	-
Others (no individual related party accounts for more than $10,000)	15,223	8,579
Total	**$ 190,181**	**87,656**

22) Revenue from providing agency service for stock affairs

Name of related party	2023	2022 (Restated)
Fubon Financial Holding	$ 33,191	57,858
Others (no individual related party accounts for more than $10,000)	9,751	9,550
Total	**$ 42,942**	**67,408**

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

Name of related party	2023	2022 (Restated)
TWSE	$ 92,126	84,202
TPEx	23,095	14,426
Total	**$ 115,221**	**98,628**

(Continued)

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

24) Dividend income (recognized as other gains and losses)

Name of related party	2023	2022 (Restated)
Taifex	$ 90,924	93,050
Hui Yang Venture Capital	9,990	18,592
TWSE	195,477	249,242
Others (no individual related party accounts for more than $10,000)	23	8
Total	$ 296,414	360,892

25) Facility rental revenue (recognized as other gains and losses)

Name of related party	2023	2022 (Restated)
Taipei Fubon Bank	$ 598,870	598,381

26) Financial income - others (recognized as other gains and losses)

Name of related party	2023	2022 (Restated)
Taifex	$ 46,382	5,560
Others (no individual related party accounts for more than $10,000)	3,174	2,019
Total	$ 49,556	7,579

27) Other non-operating revenue (recognized as other gains and losses)

Name of related party	2023	2022 (Restated)
Taipei Fubon Bank	$ 14,397	262
Others (no individual related party accounts for more than $10,000)	1,934	4,330
Total	$ 16,331	4,592

28) Rental revenue (recognized as other gains and losses)

Name of related party	2023	2022 (Restated)
Taipei Fubon Bank	$ 11,951	14,422
Others (no individual related party accounts for more than $10,000)	1,257	1,576
Total	$ 13,208	15,998

(Continued)

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

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

Name of related party	2023	2022 (Restated)
Fubon Life Insurance	$ 79,873	69,922
Taipei Fubon Bank	14,280	28,664
Others (no individual related party accounts for more than $10,000)	7,521	6,345
Total	$ 101,674	104,931

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

Name of related party	2023	2022 (Restated)
Taipei Fubon Bank	$ 176,794	133,847
Others (no individual related party accounts for more than $10,000)	3,150	3,261
Total	$ 179,944	137,108

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

Name of related party	2023	2022 (Restated)
TWSE	$ 534,623	489,213
Taifex	177,449	235,083
TPEx	188,012	167,396
Total	$ 900,084	891,692

32) Financial Cost

Name of related party	2023	2022 (Restated)
Funds managed by Fubon Asset Management	$ 18,202	5,005
Others (no individual related party accounts for more than $10,000)	5,810	915
Total	$ 24,012	5,920

33) Settlement service fee expense

Name of related party	2023	2022 (Restated)
Taifex	$ 126,968	166,066

(Continued)

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

34) Other operating expense

Name of related party	2023	2022 (Restated)
Funds managed by Fubon Asset Management	$ 14,303	17,230
Others (no individual related party accounts for more than $10,000)	3,519	3,070
Total	$ **17,822**	**20,300**

35) Insurance expense (recognized as employee benefit expense and other operating expense)

Name of related party	2023	2022 (Restated)
Fubon Life Insurance	$ 30,944	28,173
Fubon Insurance	17,658	15,397
Total	$ **48,602**	**43,570**

36) Rental expense (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Taipei Fubon Bank	$ 3,492	14,541
TWSE	12,564	7,938
Others (no individual related party accounts for more than $10,000)	19,340	15,182
Total	$ **35,396**	**37,661**

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

37) Stock borrowing fees (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Fubon Life Insurance	$ 21,901	8,517
Others (no individual related party accounts for more than $10,000)	6,077	8,669
Total	$ **27,978**	**17,186**

38) Advertisement expense (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Fubon Sports & Entertainment	$ 35,172	27,274
Others (no individual related party accounts for more than $10,000)	636	428
Total	$ **35,808**	**27,702**

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

39) Information technology expense (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
TWSE	$ 45,385	51,287
TPEx	19,987	25,091
Others (no individual related party accounts for more than $10,000)	4,914	6,284
Total	$ **70,286**	**82,662**

40) Postage expense (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Taiwan Fixed Network	$ 16,606	16,166
Others (no individual related party accounts for more than $10,000)	4,623	4,198
Total	$ **21,229**	**20,364**

41) Donations (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Fubon Cultural and Educational Foundation	$ 13,698	4,019
Fubon Charity Foundation	12,139	3,276
Others (no individual related party accounts for more than $10,000)	-	4,852
Total	$ **25,837**	**12,147**

42) Other expense (recognized as other operating expense)

Name of related party	2023	2022 (Restated)
Line Bank	$ 12,000	-
Others (no individual related party accounts for more than $10,000)	28,306	30,112
Total	$ **40,306**	**30,112**

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

43) Right-of-use assets and lease liabilities

Name of related party	Right-of-use Asset December 31, 2023	Right-of-use Asset December 31, 2022 (Restated)
Taipei Fubon Bank	$ 107,633	71,589
Taiwan Fixed Network	574	1,034
Chung Hsing Construction	38,228	10,958
Ming-Dong Industrial	12,657	1,769
Fubon Charity Foundation	7,945	1,935
Fubon REIT I Fund	23,262	40,793
Fubon REIT II Fund	5,620	14,032
Fubon Life Insurance	39,705	42,994
Fubon Insurance	68,071	30,237
Total	$ 303,695	215,341

Name of related party	Lease liability December 31, 2023	Lease liability December 31, 2022 (Restated)
Taipei Fubon Bank	$ 109,154	73,910
Taiwan Fixed Network	593	1,059
Chung Hsing Construction	38,345	10,877
Ming-Dong Industrial	12,834	1,891
Fubon Charity Foundation	7,995	2,019
Fubon REIT I Fund	23,987	41,365
Fubon REIT II Fund	5,835	14,348
Fubon Life Insurance	40,854	43,331
Fubon Insurance	26,571	30,564
Total	$ 266,168	219,364

(Continued)

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

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

	December 31, 2023	December 31, 2022 (Restated)
Assets and liabilities:		
Performance bond of ETNs	$ 1,500	3,000
Receipts under custody	4,964	3,840
Other prepayments	3,770	5,018
Temporary receipts	5,654	7
Deposits received	3,009	2,474
Others (no individual related items for more than $2,000)	80	170
Total	**$ 18,977**	**14,509**

	2023	2022 (Restated)
Revenue:		
Revenues from wealth management business	$ 4,931	4,711
Gains on disposal of investments	3,059	7
Revenues from securities advisory service	2,700	4,334
Other non-operating revenue	2,845	1,514
Others (no individual item accounts for more than $2,000)	199	115
Total	**$ 13,734**	**10,681**

	2023	2022 (Restated)
Expense:		
Professional services expense	$ 8,208	3,127
Repair and maintenance expense	3,273	1,332
Association service charge	400	5,480
Utilities expense	898	3,937
Stationery and printing expense	3,315	2,137
Others (no individual item accounts for more than $2,000)	2,074	3,417
Total	**$ 18,168**	**19,430**

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

(Continued)

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

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Pledged object		December 31, 2023	December 31, 2022 (Restated)
Time deposits (accounted for other current assets)	Bank loan and overdraft	$	138,000	254,037
Stocks (accounted for financial assets measured at fair value through other comprehensive income－current)	Bank loan		1,676,200	1,609,900
Stocks (accounted for financial assets measured at fair value through other comprehensive income－non-current)	Bank loan		6,716,558	6,456,038
Bonds (accounted for financial assets measured at fair value through other comprehensive income－current)	Reserves for trust business		49,844	49,570
Bonds (accounted for financial assets measured at fair value through other comprehensive income－current)	Guarantee for bond business		49,844	49,570
Property and equipment－land and buildings	Bank loan		1,540,512	2,792,010
Investment property－land and buildings	Bank loan		668,490	813,743
		$	**10,839,448**	**12,024,868**

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

Fubon Investment Holding (BVI) Ltd. has been liquidated on January 31, 2024, with the approval of its board on January 15, 2024. All related procedures have yet to be completed as of the reporting date.

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

(12) Other

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

By function / By account	Years ended December 31 2023			Years ended December 31 2022 (Restated)		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits expense:						
Wage and salaries	$ -	5,434,385	5,434,385	-	4,583,034	4,583,034
Insurance expense	-	356,143	356,143	-	374,722	374,722
Pension expense	-	191,709	191,709	-	211,976	211,976
Directors' remuneration	-	29,772	29,772	-	41,034	41,034
Other employee benefits	-	131,160	131,160	-	126,400	126,400
Depreciation expense	-	458,212	458,212	-	492,780	492,780
Amortization expense	-	182,705	182,705	-	156,786	156,786

(b) Legal compliance

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

Rule	Formula	December 31 2023		December 31 2022 (Note 1)		Standard	Within the standard
		Calculation	Ratio	Calculation	Ratio		
No. 17	Stockholders' equity / Total liabilities - futures traders' equity	382,781 / 735	520.67	381,202 / 735	518.52	≧1	Satisfactory
No. 17	Current assets / Current liabilities	1,629,521 / -	-	1,454,981 / -	-	≧1	Satisfactory
No. 22	Stockholders' equity / Minimum paid-in capital	382,781 / 400,000	95.70 %	381,202 / 400,000	95.30 %	≧60% ≧40%	Satisfactory
No. 22	Adjusted net working capital / Customer margin required	1,369,621 / 537,605	254.76 %	1,349,933 / 228,417	590.99 %	≧20% ≧15%	Satisfactory

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

Rule	Formula	December 31 2022		Standard	Within the standard
		Calculation	Ratio		
No. 17	Stockholders' equity / Total liabilities - futures traders' equity	1,517,514 / 12,474	121.65	≧1	Satisfactory
No. 17	Current assets / Current liabilities	1,499,975 / 944	588.96	≧1	Satisfactory
No. 22	Stockholders' equity / Minimum paid-in capital	1,517,514 / 400,000	379.00 %	≧60% ≧40%	Satisfactory
No. 22	Adjusted net working capital / Customer margin required	1,516,357 / -	- %	≧20% ≧15%	Satisfactory

(Continued)

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

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

Rule	Formula	December 31 2023		December 31 2022 (Note 2)		Standard	Within the standard
		Calculation	Ratio	Calculation	Ratio		
No. 17	Stockholders' equity / Total liabilities - futures traders' equity	3,374,120 / 388,171	8.69	2,223,549 / 230,511	9.65	≧1	Satisfactory
No. 17	Current assets / Current liabilities	31,086,875 / 29,055,336	1.07	26,173,427 / 24,497,666	1.07	≧1	Satisfactory
No. 22	Stockholders' equity / Minimum paid-in capital	3,374,120 / 600,000	562.35 %	2,223,549 / 600,000	370.59 %	≧60% ≧40%	Satisfactory
No. 22	Adjusted net working capital / Customer margin required	3,019,558 / 6,481,724	46.59 %	2,037,509 / 4,448,041	45.81 %	≧20% ≧15%	Satisfactory

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

Rule	Formula	December 31 2022		Standard	Within the standard
		Calculation	Ratio		
No. 17	Stockholders' equity / Total liabilities - futures traders' equity	2,331,685 / 148,717	15.68	≧1	Satisfactory
No. 17	Current assets / Current liabilities	10,395,710 / 9,053,953	1.15	≧1	Satisfactory
No. 22	Stockholders' equity / Minimum paid-in capital	2,331,685 / 700,000	333.00 %	≧60% ≧40%	Satisfactory
No. 22	Adjusted net working capital / Customer margin required	2,194,263 / 1,792,127	122.00 %	≧20% ≧15%	Satisfactory

(c) Special risk of futures brokering business

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

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

(In thousands of USD)

	December 31, 2023	December 31, 2022
Bank deposits	$ 10,835	6,823
Stocks	21,635	27,993
Bonds	18,715	13,891
Funds	3,544	3,609
Structured products	7,343	5,071

(Continued)

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

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

(In thousands of NTD)

	December 31, 2023	December 31, 2022
Bank deposits:		
Time deposits	$ 535,000	440,000
Demand deposits	645,902	371,632
Total	**$ 1,180,902**	**811,632**

(f) Because the US stocks had plummeted sharply on February 6, 2018, resulting in the equity of customer margin deposit to be negative. The clients of Fubon Futures Co., Ltd. breached the contract due to their failure to fully pay the additional guarantee deposits within three working days after having been noticed. Therefore, Fubon Futures Co., Ltd. had to recognize the future exchanges margins receivable with the approximate amount of $185 million. This matter had been reported to the Taiwan Futures Exchange. As of December 31, 2023, the unpaid amount was $186,557 thousand. After considering the actual recovery situation, Fubon Futures Co., Ltd. had recognized the allowance for doubtful accounts amounting to $180,011 thousand.

(g) According to Article 17 of Enforcement Rules of the Trust Enterprise Act, the details of trust balance sheet, trust income statement, and trust catalog of property were as follows:

(i) Trust balance sheets

Trust Balance Sheets

December 31, 2023 and 2022

(expressed in thousands of TWD)

Trust assets	**December 31, 2023**	**December 31, 2022 (Restated)**	**Trust liabilities**	**December 31, 2023**	**December 31, 2022 (Restated)**
Bank deposits	$ 287,747	258,544	Payables	$ 4,226	2,803
Short-term investments			Trust capital	4,118,847	9,175,656
Funds	13,696,480	11,995,839	Net income	2,712,262	748,528
Stocks	3,048,317	5,899,712	Accumulated surplus (loss)	10,630,011	9,881,483
Borrowed securities	296,119	1,599,724	Distribution of earnings	-	(34,988)
Receivables	131,624	19,663			
Beneficiary certificates pending settlement	5,059	-			
Total trust assets	**$ 17,465,346**	**19,773,482**	**Total trust liabilities**	**$ 17,465,346**	**19,773,482**

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

(ii) Trust income statements

Trust Income Statements

For the years ended December 31, 2023 and 2022

(expressed in thousands of TWD)

	2023	2022 (Restated)
Trust Revenues		
Interest revenue	$ 1,683	446
Dividend revenue	1,128,779	1,142,350
Rental revenue	6,978	11,487
Borrowed securities compensation	2,502	79,148
Realized gains on investments	219,274	78,367
Unrealized gains on investments	2,895,892	1,938,842
Unrealized foreign exchange gains	-	169,713
Realized foreign exchange gains	-	9,611
Subtotal	4,255,108	3,429,964
Trust Expenses		
Management fee	1,480	3,041
Commission expense	4,279	6,856
Other expense	166	102
Realized losses on investments	217,309	324,395
Unrealized losses on investments	1,319,612	2,166,675
Unrealized foreign exchange losses	-	177,485
Realized foreign exchange losses	-	2,882
Subtotal	1,542,846	2,681,436
Income before tax	2,712,262	748,528
Income tax expense	-	-
Net income	$ **2,712,262**	**748,528**

(Continued)

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

(iii) Trust catalog of property

Trust catalog of property

December 31, 2023 and 2022

(expressed in thousands of TWD)

Item	December 31, 2023	December 31, 2022 (Restated)
Bank deposits	$ 287,747	258,544
Short-term investments		
Funds	13,696,480	11,995,839
Stocks	3,048,317	5,899,712
Borrowed securities	296,119	1,599,724
Receivables	131,624	19,663
Beneficiary certificates pending settlement	5,059	-
Total	$ 17,465,346	19,773,482

(13) Other disclosures

(a) Information on significant transactions

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

(i) Financing provided to others: None.

(ii) Endorsements/guarantees provided to others: None.

(iii) Acquisition of individual real estate at price of at least NT$300,000million or 20% of the paid-in capital: None.

(iv) Disposal of individual real estate at price of at least NT$300,000million or 20% of the paid-in capital: None.

(v) Discount on brokerage trading fee to related parties amounting to at least NT$5,000million: None.

(vi) Receivables from related parties amounting to at least NT$100,000million or 20% of the paid-in capital: None.

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

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

Number (Note I)	Name of company	Name of counter-party	Existing relationship with counter-party (Note II)	Transaction details			
				Account name	Amount	Terms of trading	Percentage of total consolidated revenue or total assets
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other receivables-related parties-other	27,036	Not materially different from the general trading terms.	0.01 %
0	Fubon Securities Co., Ltd.	Fubon Securities Investment Service Co., Ltd.	1	Other payables-related parties	4,010	Not materially different from the general trading terms.	- %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Accounts receivable- related parties	36,077	Not materially different from the general trading terms.	0.01 %
0	Fubon Securities Co., Ltd.	Fubon Securities Investment Service Co., Ltd.	1	Professional service expense-advisory	183,409	Not materially different from the general trading terms.	0.98 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Futures commission revenue- the operation of futures introducing broker business	160,116	Not materially different from the general trading terms.	0.85 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other non-operating expense	73,025	Not materially different from the general trading terms.	0.39 %
0	Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	1	Other non-operating revenue	26,901	Not materially different from the general trading terms.	0.14 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Customer margin account-bank deposits	1,979,662	Not materially different from the general trading terms.	0.81 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures trader's equity- customer	719,990	Not materially different from the general trading terms.	0.30 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures trader's equity- commission merchant	1,259,672	Not materially different from the general trading terms.	0.52 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Other payables-related parties	27,036	Not materially different from the general trading terms.	0.01 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Accounts payable-related parties	36,077	Not materially different from the general trading terms.	0.01 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Futures commission expense- the operation of futures introducing broker business	160,116	Not materially different from the general trading terms.	0.85 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Professional service expense-other	27,888	Not materially different from the general trading terms.	0.15 %
1	Fubon Futures Co., Ltd.	Fubon Securities Co., Ltd.	2	Brokerage handling fee revenue - futures	73,025	Not materially different from the general trading terms.	0.39 %
2	Fubon Securities Investment Services Co., Ltd.	Fubon Securities Co., Ltd.	2	Accounts receivable- related parties	4,010	Not materially different from the general trading terms.	- %
2	Fubon Securities Investment Services Co., Ltd.	Fubon Securities Co., Ltd.	2	Revenue from advisory-securities	183,409	Not materially different from the general trading terms.	0.98 %

Note I: The numbers indicate the following:
1. 0 means the parent.
2. The subsidiaries are sequentially numbered from 1.

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

Note II: Types of existing relationship with the counter-party are indicated as follows:
1. Parent to subsidiaries.
2. Subsidiaries to parent.

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

For the years ended December 31, 2023, the related information on investee companies was as follows (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Major operations	Initial investment (Amount)		Ending balance			Revenue of investee	Net income of investee	Investment income (losses)	Cash dividend	Notes
						Ending balance	Beginning balance	Shares	Ratio of shares	Book value					
Fubon Securities Co., Ltd.	Fubon Futures Co., Ltd.	Taipei City	May 7, 1998		Futures	2,474,128	1,424,128	210,000	100.00 %	3,374,752	1,088,142	309,556	309,803	90,411	The transaction was eliminated when the Company compiled its consolidated financial report.
〃	Fubon Investment Holding (BVI) Ltd.	British Virgin Islands	April 3, 1997	No.40335	Investment holding	1,078,338	1,078,338	26,926	100.00 %	810,611	-	35,132	35,132	-	〃
〃	Fubon Securities Investment Services Co., Ltd.	Taipei City	April 14, 1987		Investment service	90,444	90,444	9,000	100.00 %	103,693	186,109	1,390	1,390	-	〃
〃	Fubon Securities Venture Capital Co., Ltd.	Taipei City	September 11, 2015	No. 10400230351	Venture Capital	300,000	300,000	30,000	100.00 %	226,383	8,058	(12,598)	(12,598)	-	〃
〃	Fubon Mintou Venture Capital Co., Ltd.	Taipei City	May 26, 2017	No. 1050006031	Venture Capital	134,000	134,000	13,400	67.00 %	131,636	-	303	231	-	〃
〃	JihSun International Investment Holding Ltd.	Cayman Islands	September 9, 1996	No. 66234	Investment Holding	-	1,795,250	-	- %	-	-	2,345	2,345	-	〃
〃	JihSun Securities Investment Consulting Co., Ltd.	Taipei City	October 12, 1984		Investment service	-	173,600	-	- %	-	-	708	708	-	〃
〃	JS CRESVALE Securities International Ltd.	Hong Kong	January 26, 1993	No.10505	Securities business	990,108	1,763,755	96,000	100.00 %	379,956	25,288	5,385	5,385	-	〃
〃	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei City	October 17, 2003		Venture capital	649,970	649,970	141,424	11.20 %	1,623,197	1,457,825	464,128	51,982	-	Investments accounted for using the equity method
〃	JihSun Securities Investment Trust Co., Ltd.	Taipei City	December 26, 1996		Investment trust business	211,380	211,380	7,800	20.00 %	264,890	405,203	148,207	29,679	1,560	Investments accounted for using the equity method

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

Name of investor	Name of investee	Location	Date of establishment	FSC Rule No.	Major operations	Initial investment (Amount)		Ending balance			Revenue of investee	Net income of investee	Investment income (losses)	Cash dividend	Notes
						Ending balance	Beginning balance	Shares	Ratio of shares	Book value					
Fubon Investment Holding (BVI) Ltd.	Fubon Securities (HK) Ltd.	Hong Kong	July 29, 2010	No.0990010266	Securities business	1,098,242	1,098,242	220,248	100.00 %	808,113	93,823	36,195	36,195	-	The transaction was eliminated when the Company compiled its consolidated financial report.
JS CRESVALE Securities International Ltd.	JS CRESVALE Capital Ltd.	Hong Kong	December 27, 1985	No.101651	Stock and futures brokerage, sales of mutual funds	88,500	88,500	2,000	100.00 %	87,737	1	2,306	2,306	-	〃

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

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

(e) Major shareholders:

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

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

In accordance with the Rule No. 10703209011 issued by the FSC on June 1, 2018, the Group should disclose the following information on investing in the foreign business in British Virgin Islands (BVI) and other places as of December 31, 2023.

(i) Condensed balance sheet and income statement:

1) Balance sheet

(In Thousands of USD)

Items	Fubon Investment Holding (BVI)	JihSun International Investment Holding (Note)
Bank deposits and other assets	$ 81	-
Investments accounted for using equity method	26,277	-
Total asset	26,358	-
Share capital	26,926	-
Capital surplus	45	-
Retained earnings	(492)	-
Other equity interests	(121)	-
Total stockholders' equity	26,358	-

Note: The liquidation was completed on December 27, 2023.

(Continued)

2) Statement of comprehensive income

(In Thousands of USD)

Items	Fubon Investment Holding (BVI)	JihSun International Investment Holding
Operating expenses	$ (37)	(25)
Non-operating revenue and expenses	1,165	101
Net income before tax	1,128	76
Net income after tax	1,128	76

(ii) Securities held as of December 31, 2023, were as follows:

(In Thousands of USD)

Holding company	Security	Listed name	December 31, 2023	
			Shares (In thousands)	Amounts
Fubon Investment Holding (BVI) Ltd.	Equity investment: Fubon Securities (HK) Ltd.	Investment accounted for using equity method (shareholding ratio: 100.00%)	**220,248**	**$ 26,277**

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

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

(14) Segment information

(a) Operating segment information

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

(i) Dealing business: With its own funds, the dealing business engaged in trading securities, bonds, futures, options, and related listed stock instruments approved by the authorities, and undertook profit and loss risks.

(ii) Equity derivatives business: Engaged in warrant liabilities, structured products, equity derivative instruments, and related business.

(iii) Investment banking business: Engaged in helping business enterprises to have an initial public offering or to register on the emerging or listed market, in underwriting and selling securities, in helping business enterprises to raise funds, and related business.

(iv) Brokerage business: Engaged in brokerage trading, margin trading, and futures brokerage services.

(v) Fubon Futures Co., Ltd.: Engaged in the business of domestic and international futures brokerage services and futures investment consultancy, accepting appointments to handle futures trading, and assisting in or performing closing for other non-closing futures brokers.

(vi) Fubon Investment Holding (BVI) Ltd.: Engaged in domestic and international brokerage trades and other related investment activities.

(vii) Others: Fubon Investment Service Co., Ltd.: Accepted appointments to provide research and analyses related to securities investment advice or recommendations, and other investment advisory services. Fubon Securities Venture Capital Co., Ltd.: Engaged in venture capital services. Fubon Mintou Venture Capital Co., Ltd.: Engaged in venture capital services. JihSun International Investment Holding Ltd.: Engaged in domestic and international brokerage trades and other related investment activities.

(b) Reportable segment profit or loss

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

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

(c) The Group's business information and reconciliation

	2023								
	Dealing business	**Equity derivatives business**	**Investment bank business**	**Brokerage business**	**Fubon Futures Co., Ltd.**	**Fubon Investment Holding (BVI) Ltd.**	**Others**	**Adjustment and reversal**	**Total**
Revenues:									
Revenue from external customers	$ 2,221,601	1,012,907	808,147	13,701,237	1,086,799	93,929	261,932	(426,049)	18,760,503
Revenue between segments	(24,154)	(10,135)	31,914	59,528	-	-	(57,153)	-	-
Total revenues	**$ 2,197,447**	**1,002,772**	**840,061**	**13,760,765**	**1,086,799**	**93,929**	**204,779**	**(426,049)**	**18,760,503**
Segment income (note)	**$ 1,068,940**	**200,122**	**427,892**	**6,154,385**	**381,666**	**35,132**	**(165,152)**	**(342,369)**	**7,760,616**

	2022 (Restated)								
	Dealing business	**Equity derivatives business**	**Investment bank business**	**Brokerage business**	**Fubon Futures Co., Ltd.**	**Fubon Investment Holding (BVI) Ltd.**	**Others**	**Adjustment and reversal**	**Total**
Revenues:									
Revenue from external customers	$ 991,297	936,457	429,043	12,477,399	873,758	64,494	343,750	251,952	16,368,150
Revenue between segments	(12,374)	(16,285)	7,142	74,310	-	-	(52,793)	-	-
Total revenues	**$ 978,923**	**920,172**	**436,185**	**12,551,709**	**873,758**	**64,494**	**290,957**	**251,952**	**16,368,150**
Segment income (note)	**$ 291,179**	**54,698**	**76,131**	**5,627,038**	**212,674**	**21,731**	**(394,707)**	**(166,982)**	**5,721,762**

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

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