

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

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

**Consolidated Financial Statements**

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

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

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## Representation Letter

The entities that are required to be included in the combined financial statements of Fubon Financial Holding 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 and issued into effect 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 Financial Holding Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Fubon Financial Holding Co., Ltd.

Chairman: Richard M. Tsai

Date: March 14, 2024



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## Independent Auditors' Report

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

### Opinion

We have audited the consolidated financial statements of Fubon Financial Holding Co., Ltd. (“the Company”) and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2023 and 2022, in accordance with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies” 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 audit of the consolidated financial statements in accordance with the “Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants”, Rule No. 10802731571 issued by the Financial Supervisory Commission, 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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.

### 1. The valuation of financial instruments

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

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

We performed our audit procedures by:

- Tested the effectiveness of the internal control procedures for fair value measurement performed by the management.
- Appointed 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”.
- Verified whether the presentation and disclosure of financial instruments are in accordance with the International Financial Reporting Standards.

### 2. The valuation of insurance liabilities

Please refer to Note 4 (r) “Insurance liability” for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (ag) “Insurance contracts” for details of the valuation of insurance liabilities.

The Company and its subsidiaries measure their insurance liabilities in accordance with the “Regulations Governing the Provision of Various Reserves” and related administrative interpretations. The important parameters, which involved the exercise of professional judgments in determining various statutory reserves, such as claim development factors, expected claim rates and discount rate, will affect the amount, recognized as insurance liabilities, and net movements in insurance liabilities. Therefore, the valuation of insurance liabilities has been identified as a key audit matter in our audit.

We performed our audit procedures by:

- Inspected the effectiveness of the internal control procedures related to insurance liabilities.
- Adopted the audit on insurance liabilities performed by our actuarial specialists, which included
  - inspecting whether the calculation and applied parameters are in accordance with the related ordinances, administrative interpretations and code of conduct announced by the Actuarial Institute of the Republic of China;

- assessing the appropriateness of actuarial assumptions derived from empirical data and product specification, and conducting liability adequacy test to assess the reasonableness of test scope and assumptions adopted by the management;
- selecting samples to inspect the completeness of data used in the calculation of reserves and independently setting up models to recalculate the amount of the reserves;
- analyzing movements in insurance liabilities, including assessing the reasonableness of the amount of reserves appropriated by the management based on the understanding of the industry and market.

### 3. Impairment of discounts and loans

Please refer to Note 4 (q) “Assets impairment” for related accounting policy, Note 5 for accounting assumptions and estimates, and Note 6 (i) “Discounts and loans” and Note 6 (ah) “Financial risk management” for details of the impairment of discounts and loans, respectively.

The management assesses the estimates of impairment of discounts and loans in accordance with IFRS 9 and regulations of the allowance for discounts and loans by the authorities. The assessment of impairment of aforementioned assets involved the management's assumptions and estimates. Therefore, the impairment of discounts and loans has been identified as a key audit matter in our audit.

We performed our audit procedures by:

- Understood and tested internal control procedures related to the evaluation of loans and allowance for loans.
- Tested whether the calculations of expected credit loss were evaluated in appropriate classification based on the conditions, such as loan borrowers and credit risk characteristics; tested whether the parameters (probability of default, loss given default and exposure at default) used in calculation of expected credit loss reflected actual situation, and examined the correctness of the amount of impairment.
- Inspected whether the classification of credit assets and the assessment of allowance were in accordance with regulations from the authorities.

### 4. The valuation of investment property

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

The Company and its subsidiaries hold several investment properties. The investment property appraisals are performed by appraisers from independent 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” complied by the subsidiaries. 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 matters in our audit.

We performed our audit procedures by:

- Inspected the procedure of investment property appraisals performed by professional evaluation agencies and analyzed how they select the appropriate valuation method and adoption of significant assumptions.

- Verified whether the presentation and disclosure of investment property are in accordance with IFRSs and the “Regulations Governing the Preparation of Financial Reports” complied by the subsidiaries.
- Evaluated 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 appraisers joint firms, as well as appraisal reports and observable market evidences.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies” and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company and its subsidiaries’ financial reporting process.

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

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

4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and its subsidiaries' 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 Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 14, 2024

#### **Notes to Readers**

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

## Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2023		December 31, 2022			Liabilities and Equity	December 31, 2023		December 31, 2022		
	Amount	%	Amount	%			Amount	%	Amount	%	
11000	Cash and cash equivalents (note 6(a))	\$ 326,164,774	3	316,596,903	3	21000	Deposits from the central bank and banks	\$ 125,679,394	1	149,533,515	1
11500	Due from the central bank and call loans to banks (note 6(b))	443,848,119	4	415,990,658	4	21500	Due to the central bank and banks	1,315,767	-	922,135	-
12000	Financial assets measured at fair value through profit or loss (notes 6(c) and 8)	1,705,394,115	15	1,418,586,039	13	22000	Financial liabilities measured at fair value through profit or loss (note 6(c))	63,645,358	1	87,590,556	1
12150	Financial assets measured at fair value through other comprehensive income (notes 6(d) and 8)	621,848,355	6	961,531,664	9	22300	Financial liabilities for hedging (note 6(f))	10,117,852	-	12,922,639	-
12200	Debt investments measured at amortized cost (notes 6(e) and 8)	3,691,999,727	33	3,356,346,543	32	22500	Securities sold under repurchase agreements (note 6(r))	133,917,232	1	145,685,557	1
12300	Financial assets for hedging (note 6(f))	15,581,070	-	19,304,960	-	22600	Commercial papers issued, net (note 6(s))	69,479,524	1	50,243,977	1
12500	Securities purchased under resell agreements (note 6(g))	79,481,332	1	94,887,192	1	23000	Payables (note 6(t))	189,288,259	2	171,470,259	2
13000	Receivables, net (note 6(h))	307,654,045	3	243,228,598	2	23200	Current tax liabilities	3,372,994	-	6,390,844	-
13200	Current tax assets	3,067,000	-	2,262,308	-	23500	Deposits and remittances (note 6(u))	3,903,395,671	35	3,656,769,828	35
13500	Discounts and loans, net (note 6(i))	2,763,175,821	25	2,586,477,476	24	24000	Bonds payable (note 6(v))	300,620,560	3	257,381,535	2
13700	Reinsurance contract assets, net (note 6(j))	32,585,720	-	48,389,563	-	24400	Other borrowings (notes 6(w) and 8)	17,107,892	-	13,696,500	-
15000	Investments accounted for using equity method, net (note 6(k))	57,824,186	1	57,812,659	1	24600	Provisions (note 6(x))	4,704,889,469	42	4,710,169,640	45
15500	Other financial assets, net (notes 6(l) and 8)	531,658,018	5	520,064,178	5	25500	Other financial liabilities (notes 6(l) and (y))	618,489,894	6	612,042,078	6
18000	Investment property, net (notes 6(m) and 8)	304,228,110	3	305,826,478	3	26000	Lease liabilities (note 6(o))	20,602,341	-	21,792,236	-
18500	Property and equipment, net (notes 6(n) and 8)	68,834,664	1	65,272,146	1	29300	Deferred tax liabilities (note 6(aa))	41,351,343	-	32,848,412	-
18600	Right-of-use assets, net (note 6(o))	13,009,645	-	9,974,378	-	29500	Other liabilities (note 6(z))	86,432,867	1	84,687,929	1
19000	Intangible assets, net (note 6(p))	33,446,190	-	34,192,088	-		<b>Total liabilities</b>	<u>10,289,706,417</u>	<u>93</u>	<u>10,014,147,503</u>	<u>95</u>
19300	Deferred tax assets (note 6(aa))	51,437,518	-	74,819,172	1		<b>Equity attributable to owners of parent (note 6(ab)):</b>				
19500	Other assets, net (notes 6(q) and 8)	55,073,833	-	56,193,707	1		Share capital:				
						31101	Common stock	130,149,732	1	123,952,126	1
						31103	Preferred stock	15,999,900	-	15,999,900	-
							Total share capital	<u>146,149,632</u>	<u>1</u>	<u>139,952,026</u>	<u>1</u>
						31500	Capital surplus	<u>165,040,190</u>	<u>1</u>	<u>171,017,736</u>	<u>2</u>
							Retained earnings:				
						32001	Legal reserve	95,593,238	1	90,913,681	1
						32003	Special reserve	261,752,640	2	30,311,999	-
						32011	Undistributed earnings	168,806,349	2	359,918,631	3
							Total retained earnings	<u>526,152,227</u>	<u>5</u>	<u>481,144,311</u>	<u>4</u>
						32500	Total other equity interest	(34,904,796)	-	(226,423,522)	(2)
							Total equity attributable to owners of parent	<u>802,437,253</u>	<u>7</u>	<u>565,690,551</u>	<u>5</u>
						39500	Non-controlling interests (note 6(ab))	14,168,572	-	7,918,656	-
							<b>Total equity</b>	<u>816,605,825</u>	<u>7</u>	<u>573,609,207</u>	<u>5</u>
<b>Total assets</b>		<u>\$ 11,106,312,242</u>	<u>100</u>	<u>10,587,756,710</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 11,106,312,242</u>	<u>100</u>	<u>10,587,756,710</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

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

## Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022		Change %
	Amount	%	Amount	%	
41000 Interest revenue (note 6(ac))	\$ 271,677,108	162	214,650,203	83	27
51000 Less: Interest expenses (note 6(ae))	102,659,804	61	49,438,264	19	108
<b>Net interest revenue</b>	169,017,304	101	165,211,939	64	2
Net non-interest revenue					
49800 Net service charge and commissions (notes 6(l) and (ae))	(708,699)	-	406,821	-	(274)
49810 Net losses of insurance operations (note 6(ac))	(60,511,906)	(36)	(49,521,100)	(19)	(22)
49820 Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (note 6(c))	169,017,344	101	(316,957,915)	(122)	153
49825 Gains on investment property (note 6(m))	3,469,856	2	1,492,828	1	132
49835 Realized gains on financial assets measured at fair value through other comprehensive income (note 6(d))	2,625,385	1	3,149,616	1	(17)
49850 Gains (losses) arising from derecognition of financial assets measured at amortized cost (note 6(e))	(592,811)	-	3,647,419	1	(116)
49870 Foreign exchange gains	1,918,577	1	175,845,614	68	(99)
49880 Impairment losses on assets	(1,376,753)	(1)	(1,637,049)	(1)	16
49890 Share of profit of associates and joint ventures accounted for using equity method (note 6(k))	3,092,483	2	1,996,325	1	55
49898 Profits or losses reclassified by applying overlay approach (note 6(c))	(112,342,809)	(67)	271,713,855	105	(141)
49900 Net other non-interest revenue (expense) (note 6(k))	(5,809,278)	(4)	4,109,946	1	(241)
<b>Net revenue</b>	167,798,693	100	259,458,299	100	(35)
58100 Bad debt expenses and guarantee liability provisions	(9,983,327)	(6)	(5,767,881)	(2)	73
58300 Net change in provisions for insurance liabilities (note 6(ae))	(920,622)	(1)	(122,853,354)	(47)	(99)
<b>Operating expenses:</b>					
58501 Employee benefits expenses (note 6(ac))	(43,840,680)	(26)	(39,064,355)	(15)	12
58503 Depreciation and amortization expenses (note 6(ac))	(7,460,071)	(4)	(7,023,618)	(3)	6
58599 Other general and administrative expenses (note 6(ac))	(31,150,154)	(19)	(23,803,439)	(9)	31
<b>Total operating expenses</b>	(82,450,905)	(49)	(69,891,412)	(27)	18
<b>Net income before tax from continuing operations</b>	74,443,839	44	60,945,652	24	22
61003 Less: Income tax expenses (note 6(aa))	9,401,537	5	13,081,160	6	(28)
<b>Net income</b>	65,042,302	39	47,864,492	18	36
69500 <b>Other comprehensive income (losses):</b>					
69560 <b>Items not to be reclassified to profit or loss</b>					
69561 Gains (losses) on remeasurements of defined benefit plans	(430,379)	-	1,606,660	1	(127)
69562 Revaluation gains on property	294,402	-	220,326	-	34
69563 Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will not be reclassified to profit or loss	(42,052)	-	10,537	-	(499)
69567 Unrealized gains (losses) on equity instruments measured at fair value through other comprehensive income	6,923,968	4	(12,124,249)	(5)	157
69569 Income tax related to items not to be reclassified to profit or loss (note 6(aa))	363,170	-	294,699	-	23
Subtotal of items not to be reclassified to profit or loss	7,109,109	4	(9,992,027)	(4)	171
<b>Items that may be subsequently reclassified to profit or loss</b>					
69571 Exchange differences on translation of foreign operations	(911,080)	-	11,799,947	5	(108)
69581 Gains (losses) on financial instruments for hedging	38,455	-	(503,811)	-	108
69583 Unrealized gains (losses) on debt instruments measured at fair value through other comprehensive income	105,779,966	63	(168,511,601)	(65)	163
69575 Share of other comprehensive income of associates and joint ventures accounted for using equity method - components of other comprehensive income that will be reclassified to profit or loss	(408,359)	-	(515,327)	-	21
69590 Other comprehensive income (losses) reclassified by applying overlay approach	112,342,809	67	(271,713,855)	(105)	141
69579 Income tax related to items that may be subsequently reclassified to profit or loss (note 6(aa))	(27,981,408)	(17)	41,828,499	16	(167)
Subtotal of items that may be subsequently reclassified to profit or loss	188,860,383	113	(387,616,148)	(149)	149
69500 <b>Other comprehensive income</b>	195,969,492	117	(397,608,175)	(153)	149
<b>Total comprehensive income</b>	\$ 261,011,794	156	(349,743,683)	(135)	175
<b>Consolidated net income attributable to:</b>					
69901 Owners of parent	\$ 66,016,737	39	46,925,627	18	41
69903 Non-controlling interests	(974,435)	-	938,865	-	(204)
<b>Total comprehensive income attributable to:</b>	\$ 65,042,302	39	47,864,492	18	
69951 Owners of parent	\$ 260,129,919	155	(343,795,843)	(133)	176
69953 Non-controlling interests	881,875	1	(5,947,840)	(2)	115
<b>Basic earnings per share (in New Taiwan Dollars) (note 6(ac))</b>	\$ 4.80		3.37		

See accompanying notes to consolidated financial statements.

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

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

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								Total other equity interest								
	Share capital			Retained earnings				Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total equity attributable to owners of parent	Non-controlling interests	Total equity		
	Common stock	Preferred stock	Total	Capital surplus	Legal reserve	Special reserve	Undistributed earnings									Total	
<b>Balance at January 1, 2022</b>	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	949,569,309	34,273,188	983,842,497
Net income	-	-	-	-	-	-	46,925,627	46,925,627	-	-	-	-	-	-	46,925,627	938,865	47,864,492
Other comprehensive income	-	-	-	-	-	-	1,277,095	1,277,095	10,500,424	(142,680,278)	(312,420)	190,957	(259,697,248)	(391,998,565)	(390,721,470)	(6,886,705)	(397,608,175)
Total comprehensive income	-	-	-	-	-	-	48,202,722	48,202,722	10,500,424	(142,680,278)	(312,420)	190,957	(259,697,248)	(391,998,565)	(343,795,843)	(5,947,840)	(349,743,683)
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	(41,317,375)	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	(3,026,121)	-	(3,026,121)
Stock dividends from capital surplus	5,902,482	-	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(52,739)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	(54,406)	-	(54,406)
Changes in ownership interests in subsidiaries	-	-	-	3,609,347	-	-	-	-	44,730	657,182	-	-	-	701,912	4,311,259	(4,312,026)	(767)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,096,896)	(16,096,896)	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(1,573,064)	(1,573,064)	-	1,573,064	-	-	-	1,573,064	-	-	-
Disposal of investment property	-	-	-	-	-	-	165,915	165,915	-	-	-	(165,915)	-	(165,915)	-	-	-
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	3,728	2,230	5,958
Balance at December 31, 2022	123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	565,690,551	7,918,656	573,609,207
Net income	-	-	-	-	-	-	66,016,737	66,016,737	-	-	-	-	-	-	66,016,737	(974,435)	65,042,302
Other comprehensive income	-	-	-	-	-	-	(370,659)	(370,659)	(1,228,822)	90,801,268	(170,914)	251,003	104,831,306	194,483,841	194,113,182	1,856,310	195,969,492
Total comprehensive income	-	-	-	-	-	-	65,646,078	65,646,078	(1,228,822)	90,801,268	(170,914)	251,003	104,831,306	194,483,841	260,129,919	881,875	261,011,794
Appropriation and distribution of retained earnings:																	
Special reserve appropriated	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	(18,592,819)	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	(3,515,980)	-	(3,515,980)
Stock dividends from capital surplus	6,197,606	-	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(24,921)	-	-	-	-	-	-	-	-	-	-	(24,921)	-	(24,921)
Changes in ownership interests in subsidiaries	-	-	-	244,981	-	-	(5,760)	(5,760)	(206,669)	(1,298,042)	6,470	-	9,523	(1,488,718)	(1,249,497)	1,197,676	(51,821)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,170,365	4,170,365	
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	1,464,574	1,464,574	-	(1,464,574)	-	-	-	(1,464,574)	-	-	-
Others	-	-	-	-	-	-	11,823	11,823	-	-	-	(11,823)	-	(11,823)	-	-	-
<b>Balance at December 31, 2023</b>	\$ 130,149,732	15,999,900	146,149,632	165,040,190	95,593,238	261,752,640	168,806,349	526,152,227	(17,761,886)	(42,349,979)	(154,501)	2,715,442	22,646,128	(34,904,796)	802,437,253	14,168,572	816,605,825

See accompanying notes to consolidated financial statements.

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

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

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 74,443,839	60,945,652
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit or loss:</b>		
Depreciation expenses	5,431,546	5,236,626
Amortization expenses	2,028,525	1,786,992
Allowance on bad debts	9,939,047	5,824,586
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(168,646,143)	288,873,639
Interest expenses	102,659,804	49,438,264
Interest income	(271,677,108)	(214,650,203)
Dividend income	(52,756,182)	(48,723,956)
Net change in insurance liabilities	29,998,871	97,512,414
Net change in provisions for guarantee liabilities	(3,478)	20,960
Net change in other provisions	(27,902,170)	26,744,776
Share of profit of associates and joint ventures accounted for using equity method	(2,619,688)	(1,996,325)
Loss (profit) reclassified by applying overlay approach	112,342,809	(271,713,855)
Loss (profit) on disposal of property and equipment	27,672	(30,345)
Loss (gain) on disposal of investment properties	36,846	(20,229)
Gain on disposal of investments	(47,510,028)	(58,282,960)
Gain on disposal of investments accounted for using equity method	(472,795)	-
Impairment loss on financial assets	1,377,531	1,619,733
Impairment loss on non-financial assets	6,065	14,319
Unrealized foreign exchange gain	(1,456,304)	(177,327,445)
Loss on fair value adjustment of investment property	3,317,095	5,155,958
Other adjustments	7,370	(6,666,015)
<b>Subtotal of adjustments to reconcile profit or loss</b>	<u>(305,870,715)</u>	<u>(297,183,066)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Increase in due from the central bank and call loans to banks	(74,477,970)	(18,533,504)
Increase in financial assets for hedging and measured at fair value through profit or loss	(106,025,476)	(16,518,729)
Decrease in financial assets measured at fair value through other comprehensive income	60,345,296	9,326,027
Decrease in investments in debt instruments measured at amortized cost	52,083,324	63,409,858
Decrease (increase) in securities purchased under agreements to resell	(233,070)	465,274
Decrease (increase) in receivables	(57,710,969)	20,908,551
Increase in discounts and loans	(190,876,152)	(56,098,128)
Decrease (increase) in reinsurance assets	13,820,573	(16,338,187)
Decrease (increase) in other financial assets	(11,975,467)	15,174,705
Decrease in other assets	5,286,120	20,370,162
<b>Subtotal of changes in operating assets</b>	<u>(309,763,791)</u>	<u>22,166,029</u>
<b>Changes in operating liabilities:</b>		
Decrease in due to the central bank and banks	(23,353,456)	(38,737,611)
Increase in financial liabilities for hedging and measured at fair value through profit or loss	5,265,646	13,128,660
Decrease in securities sold under repurchase agreement	(10,875,153)	(23,530,031)
Increase (decrease) in payables	11,003,604	(35,030,422)
Increase in deposits and remittances	255,720,437	259,977,489
Decrease in provisions	(885,735)	(1,348,528)
Increase in other financial liabilities	16,237,499	1,729,386
Increase in other liabilities	2,270,987	886,960
<b>Subtotal of changes in operating liabilities</b>	<u>255,383,829</u>	<u>177,075,903</u>
<b>Subtotal of all adjustments</b>	<u>(360,250,677)</u>	<u>(97,941,134)</u>

See accompanying notes to consolidated financial statements.

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

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

## Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash outflow generated from operations	\$ (285,806,838)	(36,995,482)
Interest received	250,646,150	195,662,232
Dividends received	53,497,058	49,032,376
Interest paid	(93,747,318)	(42,614,742)
Income taxes paid	(9,480,302)	(19,856,137)
<b>Net Cash flows from (used in) operating activities</b>	<b>(84,891,250)</b>	<b>145,228,247</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(305,000)	(12,679,050)
Proceeds from disposal of investments accounted for using equity method	920,499	-
Net cash flow from acquisition of subsidiaries	-	(18,966,252)
Proceeds from disposal of assets classified as held for sale	71,556	271,906
Acquisition of property and equipment	(4,434,888)	(2,652,210)
Proceeds from disposal of property and equipment	28,048	63,818
Acquisition of intangible assets	(1,176,419)	(1,197,808)
Acquisition of investment properties	(5,901,557)	(6,324,789)
Proceeds from disposal of investment properties	59,543	123,228
Other investing activities	(892)	(74)
<b>Net cash flows used in investing activities</b>	<b>(10,739,110)</b>	<b>(41,361,231)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in due to the central bank and banks	3,708,140	(12,666,968)
Increase in commercial papers payable	19,235,546	20,802,707
Proceeds from issuing bonds	49,597,778	15,103,048
Repayments of bonds	(4,228,442)	(14,458,350)
Proceeds from issuing bank financial debentures	19,425,237	18,661,112
Repayments of bank financial debentures	(21,320,227)	(28,980,733)
Increase in other borrowings	3,411,392	12,425,634
Repayments of lease liabilities	(2,772,062)	(2,652,309)
Cash dividends paid	(22,108,799)	(44,343,497)
Change in non-controlling interests	4,170,365	3,572,751
Other financing activities	(51,650)	-
<b>Net cash flows from (used in) financing activities</b>	<b>49,067,278</b>	<b>(32,536,605)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(5,680,537)</b>	<b>7,165,844</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(52,243,619)</b>	<b>78,496,255</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>573,733,858</b>	<b>495,237,603</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 521,490,239</b>	<b>573,733,858</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents reported in the statement of financial position	\$ 326,164,774	316,596,903
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	117,976,408	164,148,968
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	77,349,057	92,987,987
<b>Cash and cash equivalents at end of period</b>	<b>\$ 521,490,239</b>	<b>573,733,858</b>

See accompanying notes to consolidated financial statements.

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

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

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

(a) Fubon Financial Holding Co., Ltd.

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

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

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

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

In September 2003, shares of Fubon Marketing Co., Ltd. (Fubon Marketing) were acquired in cash by the Company. The dissolution and liquidation of Fubon Marketing was approved by the Board of Directors in June 6, 2023. On December 15, 2023, the distribution date and issuance date, a portion of the remaining property was distributed to the Company. Since that day, the company directly held 100% of the equity interest in Fubon Insurance Agency Co., Ltd. ( Fubon Insurance Agency).

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

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

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

(Continued)

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

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

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

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

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

On April 1 and May 16, 2023, due to the Company's corporate restructuring, JihSun Bank and JihSun Property Insurance Agency completed their respective mergers with Taipei Fubon Bank. After the mergers, JihSun Bank and JihSun Property Insurance Agency became the extinguished companies. On April 9, 2023, due to the Company's corporate restructuring, JihSun Securities completed its merger with Fubon Securities. After the merger, JihSun Securities became the extinguished company. On July 1, 2023, Fubon Insurance Agency issued new shares to merge Fubon Insurance Agency Co., Ltd (Fubon Insurance Agency), with Fubon Insurance Agency as the surviving company and Fubon Insurance Agency as the extinguished company. According to (100) Ji Mi No. 390 issued by the Accounting Research and Development Foundation of the Republic of China (ARDF), the transaction is a business combination under common control, and should be deemed as merged from the beginning. Therefore, Taipei Fubon Bank, Fubon Securities and Fubon Insurance Agency have retrospectively restated the consolidated financial statements for the year ended December 31, 2022.

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

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

(Continued)

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

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

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

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

- (iv) Fubon Bank (Hong Kong) was founded in 1982. It is engaged in the following operations:
  - 1) Retail and consumer banking;
  - 2) Corporate banking;
  - 3) Investment banking;
  - 4) Investment and financial management services; and
  - 5) Properties management and other services.
- (v) Fubon Life Insurance was incorporated on June 3, 1993, under the laws of the Republic of China (ROC). It is engaged in the business of life insurance underwriting.

Fubon Life Insurance merged with ING Life Insurance (Taiwan) effective June 1, 2009, with ING Life Insurance (Taiwan) was the surviving entity and then changed its name to Fubon Life Insurance Co., Ltd. Fubon Life Insurance is engaged in life insurance, accident insurance, health insurance, and any business related to life insurance.
- (vi) Fubon Bank (China) is engaged in foreign currency services and CNY service to customers, in accordance with the "Regulations Governing Foreign Financial Institutions in the People's Republic of China".
- (vii) JihSun Financial Holding was incorporated on February 5, 2002, and is engaged in the financial businesses including banking, financial bills, credit cards, trust, insurance, securities, futures, ventures, investments in foreign financial institutions approved by the government authorities, and investments relevant to other financial services approved by the government authorities. The merger was completed with the Company on November 11, 2022, and the Company was the surviving entity from the merger.

(Continued)



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

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

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

On March 14, 2024, the consolidated financial statements were presented to the Board of Directors and authorized for issuance afterwards.

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

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

The 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”

(Continued)

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

(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:

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

(Continued)

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

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

(Continued)

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

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

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

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

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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Financial Holding Companies” (hereinafter referred to as “the Regulations”) and the IFRSs, International Accounting Standards (IASs), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to as “IFRS Accounting Standards”) endorsed and issued into effect 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 at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) Hedging financial instruments are measured at fair value;
- 4) Investment property is measured at fair value; and
- 5) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4 (v).

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company’s functional currency. All financial information presented in TWD 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 the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attribute 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.

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

The Group prepare consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Company and its subsidiaries lose control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Company and its subsidiaries recognize as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Company and its subsidiaries lose control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

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

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
The Company	Fubon Insurance	Property and casualty insurance	100.00 %	100.00 %
The Company	Taipei Fubon Bank	Banking	100.00 %	100.00 %
The Company	Fubon Life Insurance	Life insurance	100.00 %	100.00 %
The Company	Fubon Securities	Securities business	100.00 %	100.00 %
The Company	Fubon Marketing (Note 11)	Marketing management	-	100.00 %
The Company	JihSun Bank (Note 1 and 2)	Banking	-	100.00 %
The Company	JihSun Securities (Note 1 and 3)	Securities business	-	100.00 %
The Company	JihSun Property Insurance Agency (Note 1 and 2)	Life and property and casualty insurance agent	-	100.00 %
The Company, Fubon Life Insurance, Fubon Insurance and Fubon Securities	Fubon Financial Holding Venture Capital	Venture Capital	100.00 %	100.00 %
The Company	Fubon Bank (Hong Kong)	Banking	100.00 %	100.00 %

(Continued)

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

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
The Company	Fubon AMC	Creditor's rights management	100.00 %	100.00 %
The Company	Fubon Asset Management	Investment trust	100.00 %	100.00 %
The Company	Fubon Insurance Agency (Note 11 and 12)	Property and casualty insurance agent	100.00 %	- %
The Company and Taipei Fubon Bank	Fubon Bank (China)	Banking	100.00 %	100.00 %
Taipei Fubon Bank	TFB Capital	Venture Capital	100.00 %	100.00 %
Fubon Securities	Fubon Futures	Futures	100.00 %	100.00 %
Fubon Securities	Fubon Investment Service	Investment Service	100.00 %	100.00 %
Fubon Securities	Fubon investment holding BVI	Investment Holding	100.00 %	100.00 %
Fubon Securities	Fubon Securities Venture Capital	Venture Capital	100.00 %	100.00 %
Fubon Securities	Fubon Mintou Venture Capital	Venture Capital	67.00 %	67.00 %
Fubon Securities	JS CRESVALE Securities International (Note 9)	Securities business	100.00 %	- %
JihSun International Investment Holding	JS CRESVALE Securities International (Note 9)	Securities business	- %	100.00 %
JS CRESVALE Securities International	JS CRESVALE Capital	Stock and futures brokerage, sales of mutual funds	100.00 %	100.00 %
Fubon investment holding BVI	Fubon Securities (Hong Kong)	Securities business	100.00 %	100.00 %
Fubon Asset Management	Fubon Private Equity	Investment and investment service management	100.00 %	100.00 %
Fubon Asset Management	Fubon Fund Management (Hong Kong)	Asset Management	100.00 %	100.00 %
Fubon Private Equity	Fubon Digital Music Asset Management	Venture Capital	51.00 %	51.00 %
Fubon Digital Music Asset Management	Fubon Digital Music GP Limited	General Partner of Private Equity	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance (Vietnam)	Insurance business	100.00 %	100.00 %
Fubon Insurance	Fubon Insurance Broker (Thailand) (Note 4)	Insurance Broker	48.97 %	48.97 %
Fubon Insurance	Fubon Insurance Broker (Philippines)	Insurance Broker	99.99 %	99.99 %
Fubon Insurance and Fubon Life Insurance	Fubon Property & Casualty Insurance (Xiamen)	Insurance business	80.00 %	80.00 %
Fubon Life Insurance	Fubon Life Insurance (Vietnam)	Insurance business	100.00 %	100.00 %

(Continued)

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

<u>Name of Investor</u>	<u>Subsidiary</u>	<u>Main Activities</u>	<u>Percentage of Ownership (%)</u>	
			<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance	Fubon Life Insurance (Hong Kong)	Insurance business	100.00 %	100.00 %
Fubon Life Insurance	Fubon Hyundai Life Insurance (Note 14)	Insurance business	83.22 %	77.40 %
Fubon Life Insurance	Carter Lane (Guernsey)	Real estate investment and management	100.00 %	100.00 %
Fubon Life Insurance	Bow Bells House (Jersey)	Real estate investment and management	100.00 %	100.00 %
Fubon Life Insurance	Fubon MTL Property (Jersey)	Real estate investment and management	100.00 %	100.00 %
Fubon Life Insurance	Fubon Ellipse (Belgium)	Real estate investment and management	100.00 %	100.00 %
Fubon Life Insurance	Fubon Eurotower (Luxembourg)	Real estate investment and management	100.00 %	100.00 %
Fubon Marketing	Fubon Insurance Agency (Note 11 and 12)	Life and property and casualty insurance agent	- %	100.00 %
Fubon Marketing	Fubon Insurance Agency (Note 13)	Property and casualty insurance agent	- %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Sports & Entertainment	Sports service business	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Stadium	Stadium management	100.00 %	100.00 %
Fubon Financial Holding Venture Capital	Fubon Green Power (Note 15)	Energy technical services	100.00 %	- %
Fubon Bank (Hong Kong)	Fubon Nominees (Hong Kong) (Note 5)	Financial sector business	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Credit (Hong Kong) (Note 5)	Financial sector business	100.00 %	100.00 %
Fubon Bank (Hong Kong)	FB Securities (Hong Kong) (Note 5)	Securities brokerage	100.00 %	100.00 %
Fubon Bank (Hong Kong)	Fubon Insurance Brokers (Note 5)	Insurance agent	100.00 %	100.00 %
JihSun Bank	JihSun Life Insurance Agency (Note 2 and 6)	Life insurance agent	- %	100.00 %
JihSun Securities	JihSun Futures (Note 7)	Futures	- %	98.14 %
JihSun Securities	JihSun International Investment Holding (Note 3 and 8)	Investment Holding	- %	100.00 %
JihSun Securities	JihSun Securities Investment Consulting (Note 10)	Investment services	- %	100.00 %

(Continued)



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

- Note 1: The merger was completed on November 11, 2022, and JihSun Financial Holding became the extinguished company. Since that date, the Company has directly held 100% of the equity interest in JihSun Bank, JihSun Securities, and JihSun Property Insurance Agency.
- Note 2: Taipei Fubon Bank acquired 100% of the shares of JihSun Bank on April 1, 2023, The merger was completed, and JihSun Bank became the extinguished company. Since that date, Taipei Fubon Bank has directly held 100% of the equity interest in JihSun Life Insurance Agency. On May 16, 2023, Taipei Fubon Bank completed its merger with JihSun Property Insurance Agency and JihSun Life Insurance Agency, and JihSun Property Insurance Agency and JihSun Life Insurance Agency became the extinguished companies.
- Note 3: Fubon Securities acquired 100% of the shares of JihSun Securities on April 9, 2023, and the merger was completed with JihSun Securities as the extinguished company. Since that date, Fubon Securities has directly held 100% of the equity interest in JihSun International Investment Holding.
- Note 4: Fubon Insurance Broker (Thailand) is set up by a joint venture between Fubon Insurance and Futai Holding Co., Ltd. etc.. Since Fubon Insurance has subscribed for the shares of Fubon Insurance Broker (Thailand) on November 5, 2013 and has control over operating activities, Fubon Insurance Broker (Thailand) is regarded as a subsidiary.
- Note 5: These entities are the major subsidiaries of Fubon Bank (Hong Kong).
- Note 6: JihSun Bank acquired the minority shareholding of JihSun Life Insurance Agency and completed the settlement and transfer on October 20, 2022. The shareholding ratio was 100%.
- Note 7: Fubon Futures acquired 100% of the shares of JihSun Futures on April 9, 2023, and the merger was completed with JihSun Futures as the extinguished company.
- Note 8: On December 27, 2023, JihSun International Investment Holding completed the dissolution, and obtain a certificate of completion of dissolution issued by the Cayman authorities on January 2, 2024.
- Note 9: 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 10: The Board of Directors of JihSun Securities Investment Consulting resolved the dissolution in October, 2022, and the liquidation was completed on May 29 2023.
- Note 11: On June 6, 2023, the Board of Directors of Fubon Marketing, acting on behalf of the shareholders' meeting, resolved to dissolve the company. The liquidation was completed on November 24, 2023. On December 15, 2023, the distribution date and issuance date, a portion of the remaining property was distributed to the Company. Since that day, the Company directly held 100% of the equity interest in Fubon Insurance Agency Co., Ltd.
- Note 12: Fu Sheng Insurance Agency was renamed as Fubon Insurance Agency on May 29, 2023.
- Note 13: Fubon Insurance Agency's (Original name: Fu Sheng Insurance Agency) merger with Fubon Insurance Agency was approved by the Board of Directors of both parties on April 25, 2023, with Fubon Insurance Agency (Original name: Fu Sheng Insurance Agency) as the surviving company and Fubon Insurance Agency as the extinguished company. The effective date of merger was July 1, 2023.
- Note 14: Approved by the Board of Directors of Fubon Life Insurance and the Company on April 27, 2023, and by the Board of Directors of Fubon Hyundai Life Insurance on May 26, 2023, Fubon Life Insurance participated in Fubon Hyundai Life Insurance's cash capital increase. As of December 31, 2023, the shareholding ratio was 83.22%.
- Note 15: On November 20, 2023, this company became a subsidiary.

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

(d) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company and its subsidiaries 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 on acquisition, are translated into TWD at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into TWD at the average exchange 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 cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company and its subsidiaries dispose of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company and its subsidiaries dispose of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

(e) Cash and cash equivalents

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

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company and its subsidiaries become a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(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 Company and its subsidiaries 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 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.

(Continued)

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

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.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI. However, they are included in the ‘trade receivables’ line item.

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’ right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or 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. Trade receivables that the Company and its subsidiaries intend to sell immediately or in the near term are measured at fair value; however, they are included in the ‘trade receivables’ line item. 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.

(Continued)

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

4) Derecognition of financial assets

The Group derecognize a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfer 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 transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control of the financial asset.

The Group enter into transactions whereby they transfer assets recognized in their statement of balance sheet, but retain either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

5) Overlay approach

The Insurance subsidiaries have applied IFRS 9 since January 1, 2018.

In order to reduce the impact and discrepancy arising from the adoption of IFRS 9 earlier than IFRS 17 (Insurance Contracts), the overlay approach of IFRS 4 "Insurance Contracts" has also been adopted to express the profit or loss of designated financial assets.

6) Other financial assets

a) Investment-linked insurance policy

Fubon Life Insurance and its subsidiaries are engaged in selling investment-linked insurance policies. The payment of premiums, net of administrative expenses, is recorded in a separate account and is used only in the way agreed to by the insured. The assets in these separate accounts are valued at market price on value date and it adopts related ordinances in determining the net asset value.

Fubon Life Insurance and its subsidiaries are engaged in labor pension insurance. Separate accounts should be established to record the value of invested assets. The assets, liabilities, and profit or loss related to the insurance are recorded in these separate accounts, respectively, and should be managed separately from other life insurance assets. The establishment, record, and accounting treatment should be in accordance with regulations announced by local competent authority where Fubon Life Insurance and its subsidiaries locate.

b) Customer margin deposit

Customer margin deposit includes trading margins deposited by customers and the gain or loss generated from unsettled futures contracts based on daily market values.

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Preference shares

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group' equity instruments. Discretionary dividends thereon are recognized as equity distributions on approval by the Group' shareholders.

5) 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.

6) Derecognition of financial liabilities

The Group derecognize a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognize 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.

(Continued)

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

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.

7) 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 have a legally enforceable right to set off the amounts and they intend either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

8) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

9) Futures traders' equity

Future traders' equity represents the net balance of each future trader's deposit and royalty after considering the effect of settlement based on daily closing price. Offsetting is not permitted unless there are similar accounts under the same customer. Future traders' equity is recorded under current liabilities and any debit balance thereon is recorded as futures trading margins receivable.

10) 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 Company and its subsidiaries 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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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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 Company and its subsidiaries 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 Company and its subsidiaries will apply the policies on accounting for modifications to the additional changes.

(iii) Derivative financial instruments and hedge accounting

The Group hold derivative financial instruments to hedge their foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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.

The Group designate certain hedging instruments (which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk) as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations.

At inception of designated hedging relationships, the Group document the risk management objective and strategy for undertaking the hedge. The Group also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

1) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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2) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under ‘other equity—gains (losses) on hedging instruments’, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Furthermore, if the Company and its subsidiaries expect that some or all of the loss accumulated in other equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. The discontinuation is accounted for prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in other equity remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in other equity are immediately reclassified to profit or loss.

3) Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in ‘other equity—gains (losses) on hedging instruments’. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument accumulated in other equity are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

4) Specific policies applicable for hedges directly affected by Interest Rate Benchmark (IBOR) reform

a) Prospective assessments

For the purpose of evaluating whether the economic relationship between the hedged item and the hedging instrument exists, the Company and its subsidiaries assume that the benchmark interest rate is not altered as a result of IBOR reform.

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b) The ‘highly probable’ assessments for forecast transactions

For a cash flow hedge of a forecast transaction, the Company and its subsidiaries assume that the benchmark interest rate will not be altered as a result of IBOR reform for the purpose of asserting that the forecast transaction is highly probable. Also, for discontinued hedging relationships, the same assumption is applied for determining whether the hedged future cash flows are expected to occur.

c) End of application

The Company and its subsidiaries will cease to apply the above assessments when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued.

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Company and its subsidiaries will amend the hedge documentation of that hedging relationship to reflect the change(s) required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Company and its subsidiaries amend the description of the hedging instrument only if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- that the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognized.

The Company and its subsidiaries amend the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

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If changes are made in addition to those changes required by IBOR reform described above, then the Company and its subsidiaries will first consider whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Company and its subsidiaries will amend the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Company and its subsidiaries will deem that the hedging reserve recognized in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

(g) 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 Company and its subsidiaries. These securities are returned to investors when investors terminate pecuniary financing.

Securities finance is affected by lending securities 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 Company and its subsidiaries. The investors' deposits for borrowing securities are held by the Company and its subsidiaries as collateral and are recorded under securities finance margin deposits received. In addition, investors are required to deposit the proceeds from sales of borrowed securities. Such deposits are accounted for as payables to securities financing.

Pecuniary refinancing represents loans from securities finance companies when the Company and its subsidiaries lack sufficient funds to perform pecuniary financing. These loans are recorded as refinance borrowings.

Securities refinancing represents borrowing securities from securities finance companies when the Company and its subsidiaries do not have sufficient securities to perform securities financing. For securities refinancing, the Company and its subsidiaries pay margin deposits to securities finance companies. These margin deposits are recorded as refinance margin deposits. The Company and its subsidiaries also provide securities investors' proceeds from selling borrowed securities to securities finance companies as collateral and records them under receivables from securities refinance.

(h) Securities lending

The Company and its subsidiaries lend securities through the Taiwan Stock Exchange Company. Revenue from securities lending is determined based on the formula for calculating the pricing and bidding of securities lending. Under this formula, the daily closing price of target security is used to multiply the amount of guarantee and transaction rate, so that the outcome is the amount of revenue from securities lending. This revenue is received by the securities firms when the securities are returned.

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(i) Repurchase and resell transactions

Securities under agreement to repurchase or to resell are accounted for securities sold under purchase agreements or securities purchased under resell agreements. Related interest expenses and interest revenues are accrued over the period between the date of sale and repurchase or the date of purchase and resale.

(j) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group' accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group' accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(k) Reinsurance

The Company and its subsidiaries arrange the reinsurance business based on the business need and the related insurance laws to limit the losses caused by certain events. For reinsurance ceded business, the Company and its subsidiaries cannot refuse to fulfill their obligations to the insured even if the reinsurer refuses to fulfill its obligation.

Reinsurance assets, claims recoverable from reinsurers, reinsurance receivable and funds held by ceding companies are periodically assessed for impairment. If the reinsurance asset is impaired, its carrying amount is reduced accordingly and impairment loss thereon is recognized in profit or loss. A reinsurance asset is impaired if, and only if there is objective evidence that the Company and its subsidiaries may not collect all receivables under the terms of the contract as a result of an event that occurred after initial recognition of the reinsurance asset; and the impact of that event to the amounts that the Company and its subsidiaries will receive from the reinsurer can be measured reliably.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Company and its subsidiaries evaluate the effects of reinsurance with another reinsurer to whom insurance risks are ceded. If reinsurance contracts only cede significant insurance risks (excluding the underwriter risk and time risk), the reinsurance contract is accounted for using deposit accounting. Under this deposit accounting, the insurance premium, minus, the Company and its subsidiaries' retained reinsurance premium (or fee) is recognized as a deposit asset or liability.

Changes of the deposit component are recognized as profit or loss for the period. Interests arising from the deposit component for the contracts which does not transfer any risk or transfer the timing risk only are recognized as interest income or expense and calculated based on the effective interest rates which are determined by the estimates of future cash flows.

Reinsurance shall arrange the impairment losses recognized and/or reversed in accordance with IFRS 4.

(l) Investment in associates

Associates are those entities in which the Group have significant influence, but not control or joint 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 fair value of the identifiable net assets and liabilities acquired by the Company and its subsidiaries on the acquisition date, deducting the purchase price, is recognized as the gain on bargain purchase. 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' 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 recognize 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 proportionate share.

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

When the Group' 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 have incurred legal or constructive obligations or made payments on behalf of the associate.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Group discontinue the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group account for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassify the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group' ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassify the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continue to apply the equity method without remeasuring the retained interest.

When the Group subscribe 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' proportionate interest in the net assets of the associate. The Group record 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. If the Group' ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(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.

If the fair value cannot be reliably determined, investment property is measured at the cost, less accumulated depreciation and accumulated impairment losses. After the fair value can be reliably determined, investment property is measured at fair value instead.

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.

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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.

(n) Property and equipment

(i) Recognition and measurement

Property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses. The cost of property and equipment includes any cost directly attributable to the asset.

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

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company and its subsidiaries.

(iii) 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.

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) 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 gains'.

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 gains within equity.

(o) Leases

At inception of a contract, the Group assess 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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(i) As a lessee

The Group recognize 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' incremental borrowing 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 lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modification

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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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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 account 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 present 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 have elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

For sale-and-leaseback transactions, the Group apply the requirements for determining when a performance obligation is satisfied in IFRS15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS15 to be accounted for as a sale of the asset, the Group derecognize the transferred asset, then measure the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognize only the amount of any gain or loss that relates to the rights transferred to the buyer-lessee. For leaseback transaction, the Company and its subsidiaries apply the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS15 to be accounted for as a sale of the asset, the Group will continue to recognize the transferred asset and shall recognize the financial liability equal to the transfer proceeds.

As a practical expedient, the Group elect not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the Covid-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

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(ii) As a lessor

When the Group act as a lessor, they determine at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group make 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 consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group are an intermediate lessor, they account for the interests in the head lease and the sub-lease separately. They assess the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group apply the exemption described above, then they classify the sub-lease as an operating lease.

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

The Company and its subsidiaries recognize 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 interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognize 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) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries and intangible assets that have uncertain useful lives are measured at cost, less accumulated impairment losses.

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

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(iii) 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 and intangible assets that not have uncertain useful lives, from the date that they are available for use.

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Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(q) Assets impairment

(i) Financial assets impairment

The Company and its subsidiaries assess that whether the credit risk of financial instruments has increased significantly since initial recognition. An entity may determine that a financial asset has not suffered a significant increase in credit risk if the asset has low credit risk at each reporting date. 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.

1) General approach of measuring expected credit loss:

The Company and its subsidiaries adopt the general approach to recognize expected credit loss on bond instruments and loans classified as financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and other receivables. The Company and its subsidiaries assess that whether the credit risk of financial instruments has increased significantly since initial recognition and recognize the loss allowance. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

2) Simplified approach of measuring expected credit loss:

The Company and its subsidiaries adopt the simplified approach, 12-month ECL, to measure expected credit loss and recognize loss allowance on lease receivables and account receivables which is in the scope of IFRS 15. Considering historical experience, the Company and its subsidiaries adopt the simplified approach due to the loss rate of non-mentioned receivables and loans from investment-link product is very little.

3) The loss allowance of loans and receivables of the Insurance subsidiaries should pursuant to “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”. The higher of the loss allowance of loans and receivables and abovementioned assessment of expected credit loss is the minimum standard for determining the balance of loss allowance.

4) Pursuant to “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans” (the “Regulations”) issued by the authority, the domestic bank subsidiary evaluates credit losses on the basis of the estimated collectability.

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In accordance with the Regulations, credit assets are classified as normal assets, assets that require special mentioned, assets with substandard, assets with doubtful collectability, and assets on which there is loss. The Bank evaluates value of collaterals of specified loans and assesses recoverability of nonperforming loans. Under the regulations, the domestic bank subsidiary categorizes the credit assets into Normal, Special Mention, Substandard, Doubtful, and Loss, and then make minimum provisions at 1% of the normal credits (other than those loans to ROC government), 2% of special mention, 10% of substandard, 50% of doubtful, and 100% of loss. In addition, based on Rule No. 10300329440 issued by the FSC, the provision for doubtful accounts should be at least 1.5% of the loan balance of the Category I credit assets for the purchase of residential property and construction loans. Based on Rule No. 10410001840 issued by the FSC, the ratio of allowance for bad debts and provision for guarantee liabilities should be at least 1.5% for Category I credit assets (including short-term trade financing) in Mainland China. Under the “Risk-Based Loan Categorization” and the “Notice of regulatory requirements for loan loss provisions” issued by the China Banking and Insurance Regulatory Commission, Fubon Bank (China) classifies its credit assets into normal, concern, subprime, doubtful, and losses. In addition, provision requirements for loan loss coverage and allowances for bad debts should meet the ratio requirements. Credits deemed uncollectible may be written off if the write-off is approved by the Board of Directors.

(ii) Impairment of non-financial assets

At each reporting date, the Company and its subsidiaries review the carrying amounts of the non-financial assets (other than deferred tax assets and investment properties measured at fair value) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill and other intangible assets which have uncertain useful life are 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 Cash-generating Units (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.

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.

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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) Insurance liability

The reserve for both the insurance contracts and financial instruments with or without discretionary participation feature of the Company and its subsidiaries is provided in accordance with the "Regulations Governing the Provision of Various Reserves", "Regulations for Managing the Various Reserve of Compulsory Automobile Liability Insurance", "Enforcement Rules for the Risk Spreading Mechanism of Residential Earthquake Insurance", "Regulations for the Reserve of Nuclear Insurance", and "Notice to Reserve Enforcement of Insurance Company for Catastrophe Loss Reserve". The methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the FSC. Except for the reserve for short-term group insurance which is calculated on the actual premiums or the premiums conforming to the rule prescribed in Gin Guan Bao Tsai No.11004925801 letter, whichever is higher, the bases for determining other reserves or provision for liabilities are as follows:

(i) Unearned premium reserves

For property insurance subsidiaries, unearned premium reserves are determined based on the exposure of the unexpired period for the unexpired policies and the policies that have not been terminated. For life insurance subsidiaries, unearned premium reserves for effective insurance contracts with a term below one year and injury insurance contracts with a term over one year are calculated based on the gross premiums of the insurance contracts which yet to mature on the reporting date.

(ii) Claim reserves

The Insurance subsidiaries calculate their claim reserves including reported but not paid and incurred but not reported (IBNR) based on past claim experience and loss adjustment expenses incurred for each line of insurance according to actuarial principles. Reserves for reported but not paid claims shall be estimated on a case-by-case basis based on the relevant information, and reserved based on the type of insurance. Reserves for incurred but not reported claims are provided as follows:

- 1) Health insurance and life insurance with a term below one year: The reserve is provided based on historical claim experiences and expenses along with the insurance types via the method conforming to actuarial principles (e.g., Loss Development Triangle Method).
- 2) Injury insurance: The reserve is provided based on historical claim experiences and expenses via the method conforming to actuarial principles (e.g., Loss Development Triangle Method).

(iii) Liability reserve

The provision for future policy benefits is calculated in accordance with both the modified method of article 12 of the "Enforcement Rules of Insurance Law" and the calculation prescribed by the competent authority.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Commencing from 2003, for effective insurance contracts which adopt the dividend calculation formula prescribed under the Tai Tsai Bao No. 800484251 letter, the policy reserve is provided based on the currently reduced amount of dividend caused by the offset between interest margin and mortality margin for long term effective insurance contracts.

Commencing from 2012, in accordance with the Gin Guan Bao Tsai No. 10102500530 letter and Article 11 of “Value-added and Non-value-added Business Tax Act”, a liability reserve based on 3% of sales is provided for purposes of writing off overdue loans or providing allowance for bad debts when the percentage of overdue loans is lower than 1%. Furthermore, in accordance with article 19 of “Enforcement Rules of Insurance Law”, the Company and its subsidiaries should collect the “catastrophe special reserve” and allocate it as “recovered life insurance liability reserve of catastrophe”.

When an insurer chooses to measure its investment property at fair value, the value of its insurance liabilities must also be measured at fair value. If the results of the measurements indicate that the fair value of the insurance liabilities exceeds the book value, the difference should be reserved for insurance liabilities and retained earnings must be reduced. According to article 9 of the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, subsequent measurement of insurance liability shall be subsequently measured based on the fair value measurement criteria designated by the FSC annually. When the measured fair value of insurance liability is greater than its carrying amount, an improvement plan shall be proposed. When the improvement plan includes the amount of additional reserve to be set aside, the amount of increase in reserve shall be added to the policy reserve and deducted from retained earnings.

(iv) Special reserves

1) Special reserve – special reserves

Special reserve provided for retention business with a term of one year is divided into two categories, which are special catastrophe reserve and special reserves for fluctuation of risks. The new provision of this special reserve, net of income tax, is accounted for under special reserves in equity, in accordance with IAS 12. On January 1, 2013, the special reserve provided prior to December 31, 2012 under liabilities, is transferred, net of income tax, to “Special Reserve” under “Owner’s Equity”, in accordance with IAS 12.

In accordance with the “Notice to Reserve Enforcement of Insurance Company for Catastrophe Loss Reserve”, other catastrophe special reserves and equalization special reserve (except for compulsory motor TPL insurance, nuclear insurance, governmental earthquake insurance, commercial earthquake insurance, typhoon and flood insurance) recognized under liabilities account before December 31, 2012, are transferred to cover the insufficiencies of catastrophe special reserve and equalization special reserve of commercial earthquake insurance and typhoon and flood insurance until those insufficiencies are fully covered; the excess balance, if any, is recognized, net of income tax, as special reserves in equity in accordance with IAS 12.

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

a) Special reserves – special catastrophe reserve

A special catastrophe reserve covering all types of insurance is provided at a rate prescribed by the competent authority. For Fubon Life Insurance, when the actual catastrophe claim exceeding \$30 million, the excess amount is offset against special catastrophe reserve. For Fubon Insurance, when special catastrophe reserve that remains outstanding for over 15 years, it is written off based on the evaluation of an actuary and after being reported to the competent authority for inspection. The balance for write down or reclaim, net of income tax, is offset against the special reserve for catastrophe of equity in accordance with IAS 12.

b) Special reserves – special reserves for fluctuation of risks

If the net amount of actual claim minus the related special catastrophe reserve is lower than the amount of expected claim, special reserves for fluctuation of risks are provided at a rate of 15% of the difference between the net amount of actual claim and the amount of expected claim.

If the net amount of actual claim minus the related special catastrophe reserve is higher than the expected claim amount, the difference is debited to special risk-volatility reserve. However, the amount and type of insurance are reported to the competent authority for inspection. If the total accumulated amount of the special risk-volatility reserve is over 30% of the matured retention premium of the year for Fubon Life Insurance, and the total accumulated amount of the special risk-volatility reserve is over 60% of the matured retention premium of the year for Fubon Insurance, the excess is treated under reclaim rule. The balance for write down or reclaim, net of income tax, is offset against the special reserves for risk-volatility of equity in accordance with IAS 12.

- 2) The pre-bonus pre-tax income of participating life insurance policies sold by life insurance subsidiaries is assessed separately at the end of the year, in accordance with the Regulations. The income/loss and the amount of reclassification to retained earnings of the gains/losses on disposal of investments in equity instruments designated at fair value through other comprehensive income, allocation of participating and nonparticipating life insurance policies are also assessed according to the guidelines, and is reported to the competent authority. Such income is credited/debited to “special reserve-provision for bonus of participating policy”. This reserve is written off on the date of bonus announcement. If this reserve is insufficient, an additional “special reserve - provision for risk of bonus” is made to cover for the deficiency.

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- 3) In accordance with subsequent measurement of investment properties from cost model to fair value model, the Company and its subsidiaries should recognize special reserve under liabilities by the net amount of the effects of the first time adoption of investment properties subsequently measured at fair value model deducting incremental amounts of liability reserve. Additionally, commencing from January 1, 2013, the excess amount of the enhancement of liability reserve, calculated in accordance with November 27, 2012 Gin Guan Bao Tsai Order No. 10102515285, could transfer to “liability reserve Insurance contract liability measured at fair value” in accordance with November 30, 2012 Gin Guan Bao Tsai Order No. 10102515281. For remaining outstanding reserve, it is accounted for under special reserve of stockholders’ equity, either recognized by 80% of which at first year or recovered by 5 years with the restriction up to \$10 billion dollars each year.

(v) Premium deficiency reserve

For property insurance subsidiaries, future losses and expenses for the unexpired policies and the policies that have not been terminated are evaluated. If the expected future losses and expenses exceed the sum of the recognized unearned premium reserve and the expected future premium income, a premium deficiency reserve is recognized for such excess. For life insurance, health insurance, and annuities contracts issued commencing from January 1, 2001, whose contract period is longer than one year, a special premium deficiency reserve is provided based on the unpaid premiums deficiency if the written premiums are less than those used for providing policy reserves.

For life insurance subsidiaries, for effective insurance contracts with a term below 1 year and insurance contracts against injury with a term over 1 year, a premium deficiency reserve is provided by type of insurance if the aggregate amount of unearned premium retention and expected future premium revenue is less than the estimated potential insurance claims and related future expenses.

(vi) Liability adequacy reserve

Liability adequacy reserve is a reserve that is provided depending on the results of the liability adequacy test prescribed under IFRS 4 endorsed by the FSC.

In accordance with the “Code of Conduct of Actuarial Practice under IFRS 4” as pronounced by the Actuarial Institute of the Republic of China, the liability adequacy is tested by product type group (or on the overall Company contracts). Under this liability adequacy test, the net book value of the insurance liability minus the deferred acquisition costs and relevant intangible asset is compared to the estimated present value of future cash flow of the insurance contracts. If the net book value is less than the estimated present value of future cash flow of the insurance contracts, then the difference is recognized as current loss.

(vii) Reserve for insurance contract with nature of financial instruments

In accordance with the “Regulations Governing the Provision of Various Reserves”, provision for financial instruments without discretionary participation feature is accounted for using deposit accounting.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(viii) Insurance liabilities of foreign subsidiaries are life insurance liabilities reserves, unearned premium reserves and claims reserves that are in accordance with the insurance rules where the subsidiaries reside. The amount of these reserves is based on actuarial report issued by local government certified actuaries.

(s) Foreign exchange fluctuation reserve

Commencing March 1, 2012, life insurance subsidiaries have transferred the partial amounts of special catastrophe reserve and special risk-volatility reserve, covering all types of insurance, into the initial balance of foreign exchange fluctuation reserve. Subsequent provision or write off is made in accordance with the “Guidelines of Foreign Exchange Fluctuation Reserve for Life Insurance Business”. The surplus of hedging cost is reclassified to special reserves. If the earnings for the period are insufficient to be reclassified to special reserves, the provision can be made in the subsequent years with a surplus. The relevant special reserves are reversed only for capital increase or deficit compensation. In accordance with article 9 of “Guidelines of Foreign Exchange Fluctuation Reserve for Life Insurance Business”, if there is net income for the period, a 10% special reserve should be made.

(t) Insurance contracts

An insurance contract is a “contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder”. The Company and its subsidiaries define significant insurance risk as the event which might lead to additional significant payment.

An insurance contract with nature of financial instruments means the contract is able to transfer significant financial risk. Financial risk refers to a risk from possible changes in one or more specified interest rate, financial instrument price, commodity price, foreign exchange rate, price index, tariff index, credit rating, credit index or other variable in the future. If the previously stated variables are non-financial variables, then no financial variables are involved in the contract.

Once a contract has qualified as an insurance contract, it remains an insurance contract until all rights and obligations are extinguished or expired, even if insurance risk becomes insignificant or non-existent. However, some contracts do not transfer any insurance risk to the Company and its subsidiary at inception, although they do transfer insurance risk at a later time. In those cases, the contract is not considered an insurance contract until the risk transfer happens.

(u) Revenue recognition

The Company and its subsidiaries recognize revenue when a performance obligation is satisfied by transferring control of goods or service to a customer.

(Continued)

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

The accounting policies for the Company and its subsidiaries' main types of revenue are explained below.

(i) Banking subsidiaries

1) Interest income and expense

Except for financial assets and liabilities reported at fair value through profit or loss, all interest-bearing financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest revenue and interest expense in Consolidated Statements of Comprehensive Income.

2) Recognition of commission fee revenue and commission fee expense

Commission fee revenue and expense are recognized when loans or other services are provided. Service fees on significant projects are recognized on project completion, for instance, service fees received when the Bank is the arranger of syndicated loans. Commission revenue and fees relating to loan services are amortized through service periods or included in the effective interest rate for loans and receivables.

(ii) Insurance subsidiaries

1) Property insurance subsidiaries

Premium income from direct insurance business is recognized based on the written policies and endorsement. For motor insurance business, income is recognized when premiums are collected before the insurance policy takes effect and underwriting procedures, including the signed policy and issuing of insurance certificates, are completed. For personal accident and health insurance business, income is recognized when premiums are collected before the insurance policy takes effect and underwriting procedures, including the signed policy and issuing of insurance certificates, are completed. Assumed reinsurance premiums for reinsurance assumed business is recognized when the reinsurance statement is received by the insured. For those statements which have not been received by the insured, assumed reinsurance premium is estimated in a reasonable and systematic way. The related acquisition costs (such as: commissions, brokerage fees, reinsurance commissions and etc.) are recognized in the same period without being deferred.

Unearned premium reserves for the compulsory auto liability, the residential earthquake insurance, and the nuclear insurance are determined in accordance with the regulations and rules.

The approaches to determine unearned premiums reserves selected based on the characteristics of the line of business and decided by the actuary (the approaches are not allowed to change without the permission of the Authority). Unearned premium reserve is certified by the appointed actuary.

Tax liabilities related to premium income are recognized on accrual basis, in accordance with Value-added and Non-value-added Business Tax Act, the Stamp Tax Act, and other relevant laws and regulations.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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2) Life insurance subsidiaries

a) Fubon Life Insurance

For insurance contracts and financial instruments with discretionary participation, the first and the subsequent period premiums are recognized as revenue when receipts are collected and underwriting process is complete, and when receipts are collected on the due date for premium payment. The policy acquisition costs such as commission expenses are recognized as current expenses when the insurance contract becomes effective.

Premiums on insurance contracts, which do not belong to investment-linked insurance and which are classified as financial products without discretionary participation feature, are recognized as “reserve for insurance contract with nature of financial instrument”. The insurance acquisition costs are offset against “reserve for insurance contract with nature of financial instrument” when the insurance contracts become effective.

Premiums on insurance contracts, which belong to investment-linked insurance and which are classified as financial products without discretionary participation feature, are recognized as “Liabilities on Insurance Product-Separate Account”, net of related expenses such as the front-end load and investment administration service charge. The insurance acquisition costs relating to investment administration service, including commission expenses and additional charges for the issuance of new contracts, are recognized as “deferred acquisition costs”.

The service charges normally collected from the policyholder of insurance contracts, which do not belong to investment-linked insurance and which are classified as financial products non-discretionary participation feature, include contract administration charge, investment administration charge, rescinding charge and others. These charges are recognized as revenue upon collection. When Fubon Life Insurance receive certain service charge which makes them obligated to provide future service (ex: front-end load charge), this service charge is initially treated as a deferred revenue and is recognized as revenue when the service is provided, are recognized as “deferred service fee revenue”.

b) Fubon Life Insurance (Vietnam)

Based on the common practice in the insurance industry, the premium income of direct insurance business is recognized as revenue of the year when conditional receipt is delivered after receiving premiums. The relatively incurred expenses, such as commission and direct business expenses, are recognized when they are paid and estimated on accrual basis at year-end.

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

c) Fubon Life Insurance (Hong Kong)

The premium income of direct insurance business is recognized based on the common practice in the insurance industry. The first period premium is recognized when it is received and the insurance underwriting process is complete, while subsequent period premium is recognized on the scheduled payment date. Acquisition costs, such as commission expenses, are recognized as current expenses accompanying the recognition of premium income.

d) Fubon Hyundai Life Insurance Co., Ltd.

The premium income of direct insurance business is recognized based on the common practice in the insurance industry. The first and the subsequent period premiums are recognized as revenue when the insurance underwriting process is completed, and when the premium payment is due, respectively. Acquisition costs are recognized as deferred costs.

(iii) Securities and Asset Management subsidiaries

The securities and Asset Management subsidiaries' major revenue recognition principles are as follows:

- 1) Brokerage commission, profit or loss on disposal of trading securities, and relevant brokerage securities transaction charges are recognized at the trading date.
- 2) 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 accrual basis.
- 3) Recognition of service revenue depends on the degree of service delivered.
- 4) Gains or losses on disposal of equity investments of financial assets measured at fair value are recognized at the trading date.
- 5) Dividend revenues are recognized when the Company and its subsidiaries have the defined right to receive the payment.
- 6) 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.
- 7) Management fees are received from providing management services to securities investment trust funds and investors' discretionary investment accounts. Management fees are calculated daily on the net assets of each securities investment trust fund account and investor's discretionary investment account multiplied by the contract rates and are paid monthly by each securities investment trust fund and investor's discretionary investment account. The one-time management fee income is recognized as a contract liability before providing fund management services, and is transferred to income after the remaining obligations are fulfilled over time.

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

(v) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group' 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 determine 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 recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Other long-term employee benefits

The Group' 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.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognize costs for a restructuring.

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

(vi) Employment benefit - preferential interest on employees' deposits

The bank subsidiary offered preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential interest rate in excess of market interest rate is treated as employee benefits.

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

(w) Share-based payment transaction

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The grant date of the Company and its subsidiaries' cash capital increase reserved for subscription by employees is the date which the employees confirm the number of share granted.

(x) 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.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) 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
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company and its subsidiaries are 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
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group have a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(y) Business combination

The Company and its subsidiaries account for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) 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 Company and its subsidiaries recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether they have 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 measure any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling 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 non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Company and its subsidiaries remeasure its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company and its subsidiaries may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company and its subsidiaries had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

(z) Earnings per share

The Company and its subsidiaries disclose 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. 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.

(aa) Segment information

An operating segment is a component of the Company and its subsidiaries 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 Company and its subsidiaries). Operating results of the operating segment are regularly reviewed by the Company and its subsidiaries' 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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRS Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

**(a) Fair value of financial instruments**

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

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

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

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

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

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

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The professional judgment applied to the abovementioned liability evaluation process will affect the amount recognized for net changes in insurance liability, net changes in insurance contract with nature of financial instruments, insurance liability and reserve for insurance contract with nature of financial instruments.

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

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

- (d) Fair value of investment property

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

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

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

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

(Continued)

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

**(6) Explanation of significant accounts**

(a) Cash and Cash Equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand and petty cash	\$ 9,691,998	15,178,201
Bank deposits	169,274,359	145,428,103
Cash equivalents	51,257,434	45,991,965
Notes and checks for clearing	3,281,206	2,941,279
Due from banks	92,710,481	107,107,981
Less: Guarantee deposits	<u>50,704</u>	<u>50,626</u>
Total	<b><u>\$ 326,164,774</u></b>	<b><u>316,596,903</u></b>

For consolidated statements of cash flows, cash and cash equivalents include accounts as of December 31, 2023 and 2022, listed below:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents in consolidated balance sheets	\$ 326,164,774	316,596,903
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	117,976,408	164,148,968
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	77,349,057	92,987,987
Cash and cash equivalents in consolidated statements of cash flows	<b><u>\$ 521,490,239</u></b>	<b><u>573,733,858</u></b>

The amounts of loss allowance were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Loss allowance	<b><u>\$ 20,274</u></b>	<b><u>16,681</u></b>

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

(Continued)

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Call loans to banks	\$ 302,784,175	285,646,426
Deposit reserves	121,996,920	111,067,679
Due from the central bank — others	19,067,024	19,276,553
Total	<u>\$ 443,848,119</u>	<u>415,990,658</u>

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deposit reserves for checking account	\$ <u>30,269,766</u>	<u>20,675,037</u>
Required deposit reserves	\$ <u>65,470,403</u>	<u>62,231,546</u>

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

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

The amounts of loss allowance were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Loss allowance	\$ <u>12,139</u>	<u>2,189</u>

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

(Continued)

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets mandatorily measured at fair value through profit or loss:		
Non-hedge derivative instruments		
Interest rate contracts	\$ 7,987,829	8,341,566
Currency rate contracts	64,702,193	60,329,960
Options contracts	1,727,511	1,032,716
Cross currency swap contracts	250,926	2,745,460
Others	1,441,740	1,284,655
	76,110,199	73,734,357
Non-derivative financial assets		
Government bonds	15,760,989	3,868,243
Corporate bonds	26,761,528	15,844,077
Financial bonds	47,935,494	52,934,353
Stocks	549,902,221	462,890,198
Beneficiary certificates	783,406,091	637,900,666
Commercial papers	76,268,391	46,116,564
Treasury bills	1,945,669	3,529,242
Beneficiary securities	46,288,207	39,523,000
Negotiable certificates of deposit	-	2,994,212
Others	3,377,389	2,861,338
Less: Guarantee deposits	1,423,254	-
	1,550,222,725	1,268,461,893
Hybrid financial assets		
Convertible corporate bonds	28,575,498	29,117,824
Structured products	49,992,796	47,271,965
	78,568,294	76,389,789
Financial assets designated as at fair value through profit or loss:		
Government bonds	492,897	-
Total	<b>\$ 1,705,394,115</b>	<b>1,418,586,039</b>

(Continued)

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

	December 31, 2023	December 31, 2022
Financial liabilities designated as at fair value through profit or loss:		
Structured products	\$ 2,114,165	942,466
Exchange traded notes	57,980	45,679
	2,172,145	988,145
Held-for-trading financial liabilities:		
Non-hedge derivative instruments		
Interest rate contracts	6,353,327	5,884,614
Currency rate contracts	31,870,951	60,523,473
Options contracts	10,022,275	5,907,595
Others	1,481,543	4,327,354
	49,728,096	76,643,036
Non-derivative financial liabilities		
Stock borrowing and short selling	5,062,928	3,437,627
Bonds borrowing and short selling	6,682,189	6,521,748
	11,745,117	9,959,375
Total	<b>\$ 63,645,358</b>	<b>87,590,556</b>

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

(Continued)

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

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Financial assets measured at fair value through profit or loss:		
Stocks	\$ 533,672,852	451,389,288
Corporate bonds	1,083,148	1,050,834
Financial bonds	44,321,071	45,646,078
Beneficiary securities	2,116,883	1,982,954
Beneficiary certificates	817,694,711	666,882,999
Structured products	48,291,235	45,522,531
Others	<u>1,120,529</u>	<u>1,108,976</u>
Total	<u>\$ 1,448,300,429</u>	<u>1,213,583,660</u>

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

	<u>2023</u>	<u>2022</u>
Gains (losses) reported as profit or loss under IFRS 9	\$ 208,947,928	(170,579,568)
Less: Gains reported as profit or loss if applied IAS 39	<u>(96,605,119)</u>	<u>(101,134,287)</u>
Gains (losses) reclassified by applying overlay approach	<u>\$ 112,342,809</u>	<u>(271,713,855)</u>

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

	<u>2023</u>	<u>2022</u>
Gains (losses) of financial assets before adjustment	\$ <u>169,017,344</u>	<u>(316,957,915)</u>
Gains (losses) of financial assets after adjustment	<u>\$ 56,674,535</u>	<u>(45,244,060)</u>

(Continued)

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

2) The insurance subsidiaries did not designate any financial asset which did not meet the condition to apply overlay approach previously but met the condition for the years ended December 31, 2023 and 2022, nor did the insurance subsidiaries release the designation.

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Carrying amount	<u>\$ 19,800,582</u>	<u>5,669,105</u>

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Debt investments measured at fair value through other comprehensive income:		
Government bonds	\$ 221,659,088	288,264,348
Corporate bonds	175,046,902	328,664,752
Financial bonds	116,113,379	161,650,309
Commercial papers	-	21,344,701
Negotiable certificates of deposits	6,480,736	18,349,953
Beneficiary securities	15,938,015	25,708,057
Asset-backed security	4,208,313	-
Discount notes and loans	30,973,699	49,516,190
Central bank notes	5,813,654	-
Treasury bills	230,174	-
Less: Guarantee deposits	<u>15,288,443</u>	<u>11,880,287</u>
Subtotal	<u>561,175,517</u>	<u>881,618,023</u>
Equity investments measured at fair value through other comprehensive income:		
Stocks	52,222,097	71,580,176
Others	<u>8,450,741</u>	<u>8,333,465</u>
Subtotal	<u>60,672,838</u>	<u>79,913,641</u>
Total	<u>\$ 621,848,355</u>	<u>961,531,664</u>

(Continued)



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

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

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

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

	<u>2023</u>	<u>2022</u>
Derecognized during the period	\$ 1,381,129	1,243,236
Held at the end of the period	2,648,345	3,588,847
	<u>\$ 4,029,474</u>	<u>4,832,083</u>

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

	<u>2023</u>	<u>2022</u>
Fair value	\$ <u>50,131,215</u>	<u>34,387,066</u>
Accumulated gains (losses) on disposal (after tax)	\$ <u>1,464,574</u>	<u>(1,573,064)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount	\$ <u>15,622,282</u>	<u>24,349,067</u>

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

(Continued)

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

(e) Debt Investments Measured at Amortized Cost

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Government bonds	\$ 495,554,200	434,433,780
Corporate bonds	1,662,144,169	1,419,907,851
Financial bonds	1,112,803,477	1,018,981,633
Negotiable certificates of deposits	262,700,920	325,055,368
Beneficiary securities	104,710,737	82,973,705
Structured products	57,966,982	58,020,876
Others	6,453,513	26,268,836
Less: Guarantee deposits	<u>6,446,513</u>	<u>6,446,087</u>
Subtotal	3,695,887,485	3,359,195,962
Less: Loss allowance	<u>3,887,758</u>	<u>2,849,419</u>
Total	<b><u>\$ 3,691,999,727</u></b>	<b><u>3,356,346,543</u></b>

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

	<b>2023</b>	<b>2022</b>
Carrying amount of derecognition	\$ <u>17,391,907</u>	<u>137,459,063</u>
Current (losses) gains recognized	\$ <u>(592,811)</u>	<u>3,647,419</u>

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

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Carrying amount	\$ <u>109,801,621</u>	<u>130,375,795</u>

(Continued)

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

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

(f) Financial Instruments for Hedging

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Financial assets for hedging:		
Interest rate swap contracts	\$ 13,882,275	16,741,096
Foreign exchange swap contracts	1,227,283	2,226,971
Forward exchange contracts	4,365	4,919
Cross currency swap contracts	<u>467,147</u>	<u>331,974</u>
	<u><b>\$ 15,581,070</b></u>	<u><b>19,304,960</b></u>
Financial liabilities for hedging:		
Interest rate swap contracts	\$ 4,300,341	4,045,705
Foreign exchange swap contracts	422,630	1,355,157
Forward exchange contracts	56,275	98,784
Cross currency swap contracts	22,096	2,233,423
Call loans from banks	<u>5,316,510</u>	<u>5,189,570</u>
	<u><b>\$ 10,117,852</b></u>	<u><b>12,922,639</b></u>

(i) Fubon Life Insurance and its subsidiaries

1) Fair value hedges

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

2) Cash flow hedges

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

(Continued)

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

3) Hedges of a net investment in a foreign operation

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

The amount of future cash flow, timing and uncertainty:

	Maturity				
	Less than one month	Between one and three months	Between three months and one year	Between one and five years	More than five years
<b>December 31, 2023</b>					
<b>Fair value hedges</b>					
Forward exchange					
Nominal amount	\$ -	12,195	341,464	-	-
Average exchange rate (KRW/USD)	-	1,297.62	1,291.22	-	-
Nominal amount	\$ 329,269	-	1,295,734	-	-
Average exchange rate (TWD/USD)	30.40	-	31.48	-	-
Foreign exchange swap					
Nominal amount	\$ 5,545,203	16,918,646	22,987,010	21,264,724	-
Average exchange rate (KRW/USD)	1,311.54	1,309.44	1,312.81	1,248.06	-
Nominal amount	\$ -	4,786,595	4,716,472	-	-
Average exchange rate (TWD/USD)	-	31.25	30.87	-	-
<b>Cash flow hedges</b>					
Interest rate swap					
Nominal amount	\$ -	545,546	9,383,075	2,335,860	-
Average fixed interest rate	-	2.12 %	1.65 %	2.97 %	-
Cross currency swap					
Nominal amount	\$ -	304,879	3,780,495	9,664,652	-
Average interest rate	-	(0.89)%	(0.84)%	(1.54)%	-
Average exchange rate (KRW/USD)	-	1,313.30	1,328.96	1,320.59	-

(Continued)

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

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

(Continued)

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

The hedging instruments used in hedging strategies were as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for 2023
		Assets	Liabilities		
<b>December 31, 2023</b>					
<b>Fair value hedges</b>					
— Forward exchange contracts	\$ 1,978,662	4,365	56,275	Financial assets / liabilities for hedging	(17,228)
— Foreign exchange swap contracts	76,218,650	1,227,283	521,107	Financial assets / liabilities for hedging	(1,055,055)
— Cross currency swap contracts	-	-	-		(984,465)
<b>Cash flow hedges</b>					
— Interest rate swap contracts	\$ 12,264,481	1,432	78,814	Financial assets / liabilities for hedging	(425,922)
— Cross currency swap contracts	13,750,026	467,147	22,097	Financial assets / liabilities for hedging	(28,039)
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
— Forward exchange contracts	\$ 3,084,654	4,920	98,784	Financial assets / liabilities for hedging	(104,955)
— Foreign exchange swap contracts	58,440,944	2,226,971	1,355,157	Financial assets / liabilities for hedging	(2,275,962)
— Cross currency swap contracts	18,141,348	-	2,008,993	Financial liabilities for hedging	(1,679,084)
<b>Cash flow hedges</b>					
— Interest rate swap contracts	\$ 18,516,864	38,781	267,089	Financial assets / liabilities for hedging	309,471
— Cross currency swap contracts	8,494,493	331,974	224,429	Financial assets / liabilities for hedging	(14,391)

(Continued)

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

The information of designated hedged items was as follows:

Fair value hedges

	Carrying amount of items designated as hedged		Accumulated adjustment of fair value		The line item of hedging instruments in Balance Sheet	Fair value changes used to calculate the hedge ineffectiveness for 2023	Items designated as hedged which stop adjusting profit or loss, but still classified as accumulated adjustment of fair value on balance sheet	Ineffective hedges recognized in profit or loss	The line item of hedge ineffectiveness included in profit or loss
	Assets	Liabilities	Assets	Liabilities					
<b>December 31, 2023</b>									
<b>Items designated as hedged</b>									
Stocks	\$ 13,390,038	-	154,033	-	Financial assets measured at fair value through profit or loss	218,898	None	188,573	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	18,526,295	-	335,610	-	Financial assets measured at fair value through other comprehensive income	364,810	None	(276,157)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	49,267,479	-	891,980	-	Financial assets measured at amortized cost	883,214	None	(502,242)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
<b>December 31, 2022</b>									
<b>Items designated as hedged</b>									
Stocks	\$ 12,044,161	-	(408,742)	-	Financial assets measured at fair value through profit or loss	(64,726)	None	99,719	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	-	-	-	-	Financial assets measured at fair value through other comprehensive income	4,321	None	2,640	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	70,367,628	-	5,627,673	-	Financial assets measured at amortized cost	5,392,127	None	1,169,362	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)

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

Cash flow hedges

	Fair value changes used to calculate the hedge ineffectiveness for 2023	Provisions for cash flow hedge	The residual amount of provisions for cash flow that hedge no longer applies the hedging relation of hedging accounting	Changes in the value of the hedging instruments recognized in other comprehen- sive income	Ineffective hedges recognized in profit or loss	The line item of hedge ineffective- ness included in profit or loss	The amount be reclassified from provision for cash flow hedge to profit or loss	The line item affected by reclassifi- cation in profit or loss
<b>December 31, 2023</b>								
<b>Items designated as hedged</b>								
Floating bonds	\$ (755,025)	(77,452)	Not applicable	371,565	(661)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(219,978)	Interest revenue
Fixed interest rate bonds	(64,911)	44,380	Not applicable	71,776	-	Not applicable	(184,908)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
<b>December 31, 2022</b>								
<b>Items designated as hedged</b>								
Floating bonds	\$ 528,182	(229,039)	Not applicable	(718,927)	330	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	87,144	Interest revenue
Fixed interest rate bonds	(1,032,372)	157,512	Not applicable	140,767	-	Not applicable	(12,795)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

(Continued)



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

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

	Provisions for cash flow hedges		Foreign currency translation reserve from net investment in foreign operation	
	2023	2022	2023	2022
Beginning balance	\$ (71,527)	432,284	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedges				
Changes in the value of the hedging instruments recognized in other comprehensive income	443,341	(578,160)	-	-
The amount be reclassified from provisions for cash flow hedges to profit or loss	(404,886)	74,349	-	-
Ending balance	<u>\$ (33,072)</u>	<u>(71,527)</u>	<u>(19,503)</u>	<u>(19,503)</u>

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

(ii) Taipei Fubon Bank and its subsidiaries

Fair value hedges

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

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

(Continued)

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

The information of fair value hedge was as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for 2023
		Assets	Liabilities		
<b>December 31, 2023</b>					
<b>Fair value hedges</b>					
— Interest rate swap contracts	\$ 217,237,295	7,148,768	4,126,636	Financial assets / liabilities for hedging	(1,816,445)
— Call loans from banks	5,316,510	-	5,316,510	Financial liabilities for hedging	49,338
	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for 2022
		Assets	Liabilities		
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
— Interest rate swap contracts	\$ 184,123,148	8,543,867	3,778,616	Financial assets / liabilities for hedging	9,085,309
— Call loans from banks	5,189,570	-	5,189,570	Financial liabilities for hedging	(83,108)

(Continued)

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

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2023
	Assets	Liabilities	Assets	Liabilities	
	<b>December 31, 2023</b>				
<b>Hedged items</b>					
<b>Interest rate risk</b>					
Financial bonds payable	\$ -	67,077,796	-	(2,922,950)	47,321
Financial assets measured at fair value through other comprehensive income— government bonds	5,608,424	-	(77,718)	-	(79,413)
Financial assets measured at fair value through other comprehensive income— corporate bonds	314,283	-	(25,895)	-	(22,497)
Financial assets measured at fair value through other comprehensive income— financial bonds	4,310,813	-	(65,799)	-	60,971
Financial assets measured at amortized cost— government bonds	20,587,487	-	(210,682)	-	13,618
Financial assets measured at amortized cost— corporate bonds	86,919,756	-	(4,179,087)	-	1,395,692
Financial assets measured at amortized cost— financial bonds	26,733,643	-	(1,372,076)	-	403,804
<b>Exchange rate risk</b>					
Financial assets measured at fair value through other comprehensive income— stocks	871,872	-	12,187	-	(24,137)
Financial assets measured at fair value through other comprehensive income— REITs	4,369,192	-	21,583	-	(25,201)

(Continued)

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

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

(Continued)

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

<u>Impact of profit or loss</u>	<u>Gains (losses) on ineffective hedges recognized in profit or loss</u>		<u>The line item in the Statements of Comprehensive Income for ineffective portion</u>
	<u>2023</u>	<u>2022</u>	
<b>Fair value hedges</b>			
<b>Interest rate risk</b>			
Financial bonds payable	\$ 3,051	10,601	Gains or losses on financial assets or liabilities measured at fair value through profit or loss

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

Fair value hedges

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

The amount of future cash flow, timing and uncertainty:

	<u>Maturity</u>				
	<u>Less than one month</u>	<u>Between one and three months</u>	<u>Between three months and one year</u>	<u>Between one and five years</u>	<u>More than five years</u>
<b>December 31, 2023</b>					
<b>Fair value hedges</b>					
<b>Interest rate swap</b>					
Nominal amount	\$ 1,653,796	276,757	16,528,542	57,945,867	31,569,022
Average fixed interest rate	4.39 %	3.88 %	3.82 %	3.37 %	3.13 %
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
<b>Interest rate swap</b>					
Nominal amount	\$ 1,784,457	2,553,619	14,577,167	57,876,454	25,822,841
Average fixed interest rate	3.42 %	3.52 %	3.80 %	3.29 %	3.04 %

The hedging instruments used in hedging strategies were as follows:

	<u>Nominal amount of hedging instruments</u>	<u>Carrying amount of hedging instruments</u>		<u>The line item of hedging instruments in Balance Sheets</u>	<u>Fair value changes used to calculate the hedge ineffectiveness for 2023</u>
		<u>Assets</u>	<u>Liabilities</u>		
<b>December 31, 2023</b>					
<b>Fair value hedges</b>					
<b>Interest rate risk</b>					
— Interest rate swap contracts	\$ 107,688,298	6,732,076	94,890	Financial assets/ liabilities for hedging	-

(Continued)

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

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item of hedging instruments in Balance Sheets	Fair value changes used to calculate the hedge ineffectiveness for 2022
		Assets	Liabilities		
<b>December 31, 2022</b>					
<b>Fair value hedges</b>					
Interest rate risk					
— Interest rate swap contracts	\$ 102,614,539	8,158,447	-	Financial assets/liabilities for hedging	(3,294)

The information of designated hedged items was as follows:

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2023
	Assets	Liabilities	Assets	Liabilities	
	<b>December 31, 2023</b>				
<b>Hedged items</b>					
Financial assets measured at amortized cost—financial bonds	\$ 102,385,865	-	(4,958,886)	-	-

  

	Carrying amount		Accumulated adjustment of fair value		Fair value changes used to calculate the hedge ineffectiveness for 2022
	Assets	Liabilities	Assets	Liabilities	
	<b>December 31, 2022</b>				
<b>Hedged items</b>					
Financial assets measured at amortized cost—financial bonds	\$ 96,323,257	-	(7,418,217)	-	(2,777)

(g) Securities Purchased Under Resell Agreements

	December 31, 2023	December 31, 2022
Securities purchased under resell agreements	<u>\$ 79,481,332</u>	<u>94,887,192</u>

The maturity of abovementioned securities purchased under resell agreements were all within one year.

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

## (h) Receivables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable — credit card	\$ 90,740,798	66,845,669
Accounts receivable — forfeiting	693,109	912,517
Notes receivable, accounts receivable and acceptance	25,632,324	21,241,848
Accounts receivable — factoring	31,852,977	20,471,156
Interest receivable	60,114,846	52,356,164
Revenues receivable	4,737,260	4,096,906
Premiums receivable	3,579,271	3,173,325
Margin loans receivable	32,000,386	21,505,925
Accounts receivable — settlement	30,305,272	20,737,772
Others	<u>30,239,418</u>	<u>33,686,623</u>
Subtotal	309,895,661	245,027,905
Less: Allowance for doubtful accounts	<u>2,241,616</u>	<u>1,799,307</u>
Total	<b><u>\$ 307,654,045</u></b>	<b><u>243,228,598</u></b>

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

## (i) Discounts and Loans

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Discounts and overdrafts	\$ 4,674,883	3,755,707
Short-term advances	13,301,648	13,255,621
Accounts receivable — financing	1,091,196	1,883,360
Short-term loans	403,238,558	346,232,264
Short-term secured loans	192,525,556	191,764,390
Medium-term loans	371,016,870	384,702,556
Medium-term secured loans	282,778,140	250,614,345
Long-term loans	144,311,395	138,933,337
Long-term secured loans	1,289,085,012	1,194,964,935
Insurance policy loans	74,716,498	73,429,784
Import and export bill negotiation	16,759,618	13,529,886
Nonperforming loans	<u>6,044,796</u>	<u>5,382,661</u>
Subtotal	2,799,544,170	2,618,448,846
Less: Allowance for doubtful accounts	34,797,943	31,511,378
Adjustments of premium and discount	1,570,406	459,992
Total	<b><u>\$ 2,763,175,821</u></b>	<b><u>2,586,477,476</u></b>

(Continued)

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

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

	<b>2023</b>			
	<b>Receivables</b>	<b>Discounts and loans</b>	<b>Other financial assets</b>	<b>Total</b>
Beginning balance	\$ 1,799,307	31,511,378	1,313,214	34,623,899
Allowance for doubtful accounts	460,905	6,938,607	2,410,150	9,809,662
Write-off	(191,890)	(4,135,351)	(694,921)	(5,022,162)
Recovery from write-off	194,577	587,706	280,186	1,062,469
Effects of exchange rate changes and others	(21,283)	(104,397)	16,537	(109,143)
Ending balance	<b>\$ 2,241,616</b>	<b>34,797,943</b>	<b>3,325,166</b>	<b>40,364,725</b>
	<b>2022</b>			
	<b>Receivables</b>	<b>Discounts and loans</b>	<b>Other financial assets</b>	<b>Total</b>
Beginning balance	\$ 1,514,401	29,797,686	499,826	31,811,913
Allowance for doubtful accounts	618,003	4,189,394	894,903	5,702,300
Write-off	(371,997)	(3,637,901)	(395,869)	(4,405,767)
Recovery from write-off	66,811	644,239	265,719	976,769
Effects of exchange rate changes and others	(27,911)	517,960	48,635	538,684
Ending balance	<b>\$ 1,799,307</b>	<b>31,511,378</b>	<b>1,313,214</b>	<b>34,623,899</b>

- (j) Reinsurance Contract Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Claims recoverable from reinsurers	\$ 4,415,018	8,173,867
Due from reinsurers and ceding companies	6,981,839	17,254,031
Subtotal	11,396,857	25,427,898
Reinsurance reserve assets:		
Ceded unearned premium reserve	9,967,363	8,301,246
Ceded claim reserve	11,143,806	14,552,211
Ceded premium deficiency reserve	75,412	105,181
Ceded liability reserve	2,282	3,027
Subtotal	21,188,863	22,961,665
Total	<b>\$ 32,585,720</b>	<b>48,389,563</b>

(Continued)



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

(k) Investments Accounted for Using Equity Method

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Xiamen Bank Co., Ltd.	\$ 18,777,803	17,719,167
Fubon Construction Management Co., Ltd.	129,351	136,359
Line Biz+ Taiwan Co., Ltd.	3,157,663	3,091,602
Fubon Health Management Co., Ltd.	18,368	24,046
Founder Fubon Fund Management Ltd.	327,033	337,280
CITIC Capital Holdings Ltd.	9,159,243	9,566,427
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Corporation)	-	-
Teng Fu Bo Investment Ltd.	174,159	237,762
Star River Energy Corporation	226,970	226,152
Bravelog Sport Technology Co., Ltd.	-	-
Star Shining Energy Corporation	2,799,046	2,679,682
Wholox Max Green Power Co., Ltd.	516,122	359,133
Zhong An Life Insurance Ltd.	299,050	834,881
Line Bank Co., Ltd.	3,318,299	3,627,479
JihSun Securities Investment Trust Co., Ltd.	264,890	228,862
Hsin Ting Yi Hao Energy Corporation	299,520	149,773
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	-	2,701
Sichuan VipFubon Consumer Finance Ltd.	511,504	451,440
Hyundai Card Co., Ltd.	17,669,438	17,960,061
Aquastar Energy Corporation	175,727	179,852
	<b>\$ 57,824,186</b>	<b>57,812,659</b>
	<b>2023</b>	<b>2022</b>
Attributable to the Company and its subsidiaries:		
Net income	\$ 2,619,688	1,996,325
Other comprehensive income	(450,410)	(504,790)
Total comprehensive income	<b>\$ 2,169,278</b>	<b>1,491,535</b>

(Continued)

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

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

	<b>2023</b>	<b>2022</b>
The share of profit of associates accounted for using equity method	\$ <u><u>1,820,026</u></u>	<u><u>1,787,429</u></u>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Investments accounted for using equity method	\$ <u><u>19,568,900</u></u>	<u><u>18,968,331</u></u>

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

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

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

	<b>2023</b>	<b>2022</b>
Unrecognized loss	\$ <u><u>118,925</u></u>	<u><u>461,141</u></u>
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accumulated unrecognized loss	\$ <u><u>1,084,642</u></u>	<u><u>965,717</u></u>

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

(Continued)

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

(l) Other Financial Assets, Net

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets on insurance product— separate account	\$ 471,079,045	469,805,004
Margin deposits paid for borrowed securities	4,514,029	5,619,101
Collateral for borrowed securities	-	66,922
Overdue receivables	16,184,053	2,086,301
Customer margin deposit	26,741,971	31,438,437
Buy nonperforming loan	102,193	113,921
Deposits not qualifying as cash equivalents	18,793,868	14,503,969
Prepayments for investments	7,270	-
Others	-	208,283
Subtotal	537,422,429	523,841,938
Less: Guarantee deposits— others	2,439,245	2,464,546
Allowance for doubtful accounts	3,325,166	1,313,214
Total	<b>\$ 531,658,018</b>	<b>520,064,178</b>

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Assets on insurance product— separate account:		
Bank deposits	\$ 10,463,260	12,043,010
Financial assets measured at fair value through profit or loss	279,315,381	246,518,822
Receivables	1,191,892	1,319,530
Total	<b>\$ 290,970,533</b>	<b>259,881,362</b>
Liabilities on insurance product — separate account:		
Reserve— insurance contract	\$ 138,416,517	129,837,793
Reserve— investment contract	152,517,745	130,010,488
Payables	36,271	33,081
Total	<b>\$ 290,970,533</b>	<b>259,881,362</b>

(Continued)

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

	<u>2023</u>	<u>2022</u>
Separate account products revenues:		
Premiums income	\$ 11,873,767	16,275,503
Interest revenue	3,566,601	3,332,767
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss	10,948,235	(18,465,739)
Gains (losses) on foreign exchange	492,218	180,510
Total	<u>\$ 26,880,821</u>	<u>1,323,041</u>
Separate account products expenses:		
Net changes in reserve, Insurance contract	\$ 8,450,898	(13,290,111)
Insurance claims and payment	14,807,361	10,861,963
Administrative expenses	3,618,380	3,746,522
Other disbursements	4,182	4,667
Total	<u>\$ 26,880,821</u>	<u>1,323,041</u>

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

	<u>2023</u>	<u>2022</u>
Rebate	<u>\$ 743,704</u>	<u>657,721</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Assets on corporate and individual annuity insurance products - separate account :		
Bank deposits	\$ 4,895,606	2,586,365
Financial assets measured at fair value through profit or loss	16,584,250	16,055,614
Financial assets measured at fair value through other comprehensive income	117,319,439	127,098,518
Financial assets for hedging	996,741	1,778,258
Loan	26,527,289	33,641,356
Interest receivables	1,140,019	1,217,800
Other receivables	12,645,168	27,545,731
Total	<u>\$ 180,108,512</u>	<u>209,923,642</u>

(Continued)

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Liabilities on corporate and individual annuity insurance products - separate account:		
Financial liabilities for hedging	\$ 132,018	2,129,372
Other payables	197,382	13,653,153
Insurance separate account value reserve	182,428,451	201,055,408
Short-term debt	<u>15,369,250</u>	<u>20,769,750</u>
Total	<u><b>\$ 198,127,101</b></u>	<u><b>237,607,683</b></u>
	<b>2023</b>	<b>2022</b>
Revenues on corporate and individual annuity insurance products - separate account:		
Interest revenue	\$ 6,526,273	6,305,225
Gains on financial assets or liabilities measured at fair value through profit or loss	1,324,473	2,777,282
Gains on financial assets or liabilities measured at fair value through comprehensive profit or loss	-	87,462
Reversal of ECL on investments	1,674	73,570
Gains on foreign exchange	1,270,511	4,187,037
Other revenues	<u>6,025,781</u>	<u>698,662</u>
Total	<u><b>\$ 15,148,712</b></u>	<u><b>14,129,238</b></u>
Expenses on corporate and individual annuity insurance products - separate account:		
Insurance claims and payment	\$ -	3,007
Insurance value reserve provisions - separated account	10,180,224	4,468,527
Losses on financial assets or liabilities measured at fair value through profit or loss	2,920,745	8,421,193
Losses on financial assets or liabilities measured at fair value through comprehensive profit or loss	756,916	584,841
Expected credit losses on investments	180,211	1,077
Losses on foreign exchange	273,822	312,008
Administrative expenses	639,026	255,170
Other expenses	<u>197,768</u>	<u>83,415</u>
Total	<u><b>\$ 15,148,712</b></u>	<u><b>14,129,238</b></u>

(Continued)

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

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

<b>Account</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Financial assets measured at fair value through other comprehensive income	<b>\$ 16,283,482</b>	<b>24,036,047</b>

(m) Investment Property

	<b>Land and improvements</b>	<b>Buildings</b>	<b>Investment property under construction</b>	<b>Prepayment for investment property</b>	<b>Right-of-use assets</b>	<b>Total</b>
Balance as of January 1, 2023	\$ 189,220,428	55,516,830	15,183,425	1,163,737	44,742,058	305,826,478
Additions	2,305,963	2,868,515	671,290	26,527	29,262	5,901,557
Disposals	(36,713)	(59,676)	-	-	-	(96,389)
Reclassification	1,760,381	10,136,374	(12,496,105)	(1,105,206)	(4,304,949)	(6,009,505)
Gains (losses) generated from fair value adjustments	3,403,841	(7,865,798)	-	-	1,144,862	(3,317,095)
Effects of exchange rate changes	605,036	1,240,838	-	-	77,190	1,923,064
Balance as of December 31, 2023	<b>\$ 197,258,936</b>	<b>61,837,083</b>	<b>3,358,610</b>	<b>85,058</b>	<b>41,688,423</b>	<b>304,228,110</b>
Balance as of January 1, 2022	\$ 192,485,319	54,663,434	9,775,163	199,889	45,928,224	303,052,029
Additions	164,918	57,586	5,063,208	1,039,077	-	6,324,789
Disposals	(95,954)	(7,045)	-	-	-	(102,999)
Reclassification	266,493	7,387	345,054	(75,229)	(21,770)	521,935
Gains (losses) generated from fair value adjustments	(3,945,086)	241,347	-	-	(1,452,219)	(5,155,958)
Reassessment	-	-	-	-	300,300	300,300
Effects of exchange rate changes	344,738	554,121	-	-	(12,477)	886,382
Balance as of December 31, 2022	<b>\$ 189,220,428</b>	<b>55,516,830</b>	<b>15,183,425</b>	<b>1,163,737</b>	<b>44,742,058</b>	<b>305,826,478</b>

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

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

	<b>2023</b>	<b>2022</b>
Rental revenue	<b>\$ 8,159,514</b>	<b>7,602,714</b>
Direct operation expenses	<b>\$ 2,184,806</b>	<b>1,846,344</b>
Direct operation expenses belonging to investment properties that did not generate rental income	<b>\$ 298,103</b>	<b>171,411</b>

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

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	\$ 8,346,978	7,818,197
One to two years	7,376,290	7,355,359
Two to three years	5,947,372	6,444,793
Three to four years	5,405,491	5,118,938
Four to five years	4,042,126	4,656,236
More than five years	<u>25,111,639</u>	<u>24,538,825</u>
	<b><u>\$ 56,229,896</u></b>	<b><u>55,932,348</u></b>

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

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

(i) Fubon Life Insurance and its subsidiaries

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

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

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

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

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The inputs applied are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Mainly</u>	<u>Mainly</u>
Income capitalization rate	0.23%~6.71%	0.25%~5.75%
Year-end income capitalization rate	1.70%~6.00%	1.70%~5.90%
Discount rate	2.85%~8.25%	2.82%~8.25%

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

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

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

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

(ii) Fubon Insurance

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Valuation agencies as of December 31, 2023 were as follows:

- 1) Jin Han Real Estate Appraisers Joint Firm: Hung Chi-Hsiang, Wu Yu-Chun, Chen I-Chun
- 2) Repro International Inc.: Tsai You-Xiang, Hsu Hsiang-I

Valuation agencies as of December 31, were as follows:

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

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

The inputs applied are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Direct capitalization rate (net)	1.70%~4.50%	0.858%~4.65%
Profit rate	14.00%~20.00%	18.00%~22.00%
Overall capital interest rate	1.60%~3.60%	2.19%~2.97%

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

(iii) Taipei Fubon Bank

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	<b>December 31, 2023</b>	<b>December 31, 2022 (Restatement)</b>
Expected future cash inflows	\$ 5,502,744	5,150,855
Expected future cash outflows	(213,830)	(222,856)
Expected future cash inflows, net	<b>\$ 5,288,914</b>	<b>4,927,999</b>
Discount rate	3.845%	3.595%~4.095%

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

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

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

(iv) Fubon Securities

Investment property of Fubon securities was evaluated by appraisers from professional valuation agencies, in accordance with the "Regulations on Real Estate Appraisal", and the valuation dates were December 31, 2023, December 31 and March 31, 2022. The appraisals were performed by the 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-Shin and Chi Liang-An from Xinyi Real Estate Appraisers Firm on March 31, 2022.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The fair value of investment property is supported by observable evidence in the market. Appraising method is mainly the DCF method of income approach.

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

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

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

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

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

The inputs applied are as follows:

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

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

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

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

Fubon AMC appointed appraisers of Zhang Hong Kai, Zhang Yi Zhi, Ye Yu Fen, Ye Shi Yu and Wu Cheng Ye of Savills plc, and appraisers Chen Ying Chen and Chuang Wei Chuan of Tian Yi Real Estate Appraisers Office, to appraise the investment property in accordance with the “Regulations on Real Estate Appraisal”. The appraisal dates were December 31, 2023 and December 15, 2022.

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Profit rate	14.00%~18.00%	20.00%
Overall capital interest rate	4.25%~5.02%	3.46%~4.85%
Income capitalization rate	0.96%~3.76%	1.23%~3.89%

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

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

	Land	Buildings	Machinery and computer equipment	Transportation equipment	Other equipment	Prepayment for purchases of equipment, and construction in progress	Total
Cost or deemed cost:							
Balance as of January 1, 2023	\$ 38,509,910	30,817,584	10,127,508	395,114	13,600,899	1,566,654	95,017,669
Additions	-	16,981	1,408,612	20,989	1,037,670	1,950,636	4,434,888
Disposals	(13,789)	(14,230)	(935,285)	(24,493)	(601,950)	(189)	(1,589,936)
Reclassification	(314,471)	1,741,144	392,772	19,665	224,230	(1,206,432)	856,908
Effects of exchange rates changes	(1,708)	(230,946)	(44,906)	(1,372)	(37,915)	(14)	(316,861)
Balance as of December 31, 2023	<u>\$ 38,179,942</u>	<u>32,330,533</u>	<u>10,948,701</u>	<u>409,903</u>	<u>14,222,934</u>	<u>2,310,655</u>	<u>98,402,668</u>
Balance as of January 1, 2022	\$ 38,402,476	30,422,116	9,740,117	394,969	12,501,418	1,523,372	92,984,468
Additions	-	17,825	549,191	14,176	728,252	1,342,766	2,652,210
Disposals	(14,999)	(12,351)	(359,682)	(20,269)	(322,066)	-	(729,367)
Reclassification	119,960	(104,662)	122,578	1,545	196,469	(1,299,736)	(963,846)
Effects of exchange rates changes	2,473	494,656	75,304	4,693	496,826	252	1,074,204
Balance as of December 31, 2022	<u>\$ 38,509,910</u>	<u>30,817,584</u>	<u>10,127,508</u>	<u>395,114</u>	<u>13,600,899</u>	<u>1,566,654</u>	<u>95,017,669</u>
Depreciation and impairment loss:							
Balance as of January 1, 2023	\$ 1,016,417	10,231,656	7,974,701	338,341	10,184,408	-	29,745,523
Depreciations	-	772,209	892,268	21,841	1,011,774	-	2,698,092
Disposals	-	(3,522)	(918,092)	(23,325)	(589,277)	-	(1,534,216)
Reclassification	(22,289)	(1,206,690)	(26,455)	15,306	(1,038)	-	(1,241,166)
Impairment loss	19,157	(15,929)	-	-	-	-	3,228
Effects of exchange rates changes	-	(39,197)	(31,913)	(1,125)	(31,222)	-	(103,457)
Balance as of December 31, 2023	<u>\$ 1,013,285</u>	<u>9,738,527</u>	<u>7,890,509</u>	<u>351,038</u>	<u>10,574,645</u>	<u>-</u>	<u>29,568,004</u>
Balance as of January 1, 2022	\$ 1,065,034	9,478,590	7,444,634	329,287	9,293,990	-	27,611,535
Depreciations	-	742,733	829,404	24,203	943,967	-	2,540,307
Disposals	-	(8,901)	(357,161)	(18,828)	(311,004)	-	(695,894)
Reclassification	(63,189)	(105,385)	7,334	-	(90,190)	-	(251,430)
Impairment loss	14,572	(3,696)	(5,726)	-	-	-	5,150
Effects of exchange rates changes	-	128,315	56,216	3,679	347,645	-	535,855
Balance as of December 31, 2022	<u>\$ 1,016,417</u>	<u>10,231,656</u>	<u>7,974,701</u>	<u>338,341</u>	<u>10,184,408</u>	<u>-</u>	<u>29,745,523</u>
Carrying amounts:							
Balance as of December 31, 2023	<u>\$ 37,166,657</u>	<u>22,592,006</u>	<u>3,058,192</u>	<u>58,865</u>	<u>3,648,289</u>	<u>2,310,655</u>	<u>68,834,664</u>
Balance as of December 31, 2022	<u>\$ 37,493,493</u>	<u>20,585,928</u>	<u>2,152,807</u>	<u>56,773</u>	<u>3,416,491</u>	<u>1,566,654</u>	<u>65,272,146</u>

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

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

The property and equipment of the Company are depreciated on a straight-line basis based on the following estimated useful life:

Buildings	3 to 61 years
Machinery and computer equipment	3 to 8 years
Transportation equipment	3 to 6 years
Other equipment	1 to 21 years

Certain property was pledged as collateral, please refer to note 8 for details.

(o) Lease Agreement

(i) Right-of-use assets

Information about leases of land, buildings, machinery and transportation equipment of the Company and its subsidiaries is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2023	\$ 3,350,160	10,999,442	664,188	154,248	372,364	15,540,402
Additions	-	1,467,560	317,173	47,946	119,247	1,951,926
Deduction and reassessment	(136)	(2,922,108)	(3,424)	(66,745)	(66,301)	(3,058,714)
Reclassification	4,304,949	28,238	-	-	-	4,333,187
Effect of changes in exchange rates	-	(38,656)	-	(1,446)	(265)	(40,367)
Balance at December 31, 2023	<u>\$ 7,654,973</u>	<u>9,534,476</u>	<u>977,937</u>	<u>134,003</u>	<u>425,045</u>	<u>18,726,434</u>
Balance at January 1, 2022	\$ 3,308,241	10,515,284	262,830	185,532	323,825	14,595,712
Additions	-	2,032,748	498,255	47,989	105,877	2,684,869
Deduction and reassessment	20,150	(1,708,040)	(96,897)	(81,048)	(60,807)	(1,926,642)
Reclassification	21,769	-	-	-	-	21,769
Effect of changes in exchange rates	-	159,450	-	1,775	3,469	164,694
Balance at December 31, 2022	<u>\$ 3,350,160</u>	<u>10,999,442</u>	<u>664,188</u>	<u>154,248</u>	<u>372,364</u>	<u>15,540,402</u>
Accumulated depreciation and impairment losses:						
Balance at January 1, 2023	\$ 88,309	5,128,552	101,342	81,209	166,612	5,566,024
Depreciation, including capitalization	73,901	2,345,988	185,785	46,059	81,721	2,733,454
Deduction	(136)	(2,465,462)	(375)	(63,419)	(57,668)	(2,587,060)
Reclassification	6,016	17,098	-	-	-	23,114
Effect of changes in exchange rates	-	(17,920)	-	(677)	(146)	(18,743)
Balance at December 31, 2023	<u>\$ 168,090</u>	<u>5,008,256</u>	<u>286,752</u>	<u>63,172</u>	<u>190,519</u>	<u>5,716,789</u>
Balance at January 1, 2022	\$ 36,215	4,182,663	81,841	96,126	147,161	4,544,006
Depreciation, including capitalization	46,635	2,401,768	116,013	56,589	75,314	2,696,319
Deduction	(557)	(1,537,682)	(96,512)	(72,382)	(58,087)	(1,765,220)
Reclassification	6,016	10,405	-	-	-	16,421
Effect of changes in exchange rates	-	71,398	-	876	2,224	74,498
Balance at December 31, 2022	<u>\$ 88,309</u>	<u>5,128,552</u>	<u>101,342</u>	<u>81,209</u>	<u>166,612</u>	<u>5,566,024</u>
Carrying amounts:						
December 31, 2023	<u>\$ 7,486,883</u>	<u>4,526,220</u>	<u>691,185</u>	<u>70,831</u>	<u>234,526</u>	<u>13,009,645</u>
December 31, 2022	<u>\$ 3,261,851</u>	<u>5,870,890</u>	<u>562,846</u>	<u>73,039</u>	<u>205,752</u>	<u>9,974,378</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ii) Lease liabilities

The maturity analysis of undiscounted lease payments was as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Less than one year	\$ 2,697,431	3,125,580
One to five years	7,428,590	6,136,875
More than five years	<u>22,777,935</u>	<u>25,255,976</u>
Total	<u>\$ 32,903,956</u>	<u>34,518,431</u>

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

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	<u>\$ 3,342,405</u>	<u>3,244,998</u>

(iii) Other lease information

1) Real estate leases

As of December 31, 2023 and 2022, the Company and its subsidiaries lease land and buildings for office space. The leases of office space run for a period of 1 to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

2) Superficies leases

As of December 31, 2023 and 2022, the Company and its subsidiaries lease land for superficies with lease terms of 50 to 133 years for the purpose of commercial buildings, malls, hotels etc.

The Company and its subsidiaries have elected to apply the practical expedient of amendments to IFRS 16 “Covid-19-Related Rent Concessions”. The amount recognized in profit and loss for the year ended December 31, 2022 was \$1,323 thousand.

3) Other leases

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

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

(Continued)



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

## (p) Intangible Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
License and operating rights	\$ 8,031,876	8,338,036
Core deposits	4,173,297	4,591,235
Goodwill	15,713,763	15,831,049
Computer software	4,280,855	4,017,197
Customer relationship	261,359	292,670
Others	985,040	1,121,901
	<b><u>\$ 33,446,190</u></b>	<b><u>34,192,088</u></b>

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

	<b>Goodwill</b>	<b>Other intangible assets</b>	<b>Total</b>
Balance as of January 1, 2023	\$ 15,831,049	18,361,039	34,192,088
Additions	-	1,176,419	1,176,419
Disposals	-	(21,918)	(21,918)
Amortization	-	(1,958,190)	(1,958,190)
Reclassification	-	508,496	508,496
Effects of exchange rate changes	(117,286)	(333,419)	(450,705)
Balance as of December 31, 2023	<b><u>\$ 15,713,763</u></b>	<b><u>17,732,427</u></b>	<b><u>33,446,190</u></b>
Balance as of January 1, 2022	\$ 15,707,483	18,141,122	33,848,605
Additions	-	1,197,808	1,197,808
Disposals	-	(134)	(134)
Amortization	-	(1,716,017)	(1,716,017)
Reclassification	-	400,996	400,996
Effects of exchange rate changes	123,566	337,264	460,830
Balance as of December 31, 2022	<b><u>\$ 15,831,049</u></b>	<b><u>18,361,039</u></b>	<b><u>34,192,088</u></b>

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

(Continued)

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

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

Core deposits	23 years
Operating rights	10 to 97 years
Computer software	2 to 10 years
Customer relationship	6 to 14 years
Other	3 to 20 years

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

(q) Other Assets

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Refundable deposits	\$ 38,074,725	38,810,289
Foreclosed collaterals and residuals taken over	43,079	187,504
Operation guarantee deposits and settlement fund	572,566	1,179,702
Deferred assets	2,484,461	2,338,751
Prepayments	4,648,016	3,646,968
Collections for underwriting stock value	132,649	1,232,356
Others	<u>9,118,337</u>	<u>8,798,137</u>
Total	<b><u>\$ 55,073,833</u></b>	<b><u>56,193,707</u></b>

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

(r) Securities Sold under Repurchase Agreements

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Securities sold under repurchase agreements	<b><u>\$ 133,917,232</u></b>	<b><u>145,685,557</u></b>

(Continued)

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

## (s) Commercial Paper Issued

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Par value	\$ 69,550,000	50,300,000
Less: Discount on commercial paper issued	70,476	56,023
Total	<b>\$ 69,479,524</b>	<b>50,243,977</b>
Interest rate range	1.42%~1.59%	1.30%~1.66%

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

## (t) Payables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other payables	\$ 30,786,710	40,654,966
Acceptance bill payable	20,907,435	17,451,783
Account payable for securities purchased	36,809,499	19,777,031
Accrued expenses	26,999,019	21,617,313
Accrued interests	23,615,606	15,371,390
Accrued insurance claim payments	12,025,797	14,488,617
Due to reinsurers and ceding companies	13,244,211	11,375,958
Others	24,899,982	30,733,201
Total	<b>\$ 189,288,259</b>	<b>171,470,259</b>

## (u) Deposits and Remittances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Checking accounts	\$ 14,578,712	14,373,479
Public treasury deposits	56,034,487	63,104,435
Demand deposits	746,723,639	754,023,257
Time deposits	1,489,505,777	1,402,074,920
Negotiable certificates of deposit	141,941,031	103,522,064
Savings accounts	1,453,286,796	1,318,987,426
Others	1,325,229	684,247
Total	<b>\$ 3,903,395,671</b>	<b>3,656,769,828</b>

(Continued)

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

(v) Bonds Payable

(i) The bonds payable was as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Unsecured corporate bonds	\$ 97,171,575	79,888,159
Subordinated corporate bonds	78,210,506	50,636,657
Financial bonds	<u>125,238,479</u>	<u>126,856,719</u>
Total	<u>\$ 300,620,560</u>	<u>257,381,535</u>

(ii) Unsecured corporate bonds — the Company

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

(Continued)

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

Name	Issue period		Issue amount	Interest rate	December 31, 2023	December 31, 2022	Note
	Issue date	Maturity date					
Third 2020 unsecured domestic corporate bonds-bond C	2020.11.06	2030.11.06	\$ 7,300,000	0.70	7,300,000	7,300,000	Note 7
First 2021 unsecured domestic corporate bonds-bond A	2021.09.16	2026.09.16	2,300,000	0.50	2,300,000	2,300,000	Note 3
First 2021 unsecured domestic corporate bonds-bond B	2021.09.16	2028.09.16	4,800,000	0.58	4,800,000	4,800,000	Note 5
First 2021 unsecured domestic corporate bonds-bond C	2021.09.16	2031.09.16	4,100,000	0.65	4,100,000	4,100,000	Note 7
First 2021 unsecured domestic corporate bonds-bond D	2021.09.16	2036.09.16	1,000,000	0.73	1,000,000	1,000,000	Note 9
First 2022 unsecured domestic corporate bonds-bond A	2022.01.17	2026.01.17	1,300,000	0.60	1,299,114	1,298,689	Note 2
First 2022 unsecured domestic corporate bonds-bond B	2022.01.17	2029.01.17	1,900,000	0.70	1,898,194	1,897,839	Note 5
First 2022 unsecured domestic corporate bonds-bond C	2022.01.17	2032.01.17	1,100,000	0.80	1,098,836	1,098,693	Note 7
Second 2022 unsecured domestic corporate bonds-bond A	2022.08.30	2026.08.30	2,800,000	1.65	2,797,703	2,796,842	Note 2
Second 2022 unsecured domestic corporate bonds-bond B	2022.08.30	2027.08.30	3,400,000	1.70	3,396,932	3,396,096	Note 3
First 2023 unsecured domestic corporate bonds-bond A	2023.01.12	2027.01.12	3,400,000	2.10	3,397,086	-	Note 2
First 2023 unsecured domestic corporate bonds-bond B	2023.01.12	2028.01.12	6,600,000	2.15	6,593,966	-	Note 3
Second 2023 unsecured domestic corporate bonds-bond A	2023.06.20	2026.06.20	1,000,000	1.52	999,054	-	Note 1
Second 2023 unsecured domestic corporate bonds-bond B	2023.06.20	2029.06.20	1,800,000	1.64	1,798,128	-	Note 4
Second 2023 unsecured domestic corporate bonds-bond C	2023.06.20	2033.06.20	6,900,000	1.82	6,892,562	-	Note 7
					<u>\$ 97,171,575</u>	<u>79,888,159</u>	

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

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

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

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

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

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

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

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

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

(Continued)

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

(iii) Subordinated corporate bonds – Fubon Life Insurance and its subsidiaries

Name	Issue Period		Coupon rate	Issue Amount	Unamortized premium (discount) amount	December 31, 2023	December 31, 2022	Note
	Issue Date	Maturity Date						
1st Issue of 2016 Perpetual Cumulative Subordinated Corporate Bonds	2016.12.07	Indefinite	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	Note 2
1st Issue of 2017 Perpetual Cumulative Subordinated Corporate Bonds	2017.04.21	Indefinite	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	Note 2
1st Issue of 2023 10-year Cumulative Subordinated Corporate Bonds - bond A	2023.09.05	2033.09.05	3.70 %	13,570,000	-	13,570,000	-	
1st Issue of 2023 15-year Cumulative Subordinated Corporate Bonds - bond B	2023.09.05	2038.09.05	3.85 %	8,930,000	-	8,930,000	-	Note 3
2nd Issue of 2023 10-year Cumulative Subordinated Corporate Bonds - bond A	2023.11.07	2033.11.07	3.70 %	500,000	-	500,000	-	
2nd Issue of 2023 15-year Cumulative Subordinated Corporate Bonds - bond B	2023.11.07	2038.11.07	3.85 %	2,000,000	-	2,000,000	-	Note 3
Hyundailife Insurance 8 (private placement)	2017.06.26	2023.01.26	4.90 %	212,805	-	-	219,959	
Hyundailife Insurance 9 (private placement)	2017.07.20	2023.01.20	4.90 %	189,160	-	-	195,536	
Hyundailife Insurance 11 (private placement)	2017.12.28	2023.06.28	5.60 %	1,418,700	-	-	1,470,251	
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 4)	1,182,250	(1,925)	1,180,325	1,219,460	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 4)	2,364,500	(6,161)	2,358,339	2,436,178	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 4)	354,675	(647)	354,028	365,768	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 4)	1,182,250	(3,628)	1,178,622	1,217,534	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 4)	1,288,653	(2,611)	1,286,042	1,328,707	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 4)	2,246,275	(6,805)	2,239,470	2,313,534	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 4)	1,182,250	(3,953)	1,178,297	1,217,278	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 4)	3,546,750	(11,396)	3,535,354	3,652,452	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 4)	1,891,600	(7,615)	1,883,985	-	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 4)	2,317,210	(8,435)	2,308,775	-	
FubonHyundai Insurance 25 (private placement)	2023.09.25	2033.09.25	7.40 % (Note 4)	709,350	(2,081)	707,269	-	
Total					\$ (55,257)	78,210,506	50,636,657	

(Continued)

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

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

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

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

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

(iv) Financial Bonds Payable

1) Taipei Fubon Bank and its subsidiaries

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
First issuance of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 1, 2023	\$ -	500,000
First issuance of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 15, 2024	4,500,000	4,500,000
Second issuance of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 25, 2024	3,700,000	3,700,000
Second issuance of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 22, 2024	3,000,000	3,000,000
Fourth issuance of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 18, 2024	1,750,000	1,750,000
Fifth issuance of dominant bank debentures in 2017; zero interest rate; maturity: December 4, 2047 (US\$100,000 thousand)	3,925,801	3,767,483
Second issuance of dominant bank debentures in 2018; zero interest rate; maturity: March 8, 2048 (US\$195,000 thousand)	7,682,682	7,355,264
Third issuance of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 25, 2025	1,200,000	1,200,000
Third issuance of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 25, 2028	1,800,000	1,800,000
Fifth issuance of dominant bank debentures in 2018; zero interest rate; maturity: November 20, 2048 (US\$80,000 thousand)	3,142,263	2,992,573

(Continued)

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sixth issuance of dominant bank debentures in 2018; fixed 1.1%; maturity: November 28, 2028	\$ 3,700,000	3,700,000
Seventh issuance of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000
First issuance of dominant bank debentures in 2019; fixed 0.98%; maturity: March 20, 2029	1,500,000	1,500,000
Second issuance of dominant bank debentures in 2019; fixed 0.95%; maturity: May 10, 2029	1,300,000	1,300,000
Third issuance of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000
Fourth issuance of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000
Fifth issuance of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 26, 2029	6,000,000	6,000,000
Sixth issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: October 30, 2029	6,600,000	6,600,000
Seventh issuance of dominant bank debentures in 2019; fixed 0.88%; maturity: December 30, 2029	3,100,000	3,100,000
First issuance of dominant bank debentures in 2020; fixed 0.75%; maturity: March 20, 2030	5,000,000	5,000,000
Second issuance of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000
Third issuance of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 22, 2027	200,000	200,000
Third issuance of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 22, 2030	1,800,000	1,800,000
Fourth issuance of subordinated bank debentures in 2020; fixed 1.50%; perpetual	2,850,000	2,850,000
First issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: January 28, 2026	1,000,000	1,000,000
Second issuance of dominant bank debentures in 2021; fixed 0.40%; maturity: September 2, 2026	1,000,000	1,000,000

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

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Third issuance of dominant bank debentures in 2021; fixed 0.70%; maturity: September 2, 2031	\$ 2,400,000	2,400,000
Fourth issuance of dominant bank debentures in 2021; fixed 0.45%; maturity: September 28, 2026	2,700,000	2,700,000
Fourth issuance of dominant bank debentures in 2021; fixed 0.52%; maturity: September 28, 2028	1,400,000	1,400,000
First issuance of dominant bank debentures in 2022; fixed 0.70%; maturity: May 4, 2025	1,000,000	1,000,000
Second issuance of dominant bank debentures in 2022; fixed 2.00%; maturity: June 28, 2029	2,000,000	2,000,000
Third issuance of subordinated bank debentures in 2022; fixed 3.00%; perpetual	2,300,000	2,300,000
Fourth issuance of subordinated bank debentures in 2022; fixed 1.90%; maturity: September 15, 2029	5,000,000	5,000,000
Fifth issuance of subordinated bank debentures in 2022; fixed 3.10%; perpetual	1,530,000	1,530,000
First issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,870,000	-
Second issuance of subordinated bank debentures in 2023; fixed 3.50%; perpetual	3,300,000	-
Third issuance of dominant bank debentures in 2023; fixed 1.40%; maturity: April 27, 2028	1,300,000	-
Fourth issuance of dominant bank debentures in 2023; fixed 1.40%; maturity: August 28, 2025	1,000,000	-
Valuation adjustments of bank debentures	(2,922,950)	(2,906,349)
Subtotal	<u>106,777,796</u>	<u>97,188,971</u>

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

	December 31, 2023	December 31, 2022
First issuance of 2018 Fubon Bank (China) Tier 2 capital; fixed 5.43%; maturity: December 6, 2028 (CNY 1,000,000 thousand)	\$ -	4,413,439
First issuance of 2019 Fubon Bank (China) Tier 2 capital; fixed 5.20%; maturity: April 30, 2029 (CNY 1,000,000 thousand)	4,320,277	4,413,439
First issuance of FBCN in 2020; fixed 4.08%; maturity: January 9, 2025 (CNY 1,000,000 thousand)	4,318,668	4,409,895
First issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.20%; maturity: March 23, 2023 (CNY 1,000,000 thousand)	-	4,413,439
Second issuance of Fubon Bank (China) bank debentures in 2020; fixed 3.92%; maturity: December 1, 2023 (CNY 1,000,000 thousand)	-	4,413,439
First issuance of Fubon Bank (China) bank debentures in 2023; fixed 3.25%; maturity: April 28, 2026 (CNY 2,000,000 thousand)	8,640,554	-
Subtotal	17,279,499	22,063,651
Total	\$ 124,057,295	119,252,622

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

2) Fubon Bank (Hong Kong) and its subsidiaries

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
3-year bonds issued in January 2020; fixed 2.42%; maturity: January 2023	\$ -	315,118
3-year bonds issued in February 2020; fixed 2%; maturity: February 2023	-	1,023,684
3-year bonds issued in February 2020; fixed 2.25%; maturity: February 2023	-	590,796
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	393,927
1-year bonds issued in January 2022; fixed 0.5%; maturity: January 2023	-	1,181,807
1-year bonds issued in January 2022; fixed 0.6%; maturity: January 2023	-	1,969,749
1-year bonds issued in January 2022; fixed 0.7%; maturity: January 2023	-	922,982
1-year bonds issued in January 2022; fixed 0.71%; maturity: January 2023	-	615,330
1-year bonds issued in April 2022; fixed 1.65%; maturity: April 2023	-	590,704
1-year bonds issued in January 2023; fixed 4.6%; maturity: January 2024	1,181,184	-
Subtotal	<u>\$ 1,181,184</u>	<u>7,604,097</u>
Total	<u>\$ 125,238,479</u>	<u>126,856,719</u>

(w) Other Borrowings

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Credit and guarantee loan	<u>\$ 17,107,892</u>	<u>13,696,500</u>
Interest rate range	1.65%~6.19%	1.50%~2.33%

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

(Continued)

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

## (x) Provisions

## (i) Provisions

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unearned premium reserves (Note)	\$ 43,541,274	40,788,157
Claim reserves (Note)	39,636,306	52,086,761
Liability reserves (Note)	4,539,903,825	4,504,597,546
Special reserves (Note)	21,565,593	20,473,066
Premium deficiency reserves (Note)	4,907,831	7,886,396
Reserves for insurance contract with nature of financial instrument (Note)	3,430,964	3,366,163
Foreign exchange valuation reserves (Note)	9,176,335	37,131,393
Provisions for guarantee liabilities	256,084	259,574
Provisions for financing commitment	461,148	417,423
Provisions for employment benefits	10,913,358	11,274,950
Others	31,096,751	31,888,211
<b>Total</b>	<b>\$ 4,704,889,469</b>	<b>4,710,169,640</b>

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

## (ii) Employee benefits

Provisions for employee benefits were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Defined benefit plans	\$ 9,678,907	10,122,765
Preferential interest rate plan for employees' deposits	650,405	633,567
Other long term employee benefits	583,920	518,493
Others	126	125
<b>Total</b>	<b>\$ 10,913,358</b>	<b>11,274,950</b>

(Continued)

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

1) Defined benefit plans

Reconciliations between the present value of the defined benefit obligation and the fair value of the plan assets were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of the defined benefit obligation	\$ 20,089,600	20,444,368
Fair value of the plan assets	(10,456,147)	(10,525,893)
Net defined benefit liability	<u>\$ 9,633,453</u>	<u>9,918,475</u>
Employee benefits payable	<u>\$ 9,678,907</u>	<u>10,122,765</u>
Prepaid employee benefits (accounted for other assets) recognized as profit or loss	<u>\$ (45,454)</u>	<u>(204,290)</u>

a) Movements in the present value of the defined benefit obligation

Movements in the present value of the defined benefit obligation were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligation on January 1	\$ 20,444,368	22,375,888
Current service cost and interest cost	609,019	615,517
Remeasurements of the net defined benefit liability (asset)		
— Effect of changes in demographic assumptions	(19,423)	47,178
— Effect of changes in financial assumptions	76,490	(1,394,130)
— Effect of experience adjustments	422,825	263,547
Exchange differences of foreign plan	(14,421)	139,500
Contributions from the plan participants	(12,512)	(3,721)
Payment of administrative cost	(1,613)	-
Benefits paid from the defined benefit obligation	(435,224)	(99,737)
Benefits paid from the plan	(979,909)	(1,499,674)
Defined benefit obligation on December 31	<u>\$ 20,089,600</u>	<u>20,444,368</u>

(Continued)

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

b) Movements in the fair value of the plan assets

Movements in the fair value of the plan assets were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of the plan assets on January 1	\$ 10,525,893	9,842,423
Interest income	190,353	81,960
Remeasurements of the net defined benefit liability (asset)		
— Return on plan assets (excluding interest income)	56,077	531,065
Contributions made	703,638	1,457,167
Benefits paid from the defined benefit obligation	-	(56,541)
Returned assets	(42,860)	-
Exchange differences of foreign plan	(17,741)	123,914
Benefits paid from the plan	(949,660)	(1,446,747)
Payment of administrative cost	<u>(9,553)</u>	<u>(7,348)</u>
Fair value of the plan assets on December 31	<u>\$ 10,456,147</u>	<u>10,525,893</u>

c) Expense recognized in profit or loss

Expenses recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Current service cost	\$ 279,906	447,612
Net interest on the net defined benefit liability (asset)	<u>138,760</u>	<u>85,945</u>
Total	<u>\$ 418,666</u>	<u>533,557</u>

d) Remeasurements of the net defined benefit liability (asset) recognized in other comprehensive income

Remeasurements of the accumulated net defined benefit liability (asset) recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Recognized profit (loss) during the period	<u>\$ (423,815)</u>	<u>1,614,470</u>

(Continued)

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

e) Actuarial assumptions

The principal actuarial assumptions at the end of the reporting periods were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.500%~4.160%	1.500%~5.170%
Future salary increases	2.25%~3.00%	2.00%~3.00%

The Company and its subsidiaries expect to make the contributions of \$1,064,760 thousand to the defined benefit plans within a year after the end of 2023.

The weighted average duration of the defined benefit obligation was 4.4~11.2 years.

f) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company and its subsidiaries 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 were as follows:

i) The Company and its subsidiaries, excluding Fubon Hyundai Life Insurance

	<b>Impacts on the defined benefit obligation</b>	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
December 31, 2023		
Discount rate	\$ (638,788)	675,627
Future salary increase	480,203	(455,136)
December 31, 2022		
Discount rate	(698,040)	740,142
Future salary increase	524,848	(492,944)

(Continued)

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

ii) Fubon Hyundai Life Insurance

	<b>Impacts on the defined benefit obligation</b>	
	<b>Increase 1%</b>	<b>Decrease 1%</b>
December 31, 2023		
Discount rate	\$ (22,479)	25,102
Future salary increase	25,188	(22,965)
December 31, 2022		
Discount rate	(24,400)	27,679
Future salary increase	28,039	(25,132)

The above sensitivity analysis studied the impact of a single factor when others remained constant. In practice, the changes may be related to each other. The method adopted for sensitivity analysis was consistent with the method used in calculating the net defined benefit liability. The method and assumptions adopted for sensitivity analysis were the same as those with the prior period.

2) Defined contribution plans

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

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

	<b>2023</b>	<b>2022</b>
Pension Expenses	\$ <b>1,555,737</b>	<b>1,508,500</b>

3) Preferential interest deposits plan for employees

The obligation arising from the employees' preferential deposits was as follow:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Present value of post-employment benefits obligation	\$ 650,405	633,567
Fair value of the plan assets	-	-
Net post-employment benefits liability	\$ <b>650,405</b>	<b>633,567</b>

(Continued)



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

a) Movements in the present value of post-employment benefits obligation

Movements in the present value of the post-employment benefit obligations were as follows:

	<u>2023</u>	<u>2022</u>
Post-employment benefits obligation on January 1	\$ 633,567	611,231
Current service cost and interest cost	68,476	73,839
Remeasurements loss (gain):		
– Effect of experience adjustments	10,429	7,810
– Effect of changes in financial assumptions	(3,865)	-
Benefits paid from the plan	<u>(58,202)</u>	<u>(59,313)</u>
Post-employment benefit obligation on December 31	<u>\$ 650,405</u>	<u>633,567</u>

b) Expense recognized in profit or loss

Expenses recognized in profit or loss were as follow:

	<u>2023</u>	<u>2022</u>
Current service cost	\$ 44,303	50,546
Interest cost	<u>24,173</u>	<u>23,293</u>
	<u>\$ 68,476</u>	<u>73,839</u>

c) Actuarial gains and losses recognized in other comprehensive income

Accumulated actuarial gains and losses recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Recognized profit (loss) during the period	\$ <u>(6,564)</u>	<u>(7,810)</u>

d) Actuarial assumptions

The principal actuarial assumptions of post-employment benefit obligation at the end of the reporting periods were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	4.00 %	4.00 %
Expected return on employees' deposits	2.00 %	2.00 %
Withdrawal percentage of preferential deposits	1.40 %	1.40 %

The weighted average duration of the post-employment benefit obligation is 9.3 years.

(Continued)

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

e) Sensitivity analysis

The impacts of the actuarial assumptions changes on the post-employment benefit obligation were as follows:

	<b>Impacts on the defined benefit obligation</b>	
	<u><b>Increase 0.5%</b></u>	<u><b>Decrease 0.5%</b></u>
December 31, 2023		
Discount rate	\$ (28,291)	30,765
Withdrawal percentage of preferential deposits	(23,388)	25,245
December 31, 2022		
Discount rate	(27,281)	29,671
Withdrawal percentage of preferential deposits	(22,732)	24,533

The above sensitivity analysis studied the impact of single factor when others remained constant. In practice, the changes may be related to each other. The method and assumptions adopted for sensitivity analysis were the same as prior period.

(y) Other Financial Liabilities

	<u><b>December 31, 2023</b></u>	<u><b>December 31, 2022</b></u>
Principal of structured products	\$ 102,496,009	83,427,536
Liabilities on insurance product—separate account	489,097,634	497,489,045
Future traders' equity	26,371,251	30,881,354
Others	<u>525,000</u>	<u>244,143</u>
Total	<u><b>\$ 618,489,894</b></u>	<u><b>612,042,078</b></u>

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

(Continued)

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

## (z) Other Liabilities

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Advance receipts	\$ 8,181,795	7,967,476
Temporary receipts	6,554,151	4,821,657
Guarantee deposits received	23,840,181	26,297,914
Advance premiums	4,146,113	7,701,904
Deferred revenue	4,174,831	3,641,793
Deposit-in for borrowed securities	37,472,020	30,692,886
Collections for underwriting stock value	132,646	1,232,253
Others	<u>1,931,130</u>	<u>2,331,909</u>
Total	<u><b>\$ 86,432,867</b></u>	<u><b>84,687,792</b></u>

## (aa) Income Tax

## (i) Income tax expenses

The components of income tax expense were as follows:

	<b>2023</b>	<b>2022</b>
Current tax expense		
Current period	\$ 2,891,632	1,590,418
Adjustment for prior periods	145,937	(418,994)
Surtax on undistributed earnings	-	4,135,317
Foreign income withholding tax	<u>2,847,835</u>	<u>1,670,831</u>
Subtotal	<u>5,885,404</u>	<u>6,977,572</u>
Deferred tax expense (benefit)		
Incurrence and reversal of temporary differences	3,515,522	6,107,762
Others	<u>611</u>	<u>(4,174)</u>
Subtotal	<u>3,516,133</u>	<u>6,103,588</u>
Total income tax expenses	<u><b>\$ 9,401,537</b></u>	<u><b>13,081,160</b></u>

(Continued)

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

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

	<b>2023</b>	<b>2022</b>
Deferred tax expense (benefit)		
Items not to be reclassified to profit or loss:		
Remeasurements of the defined benefit plans	\$ (86,365)	299,626
Revaluation gains on property	43,398	29,369
Gains/ losses on valuation of equity instruments measured at fair value through other comprehensive income	(312,497)	(642,512)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(7,706)	18,818
	<b>\$ (363,170)</b>	<b>(294,699)</b>
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	\$ 368,915	529,202
Gains/ losses on financial instruments for hedging	4,026	(96,963)
Gains/ losses on debt instruments measured at fair value through other comprehensive income	20,782,484	(31,279,429)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(158,786)	(18,204)
Other comprehensive income reclassified by applying overlay approach	6,984,769	(10,963,105)
	<b>\$ 27,981,408</b>	<b>(41,828,499)</b>
Total tax expense (benefit)	<b>\$ 27,618,238</b>	<b>(42,123,198)</b>

(Continued)

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

The related reconciliation of tax expense and income before income tax were as follows:

	<u>2023</u>	<u>2022</u>
Income before income tax	\$ <u>74,443,839</u>	<u>60,945,652</u>
Income tax using the Company's domestic tax rate	\$ 14,888,768	12,189,130
Effect of tax rates in foreign branches	(451,675)	(45,306)
Permanent differences	(153,111)	2,812,628
Tax-exempt income	(13,969,374)	(14,927,899)
Amount of basic tax greater than regular income tax	1,265,667	2,325
Tax implication on investment properties	474,872	924,678
Underestimation (overestimation) underestimation of income tax in previous periods	145,937	(418,994)
Surtax on undistributed earnings	-	4,135,317
Deductible amount of loss carry forwards (domestic tax-free dividend income)	5,514,568	7,551,411
Foreign tax non-deductible	2,847,835	1,670,831
Effect of changes in income tax rates	611	(4,174)
Others	<u>(1,162,561)</u>	<u>(808,787)</u>
Total	\$ <u>9,401,537</u>	<u>13,081,160</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Share of loss of associates under equity method and subsidiaries	\$ 786,243	790,049
Tax losses	1,241,200	1,465,568
Other deductible temporary differences	<u>2,712,891</u>	<u>1,391,186</u>
	\$ <u>4,740,334</u>	<u>3,646,803</u>

Those tax losses are not recognized as deferred tax assets for it is not probable that the Company and its subsidiaries will have sufficient taxable income in the future for the realization of the temporary differences.

(Continued)

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

As of December 31, 2023, the information of the Group's tax losses which not recognized as deferred tax assets are as follows:

Foreign companies:

<u>Company</u>	<u>Year of loss</u>	<u>Unused tax loss (thousands)</u>	<u>Expiry date</u>
Fubon Life Insurance (Vietnam) Co. Ltd.	2021	VND 19,092,638	2026
	2022	VND <u>31,696,002</u>	2027
		<b>VND <u>50,788,640</u></b>	
Fubon Life Insurance (Hong Kong) Limited	2015	HKD 12,307	No expiry date
	2016	HKD 79,951	No expiry date
	2017	HKD 216,655	No expiry date
	2018	HKD 201,790	No expiry date
	2019	HKD 1,086,729	No expiry date
	2020	HKD 202,561	No expiry date
	2021	HKD <u>61,127</u>	No expiry date
		<b>HKD <u>1,861,120</u></b>	
Fubon Eurotower (Luxembourg) S. à r. l.	2020	EUR 384	2037
	2021	EUR 486	2038
	2022	EUR <u>484</u>	2039
		<b>EUR <u>1,354</u></b>	

Domestic Companies are summarized below:

<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
2015	\$ 2,696	2025
2016	10,340	2026
2017	1,024	2027
2018	1,943	2028
2019	8,291	2029
2020	3,396	2030
2021	7,180	2031
2022	5,875	2032
2023	1,864	2033

(Continued)

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

2) Recognized deferred tax assets and liabilities

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

Deferred tax assets:

	Employee benefits	Fair value gains of financial instruments	Impairment loss on financial assets	Overseas branches/ foreign investment gains	Unrealized foreign exchange gains (losses)	Allowance on bad debts	Loss carry forwards	Others	Total
<b>Balance at January 1, 2023</b>	\$ 2,164,694	38,920,289	1,107,150	583,060	13,475	524,982	28,591,186	2,914,336	74,819,172
Recognized as profit and loss	(34,327)	(2,204,966)	329,129	700,608	1,132	523,326	3,402,457	408,060	3,125,419
Recognized as other comprehensive income	82,742	(25,452,925)	(78,292)	9,159	-	-	-	(303,987)	(25,743,303)
Recognized as equity	-	(192,776)	-	-	-	-	-	-	(192,776)
Others	(5,466)	(476,096)	(93)	-	1	(13,777)	(50,986)	(24,577)	(579,994)
<b>Balance at December 31, 2023</b>	<b>\$ 2,207,643</b>	<b>10,593,526</b>	<b>1,357,894</b>	<b>1,292,827</b>	<b>14,608</b>	<b>1,034,531</b>	<b>31,942,657</b>	<b>2,993,832</b>	<b>51,437,518</b>
<b>Balance at January 1, 2022</b>	\$ 2,566,831	2,641,412	798,473	601,287	22,120,086	476,049	-	2,883,267	32,087,405
Recognized as profit and loss	(112,795)	2,212,051	331,523	(17,854)	(22,106,613)	42,926	28,591,186	(310,369)	8,630,055
Recognized as other comprehensive income	(290,177)	33,616,110	(23,115)	(373)	-	-	-	(406,830)	32,895,615
Recognized as equity	-	(24,362)	-	-	-	-	-	736,317	711,955
Others	835	475,078	269	-	2	6,007	-	11,951	494,142
<b>Balance at December 31, 2022</b>	<b>\$ 2,164,694</b>	<b>38,920,289</b>	<b>1,107,150</b>	<b>583,060</b>	<b>13,475</b>	<b>524,982</b>	<b>28,591,186</b>	<b>2,914,336</b>	<b>74,819,172</b>

Deferred tax liabilities:

	Employee benefits	Fair value gains of financial instruments	Overseas branches/ foreign investment gains	Unrealized foreign exchange gains	Land value increment tax on investment properties	Others	Total
<b>Balance at January 1, 2023</b>	\$ 136,721	993,391	9,569,826	13,438,709	3,394,257	5,315,508	32,848,412
Recognized as profit and loss	31,108	7,331,097	(519,034)	(208,667)	60,734	(53,686)	6,641,552
Recognized as other comprehensive income	(7,484)	1,927,572	(80,625)	-	(12)	35,484	1,874,935
Others	15,521	65,791	-	(6)	(5,257)	(89,605)	(13,556)
<b>Balance at December 31, 2023</b>	<b>\$ 175,866</b>	<b>10,317,851</b>	<b>8,970,167</b>	<b>13,230,036</b>	<b>3,449,722</b>	<b>5,207,701</b>	<b>41,351,343</b>
<b>Balance at January 1, 2022</b>	\$ 66,322	11,439,580	8,758,314	199,645	3,420,825	3,422,225	27,306,911
Recognized as profit and loss	43,939	(1,095,836)	707,972	13,239,064	(28,043)	1,866,547	14,733,643
Recognized as other comprehensive income	28,388	(9,388,176)	103,540	-	1,475	27,190	(9,227,583)
Recognized as equity	-	(502)	-	-	-	(28,337)	(28,839)
Others	(1,928)	38,325	-	-	-	27,883	64,280
<b>Balance at December 31, 2022</b>	<b>\$ 136,721</b>	<b>993,391</b>	<b>9,569,826</b>	<b>13,438,709</b>	<b>3,394,257</b>	<b>5,315,508</b>	<b>32,848,412</b>

(iii) Income tax assessment situation

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

Company Name	Assessed Year	Assessment Status
The Company	2017	
Taipei Fubon Bank	2017	Administrative remedies have been applied from 2011 to 2014, and 2016
Fubon Insurance	2017	Administrative remedies have been applied in 2017
Fubon Life Insurance	2017	Administrative remedies have been applied from 2013 to 2014, and from 2016 to 2017

(Continued)

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

<u>Company Name</u>	<u>Assessed Year</u>	<u>Assessment Status</u>
Fubon Securities	2017	Administrative remedies have been applied from 2011, 2013 to 2014, and from 2016 to 2017
Fubon Assets Management (Note 1)	2019	
Fubon Marketing (Note 2)	2017	
Fubon Financial Holding Venture Capital (Note 3)	2021	
Fubon AMC	2017	
Taiwan Sport Lottery (Note 4)	2017	
JihSun Financial Holding	2017	
JihSun Bank	2017	
JihSun Securities	2017	
JihSun Property Insurance Agency	2017	

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

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

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

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

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

For all the Company and subsidiaries' income tax returns which have already been filed but have not been assessed, the Company and subsidiaries have evaluated the related factors, such as relevant interpretation letters and previous experiences, and consider they have accrued sufficient income tax liabilities.

- (iv) The Company and its subsidiaries' have filed a combined corporate income tax return since 2002 in accordance with the Financial Holding Company Act, Article 49. Details of the Company's receivables from and payables to subsidiaries resulting from combined corporate income tax return filings were as follows:

Linked tax receivables from subsidiaries:

Subsidiary	December 31, 2023	December 31, 2022
Taipei Fubon Bank	\$ 1,786,822	2,388,885
Fubon Life Insurance	48,830	48,830
Fubon Insurance	1,021	4,417
Fubon Securities	781,641	814,780
Fubon AMC	52,835	52,284
Fubon Asset Management	174,197	135,586
Fubon Financial Holding Venture Capital	-	263
Total	<u>\$ 2,845,346</u>	<u>3,445,045</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Linked tax payables to subsidiaries:

Subsidiary	December 31, 2023	December 31, 2022
Taipei Fubon Bank	\$ 260,313	163,173
Fubon Life Insurance	12,954,812	6,867,487
Fubon Insurance	2,623,076	2,067,260
Fubon Marketing	-	148
Total	<u>\$ 15,838,201</u>	<u>9,098,068</u>

(ab) Capital and Other Equity

(i) Share capital

- 1) As of December 31, 2022, the authorized and paid-in capital amounted to \$150,000,000 thousand, with a par value of \$10 per share. Share capital includes common stock and preferred stock. The Company issued common shares amounting to 12,395,213 thousand shares and issued irredeemable non-cumulative preferred shares amounting to 1,599,990 thousand shares. All issued shares were fully paid, and the non-cumulative preferred shares were recognized as equity. Approved by the shareholders' meeting on June 9, 2023, the Company increased the authorized share capital to \$200,000,000 thousand and the change in registration was completed on July 20, 2023.

Approved by the shareholders' meeting on June 9, 2023, the Company issued new shares out of its capital reserve in the amount of \$6,197,606 thousand, with a par value of \$10 per share. The Company issued 619,760 thousand shares of common stock, with 50 bonus shares to be allocated for every 1,000 shares, and the base dates of the capital increase was September 10, 2023. The relevant statutory registration procedures had been completed. As of December 31, 2023, the Company issued common shares amounting to 13,014,973 thousand shares and issued irredeemable non cumulative preferred shares amounting to 1,599,990 thousand shares.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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2) Issuance of preferred stock

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

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

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

(ii) Capital surplus

The details of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 156,644,813	162,842,419
Equity-accounted investees	2,390,688	2,415,609
Changes in ownership interests in subsidiaries	5,377,943	5,132,962
Sale of treasury stock	583,183	583,183
Others	<u>43,563</u>	<u>43,563</u>
Total	<u>\$ 165,040,190</u>	<u>171,017,736</u>

- a) Under related regulations, capital surplus must be used to offset deficit except capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be used to distribute cash dividends or transfer to common stock. However, any capital surplus transferred to common stock should be within a certain percentage of paid-in capital prescribed by law.
- b) According to the Ruling No.10200017220 issued by the FSC on March 7, 2013, the undistributed earnings of financial institutions which are converted into financial holding companies, could be either distributed as cash dividends or accounted for as capital surplus of the financial holding companies, on the converting year, pursuant to Article 47, Paragraph 4 of Financial Holding Company Act. The amount of capital surplus used to increase capital is not subject to restriction under Article 72-1 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers. As of December 31, 2023, the balance of such capital surplus was \$4,343 thousand.

(iii) Legal reserve

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(iv) Special reserve

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

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

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

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

According to Rule No. 11102279031 issued by the FSC, the insurance subsidiaries reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost, and appropriated the special reserve in accordance with Gin Guan Bao Tsai No.11104942741. When the Company distributing earnings, the same amount of special reserve should be appropriated for the changes in the fair value of the financial assets reclassified by the insurance subsidiaries. If there is a reversal of changes in the fair value of financial assets reclassified by the insurance subsidiaries, the reversed portion of special reserve could be distributed.

(v) Distribution of earnings

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

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The amount of appropriations of earnings for 2022 and 2021 was approved by the Shareholders' meeting on June 9, 2023 and June 17, 2022, respectively. These earnings were appropriated as follows:

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

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

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

(vi) Dividend policy

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

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

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

(vii) 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	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total
Balance as of January 1, 2023	\$ (16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)
Exchange differences on translation of foreign operations	(1,108,280)	-	-	-	-	(1,108,280)
Share of exchange differences on translation of the associates accounted for using equity method	(120,542)	-	-	-	-	(120,542)
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	89,310,129	-	-	-	89,310,129
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	1,404,090	-	-	-	1,404,090
Disposal of equity instruments measured at fair value through other comprehensive income	-	(1,464,574)	-	-	-	(1,464,574)
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	87,049	-	-	-	87,049
Fair value changes of financial instruments for hedging	-	-	49,570	-	-	49,570
Fair value changes of financial instruments for hedging of the associates accounted for using equity method	-	-	(220,484)	-	-	(220,484)
Revaluation gains	-	-	-	251,003	-	251,003
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	104,831,306	104,831,306
Changes in ownership interests in subsidiaries	(206,669)	(1,298,042)	6,470	-	9,523	(1,488,718)
Others	-	-	-	(11,823)	-	(11,823)
Balance as of December 31, 2023	<u>\$ (17,761,886)</u>	<u>(42,349,979)</u>	<u>(154,501)</u>	<u>2,715,442</u>	<u>22,646,128</u>	<u>(34,904,796)</u>

	Exchange differences on translation of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach	Total
Balance as of January 1, 2022	\$ (26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512
Exchange differences on translation of foreign operations	11,098,600	-	-	-	-	11,098,600
Share of exchange differences on translation of the associates accounted for using equity method	(598,176)	-	-	-	-	(598,176)
Unrealized losses on financial assets measured at fair value through other comprehensive income	-	(144,360,736)	-	-	-	(144,360,736)
Accumulated losses reclassified to profit or loss on disposal of debt investments measured at fair value through other comprehensive income	-	1,682,467	-	-	-	1,682,467
Disposal of equity instruments measured at fair value through other comprehensive income	-	1,573,064	-	-	-	1,573,064
Unrealized gains on financial assets measured at fair value through other comprehensive income of the associates accounted for using equity method	-	(2,009)	-	-	-	(2,009)
Fair value changes of financial instruments for hedging	-	-	(312,420)	-	-	(312,420)
Revaluation gains	-	-	-	190,957	-	190,957
Disposal of investment properties	-	-	-	(165,915)	-	(165,915)
Other comprehensive income reclassified by applying overlay approach	-	-	-	-	(259,697,248)	(259,697,248)
Changes in equity of associates and joint ventures accounted for using equity method	-	(1,667)	-	-	-	(1,667)
Changes in ownership interests in subsidiaries	44,730	657,182	-	-	-	701,912
Others	-	3,137	-	-	-	3,137
Balance as of December 31, 2022	<u>\$ (16,326,395)</u>	<u>(130,388,631)</u>	<u>9,943</u>	<u>2,476,262</u>	<u>(82,194,701)</u>	<u>(226,423,522)</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(viii) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 7,918,656	34,273,188
Changes in ownership interests in subsidiaries	1,197,676	(4,312,026)
Changes in non-controlling interests	4,170,365	(16,096,896)
Attributable to non-controlling interests		
Net income	(974,435)	938,865
Exchange differences on translation of foreign operations	(171,714)	172,145
Losses on financial assets measured at fair value through other comprehensive income	1,519,728	(6,030,874)
Gains (losses) on remeasurements of defined benefit plans	(3,296)	3,247
Other comprehensive income reclassified by applying overlay approach	526,734	(1,053,501)
Gains on financial instruments for hedging	(15,142)	22,278
Others	-	2,230
Ending balance	<u>\$ 14,168,572</u>	<u>7,918,656</u>

(ac) Earnings Per Share

	<u>2023</u>	<u>2022</u>
Net income of equity holders	\$ 66,016,737	46,925,627
Less: Declared dividends of preferred stock	3,515,980	3,026,121
Net income of ordinary equity holders	<u>\$ 62,500,757</u>	<u>43,899,506</u>
Weighted average number of common shares outstanding (thousands)	<u>13,014,973</u>	<u>13,014,973</u>
Basic EPS (Dollars)	<u>\$ 4.80</u>	<u>3.37</u>

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

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On June 9, 2023, the shareholders' meeting resolved to increase the capital by capital surplus, the base date of which was September 10, 2023. When calculating earnings per share, the impact of stock grants has been retrospectively adjusted. The changes in basic earnings per share for the year ended December 31, 2022 are as follows:

	<b>Before retrospectively adjusted</b>	<b>After retrospectively adjusted</b>
Basic EPS (Dollars)	<u>\$ 3.54</u>	<u>3.37</u>

(ad) Employees' compensation and directors' remuneration

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

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

	<b>2023</b>	<b>2022</b>
Employees' compensation	<u>\$ 8,000</u>	<u>6,000</u>
Directors' remuneration	<u>\$ 70,000</u>	<u>60,000</u>

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (ae) Income and Expenses

## (i) Net interest revenue

	<u>2023</u>	<u>2022</u>
Interest revenue:		
Discounts and loans	\$ 91,042,545	66,802,986
Investment in securities	154,640,716	135,098,027
Others	<u>25,993,847</u>	<u>12,749,190</u>
Subtotal	<u>271,677,108</u>	<u>214,650,203</u>
Interest expense:		
Deposits	76,566,076	33,524,424
Debt securities issued	6,775,810	4,737,156
Call loans from the central Bank and banks	5,843,525	2,820,341
Securities sold under repurchase agreements	3,992,442	2,163,622
Others	<u>9,481,951</u>	<u>6,192,721</u>
Subtotal	<u>102,659,804</u>	<u>49,438,264</u>
Net interest revenue	<u><u>\$ 169,017,304</u></u>	<u><u>165,211,939</u></u>

## (ii) Net service charge and commissions loss

	<u>2023</u>	<u>2022</u>
Service fee and commission income:		
Brokerage service fees	\$ 10,423,989	9,888,816
Trust and custody services	5,845,480	5,346,248
Credit card service fees	2,745,622	982,440
Commission income	3,066,402	2,923,154
Loan service fees	1,541,068	1,535,746
Others	<u>7,805,706</u>	<u>7,690,273</u>
Subtotal	<u>31,428,267</u>	<u>28,366,677</u>
Service charge and commission expense:		
Commission expense	25,976,204	21,709,436
Interbank service charge	403,450	417,449
Brokerage service charge	884,953	883,626
Credit card service charge	1,920,504	1,620,652
Others	<u>2,951,855</u>	<u>3,328,693</u>
Subtotal	<u>32,136,966</u>	<u>27,959,856</u>
Net service charge and commissions loss	<u><u>\$ (708,699)</u></u>	<u><u>406,821</u></u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (iii) Net income of insurance operations

	<u>2023</u>	<u>2022</u>
Premiums income	\$ 373,038,996	384,483,063
Separate account products revenues	42,029,533	15,452,279
Income from insurance business	<u>415,068,529</u>	<u>399,935,342</u>
Acquisition expenses	112,499	37,066
Insurance claims payment	432,611,615	433,167,932
Separate account products expenses	42,029,533	15,452,279
Disbursement toward industry stability	<u>826,788</u>	<u>799,165</u>
Insurance business expenses	<u>475,580,435</u>	<u>449,456,442</u>
Net income of insurance operations	<u>\$ (60,511,906)</u>	<u>(49,521,100)</u>

## (iv) Net change in provisions for insurance liabilities

	<u>2023</u>	<u>2022</u>
Net change of claim reserves	\$ (8,909,559)	12,467,511
Net change of liability reserves	40,040,331	85,572,676
Net change of special reserves	1,112,475	(948,827)
Net change of reserves for premium deficiency	(2,949,055)	(576,831)
Net change of reserves for insurance contract with nature of financial instrument	186,816	159,333
Net change of reserves for foreign exchange valuation	(27,955,058)	26,741,926
Net change of other reserves	<u>(605,328)</u>	<u>(562,434)</u>
	<u>\$ 920,622</u>	<u>122,853,354</u>

## (v) Employee benefits expenses

	<u>2023</u>	<u>2022</u>
Salaries and wages	\$ 34,845,005	31,363,595
Labor insurance, national health insurance, and group insurance for life	3,734,657	3,520,546
Pension	1,982,639	1,901,386
Director's remuneration	585,031	696,221
Other employee benefits expenses	<u>2,693,348</u>	<u>1,582,607</u>
	<u>\$ 43,840,680</u>	<u>39,064,355</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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## (vi) Depreciation and amortization expenses

	<u>2023</u>	<u>2022</u>
Depreciation expenses	\$ 5,431,546	5,236,626
Amortization expenses	2,028,525	1,786,992
	<u>\$ 7,460,071</u>	<u>7,023,618</u>

## (vii) Other general and administrative expenses

	<u>2023</u>	<u>2022</u>
Taxation and government fee	\$ 5,702,451	4,699,677
Rental expense	1,333,387	1,125,051
Professional services	3,763,498	3,289,533
Business activities	2,880,888	1,207,140
Cross-selling expense	73,658	154,008
Postage expense	1,628,710	1,503,261
Others	15,767,562	11,824,769
	<u>\$ 31,150,154</u>	<u>23,803,439</u>

## (af) Disclosure of financial instruments

## (i) Fair value information

## 1) Summary

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

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

(Continued)

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

2) Definition of fair value hierarchy

a) Level 1 inputs

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

b) Level 2 inputs

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

c) Level 3 inputs

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

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

(Continued)

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

## (ii) Fair value measurement

## 1) Fair value hierarchy

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

Financial instruments - instruments measured at fair value	December 31, 2023			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Recurring fair value measurement</b>				
<u>Non-derivative financial instruments</u>				
Assets:				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Stock investment	\$ 556,145,680	550,754,403	376,771	5,014,506
Bond investment	172,385,189	42,432,245	116,509,948	13,442,996
Others	901,683,404	611,364,270	78,555,392	211,763,742
Financial assets designated as at fair value through profit or loss				
Bond investment	492,897	492,897	-	-
Financial assets measured at fair value through other comprehensive income				
Stock investment	52,222,097	27,013,932	-	25,208,165
Bond investment (Note 1)	529,729,373	213,760,362	300,878,533	15,090,478
Others	55,185,328	8,549,279	39,895,348	6,740,701
Investment property (Note 2)	268,746,363	-	-	268,746,363
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	11,745,117	9,042,072	2,703,045	-
Financial liabilities designated as at fair value through profit or loss	57,980	57,980	-	-
Financial liabilities for hedging	5,316,510	-	5,316,510	-
<u>Derivative financial instruments</u>				
Assets:				
Financial assets mandatorily measured at fair value through profit or loss	\$ 76,110,199	1,045,295	72,097,962	2,966,942
Financial assets for hedging	15,581,070	-	15,581,070	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss				
Held-for-trading financial liabilities	49,728,096	366,211	46,691,770	2,670,115
Financial liabilities designated as at fair value through profit or loss	2,114,165	-	63,361	2,050,804
Financial liabilities for hedging	4,801,342	-	4,801,342	-

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

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

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

(Continued)

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

2) Valuation techniques for financial instruments measured at fair value

a) Financial instruments

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

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

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

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

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

b) Non-financial instruments

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

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

3) Fair value adjustment

a) Limitations of valuation models and inputs

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

b) Credit risk valuation adjustment

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

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

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

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

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

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

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

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

4) Transfers between Level 1 and Level 2

The transfers between Level 1 and Level 2 for the years ended December 31, 2023 and 2022 were due to quoted market price and liquidity.

5) Changes in Level 3 Fair Value Category

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

Units: In thousands of TWD

Name	Gains (Losses) on Valuation			2023		Decrease		Ending balance
	Beginning balance	Profit and Loss	Other Comprehensive Income (Note)	Purchased/ Issued	Transferred to Level 3 (a)(b)	Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 206,765,047	722,317	3,180,910	36,766,496	7,241,877	17,505,864	3,982,597	233,188,186
Financial assets measured at fair value through other comprehensive income	38,200,524	(333,893)	(3,119,342)	12,367,206	12,360,748	6,521,543	5,914,356	47,039,344
Assets classified as held for sale	-	-	-	-	71,065	71,065	-	-
Investment property	261,180,539	(3,317,095)	1,923,064	2,897,777	6,709,039	96,389	550,572	268,746,363
<b>Total</b>	<b>\$ 506,146,110</b>	<b>(2,928,671)</b>	<b>1,984,632</b>	<b>52,031,479</b>	<b>26,382,729</b>	<b>24,194,861</b>	<b>10,447,525</b>	<b>548,973,893</b>

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

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

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

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

Units: In thousands of TWD

Name	Gains (Losses) on Valuation			2022		Decrease		Ending balance
	Beginning balance	Profit and Loss	Other Comprehensive Income (Note)	Purchased/ Issued	Transferred to Level 3 (a)(b)	Sold/ Disposed/ Settled	Transferred from Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss								
Financial assets mandatorily measured at fair value through profit or loss	\$ 198,993,337	1,842,699	2,179,386	48,275,993	2,147,416	40,741,067	5,932,717	206,765,047
Financial assets measured at fair value through other comprehensive income	54,558,345	265,125	(3,010,352)	2,133,824	5,074,003	1,074,782	19,745,639	38,200,524
Investment property	264,904,823	(5,155,958)	886,382	437,246	493,503	100,603	284,854	261,180,539
<b>Total</b>	<b>\$ 518,456,505</b>	<b>(3,048,134)</b>	<b>55,416</b>	<b>50,847,063</b>	<b>7,714,922</b>	<b>41,916,452</b>	<b>25,963,210</b>	<b>506,146,110</b>

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

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

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

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

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

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

							Units: In thousands of TWD
							2023
Name	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 2,330,307	325,634	620	168,406	154,852	-	2,670,115
Financial liabilities designated as at fair value through profit or loss	911,731	4,747	23,548,300	-	22,359,070	54,904	2,050,804
<b>Total</b>	<b>\$ 3,242,038</b>	<b>330,381</b>	<b>23,548,920</b>	<b>168,406</b>	<b>22,513,922</b>	<b>54,904</b>	<b>4,720,919</b>

  

							Units: In thousands of TWD
							2022
Name	Beginning balance	Valuation (gains) losses reflected on profit or loss	Increase		Decrease		Ending balance
			Purchased/ Issued	Transferred to Level 3	Sold/ Disposed/ Settled	Transferred from Level 3	
Financial liabilities measured at fair value through profit or loss							
Held-for-trading financial liabilities	\$ 1,300,560	1,151,355	1,126	-	122,734	-	2,330,307
Financial liabilities designated as at fair value through profit or loss	2,901,172	(5,158)	24,202,631	-	26,186,914	-	911,731
<b>Total</b>	<b>\$ 4,201,732</b>	<b>1,146,197</b>	<b>24,203,757</b>	<b>-</b>	<b>26,309,648</b>	<b>-</b>	<b>3,242,038</b>

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

	2023	2022
Changes in unrealized gains or losses		
Recognized as profit or loss	\$ <u>(3,207,877)</u>	<u>(4,910,722)</u>
Recognized as other comprehensive income	\$ <u>1,215,775</u>	<u>(621,000)</u>

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

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

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

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

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

The fair value of the aforementioned assets is as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Valuation techniques and inputs for level 3 fair value measurements	<b>\$ 511,911,188</b>	<b>475,195,625</b>

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

a) Taipei Fubon Bank

Taipei Fubon Bank

	<b>December 31, 2023</b>				
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
<b><u>Recurring fair value measurement</u></b>					
<b><u>Non-derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Credit linked note (CLN)	\$ 1,701,560	Exotic option model	Recovery rate of transaction object	30%~50%	Recovery rate and fair value are not in a linear relationship. The change of recovery rate will cause the change of recovery probability at first, and both of them then indirectly influence fair value simultaneously.
<b><u>Derivative financial instruments</u></b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Exotic FX option	\$ 2,806	Exotic FX option model	Scaling parameter	50%~80%	Scaling parameter and fair value are not in a linear relationship. The higher the scaling parameter, the closer it is to stochastic volatility model. On the contrary, the lower the scaling parameter, the closer it is to regional volatility model.

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

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

**JihSun Bank**

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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b) Fubon Life Insurance

December 31, 2023					
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 2,272,654	Asset-based Approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.
			Market approach – comparable company	Discount for lack of marketability	25%
		Black-Scholes Model	P/B ratio	1.3–4.3(2.8)	The higher the P/B ratio, the higher the fair value.
			Risk-free rate	1 year: 3.53%–4.31% 3 year: 2.97%–3.63% 10 year: 3.49%–4.27%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value.
			Volatility	6 year: 25.6%–31.29% 39.78%–48.62%	The higher the volatility, the higher the fair value.
			Underlying stock price	HK\$68,344,615 ~\$83,532,307 US\$2,883,980 ~\$3,524,865	The higher the underlying stock price, the higher the call warrant value but the lower the put option value.
Financial assets measured at fair value through other comprehensive income	7,874,035	Asset-based Approach	Discount for lack of marketability	0%–20% (9.44%)	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	5%	The higher the non-controlling interest discount, the lower the fair value.
			Market approach – comparable company	Discount for lack of marketability	11.79%–50% (28.93%)
		Discounted cash flow	P/B ratio	1.7–3.6 (2.65)	The higher the P/B ratio, the higher the fair value.
			Discount rate	4.17%–4.56%	The higher the discount rate, the lower the fair value.
			Credit spread	0.22%–15.78%	The higher the credit spread, the lower the fair value.
			Prepayment rate	0.51%–0.74%	The higher the prepayment rate, the higher the fair value.

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

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**Notes to the Consolidated Financial Statements**

c) Fubon Insurance

December 31, 2023						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through other comprehensive income	\$ 1,778,458	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	0%~20%(8.75%)		The higher the non-controlling interest discount, the lower the fair value.
			Market approach – comparable company	Discount for lack of marketability	25%~50%(38%)	The higher the discount for lack of marketability, the lower the fair value.
				P/B ratio	1.7~3.6 (2.7)	
December 31, 2022						
Name	Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
Financial assets measured at fair value through other comprehensive income	\$ 1,829,636	Asset-based Approach	Discount for lack of marketability	0%~10% (6.25%)	The higher the discount for lack of marketability, the lower the fair value.	
			Non-controlling interest discount	0%~20% (10%)		The higher the non-controlling interest discount, the lower the fair value.
			Market approach – comparable company	Discount for lack of marketability	22%~28% (25%)	The higher the discount for lack of marketability, the lower the fair value.
				P/B ratio	1.5~3.1(2.3)	

d) Fubon Securities

December 31, 2023					
Fair value	Valuation techniques	Significant unobservable inputs	Intervals	Relationship between inputs and fair value	
<b>Recurring fair value measurement</b>					
<b>Non-derivative financial instruments</b>					
<b>Assets:</b>					
Financial assets measured at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss					
Bond investment	\$ 121,471	Quoted prices of the counter party	Not applicable	Not applicable	Not applicable
Securities invested by brokers	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.
<b>Derivative financial instruments</b>					
<b>Liabilities:</b>					
Financial liabilities measured at fair value through profit or loss					
Financial liabilities designated as at fair value through profit or loss	2,050,804	Option pricing model	Volatility	1%~80%	The higher the volatility, the higher the fair value.

(Continued)



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

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

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

7) Valuation procedure of Level 3 inputs

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

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

(Continued)

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

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

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

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

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

- a) Taipei Fubon Bank

Taipei Fubon Bank

Units : In thousands

December 31, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,287	(1,466)	-	-

  

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

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

(Continued)

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

JihSun Bank

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

b) Fubon Life Insurance

December 31, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income (Note)	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets measured at fair value through profit or loss	\$ 58,643	(53,458)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	89,110	(89,109)
<b>Total</b>	<b>\$ 58,643</b>	<b>(53,458)</b>	<b>89,110</b>	<b>(89,109)</b>

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

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

(Continued)

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

c) Fubon Securities

December 31, 2023	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,819	(38,819)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,050,146	(1,050,146)
<b>Liabilities</b>				
Financial liabilities designated as at fair value through profit or loss	205,080	(205,080)	-	-

December 31, 2022 (Restatement)	Fair value fluctuation reflected on net income		Fair value fluctuation reflected on other comprehensive income	
	Positive change (+10%)	Negative change (-10%)	Positive change (+10%)	Negative change (-10%)
Items				
<b>Assets</b>				
Financial assets mandatorily measured at fair value through profit or loss	\$ 38,578	(38,578)	-	-
Financial assets measured at fair value through other comprehensive income	-	-	1,324,482	(1,324,482)
<b>Liabilities</b>				
Financial liabilities designated as at fair value through profit or loss	85,683	(85,683)	-	-

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

1) Fair value information

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

(Continued)

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

Items	Book value	Fair value
<b>December 31, 2023</b>		
Financial assets		
Debt investments measured at amortized cost (Note)	\$ 3,698,446,240	3,218,311,824
Financial liabilities		
Bonds payable	300,620,560	296,465,860
<b>December 31, 2022</b>		
Financial assets		
Debt investments measured at amortized cost (Note)	3,362,792,630	2,945,384,888
Financial liabilities		
Bonds payable	257,381,535	252,667,784

Note: Included government bonds accounted for refundable deposits.

2) Fair value hierarchy

Financial instruments measured at fair value	December 31, 2023			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Debt investments measured at amortized cost	\$ 3,218,311,824	1,685,225,025	1,190,389,555	342,697,244
Financial liabilities:				
Bonds payable	296,465,860	91,357,718	187,027,949	18,080,193
Financial instruments measured at fair value	December 31, 2022			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Debt investments measured at amortized cost	\$ 2,945,384,888	1,266,227,780	1,371,491,269	307,665,839
Financial liabilities:				
Bonds payable	252,667,784	82,022,961	155,731,642	14,913,181

(Continued)

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

3) Valuation techniques

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

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

(Continued)

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

## (ag) Insurance Contracts

## (i) Fubon Insurance and its subsidiaries

## 1) Various reserves

## a) Unearned premium reserves

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

Particular	December 31, 2023			
	Unearned premium reserves		Ceded unearned premium reserves	Retained business
	Direct business	Reinsurance- assumed business	Reinsurance- ceded business	
Fire insurance	\$ 1,724,694	862	910,089	815,467
Marine cargo insurance	441,704	902	130,037	312,569
Marine hull fishing vessel	242,825	629	198,512	44,942
Voluntary motor insurance	11,082,766	1,012	849,829	10,233,949
Compulsory motor TPL insurance	2,581,989	840,148	1,549,193	1,872,944
Liability insurance	2,372,826	9,514	550,290	1,832,050
Engineering and nuclear insurance	2,544,841	32,466	1,938,552	638,755
Surety and credit insurance	152,092	569	112,739	39,922
Other property insurance	565,160	141	360,721	204,580
Accident insurance	3,636,100	10,443	36,703	3,609,840
Typhoon, flood and earthquake insurance	2,478,934	43,297	1,773,961	748,270
Personal and commercial multiple peril insurance	524,579	-	24,167	500,412
Health insurance	779,434	-	29,832	749,602
Overseas reinsurance assumed	-	178,179	1,768	176,411
Overseas subsidiaries	1,663,845	434,256	571,513	1,526,588
Less: Accumulated impairment	-	-	(16)	16
<b>Total</b>	<b>\$ 30,791,789</b>	<b>1,552,418</b>	<b>9,037,890</b>	<b>23,306,317</b>

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

<b>Particular</b>	<b>December 31, 2022</b>			
	<b>Unearned premium reserves</b>		<b>Ceded unearned premium reserves</b>	
	<b>Direct business</b>	<b>Reinsurance-assumed business</b>	<b>Reinsurance-ceded business</b>	<b>Retained business</b>
	<b>Direct business</b>	<b>Reinsurance-assumed business</b>	<b>Reinsurance-ceded business</b>	<b>Retained business</b>
Fire insurance	\$ 1,433,377	6,731	637,633	802,475
Marine cargo insurance	407,311	1,155	119,928	288,538
Marine hull fishing vessel	229,562	875	175,021	55,416
Voluntary motor insurance	9,979,448	209,838	548,477	9,640,809
Compulsory motor TPL insurance	2,467,935	799,486	1,480,761	1,786,660
Liability insurance	2,065,530	6,114	527,581	1,544,063
Engineering and nuclear insurance	1,873,462	24,971	1,301,549	596,884
Surety and credit insurance	140,282	617	104,517	36,382
Other property insurance	1,227,180	150	459,077	768,253
Accident insurance	3,461,211	13,095	48,256	3,426,050
Typhoon, flood and earthquake insurance	1,882,429	43,129	1,155,311	770,247
Personal and commercial multiple peril insurance	568,041	-	16,645	551,396
Health insurance	910,617	-	69,622	840,995
Overseas reinsurance assumed	-	192,959	5,478	187,481
Overseas subsidiaries	1,710,374	764,956	742,433	1,732,897
<b>Total</b>	<b>\$ 28,356,759</b>	<b>2,064,076</b>	<b>7,392,289</b>	<b>23,028,546</b>

Reserves above were expressed in net amount and estimated accumulated impairment losses amounted to \$16 and \$0 thousand as of December 31, 2023 and 2022, respectively.

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

<b>Particular</b>	<b>2023</b>	
	<b>Unearned premium reserves</b>	<b>Ceded unearned premium reserves</b>
Beginning balance	\$ 30,420,835	7,392,289
Provision	32,394,919	9,055,339
Recovered	(30,420,835)	(7,392,289)
Impairment loss	-	(16)
Other — effect of change in exchange rates	(50,712)	(17,433)
<b>Ending balance</b>	<b>\$ 32,344,207</b>	<b>9,037,890</b>

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

<b>Particular</b>	<b>2022</b>	
	<b>Unearned premium reserves</b>	<b>Ceded unearned premium reserves</b>
Beginning balance	\$ 30,272,634	7,857,368
Provision	30,354,614	7,365,457
Recovered	(30,272,634)	(7,858,235)
Reversal of impairment loss	-	867
Other – effect of change in exchange rates	66,221	26,832
Ending balance	<u>\$ 30,420,835</u>	<u>7,392,289</u>

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

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

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

(Continued)

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

b) Special reserve

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

1. Catastrophe special reserve

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

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

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

2. Special reserves for fluctuation of risks

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

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

(Continued)

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

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

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

ii) The segment requirements of special assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

iv) Movements in special reserve – Compulsory automobile liability insurance

<b>Particular</b>	<b>2023</b>	<b>2022</b>
Beginning balance	\$ 370,227	281,716
Provision	203,888	213,818
Recovered	(111,570)	(125,307)
Ending balance	<u>\$ 462,545</u>	<u>370,227</u>

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

<b>Particular</b>	<b>2023</b>						
	<b>Liability</b>			<b>Special Reserve</b>			
	<b>Catastrophe</b>	<b>Dangerous Change</b>	<b>Total</b>	<b>Catastrophe</b>	<b>Dangerous Change</b>	<b>Travel Insurance</b>	<b>Total</b>
Beginning balance	\$ 314,980	466,330	781,310	-	7,317,130	12,644	7,329,774
Provision	-	-	-	487,448	790,844	42,053	1,320,345
Recovered	-	-	-	-	(56,779)	-	(56,779)
Ending balance	<u>\$ 314,980</u>	<u>466,330</u>	<u>781,310</u>	<u>487,448</u>	<u>8,051,195</u>	<u>54,697</u>	<u>8,593,340</u>

  

<b>Particular</b>	<b>2022</b>						
	<b>Liability</b>			<b>Special Reserve</b>			
	<b>Catastrophe</b>	<b>Dangerous Change</b>	<b>Total</b>	<b>Catastrophe</b>	<b>Dangerous Change</b>	<b>Travel Insurance</b>	<b>Total</b>
Beginning balance	\$ 314,980	5,488,187	5,803,167	3,722,205	7,033,793	5,054	10,761,052
Provision	-	-	-	508,508	807,369	7,590	1,323,467
Recovered (Note 1)	-	(5,021,857)	(5,021,857)	(4,230,713)	(524,032)	-	(4,754,745)
Ending balance	<u>\$ 314,980</u>	<u>466,330</u>	<u>781,310</u>	<u>-</u>	<u>7,317,130</u>	<u>12,644</u>	<u>7,329,774</u>

Note 1: The recovery of the catastrophe special reserve of \$4,230,713 thousand under the special reserve was made in accordance with Jin-Guan-Bao-Cai-Zi No. 1110431535 and Subparagraph 2, Paragraph 1 Article 9 of the “Regulations Governing the Provision of Various Reserves”, and was reported to the competent authority for inspection. The recovery of the special reserves for fluctuation of risks of \$5,021,857 thousand under liabilities was made in accordance with Paragraph 8 of “Notes on Strengthening Catastrophe Provisions for Non-Life Insurance Companies” in the letter of Jin-Guan-Bao-Cai-Zi No. 11101405951.

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

vi) The special reserve for nuclear insurance was provided in accordance with the “Regulations for the Reserve of Nuclear Insurance”.

vii) The special reserve for resident earthquake insurance was provided in accordance with the “Regulations for danger diversified mechanism for Resident earthquake insurance”.

viii) Travel insurance was in accordance with Jin-Guan-Bao-Cai-Zi No.10904939031.

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

c) Claim reserves

- i) The debt for policy holder of claims reported and unpaid, reported but unpaid, and unreported:

Particular	December 31, 2023				
	Note payable (claims)	Indemnity payments payable	Claim reserves		
	Reported and unpaid	Reported but unpaid	Unreported	Total	
Fire insurance	\$ -	504	4,759,196	38,415	4,797,611
Marine cargo insurance	-	1,261	877,266	246,765	1,124,031
Marine hull fishing vessel	-	35	402,768	147,542	550,310
Voluntary motor insurance	-	11,297	7,078,607	1,735,329	8,813,936
Compulsory motor TPL insurance	-	15,079	1,107,885	3,844,978	4,952,863
Liability insurance	-	6,312	2,172,061	1,173,241	3,345,302
Engineering and Nuclear insurance	-	468	1,718,807	470,111	2,188,918
Surety and credit insurance	-	394	85,032	35,321	120,353
Other property insurance	-	2,856	165,205	212,389	377,594
Accident insurance	-	10,478	580,504	1,587,894	2,168,398
Typhoon, flood and earthquake insurance	-	568	136,929	243,811	380,740
Personal and commercial multiple peril insurance	-	779	47,544	100,097	147,641
Health insurance	-	22,342	100,153	598,420	698,573
Overseas reinsurance assumed	-	-	598,740	29,622	628,362
Overseas subsidiaries	-	7,454	1,084,433	1,206,710	2,291,143
<b>Total</b>	<b>\$ -</b>	<b>79,827</b>	<b>20,915,130</b>	<b>11,670,645</b>	<b>32,585,775</b>

  

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

(Continued)

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

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

<b>Particular</b>	<b>December 31, 2023</b>		
	<b>Reported but unpaid</b>	<b>Unreported</b>	<b>Total</b>
Fire insurance	\$ 3,449,485	20,465	3,469,950
Marine cargo insurance	212,025	108,931	320,956
Marine hull fishing vessel	285,850	129,732	415,582
Voluntary motor insurance	393,969	61,075	455,044
Compulsory motor TPL insurance	458,538	1,846,142	2,304,680
Liability insurance	925,355	273,422	1,198,777
Engineering and Nuclear insurance	1,110,902	419,240	1,530,142
Surety and credit insurance	24,890	28,533	53,423
Other property insurance	92,698	100,044	192,742
Accident insurance	663	8,995	9,658
Typhoon, flood and earthquake insurance	76,513	203,920	280,433
Personal and commercial multiple peril insurance	445	7,691	8,136
Health insurance	-	74,625	74,625
Overseas reinsurance assumed	19,978	1,052	21,030
Overseas subsidiaries	123,985	410,668	534,653
Less: Accumulated impairment	(427)	(207)	(634)
<b>Total</b>	<b>\$ 7,174,869</b>	<b>3,694,328</b>	<b>10,869,197</b>

(Continued)

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

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

Reserves above were expressed in net amount and the estimated accumulated impairment losses amounted to \$634 and \$1,241 thousand as of December 31, 2023 and 2022, respectively.

(Continued)



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

iii) Movements in claim reserves and ceded claim reserves

<u>Particular</u>	<u>2023</u>	
	<u>Claim reserves</u>	<u>Ceded claim reserves</u>
Beginning balance	\$ 44,903,387	14,274,490
Provision	32,642,285	10,889,582
Recovered	(44,903,387)	(14,275,731)
Reversal of impairment loss	-	607
Other— effect of change in exchange rates	(56,510)	(19,751)
Ending Balance	<u>\$ 32,585,775</u>	<u>10,869,197</u>

  

<u>Particular</u>	<u>2022</u>	
	<u>Claim reserves</u>	<u>Ceded claim reserves</u>
Beginning balance	\$ 28,102,700	10,102,557
Provision	44,819,951	14,230,712
Recovered	(28,102,700)	(10,104,204)
Reversal of impairment loss	-	406
Other— effect of change in exchange rates	83,436	45,019
Ending balance	<u>\$ 44,903,387</u>	<u>14,274,490</u>

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

<u>Particular</u>	<u>2023</u>	<u>2022</u>
Fire insurance	\$ 11,475	15,912
Marine cargo insurance	24,840	32,604
Marine hull fishing vessel	7,125	251
Voluntary motor insurance	1,344,492	965,195
Compulsory motor TPL insurance	167,749	227,978
Liability insurance	22,511	29,606
Engineering and Nuclear insurance	4,641	15,163
Surety and credit insurance	24,998	24,739
Other property insurance	7,378	4,380
Accident insurance	642	308
Personal and commercial multiple peril insurance	1,075	281
Typhoon, flood and earthquake insurance	33	69
Health insurance	5,130	2,935
Overseas reinsurance assumed	-	-
Overseas subsidiaries	7,672	9,806
Total	<u>\$ 1,629,761</u>	<u>1,329,227</u>

(Continued)

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

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

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

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

<b>Particular</b>	<b>2023</b>		<b>2022</b>	
	<b>Liability reserve</b>	<b>Ceded liability reserve</b>	<b>Liability reserve</b>	<b>Ceded liability reserve</b>
Beginning balance	\$ 445	-	471	-
Provision	3	-	5	-
Maturity refund	(51)	-	(31)	-
Ending balance	<u>\$ 397</u>	<u>-</u>	<u>445</u>	<u>-</u>

(Continued)

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

- e) Premium deficiency reserve  
i) Premium deficiency reserve

Particular	December 31, 2023			
	Premium deficiency reserve		Ceded premium deficiency reserve	Retained business
	Direct business	Reinsurance- assumed business	Reinsurance- ceded business	
Fire insurance	\$ 128,843	73	47,020	81,896
Marine cargo insurance	-	-	-	-
Marine hull fishing vessel	4,121	-	-	4,121
Voluntary motor insurance	-	-	-	-
Compulsory motor TPL insurance	-	-	-	-
Liability insurance	-	-	-	-
Engineering and Nuclear insurance	-	-	-	-
Surety and credit insurance	-	-	-	-
Other property insurance	-	-	-	-
Accident insurance	-	-	-	-
Typhoon, flood and earthquake insurance	-	-	-	-
Personal and commercial multiple peril insurance	-	-	-	-
Health insurance	-	-	-	-
Overseas reinsurance assumed	-	2,428	52	2,376
Overseas subsidiaries	19,649	30,789	28,340	22,098
<b>Total</b>	<b>\$ 152,613</b>	<b>33,290</b>	<b>75,412</b>	<b>110,491</b>

(Continued)

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

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

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

Particular	2023									
	Direct underwrite		Reinsurance-assumed		Net change of premium reserve deficiency	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve	
	Provision	Recovered	Provision	Recovered	Provision	Recovered	Provision	Recovered	Provision	Recovered
Fire insurance	\$ 128,843	102,847	73	572	25,497	47,020	25,246	21,774	3,723	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull fishing vessel	4,121	6,034	-	-	(1,913)	-	-	-	(1,913)	
Voluntary motor insurance	-	-	-	-	-	-	-	-	-	
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-	
Liability insurance	-	-	-	-	-	-	-	-	-	
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-	
Surety and credit insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-	
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-	
Health insurance	-	761,264	-	-	(761,264)	-	-	-	(761,264)	
Overseas reinsurance assumed	-	-	2,428	3,745	(1,317)	52	68	(16)	(1,301)	
Overseas subsidiaries	20,131	26,560	31,249	72,746	(47,926)	28,766	79,979	(51,213)	3,287	
Other—effect of change in exchange rates	(482)	287	(460)	(102)	(1,127)	(2,905)	(2,075)	(830)	(297)	
<b>Total</b>	<b>\$ 152,613</b>	<b>896,992</b>	<b>33,290</b>	<b>76,961</b>	<b>(788,050)</b>	<b>72,933</b>	<b>103,218</b>	<b>(30,285)</b>	<b>(757,765)</b>	

(Continued)

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

Particular	2022									
	Direct underwrite		Reinsurance-assumed		Net change of premium deficiency reserve	Reinsurance-ceded		Net change of ceded premium deficiency reserve	Net provision of premium deficiency reserve	
	Provision	Recovered	Provision	Recovered		Provision	Recovered			
Fire insurance	\$ 102,847	96,794	572	403	6,222	25,246	19,312	5,934	288	
Marine cargo insurance	-	-	-	-	-	-	-	-	-	
Marine hull fishing vessel	6,034	8,511	-	-	(2,477)	-	-	-	(2,477)	
Voluntary motor insurance	-	-	-	-	-	-	-	-	-	
Compulsory motor TPL insurance	-	-	-	-	-	-	-	-	-	
Liability insurance	-	-	-	-	-	-	-	-	-	
Engineering and Nuclear insurance	-	-	-	-	-	-	-	-	-	
Surety and credit insurance	-	-	-	-	-	-	-	-	-	
Other property insurance	-	-	-	-	-	-	-	-	-	
Accident insurance	-	-	-	-	-	-	-	-	-	
Typhoon, flood and earthquake insurance	-	-	-	-	-	-	-	-	-	
Personal and commercial multiple peril insurance	-	-	-	-	-	-	-	-	-	
Health insurance	761,264	-	-	-	761,264	-	-	-	761,264	
Overseas reinsurance assumed	-	-	3,745	1,888	1,857	68	-	68	1,789	
Overseas subsidiaries	26,560	31,704	72,746	125,877	(58,275)	79,979	136,370	(56,391)	(1,884)	
Other—effect of change in exchange rates	287	(12)	(102)	228	(31)	(2,075)	(2,797)	722	(753)	
Total	<u>\$ 896,992</u>	<u>136,997</u>	<u>76,961</u>	<u>128,396</u>	<u>708,560</u>	<u>103,218</u>	<u>152,885</u>	<u>(49,667)</u>	<u>758,227</u>	

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

Particular	2023	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 973,953	105,181
Provision	187,432	76,425
Recovered	(973,953)	(105,181)
Other—effect of change in exchange rate	(1,529)	(1,013)
Ending balance	<u>\$ 185,903</u>	<u>75,412</u>

(Continued)

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

Particular	2022	
	Premium deficiency reserve	Ceded premium deficiency reserve
Beginning balance	\$ 265,393	155,928
Provision	970,694	103,002
Recovered	(265,393)	(155,928)
Other— effect of change in exchange rate	3,259	2,179
Ending balance	<b>\$ 973,953</b>	<b>105,181</b>

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

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

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

(Continued)

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

ii) Structure, organization and responsibility

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

1. Board of Directors

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

2. Risk Management Committee

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

3. Chief Risk Officer

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

(Continued)

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

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

(Continued)



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

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

iii) Scope and nature of risk reporting or measurement system

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

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

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

iv) The procedures and methods of the insurance risk management

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

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

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

(Continued)

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

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

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

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

Test Hypothesis

Particular	2023					
	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss			
			Effect on profit or loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 3,595,279	58.8%	33,098	11,557	26,478	9,246
Marine cargo insurance	2,009,300	61.4%	19,752	10,790	15,802	8,632
Marine hull fishing vessel	807,719	71.4%	7,947	895	6,358	716
Voluntary motor insurance	20,607,748	66.4%	197,133	183,677	157,706	146,942
Compulsory motor TPL insurance	7,024,466	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	4,387,611	68.2%	40,769	30,953	32,615	24,762
Engineering and Nuclear insurance	3,303,626	60.8%	26,248	2,598	20,998	2,078
Surety and credit insurance	302,299	67.8%	2,905	663	2,324	530
Other property insurance	1,503,132	66.3%	21,652	10,333	17,322	8,266
Accident insurance	7,343,146	67.7%	71,709	70,481	57,367	56,385
Typhoon, flood and earthquake insurance	5,399,578	67.8%	48,029	7,359	38,423	5,887
Personal and commercial multiple peril insurance	1,310,683	68.2%	13,541	12,474	10,833	9,979
Health insurance	1,948,888	63.0%	20,801	19,612	16,641	15,690
Overseas reinsurance assumed	314,693	61.5%	4,336	4,152	3,469	3,322
Overseas subsidiaries	4,008,758	63.7%	43,366	32,870	34,693	26,296

(Continued)

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

Particular	2022					
	Insurance revenue	Expected rate of loss	Change of 1% expected rate of loss			
			Effect on profit or loss		Effect on Equity	
			Before reinsurance	After reinsurance	Before reinsurance	After reinsurance
Fire insurance	\$ 3,012,816	59.2%	28,904	11,185	23,123	8,948
Marine cargo insurance	1,713,491	61.5%	16,663	9,015	13,330	7,212
Marine hull fishing vessel	701,307	71.2%	7,095	1,230	5,676	984
Voluntary motor insurance	19,368,202	66.6%	189,207	178,644	151,366	142,915
Compulsory motor TPL insurance	6,765,933	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liability insurance	3,806,439	68.2%	35,882	26,917	28,706	21,534
Engineering and Nuclear insurance	2,430,798	60.6%	20,852	3,519	16,682	2,815
Surety and credit insurance	313,797	67.7%	2,982	621	2,386	497
Other property insurance	3,371,237	66.3%	39,599	17,208	31,679	13,766
Accident insurance	6,457,544	67.5%	63,407	62,236	50,726	49,789
Typhoon, flood and earthquake insurance	4,363,091	67.4%	44,962	10,544	35,970	8,435
Personal and commercial multiple peril insurance	1,161,205	68.2%	11,237	10,676	8,990	8,541
Health insurance	2,211,173	61.6%	23,228	18,249	18,582	14,599
Overseas reinsurance assumed	423,417	61.2%	5,985	5,694	4,788	4,555
Overseas subsidiaries	4,314,283	63.9%	48,008	38,126	38,406	30,501

ii) Explanation of the risk concentration

1. Proportion of underwriting and reinsurance-assumed premiums

The insurance contracts which Fubon Insurance and its subsidiaries underwrite are separated in various types of insurances and not concentrated in any single type of insurance. For 2023, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, typhoon, flood and earthquake insurance and liability insurance. For 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, compulsory motor TPL insurance, accident insurance, typhoon, flood and earthquake insurance and liability insurance. The voluntary motor insurance has the highest proportion accounts for 32.3% and 32.1% for the years ended December 31, 2023 and 2022, respectively. Although the proportion is slightly higher than other insurances, the loss experience of voluntary motor insurance is stable, and the risk variation is low. There is no concentration risk in other insurances.

(Continued)

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

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

<b>Insurance type</b>	<b>2023</b>		<b>2022</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Fire insurance	\$ 3,595,279	5.6 %	3,012,816	5.0 %
Marine cargo insurance	2,009,300	3.1 %	1,713,491	2.8 %
Marine hull fishing vessel	807,719	1.3 %	701,307	1.2 %
Voluntary motor insurance	20,607,748	32.3 %	19,368,202	32.1 %
Compulsory motor TPL insurance	7,024,466	11.0 %	6,765,933	11.2 %
Liability insurance	4,387,611	6.9 %	3,806,439	6.3 %
Engineering and nuclear insurance	3,303,626	5.2 %	2,430,798	4.0 %
Surety and credit insurance	302,299	0.5 %	313,797	0.5 %
Other property insurance	1,503,132	2.3 %	3,371,237	5.6 %
Accident insurance	7,343,146	11.5 %	6,457,544	10.7 %
Typhoon, flood and earthquake insurance	5,399,578	8.5 %	4,363,091	7.2 %
Personal and commercial multiple peril insurance	1,310,683	2.0 %	1,161,205	1.9 %
Health insurance	1,948,888	3.1 %	2,211,173	3.7 %
Foreign business	314,693	0.4 %	423,417	0.7 %
Overseas subsidiaries	<u>4,008,758</u>	<u>6.3 %</u>	<u>4,314,283</u>	<u>7.1 %</u>
Total	<u>\$ 63,866,926</u>	<u>100.0 %</u>	<u>60,414,733</u>	<u>100.0 %</u>

2. The proportion of retained business premium

Fubon Insurance and its subsidiaries evaluate the proportion of retained premium with retained business. For the three months ended December 31, 2023 and 2022, the top 5 insurances in terms of proportion are voluntary motor insurance, accident insurance, compulsory motor TPL insurance, liability insurance and health insurance. The voluntary motor insurance which has the highest proportion accounts for 42.8% and 41.2% for the years ended December 31, 2023 and 2022, respectively. Fubon Insurance and its subsidiaries considered that the loss experience of voluntary motor insurance is stable and retained all the reinsurance. For other insurances, Fubon Insurance and its subsidiaries evaluated the possibility of significant accumulated loss and arranged appropriate reinsurance contracts to diversify the risk and there is no risk concentration.

(Continued)

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

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

The proportion of retained business premium is as follows:

<u>Insurance type</u>	<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Fire insurance	\$ 1,168,705	2.6 %	1,128,358	2.6 %
Marine cargo insurance	1,103,006	2.5 %	926,770	2.1 %
Marine hull fishing vessel	78,990	0.2 %	95,191	0.2 %
Voluntary motor insurance	19,095,722	42.8 %	18,237,756	41.2 %
Compulsory motor TPL insurance	4,537,574	10.2 %	4,353,214	9.8 %
Liability insurance	3,383,280	7.6 %	2,838,461	6.4 %
Engineering and nuclear insurance	301,505	0.7 %	401,485	0.9 %
Surety and credit insurance	69,791	0.1 %	61,852	0.1 %
Other property insurance	447,477	1.0 %	1,881,346	4.3 %
Accident insurance	7,231,904	16.2 %	6,328,652	14.3 %
Typhoon, flood and earthquake insurance	713,960	1.6 %	1,098,367	2.5 %
Personal and commercial multiple peril insurance	1,196,455	2.7 %	1,102,022	2.5 %
Health insurance	1,859,452	4.1 %	1,986,944	4.5 %
Foreign business	299,997	0.7 %	406,358	0.9 %
Overseas subsidiaries	3,115,698	7.0 %	3,383,722	7.7 %
Total	<u>\$ 44,603,516</u>	<u>100.0 %</u>	<u>44,230,498</u>	<u>100.0 %</u>

(Continued)

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

iii) Claim development trend:

1. Sum of accumulated and reported claims

Occurrence year	December 31, 2023					
	≤2018	2019	2020	2021	2022	2023
At the end of occurrence year	-	29,371,987	30,570,491	34,221,394	118,846,868	41,501,945
The first year	-	28,052,588	28,579,610	30,313,919	119,051,976	-
The second year	-	27,494,462	28,365,449	29,992,028	-	-
The third year	-	27,409,106	28,217,570	-	-	-
The fourth year	-	27,408,264	-	-	-	-
Estimation of accumulated claims	-	27,408,264	28,217,570	29,992,028	119,051,976	41,501,945
Accumulated claims paid	-	26,712,450	27,199,052	27,813,407	111,988,982	21,128,231
Subtotal	1,061,832	695,814	1,018,518	2,178,621	7,062,994	20,373,714
Reconciliations (Note)						483,083
Consolidated write-offs						(288,801)
Total amount recognized in balance sheet						32,585,775

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

Note: Reconciliations are non-distributable paid off claims.

(Continued)

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

2. Sum of accumulated and reported claims, net

<u>Occurrence year</u>	<u>December 31, 2023</u>					
	<u>≤2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
At the end of occurrence year	-	22,055,910	22,547,070	25,124,567	86,346,751	32,529,669
The first year	-	21,019,450	21,451,627	22,975,883	86,462,879	-
The second year	-	20,825,195	21,334,862	22,834,681	-	-
The third year	-	20,770,905	21,222,544	-	-	-
The fourth year	-	20,783,556	-	-	-	-
Estimation of accumulated claims	-	20,783,556	21,222,544	22,834,681	86,462,879	32,529,669
Accumulated claims paid	-	20,500,169	20,817,925	21,567,027	82,738,802	17,436,064
Subtotal	459,519	283,387	404,619	1,267,654	3,724,077	15,093,605
Reconciliations (Note)						483,717
Total amount recognized in balance sheet						21,716,578

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

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

(Continued)

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

c) Credit risk, liquidity risk and market risk

i) Credit risk

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

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

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

(Continued)



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

2. As of December 31, 2022, the major unqualified reinsurance counterparties are listed below:
  - a. AMERICAN INTERNATIONAL GROUP UK LTD.: The facultative reinsurance of engineering insurance.
  - b. SPACIOM LIMITED: The facultative reinsurance of commercial fire insurance.
  - c. Asia Capital Reinsurance Group Pte Ltd.: The facultative reinsurance of marine insurance.
  - d. Trust International Insurance and Reinsurance CO. B.S.C. (C) TRUST RE: The treaty reinsurance of marine insurance.
  - e. Likewize Corp.: The facultative reinsurance of new types of insurance.
  - f. RiverStone Insurance (UK) limited: The treaty reinsurance of engineering insurance.
3. For the the years ended December 31, 2023 and 2022, the unauthorized reinsurance expenses amounted to \$36,215 thousand and \$32,794 thousand, respectively.
4. As of December 31, 2023 and 2022, the reserve for unauthorized reinsurance amounted to \$22,173 and \$22,136 thousand, respectively. The components of this account include: (a) The unearned premium reserve of \$18,107 and \$18,498 thousand, respectively. (b) The claims recoverable from reinsurers of paid claims overdue in nine months amounted to \$19 and \$267 thousand, respectively. (c) The claims recoverable from reinsurers which were reported but unpaid amounted to \$4,047 and \$3,371 thousand, respectively.

(Continued)

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

ii) Liquidity risk

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

iii) Market risk

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

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

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

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

- (ii) Fubon Life Insurance and its subsidiaries
- 1) Various reserves
- a) Unearned premium reserves

	<b>December 31, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,374	-	7,374
Individual injury insurance	5,923,673	-	5,923,673
Individual health insurance	2,798,503	-	2,798,503
Group insurance	2,356,007	-	2,356,007
Investment-linked insurance	111,510	-	111,510
Gross reserve	<u>11,197,067</u>	<u>-</u>	<u>11,197,067</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	715,227	-	715,227
Individual injury insurance	17,051	-	17,051
Individual health insurance	28,722	-	28,722
Group insurance	158,040	-	158,040
Investment-linked insurance	10,433	-	10,433
Total ceded reserve	<u>929,473</u>	<u>-</u>	<u>929,473</u>
Net reserve	<u>\$ 10,267,594</u>	<u>-</u>	<u>10,267,594</u>
	<b>December 31, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 7,804	-	7,804
Individual injury insurance	5,232,833	-	5,232,833
Individual health insurance	2,754,563	-	2,754,563
Group insurance	2,258,377	-	2,258,377
Investment-linked insurance	113,745	-	113,745
Gross reserve	<u>10,367,322</u>	<u>-</u>	<u>10,367,322</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	689,327	-	689,327
Individual injury insurance	15,899	-	15,899
Individual health insurance	34,185	-	34,185
Group insurance	158,671	-	158,671
Investment-linked insurance	10,875	-	10,875
Total ceded reserve	<u>908,957</u>	<u>-</u>	<u>908,957</u>
Net reserve	<u>\$ 9,458,365</u>	<u>-</u>	<u>9,458,365</u>

(Continued)

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

The movements in unearned premium reserves were as follows:

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 10,367,322	-	10,367,322
Current provisions	11,191,810	-	11,191,810
Current reclaims	(10,358,406)	-	(10,358,406)
Gain and loss on foreign exchange	(3,659)	-	(3,659)
Ending balance	<u>11,197,067</u>	<u>-</u>	<u>11,197,067</u>
Deduction of provision for ceded reinsurance			
Beginning balance	908,957	-	908,957
Current provisions	929,537	-	929,537
Current reclaims	(908,157)	-	(908,157)
Gain and loss on foreign exchange	(864)	-	(864)
Ending balance	<u>929,473</u>	<u>-</u>	<u>929,473</u>
Net ending balance	<u>\$ 10,267,594</u>	<u>-</u>	<u>10,267,594</u>
	<b>2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 9,485,914	-	9,485,914
Current provisions	10,355,592	-	10,355,592
Current reclaims	(9,479,843)	-	(9,479,843)
Gain and loss on foreign exchange	5,659	-	5,659
Ending balance	<u>10,367,322</u>	<u>-</u>	<u>10,367,322</u>
Deduction of provision for ceded reinsurance			
Beginning balance	853,684	-	853,684
Current provisions	906,809	-	906,809
Current reclaims	(853,541)	-	(853,541)
Gain and loss on foreign exchange	2,005	-	2,005
Ending balance	<u>908,957</u>	<u>-</u>	<u>908,957</u>
Net ending balance	<u>\$ 9,458,365</u>	<u>-</u>	<u>9,458,365</u>

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

b) Claim reserves

	<b>December 31, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance			
– Reported but not paid	\$ 2,850,771	5,327	2,856,098
– Incurred but not reported	222,663	-	222,663
Individual injury insurance			
– Reported but not paid	154,813	-	154,813
– Incurred but not reported	793,226	-	793,226
Individual health insurance			
– Reported but not paid	609,520	-	609,520
– Incurred but not reported	1,315,028	-	1,315,028
Group insurance			
– Reported but not paid	151,433	-	151,433
– Incurred but not reported	673,242	-	673,242
Investment-linked insurance			
– Reported but not paid	219,618	-	219,618
– Incurred but not reported	54,890	-	54,890
<b>Total reserve</b>	<b>7,045,204</b>	<b>5,327</b>	<b>7,050,531</b>
Deduction of provision for reinsurance ceded			
Individual life insurance	127,273	-	127,273
Individual injury insurance	30,710	-	30,710
Individual health insurance	62,995	-	62,995
Group insurance	34,983	-	34,983
Investment-linked insurance	18,648	-	18,648
<b>Total ceded reserve</b>	<b>274,609</b>	<b>-</b>	<b>274,609</b>
<b>Net reserve</b>	<b>\$ 6,770,595</b>	<b>5,327</b>	<b>6,775,922</b>

(Continued)

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

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

(Continued)

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

The movements in claims reserve were as follows:

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 7,125,393	57,981	7,183,374
Current provisions	7,055,192	5,327	7,060,519
Current reclaims	(7,034,301)	(57,981)	(7,092,282)
Gain and loss on foreign exchange	(101,080)	-	(101,080)
Ending balance	<u>7,045,204</u>	<u>5,327</u>	<u>7,050,531</u>
Deduction of provision for ceded reinsurance			
Beginning balance	277,721	-	277,721
Current provisions	275,323	-	275,323
Current reclaims	(272,479)	-	(272,479)
Gain and loss on foreign exchange	(5,956)	-	(5,956)
Ending balance	<u>274,609</u>	<u>-</u>	<u>274,609</u>
Net ending balance	<u>\$ 6,770,595</u>	<u>5,327</u>	<u>6,775,922</u>

(Continued)

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

	2022		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 7,084,225	63,517	7,147,742
Current provisions	6,959,880	57,981	7,017,861
Current reclaims	(7,063,411)	(63,517)	(7,126,928)
Gain and loss on foreign exchange	144,699	-	144,699
Ending balance	<u>7,125,393</u>	<u>57,981</u>	<u>7,183,374</u>
Deduction of provision for ceded reinsurance			
Beginning balance	254,952	-	254,952
Current provisions	268,073	-	268,073
Current reclaims	(253,908)	-	(253,908)
Gain and loss on foreign exchange	8,604	-	8,604
Ending balance	<u>277,721</u>	<u>-</u>	<u>277,721</u>
Net ending balance	<u>\$ 6,847,672</u>	<u>57,981</u>	<u>6,905,653</u>

(Continued)



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

c) Liability reserve:

	<b>December 31, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Life insurance	\$ 3,928,940,119	-	3,928,940,119
Injury insurance	794,713	-	794,713
Health insurance	398,783,947	-	398,783,947
Annuity insurance	77,615,203	133,270,689	210,885,892
Investment-linked insurance	244,688	-	244,688
Total (Note 1)	<u>4,406,378,670</u>	<u>133,270,689</u>	<u>4,539,649,359</u>
Deduction of liability reserve ceded			
Life insurance	2,282	-	2,282
Net reserve (Note 1)	<u>\$ 4,406,376,388</u>	<u>133,270,689</u>	<u>4,539,647,077</u>

Note 1: As of December 31, 2023, liability reserve amounted to \$4,539,903,428 thousand after adding the “liability reserve— payment for pending policyholders”, amounted to \$4,539,901,146 thousand after subtracting the liability reserve ceded.

(Continued)

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

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

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The movements in the liability reserve were as follows:

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 4,358,777,993	145,575,777	4,504,353,770
Current provisions	511,555,405	4,429,230	515,984,635
Current reclaims	(459,148,911)	(16,796,152)	(475,945,063)
Gain and loss on foreign exchange	(4,805,817)	61,834	(4,743,983)
Ending balance	<u>4,406,378,670</u>	<u>133,270,689</u>	<u>4,539,649,359</u>
Deduction of liability reserve ceded			
Beginning balance	3,027	-	3,027
Current reclaims	(756)	-	(756)
Gain and loss on foreign exchange	11	-	11
Ending balance	<u>2,282</u>	<u>-</u>	<u>2,282</u>
Net ending balance	<u>\$ 4,406,376,388</u>	<u>133,270,689</u>	<u>4,539,647,077</u>

(Continued)

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

	2022		
	Insurance contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,166,701,866	153,045,681	4,319,747,547
Current provisions	519,239,358	7,135,451	526,374,809
Current reclaims	(424,730,622)	(16,071,876)	(440,802,498)
Gain and loss on foreign exchange	97,567,391	1,466,521	99,033,912
Ending balance	<u>4,358,777,993</u>	<u>145,575,777</u>	<u>4,504,353,770</u>
Deduction of liability reserve ceded			
Beginning balance	3,062	-	3,062
Current reclaims	(360)	-	(360)
Gain and loss on foreign exchange	325	-	325
Ending balance	<u>3,027</u>	<u>-</u>	<u>3,027</u>
Net ending balance	<u>\$ 4,358,774,966</u>	<u>145,575,777</u>	<u>4,504,350,743</u>

d) Special reserves

	December 31, 2023			
	Insurance contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participation policies	\$ 17,101,910	-	-	17,101,910
Provision for risk of bonus	2,567,561	-	-	2,567,561
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	<u>\$ 19,669,471</u>	<u>-</u>	<u>652,267</u>	<u>20,321,738</u>

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

(Continued)

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

The movements in special reserves were as follows:

	<b>2023</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 18,669,262	-	652,267	19,321,529
Provision for dividend provision for participating policies	(312,729)	-	-	(312,729)
Reversal of dividend provision for participation policies	(1,307,945)	-	-	(1,307,945)
Provision for risk of bonus	2,640,831	-	-	2,640,831
Gain and loss on foreign exchange	(20,122)	-	-	(20,122)
Other (Note)	174	-	-	174
Ending balance	<u>\$ 19,669,471</u>	<u>-</u>	<u>652,267</u>	<u>20,321,738</u>
	<b>2022</b>			
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Others</b>	<b>Total</b>
Beginning balance	\$ 14,572,038	-	652,267	15,224,305
Provision for dividend provision for participating policies	5,267,386	-	-	5,267,386
Reversal of dividend provision for participation policies	(1,282,867)	-	-	(1,282,867)
Gain and loss on foreign exchange	112,705	-	-	112,705
Ending balance	<u>\$ 18,669,262</u>	<u>-</u>	<u>652,267</u>	<u>19,321,529</u>

Note: In accordance with the regulations of local competent authorities, Fubon Hyundai Life Insurance Co., Ltd., shall increase the special reserve and reduce the retained earnings.

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

e) Premium deficiency reserve

	<b>December 31, 2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 4,703,075	-	4,703,075
Individual health insurance	18,853	-	18,853
<b>Total</b>	<b>\$ 4,721,928</b>	<b>-</b>	<b>4,721,928</b>
	<b>December 31, 2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Individual life insurance	\$ 6,854,454	-	6,854,454
Individual health insurance	57,989	-	57,989
<b>Total</b>	<b>\$ 6,912,443</b>	<b>-</b>	<b>6,912,443</b>

(Continued)

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

The movements in premium deficiency reserve were as follows:

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 6,912,443	-	6,912,443
Current reversal, net	(2,191,290)	-	(2,191,290)
Gain and loss on foreign exchange	775	-	775
Ending balance	<u>\$ 4,721,928</u>	<u>-</u>	<u>4,721,928</u>
	<b>2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Beginning balance	\$ 8,172,613	-	8,172,613
Current reversal, net	(1,335,058)	-	(1,335,058)
Gain and loss on foreign exchange	74,888	-	74,888
Ending balance	<u>\$ 6,912,443</u>	<u>-</u>	<u>6,912,443</u>

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

f) Liability adequacy reserve

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

<b>Insurance contracts and financial instruments with discretionary participation</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Liability reserve	\$ 4,480,009,476	4,448,386,611
Unearned premium reserves	11,194,446	10,364,407
Premium deficiency reserve	4,627,022	6,787,110
Special reserves	17,664,514	17,638,119
Claim reserves	<u>4,358,528</u>	<u>4,056,565</u>
Carrying amount of insurance liabilities	4,517,853,986	4,487,232,812
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	4,026,679	4,298,114
Carrying amount of insurance liabilities after adjustment	<u>\$ 4,521,880,665</u>	<u>4,491,530,926</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,845,420,094</u>	<u>4,198,101,165</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>

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

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

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

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

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

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

	<b>December 31, 2023</b>			
	<b>Financial instruments with discretionary participation</b>			
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Catastrophic risk reserve	\$ 5,087,507	-	-	5,087,507
Contingency risk reserve	2,546,707	-	-	2,546,707
<b>Total</b>	<b>\$ 7,634,214</b>	<b>-</b>	<b>-</b>	<b>7,634,214</b>

	<b>December 31, 2022</b>			
	<b>Financial instruments with discretionary participation</b>			
	<b>Insurance contracts</b>	<b>discretionary participation</b>	<b>Others</b>	<b>Total</b>
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
<b>Total</b>	<b>\$ 7,326,037</b>	<b>-</b>	<b>-</b>	<b>7,326,037</b>

- h) Other reserves

- i) Reserve for insurance contract with nature of financial instruments

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Life insurance	\$ 3,188,770	3,184,863
Investment-linked insurance	242,194	181,300
<b>Total</b>	<b>\$ 3,430,964</b>	<b>3,366,163</b>

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,366,163	3,557,753
Current premiums collected	577	76
Current claims payment	(122,724)	(354,745)
Current net provision for legal reserve	<u>186,948</u>	<u>163,079</u>
Ending balance	<u>\$ 3,430,964</u>	<u>3,366,163</u>

ii) Foreign exchange fluctuation reserve

1. Hedging strategy and risk exposure

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

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

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 37,131,393	10,389,467
Current provision :		
Compulsory provision	1,749,901	5,045,984
Additional provision	<u>1,739,290</u>	<u>35,838,807</u>
Subtotal	<u>3,489,191</u>	<u>40,884,791</u>
Recovered	<u>(31,444,249)</u>	<u>(14,142,865)</u>
Ending balance	<u>\$ 9,176,335</u>	<u>37,131,393</u>

3. Effect of foreign exchange fluctuation reserve

<u>Item</u>	<u>Unapplied amount</u>	<u>Applied amount</u>	<u>Effected amount</u>
<b>December 31, 2023</b>			
Foreign exchange fluctuation reserve	\$ -	9,176,335	(9,176,335)
Equity attributable to owners of parent	497,774,042	492,038,137	5,735,905

(Continued)

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

Item	Unapplied amount	Applied amount	Effectuated amount
<b>December 31, 2022</b>			
Foreign exchange fluctuation reserve	\$ -	37,131,393	(37,131,393)
Equity attributable to owners of parent	299,017,745	270,917,794	28,099,951

  

Item	2023			2022		
	Unapplied amount	Applied amount	Effectuated amount	Unapplied amount	Applied amount	Effectuated amount
Net income attributable to owners of parent	\$ 13,727,061	36,091,107	(22,364,046)	86,930,956	65,537,415	21,393,541
Earnings per share	1.24	3.26	(2.02)	7.84	5.91	1.93

i) Deferred acquisition cost and deferred handling fees

i) Deferred acquisition cost

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

	2023	2022
Beginning balance	\$ 2,158,159	1,995,000
Addition	252,194	241,867
Amortization	(87,125)	(78,708)
Ending balance	<u>\$ 2,323,228</u>	<u>2,158,159</u>

ii) Deferred service fees

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

	2023	2022
Beginning balance	\$ 3,080,908	2,604,828
Addition	681,064	585,369
Amortization	(130,663)	(109,289)
Ending balance	<u>\$ 3,631,309</u>	<u>3,080,908</u>

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

j) Retained earned premiums and retained claims payment.

i) Retained earned premiums

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Direct written premium	\$ 328,715,392	3,926,214	332,641,606
Reinsurance premium	-	-	-
Premium income	<u>328,715,392</u>	<u>3,926,214</u>	<u>332,641,606</u>
Less: Reinsurance premium expenditure	(2,614,315)	-	(2,614,315)
Net change in unearned premium reserve	(812,024)	-	(812,024)
Subtotal	<u>(3,426,339)</u>	<u>-</u>	<u>(3,426,339)</u>
Retained earned premiums	<u>\$ 325,289,053</u>	<u>3,926,214</u>	<u>329,215,267</u>
	<b>2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Direct written premium	\$ 339,575,484	5,146,087	344,721,571
Reinsurance premium	-	-	-
Premium income	<u>339,575,484</u>	<u>5,146,087</u>	<u>344,721,571</u>
Less: Reinsurance premium expenditure	(2,674,902)	-	(2,674,902)
Net change in unearned premium reserve	(822,481)	-	(822,481)
Subtotal	<u>(3,497,383)</u>	<u>-</u>	<u>(3,497,383)</u>
Retained earned premiums	<u>\$ 336,078,101</u>	<u>5,146,087</u>	<u>341,224,188</u>

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

ii) Retained claims payment

	<b>2023</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Claims payment incurred	\$ 374,417,012	19,087,102	393,504,114
Reinsurance claims payment incurred	107	-	107
Insurance claims payment	374,417,119	19,087,102	393,504,221
Less: Claims payment recovered from reinsures	(2,116,735)	-	(2,116,735)
Retained claims payment	<u>\$ 372,300,384</u>	<u>19,087,102</u>	<u>391,387,486</u>
	<b>2022</b>		
	<b>Insurance contracts</b>	<b>Financial instruments with discretionary participation</b>	<b>Total</b>
Claims payment incurred	\$ 346,776,137	16,631,494	363,407,631
Reinsurance claims payment incurred	41	-	41
Insurance claims payment	346,776,178	16,631,494	363,407,672
Less: Claims payment recovered from reinsures	(1,866,638)	-	(1,866,638)
Retained claims payment	<u>\$ 344,909,540</u>	<u>16,631,494</u>	<u>361,541,034</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- 2) Nature and extent of insurance contract risk
- a) Objectives, policies procedures and methods for the insurance contract risk management.
- i) The organization of risk management

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

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

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

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Risk management policy

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

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

b) Insurance risk management

i) Underwriting risk management

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

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

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Claim risk management

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

iii) Product design and pricing risk management

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

iv) Reserve risk management

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

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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v) Catastrophe risk and reinsurance risk

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

1. Catastrophe risk

Based on Fubon Life Insurance's experience, the retention and reinsurance limits are set up and are regularly reviewed. These limits are also applicable to insurance for calamities like earthquakes, typhoons, and air-crash by using scenario analysis and take into account the inter-insurance accumulated losses derived from risk accumulation. For the amendment of the regulation, the scenario analysis of terrorist attacks and infectious diseases will be added in 2024.

2. Reinsurance risk

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

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

vi) Assets and liabilities combination risk

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

(Continued)

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

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

The subsidiary manages the above-mentioned risks in accordance with relevant laws and regulations and Fubon Life Insurance's risk management standards.

(Continued)

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

c) Information of insurance risk

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

	<b>2023</b>			
	<b>Change in assumption</b>		<b>Change in income before tax</b>	<b>Change in stockholder's equity</b>
Mortality/Morbidity	Increase	10 %	(4,628,626)	(3,696,952)
Rate of return	Decrease	0.1 %	(5,009,628)	(4,000,133)
Expense (fixed expense)	Increase	5 %	(563,785)	(448,837)
Lapse and surrender rate	Increase	10 %	244,999	195,771

  

	<b>2022</b>			
	<b>Change in assumption</b>		<b>Change in income before tax</b>	<b>Change in stockholder's equity</b>
Mortality/Morbidity	Increase	10 %	(4,125,803)	(3,293,004)
Rate of return	Decrease	0.1 %	(4,918,274)	(3,924,405)
Expense (fixed expense)	Increase	5 %	(591,468)	(468,033)
Lapse and surrender rate	Increase	10 %	227,824	182,109

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

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

ii) Insurance risk concentration

Fubon Life Insurance and its subsidiaries sell insurances, which include life insurance, annuity insurance, accident insurance and health insurance. Since insurance contracts are mainly issued in Taiwan, the insurance risk is concentrated in Taiwan.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iii) Claim development trend

1. Development trend of claims payment incurred

Cumulative claims payments from prior years and the balance adjusted to Fubon Life Insurance and its subsidiaries' consolidated balance sheets are as follows:

December 31, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,137	6,854,769	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	7,222,376	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	7,763,638	-	-	-
2020	6,426,045	7,924,896	8,086,839	8,117,517	-	-	-	4,093
2021	6,529,528	8,138,219	8,326,494	-	-	-	-	21,284
2022	7,759,860	9,677,450	-	-	-	-	-	240,669
2023	8,128,602	-	-	-	-	-	-	2,213,283
IBNR Reserve								2,479,329
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,861,994
The balance of claim reserve								4,341,323

December 31, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,470,143	1,807,072	1,846,447	1,871,862	1,883,008	-
2020	1,452,841	1,785,187	1,823,056	1,844,745	-	9,439
2021	1,548,114	1,869,373	1,918,443	-	-	24,914
2022	1,566,486	1,941,651	-	-	-	46,402
2023	1,548,845	-	-	-	-	480,812
IBNR Reserve						561,567
Plus: RBNA Reserve						2,129,488
The balance of claim reserve						2,691,055

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,070,166	6,224,855	6,352,169	6,382,360	6,398,819	6,407,560	6,415,852	-
2017	5,431,814	6,649,814	6,807,062	6,829,081	6,844,046	6,850,137	-	-
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	-	-	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	-	-	-	8,186
2020	6,426,045	7,924,896	8,086,839	-	-	-	-	25,614
2021	6,529,528	8,138,219	-	-	-	-	-	175,874
2022	7,759,860	-	-	-	-	-	-	2,003,746
IBNR Reserve								2,213,420
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,828,574
The balance of claim reserve								4,041,994

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,496,501	1,855,065	1,900,220	1,922,613	1,930,111	-
2019	1,519,262	1,867,448	1,908,139	1,934,403	-	6,004
2020	1,501,537	1,845,231	1,884,182	-	-	35,101
2021	1,599,839	1,929,748	-	-	-	87,777
2022	1,605,336	-	-	-	-	514,281
IBNR Reserve						643,163
Plus: RBNA Reserve						2,480,637
The balance of claim reserve						3,123,800

Note 1: Amount shown above excludes investment contracts.

Note 2: As of December 31, 2023 and 2022, except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-subsidiaries (excluding Fubon Hyundai Life Insurance), the IBNR claim reserves from direct businesses amounted to \$18,153 and \$17,580 thousand, respectively.

2. Development trend of retained claims payments

Cumulative claims payments from prior years are as follows:

December 31, 2023 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,215	6,709,847	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	7,068,390	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	7,563,281	-	-	-
2020	6,423,414	7,747,404	7,904,904	7,935,224	-	-	-	3,913
2021	6,508,771	8,076,863	8,262,381	-	-	-	-	21,024
2022	7,594,099	9,445,772	-	-	-	-	-	237,067
2023	7,954,623	-	-	-	-	-	-	2,173,037
IBNR Reserve								2,435,041
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,800,859
The balance of claim reserve								4,235,900

December 31, 2023 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2019	1,109,205	1,367,971	1,399,589	1,417,125	1,426,023	-
2020	1,087,648	1,345,437	1,374,308	1,390,777	-	7,542
2021	1,153,571	1,404,961	1,441,613	-	-	19,907
2022	1,158,421	1,439,264	-	-	-	37,076
2023	1,188,876	-	-	-	-	384,173
IBNR Reserve						448,698
Plus: RBNA Reserve						2,075,130
The balance of claim reserve						2,523,828

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

December 31, 2022 (Fubon Life Insurance)

Occurrence year	Development year							Claim provision
	1	2	3	4	5	6	7	
2016	5,068,488	6,111,210	6,238,474	6,267,558	6,284,017	6,292,750	6,301,034	-
2017	5,412,545	6,505,146	6,662,242	6,684,260	6,699,135	6,705,215	-	-
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	-	-	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	-	-	-	7,627
2020	6,423,414	7,747,404	7,904,904	-	-	-	-	25,129
2021	6,508,771	8,076,863	-	-	-	-	-	174,225
2022	7,594,099	-	-	-	-	-	-	1,968,133
IBNR Reserve								2,175,114
Plus: RBNA Reserve (including sub-subsidiaries while excluding Fubon Hyundai Life Insurance)								1,777,159
The balance of claim reserve								3,952,273

December 31, 2022 (Fubon Hyundai Life Insurance)

Occurrence year	Development year					Claim provision
	1	2	3	4	5	
2018	1,137,498	1,411,295	1,440,276	1,456,235	1,461,040	-
2019	1,146,265	1,413,676	1,446,350	1,464,472	-	4,747
2020	1,124,143	1,390,594	1,420,246	-	-	27,752
2021	1,192,113	1,451,129	-	-	-	69,399
2022	1,185,432	-	-	-	-	406,608
IBNR Reserve						508,506
Plus: RBNA Reserve						2,429,369
The balance of claim reserve						2,937,875

Note 1: Amount shown above excludes investment contracts.

Note 2: As of December 31, 2023 and 2022 except for the IBNR reserve of investment-linked products that are not estimated based on claim development trend and the IBNR Reserve of sub-subsidiaries (excluding Fubon Hyundai Life Insurance), the IBNR reserve from retained business amounted to \$16,194 and \$15,505 thousand, respectively.

Claim reserves are provided based on the expected claims payment and relevant handling fee of RBNA and IBNR claims. Such provisions involve vast uncertainty, estimates and judgments which are highly complicated. Any change of estimate or judgment is regarded as a change in accounting estimate and the amount of change is recognized as a current gain or loss. For some claims, notifications to Fubon Life Insurance and its subsidiaries may be delayed. In addition, estimating the potential IBNR claims involves vast past loss experience and subjective judgment; therefore, it is difficult to confirm whether the estimated claims reserve on the balance sheet date will equal to the final claim compensation amount. The estimate of claims reserve is based on the information currently available. However, the final result may deviate from the original estimate due to the subsequent development.

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

The table above demonstrates the development trend of claims (excluding those claims that need confirmation within one year). The vertical shaft represents the year in which the claim event occurred, and the horizontal shaft represents the development years. Each slash represents the accumulated compensation amount at the end of each year. The compensation amount refers to the claims whether they are finalized or not. It explains how Fubon Life Insurance and its subsidiaries estimate the compensation amount of each year as time passed. The scenario and trend which affect the provision of claims reserve may not be the same as they will be in the future. Therefore, the estimated future compensation amount cannot be determined by the claim development trend.

d) The credit risk, liquidity risk and market risk of insurance contracts

i) Credit risk

The credit risk of insurance contracts arises mainly from the inability of the reinsurers to fulfill its obligation from the reinsurance contracts which will result in financial losses. Fubon Life Insurance and its subsidiaries monitor the credit rating of its reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

ii) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability to obtain sufficient funds or turn assets into cash in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of insurance contracts, Fubon Life Insurance and its subsidiaries also review short-term and mid-term liquidity risk benchmark through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching (ALM). The Committee also sets the response strategy in advance for potential payments in order to ensure timeliness of liquidity risk management and to avoid inadequate liquidity.

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The maturity analysis of insurance contracts of Fubon Life Insurance and its subsidiaries were as below:

December 31, 2023

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	35,614	31,771	55,284	4,176,942	286,362	4,585,973
Proportion	0.8 %	0.7 %	1.2 %	91.1 %	6.2 %	100.0 %

December 31, 2022

Units: In million

Maturity date	< 1 year	1~3 years	3~5 years	> 5 years	Unable to classify (Note2)	Total
Provision	35,754	35,620	57,062	4,135,352	287,308	4,551,096
Proportion	0.8 %	0.8 %	1.3 %	90.8 %	6.3 %	100.0 %

Note1: Reserve for insurance contract with nature of financial instrument is included.

Note2: The “Unable to classify” includes interest-linked product, authorized additional provision and provision for bad debt allowance. The amounts above exclude provision for separate account, foreign exchange fluctuation reserve and appraisal increment of real estate.

iii) Market risk

Market risk refers to the risk caused by the adverse changes in market prices in terms of interest rates, foreign exchange rates, stock prices, and commodity prices. Fubon Life Insurance and its subsidiaries measure market risk from insurance contract according to discount rate assumption prescribed by the authorities. This assumption may not be consistent with changes in market interest rates. Unless the liability adequacy test disclosed the need to provide more reserve, the change in market risk factors would not have significant impact on profit or loss and equity.

Guided by Assets and Liabilities Management Committee, Fubon Life Insurance and its subsidiaries take into account the financial environment, economic indicators, liability properties and ALM, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee. This is to allow assets and liabilities to match better in terms of payment terms and profits, to pursue long-term management and to protect the rights of policyholders; as well as to reduce the potential losses arose from the impact of the market risk on insurance contract.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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(ah) Financial risk management

(i) Risk management organization structure

The Company has established a sound risk management organization framework. The Board of Directors is responsible for overseeing the Company's governance in building solid risk management system and control mechanism to ensure the effectiveness of risk management operations, approving the Company's risk management policies and regulations, and reviewing important risk management reports. The Audit Committee assists the Board of Directors in overseeing the Company's risk management and control issues. The Risk Management Committee, which is subordinate to the Chairman of the Board of Directors, reviews the Company's risk management strategy, structure, systems and policies, and oversees the Company and its subsidiaries' overall risks including credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy, reputation risk, emerging risk and climate change, etc. Personal Data Protection Committee, which is subordinate to the Risk Management Committee, oversees the Company and its subsidiaries' protection of important personal information to strengthen the management of personal information protection.

(ii) Risk management policies

The Company has employed comprehensive risk management policies in respect of credit risk, market risk, operational risk, insurance risk, liquidity risk, asset liability risk, capital adequacy risk, reputation risk, emerging risk, climate change, etc., implemented by all units and subsidiaries across the Company and its subsidiaries to effectively identify, evaluate, response, monitor and report various risks respectively. The Company adopts three lines of defense risk management system to implement comprehensive risk management.

A full set of risk limits, loss limits and trading delegation limits, risk exposure evaluation and monitoring measurements by quantitative and qualitative methods as well as early warning systems have been all in place in line with risk attributes to proactively monitor and manage various major risks.

(iii) Credit Risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Credit risk definitions and sources

Taipei Fubon Bank (The Bank)

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (China)

Credit risk faced by Fubon Bank (China) mainly comes from commercial lending (including mortgage, discounts, negotiations, credits, acceptance bills, issued letters of credit, standby letters of credit, bank guarantees, etc.), financial derivative contracts, and securities investments.

- b) Strategy, objectives, policies and procedures

Taipei Fubon Bank (The Bank)

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

Fubon Bank (China)

The credit risk management strategy of Fubon Bank (China) effectively conducts risk control through a comprehensive credit risk management (CRMS) system under the guidance of the Board's risk appetite, taking into consideration the international economic development and regional industry trends. The CRMS system covers the implementation of risk management policies on credit management regulation, credit approvals, post-loan policies, etc. Fubon Bank (China)'s risk management goal is toward credit asset protection, realization of the optimal ratio of risk and revenue by using credit risk management tools to manage expected losses effectively. The credit risk management procedures include identification, measurement, monitor and control of credit risk.

- c) Credit risk management framework

Taipei Fubon Bank (The Bank)

- i) To strengthen the risk management function, under the supervision of the Board of Directors, the Bank has established the Risk Management Committee which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to examine significant credit risk policies and quota, and to monitor changes in the Bank's significant credit risk information and compliance with the quota.
- ii) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure, monitoring risk limits, reporting, and coordinating the development of the mechanism for managing credit risk.

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

### Notes to the Consolidated Financial Statements

- iii) Under the Chief Risk Officer, there are legal and personal credit risk management units which are responsible for performing credit investigation, credit review, post-loan management, collection and credit management.
- iv) The Bank has established an Institutional Credit Review Committee, and a Retail Credit Review Committee respectively to review credit above a certain limit to strengthen control over cases involving large credit amounts.
- v) The Audit Department, which is under the supervision of the Board of Directors, conducts the third defense line examining the effectiveness of internal control functions independently.

#### Fubon Bank (China)

The credit risk management of Fubon Bank (China) is based on its comprehensive risk management system. The Risk Department and Credit Approval & Administration Department are responsible for identifying, quantifying, managing, controlling and reporting credit risk.

- d) Credit risk measurement, control and reporting

#### Taipei Fubon Bank (The Bank)

The Bank has established credit risk measurements and control procedures including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage limit controls on country risk, single legal entity and group concentration risk and industry concentration risk effectively. Other than aforementioned control procedure, the Bank has established vigorous review and early warning mechanism to ensure the Bank to undertake proper courses of actions on credit risk management.

The Bank regularly performs the credit risk stress testing based on the guidelines issued by the FSC, and continues to develop scenario analysis and stress test approaches to provide senior management with an assessment of risk tolerance, as well as to provide the reference of credit portfolio management.

The Bank has completed risk data warehousing system, risk-weighted asset calculation system, and internal risk rating system. The development and revision of score cards and rating models are validated by regular monitoring of the model performance and stability.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (China)

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

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

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

- e) Control mechanism for credit risk hedging or risk reduction

Taipei Fubon Bank (The Bank)

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

Fubon Bank (China)

Fubon Bank (China) sets up the approval authority limitation based on customer risk grading and loan classification, guarantee and sub-guarantee criteria, and investment portfolio management based on the "Institutional Banking Credit Risk Management Policy". Fubon Bank (China) strengthens the risk identification according to the customer's risk grading and the criteria of business customer entry. The credit quality control is done through strict and through due diligent and approval procedure and counter sign of credit officers from both sales department and risk department. Fubon Bank (China) will require suitable collateral in order to enhance the risk mitigation due to the loan risk. In addition, there is post-loan management, which includes continual loan monitoring and taking note of any early risk-warning signals.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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f) The determination of significant increase in credit risk after initial recognition

i) Credit assets

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of discounts and loans, receivables, loan commitments, as well as other credit assets during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries, based on the internal credit risk management objectives, make risk segments by classifying financial assets according to the debtors' internal ratings, overdue conditions, and the region where the collateral is located, as well as considering reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. The financial assets are overdue for more than 30 days;
2. The debtor's internal or external rating is significantly degraded;
3. The credit risk of any product held by the same debtor has increased significantly;
4. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
5. Actual or expected significant changes in the borrower's operating results.

ii) Debt investments

On each reporting date, the Bank and its subsidiaries assess the change in the default risk of debt investments measured at amortized cost and debt investments measured at fair value through other comprehensive income during existing period to determine whether the credit risk has increased significantly since initial recognition. To make this assessment, the Bank and its subsidiaries consider each reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition (including forward-looking information). The main indicators are as follows:

1. Significant changes in the internal and external ratings of the financial assets or the debtor;
2. The fair value of financial assets is significantly lower than its amortized cost;

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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3. The existing or expected adverse changes in the operating, financial or economic conditions that are expected to result in a significant change in the borrower's ability to perform obligations;
4. Actual or expected significant changes in the borrower's operating results;
5. The credit risk of other financial instruments of the same borrower has increased significantly.

If it is unable to identify whether the credit risk of financial assets has increased significantly after the initial recognition, except for those with low credit risk on the reporting date, lifetime ECLs is applied.

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

g) Definitions for default and credit impairment of financial assets

i) Credit assets

The Bank and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, The Bank and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

1. Financial assets are overdue for more than 90 days;
2. Financial assets are recognized as overdue loans or bad debts;
3. The debtor or the issuer occurs financial difficulties;
4. The debt contract terms are modified due to the debtor's financial difficulties;
5. The debtor has filed for bankruptcy or is likely to file for bankruptcy;
6. The debtor has reorganized or is likely to reorganize;
7. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the credit assets held by the Bank and its subsidiaries, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Debt investments

If one or more of the following conditions are met, the Bank and its subsidiary determined that the financial assets are defaulted and credit-impaired:

1. Principal and interest repayment of the financial assets is not in accordance with the issuing conditions;
2. The issuer occurs financial difficulties;
3. The issuer has filed for bankruptcy or is likely to file for bankruptcy;
4. The issuer has reorganized or is likely to reorganize;
5. The financial assets are originated credit-impaired.

The aforementioned definitions apply to the debt investments held by the Bank and its subsidiary, and are consistent with the definitions used for internal credit risk management of relevant financial assets and applied to related impairment assessment models.

If a financial asset no longer meets the definitions for default and credit impairment on the reporting date, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Write-off policies

If one the following events occurs, non-performing loans and overdue receivables shall be recognized as bad debts after deducting the recoverable portion.

- i) The loan cannot be recovered in full or in part because the debtor has dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.
- ii) The collateral and the property of the primary/subordinate debtor have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Bank and its subsidiaries might collect where there is no financial benefit in execution.
- iii) The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the bank's taking possession of such collateral.
- iv) Non-performing loans and overdue receivables are yet to be recovered for two years after over the expired date.

(Continued)

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

Write-off financial assets held by the Bank and its subsidiaries might have recourse activities in progress and continually conduct recourse procedures in accordance with related policies.

- i) Assessment of expected credit loss
  - i) Credit assets

For the assessment of expected credit loss, the Bank and its subsidiaries divide credit assets into different groups by the borrower's credit risk characteristics, including industry, credit risk rating, overdue status and collaterals, to correspond with different risk parameters.

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. The Bank and its subsidiaries apply the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information.

The Bank takes into account the forward-looking information, such as the industry prospect, estimated financial status, and corporate potential, for each case's internal rating when reviewing the credit business. One of the abovementioned indicators that shows the credit risk of credit assets has increased significantly is the internal rating change. In addition, the assessment of expected credit loss is based on the credit risk group and related parameters.

Fubon Bank (China) assesses the domestic and foreign macroeconomic environment, and the related external banking environment and calculates the weighted scores as the forward-looking information for the PD calculation.

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Bank and its subsidiaries evaluate “EAD” with the carrying amount and interest receivables of financial assets. Estimations of the 12-month ECLs and lifetime ECLs of loan commitments are based on the “Guidelines for IFRS9 Impairment Assessment Methodology” issued by the Bank’s Association. The off-balance sheet exposure items adopt the standard of credit conversion factor from “Guidelines for the calculation of bank’s regulatory capital and risk weighted assets— Credit Risk Standardized Approach” . The credit conversion factor is used to calculate the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime, in order to determine the amount of “EAD” for calculating expected credit losses.

ii) Debt investments

The Bank and its subsidiaries adopt the 12-months ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Bank and its subsidiaries consider both the 12-month and lifetime probability of default (“PD”) of the issuer with the loss given default (“LGD”), multiplying, the exposure at default (“EAD”), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

Probability of default and recovery rate are calculated based on probability of default and loss given default regularly announced by external credit rating agencies. As the international credit rating agencies have considered the forward-looking information when assessing credit ratings. The Bank considers the forward-looking information to be appropriate and also observes and periodically updates the changes in parameters. “EAD” is evaluated by the carrying amount and interest receivables of financial assets. Amortized cost of each future period is calculated by lifetime exposure on straight-line basis.

(Continued)

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

- j) Assessment of expected credit loss
- i) Financial assets measured at fair value through other comprehensive income  
— debt instruments

Total carrying value

	2023					Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	
Beginning balance	\$ 276,471,637	-	1,634,460	-	-	278,106,097
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(157,633,766)	-	(2,648)	-	-	(157,636,414)
Originated or purchased new financial assets	164,820,486	-	844,268	-	-	165,664,754
Effects of exchange rate changes and others	(1,920,674)	-	(30,035)	-	-	(1,950,709)
Ending balance	<u>\$ 281,737,683</u>	<u>-</u>	<u>2,446,045</u>	<u>-</u>	<u>-</u>	<u>284,183,728</u>

  

	2022 (Restatement)					Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	
Beginning balance	\$ 257,163,761	-	-	-	-	257,163,761
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(984,571)	-	984,571	-	-	-
— Derecognition of financial assets at current period	(269,288,040)	-	-	-	-	(269,288,040)
Originated or purchased new financial assets	285,304,558	-	604,434	-	-	285,908,992
Effects of exchange rate changes and others	4,275,929	-	45,455	-	-	4,321,384
Ending balance	<u>\$ 276,471,637</u>	<u>-</u>	<u>1,634,460</u>	<u>-</u>	<u>-</u>	<u>278,106,097</u>

Expected credit losses

	2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 197,094	-	1,575	-	-	198,669	41,173	239,842
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(152,386)	-	(3)	-	-	(152,389)	-	(152,389)
Originated or purchased new financial assets	60,087	-	20,998	-	-	81,085	-	81,085
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(40,815)	(40,815)
Effects of exchange rate changes and others	(7,198)	-	431,166	-	-	423,968	(358)	423,610
Ending balance	<u>\$ 97,597</u>	<u>-</u>	<u>453,736</u>	<u>-</u>	<u>-</u>	<u>551,333</u>	<u>-</u>	<u>551,333</u>

(Continued)

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

	2022 (Restatement)							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 154,258	-	-	-	-	154,258	-	154,258
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(662)	-	662	-	-	-	-	-
— Derecognition of financial assets at current period	(111,642)	-	-	-	-	(111,642)	-	(111,642)
Originated or purchased new financial assets	156,507	-	885	-	-	157,392	-	157,392
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	41,173	41,173
Effects of exchange rate changes and others	(1,367)	-	28	-	-	(1,339)	-	(1,339)
Ending balance	<u>\$ 197,094</u>	<u>-</u>	<u>1,575</u>	<u>-</u>	<u>-</u>	<u>198,669</u>	<u>41,173</u>	<u>239,842</u>

ii) Debt investments measured at amortized cost

Total carrying value

	2023					
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 921,031,324	-	14,966,171	-	-	935,997,495
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(2,364,917)	-	2,364,917	-	-	-
— Transfer to 12-month ECLs	313,260	-	(313,260)	-	-	-
— Derecognition of financial assets at current period	(360,000,790)	-	(2,142,186)	-	-	(362,142,976)
Originated or purchased new financial assets	317,435,916	-	653,908	-	-	318,089,824
Effects of exchange rate changes and others	(2,644,724)	-	(31,136)	-	-	(2,675,860)
Ending balance	<u>\$ 873,770,069</u>	<u>-</u>	<u>15,498,414</u>	<u>-</u>	<u>-</u>	<u>889,268,483</u>

  

	2022 (Restatement)					
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 901,798,191	-	12,240,241	-	-	914,038,432
Changes due to recognition of financial instruments at beginning:						
— Transfer to lifetime ECLs	(1,332,162)	-	1,332,162	-	-	-
— Derecognition of financial assets at current period	(569,413,183)	-	(554,320)	-	-	(569,967,503)
Originated or purchased new financial assets	557,871,023	-	514,049	-	-	558,385,072
Effects of exchange rate changes and others	32,107,455	-	1,434,039	-	-	33,541,494
Ending balance	<u>\$ 921,031,324</u>	<u>-</u>	<u>14,966,171</u>	<u>-</u>	<u>-</u>	<u>935,997,495</u>

(Continued)

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

Expected credit losses

	2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 223,539	-	400,133	-	-	623,672	37,899	661,571
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(1,807)	-	1,807	-	-	-	-	-
– Transfer to 12-month ECLs	3,177	-	(3,177)	-	-	-	-	-
– Derecognition of financial assets at current period	(60,398)	-	(57,202)	-	-	(117,600)	-	(117,600)
Originated or purchased new financial assets	59,270	-	21,752	-	-	81,022	-	81,022
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(37,622)	(37,622)
Effects of exchange rate changes and others	169	-	49,782	-	-	49,951	(277)	49,674
Ending balance	<u>\$ 223,950</u>	<u>-</u>	<u>413,095</u>	<u>-</u>	<u>-</u>	<u>637,045</u>	<u>-</u>	<u>637,045</u>
	2022 (Restatement)							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 217,382	-	397,036	-	-	614,418	-	614,418
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(879)	-	879	-	-	-	-	-
– Derecognition of financial assets at current period	(21,380)	-	(49,135)	-	-	(70,515)	-	(70,515)
Originated or purchased new financial assets	44,343	-	4,762	-	-	49,105	-	49,105
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	37,952	37,952
Effects of exchange rate changes and others	(15,927)	-	46,591	-	-	30,664	(53)	30,611
Ending balance	<u>\$ 223,539</u>	<u>-</u>	<u>400,133</u>	<u>-</u>	<u>-</u>	<u>623,672</u>	<u>37,899</u>	<u>661,571</u>

(Continued)

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

iii) Receivables

Total carrying value

	2023					Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	
Beginning balance	\$ 101,335,736	1,850,195	-	502,354	-	103,688,285
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(1,001,008)	1,002,384	-	(1,376)	-	-
– Transfer to credit-impaired financial assets	(219,312)	(171,712)	-	391,024	-	-
– Transfer to 12-month ECLs	735,420	(733,352)	-	(2,068)	-	-
– Derecognition of financial assets at current period	(59,297,585)	(668,225)	-	(451,375)	-	(60,417,185)
Originated or purchased new financial assets	97,674,122	1,158,527	-	194,414	-	99,027,063
Write-off	-	-	-	(8,696)	-	(8,696)
Effects of exchange rate changes and others	(325,999)	(58)	-	-	-	(326,057)
Ending balance	<u>\$ 138,901,374</u>	<u>2,437,759</u>	<u>-</u>	<u>624,277</u>	<u>-</u>	<u>141,963,410</u>

Note: Included only acceptances, accounts receivable— factoring and credit card receivables.

	2022 (Restatement)					Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	
Beginning balance	\$ 92,780,947	1,101,636	-	502,700	-	94,385,283
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(935,017)	935,376	-	(359)	-	-
– Transfer to credit-impaired financial assets	(139,131)	(98,979)	-	238,110	-	-
– Transfer to 12-month ECLs	421,538	(420,967)	-	(571)	-	-
– Derecognition of financial assets at current period	(53,045,367)	(323,705)	-	(290,855)	-	(53,659,927)
Originated or purchased new financial assets	40,274,386	507,403	-	67,698	-	40,849,487
Write-off	-	-	-	(5,711)	-	(5,711)
Effects of exchange rate changes and others	21,978,380	149,431	-	(8,658)	-	22,119,153
Ending balance	<u>\$ 101,335,736</u>	<u>1,850,195</u>	<u>-</u>	<u>502,354</u>	<u>-</u>	<u>103,688,285</u>

Note: Included only acceptances, accounts receivable— factoring and credit card receivables.

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

Expected credit losses

	2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 200,633	86,950	674	163,704	-	451,961	209,630	661,591
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(6,516)	7,791	4	(1,279)	-	-	-	-
– Transfer to credit-impaired financial assets	(1,764)	(15,357)	-	17,121	-	-	-	-
– Transfer to 12-month ECLs	35,334	(33,485)	(92)	(1,757)	-	-	-	-
– Derecognition of financial assets at current period	(67,481)	(16,591)	(30)	(24,687)	-	(108,789)	-	(108,789)
Originated or purchased new financial assets	316,048	88,513	4	58,417	-	462,982	-	462,982
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	85,354	85,354
Write-off	-	-	-	(61,411)	-	(61,411)	-	(61,411)
Effects of exchange rate changes and others	(75,514)	69,351	(161)	7,340	-	1,016	(6)	1,010
Ending balance	<u>\$ 400,740</u>	<u>187,172</u>	<u>399</u>	<u>157,448</u>	<u>-</u>	<u>745,759</u>	<u>294,978</u>	<u>1,040,737</u>
	2022 (Restatement)							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 178,767	54,825	542	417,275	-	651,409	176,344	827,753
Changes due to recognition of financial instruments at beginning:								
– Transfer to lifetime ECLs	(5,882)	6,196	12	(325)	-	1	-	1
– Transfer to credit-impaired financial assets	(1,401)	(7,988)	-	9,389	-	-	-	-
– Transfer to 12-month ECLs	17,177	(16,756)	-	(421)	-	-	-	-
– Derecognition of financial assets at current period	(123,746)	(13,146)	(3)	(355,960)	-	(492,855)	-	(492,855)
Originated or purchased new financial assets	138,474	28,816	101	67,488	-	234,879	-	234,879
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	33,285	33,285
Write-off	-	-	-	(18,442)	-	(18,442)	-	(18,442)
Recovery from write-off	-	-	-	6,027	-	6,027	-	6,027
Effects of exchange rate changes and others	(2,756)	35,003	22	38,673	-	70,942	1	70,943
Ending balance	<u>\$ 200,633</u>	<u>86,950</u>	<u>674</u>	<u>163,704</u>	<u>-</u>	<u>451,961</u>	<u>209,630</u>	<u>661,591</u>

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

iv) Discounts and loans

Total carrying value

2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 2,051,733,632	43,542,343	-	9,211,963	-	2,104,487,938
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(11,585,739)	11,738,116	-	(152,377)	-	-
– Transfer to credit-impaired financial assets	(2,195,291)	(787,034)	-	2,982,325	-	-
– Transfer to 12-month ECLs	3,589,948	(3,496,711)	-	(93,237)	-	-
– Derecognition of financial assets at current period	(763,006,471)	(22,985,841)	-	(2,636,754)	-	(788,629,066)
Originated or purchased new financial assets	962,101,107	16,425,495	-	8,242,809	-	986,769,411
Write-off	-	-	-	(2,042,736)	-	(2,042,736)
Effects of exchange rate changes and others	880,825	(5,524,662)	-	(48,593)	-	(4,692,430)
Ending balance	<u>\$ 2,241,518,011</u>	<u>38,911,706</u>	<u>-</u>	<u>15,463,400</u>	<u>-</u>	<u>2,295,893,117</u>
2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 1,972,762,865	60,685,086	-	9,446,438	-	2,042,894,389
Changes due to recognition of financial instruments at beginning:						
– Transfer to lifetime ECLs	(14,941,535)	14,985,881	-	(44,346)	-	-
– Transfer to credit-impaired financial assets	(1,446,007)	(451,440)	-	1,897,447	-	-
– Transfer to 12-month ECLs	8,821,476	(8,752,670)	-	(68,806)	-	-
– Derecognition of financial assets at current period	(830,138,323)	(40,005,070)	-	(3,051,848)	-	(873,195,241)
Originated or purchased new financial assets	915,186,164	16,797,952	-	3,122,658	-	935,106,774
Write-off	-	-	-	(2,162,724)	-	(2,162,724)
Effects of exchange rate changes and others	1,488,992	282,604	-	73,144	-	1,844,740
Ending balance	<u>\$ 2,051,733,632</u>	<u>43,542,343</u>	<u>-</u>	<u>9,211,963</u>	<u>-</u>	<u>2,104,487,938</u>

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

Expected credit losses

	2023							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 4,084,146	1,274,218	-	3,396,653	-	8,755,017	18,986,055	27,741,072
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(23,512)	38,313	-	(14,801)	-	-	-	-
— Transfer to credit-impaired financial assets	(15,204)	(159,376)	-	174,580	-	-	-	-
— Transfer to 12-month ECLs	257,491	(237,478)	-	(20,013)	-	-	-	-
— Derecognition of financial assets at current period	(1,532,120)	(391,006)	-	(591,714)	-	(2,514,840)	-	(2,514,840)
Originated or purchased new financial assets	1,869,155	311,855	-	2,290,761	-	4,471,771	-	4,471,771
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	2,044,585	2,044,585
Write-off	-	-	-	(2,042,736)	-	(2,042,736)	-	(2,042,736)
Recovery from write-off	-	-	-	436,512	-	436,512	-	436,512
Effects of exchange rate changes and others	(760,903)	1,005,361	-	1,218,019	-	1,462,477	(273)	1,462,204
Ending balance	<u>\$ 3,879,053</u>	<u>1,841,887</u>	<u>-</u>	<u>4,847,261</u>	<u>-</u>	<u>10,568,201</u>	<u>21,030,367</u>	<u>31,598,568</u>
	2022 (Restatement)							
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 4,745,774	1,530,317	-	2,910,357	-	9,186,448	16,624,387	25,810,835
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(198,019)	205,600	-	(7,581)	-	-	-	-
— Transfer to credit-impaired financial assets	(12,534)	(70,121)	-	82,655	-	-	-	-
— Transfer to 12-month ECLs	175,429	(154,555)	-	(20,874)	-	-	-	-
— Derecognition of financial assets at current period	(2,072,751)	(870,161)	-	(821,158)	-	(3,764,070)	-	(3,764,070)
Originated or purchased new financial assets	1,807,991	323,388	-	2,375,534	-	4,506,913	-	4,506,913
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	2,361,396	2,361,396
Write-off	-	-	-	(2,194,042)	-	(2,194,042)	-	(2,194,042)
Recovery from write-off	-	-	-	420,367	-	420,367	-	420,367
Effects of exchange rate changes and others	(361,744)	309,750	-	651,395	-	599,401	272	599,673
Ending balance	<u>\$ 4,084,146</u>	<u>1,274,218</u>	<u>-</u>	<u>3,396,653</u>	<u>-</u>	<u>8,755,017</u>	<u>18,986,055</u>	<u>27,741,072</u>

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

v) Other financial assets

Total carrying value

		2023				
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 8,674,872	-	-	70,020	-	8,744,892
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(6,148,847)	-	-	(6,575)	-	(6,155,422)
Originated or purchased new financial assets	10,681,626	-	-	453,941	-	11,135,567
Write-off	-	-	-	(393,132)	-	(393,132)
Effects of exchange rate changes and others	(93,941)	-	-	(94)	-	(94,035)
Ending balance	<u>\$ 13,113,710</u>	<u>-</u>	<u>-</u>	<u>124,160</u>	<u>-</u>	<u>13,237,870</u>
2022 (Restatement)						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Total
Beginning balance	\$ 25,573,976	-	-	46,996	-	25,620,972
Changes due to recognition of financial instruments at beginning:						
— Derecognition of financial assets at current period	(22,920,148)	-	-	(5,908)	-	(22,926,056)
Originated or purchased new financial assets	5,990,498	-	-	263,317	-	6,253,815
Write-off	-	-	-	(239,365)	-	(239,365)
Effects of exchange rate changes and others	30,546	-	-	4,980	-	35,526
Ending balance	<u>\$ 8,674,872</u>	<u>-</u>	<u>-</u>	<u>70,020</u>	<u>-</u>	<u>8,744,892</u>

Expected credit losses

		2023						
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	Total
Beginning balance	\$ 795	-	-	64,855	-	65,650	1	65,651
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	(795)	-	-	(6,049)	-	(6,844)	-	(6,844)
Originated or purchased new financial assets	948	-	-	110,474	-	111,422	-	111,422
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	(1)	(1)
Write-off	-	-	-	(393,132)	-	(393,132)	-	(393,132)
Recovery from write-off	-	-	-	279,270	-	279,270	-	279,270
Effects of exchange rate changes and others	(13)	-	-	63,577	-	63,564	-	63,564
Ending balance	<u>\$ 935</u>	<u>-</u>	<u>-</u>	<u>118,995</u>	<u>-</u>	<u>119,930</u>	<u>-</u>	<u>119,930</u>

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

	2022 (Restatement)							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ -	-	-	43,212	-	43,212	-	43,212
Changes due to recognition of financial instruments at beginning:								
— Derecognition of financial assets at current period	-	-	-	(5,865)	-	(5,865)	-	(5,865)
Originated or purchased new financial assets	796	-	-	55,870	-	56,666	-	56,666
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	1	1
Write-off	-	-	-	(239,365)	-	(239,365)	-	(239,365)
Recovery from write-off	-	-	-	265,990	-	265,990	-	265,990
Effects of exchange rate changes and others	(1)	-	-	(54,987)	-	(54,988)	-	(54,988)
Ending balance	<u>\$ 795</u>	<u>-</u>	<u>-</u>	<u>64,855</u>	<u>-</u>	<u>65,650</u>	<u>1</u>	<u>65,651</u>

vi) Provisions for guarantee liabilities, loan commitments and other— letter of credit

Expected credit losses

	2023							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 264,934	62,790	-	8,718	-	336,442	217,473	553,915
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(4,283)	4,594	-	(311)	-	-	-	-
— Transfer to credit-impaired financial assets	(345)	(1,413)	-	1,758	-	-	-	-
— Transfer to 12-month ECLs	29,560	(29,323)	-	(237)	-	-	-	-
— Derecognition of financial assets at current period	(101,929)	(17,574)	-	(1,323)	-	(120,826)	-	(120,826)
Originated or purchased new financial assets	169,305	49,570	-	9,731	-	228,606	-	228,606
Impairment difference recognized in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans”	-	-	-	-	-	-	(5,029)	(5,029)
Effects of exchange rate changes and others	(67,153)	23,261	-	(3,208)	-	(47,100)	-	(47,100)
Ending balance	<u>\$ 290,089</u>	<u>91,905</u>	<u>-</u>	<u>15,128</u>	<u>-</u>	<u>397,122</u>	<u>212,444</u>	<u>609,566</u>

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

	2022 (Restatement)							Total
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	Amount of impairment recorded in accordance with IFRS 9	Impairment difference recognized in accordance with the regulations	
Beginning balance	\$ 286,508	110,962	-	10,999	-	408,469	190,322	598,791
Changes due to recognition of financial instruments at beginning:								
— Transfer to lifetime ECLs	(4,927)	5,754	-	(827)	-	-	-	-
— Transfer to credit-impaired financial assets	(206)	(714)	-	920	-	-	-	-
— Transfer to 12-month ECLs	17,559	(16,755)	-	(804)	-	-	-	-
— Derecognition of financial assets at current period	(115,533)	(74,811)	-	(3,031)	-	(193,375)	-	(193,375)
Originated or purchased new financial assets	116,442	11,977	-	3,458	-	131,877	-	131,877
Impairment difference recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Nonaccrual Loans"	-	-	-	-	-	-	27,151	27,151
Effects of exchange rate changes and others	(34,909)	26,377	-	(1,997)	-	(10,529)	-	(10,529)
Ending balance	<u>\$ 264,934</u>	<u>62,790</u>	<u>-</u>	<u>8,718</u>	<u>-</u>	<u>336,442</u>	<u>217,473</u>	<u>553,915</u>

k) **Maximum exposure to credit risk**

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

Taipei Fubon Bank (The Bank)

<u>Off-balance sheet items</u>	<b>Maximum exposure amount</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022 (Restatement)</b>
Irrevocable loan commitments	\$ 162,055,166	129,853,583
Standby letters of credit	7,783,493	7,637,976
Financial guarantees	25,243,196	25,385,750
<b>Total</b>	<b>\$ 195,081,855</b>	<b>162,877,309</b>

Fubon Bank (China)

<u>Off-balance sheet items</u>	Units: In thousands of CNY <b>Maximum exposure amount</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Irrevocable loan commitments	\$ 257,309	736,857
Standby letters of credit	24,036	9,840
Financial guarantees	571,922	510,221
<b>Total</b>	<b>\$ 853,267</b>	<b>1,256,918</b>

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

The maximum exposures of assets and off-balance sheet items pledged as collaterals or other credit enhancements are as follows:

Taipei Fubon Bank (The Bank)

<b>December 31, 2023</b>					
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>	
Loans	3.14 %	64.82 %	2.87 %	1.06 %	
Guarantees receivable	13.82 %	11.69 %	1.36 %	2.65 %	
Acceptances and other credits	0.13 %	0.35 %	0.01 %	-	
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	2.72 %	-	
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.60 %	-	
Debt investments measured at amortized cost	-	-	10.90 %	-	
<b>December 31, 2022</b>					
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>	<u>Others</u>	
Loans	3.21 %	64.14 %	3.36 %	1.58 %	
Guarantees receivable	13.62 %	10.87 %	0.98 %	2.79 %	
Acceptances and other credits	0.36 %	0.56 %	-	-	
Financial assets measured at fair value through profit or loss—Debt instruments	-	-	4.45 %	-	
Financial assets measured at fair value through other comprehensive income—Debt instruments	-	-	4.54 %	-	
Debt investments measured at amortized cost	-	-	9.62 %	-	

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

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

Fubon Bank (China)

<u>December 31, 2023</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	8.99 %	33.45 %	0.85 %
Guarantees receivable	27.82 %	5.29 %	33.68 %
Acceptances	8.99 %	0.31 %	3.46 %
<u>December 31, 2022</u>			
<u>Assets</u>	<u>Financial instruments</u>	<u>Properties</u>	<u>Guarantees</u>
Loans	9.30 %	22.84 %	2.97 %
Guarantees receivable	29.96 %	7.39 %	48.15 %
Acceptances	30.50 %	1.51 %	46.45 %

JihSun Bank

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

l) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentrations can arise in Taipei Fubon Bank and its subsidiaries' assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, loans and deposits, call loans to banks, investments, receivables and derivatives. Taipei Fubon Bank and its subsidiaries maintain a diversified portfolio, limit their exposure to any one geographic region, country or individual creditor and monitor the exposure continually in order to manage credit risk.

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

Taipei Fubon Bank and its subsidiaries' concentration of credit risk exposure are summarized by industry, geographical area and collateral as follows:

Taipei Fubon Bank (The Bank)

i) By industry

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

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

ii) By geographical area

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

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

iii) By collateral

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

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

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

JihSun Bank

i) By industry

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

ii) By geographical area

As of December 31, 2022, JihSun Bank primarily engaged its businesses in Taiwan and there was no significant geographically concentrated credit risk.

iii) By collateral

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

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

iv) Credit risk rating grades

The credit risk defined by Taipei Fubon Bank is as follow:

1. Low Risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium Risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High Risk: Exposures require varying degrees of special attention and default risk is of greater concern.

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

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

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

(Continued)

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

Fubon Bank (China)

i) By industry

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

Note: Included only discounts and loans.

ii) By geographical area

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

Note: Included only discounts and loans.

iii) By collateral

Collateral	Units: In thousands of CNY			
	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Credit loans	\$ 35,491,655	56.71	32,131,982	64.89
Guarantees loans	531,726	0.85	1,468,542	2.97
Collateral loans	26,556,281	42.44	15,913,382	32.14
Mortgage loans	20,933,271	33.45	11,308,870	22.84
Pledge loans	5,623,010	8.99	4,604,512	9.30
Total (Note)	<b><u>\$ 62,579,662</u></b>	<b><u>100.00</u></b>	<b><u>49,513,906</u></b>	<b><u>100.00</u></b>

Note: Included only discounts and loans.

(Continued)

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

iv) Credit risk rating grades

The credit risk defined by Fubon Bank (China) is as follow:

1. Low risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.
3. High risk: Exposures require varying degrees of special attention and default risk is of greater concern.

Units: In thousands of CNY

December 31, 2023	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total				
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 33,589,927	-	-	33,589,927	566,178	-	-	566,178	-	-	117,071	34,039,034
Debt investments measured at amortized cost	26,119,674	-	-	26,119,674	-	-	-	-	-	-	2,425	26,117,249
Receivables												
Acceptances	4,564,998	-	-	4,564,998	-	-	-	-	-	-	7,424	4,557,574
Credit card receivables	118,926	-	-	118,926	684	-	-	684	-	-	1,272	118,338
Loans												
Personal finance	35,241,787	-	47,100	35,288,887	125,210	-	2,540	127,750	309,084	-	492,630	35,233,091
Corporate banking	14,943,563	10,237,533	562,360	25,743,456	534,832	-	339,500	874,332	236,153	-	644,157	26,209,784
Other financial assets	1,299,749	-	-	1,299,749	-	-	-	-	1,388	-	1,419	1,299,718
Off-balance sheet assets												
Loan commitments	803,205	-	-	803,205	-	-	-	-	-	-	2,065	801,140
Guarantees receivable	571,922	-	-	571,922	-	-	-	-	-	-	330	571,592
Credit receivable	24,036	-	-	24,036	-	-	-	-	-	-	23	24,013

(Continued)

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

Units: In thousands of CNY

December 31, 2022	Financial assets measured by 12-month ECLs				Financial assets whose credit risk has increased significantly since initial recognition				Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Loss	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			allowance	Total
Financial assets measured at fair value through other comprehensive income – debt instruments	\$ 34,968,506	-	-	34,968,506	370,337	-	-	370,337	-	-	45,305	35,293,538
Debt investments measured at amortized cost	26,575,559	-	-	26,575,559	-	-	-	-	-	-	9,866	26,565,693
Receivables												
Acceptances	3,455,750	-	-	3,455,750	-	-	-	-	-	-	6,717	3,449,033
Credit card receivables	93,307	-	-	93,307	549	-	-	549	-	-	1,392	92,464
Loans												
Personal finance	22,792,475	-	173,728	22,966,203	78,502	17,742	-	96,244	226,426	-	441,788	22,847,085
Corporate banking	21,325,992	166,294	3,852,619	25,344,905	-	675,110	-	675,110	205,018	-	306,129	25,918,904
Other financial assets	902,121	-	-	902,121	-	-	-	-	577	-	627	902,071
Off-balance sheet assets												
Loan commitments	1,193,677	-	-	1,193,677	-	-	-	-	-	-	6,809	1,186,868
Guarantees receivable	510,221	-	-	510,221	-	-	-	-	-	-	764	509,457
Credit receivable	9,840	-	-	9,840	-	-	-	-	-	-	-	9,840

(Continued)

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

- m) The financial effects of credit risk mitigation policies
  - i) Collaterals and other credit enhancement

In order to effectively manage collaterals, The Bank and its subsidiary establish strict collateral management system and control procedures, which specify the acceptable types of collaterals, suitable quantity, correspond exposure, collect/disposal regulations, appraisal, and revaluation methods, etc. The main collaterals for financial assets are as follows:

1. Real estate
2. Personal property
3. Deposits
4. Securities
5. Rights and Guarantees

The related collateral documents shall be obtained and the information of collateral shall be described in loan contract and transaction contract before issuing and transacting.

The collateral must be legally enforceable, and its guarantee value can be realized within a reasonable time. To make an objective and fair assessment on the guarantee capacity and value of the collateral, and to ensure that the collateral has operational benefits.

The nature of collaterals and the impact of changes in market and economic on the value of object should be considered, and the value of collaterals should be reviewed appropriately.

Regular and occasional inspections or field inspections of collaterals are used to understand their use, storage, and maintenance, so as to avoid situations in which collateral may be sold, leased, pledged, relocated, or disposed.

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

ii) The amount of collaterals of impaired financial assets

The Bank and its subsidiaries actively clean up the impaired financial assets, observe its collateral closely and recognize impairment loss. The impacts of collaterals on the carrying amount of credit-impaired financial assets are as follows:

Taipei Fubon Bank (The Bank)

December 31, 2023	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.55 %	1.13 %	0.06 %
Loans	- %	33.39 %	6.59 %	1.49 %
Other financial assets	- %	- %	- %	- %

December 31, 2022	Financial instruments	Properties	Guarantees	Other
<u>Assets</u>				
Receivables	- %	1.59 %	0.56 %	1.21 %
Loans	- %	50.08 %	25.78 %	2.64 %
Other financial assets	- %	- %	- %	- %

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

Fubon Bank (China)

December 31, 2023	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	7.19 %	2.44 %	0.14 %

December 31, 2022	Financial instruments	Properties	Guarantees
<u>Assets</u>			
Loans	8.78 %	1.74 %	0.17 %

JihSun Bank

December 31, 2022	Collateral	Netting agreement	Other credit enhancement obtained	Total
<u>On-balance sheet items</u>				
Loans discounted	\$ 244,955	-	11,481	256,436

iii) The outstanding contract amount of the financial assets that have been written off, and there are recourse activities on them.

As of December 31, 2023 and 2022, the outstanding contract amount of the financial assets that have been written off and still have recourse activities, amounting to \$2,442,298 and \$2,729,558 thousand, were held by the Bank.

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

- iv) The nature, policy and carrying amount of the obtained collaterals (Foreclosed collaterals and residuals taken over)

Fubon Bank (China) handles foreclosed collaterals in accordance with “The Administration of Collaterals in Banks”.

The foreclosed collaterals of Fubon Bank (China) are houses and buildings. As of December 31, 2023 and 2022, the carrying value amounted to \$0 and \$52,961 thousand, respectively. Foreclosed collaterals are accounted for as other assets in the consolidated balance sheets.

- 2) Fubon Life Insurance and its subsidiaries

Credit risk refers to the risk resulted from the deterioration of the credit status of the investment, the descending of credit rating, the credit risk event which can be attributed to the default of contracts, and the default of the issuers or counterparties for fulfilling their obligation. Fubon Life Insurance and its subsidiaries may suffer losses from these incidents.

- a) Analysis of concentrations of credit risk

The following are credit risk exposure of Fubon Life Insurance and its subsidiaries’ debt instruments, derivative instruments and loans distributed by industry and geographic area.

Credit risk exposure – by industry

Financial assets	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Industrial enterprise	\$ 171,155,980	5.22	163,091,149	5.04
Public business	135,313,177	4.13	133,703,650	4.13
Diversification	7,354,498	0.22	7,348,880	0.23
Mortgage backed securities	37,166,984	1.13	37,682,168	1.16
Financial sector	1,249,318,288	38.09	1,207,727,549	37.29
Consumer staples	296,742,087	9.05	281,768,117	8.70
Government	469,117,356	14.30	506,140,174	15.63
Technology	102,891,957	3.14	97,494,116	3.01
Raw material	76,136,685	2.32	71,574,169	2.21
Consumer discretionary	69,160,843	2.11	67,864,310	2.09
Energy	208,458,534	6.36	199,413,020	6.16
Asset backed securities	30,260,611	0.92	30,235,763	0.93
Telecommunication	225,966,540	6.89	219,539,422	6.78
Others	200,670,935	6.12	215,183,498	6.64
Subtotal	3,279,714,475	100.00	3,238,765,985	100.00
Fair value adjustment from business combinations	(261,698)	-	(105,734)	-
Total	<u>\$ 3,279,452,777</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>

(Continued)

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

Credit risk exposure — by geographic area

Financial assets	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Taiwan	\$ 489,793,680	14.93	565,437,802	17.46
Asia except Taiwan	413,866,717	12.62	401,819,753	12.41
North America	1,514,412,635	46.18	1,438,416,855	44.41
Middle and South America	110,047,456	3.35	103,495,174	3.19
Europe	531,640,777	16.21	511,526,899	15.80
Africa/Middle East	219,953,210	6.71	218,069,502	6.73
Subtotal	3,279,714,475	100.00	3,238,765,985	100.00
Fair value adjustment from business combinations	(261,698)	-	(105,734)	-
Total	<u>\$ 3,279,452,777</u>	<u>100.00</u>	<u>3,238,660,251</u>	<u>100.00</u>

Note: Fubon Life Insurance and its subsidiaries operate credit business in the energy industry in Taiwan in 2023. As of December 31, 2023, loan commitment credit exposures of the off-balance sheet amount was \$8,000,000 thousand, which was not included in the above-mentioned industry and geographic area table.

b) Credit risk quality classification definitions

In terms of credit risk quality, Fubon Life Insurance and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk based on the credit rating. The definition of each level is as follows:

- i) Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.
- ii) Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation. Negative news or disadvantageous economic conditions may weaken their financial statuses and result in the doubt of asset impairment or the loss of Fubon Life Insurance and its subsidiaries.
- iii) High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

(Continued)



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

Fubon Life Insurance and its subsidiaries' credit quality information of debt instruments, loans, other financial assets and related other receivables is shown below:

Credit analysis of financial assets

	December 31, 2023												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable— interest receivable (included overdue loans)	\$ 30,724,321	822,368	351	31,547,040	152	165	2	319	1,924,528	-	1,924,528	1,958,228	31,513,659
Financial assets measured at fair value through other comprehensive income— debt instruments (Note 2)	263,859,800	5,159,527	-	269,019,327	-	-	-	-	2,447,179	-	2,447,179	(Note 1)	271,466,506
Financial assets measured at amortized cost (Note 2)	2,590,516,669	35,556,633	-	2,626,073,302	-	-	-	-	15,053,342	-	15,053,342	3,045,555	2,638,081,089
Other financial assets	4,053,729	578,005	-	4,631,734	-	-	-	-	-	-	-	4,565	4,627,169
Loans (Note 2)	188,425,342	37,222,064	294,510	225,941,916	951,338	4,598,728	566	5,550,632	691,535	-	691,535	1,834,670	230,349,413
<b>Total</b>	<b>\$ 3,077,579,861</b>	<b>79,338,597</b>	<b>294,861</b>	<b>3,157,213,319</b>	<b>951,490</b>	<b>4,598,893</b>	<b>568</b>	<b>5,550,951</b>	<b>20,116,584</b>	<b>-</b>	<b>20,116,584</b>	<b>6,843,018</b>	<b>3,176,037,836</b>

(Continued)

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

	December 31, 2022												
	stage1				stage2				stage3			Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total		
Accounts receivable—interest receivable (included overdue loans)	\$ 30,398,739	\$ 869,714	\$ 386	\$ 31,268,839	\$ 181	\$ 105	\$ 1	\$ 287	\$ 982,986	\$ 1	\$ 982,987	\$ 931	\$ 31,320,127
Financial assets measured at fair value through other comprehensive income—debt instruments (Note 2)	593,343,810	8,983,605	-	602,327,415	-	3,919	-	3,919	3,117,050	-	3,117,050	Note1	605,448,384
Financial assets measured at amortized cost (Note 2)	2,209,654,559	41,843,688	-	2,251,498,247	-	-	-	-	15,107,287	-	15,107,287	1,936,549	2,264,668,985
Other financial assets	4,140,629	679,825	-	4,820,454	-	-	-	-	-	-	-	2,847	4,817,607
Loans (Note 2)	204,239,817	43,566,273	373,549	248,179,639	1,910,081	784,361	651	2,695,093	744,260	799	745,059	1,886,222	249,733,569
<b>Total</b>	<b>\$ 3,041,777,554</b>	<b>\$ 95,943,105</b>	<b>\$ 373,935</b>	<b>\$ 3,138,094,594</b>	<b>\$ 1,910,262</b>	<b>\$ 788,385</b>	<b>\$ 652</b>	<b>\$ 2,699,299</b>	<b>\$ 19,951,583</b>	<b>\$ 800</b>	<b>\$ 19,952,383</b>	<b>\$ 4,757,604</b>	<b>\$ 3,155,988,672</b>

Note 1: For loss allowance of financial assets measured at fair value through other comprehensive income - debt instruments, please refer to note 6 (ah) (iii) 2) h).

Note 2: As of December 31, 2023 and 2022, fair value adjustments from business combinations of financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost and loans were \$(113,907) thousand, \$(105,379) thousand and \$(42,412) thousand, and \$0 thousand, \$(56,094) thousand and \$(49,640) thousand, respectively.

Note 3: Fubon Life Insurance and its subsidiaries operate credit business in 2023. As of December 31, 2023, loan commitment credit exposures of the off-balance sheet was \$8,000,000 thousand, and the recognized loan commitments reserve was \$16,000 thousand, which was not included in the above-mentioned table.

(Continued)

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

- c) Determination on the credit risk that has increased significantly since initial recognition
- i) Fubon Life Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Life Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, market price decline, credit spreads, quantitative and qualitative information.
  - ii) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
- d) The definition of default and credit-impaired financial assets

Fubon Life Insurance and its subsidiaries' definition of default on financial assets is as follows. If one or more conditions are met, it is determined that the financial asset has defaulted. However, it is not limited to this, all obviously objective evidences as a result of the inability of the debt or its credit-linked company to be repaid are treated as a breach of contract and the impairment procedure will be proceeded.

- i) Bankruptcy:

Enter bankruptcy procedures in accordance with the "Bankruptcy Law", resolution for dissolution or takeover by the government, recognition of failure to pay loans on maturity date etc.

- ii) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

- iii) Debt restructuring:

Due to financial difficulties, after renegotiating with Fubon Life Insurance and its subsidiaries for debt reduction, extension or re-planning. Impairment on debt instrument held by Fubon Life Insurance and its subsidiaries arise from the issuer's application for debt restructuring.

- iv) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

(Continued)

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

v) Cross default or accelerated expiry:

A credit default of a credit-linked company or related institution's other debts or similar events that caused the early repayment of debt or breach of contract.

vi) The company completely suspended its operations because of local government orders.

e) Measurement of expected credit loss

i) The methodology and assumption applied

Expected credit loss is a probability weighted estimate of credit losses for a specific period, and the period is based on whether the credit risk of the financial instruments have increased significantly since initial recognition. If the financial assets are determined to have low credit risk or no significant increase in credit risk, an amount equal to 12-month expected credit losses will be recognized. The impairment requirement is to recognize lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition or credit impaired. In order to measure expected credit losses, Fubon Life Insurance and its subsidiaries adopt probability of default ("PD"), and include loss given default ("LGD") and exposure at default ("EAD"), and consider the impact of the time value of money, to calculate the expected credit losses for 12-month and lifetime, respectively.

ii) Forward-looking information considerations

The default probability and loss given default, which Fubon Life Insurance and its subsidiaries used in debt instruments, are based on the information released periodically by Moody's, an international credit rating agency. The default rate includes the prediction of future macroeconomic status and implicit market data in order to adjust the default rate to forward looking PDs, the loss given default is based on the recovery rate of bonds by Moody's. The amount of exposure is measured by the amortized cost of the financial assets plus accrued interest. The default probability and loss given default used by Fubon Life Insurance and its subsidiaries for loans are internal historical information (such as credit loss experience) which is adjusted based on current observable data and forward-looking macroeconomic information (e.g. consumer price index and the unemployment rate, etc.). The amount of exposure is measured by the amortized cost (including accrued interest).

The estimation techniques or material assumptions made by Fubon Life Insurance and its subsidiaries to assess expected credit losses have no significant changes during the year.

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

f) Policies to hedge or mitigate credit risk

i) Collateral

Fubon Life Insurance and its subsidiaries require full collateral from the borrowers and set up lending policies to decrease credit risk. The amount of loan is evaluated based on borrower's ability to pay back, the type of collateral and the difficulty of its liquidation to ensure collection. Besides, creditor protection, collateral terms and offsetting terms are all addressed in the credit contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, in order to mitigate credit risks.

ii) Enhancement of other credits

Fubon Life Insurance and its subsidiaries have offsetting terms within credit contracts, which clearly define that all cash payments from debtors may be offset against their liabilities upon a credit event, in order to mitigate credit risk.

For the clients whom Fubon Life Insurance and its subsidiaries consider to be incompetent to repay the loans, Fubon Life Insurance and its subsidiaries would request one or more joint guarantors to enhance the guarantee for the creditor's right.

g) The maximum credit risk exposure of Fubon Life Insurance and its subsidiaries

The maximum credit risk exposure of the assets on the consolidated balance sheet, excluding collaterals or other credit enhancement tools, is the carrying amount of the assets.

The maximum exposure of assets used as collaterals, master netting agreement and other credit enhancements is the carrying amount on the consolidated balance sheet.

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

h) Changes in the loss allowance

The reconciliations in loss allowance of loans are as follows:

	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”</u>	<u>Total</u>
Balance as of January 1, 2023	\$ 21,994	13,715	209	53,142	31	89,091	1,797,119	1,886,210
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime ECLs	(2,314)	3,474	265	(1,425)	-	-	-	-
— Transfer to credit-impaired financial assets	(36)	(874)	(19)	929	-	-	-	-
— Transfer to 12-month ECLs	3,653	(2,788)	(31)	(834)	-	-	-	-
— Derecognition of financial assets at current period	(2,558)	(4,086)	(18)	(10,485)	(31)	(17,178)	-	(17,178)
Originated or purchased new financial assets	2,117	66,288	-	-	-	68,405	-	68,405
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(294,841)	(294,841)
Write-off	-	-	-	(19,933)	-	(19,933)	-	(19,933)
Changes in models/risk parameters	(1,420)	182,131	(286)	34,975	-	215,400	-	215,400
Effects of exchange rate changes and others	(699)	(1,482)	-	(1,310)	-	(3,491)	-	(3,491)
Balance as of December 31, 2023	<u>\$ 20,737</u>	<u>256,378</u>	<u>120</u>	<u>55,059</u>	<u>-</u>	<u>332,294</u>	<u>1,502,278</u>	<u>1,834,572</u>

(Continued)

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

	<u>12-month ECLs</u>	<u>Lifetime ECLs (collectively assessed)</u>	<u>Lifetime ECLs (individually assessed)</u>	<u>Lifetime ECLs (neither purchased nor originated credit-impaired financial assets)</u>	<u>Lifetime ECLs (purchased or originated credit-impaired financial assets)</u>	<u>The loss allowances measured in accordance with IFRS 9</u>	<u>Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”</u>	<u>Total</u>
Balance as of January 1, 2022	\$ 35,954	12,395	793	55,952	33	105,127	2,109,375	2,214,502
Changes due to financial instruments recognized as at beginning:								
– Transfer to lifetime ECLs	(508)	869	16	(377)	-	-	-	-
– Transfer to credit-impaired financial assets	(34)	(901)	(177)	1,112	-	-	-	-
– Transfer to 12-month ECLs	4,338	(3,985)	(106)	(247)	-	-	-	-
– Derecognition of financial assets at current period	(22,588)	(1,372)	(132)	(2,186)	(2)	(26,280)	-	(26,280)
Originated or purchased new financial assets	14,746	1,244	-	91	-	16,081	-	16,081
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(312,256)	(312,256)
Write-off	-	-	-	(5,793)	-	(5,793)	-	(5,793)
Changes in models/risk parameters	(10,877)	4,819	(185)	2,746	-	(3,497)	-	(3,497)
Effects of exchange rate changes and others	963	646	-	1,844	-	3,453	-	3,453
Balance as of December 31, 2022	<u>\$ 21,994</u>	<u>13,715</u>	<u>209</u>	<u>53,142</u>	<u>31</u>	<u>89,091</u>	<u>1,797,119</u>	<u>1,886,210</u>

Note 1: As of December 31, 2023 and 2022, the loss allowance of loans from investment-linked insurance policies amounted to \$98 thousand and \$12 thousand, respectively, which were not included in abovementioned reconciliations

Note 2: As of December 31, 2023, Fubon Life Insurance and its subsidiaries operate loans business for the irrevocable loan commitment, recognized loan commitments reserve was \$16,000 thousand, which was not included in the above-mentioned table. There was no such transaction as of December 31, 2022.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The reconciliations in loss allowance of financial assets measured at fair value through other comprehensive income are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 132,221	73	-	1,028,304	-	1,160,598
Changes due to financial instruments recognized as at beginning:						
— Transfer to credit-impaired financial assets	(83)	-	-	83	-	-
— Transfer to 12-month ECLs	2,436	(32)	-	(2,404)	-	-
— Derecognition of financial assets at current period	(13,792)	(42)	-	(22,547)	-	(36,381)
Originated or purchased new financial assets	9,225	-	-	-	-	9,225
Write-off	-	-	-	(1,858)	-	(1,858)
Changes in models/risk parameters	18,207	-	-	22,987	-	41,194
Effects of exchange rate changes and others	(81,333)	1	-	(33,974)	-	(115,306)
Balance as of December 31, 2023	<u>\$ 66,881</u>	<u>-</u>	<u>-</u>	<u>990,591</u>	<u>-</u>	<u>1,057,472</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 320,062	1,502	-	143,623	-	465,187
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	-	1,493	-	(1,493)	-	-
– Transfer to credit-impaired financial assets	(9,010)	(201)	-	9,211	-	-
– Transfer to 12-month ECLs	2,841	(21)	-	(2,820)	-	-
– Derecognition of financial assets at current period	(71,252)	(1,176)	-	(28,182)	-	(100,610)
Originated or purchased new financial assets	28,011	-	-	-	-	28,011
Write-off	-	-	-	(56,130)	-	(56,130)
Changes in models/risk parameters	(145,770)	(1,448)	-	898,849	-	751,631
Effects of exchange rate changes and others	7,339	(76)	-	65,246	-	72,509
Balance as of December 31, 2022	<u>\$ 132,221</u>	<u>73</u>	<u>-</u>	<u>1,028,304</u>	<u>-</u>	<u>1,160,598</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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

The reconciliations in loss allowance of financial assets measured at amortized cost are as follows:

	<b>12-month ECLs</b>	<b>Lifetime ECLs (collectively assessed)</b>	<b>Lifetime ECLs (individually assessed)</b>	<b>Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)</b>	<b>Lifetime ECLs (purchased or originated credit- impaired financial assets)</b>	<b>The loss allowances measured in accordance with IFRS 9</b>
Balance as of January 1, 2023	\$ 522,443	-	-	1,414,106	-	1,936,549
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(10,887)	-	-	-	-	(10,887)
Originated or purchased new financial assets	3,531	-	-	-	-	3,531
Changes in models/risk parameters	654,846	-	-	450,780	-	1,105,626
Effects of exchange rate changes and others	82,046	-	-	(71,310)	-	10,736
Balance as of December 31, 2023	<u>\$ 1,251,979</u>	<u>-</u>	<u>-</u>	<u>1,793,576</u>	<u>-</u>	<u>3,045,555</u>

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

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 1,256,846	-	-	-	-	1,256,846
Changes due to financial instruments recognized as at beginning:						
— Transfer to credit-impaired financial assets	(14,121)	-	-	14,121	-	-
— Derecognition of financial assets at current period	(153,288)	-	-	-	-	(153,288)
Originated or purchased new financial assets	14,886	-	-	-	-	14,886
Changes in models/risk parameters	(630,959)	-	-	1,298,361	-	667,402
Effects of exchange rate changes and others	49,079	-	-	101,624	-	150,703
Balance as of December 31, 2022	<u>\$ 522,443</u>	<u>-</u>	<u>-</u>	<u>1,414,106</u>	<u>-</u>	<u>1,936,549</u>

Note: The reconciliation is conducted according to the overall changes of Fubon Life Insurance and its subsidiaries (includes non-controlling interests) during a reporting period, so the loss allowance balance of the subsidiary when it was acquired by Fubon Life Insurance is included.

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

The reconciliations in loss allowance of other financial assets are as follows:

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2023	\$ 2,847	-	-	-	-	2,847
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(30)	-	-	-	-	(30)
Originated or purchased new financial assets	61	-	-	-	-	61
Changes in models/risk parameters	1,809	-	-	-	-	1,809
Effects of exchange rate changes and others	(122)	-	-	-	-	(122)
Balance as of December 31, 2023	<u>\$ 4,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,565</u>

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

	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (neither purchased nor originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Balance as of January 1, 2022	\$ 3,136	-	-	-	-	3,136
Changes due to financial instruments recognized as at beginning:						
— Derecognition of financial assets at current period	(231)	-	-	-	-	(231)
Originated or purchased new financial assets	220	-	-	-	-	220
Changes in models/risk parameters	(460)	-	-	-	-	(460)
Effects of exchange rate changes and others	182	-	-	-	-	182
Balance as of December 31, 2022	<u>\$ 2,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,847</u>

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

3) Fubon Insurance and its subsidiaries

Credit risk is the risk Fubon Insurance and its subsidiaries would suffered from the loss due to the downgrade of borrower's credit rating or borrower failing to make payments, the counterparty's failure or refusing to meet its obligation. The risk includes but not limited to the following risks: the credit risk of the issuer, the counterparty and the underlying assets.

Credit risk mainly comes from the trading of financial instruments generated from operating activity of Fubon Insurance and its subsidiaries. Fubon Insurance and its subsidiaries decreases the probability of a larger loss resulting from any single credit risk event due to the over concentration of the portfolios through regular analysis and monitor.

a) Management process of credit risk

i) Risk identification

Fubon Insurance and its subsidiaries' management process of credit risk could identify the existing and potential risk, analyze the source of the major risk of the operation and the product, and plan proper control system.

ii) Risk measurement

When measuring credit risk, Fubon Insurance and its subsidiaries consider the factors including the content of contracts, the condition of the market, securities or guarantees, the variation of the future probable risk of the counterparty and evaluating the risk in asset portfolios with credit risk except for individual risk. Also, by collecting related information of credit rating, Fubon Insurance and its subsidiaries analyze and quantitatively measure the credit risk in accordance with the level of business and practical settlement methods and calculates the credit risk capital based on the rules stipulated by the authority. For financial assets at amortized cost and at fair value through other comprehensive income or other credit position, depending on the practical settlement methods, Fubon Insurance and its subsidiaries measure the credit risk by referring to the expected loss formula ( $ECL=EAD \times PD \times LGD$ ).

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

iii) Risk monitoring

Based on the process of risk monitoring established, Fubon Insurance and its subsidiaries review and monitor the credit limit usage and over-limit circumstances regularly with proper disposition. Through proper and frequent monitoring and hierarchical control system, the responsible person could submit the report by related rules when finding mistakes and unusual events. When the relevant unit gets aware of significant credit risk event, it should notify risk management department of Fubon Insurance and its subsidiaries and deal with the problem according to the Company's guidelines related to the reporting of significant credit risk event to control the timeliness of the dealing process.

iv) Risk responding

When an event of credit risk occurs, the head of any related unit involved or who has authority to deal with the event would respond to the event immediately, and report to risk management department by following the authorization table of Fubon Insurance and its subsidiaries. Subsequently, the reason of the event would be investigated, the remediation plan would be developed, and the progress of actions would be followed.

b) Credit risk management mechanism

Credit risk management mechanism includes:

i) Credit risk management before transaction:

Before Fubon Insurance and its subsidiaries are engaged in investment and transaction business, a completed evaluation and analysis will be performed on subject of investments and transactions, issuer, credit and financial position information of counterparty and guarantee agency and it also will confirm the legality of the transaction. Meanwhile, Fubon Insurance and its subsidiaries will confirm if transaction counterparty, issuer and guarantee agency exceeded credit limits. In case of involving in the decision-making process of complex structured instrument, Fubon Insurance should follow the authorization level related to credit risk management, and have proper notification process and operating activities.

ii) Management of credit limit by hierarchy:

Considering the complexity and characteristics of the investment assets, Fubon Insurance and its subsidiaries set credit hierarchical management system and manages them by different hierarchy, including the following:

1. By counterparty, issuer and guarantee agency, set credit limit and manage by different hierarchy.
2. By country, set credit limit and manage hierarchically.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Besides, it will re-examine credit limit when inside or outside economic circumstances have changed severely.

iii) Credit risk management after transaction:

1. Examine credit status periodically: Periodically review the overall credit market conditions to understand trends in the credit markets and get an early warning to credit risk. Meanwhile, periodically examine credit status of counterparty, issuer and guarantee agency to fully disclose their risk situation.
2. Control credit risk limit by each position: Measure credit exposure amount monthly, compare with authorized credit risk limit and monitor the risk. Classification of the measuring credit exposure amount of Fubon Insurance and its subsidiaries includes: counterparty, issuer, guarantee agency, country and commodity. According to different business characteristics, Fubon Insurance and its subsidiaries take individual or portfolio management approach to review the changes in credit status in connection with the transaction balance or position periodically.

c) Concentrations of credit risk

To control credit concentration risk, Fubon Insurance and its subsidiaries confirm that a loss resulting from any single credit risk event will not exceed credit risk limit through regular statistic and monitor concentration as follows:

i) Concentrations of credit risk – by geographical area

<b>December 31, 2023</b>						
<b>By area</b>	<b>Taiwan</b>	<b>Asia except Taiwan</b>	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Total</b>
Exposure amount	\$ <u>33,747,152</u>	<u>4,031,163</u>	<u>5,558,339</u>	-	<u>821,963</u>	<u>44,158,617</u>
Ratio of the total	<u>76.42</u> %	<u>9.13</u> %	<u>12.59</u> %	-	<u>1.86</u> %	<u>100.00</u> %
<b>December 31, 2022</b>						
<b>By area</b>	<b>Taiwan</b>	<b>Asia except Taiwan</b>	<b>North America</b>	<b>Central and South America</b>	<b>Europe</b>	<b>Total</b>
Exposure amount	\$ <u>29,143,933</u>	<u>4,646,051</u>	<u>3,995,008</u>	-	<u>789,566</u>	<u>38,574,558</u>
Ratio of the total	<u>75.55</u> %	<u>12.04</u> %	<u>10.36</u> %	-	<u>2.05</u> %	<u>100.00</u> %

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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d) Credit risk exposure

Maximum credit risk exposure of Fubon Insurance and its subsidiaries' financial assets (without considering collateral or other credit enhancements instruments) is the net amount of book values less the offset amount recognized in accordance with IAS 32 and the net expected credit-impaired recognized in accordance with IFRS 9.

	December 31, 2023		December 31, 2022	
	Book value	Maximum exposure	Book value	Maximum exposure
<b><u>Non-derivative financial instruments</u></b>				
<b>Financial assets</b>				
Cash and cash equivalents	\$ 12,264,734	12,264,734	10,897,303	10,897,303
Receivables	5,257,502	5,257,502	4,712,357	4,712,357
Current tax assets	2,623,076	2,623,076	2,067,260	2,067,260
Financial assets measured at fair value through profit or loss	8,862,486	8,862,486	7,335,850	7,335,850
Financial assets measured at amortized cost	1,598,290	1,598,290	1,560,957	1,560,957
Other financial assets	70,103	70,103	-	-
Financial assets measured at fair value through other comprehensive income	7,445,156	7,445,156	10,696,822	10,696,822
Reinsurance contract assets	21,427,278	21,427,278	23,580,092	23,580,092
Other assets	8,341,546	8,341,546	4,160,281	4,160,281
<b>Financial liabilities</b>				
Short term liabilities and borrowings	10,608,846	10,608,846	9,780,000	9,780,000
Payables	14,842,286	14,842,286	16,482,543	16,482,543
Current tax liabilities	46,861	46,861	9,916	9,916
Lease liabilities	571,741	571,741	742,146	742,146
Other liabilities	63,993	63,993	435,812	435,812
<b><u>Derivative financial instruments</u></b>				
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss	158,304	158,304	68,226	68,226
<b>Financial liabilities</b>				
Financial liabilities measured at fair value through profit or loss	-	-	106,214	106,214

e) Credit quality analysis

For credit quality, Fubon Insurance and its subsidiaries periodically follow credit rating information issued by credit rating agency, and based on the rating, classified as low risk, medium risk and high risk as follows:

- i) Low risk: Issuer or counterparty is capable of fulfilling contractual commitments. Even under variable negative news or unfavorable economic conditions, their financial condition is good enough to cope with it.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- ii) Medium risk: Issuer or counterparty has poor ability to fulfill contractual commitments. Variable negative news or unfavorable economic conditions may weaken its financial condition, and trigger concerns of assets impairment or cause loss to Fubon Insurance and its subsidiaries.
- iii) High risk: The possibility of issuer or counterparty to fulfill contractual commitments is poor and depends on operating environment, variable negative news or unfavorable economic conditions will reduce its ability and willingness to fulfill obligations.
- iv) The impaired amount refers to the amount provided for all financial assets based on the regulations of accounting standards. Under the principle of conservations, the amount is able to reflect the current value of the impairment. The information of credit quality is shown as follows:

December 31, 2023											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 10,657,193	-	-	10,657,193	-	623,649	-	623,649	-	-	11,280,842
Financial assets measured at amortized cost	1,598,855	-	-	1,598,855	-	-	-	-	-	565	1,598,290
<b>Total</b>	<b>\$ 12,256,048</b>	<b>-</b>	<b>-</b>	<b>12,256,048</b>	<b>-</b>	<b>623,649</b>	<b>-</b>	<b>623,649</b>	<b>-</b>	<b>565</b>	<b>12,879,132</b>

  

December 31, 2022											
	Financial assets measured by amount of 12-month ECLs				Lifetime ECLs—not credit-impaired financial assets				Lifetime ECLs—credit-impaired financial assets	Impairment allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Financial assets measured at fair value through other comprehensive income—debt instruments	\$ 11,151,631	-	-	11,151,631	-	-	-	-	-	-	11,151,631
Financial assets measured at amortized cost	1,561,484	-	-	1,561,484	-	-	-	-	-	527	1,560,957
<b>Total</b>	<b>\$ 12,713,115</b>	<b>-</b>	<b>-</b>	<b>12,713,115</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527</b>	<b>12,712,588</b>

Note: There is no purchased or originated credit impaired financial assets in the above financial assets.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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For all notes receivable, accounts receivable and due from reinsurers and ceding companies, Fubon Insurance and its subsidiaries apply the simplified approach to estimate the expected credit loss, the analysis is as follows:

<b>December 31, 2023</b>					
	<b>Not overdue</b>	<b>30 days overdue</b>	<b>90 days overdue</b>	<b>90 days and above overdue</b>	<b>Total</b>
Expected credit loss rate	0%	2%~100%	0%~10%	20%~100%	
Carrying amount	\$ 6,793,132	1,658,446	158,296	15,769,892	24,379,766
Expected credit loss	-	16,651	12,747	1,291,265	1,320,663
<b>December 31, 2022</b>					
	<b>Not overdue</b>	<b>30 days overdue</b>	<b>90 days overdue</b>	<b>90 days and above overdue</b>	<b>Total</b>
Expected credit loss rate	0%~15%	2%~5%	10%~25%	25%~100%	
Carrying amount	\$ 19,812,009	634,693	179,670	130,362	20,756,734
Expected credit loss	58,617	13,595	13,014	27,626	112,852

- f) Determination on the credit risk that has increased significantly since initial recognition
- i) It may be assumed that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. Judgment criteria: External credit rating above investment grade (BBB-).
  - ii) Fubon Insurance and its subsidiaries determine whether the credit risk of financial instruments applying the impairment requirements in IFRS 9 increased significantly since the initial recognition on each reporting date. For this assessment, Fubon Insurance and its subsidiaries consider the reasonable and supportable information that shows the credit risk increased significantly since initial recognition (including forward-looking information). The main considerations include: external credit rating, overdue situation, credit spreads, and other market information related to the issuer or debtor, etc.

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

g) Definitions for default and credit impairment of financial assets

Fubon Insurance and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Insurance and its subsidiaries determine that the financial assets are defaulted and credit-impaired:

- i) Quantitative indicators: When financial assets-receivables are overdue for more than 90 days, it is determined that the financial assets have been breached and the credit is impaired.
- ii) Qualitative indicators: If there is evidence that the issuer or the debtor will be unable to pay the contract, or show that the issuer or the debtor has significant financial difficulties, such as:
  - 1. The issuer or the debtor has filed for bankruptcy or is likely to file a bankruptcy.
  - 2. The financial instrument's contract of the issuer's or debtor's has defaulted.
  - 3. The financial market of the financial asset disappeared due to the financial difficulties of the issuer or the debtor.
  - 4. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.
- iii) The aforementioned definition of breach of contract and credit impairment applies to all financial assets held by Fubon Insurance and its subsidiaries, and is consistent with the definition used for the purpose of internal credit risk management for financial assets, and is also applied to the relevant impairment assessment model.
- iv) If a financial asset no longer meets the definition of default and credit impairment for six consecutive months, it is deemed to return to the state of compliance and is no longer considered defaulted and credit-impaired.

h) Assessment of expected credit loss

i) Adopted methods and assumptions

For Fubon Insurance and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. If the financial assets are significantly increased in credit risk or the credits have been impaired, the expected credit losses for a lifetime will be recognized.

(Continued)

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

In order to measure expected credit losses, Fubon Insurance and its subsidiaries adopt probability of default (“PD”), and include loss given default (“LGD”) and exposure at default (“EAD”), and consider the impact of the time value of money, to calculate the expected credit losses for 12 months and lifetime, respectively.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Insurance and its subsidiaries, related impairment assessments are based on information on the default rate and loss given default regularly announced by Moody’s.

Fubon Insurance and its subsidiaries measure its exposure to breach of contract by the total amount of the amortized cost of financial instruments and interest receivable.

In order to determine if the credit risk has increased significantly since the initial recognition, Fubon Insurance and its subsidiaries assess the expected default risk during the existence of financial instruments on the reporting day, the rules for determination are as follows:

The financial instrument has the original rating, and is non-investment grade on the reporting date, and it falls at least one notch than the original score.

ii) Forward-looking information considerations

Fubon Insurance and its subsidiaries take forward-looking information into account when judging whether the credit risk of a financial instrument has increased significantly since its initial recognition and when the expected credit loss is measured. The default probability used by Fubon Insurance and its subsidiaries in relation to the impairment assessment is based on the default probability information published by Moody’s on a regular basis and contains forward-looking general economic information.

iii) The estimation techniques or material assumptions made by Fubon Insurance and its subsidiaries to assess expected credit losses have no significant changes during the reporting period.

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

iv) Changes in loss allowance

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

	2023			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 5,237	-	-	5,237
Changes due to recognition of financial instruments at beginning:				
– Transfer to lifetime expected credit losses	(406)	-	406	-
– Derecognition of financial assets at current period	(306)	-	-	(306)
Originated or purchased new financial assets	302	-	-	302
Effects of exchange rate changes and others	876	-	13,329	14,205
Ending balance	<u>\$ 5,703</u>	<u>-</u>	<u>13,735</u>	<u>19,438</u>
	2022			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 10,166	-	-	10,166
Changes due to recognition of financial instruments at beginning:				
– Derecognition of financial assets at current period	(5,422)	-	-	(5,422)
Originated or purchased new financial assets	642	-	-	642
Effects of exchange rate changes and others	(149)	-	-	(149)
Ending balance	<u>\$ 5,237</u>	<u>-</u>	<u>-</u>	<u>5,237</u>

2. Changes in loss allowance of financial assets measured at amortized cost

	2023			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 527	-	-	527
Effects of exchange rate changes and others	38	-	-	38
Ending balance	<u>\$ 565</u>	<u>-</u>	<u>-</u>	<u>565</u>
	2022			
	12-month ECLs	Lifetime ECLs (collective assessment)	Lifetime ECLs (individual assessment)	Impairment recognized due to IFRS 9
Beginning balance	\$ 465	-	-	465
Effects of exchange rate changes and others	62	-	-	62
Ending balance	<u>\$ 527</u>	<u>-</u>	<u>-</u>	<u>527</u>

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries have exposure to credit risk, including issuer credit risk, counterparty credit risk and credit risk of underlying assets.

(Continued)

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

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

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

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

Fubon Securities and its subsidiaries face credit risk arising from financial assets including bank deposits, debt securities, over the counter (OTC) derivative transactions, repurchase agreements, reverse sell agreements, securities borrowing and lending, refundable deposits, futures trading margin, other refundable deposits, and receivables.

a) Analysis of concentrations of credit risk

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

Financial assets	December 31, 2023					
	Credit risk exposure amount – by region					
	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	<u>\$100,058,070</u>	<u>1,372,123</u>	<u>17,960,342</u>	<u>618,031</u>	<u>8,468,981</u>	<u>128,477,547</u>
Proportion of the total	<u>77.88 %</u>	<u>1.07 %</u>	<u>13.98 %</u>	<u>0.48 %</u>	<u>6.59 %</u>	<u>100.00 %</u>

(Continued)

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

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

(Continued)



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

December 31, 2023												
Credit risk exposure amount — by industry												
Financial assets	Central and local											Total
	Financial service	government agencies	Retail and wholesale	Building and material	Biotechnology industry	Food and travel industry	Shipping industry	Electronic industry	Chemical industry	Motor vehicle industry	Other services	
Cash and cash equivalents	\$ 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
<b>Total</b>	<b>\$ 89,355,046</b>	<b>2,511,514</b>	<b>278,388</b>	<b>3,304,621</b>	<b>413,119</b>	<b>116,495</b>	<b>976,870</b>	<b>14,626,337</b>	<b>9,754,084</b>	<b>1,954,041</b>	<b>5,187,032</b>	<b>128,477,547</b>
Proportion of the total	<b>69.55 %</b>	<b>1.96 %</b>	<b>0.22 %</b>	<b>2.57 %</b>	<b>0.32 %</b>	<b>0.09 %</b>	<b>0.76 %</b>	<b>11.38 %</b>	<b>7.59 %</b>	<b>1.52 %</b>	<b>4.04 %</b>	<b>100.00 %</b>

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

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

Fubon Securities and its subsidiaries' exposure to credit risk is derived mainly from the financial industry and Taiwan because the Fubon Securities and its subsidiaries deposit cash in different financial institutions and hold debt securities issued or guaranteed by the banks; also, most of the Fubon Securities and its subsidiaries' counterparties of derivative transactions, investments in debt securities, and security lending are financial institutions in Taiwan.

b) Credit risk of financial assets

i) Cash and cash equivalents

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

ii) Financial assets measured at fair value—current

1. Debt securities

Fubon Securities and its subsidiaries hold positions in debt securities, including bonds, convertible bonds and bond funds, which are issued by domestic companies. The details of debt securities are as follows:

a. Convertible bonds

Convertible bonds held by Fubon Securities and its subsidiaries are primarily issued by domestic companies with good credit scores. To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.

b. Bond funds

The underlying assets of bond funds held by Fubon Securities and its subsidiaries are mainly fixed income securities.

2. Bonds with repurchase/resell agreement (RP/RS) undertaking

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

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

3. Derivatives—Over-the-Counter (OTC)

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

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

4. Derivatives—futures trading margin

For trading on the centralized futures market, Fubon Securities and its subsidiaries deposit futures trading margin into an account designated by Fubon Securities and its subsidiaries as a guarantee of future funding to fulfill a contractual obligation. Fubon Futures and Yuanta Futures are futures commission merchants. Since Fubon Futures is a 100%-owned subsidiary, the credit risk is very low.

5. Other debt securities

Other debt securities are mainly the real estate beneficiary securities, Fubon R1. Because of the good quality of entrusted assets and the above-average quality of renters in the asset pool, Fubon Securities and its subsidiaries have low credit risk.

iii) Margin deposits for borrowed securities

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iv) Other refundable deposits

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

v) Other current assets

Other current assets of Fubon Securities and its subsidiaries are cash provided for pledge or restricted use to domestic financial institutions with good credit.

c) Credit risk quality classification definitions

i) Credit Risk quality classification definitions

In terms of credit risk quality, Fubon Securities and its subsidiaries categorize the quality into three levels, which are low risk, medium risk and high risk, based on the credit rating. The definition of each level is as follow:

Low Risk: exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

Medium Risk: exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with medium default risk.

High Risk: exposures require varying degrees of special attention and default risk is of greater concern.

Impaired: Fubon Securities and its subsidiaries or the target do not perform its obligation according to the contracts and the potential estimated loss has reached the standard of impairment. The information of credit risk quality was as follow:

December 31, 2023										
Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal	-	-	-
\$ 11,589,147	1,238,460	-	12,827,607	-	-	-	-	-	4,659	12,822,948

Financial assets measured fair value through other comprehensive income – debt instruments

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

December 31, 2022 (Restatement)										
Financial assets measured by 12-month ECLs				Lifetime ECLs – not credit-impaired financial assets				Lifetime ECLs – credit-impaired financial assets	Impairment allowance	Total
Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal			
Financial assets measured 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 Fubon Securities and its subsidiaries were as follows. There were no direct relations between the internal and the external credit rating in the chart, and they were used to present the similarity of credit quality.

December 31, 2023							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 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
Derivative assets – OTC	89,949	380,266	-	-	-	-	470,215
Derivative assets – 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	<u>107,687,805</u>	<u>20,680,009</u>	<u>114,392</u>	<u>-</u>	<u>-</u>	<u>4,659</u>	<u>128,477,547</u>
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	<u>\$ 150,339,639</u>	<u>37,196,049</u>	<u>918,643</u>	<u>-</u>	<u>180,011</u>	<u>184,670</u>	<u>188,449,672</u>
Proportion of the total	<u>79.78 %</u>	<u>19.74 %</u>	<u>0.49 %</u>	<u>-</u>	<u>0.09 %</u>	<u>0.10 %</u>	<u>100.00 %</u>

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

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

December 31, 2022 (Restatement)							
Financial assets credit quality and classification							
Financial assets	Low risk	Medium risk	High risk	Overdue but not impaired	Impaired	Impairment allowance	Total
Cash and cash equivalents	\$ 31,992,535	12,019,691	-	-	-	-	44,012,226
Customer margin account	31,425,419	-	-	-	-	-	31,425,419
Financial assets mandatorily measured at fair value through profit or loss – current	12,632,086	7,479,555	277,025	-	-	-	20,388,666
Debt securities	11,731,811	7,026,550	277,025	-	-	-	19,035,386
Derivative assets – OTC	117,581	453,005	-	-	-	-	570,586
Derivative assets – Futures trading margin	398,978	-	-	-	-	-	398,978
Foreign exchange derivatives	6,706	-	-	-	-	-	6,706
Other debt securities	377,004	-	-	-	-	-	377,004
Call option – Futures	6	-	-	-	-	-	6
Margin deposits for borrowed securities	5,619,101	-	-	-	-	-	5,619,101
Other refundable deposits	2,078,659	-	-	-	-	-	2,078,659
Other current assets	3,067,547	-	-	-	-	-	3,067,547
Financial assets measured at fair value through other comprehensive income – debt instruments	2,520,956	1,261,389	-	-	-	2,151	3,780,194
Subtotal	<b>89,336,303</b>	<b>20,760,635</b>	<b>277,025</b>	<b>-</b>	<b>-</b>	<b>2,151</b>	<b>110,371,812</b>
Proportion of the total	<b>80.94 %</b>	<b>18.81 %</b>	<b>0.25 %</b>	<b>- %</b>	<b>- %</b>	<b>- %</b>	<b>100.00 %</b>
Receivables	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	<b>\$ 114,596,244</b>	<b>31,786,742</b>	<b>1,030,735</b>	<b>-</b>	<b>180,150</b>	<b>182,301</b>	<b>147,411,570</b>
Proportion of the total	<b>77.74 %</b>	<b>21.56 %</b>	<b>0.70 %</b>	<b>- %</b>	<b>0.12 %</b>	<b>0.12 %</b>	<b>100.00 %</b>

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

As seen in above tables, Fubon Securities and its subsidiaries have no financial assets which are overdue but not impaired. 0.49% of normal assets are classified under high risk category. Those assets mainly are receivables from pecuniary finance and construction and materials industry convertible bonds. The details of assets classified as high risk are as follows:

1. Cash and cash equivalents: To fulfill daily settlement payments and remittance operations, it is required to deposit a certain amount to the main delivery lines for the brokerage business and other operations. The management of Fubon Securities and its subsidiaries periodically review the financial condition, operation and credit risk.
2. Debt securities: To control exposure to credit risk from convertible bonds, Fubon Securities and its subsidiaries transfer credit risk to external investors by asset swaps.
3. Receivables from pecuniary finance: The risk of financial loss arises from price fluctuation in the underlying securities. To lower credit risk, Fubon Securities and its subsidiaries closely monitor market volatility of underlying assets and set strict control over counterparty credit risk.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- ii) Determination on the credit risk that has increased significantly since initial recognition

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

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

Fubon Securities and its subsidiaries use the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Securities and its subsidiaries determine that the financial assets has been defaulted and credit-impaired:

1. Quantitative indicators

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

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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- Due to financial or contractual reasons related to the financial difficulties of the borrower / issuer, the creditor of the borrower / issuer gives the borrower a concession that would not have been considered.
- Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.

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

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

iv) Expected credit loss measurement

1. Adopted methods and assumptions

For Fubon Securities and its subsidiaries, if the financial assets are of low credit risk or no significant increase in credit risk, the 12-month expected credit losses will be recognized. Financial instruments and operating lease receivables for which the credit risk has increased significantly since the initial recognition or for which the credit has been impaired, are measured at the expected credit loss over the remaining period.

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



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

The estimation techniques or material assumptions made by Fubon Securities and its subsidiaries to assess expected credit losses have no significant changes for the years ended December 31, 2023 and 2022.

v) Forward-looking information considerations

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

One of the determinations of whether the credit risk of debt investments measured at fair value through other comprehensive income held by Fubon Securities and its subsidiaries has increased significantly, is based on the external ratings from international credit rating agencies (Moody' s). The expected credit losses calculation is referred to the external rating scale and Moody' s regularly published default rate and loss given default information. The forward-looking macroeconomic condition is considered and is appropriately adjusted.

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vi) Changes in loss allowance

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

As of 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					The loss allowances measured in accordance with IFRS 9	Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)		
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	<u>\$ 4,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,659</u>	<u>4,659</u>

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	2022 (Restatement)						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ 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	<u>\$ 2,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,151</u>	<u>2,151</u>

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

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

As of 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 measured 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	<u>\$ -</u>	<u>-</u>	<u>215,868</u>	<u>35,802</u>	<u>-</u>	<u>251,670</u>	<u>251,670</u>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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	2022 (Restatement)						Total
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit-impaired financial assets)	Lifetime ECLs (purchased or originated credit-impaired financial assets)	The loss allowances measured in accordance with IFRS 9	
Beginning balance	\$ -	-	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	<u>\$ -</u>	<u>-</u>	<u>212,681</u>	<u>36,644</u>	<u>-</u>	<u>249,325</u>	<u>249,325</u>

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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vii) Impairment loss

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

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

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

Fubon Securities and its subsidiaries have persistently tried to settle the aforementioned claims, and recorded the uncollected receivables from such unsettled pecuniary finance contracts and the past-maturity corporate bonds as overdue receivables.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosure related to Fubon Bank (Hong Kong) and its subsidiaries is all expressed in thousands of HKD, unless otherwise stated.

a) Sources and definition of credit risk

Credit risk is the risk of suffering financial loss in the event that any of Fubon Bank (Hong Kong) and its subsidiaries' customers or counterparties fail to fulfill their obligation to Fubon Bank (Hong Kong) and its subsidiaries. It arises mainly from loans and advances, debt securities held, and counterparty credit risk arising from derivative contracts entered into with customers or counterparties. It also arises from trading and treasury activities.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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b) Strategy, objectives, policies and procedures

Fubon Bank (Hong Kong) and its subsidiaries manage credit risk through a framework of controls to ensure credit risk taking activities are based on sound principles and in line with the overall business objectives of Fubon Bank (Hong Kong) and its subsidiaries. It has established a set of credit policies and procedures, which define the credit risk taking criteria, the credit approval upper limit delegated from the Board of Directors, credit monitoring processes, credit rating and sorting systems, and loan impairment criteria.

The credit risk management process is designed to facilitate early detection of customer, industry, or product risk exposures that require special monitoring. The overall portfolio risk is subject to continuous monitoring. The general risk management report covers information including large-scale risk assumptions, national risk assumptions, industry risk assumptions, loan quality, and loan depreciation, then it is submitted to the Credit Committee, the Executive Credit Committee, and the Risk Committee.

c) Credit risk management framework

The Board of Directors have delegated credit approval authorities to the following in descending order of authority: The Executive Credit Committee, the Credit Committee and the Wholesale Credit Committee. The Executive Credit Committee serves as the credit committee of the Board of Directors to review and approve credits that require the approval from the Board of Directors. In addition, it approves Fubon Bank (Hong Kong) and its subsidiaries' credit policies and credit risk profile, taking into consideration relevant law and regulations.

The Credit Committee is a management level committee that provides management oversight of Fubon Bank (Hong Kong) and its subsidiaries' credit risk management. It ensures that Fubon Bank (Hong Kong) and its subsidiaries have in place an effective credit risk management framework and that its credit risks are within the credit policies and credit risk profile as specified by the Board of Directors or its delegated committees. The Credit Committee reviews and endorses credit policies and the credit risk profile for the Executive Credit Committee's approval, and reviews and approves credit related guidelines. It also conducts ongoing review of the market environment and makes necessary policy recommendations to the Executive Credit Committee to ensure that the credit risk profile of Fubon Bank (Hong Kong) and its subsidiaries is within the established risk appetite of Fubon Bank (Hong Kong) and its subsidiaries. The Credit Committee also reviews and approves credits that are within the authority as delegated by the Board of Directors.

The Wholesale Credit Committee reviews and approves wholesale credits that are within its authority as delegated by the Board of Directors.

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The credit units, Enterprise Credit Risk Management Department, Special Assets Management Department and Retail Credit Risk Oversight & Data Analytics Team, provide centralized management of credit risk for corporate credits and retail credits respectively. They are responsible for:

- i) independent evaluation of corporate credit applications;
- ii) monitoring loan portfolios and conducting regular analysis;
- iii) managing problematical corporate credits to achieve the highest recovery;
- iv) recommending loan classification, impairment and charge-off;
- v) reporting to the Credit Committee and Executive Credit Committee regularly on aspects of the loan portfolio.

Compliance reviews are conducted by independent unit on an ongoing basis to ensure compliance with applicable laws and regulations, standards, guidelines and codes of practice. The internal audit function of Fubon Bank (Hong Kong) and its subsidiaries is an independent appraisal function set up with the primary objective of evaluating the internal control system and compliance with laws, regulatory guidelines and internal control policies.

Credit risk limits are set at different levels, including portfolio and individual customer levels, taking into consideration various factors including market situation, capital requirements, and the returns.

- d) Risk report and evaluation system

Specific policies and measures to address different kinds of credit related activities are set out below:

- i) Institutional Banking

Credit risk from institutional bank is managed by conducting thorough credit evaluation, credit risk mitigation through collateral and guarantee, internal credit rating system and post-approval monitoring system. Subject to the size of the credit, the value of collateral and the internal credit rating of the client, different levels of credit approval agencies are required. Credit decision takes into account facility structure, tenor, the repayment ability of the obligor and credit mitigation through collateral and guarantee.

Fubon Bank (Hong Kong) and its subsidiaries have established limits for credit exposure to individual industry and customer groups, regardless of whether the credit exposure is funded or non-funded. Fubon Bank (Hong Kong) and its subsidiaries also undertake ongoing credit review and monitoring at several levels. The relevant policies and procedures also take into account the rules under the Hong Kong Banking Ordinance, regulatory requirements of the HKMA and best market practices.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Retail Banking

Credit risk from Retail Banking is product driven, arising from retail loan products such as credit cards, unsecured personal loans, merchant receivable financing, mortgage loans and loans secured with wealth management products. Because of the homogeneous nature of these products, credit risk management is primarily based on statistical analyses of risks with respect to different types of product, collateral and customer. Fubon Bank (Hong Kong) and its subsidiaries determine product terms and desired customer profiles on a regular basis by developing, validating and fine-tuning internal scorecards and stress testing models.

iii) Counterparty credit risk

Unlike on-balance sheet instruments, where the credit risk is generally represented by the principal value of loans or other financial instruments, counterparty credit risk means counterparty default risk, credit valuation adjustment risk and settlement risk. Counterparty credit risk exposure means an exposure to counterparty credit risk, which involves situation in which Fubon Bank (Hong Kong) and its subsidiaries enter into a derivative or non-same day spot foreign currency exchange settlement transaction with a counterparty which may subsequently fail to meet its obligations on or before the final settlement of the transactions. These credit exposures are managed as part of the overall credit limits to the counterparties and central clearing counterparty. In evaluating the credit risk associated with counterparty, financial strength is always the primary considerations. Fubon Bank (Hong Kong) and its subsidiaries use the current exposure method for the purpose of providing capital for such counterparty exposures.

Wrong way risk occurs when the credit exposure to a counterparty is adversely correlated with the credit quality of the counterparty. Credit exposures and potential losses may increase as a result of adverse change in market conditions. Fubon Bank (Hong Kong) and its subsidiaries have set up policies and procedures to control wrong-way risk.

iv) Credit-related commitments

The risks involved in credit-related commitments and contingencies are essentially the same as the credit risk involved in extending loan facilities to customers. These transactions are, therefore, subject to the same credit application, portfolio management and collateral requirements as for loan transactions.

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v) Concentration of credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of clients or counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by client group, industry and product, but are concentrated in Hong Kong.

e) Mitigation or hedging policy, and monitoring strategy and procedure

Fubon Bank (Hong Kong) and its subsidiaries' credit evaluation focuses primarily on the obligor's repayment ability from its cash flow and financial condition. In addition, Fubon Bank (Hong Kong) and its subsidiaries employ various credit risk mitigation measures such as appropriate facility structuring, posting of collateral and/or third-party support as well as transfer of risk to other third-parties, which form an integral part of the credit risk management process. Credit and market concentration risks of credit risk reduction measures used by Fubon Bank (Hong Kong) and its subsidiaries are minimal. The most commonly used credit risk mitigation measures are provided below:

**Collateral**

Fubon Bank (Hong Kong) and its subsidiaries hold collateral against taking credit risk mainly in the form of cash deposits, marketable securities, and mortgage interest over property and guarantees. Fubon Bank (Hong Kong) and its subsidiaries have in place policies and procedures that govern the assessment, acceptance and the periodic valuation of the collateral. Collateral taken to secure credit risk is revalued periodically ranging from daily to annually depending on the type of collateral. For treasury operations, collateral taken is marked to market daily.

**Master netting agreements**

Collateral generally is not held over credit risk extended to banks, except when securities are held as part of reverse repurchase and securities borrowing activity. However, where applicable, Fubon Bank (Hong Kong) and its subsidiaries manage credit exposure to banks by entering into master netting arrangements whenever it is appropriate and feasible to do so. The netting arrangement results in the settlement of counterparty exposure on a net basis in the event a default occurs.

Fubon Bank (Hong Kong) and its subsidiaries' preferred agreement for documenting derivatives activity is the ISDA Master Agreement which covers the contractual framework within which dealing activity across a full range of over-the-counter derivative instruments is conducted and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or following other pre-agreed termination events.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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It is also common for Fubon Bank (Hong Kong) and its subsidiaries to execute a Credit Support Annex in conjunction with the ISDA Master Agreement with the counterparty to mitigate the inherent market risk of derivative instruments.

f) Determination on credit risk significantly increase

Fubon Bank (Hong Kong) reviews the credit risk of financial assets at the reporting date to determine if the credit risk of individual financial assets have increased significantly since the initial recognition. Fubon Bank (Hong Kong) mainly considers the following in order to make a decision:

- i) The financial asset is overdue for 30 days or more
- ii) The debtor's internal credit rating declined significantly
- iii) The debtor's external credit rating dropped significantly
- iv) The debtor's industry was identified as a high-risk industry and its internal credit rating was low or individual indicators reached an early warning level
- v) Debtor was classified at the category of extra attention by Fubon Bank (Hong Kong)

g) The definition of breach of contract

Fubon Bank (Hong Kong) uses the same definitions for default and credit impairment of financial assets. If one or more of the following conditions are met, Fubon Bank (Hong Kong) determines that the financial assets have been defaulted and credit-impaired:

i) Quantitative indicators

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

ii) Qualitative indicators

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

- 1. The borrower has filed for bankruptcy or is likely to file a bankruptcy.
- 2. The borrower has died or the company is dissolved.
- 3. The financial instrument's contract of the borrower's has been breached.
- 4. The financial market of the financial asset disappeared due to the financial difficulties of the borrower.

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5. Due to financial or contractual reasons related to the financial difficulties of the borrower, the creditor of the borrower gives the borrower a concession that would not have been considered.
6. Purchase or originate financial assets at a substantial discount that reflects the credit losses have occurred.

h) Expected credit losses measurement

Fubon Bank (Hong Kong) classifies different types of financial assets into different groups based on their product categories and debtor identities, so that expected credit losses can be calculated to correspond to different risk parameters.

For Fubon Bank (Hong Kong), if there is no significant increase in credit risk of financial assets, the 12-month expected credit losses will be recognized. If the financial assets are significantly increase in credit risk, the expected credit losses for a lifetime will be recognized.

When Fubon Bank (Hong Kong) provides expected credit losses, it will consider the debtor's probability of default, and include loss given default and exposure at default, and consider the impact of the time value of money to calculate the corresponding expected credit loss.

Default probability is how likely the issuer or debtor breaches the contract, and the loss given default is the rate of loss due to default by the issuer or debtor. The default probability and loss given default used by Fubon Bank (Hong Kong) are based on the historical information of internal credit losses of each combination and makes corresponding adjustments based on the current observable data and forward-looking general economic information. If individual portfolios do not have a history of credit losses, Fubon Bank (Hong Kong) will use similar combinations of credit loss history or external credit loss histories for the portfolio. In terms of loss given default, Fubon Bank (Hong Kong) mainly bases on the market value of individual collateral, and makes corresponding adjustments based on the relevant forward-looking general economic information. In determining the amount of breach of contract, Fubon Bank (Hong Kong) will consider historical data and will make an estimate of its future withdrawal amount for the amount of commitment not yet withdrawn on the statement date, to be included in the amount of breach of contractual risk.

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i) Financial assets measured at amortized cost

		Units: In thousands of HKD				
		2023				
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 63,513	-	1,069	-	-	64,582
Changes due to financial instruments recognized as at beginning:						
– Derecognition of financial assets at current period	(14,237)	-	(127)	-	-	(14,364)
Originated or purchased new financial assets	16,359	-	-	-	-	16,359
Effects of exchange rate changes and others	(11,338)	-	555	-	-	(10,783)
Ending balance	<u>\$ 54,297</u>	<u>-</u>	<u>1,497</u>	<u>-</u>	<u>-</u>	<u>55,794</u>
		Units: In thousands of HKD				
		2022				
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 49,563	-	6,069	-	-	55,632
Changes due to financial instruments recognized as at beginning:						
– Derecognition of financial assets at current period	(9,574)	-	1,257	-	-	(8,317)
Originated or purchased new financial assets	11,629	-	-	-	-	11,629
Effects of exchange rate changes and others	11,896	-	(6,258)	-	-	5,638
Ending balance	<u>\$ 63,514</u>	<u>-</u>	<u>1,068</u>	<u>-</u>	<u>-</u>	<u>64,582</u>

ii) Discounts and Loans

		Units: In thousands of HKD				
		2023				
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 233,758	-	244,490	-	-	478,248
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(4,642)	-	4,642	-	-	-
– Transfer to 12-month ECLs	4,078	-	(4,078)	-	-	-
– Derecognition of financial assets at current period	(119,346)	-	(10,315)	-	-	(129,661)
Originated or purchased new financial assets	87,290	-	524,649	-	-	611,939
Write-off	-	-	(514,065)	-	-	(514,065)
Effects of exchange rate changes and others	(31,631)	-	(68,287)	-	-	(99,918)
Ending balance	<u>\$ 169,507</u>	<u>-</u>	<u>177,036</u>	<u>-</u>	<u>-</u>	<u>346,543</u>

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Units: In thousands of HKD

	2022					
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 169,019	-	330,104	-	-	499,123
Changes due to financial instruments recognized as at beginning:						
– Transfer to lifetime ECLs	(3,464)	-	3,464	-	-	-
– Transfer to 12-month ECLs	2,671	-	(2,671)	-	-	-
– Derecognition of financial assets at current period	(58,397)	-	(12,325)	-	-	(70,722)
Originated or purchased new financial assets	101,864	-	14,052	-	-	115,916
Write-off	-	-	(334,292)	-	-	(334,292)
Effects of exchange rate changes and others	22,066	-	246,158	-	-	268,224
Ending balance	<u>\$ 233,759</u>	<u>-</u>	<u>244,490</u>	<u>-</u>	<u>-</u>	<u>478,249</u>

## iii) Off-balance sheet guarantees and commitments

Units: In thousands of HKD

	2023					
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 25,068	-	7,804	-	-	32,872
Effects of exchange rate changes and others	(6,535)	-	(1,515)	-	-	(8,050)
Ending balance	<u>\$ 18,533</u>	<u>-</u>	<u>6,289</u>	<u>-</u>	<u>-</u>	<u>24,822</u>

Units: In thousands of HKD

	2022					
	12-month ECLs	Lifetime ECLs (collectively assessed)	Lifetime ECLs (individually assessed)	Lifetime ECLs (not purchased or originated credit- impaired financial assets)	Lifetime ECLs (purchased or originated credit- impaired financial assets)	The loss allowances measured in accordance with IFRS 9
Beginning balance	\$ 27,093	-	6,057	-	-	33,150
Effects of exchange rate changes and others	(2,025)	-	1,747	-	-	(278)
Ending balance	<u>\$ 25,068</u>	<u>-</u>	<u>7,804</u>	<u>-</u>	<u>-</u>	<u>32,872</u>

(Continued)

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

i) The maximum exposure to credit risk

The balance sheet is not considering the maximum exposure to credit risk of the guarantees and other credit instruments being the same as their book value. The maximum exposure to credit risk of financial instruments off balance sheet is as follows (not considering the guarantees or other credit instruments):

<u>Off-balance sheet items</u>	Units: In thousands of HKD	
	<u>Maximum exposure to credit risk</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Irrevocable loan commitments	\$ 3,424,488	2,295,063
Standby letters of credit	394,250	342,556
Financial guarantees	205,741	126,262
<b>Total</b>	<b>\$ 4,024,479</b>	<b>2,763,881</b>

The maximum exposure of assets and off-balance sheet items pledged as collaterals, general agreement of net amount settlement and other credit enhancement tools are as follows:

<u>On-balance sheet items</u>	<u>December 31, 2023</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
Discounts and loans	34.74 %	-	45.95 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	3.04 %
<u>On-balance sheet items</u>	<u>December 31, 2022</u>		
	<u>Collaterals</u>	<u>General agreement of net amount settlement</u>	<u>Other credit enhancement tools</u>
Discounts and loans	35.16 %	-	55.41 %
Financial assets measured at amortized cost			
– Bonds investments	-	-	6.24 %

(Continued)

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

j) The significant concentrations of the credit risk

Concentration of credit risk exists when changes in geographic, economic or industry factors similarly affect groups of borrowers or market counterparties whose aggregate credit exposure is material in relation to Fubon Bank (Hong Kong) and its subsidiaries' total exposures. Fubon Bank (Hong Kong) and its subsidiaries' financial risk exposure are diversified by obligor group, industry and product, but are concentrated in Hong Kong.

Information of loans and nonperforming loans in different industries, areas and guarantees with significant concentration of credit risk is as follow:

i) By industry and by area

Industry and area	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Units: In thousands of HKD				
Commercial and financial				
Property development	\$ 7,109,914	10.36	4,919,629	7.39
Property investment	9,348,315	13.63	9,292,497	13.97
Financial concerns	2,436,181	3.55	1,737,027	2.61
Stockbrokers	10,000	0.01	1,091,439	1.64
Wholesale and retail trade	1,290,380	1.88	1,360,563	2.04
Manufacturing	2,400,524	3.50	2,918,750	4.39
Transport and transport equipment	156,755	0.23	322,610	0.48
Information technology	816,757	1.19	702,039	1.06
Electricity and gas	472,545	0.69	569,626	0.86
Others	6,174,614	9.00	5,895,050	8.86
Individuals				
Project plan	1,831	-	2,255	-
Loan for the purchase of other residential properties	13,154,087	19.19	13,623,919	20.48
Credit card advances	890,442	1.30	795,183	1.20
Others	3,368,873	4.91	3,749,312	5.63
	47,631,218	69.44	46,979,899	70.61
Trade finance	5,947,562	8.67	5,141,619	7.73
Gross advances for use in Hong Kong	53,578,780	78.11	52,121,518	78.34
Gross advances for use outside Hong Kong	15,017,211	21.89	14,415,443	21.66
Gross advances to customers	<u>\$ 68,595,991</u>	<u>100.00</u>	<u>66,536,961</u>	<u>100.00</u>

(Continued)



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

ii) By collateral

Collateral	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
	Units: In thousands of HKD			
Unsecured	\$ 44,764,360	65.26	43,141,893	64.84
Secured				
– Financial collateral	337,909	0.49	332,315	0.50
– Real estate	23,371,022	34.07	22,871,028	34.37
– Other collateral	122,700	0.18	191,725	0.29
Total	<b>\$ 68,595,991</b>	<b>100.00</b>	<b>66,536,961</b>	<b>100.00</b>

k) The analysis of credit quality and impairment of financial instruments

i) Credit quality analysis of financial assets

The definition of credit risk is as follow:

1. Low risk: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.
2. Medium risk: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with medium default risk.
3. High risk: Exposures require varying degrees of special attention and default risk is of greater concern.

	December 31, 2023											
	stage1				stage2				stage3		Loss allowance	
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Total	Total		
Discounts and loans												
Personal finance												
– Mortgage	\$ 19,318,142	-	-	19,318,142	-	343,169	-	343,169	11,511	33,082	19,639,740	
– Consumer loans	2,258,532	-	-	2,258,532	-	373,111	-	373,111	12,891	26,131	2,618,403	
Corporate finance												
– Commercial loans	42,951,117	-	-	42,951,117	-	2,990,709	-	2,990,709	336,809	286,619	45,992,016	
Due from the central bank and call loans to banks	12,132,790	-	-	12,132,790	-	-	-	-	-	2,444	12,130,346	
Financial assets measured at amortized cost – debt instruments	48,401,354	-	589,622	48,990,976	38,367	-	-	38,367	-	53,436	48,975,907	
Off-balance sheet items:												
Guarantee and commitments	27,858,164	-	-	27,858,164	-	295,038	-	295,038	-	24,822	28,128,380	

(Continued)

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

Units: In thousands of HKD

	December 31, 2022										
	stage1				stage2				stage3	Loss allowance	Total
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
Discounts and loans											
Personal finance											
– Mortgage	\$ 20,049,124	-	-	20,049,124	-	219,639	-	219,639	3,563	43,362	20,228,964
– Consumer loans	2,518,946	-	-	2,518,946	-	330,748	-	330,748	5,420	23,429	2,831,685
Corporate finance											
– Commercial loans	40,475,005	-	-	40,475,005	-	2,642,218	-	2,642,218	292,298	411,458	42,998,063
Due from the central bank and call loans to banks	8,951,720	-	-	8,951,720	-	-	-	-	-	556	8,951,164
Financial assets measured at amortized cost – debt instruments	42,677,506	-	977,460	43,654,966	53,422	-	-	53,422	-	64,026	43,644,362
Off-balance sheet items:											
Guarantee and commitments	29,818,750	-	-	29,818,750	-	397,087	-	397,087	-	32,872	30,182,965

(iv) Liquidity risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) Source and definition of liquidity risk

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

b) Management strategy and principles

Taipei Fubon Bank (The Bank)

- i) The Bank's strategy is to lower liquidity risk by acquiring stable, low interest rate, sufficient funding to cover asset size growth and meet obligation on matured liabilities and to escape gaps from between funding availability and demand.
- ii) The principle is to harmonize fund availability with the Bank's deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central bank's policies to increase fund use and lower liquidity risk. The Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdown and repayment, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.
- iii) The Bank has set funding liquidity risk limit indicators to monitor and manage the liquidity risk of the Bank. The general manager is authorized to set up the funding liquidity risk limit within the scope of regulations and risk appetite and regularly reports to Assets and Liabilities Management Committee and the Board of Directors (Managing Directors).

(Continued)

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

Fubon Bank (China)

- i) The liquidity risk management strategy of Fubon Bank (China) aims not only at meeting compliance and regulatory requirements but also finding sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term assets allocation and dispersing sources of funds on the basis of market conditions, Fubon Bank (China) manages its liquidity risk exposure at an acceptable level to ensure its sustainable business operations and sound reputation.
  - ii) The liquidity risk management of Fubon Bank (China) is centralized given the size and complexity of its current business scope with an organizational structure suitable for its liquidity exposure. The Board of Directors take the ultimate responsibility of the bank's liquidity risk management. The management is in charge of implementations of liquidity management, authoring the Asset & Liability Management Committee (ALCO) to implement daily management duties. Liquidity risk assessment reports are submitted via ALCO to the Risk & Related Party Transaction Committee and Board of Directors on a quarterly basis.
  - iii) The liquidity risk management of Fubon Bank (China) involves the full participation of staff in the dynamic prevention, scientific quantification and prudent management of risk to ensure that Fubon Bank (China) has sufficient funding for its capital growth and various obligations.
- c) Maturity analysis

The Bank's management policy is to match the maturities and interest rates of assets and liabilities, and to control the un-matched gap. Because of uncertain terms and different conditions, the maturities and interest rates of assets and liabilities usually do not match perfectly, and may result in a potential gain or loss. To maintain proper liquidity, the Bank uses appropriate ways to group assets and liabilities in order to evaluate liquidity and to monitor the ratios of short-term negative funding gap to total asset in major currencies.

(Continued)

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

An analysis of cash inflow and outflow in assets and liabilities held by Taipei Fubon Bank and its subsidiaries for managing liquidity risk for the remaining periods from the balance sheet date to the contractual maturity dates. The maturity analysis of financial assets and liabilities, derivatives assets and liabilities, and off-balance sheet items in main currencies was as follows (except for non-deliverable derivatives, all were non-discounted contractual cash flow):

i) The maturity analysis of financial assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

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

(Continued)

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

Units: In thousands of TWD

	<b>December 31, 2022</b>					
	<b>0-30 days</b>	<b>31-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 76,597,060	7,682,352	4,811,940	9,149,655	28,355,405	126,596,412
Investment in marketable securities (Note 2)	197,883,815	5,700,832	45,973,424	87,676,342	197,661,180	534,895,593
Securities purchased under resell agreements	10,713,908	170,095	-	-	-	10,884,003
Loans (included overdue loans)	57,112,670	123,407,105	94,744,167	105,389,737	1,090,658,929	1,471,312,608
Deliverable derivative assets	185,153,123	252,207,168	112,112,591	89,841,643	15,498,665	654,813,190
Non-deliverable derivative assets	5,578,874	-	-	689	30,592	5,610,155
Other capital inflow on maturity	38,739,380	11,544,780	11,416,863	7,356,904	30,870,787	99,928,714
<b>Total assets</b>	<b>\$ 571,778,830</b>	<b>400,712,332</b>	<b>269,058,985</b>	<b>299,414,970</b>	<b>1,363,075,558</b>	<b>2,904,040,675</b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 4,184,908	1,000	132,695	-	108,000	4,426,603
Deposits and remittances	164,613,713	238,706,142	149,536,135	284,335,218	879,620,463	1,716,811,671
Securities sold under repurchase agreements	-	5,104,109	10,628	31,031	-	5,145,768
Payables	408,103	494,376	546,519	788,285	71,910	2,309,193
Financial bonds payable and due to the central bank and banks	-	-	-	500,680	84,913,818	85,414,498
Deliverable derivative liabilities	213,369,515	321,570,405	157,610,070	93,421,248	15,039,020	801,010,258
Non-deliverable derivative liabilities	5,438,177	-	-	-	835,925	6,274,102
Other capital outflow on maturity	15,658,725	4,248,688	4,065,460	774,271	14,110,981	38,858,125
<b>Total liabilities</b>	<b>\$ 403,673,141</b>	<b>570,124,720</b>	<b>311,901,507</b>	<b>379,850,733</b>	<b>994,700,117</b>	<b>2,660,250,218</b>

Note 1: The above amounts include only New Taiwan dollar amounts (exclude foreign currencies) held by headquarter and domestic branches of Taipei Fubon Bank.

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

Note 3: The amount as of December 31, 2022 excluded JihSun Bank.

(Continued)

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

ii) The maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

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

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

Units: In thousands of USD

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

Note1: The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

Note2: Investment in marketable securities includes financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and debt investments measured at amortized cost.

Note 3: The amount as of December 31, 2022 excluded JihSun Bank.

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

iii) The maturity analysis of financial assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	December 31, 2023					
	0-30 days	31-90 days	91-365 days	Over 1 year	Undetermined	Total
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 4,409,196	2,584	-	-	5,680,738	10,092,518
Investment in marketable securities (Note)	813,667	2,147,980	14,370,925	50,931,543	203,899	68,468,014
Loans (included overdue loans)	10,655,210	11,913,339	26,887,702	24,850,976	-	74,307,227
Deliverable derivative assets	54,491,307	40,482,839	75,514,381	411,184	-	170,899,711
Non-deliverable derivative assets	27,186	3,597	11,236	1,290	-	43,309
Other capital inflow on maturity	1,381,035	1,600,977	2,130,273	-	1,059,799	6,172,084
Total assets	<u>\$ 71,777,601</u>	<u>56,151,316</u>	<u>118,914,517</u>	<u>76,194,993</u>	<u>6,944,436</u>	<u>329,982,863</u>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 4,190,758	2,737,220	36,470	-	-	6,964,448
Due to the central bank and banks	-	398,496	721,529	-	-	1,120,025
Deposits and remittances	37,732,780	13,321,439	23,214,482	22,428,112	-	96,696,813
Securities sold under repurchase agreements	4,613,890	-	-	-	-	4,613,890
Payables	2,267,653	1,087,874	1,914,320	538	-	5,270,385
Financial bonds payable	20,400	-	137,400	4,409,729	-	4,567,529
Deliverable derivatives liabilities	54,312,356	40,392,239	75,440,010	410,689	-	170,555,294
Non-deliverable derivatives liabilities	27,437	2,590	13,117	-	-	43,144
Other capital outflow on maturity	5,235,051	5,778,760	4,928,250	214,894	209	16,157,164
Total liabilities	<u>\$ 108,400,325</u>	<u>63,718,618</u>	<u>106,405,578</u>	<u>27,463,962</u>	<u>209</u>	<u>305,988,692</u>

(Continued)



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

Units: In thousands of CNY

	<b>December 31, 2022</b>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-365 days</u>	<u>Over 1 year</u>	<u>Undetermined</u>	<u>Total</u>
<b>Assets</b>						
Cash and due from / call loans to banks	\$ 7,608,114	3,052	-	-	6,096,376	13,707,542
Investments in marketable securities (Note)	3,003,534	1,031,316	14,479,068	50,082,968	666,888	69,263,774
Securities purchased under resell agreements	1,988,451	-	-	-	-	1,988,451
Loans (included overdue loans)	6,418,714	11,674,880	16,507,504	22,667,215	-	57,268,313
Deliverable derivative assets	53,259,317	41,155,121	69,911,669	169,242	-	164,495,349
Non-deliverable derivative assets	3,073	4,158	36,434	2,939	-	46,604
Other capital inflow on maturity	928,242	690,556	2,589,592	-	601,868	4,810,258
<b>Total assets</b>	<b>\$ <u>73,209,445</u></b>	<b><u>54,559,083</u></b>	<b><u>103,524,267</u></b>	<b><u>72,922,364</u></b>	<b><u>7,365,132</u></b>	<b><u>311,580,291</u></b>
<b>Liabilities</b>						
Deposits from the central bank and banks	\$ 4,509,766	2,248,789	771,036	-	-	7,529,591
Due to the central bank and banks	-	-	222,180	-	-	222,180
Deposits and remittances	42,049,959	14,603,627	20,940,976	9,924,352	-	87,518,914
Securities sold under repurchase agreements	8,053,978	-	45,548	-	-	8,099,526
Payables	1,755,749	680,519	2,389,592	537	-	4,826,397
Financial bonds payable	20,400	1,032,000	1,165,900	3,643,312	-	5,861,612
Deliverable derivatives liabilities	52,944,742	40,969,628	69,523,374	169,135	-	163,606,879
Non-deliverable derivatives liabilities	1,183	2,503	13,595	1,951	-	19,232
Other capital outflow on maturity	4,023,940	4,907,194	4,153,819	230,609	433	13,315,995
<b>Total liabilities</b>	<b>\$ <u>113,359,717</u></b>	<b><u>64,444,260</u></b>	<b><u>99,226,020</u></b>	<b><u>13,969,896</u></b>	<b><u>433</u></b>	<b><u>291,000,326</u></b>

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

(Continued)

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

iv) The maturity analysis of derivatives assets and liabilities - TWD

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

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

(Continued)

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

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
<b>Deliverable derivative assets</b>						
– Forward contracts	\$ 539,799	1,870,901	760,101	70,806	128,812	3,370,419
– Currency swap	183,405,049	233,445,878	106,363,880	75,568,963	7,324,453	606,108,223
– Cross currency swap	1,208,275	16,890,389	4,988,610	14,201,874	8,045,400	45,334,548
Subtotal	<u>185,153,123</u>	<u>252,207,168</u>	<u>112,112,591</u>	<u>89,841,643</u>	<u>15,498,665</u>	<u>654,813,190</u>
<b>Non-deliverable derivative assets</b>						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instruments – hedging	-	-	-	689	30,592	31,281
– Interest rate derivative instruments – non-hedging	4,623,963	-	-	-	-	4,623,963
– Equity derivative instruments	503,471	-	-	-	-	503,471
Subtotal	<u>5,578,874</u>	<u>-</u>	<u>-</u>	<u>689</u>	<u>30,592</u>	<u>5,610,155</u>
<b>Liabilities</b>						
<b>Deliverable derivative liabilities</b>						
– Forward contracts	\$ 2,276,650	3,768,387	56,118	-	-	6,101,155
– Currency swap	209,396,915	316,372,018	151,270,937	74,358,077	14,200,150	765,598,097
– Cross currency swap	1,695,950	1,430,000	6,283,015	19,063,171	838,870	29,311,006
Subtotal	<u>213,369,515</u>	<u>321,570,405</u>	<u>157,610,070</u>	<u>93,421,248</u>	<u>15,039,020</u>	<u>801,010,258</u>
<b>Non-deliverable derivative liabilities</b>						
– Foreign exchange derivative instruments	451,440	-	-	-	-	451,440
– Interest rate derivative instruments – hedging	-	-	-	-	835,925	835,925
– Interest rate derivative instruments – non-hedging	4,480,765	-	-	-	-	4,480,765
– Equity derivative instruments	505,972	-	-	-	-	505,972
Subtotal	<u>5,438,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>835,925</u>	<u>6,274,102</u>

Note 1: The above amounts include only New Taiwan dollar amounts (exclude foreign currencies) held by headquarter and domestic branches of Taipei Fubon Bank.

Note 2: The amount as of December 31, 2022 excluded JihSun Bank.

(Continued)

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

v) The maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank (The Bank)

Units: In thousands of USD

	December 31, 2023					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 715,675	334,518	174,932	370,955	-	1,596,080
– Currency swap	9,734,982	9,320,802	6,310,130	1,976,411	71,222	27,413,547
– Cross currency swap	45,000	-	-	20,000	85,000	150,000
Subtotal	<u>10,495,657</u>	<u>9,655,320</u>	<u>6,485,062</u>	<u>2,367,366</u>	<u>156,222</u>	<u>29,159,627</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	30,531	-	-	-	-	30,531
– Interest rate derivative instruments – hedging	47	318	2,386	1,646	212,292	216,689
– Interest rate derivative instruments – non-hedging	44,726	-	-	-	-	44,726
– Equity derivative instruments	118	-	-	-	-	118
– Commodity derivative instruments	39	-	-	-	-	39
Subtotal	<u>75,461</u>	<u>318</u>	<u>2,386</u>	<u>1,646</u>	<u>212,292</u>	<u>292,103</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 316,599	438,242	206,893	369,526	-	1,331,260
– Currency swap	7,012,888	7,368,213	5,257,651	2,244,146	60,000	21,942,898
– Cross currency swap	32,271	37,456	138,907	199,113	50,000	457,747
Subtotal	<u>7,361,758</u>	<u>7,843,911</u>	<u>5,603,451</u>	<u>2,812,785</u>	<u>110,000</u>	<u>23,731,905</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	42,590	-	-	-	-	42,590
– Interest rate derivative instruments – hedging	-	-	-	81	104,620	104,701
– Interest rate derivative instruments – non-hedging	30,742	-	-	-	-	30,742
– Equity derivative instruments	119	-	-	-	-	119
– Commodity derivative instruments	36	-	-	-	-	36
Subtotal	<u>73,487</u>	<u>-</u>	<u>-</u>	<u>81</u>	<u>104,620</u>	<u>178,188</u>

(Continued)

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

Units: In thousands of USD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
<b>Assets</b>						
Deliverable derivative assets						
– Forward contracts	\$ 357,432	203,387	13,636	38,093	-	612,548
– Currency swap	10,833,507	11,037,472	5,212,956	2,772,992	530,523	30,387,450
– Cross currency swap	60,000	50,000	225,000	683,000	30,000	1,048,000
Subtotal	<u>11,250,939</u>	<u>11,290,859</u>	<u>5,451,592</u>	<u>3,494,085</u>	<u>560,523</u>	<u>32,047,998</u>
Non-deliverable derivative assets						
– Foreign exchange derivative instruments	17,206	-	-	-	-	17,206
– Interest rate derivative instruments – hedging	-	123	360	345	256,758	257,586
– Interest rate derivative instruments – non-hedging	78,167	-	-	-	-	78,167
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>95,662</u>	<u>123</u>	<u>360</u>	<u>345</u>	<u>256,758</u>	<u>353,248</u>
<b>Liabilities</b>						
Deliverable derivative liabilities						
– Forward contracts	\$ 153,813	229,200	99,684	125,725	4,300	612,722
– Currency swap	7,598,802	8,016,842	3,585,510	2,634,015	278,526	22,113,695
– Cross currency swap	42,563	589,539	176,632	504,309	283,019	1,596,062
Subtotal	<u>7,795,178</u>	<u>8,835,581</u>	<u>3,861,826</u>	<u>3,264,049</u>	<u>565,845</u>	<u>24,322,479</u>
Non-deliverable derivative liabilities						
– Foreign exchange derivative instruments	21,111	-	-	-	-	21,111
– Interest rate derivative instruments – hedging	11	-	-	-	95,769	95,780
– Interest rate derivative instruments – non-hedging	12,089	-	-	-	-	12,089
– Equity derivative instruments	169	-	-	-	-	169
– Commodity derivative instruments	120	-	-	-	-	120
Subtotal	<u>33,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,769</u>	<u>129,269</u>

Note 1: The above amounts include only USD amounts held by headquarter, domestic branches and offshore banking units of Taipei Fubon Bank.

Note 2: The amount as of December 31, 2022 excluded JihSun Bank.

(Continued)

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

vi) The maturity analysis of derivative assets and liabilities - CNY

Fubon Bank (China)

Units: In thousands of CNY

	December 31, 2023				
	0~30 days	31~90 days	91~365 days	Over 1 year	Total
<b>Assets</b>					
Deliverable derivative assets					
– Forward contracts	\$ 68,359	382,477	142,019	-	592,855
– Currency swap	54,422,948	40,100,362	75,372,362	411,184	170,306,856
Subtotal	54,491,307	40,482,839	75,514,381	411,184	170,899,711
Non-deliverable derivative assets					
– Interest rate derivative instruments – non-hedging	11,314	3,597	4,589	1,290	20,790
– Option contracts	15,872	-	6,647	-	22,519
Subtotal	27,186	3,597	11,236	1,290	43,309
<b>Liabilities</b>					
Deliverable derivative liabilities					
– Forward contracts	\$ 123,074	390,392	144,566	-	658,032
– Currency swap	54,189,282	40,001,847	75,295,444	410,689	169,897,262
Subtotal	54,312,356	40,392,239	75,440,010	410,689	170,555,294
Non-deliverable derivative liabilities					
– Interest rate derivative instruments – non-hedging	392	2,220	6,975	-	9,587
– Option contracts	27,045	370	6,142	-	33,557
Subtotal	27,437	2,590	13,117	-	43,144

Units: In thousands of CNY

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

(Continued)

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

vii) Maturity analysis of financial liabilities of JihSun Bank

1. Maturity analysis of non derivatives liabilities

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Deposits from the central bank and banks	\$ 7,027,947	1,702,354	2,541	6,305,480	49,869	15,088,191
Lease liabilities	16,393	31,969	47,342	89,061	374,284	559,049
Securities sold under repurchase agreements	1,050,263	550,000	-	-	-	1,600,263
Payables	1,117,600	107,244	59,011	53,979	55,316	1,393,150
Deposits	34,216,793	24,033,046	18,846,947	39,651,427	115,139,797	231,888,010
Other financial liabilities	9,213	30,710	19,962	20,576	1,210,607	1,291,068

2. Maturity analysis of derivatives liabilities

Units: In thousands of TWD

	December 31, 2022					
	0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year	Total
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign currency swap	\$ 7,628	-	-	-	-	7,628
– FX options	-	187	-	-	73,598	73,785
– Interest rate instruments	123,011	-	-	-	-	123,011
– Equity instruments	12,533	-	-	-	-	12,533
Total	<u>\$ 143,172</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>73,598</u>	<u>216,957</u>

viii) The maturity analysis of off-balance sheet items

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

Taipei Fubon Bank (The Bank)

Units: In thousands of TWD

December 31, 2023	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 162,055,166	-	-	-	-	162,055,166
Standby letters of credit	2,515,864	3,684,970	1,072,525	508,753	1,381	7,783,493
Financial guarantees	18,833,703	2,171,200	-	-	4,238,293	25,243,196
Total	<u>\$ 183,404,733</u>	<u>5,856,170</u>	<u>1,072,525</u>	<u>508,753</u>	<u>4,239,674</u>	<u>195,081,855</u>

Units: In thousands of TWD

December 31, 2022 (Restatement)	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 115,467,353	3,832,276	1,777,396	2,139,743	6,636,815	129,853,583
Standby letters of credit	2,681,530	3,074,170	1,404,523	445,548	32,205	7,637,976
Financial guarantees	20,302,560	703,002	227,000	778,457	3,374,731	25,385,750
Total	<u>\$ 138,451,443</u>	<u>7,609,448</u>	<u>3,408,919</u>	<u>3,363,748</u>	<u>10,043,751</u>	<u>162,877,309</u>

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

Fubon Bank (China)

Units: In thousands of CNY

December 31, 2023	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 2,170	16,000	152,384	86,755	257,309
Standby letters of credit	23,786	250	-	-	24,036
Financial guarantees	14,492	98,353	291,217	167,860	571,922
<b>Total</b>	<b>\$ 40,448</b>	<b>114,603</b>	<b>443,601</b>	<b>254,615</b>	<b>853,267</b>

Units: In thousands of CNY

December 31, 2022	0-30 days	31-90 days	91-365 days	Over 1 year	Total
Irrevocable loan commitments	\$ 98,035	78,608	380,935	179,279	736,857
Standby letters of credit	-	9,840	-	-	9,840
Financial guarantees	32,977	31,430	350,975	94,839	510,221
<b>Total</b>	<b>\$ 131,012</b>	<b>119,878</b>	<b>731,910</b>	<b>274,118</b>	<b>1,256,918</b>

2) Fubon Life Insurance and its subsidiaries

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that Fubon Life Insurance does not possess sufficient cash and is not able to raise funds in time and finally failed to fulfill the obligation (debt repayment). Market liquidity risk refers to the risk that Fubon Life Insurance is not able to settle or offset current position with reasonable market price due to the shallow market depth or market disorder or the oversized possession of the investment position and finally Fubon Life Insurance may suffer from losses.

In terms of capital liquidity risk, Fubon Life Insurance and its subsidiaries manage it in two aspects, short term and mid-to-long term. In addition to setting indicators for short-term liquidity risk management, the relevant business departments have established a real-time cash reporting mechanism and use appropriate currency market instruments for the daily capital movement. Besides, mid- and long-term liquidity management targets are set and reviewed regularly through the Asset and Liability Management Committee, and cash flow analysis models are used to monitor the asset-liability alignment to plan for risk reduction.

Regarding market liquidity risk, the risk management department of Fubon Life Insurance and its subsidiaries established a monitoring mechanism for the concentration of stock and the overall liquidity of investment positions in accordance with the internal management policies and relevant regulations, and the investment department assesses market liquidity risk before trading to avoid market liquidity risk.

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

In addition, Fubon Life Insurance and its subsidiaries establish complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

Fubon Life Insurance and its subsidiaries possess sufficient operating funds, including cash and cash equivalent and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of Fubon Life Insurance and its subsidiaries is extremely low. In addition, the derivative financial instruments Fubon Life Insurance and its subsidiaries engage in, such as delivery forward exchange contracts and foreign exchange swaps, are all of highly liquid currencies. The possibility that they are not able to be sold at reasonable prices in the market is minimum, and therefore the market liquidity risk is low. Furthermore, forward exchange contracts and foreign exchange swaps, which matured are mostly rolled forward and the capital to pay for the settlements is sufficient. Thus, the capital liquidity risk is insignificant.

The maturity structure of the non-derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

	<b>December 31, 2023</b>				
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable	\$ 52,761,527	288,677	-	-	53,050,204
Bonds payables (Note 1)	3,812,647	36,061,853	11,908,438	76,632,265	128,415,203
Total	<b><u>\$ 56,574,174</u></b>	<b><u>36,350,530</u></b>	<b><u>11,908,438</u></b>	<b><u>76,632,265</u></b>	<b><u>181,465,407</u></b>

  

	<b>December 31, 2022</b>				
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Accounts payable	\$ 61,814,967	256,964	-	-	62,071,931
Short-term liabilities	12,217,500	-	-	-	12,217,500
Bonds payables (Note 1)	4,243,366	5,067,478	38,927,930	39,757,754	87,996,528
Total	<b><u>\$ 78,275,833</u></b>	<b><u>5,324,442</u></b>	<b><u>38,927,930</u></b>	<b><u>39,757,754</u></b>	<b><u>162,285,959</u></b>

Note 1: The disclosed amounts include estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, the bonds payable has no maturity date, the contractual cash flows are calculated based on a remaining maturity of 10 years.

Note 2: Fubon Life Insurance and its subsidiaries operate credit business in 2023. As of December 31, 2023, loan commitment credit exposures of the off-balance sheet was 8,000,000 thousand, and the recognized loan commitments reserve was \$16,000 thousand. Among the total amount of the loan commitment, 3,592,000 thousand will be due within a year; 4,408,800 thousand will be due in 1 to 3 years.

(Continued)

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

The maturity structure of the derivative financial liabilities of Fubon Life Insurance and its subsidiaries is listed below:

	<b>December 31, 2023</b>				
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Financial liabilities measured at fair value through profit or loss	\$ 1,449,157	137,309	-	-	1,586,466
Financial liabilities for hedging	400,818	317,259	-	-	718,077
<b>Total</b>	<b>\$ 1,849,975</b>	<b>454,568</b>	<b>-</b>	<b>-</b>	<b>2,304,543</b>
	<b>December 31, 2022</b>				
	<b>Less than 1 year</b>	<b>1 to 3 years</b>	<b>3 to 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Financial liabilities measured at fair value through profit or loss	\$ 29,332,636	-	-	-	29,332,636
Financial liabilities for hedging	3,794,583	171,124	-	-	3,965,707
<b>Total</b>	<b>\$ 33,127,219</b>	<b>171,124</b>	<b>-</b>	<b>-</b>	<b>33,298,343</b>

3) Fubon Insurance and its subsidiaries

Liquidity risks are divided into “funding liquidity risk” and “market liquidity risk.” Fubon Insurance and its subsidiaries monitor liquidity risks in compliance with their risk management rules. Funding liquidity risk is the risk that the entity cannot provide sufficient funding to meet the needs for the growth of asset level and the settlement of the obligation of matured liabilities, which caused late-payment to counterparties or called for an emergency fund raising requirement to cover the funding gaps. Market liquidity risk is the loss incurred as a market participant unable to easily exit a position on a prevailing market price or to liquidate a position immediately while not hitting the best price due to insufficiency of market depth or market transparency, or market failure.

(Continued)

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

- a) Management process of liquidity risk
- i) Risk identification  
To achieve liquidity risk management goal, Fubon Insurance and its subsidiaries identify potential liquidity risk factors encountered during operation process. Those risk factors are such as funding liquidity risk factors, market liquidity risk factors and characteristics of products being traded.
  - ii) Risk measurement  
Fubon Insurance and its subsidiaries measure the possibility of occurrence and the degree of negative impact of risk events and risk factors by qualitative or quantitative method, and compare these influences with risk limits set by the management which is used as a basis for the setting of the priority in risk control and the response measures subsequently.
  - iii) Risk monitoring  
Fubon Insurance and its subsidiaries establish liquidity risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limits are breached. Fubon Insurance and its subsidiaries have established proper monitor frequency and hierarchical reporting mechanism to deal with whenever there is any abnormal situation occurred or deficiency identified. A specific reporting procedure would be followed to ensure the timely response to significant liquidity risk.
  - iv) Risk responding  
As liquidity risk occurs, the head of any related unit being impacted or relevant unit with the authority to deal with the event would respond to the event immediately, and report to risk management and related departments in accordance with the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the event, and develop a remediation plan, and risk management department would monitor the progress of the follow up actions.
- b) Liquidity risk management mechanism
- i) Management strategies of funding liquidity risk in operation and investment are as follows: ensuring balance of capital inflow and outflow, examining and predicting capital demand at present and in the future in accordance with strategies of operational management and investment activities, establishing critical indicators of funding liquidity risk, and making appropriate adjustment with business strategy and market condition.

(Continued)

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

Fubon Insurance and its subsidiaries manage the liquidity risk efficiently in two aspects, short-term and medium-long term. Besides setting the percentage of liquid assets in total assets and the net everyday cash flow as standards of measurement and control, Fubon Insurance and its subsidiaries have already established the immediate cash-using information system, using proper market monetary instruments or foreign exchange instruments to allocate daily cash. Medium-long term liquidity management decreases related risk through annual reviewing on the assessment report of using assets and liabilities and applying the model of cash flow analysis to monitor the using of assets and liabilities.

- ii) Market liquidity risk management mainly considers the proportionality of trade volumes and holding position. Fubon Insurance and its subsidiaries set up key indicators of market liquidity risk management in accordance with the market size, depth, dimension and liquidity of each product, as well as with the operation strategy and target budget. In order to avoid market liquidity risk, Fubon Insurance and its subsidiaries establish control mechanism to concentrate for daily transactions and investment position limits.
- iii) Fubon Insurance and its subsidiaries establish complete risk management system to deal with the mass demand of cash in abnormal or urgent condition. To monitor daily net cash flow, Fubon Insurance and its subsidiaries have established immediate cash flow estimation system and preserved proper amount of equivalent cash for future response. Financial department and accounting office provide risk management department with the condition of cash liquidity monthly, while risk management department also regularly reviews the limitation of market liquidity risk and it should inform the Risk Management Committee with the indicators of the market liquidity risk and the management of the limitation. If the management indicator approaches the limitation, it should enhance the intention of the capital variation.

Fubon Insurance and its subsidiaries possess sufficient operating capital, government bonds and other securities to satisfy the capital demand in investment, pay liabilities matured and execute contracts' obligation. Therefore, the liquidity risk is low and in compliance with rules.

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

iv) The maturity analyses of financial assets and liabilities are as follows:

		December 31, 2023							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 300,688	597,456	2,320,060	1,009,699	1,506,530	2,971,554	2,574,855	11,280,842
	Financial assets measured at amortized cost	-	-	-	18,907	65,799	1,513,584	-	1,598,290
		<u>\$ 300,688</u>	<u>597,456</u>	<u>2,320,060</u>	<u>1,028,606</u>	<u>1,572,329</u>	<u>4,485,138</u>	<u>2,574,855</u>	<u>12,879,132</u>
The maturity analysis of financial liabilities									
	Short-term liabilities	<u>\$ 10,608,846</u>	-	-	-	-	-	-	<u>10,608,846</u>
		December 31, 2022							
		Less than one year	1 to 3 years	3 to 5 years	5 to 10 years	10 to 20 years	More than 20 years	No maturity date	Total
The maturity analysis of financial assets									
	Financial assets measured at fair value through other comprehensive income	\$ 603,107	699,839	1,846,080	1,207,446	1,457,389	2,849,539	2,488,231	11,151,631
	Financial assets measured at amortized cost	-	-	-	-	99,078	1,461,879	-	1,560,957
		<u>\$ 603,107</u>	<u>699,839</u>	<u>1,846,080</u>	<u>1,207,446</u>	<u>1,556,467</u>	<u>4,311,418</u>	<u>2,488,231</u>	<u>12,712,588</u>
	Other financial liabilities	<u>\$ 9,780,000</u>	-	-	-	-	-	-	<u>9,780,000</u>

c) The maturity analyses of derivative financial assets and liabilities

All of the forward rate contracts and swap contracts are not held for trading, but mainly for avoiding the foreign exchange rate risk generated from the foreign investment capital. Being high liquidity monetary, whose probability of being unable to sale in the market is extremely small, the liquidity risk of the currency held is low. Matured forward rate contracts and swap contracts almost will be continued and there is enough capital for settlement. Therefore, the liquidity risk of the capital is low. The maturity analysis of derivative financial instruments is as follows:

		December 31, 2023					
		Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	No maturity date	Total
Maturity analysis of financial assets		<u>\$ 158,304</u>	-	-	-	-	<u>158,304</u>
Maturity analysis of financial liabilities		<u>\$ -</u>	-	-	-	-	-

(Continued)

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

	December 31, 2022					Total
	Less than 1 year	1 to 3 years	3 to 5 years	5 to 10 years	No maturity date	
Maturity analysis of financial assets	\$ 68,226	-	-	-	-	68,226
Maturity analysis of financial liabilities	\$ 106,214	-	-	-	-	106,214

4) Fubon Securities and its subsidiaries

Liquidity risk is the risk that Fubon Securities and its subsidiaries cannot provide sufficient funding for asset size growth or matured liabilities, do not have sufficient cash to meet obligations to counterparties, or cannot raise emergency funding to cover funding gaps.

a) Capital liquidity risk measurement analysis

Financial assets	December 31, 2023					
	Cash flow gap					
	0-30 days	31-90 days	91-180 days	181-365 days	Over 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 brokers	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
Bond purchased under resell agreement	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 receivables (including related party)	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 FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

<u>Financial liabilities</u>	<u>December 31, 2023</u>					
	<u>Cash flow gap</u>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 1,124,892	-	-	-	-	1,124,892
Commercial papers 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 in sale of borrowed securities	2,359,882	-	-	-	-	2,359,882
Bonds purchased under resell agreements—borrowed securities	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 customers' equity	26,715,359	-	-	-	-	26,715,359
Accounts payable (including related party)	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
<b>Total</b>	<b>\$ 177,717,364</b>	<b>2,645,847</b>	<b>247,219</b>	<b>226,953</b>	<b>277,028</b>	<b>181,114,411</b>
Proportion of the total	<u>98.12 %</u>	<u>1.46 %</u>	<u>0.14 %</u>	<u>0.13 %</u>	<u>0.15 %</u>	<u>100.00 %</u>
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 flow	<b>(40,792,400)</b>	<b>15,039,875</b>	<b>7,957,374</b>	<b>6,254,119</b>	<b>43,183,442</b>	<b>31,642,410</b>

Note: The disclosed amounts include estimated interests.

(Continued)

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

<u>Financial assets</u>	<u>December 31, 2022 (Restatement)</u>					
	<u>Cash flow gap</u>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Cash and cash equivalents	\$ 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 brokers	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 receivables (including related party)	15,450,941	59,095	26,423	14,907	813	15,552,179
Total	<u>\$ 116,099,297</u>	<u>17,774,875</u>	<u>1,487,360</u>	<u>5,221,491</u>	<u>23,346,635</u>	<u>163,929,658</u>
Proportion of the total	<u>70.82 %</u>	<u>10.84 %</u>	<u>0.91 %</u>	<u>3.19 %</u>	<u>14.24 %</u>	<u>100.00 %</u>

(Continued)



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

<u>Financial liabilities</u>	<u>December 31, 2022 (Restatement)</u>					
	<u>Cash flow gap</u>					
	<u>0-30 days</u>	<u>31-90 days</u>	<u>91-180 days</u>	<u>181-365 days</u>	<u>Over 1 year</u>	<u>Total</u>
Short-term borrowings	\$ 130,000	60,000	-	-	-	190,000
Commercial papers issued	1,799,554	5,589,825	-	-	-	7,389,379
Held-for-trading financial liabilities – current	9,188,964	-	-	-	-	9,188,964
Call (put) warrants	193,965	-	-	-	-	193,965
Derivatives – OTC	5,557,330	-	-	-	-	5,557,330
Liabilities in sale of borrowed securities	3,437,627	-	-	-	-	3,437,627
Put option – Futures	42	-	-	-	-	42
Financial liabilities designated as at fair value through profit or loss	933,241	-	-	-	-	933,241
Securities sold under repurchase agreements	9,203,271	-	-	-	-	9,203,271
Securities financing refundable deposits	4,368,893	604,000	213,888	160,416	-	5,347,197
Deposits payable for securities financing	3,940,442	545,152	192,929	144,696	-	4,823,219
Securities lending refundable deposits	30,692,886	-	-	-	-	30,692,886
Futures customers' equity	31,425,419	-	-	-	-	31,425,419
Accounts payable (including related party)	14,988,852	237	83	62	-	14,989,234
Lease liabilities – current and non-current (Note)	25,163	50,024	68,800	114,537	317,988	576,512
Receipts under custody	2,755,258	198	-	-	-	2,755,456
<b>Total</b>	<b>\$ 109,451,943</b>	<b>6,849,436</b>	<b>475,700</b>	<b>419,711</b>	<b>317,988</b>	<b>117,514,778</b>
Proportion of the total	<u>93.14 %</u>	<u>5.83 %</u>	<u>0.40 %</u>	<u>0.36 %</u>	<u>0.27 %</u>	<u>100.00 %</u>
Cash inflow	116,099,297	17,774,875	1,487,360	5,221,491	23,346,635	163,929,658
Cash outflow	109,451,943	6,849,436	475,700	419,711	317,988	117,514,778
Net cash flow	6,647,354	10,925,439	1,011,660	4,801,780	23,028,647	46,414,880

Note: The disclosed amounts include estimated interests.

As of the reporting date, the cash flows of Fubon Securities and its subsidiaries have shown an increase in net cash inflow in most of the periods. Fubon Securities and its subsidiaries maintained great net cash inflow to accumulated capital deficit for a long-term period which shows Fubon Securities and its subsidiaries could sustain adequate quality of capital volatility.

b) Capital liquidity risk management

In order to allocate capital effectively, Fubon Securities and its subsidiaries utilize liquidity risk management mechanisms to evaluate and monitor short-term cash flow requirements for various types of business, and consider local short-term, cross-border, or cross-market demand for capital.

(Continued)

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

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

In order to increase liquidity reserve, Fubon Securities and its subsidiaries sell the low-risk assets of dealing positions from trading departments. Fubon Securities and its subsidiaries dispose of high-liquidity stocks, government bonds, and other securities in order to respond to adverse shocks affecting the market. Fubon Securities and its subsidiaries also use secured loan credit lines and long-term financing credit lines from banks and bills corporations to implement Fubon Securities and its subsidiaries' capital allocation emergency response plan.

5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) Management strategy and principles

The purpose of liquidity management is to ensure sufficient cash flows to meet all financial commitment and to capitalize on opportunities for business expansion. This includes Fubon Bank (Hong Kong) and its subsidiaries' ability to meet deposit withdrawals either on demand or at contractual maturity, to repay borrowings as they mature, to comply with the statutory liquidity maintenance ratio, and to make new loans and investments as opportunities arise.

Fubon Bank (Hong Kong) and its subsidiaries have a Liquidity Risk Management Policy which covers Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy, a mechanism to identify, measure, monitor and control liquidity risks, and also Fubon Bank (Hong Kong) and its subsidiaries' contingency funding plan. A Liquidity Risk Management Guideline covers risk measurement, risk reporting and operational requirements in implementing Fubon Bank (Hong Kong) and its subsidiaries' liquidity management strategy. The policy and guideline are both reviewed by the Asset and Liability Committee ("ALCO"). The policy and guideline are approved by Risk Committee of the Board ("RCB") and the ALCO respectively.

RCB reviews and approves Fubon Bank (Hong Kong) and its subsidiaries' risk appetite statement at least annually. Fubon Bank (Hong Kong) and its subsidiaries' liquidity risk management strategy is to maintain a healthy liquidity position with adequate stock of liquid assets, well-diversified funding structure relying on a broad customer deposit portfolio with prudent loan-to-deposit ratio and money market funding ratio to support Fubon Bank (Hong Kong) and its subsidiaries' liquidity needs under both normal and stressed conditions.

(Continued)

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

It is the responsibility of management to ensure compliance with local regulatory requirements and limits set by RCB. Liquidity is managed on a daily basis by Funding Desk unit. The Funding Desk unit is responsible for ensuring that Fubon Bank (Hong Kong) and its subsidiaries have adequate liquidity for all operations, ensuring that the funding mix is appropriate so as to avoid maturity mismatches and to minimize price and reinvestment rate risk in the case of a maturity gap, and monitoring relevant markets for the adequacy of funding and liquidity.

Compliance with liquidity and funding requirements is monitored by the ALCO and is reported to the RCB on a regular basis. This process includes:

- i) maintaining balances within relevant regulatory requirements;
- ii) predicting cash flows under various stress scenarios and considering the level of liquid assets necessary in relation thereto;
- iii) maintaining adequate intraday liquidity position and assessing how the intraday liquidity profile will change in conditions of stress.
- iv) monitoring balance sheet liquidity and loan to deposit ratios against internal requirements;
- v) maintaining diversified sources of liquidity with adequate back-up facilities;
- vi) managing the concentration and profile of debt maturities;
- vii) managing lending commitment to customers within pre-determined management alert triggers;
- viii) managing debt financing plans;
- ix) monitoring depositor concentration in order to avoid undue reliance on large individual depositors and ensuring a satisfactory overall funding mix;
- x) setting up funding contingency plans, which identify early indicators of stress conditions and describe actions to be taken in the event of difficulties arising from systematic or other crises, while minimizing adverse long-term implications for the business; and
- xi) managing liquidity on a legal entity and on a group basis. Intragroup funding transactions are carried out at arm's length and treated in the same way as transactions with non-related third parties and controlled within pre-determined management alert triggers.

(Continued)

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

b) Qualitative explanation

i) The management of funding and liquidity risk

As part of its liquidity risk management, Fubon Bank (Hong Kong) and its subsidiaries focus on a number of components, including maintaining sufficient liquid assets, maintaining diversified sources of liquidity, reserving necessary funding capacity and contingent planning. Fubon Bank (Hong Kong) and its subsidiaries manage liquidity risk by holding sufficient liquid assets (e.g. cash and short-term funds and securities) of appropriate quality to ensure that short term funding requirements are covered within prudential level. Debt securities held are marked to the market on daily basis to ensure their market liquidity. Fubon Bank (Hong Kong) and its subsidiaries also adopt a funding strategy that is to achieve diversification of funding by controlling the concentration of top deposits, wholesale funding and reliance of foreign exchange swap markets. Moreover, adequate standby facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

In addition to observing the statutory liquidity ratio, Fubon Bank (Hong Kong) and its subsidiaries have established different liquidity risk metrics, including but not limited to the liquidity maintenance ratio, loan-to-deposit ratio, cumulative cash flow gap and concentration of funding sources to measure and analyze its liquidity risks. Financial Management Division is responsible for measurement and monitoring of these liquidity metrics and reporting to the ALCO regularly.

Fubon Bank (Hong Kong) and its subsidiaries applied the following different risks indicators to assess and monitor the balance sheet structure and concentration of funding sources at intervals throughout the year 2023:

- The loan-to-deposit ratio of all currencies remained below 80%, and each individual major loan did not exceed its relevant management alert triggers;
- Core funding ratio remained above 125%;
- Irrevocable and unfulfilled loan commitments (in terms of liquidity maintenance ratio) maintained at not more than HKD 9 billion;
- the concentration of single depositor maintained at less than 5% of total customer deposits;
- The concentration of the first ten depositors maintained at less than 20% of total customer deposits;
- The deposit concentration of financial organizations usually maintained at less than 15% of the total customer deposits;

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- the ratio of swap fund (a measure of reliance on foreign exchange and/or currency swap markets) maintained at less than 15%;
- the wholesale fund remained at less than 20% of total fund;
- Certificates of deposit and other issued debt securities shall not exceed 10% of the total customer deposits (including certificates of deposit and other issued debt securities); and
- Group's internal funds shall maintain at a low level of not more than USD \$53,000 thousand.

ii) Core deposits

Fubon Bank (Hong Kong) and its subsidiaries monitor the stability of customer deposits by means of the core deposit ratio, which is the ratio of core deposits to total customer deposits. Fubon Bank (Hong Kong) and its subsidiaries categorize customer deposits into core deposits after taking into consideration of nature of deposits, relationship history with customers and stability of customer's total balance. An alert trigger level is set on the core deposits ratio which is monitored by the ALCO. In 2023, the core deposit ratio maintained above 25%.

iii) Loan to deposit ratio

Fubon Bank (Hong Kong) and its subsidiaries emphasize the importance of customer deposits as a source of funds to finance lending to customers, and mitigate against reliance on short-term interbank funding. A limit on the loan to deposit ratio is established and approved by the RCB and monitored by the ALCO.

iv) Cash flow forecasting and stress testing

Fubon Bank (Hong Kong) and its subsidiaries conduct cash flow analysis and cash flow forecasting arising from on-and off-balance sheet items over a set of time horizons on a regular basis to identify funding needs in specific time buckets. Fubon Bank (Hong Kong) and its subsidiaries also regularly perform stress tests on its liquidity position to ensure that proper liquidity is maintained. In the stress test, both on-and off-balance sheet items with a cash flow impact are considered, with applicable hypothetical and historical assumptions. Three stressed scenarios, namely an institution-specific crisis scenario, a general market crisis scenario, and a combined scenario are adopted with minimum survival period defined pursuant to HKMA's Supervisory Policy Manual guideline "Sound Systems and Controls for Liquidity Risk Management". Stress testing assumptions are reviewed and approved by the ALCO regularly to ensure their continued appropriateness.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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v) Liquidity Cushion

Fubon Bank (Hong Kong) and its subsidiaries maintain a stock of high-quality readily liquefiable assets as a liquidity cushion against a range of stressed scenarios. The eligible assets are unencumbered, low credit risk and low market risk. The liquidity cushion is segregated from debt securities held for trading purposes. A certain portion of the liquidity cushion is made up of the most liquid and readily marketable assets (such as debt securities issued by government or multinational development banks) that can be easily liquidated to meet funding needs in the initial phase of liquidity stress.

The size of the liquidity cushion shall be adequate to meet Fubon Bank (Hong Kong) and its subsidiaries' day-to-day liquidity needs and also emergency funding needs under both normal and stress market conditions. The minimum required liquidity cushion size is determined with reference to the funding gap arising from the results of the periodic liquidity stress tests of Fubon Bank (Hong Kong) and its subsidiaries. Management alert triggers are established by the ALCO to ensure sufficient size of liquidity cushion is maintained and appropriate diversification among the liquidity cushion is achieved. The size and mix of the liquidity cushion is reviewed by the ALCO regularly.

Size and portfolio of liquidity cushion were maintained above all relevant management alert triggers throughout the year 2023:

- net long position of Exchange Fund Bills/Notes held was maintained at not less than HKD 2 billion;
- assets eligible for Lenders of Last Resort purpose was maintained at not less than 30% of total customer deposits;
- level 1 high-quality readily liquefiable assets were maintained at not less than 8.5% of total customer deposits;
- non-financial institution high-quality readily liquefiable assets were maintained at not less than 25% of total customer deposits; and
- total high-quality readily liquefiable assets were maintained at not less than 30% of total customer deposits.

vi) Contingent liquidity risk

Fubon Bank (Hong Kong) and its subsidiaries provide customers with committed and standby facilities. These facilities increase the funding requirements of Fubon Bank (Hong Kong) and its subsidiaries when customers drawdown. The liquidity risk associated with the potential drawdown on committed facilities is factored into our stressed scenarios and a management alert trigger is set for these facilities.

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vii) Contingency funding plan

Fubon Bank (Hong Kong) and its subsidiaries have formulated a Contingency Funding Plan (“CFP”) that describes Fubon Bank (Hong Kong) and its subsidiaries’ strategy for dealing with any liquidity problem and the procedures for making up cash flow deficits in emergency situations. The CFP is designed to be pro-active and pre-emptive. Fubon Bank (Hong Kong) and its subsidiaries utilize early warning indicators, which cover both qualitative and quantitative measures, monitoring both internal and external factors. Should there be any early signs of significant impact on Fubon Bank (Hong Kong) and its subsidiaries’ liquidity position, the management would be informed for their consideration. Once the CFP is triggered, a Crisis Management Team, which is led by the senior management, is formed to handle the crisis. Strategy and procedures in obtaining contingency funding, as well as roles and responsibilities of parties concerned are clearly stated. The CFP also includes the analysis of cash flow projections to estimate potential liquidity needs under stress scenarios.

The CFP is subject to regular testing to ensure its effectiveness and operational feasibility, particularly in respect of the availability of the contingency sources of funding listed in it. The CFP is also subject to review and update on a regular basis to ensure it remains robust over time. Any changes to the CFP would be approved by the RCB.

Moreover, in accordance with the HKMA’s Supervisory Policy Manual “Recovery Planning”, Fubon Bank (Hong Kong) and its subsidiaries have established a Recovery Plan, which has been approved by the Board. The Recovery Plan helps ensure that Fubon Bank (Hong Kong) and its subsidiaries are able to recover quickly from period of severe stress and preserve or restore its liquidity level. The Recovery Plan is subject to a regular, at least annual, review and update.

c) The maturity analysis of non-derivative financial liabilities

Units: In thousands of HKD

	December 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Deposits from the central bank and banks	\$ 1,244,625	563,179	-	-	-	1,807,804
Non-derivative financial liabilities measured at fair value through profit or loss	1,547,686	149,145	-	-	-	1,696,831
Securities sold under repurchase agreements	3,080,423	3,061,991	-	-	-	6,142,414
Current tax liabilities	-	163,199	-	-	-	163,199
Deposits and remittances	41,468,965	36,583,320	14,892,027	18,613,714	1,212	111,559,238
Bonds payable	313,800	-	-	-	-	313,800
Deferred tax liabilities	504,845	-	-	-	-	504,845
Other liabilities	2,752,572	937,235	17,214	116,332	77,608	3,900,961

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Deposits from the central bank and banks	\$ 1,900,380	-	-	-	-	1,900,380
Non-derivative financial liabilities measured at fair value through profit or loss	349,961	1,305,495	-	-	-	1,655,456
Securities sold under repurchase agreements	3,030,771	3,158,711	-	-	-	6,189,482
Current tax liabilities	-	131,062	-	-	-	131,062
Deposits and remittances	42,043,580	28,414,544	17,507,641	11,085,613	287,056	99,338,434
Bonds payable	1,380,207	418,551	152,461	-	-	1,951,219
Deferred tax liabilities	491,156	-	-	-	-	491,156
Other liabilities	3,014,426	117,734	53,552	118,506	59,903	3,364,121

## d) The maturity analysis of derivative financial liabilities

## i) Net settlement derivative instruments

Units: In thousands of HKD

	December 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 9,686,388	2,783,152	1,064,711	621,791	2,333,208	16,489,250
– Interest rate derivative instruments	-	-	-	-	72,545	72,545
Derivative financial liabilities for hedging						
– Interest rate derivative instruments	419,954	70,278	1,850,650	2,346,499	22,658,277	27,345,658
<b>Total</b>	<b>\$ 10,106,342</b>	<b>2,853,430</b>	<b>2,915,361</b>	<b>2,968,290</b>	<b>25,064,030</b>	<b>43,907,453</b>

Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Derivative financial liabilities measured at fair value through profit or loss						
– Foreign exchange derivative instruments	\$ 9,307,786	1,927,248	1,605,177	785,015	-	13,625,226
Derivatives financial liabilities for hedging						
– Interest rate derivative instruments	452,960	648,201	1,607,226	2,092,986	21,245,908	26,047,281
<b>Total</b>	<b>\$ 9,760,746</b>	<b>2,575,449</b>	<b>3,212,403</b>	<b>2,878,001</b>	<b>21,245,908</b>	<b>39,672,507</b>

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) The maturity analysis of off-balance sheet items

Units: In thousands of HKD

	December 31, 2023					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 5,202	376,784	26,835	422,824	2,592,843	3,424,488
Standby letters of credit	142,259	189,209	62,782	-	-	394,250
Financial guarantees	5,864	16,187	3,700	171,903	8,087	205,741
<b>Total</b>	<b>\$ 153,325</b>	<b>582,180</b>	<b>93,317</b>	<b>594,727</b>	<b>2,600,930</b>	<b>4,024,479</b>

Units: In thousands of HKD

	December 31, 2022					Total
	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year	
Irrevocable loan commitments	\$ 99,843	218,982	95,383	344,533	1,536,322	2,295,063
Standby letters of credit	166,585	144,261	31,710	-	-	342,556
Financial guarantees	3,320	12,132	5,600	71,576	33,634	126,262
<b>Total</b>	<b>\$ 269,748</b>	<b>375,375</b>	<b>132,693</b>	<b>416,109</b>	<b>1,569,956</b>	<b>2,763,881</b>

(v) Market risk

Major subsidiaries are listed separately as follows:

1) Taipei Fubon Bank (The Bank) and its subsidiaries

a) The definition and classification of market risk

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

b) Market risk strategy and procedures

Taipei Fubon Bank (The Bank)

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Fubon Bank (China)

Pursuant to the guidance of relevant laws and regulations, a series of policies and procedures regarding market risk management policies and procedure control are stipulated to regulate internal control of market risks as well as trading strategies and limits. IT systems are also established to identify, quantify, monitor and control market risks, ensuring that market risk exposures of Fubon Bank (China) are managed strongly and effectively.

c) Organization and framework

Taipei Fubon Bank (The Bank)

To strengthen risk management function, the Bank has established the Risk Management Committee, which is composed of the Chairman of the Board of Directors or the Chairman of the Board of Directors' designee as the Chairman and senior executives of relevant departments to review related significant market risk policies, monitor changes in the Bank's significant market risk information and compliance with the quota. The Bank has established the Risk Management Division, which is responsible for formulating policies on and procedures for market risk management, enforcing market risk limits, reporting market risk events timely and validating valuation models independently. Furthermore, the Independent Audit Department under the Board of Directors is an added support for the market risk management framework.

Fubon Bank (China)

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

The Risk Management Department, which is independent from front trading desk and back settlement desk, is responsible for implementing market risk policies authorized by the Board and the senior management. Internal Audit Department is responsible for reviewing and evaluating the effectiveness and independence of the risk management system. Compliance Department, on the other hand, is accountable for monitoring compliance risk and reporting to the Board and senior management.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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d) Market risk management, control and reporting

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

e) Measurement of trading book market risk

Taipei Fubon Bank (The Bank)

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

i) VaR (Value at Risk)

VaR is a tool that measures “the worst expected loss over a given time horizon under normal market conditions at a given level of confidence.” The Bank adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level. The Bank adopts the historical simulation to calculate current VaR and stressed VaR, covering most market risk scenarios. To ensure the VaR’s quality, the Bank performs back-testing and statistical tests regularly.

VaR information of trading book is shown below:

Common VaR	2023			End of period
	Highest	Lowest	Average	
Equity group	\$ 5,598	-	2,575	-
Interest rate group	137,842	25,366	75,513	40,718
Exchange rate group	34,698	3,581	14,622	3,589
Volatility group	927	300	527	584
Diversification effect	-	-	(19,507)	(5,011)
Common VaR of trading book			\$ <u>73,730</u>	<u>39,880</u>

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<u>Common VaR</u>	<u>2022</u>			<u>End of period</u>
	<u>Highest</u>	<u>Lowest</u>	<u>Average</u>	
Equity group	\$ 20,117	759	5,630	857
Interest rate group	94,136	24,258	55,568	63,106
Exchange rate group	19,879	4,097	13,851	16,869
Volatility group	880	235	561	235
Diversification effect	-	-	(21,302)	(23,203)
Common VaR of trading book			<u>\$ 54,308</u>	<u>57,864</u>

Note 1: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because it has no significant meaning.

Note 2: The amount as of 2022 excluded JihSun Bank.

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

ii) Stress testing

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

Fubon Bank (China)

To manage the trading book market risks, Fubon Bank (China) has set appropriate market risk measurements and relevant risk limits based on its trading products and the features and complexity of its risk exposures, including position limits on notional amounts, net exposures of foreign currencies, stop loss limits of various products, and sensitivity limits. Fubon Bank (China)'s main currency businesses of trading book are spot trade and options. The main interest rate businesses of trading book are bonds, forward contracts, currency swap and CNY interest rate swap. The market risk level is normal.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Risk Management Department also performs stress tests on trading book on a quarterly basis to evaluate Fubon Bank (China)'s ability to sustain loss of market value of its trading book when main market risk factors such as interest rates and exchange rates move adversely.

JihSun Bank

99%C.L.1 day (VaR)	Unit: In thousands of TWD 2022		
	Average	Highest	Lowest
Exchange Rate risk	\$ 721	1,879	65
Interest Rate risk	163	125	106
Equity Price risk	-	-	-
Securities in all	737	1,943	122

f) Banking Book Market Risk

Taipei Fubon Bank (The Bank)

i) Interest rate risk

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

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

ii) Exchange rate risk

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

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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The Bank has a foreign exchange business, overseas branches, overseas subsidiaries branch's investment accounted for using the equity method. As of December 31, 2023, the percentage of the exchange differences on translation of foreign operation is immaterial when compared with the Bank's entire foreign currency position.

iii) Equity securities risk

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

The sensitivity analysis for equity positions of banking book is listed below:

	December 31, 2023		December 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Stock prices increased by 10%	\$ -	2,309,896	-	3,190,628
Stock prices decreased by 10%	-	(2,309,896)	-	(3,190,628)

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

Fubon Bank (China)

i) Interest rate risk

The interest rate risk of Fubon Bank (China) is mainly from the risk of interest repricing. Calculate the repricing gap of interest-rate sensitive assets and liabilities according to the standardized measurement framework designated by local regulatory authorities, and set risk indicators for monitoring. Assuming the other conditions remain the same, the following sensitivity analysis is performed for the risk measure in terms of a 50 basis point increase or decrease in interest rate:

	December 31, 2023		December 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Interest rate increased by 50 basis points	\$ (190,515)	(368,743)	(150,321)	(328,971)
Interest rate decreased by 50 basis points	194,813	390,790	150,970	238,370

Units: In thousands of CNY

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ii) Exchange rate risk

Fubon Bank (China) uses CNY to perform the loan/deposit and inter-bank borrowing and foreign currency is composed of USD. In order to effectively control the exchange rate risk, Fubon Bank (China) establishes the foreign exchange gap controlling conditions and simultaneously conducts the foreign currency sensitivity analysis on assets/liabilities, based on its risk-taking ability and operating strategy. Assuming CNY appreciates or depreciates 5% compared to all foreign currency spot rate and forward rate, the outcome is as follows:

	December 31, 2023		December 31, 2022	
	Effect on profit or loss	Effect on equity	Effect on profit or loss	Effect on equity
Foreign exchange rate for USD and HKD against CNY increased by 5%	\$ (924,365)	276,039	(275,313)	341,540
Foreign exchange rate for USD and HKD against CNY decreased by 5%	924,365	(276,039)	275,313	(341,540)

Units: In thousands of CNY

JihSun Bank

The sensitivity analysis for interest rate risk, exchange rate risk and equity price risk is listed below:

Unit: In thousands of TWD

December 31, 2022			
Risk Item	Movement	Amount	
		Profit and loss	Equity
Interest	Interest rate curve shift up 100bps	\$ (388)	(246,615)
Rate Risk	Interest rate curve shift down 100bps	368	256,231
Exchange	Foreign currency appreciate 7% against TWD	(5,051)	293,752
Rate Risk	Foreign currency depreciate 7% against TWD	5,051	(293,752)
Equity	Equity price appreciate 20%	-	-
Price Risk	Equity price depreciate 20%	-	-

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g) Effect of interest rate benchmark reform

Taipei Fubon Bank and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) replaced USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Taipei Fubon Bank and its subsidiaries established a USD LIBOR transition project. This transition project coordinates the changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As of December 31, 2023, changes required to IT systems and internal processes have been implemented. For the financial assets that yet deformed, the transition is expected to be completed before the first repricing date or before the cease of quoting of the Synthetic LIBOR.

The following tables show the carrying amounts of non-derivative financial assets and liabilities of unreformed contracts, and those without appropriate fallback clauses.

	<b>December 31, 2023</b>	
	<b>The total amounts of unreformed contracts</b>	<b>Without appropriate fallback clause amount</b>
Financial assets linked to USD LIBOR		
Debts investments	\$ 5,392,971	-
	<b>December 31, 2022 (Restatement)</b>	
	<b>The total amounts of unreformed contracts</b>	<b>Without appropriate fallback clause amount</b>
Financial assets linked to USD LIBOR		
Discounts and loans	\$ 78,229,690	75,592,244
Debts investments	45,033,833	34,512,046

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The following tables show the carrying amounts of unreformed contracts, and include derivative instruments at notional value without appropriate fallback clauses:

	<u>December 31, 2022 (Restatement)</u>	
	<u>The total amounts of unreformed contracts</u>	<u>Without appropriate fallback clause amount</u>
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	\$ 148,971,220	-
Cross currency swap contracts	9,786,443	-
Equity swap contracts	2,377,676	-
Foreign exchange swap contracts	2,357,921	-

2) Fubon Life Insurance and its subsidiaries

Market risk refers to the risk that the value of assets decreases due to disadvantageous movement of the market price and this may result in a loss to Fubon Life Insurance and its subsidiaries. The risk factors of the market price fluctuation include interest rates, foreign exchange rates, stock prices, and commodity prices.

Guided by Assets and Liabilities Management Committee and other operations, Fubon Life Insurance takes financial environment, all the economic indicators, liability risk properties and ALM into account, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee or other operations. This is to allow assets and liabilities to coordinate better in terms of payment terms and profits, to pursue long term business and protect the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to Fubon Life Insurance and its subsidiaries.

Fubon Life Insurance and its subsidiaries widely apply various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these two instruments, Fubon Life Insurance and its subsidiaries are able to measure, monitor and manage market risk completely and effectively.

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a) Value at Risk

Value at Risk is to apply statistical techniques to measure the maximum potential loss of the investment portfolio resulted from market risk factor variation in a given period of time and under certain confidence interval. Fubon Life Insurance and its subsidiaries apply 99% as the confidence interval to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure that Fubon Life Insurance and its subsidiaries are able to measure the maximum potential risk of the portfolios reasonably, completely and accurately.

b) Sensitivity analysis

Besides using VaR to manage market risk, Fubon Life Insurance and its subsidiaries adopt sensitivity analysis to serve as a basis for corporate risk analysis, risk alert and operation management. Sensitivity analysis is to measure the amount changed in the portfolio value resulted from the variation of single risk factor. This will facilitate Fubon Life Insurance and its subsidiaries to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (Fubon Life Insurance)

Units: In thousands of TWD

December 31, 2023			
Risk factor	Variation	Change in profit or loss	Change in equity
Equity risk (Price index)	Price incline by 10%	-	84,069,919
	Price decline by 10%	-	(84,069,919)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(10,365)	(29,985,054)
	Yield curve (TWD) incline by 50BPS	-	(7,769,860)
	Yield curve (Other) incline by 50BPS	(352)	(212,838)
	Yield curve (USD) decline by 50BPS	10,403	29,878,158
	Yield curve (TWD) decline by 50BPS	-	8,088,430
	Yield curve (Other) decline by 50BPS	353	216,712
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(8,351,446)	(12,323,822)
	TWD to all currency decline by 3%	8,351,446	12,323,822

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Units: In thousands of TWD

<b>December 31, 2022</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	66,468,482
	Price decline by 10%	-	(66,468,482)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	(6,905)	(40,453,537)
	Yield curve (TWD) incline by 50BPS	-	(8,953,128)
	Yield curve (Other) incline by 50BPS	(320)	(358,804)
	Yield curve (USD) decline by 50BPS	6,928	42,393,727
	Yield curve (TWD) decline by 50BPS	-	9,300,540
	Yield curve (Other) decline by 50BPS	321	371,254
Exchange rate risk (Currency exchange rate)	TWD to all currency incline by 3%	(12,280,352)	(10,281,863)
	TWD to all currency decline by 3%	12,280,352	10,281,863

## Sensitivity analysis (Fubon Hyundai Life Insurance)

Units: In thousands of KRW

<b>December 31, 2023</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	155,190,122
	Price decline by 10%	-	(155,190,122)
Interest rate risk (Yield curve)	Yield curve (USD) incline by 50BPS	-	(43,472,456)
	Yield curve (KRW) incline by 50BPS	-	(36,332,162)
	Yield curve (USD) decline by 50BPS	-	46,254,237
	Yield curve (KRW) decline by 50BPS	-	37,396,824
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	12,079,048	-
	KRW to all currency decline by 3%	(12,079,048)	-

Units: In thousands of KRW

<b>December 31, 2022</b>			
<b>Risk factor</b>	<b>Variation</b>	<b>Change in profit or loss</b>	<b>Change in equity</b>
Equity risk (Price index)	Price incline by 10%	-	125,434,910
	Price decline by 10%	-	(125,434,910)
Interest rate risk (Yield curve)	Yield curve (KRW) incline by 50BPS	-	(52,211,254)
	Yield curve (KRW) decline by 50BPS	-	54,095,718
Exchange rate risk (Currency exchange rate)	KRW to all currency incline by 3%	4,511,659	-
	KRW to all currency decline by 3%	(4,511,659)	-

(Continued)

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Note 1: The sensitivity analysis of equity risk and interest rate risk mainly includes financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The scenario of equity risk includes stocks and funds, but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The exchange rate risk sensitivity analysis excludes foreign currency policy, OIU assets, and overseas funds denominated in TWD.

Note 2: The abovementioned sensitivity analysis is a scenario assumed that the impact of changes in risk factor on fair value is based on other factors which remained constant.

Note 3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect \$(215) thousand and \$(145) thousand in profit or loss and \$(763,750) thousand and \$(1,017,516) thousand in equity of Fubon Life Insurance on December 31, 2023 and 2022, respectively.

Note 4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect KRW (1,633,788) thousand and KRW (1,062,692) thousand in equity of Fubon Hyundai Life Insurance Co., Ltd on December 31, 2023 and 2022, respectively.

Note 5: From the fourth quarter of 2023, Fubon Life Insurance based on the consistency of the asset and liability risk assessment criteria, adjusted the method of applying the pressure on the yield curve by adopting the quoted price points determined by the competent authority, applying the pressure in parallel, and then applying the Smith-Wilson model and interpolating the long term forward rate to construct the entire zero coupon rate curve after the pressure is applied. The amount disclosed during the comparative period was also adjusted.

Hong Kong and Vietnam subsidiaries are considered insignificant to the consolidated disclosures after Fubon Life Insurance and its subsidiaries' assessment; therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

c) **Interest Rate Benchmark Reform**

Fubon Life Insurance and its subsidiaries completed their transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform). Fubon Life Insurance and its subsidiaries' remaining IBOR exposures as at June 30, 2023 – financial assets indexed to US dollar LIBOR – have been automatically switched to the Secured Overnight Financing Rate (SOFR) in accordance with fallback clauses. This includes \$31,385,914 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

(Continued)

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

3) Fubon Insurance and its subsidiaries

Market risk is the risk of losses in a given period resulting from unfavorable changes in the fair value or future cash flows of the financial instrument. Fubon Insurance and its subsidiaries management set a monitor system on the concentration of daily transactions, established a sound crisis response mechanism to deal with working capital demand due to emergency or abnormal event.

a) Management process of market risk

i) Risk identification

To achieve market risk management goal, Fubon Insurance and its subsidiaries have identified potential market risk factors encountered during operation process. Positions in different financial instruments were classified into four categories, mainly interest, foreign exchange rate, equity security and commodity.

ii) Risk measurement

1. Establish a risk quantification model, adopt basic statistical measurement, sensitivity analysis and scenario analysis etc., for different risk factors to measure market risk.
2. Analyze outcome from the risk model for better market risk planning, supervision and control.
3. Measure possible losses from the holding position daily under normal market fluctuation and perform stress testing monthly.
4. Evaluate accuracy of the risk model by retroactive testing or other methodologies.

iii) Risk monitoring

Fubon Insurance and its subsidiaries have established market risk monitoring procedure to review and monitor utilization of various risk limits monthly. An action would be taken if the risk limit is breached. Fubon Insurance and its subsidiaries have established proper monitoring frequency and hierarchical reporting mechanism to ensure proper reporting whenever there is any abnormal situation occurred or any deficiency identified. A specific reporting procedure would be followed to ensure the control of timing in dealing with significant market risk.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iv) Risk responding

As market risk occurs, the head of any related unit being impacted or in-charge unit with relevant authority would respond to the event immediately, and report to risk management and related departments based on the established authorization. Afterwards, every related unit would work with risk management department to investigate the underlying reason for the risk event, develop a remediation plan, and risk management department would monitor the progress of the follow up actions.

b) Concentration of market risk

The main counterparty and buyer of financial instruments of Fubon Insurance and its subsidiaries are companies in financial industry. There are rules about limitation of the government bonds, fixed income bonds, bonds, convertible bonds, funds, stocks, derivative financial instruments, structured notes and bonds securitization to control the risk.

c) Market risk management mechanism

i) Risk tolerance management

Risk tolerance refers to the maximum amount of risk an entity is willing to withstand. Market risk tolerance is submitted to and approved by the Risk Management Committee annually.

ii) Risk limit management

Establishment of risk limits is to put risk tolerance management into practice. Risk limits for different financial products were made by trading position, investment position and hedging position separately. When setting risk limits, various factors were taken into account, such as risk tolerance, business history, expected budget target, market liquidity of a specific product, historical utilization of risk limits, traders' trading experiences, trading system and supports by the operation department. The amendments of risk limits should first be proposed to Risk Control Department of the Company and signed by internal delegates. After reviewed by the Risk Management Committee of the Company and Fubon Insurance, the amendments are presented to the Board of Directors. Under system support, Fubon Insurance and its subsidiaries' limits include VaR and foreign exchange risk.

iii) Valuation management

Commodity is evaluated based on the market value if it is available. If the market value is not readily available, the product value will be calculated using the latest market price, quotation from the counterparty or valuation model.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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d) Risk value model

Risk value is a statistical estimate of probable worst outcome during normal fluctuation. Fubon Insurance and its subsidiaries use value at risk (VaR) model to measure the potential maximum loss in value of an investment portfolio at risk over a period of ten-day for a 99% confidence interval with respect to different market factors.

Fubon Insurance and its subsidiaries apply retroactive testing which provides estimates of the accuracy of VaR model to check whether a VaR methodology is being used appropriately, completely and accurately in measuring the potential maximum loss in value of an investment portfolio. The retroactive testing procedure consists of calculating the number or percentage of times that the actual portfolio returns fall outside the VaR estimate. A VaR is computed over a period of one year with reconciled profit and loss on a daily basis. Fubon Insurance and its subsidiaries periodically monitor the outcome of the aforementioned model and test the accuracy of parameters and assumptions being used.

i) Fubon Insurance

Units: In thousands of TWD			
<b>December 31, 2023</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 362,242	488,528	279,331
Equity group	562,733	656,519	467,115
Fund group	5,973	9,814	3,609
Asset securitization group	102,084	118,823	76,100
Total position	774,575	1,094,986	527,711

Units: In thousands of TWD			
<b>December 31, 2022</b>			
<u>Common VaR</u>	<u>Average</u>	<u>Highest</u>	<u>Lowest</u>
Fixed income group	\$ 708,052	863,621	421,746
Equity group	1,371,072	2,470,680	571,023
Fund group	90,095	167,767	6,645
Asset securitization group	54,310	128,969	37,857
Total position	1,686,053	2,632,476	1,072,385

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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ii) Fubon Property and Casualty Insurance

Units: In thousands of TWD

<b>Common VaR</b>	<b>December 31, 2023</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Fixed income group	\$ 7,171	14,956	5,956
Equity group	39,747	52,448	32,936
Total position	44,345	58,686	34,611

Units: In thousands of TWD

<b>Common VaR</b>	<b>December 31, 2022</b>		
	<b>Average</b>	<b>Highest</b>	<b>Lowest</b>
Fixed income group	\$ 9,027	48,122	3,262
Equity group	44,281	61,648	16,211
Total position	46,741	80,134	25,910

Note 1: VaR was adopted for the years ended December 31, 2023 and 2022 .

Note 2: VaR was computed over a period of ten days.

Since Vietnam, Thailand and Philippines subsidiaries did not have any investment, it was unnecessary to disclose their risk value.

e) Interest rate risk

The risks of interest rates of Fubon Insurance and its subsidiaries mainly come from short-term borrowings with floating interest rates. Changes in market interest rates will cause the effective interest rate of borrowings to change accordingly, causing fluctuations in future cash flows. In order to reduce the impact of interest rate fluctuations on future cash flows, Fubon Insurance and its subsidiaries regularly evaluate the borrowing interest rates of banks to avoid cash flow risks caused by changes in market interest rates.

The following sensitivity analysis is based on interest rate exposure at the date of the report. For floating rate liabilities, the analysis is based on the assumption that the amount of liabilities outstanding on the reporting day is outstanding for the entire year.

If the interest rate increases or decreases by 0.5%/50 basis points, and all other variables remain unchanged, the net profit of Fubon Insurance and its subsidiaries in 2023 will decrease or increase by \$45,300 thousand, mainly due to the floating interest rate borrowings of Fubon Insurance and its subsidiaries.

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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4) Fubon Securities and its subsidiaries

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

Trading book positions fit the following definitions:

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

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

i) Guidelines and Procedures

Fubon Securities and its subsidiaries have enacted comprehensive policies of market risk management and have established mechanism for deal execution, clearing and settlement. Based on the risk factors they are exposed to trading book positions are categorized in the following four groups: interest rates instruments, exchange rates instruments, securities and commodities. Fubon Securities and its subsidiaries have established management policies and market risk limits that implement the risk management systems to identify, measure, monitor and control the market risk.

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.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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iii) Procedure for Market Risk Control, Reporting and Verification

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

iv) Market Risk Measurement of Trading Book

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

Value at Risk (VaR)

VaR is defined as 'the worst expected loss over a target horizon with a given level of confidence and normal market environment'. Fubon Securities and its subsidiaries adopt Historical Simulation risk models to evaluate the one-day worst loss on current net positions, with a 99% confidence level. Historical Simulation is used to calculate Common VaR and Stressed VaR, which reflects the impact on position held by Fubon Securities and its subsidiaries in the historical scenario. To conform to Basel Committee on Banking Supervision's suggestion after the financial crisis in 2008, a new Stressed VaR used a 12-month period of market turmoil to assess potential losses above the 99% confidence level used in the VaR model. The outcome of Historical Simulation was easier to explain and understand, and the method could also avoid mistaken risk factor hypotheses being used. To ensure the quality of VaR measures, Fubon Securities and its subsidiaries execute statistical hypothesis testing and back-testing periodically.

In addition, to follow the newest trend of international risk management, Fubon Securities and its subsidiaries calculated the stressed VaR with the Company's assistance to observe the impact to Fubon Securities and its subsidiaries' positions in a historical stress scenario, which was one year during the Covid-19 pandemic.

(Continued)

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

Common VaR information of trading book was as follows:

Units: In thousands of TWD

<b>2023</b>			
<b>Common VaR</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average</b>
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

Units: In thousands of TWD

<b>2022</b>			
<b>Common VaR</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average</b>
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, so its diversification effect is not significant. Therefore, it is not disclosed in the table.)

In 2022, JihSun Securities utilized Monte Carlo simulations with a confidence level of 99% to measure the Value at Risk for its current portfolios in a business day. Since there is a difference in their methods of evaluating Value at Risk, information on JihSun Securities' previously disclosed Value at Risk in prior periods was as follows:

Units: In thousands of TWD

<b>2022</b>			
<b>Common VaR</b>	<b>Highest</b>	<b>Lowest</b>	<b>Average</b>
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, so its diversification effect is not significant. Therefore, it is not disclosed in the table.)

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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#### Stress Testing

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

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

#### Sensitivity analysis

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

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

#### v) Interest Rate Benchmark Reform

Fubon Securities and its subsidiaries has completed the transition to alternative rates under the interest rate benchmark reform. Fubon Securities and its subsidiaries' 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.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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5) Fubon Bank (Hong Kong) and its subsidiaries

The following disclosures related to Fubon Bank (Hong Kong) are all expressed in thousands of HKD, unless otherwise stated.

a) The definition and classification of market risk

Market risk arises on all market risk sensitive financial instruments, including securities, foreign exchange contracts, equity and other derivative instruments, as well as from balance sheet or structural positions. Fubon Bank (Hong Kong) and its subsidiaries transact in the money market, foreign exchange market, equity market and capital market giving rise to market risk exposures. Positions are taken as a result of the execution of customers' orders, market making activities, and offsetting transactions in order to hedge Fubon Bank (Hong Kong) and its subsidiaries' open position. Fubon Bank (Hong Kong) and its subsidiaries do not engage in significant proprietary trading.

b) Guidelines and procedures

The objective of market risk management is to avoid excessive exposure of earnings and equity to loss and to reduce Fubon Bank (Hong Kong) and its subsidiaries' exposure to the volatility inherent in financial instruments.

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

Fubon Bank (Hong Kong) and its subsidiaries have also established clear market risk policies, including limits, reporting lines and control procedures, which are reviewed regularly and approved by the Board of Directors. Market risk is managed within various limits approved by the Board of Directors. These limits are determined for each financial instrument and include limits on product volume, gross and net positions, position concentrations, mark to market limits, stop loss limits and risk position limits. The Asset and Liability Committee reviews and approves these restrictions, which are approved by the Board of Directors at least once a year. Regular monitoring is performed daily and the results are reported to the members of the Asset and Liability Committee. The risk exposures are also reported to the Risk Committee at least monthly.

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

The sale of derivatives to customers as risk management products and the subsequent use of derivatives to manage the resulting position is an integral part of Fubon Bank (Hong Kong) and its subsidiaries' business activities. These instruments are also used to manage Fubon Bank (Hong Kong) and its subsidiaries' own exposures to market risk as part of its asset and liability management process. The principal derivative instruments used by Fubon Bank (Hong Kong) and its subsidiaries are interest and foreign exchange rate related contracts, which are primarily over-the-counter derivatives. Fubon Bank (Hong Kong) and its subsidiaries also purchases exchange traded derivatives. Most of Fubon Bank (Hong Kong) and its subsidiaries' derivatives positions have been entered into to meet customer demand and to hedge these and other positions.

One of the tools used by Fubon Bank (Hong Kong) and its subsidiaries to monitor and limit market risk exposure is Value-at-risk (VaR). VaR is one of the techniques that estimates the potential losses that could occur on risk positions as a result of movements in market rates and prices over a specified time horizon and to a given level of confidence. The calculation uses the historical simulation method as the means to estimate the statistical confidence level.

The VaR technique is only effective for potential loss events which are not correlated. Fubon Bank (Hong Kong) and its subsidiaries therefore augment its VaR limits with other positions and sensitivity limit structures. Additionally, Fubon Bank (Hong Kong) and its subsidiaries apply a wide range of sensitivity analysis and stress testing, both on individual portfolios and on Fubon Bank (Hong Kong) and its subsidiaries' consolidated positions to assess the potential impact on Fubon Bank (Hong Kong) and its subsidiaries' earnings as a result of extreme movements in market prices.

c) Organization and framework

The Board of Directors reviews and approves policies concerning market risk management, including handling authorizations and limits. The Board of Directors has delegated the responsibility for continuing general market risk management to the Asset and Liability Committee. The committee is responsible for determining future business strategies in response to Fubon Bank (Hong Kong) and its subsidiaries' forecasts of interest rate movements. The committee also reviews and formulates financing policies and ensures compliance with various risk management objectives.

d) Evaluation technique of market risk: Value at risk (VaR). Fubon Bank (Hong Kong) adopts various risk models to evaluate the worst loss on current net positions within one day, with a 99% confidence level.

(Continued)

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The following table shows the relevant market risk VaR:

Units: In thousands of HKD

VaR	December 31, 2023		
	Average	Highest	Lowest
Foreign exchange risk	\$ 169	1,500	42
Interest rate risk	93	1,338	44
Total risk	163	1,515	32

Units: In thousands of HKD

VaR	December 31, 2022		
	Average	Highest	Lowest
Foreign exchange risk	\$ 181	2,059	21
Interest rate risk	69	1,110	1
Total risk	171	2,062	30

e) Sensitivity information of interest rate risk, foreign exchange risk and equity risk

Units: In thousands of HKD

December 31, 2023			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	6,900
Foreign exchange risk	10% decrease in HKD	-	(6,900)
Interest rate risk	+100 basis points shift in yield curves	307,825	(593,977)
Interest rate risk	-100 basis points shift in yield curves	(307,825)	593,977
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

Units: In thousands of HKD

December 31, 2022			
Main risk	Variance	Influenced amount	
		Equity	profit or loss
Foreign exchange risk	10% increase in HKD	-	(155,300)
Foreign exchange risk	10% decrease in HKD	-	155,300
Interest rate risk	+100 basis points shift in yield curves	491,227	(517,461)
Interest rate risk	-100 basis points shift in yield curves	(491,227)	517,461
Equity risk	10% increase in equity prices	-	-
Equity risk	10% decrease in equity prices	-	-

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f) Interest Rate Benchmark Reform—Phase 2 Amendment

Fubon Bank (Hong Kong) and its subsidiaries completed its transition to alternative benchmark rates, the interest rate benchmark reform (IBOR reform), during the interim period. Fubon Bank (Hong Kong) and its subsidiaries' remaining IBOR exposures as at 31 December 2022 – financial assets indexed to US dollar London Inter-bank Offered Rate – have been automatically switched to the Secured Overnight Financing Rate in accordance with fallback clauses.

(vi) Transfer of financial assets

1) Taipei Fubon Bank and its subsidiaries

Transferred financial assets that are not completely derecognized

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

Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

<u>Types of financial assets</u>	<u>December 31, 2023</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 2,899,021	2,648,040
Debt investments measured at amortized cost		
Repurchase agreements	84,303,227	76,257,592
<u>Types of financial assets</u>	<u>December 31, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	\$ 14,848,002	14,318,154
Debt investments measured at amortized cost		
Repurchase agreements	95,942,054	85,822,549

(Continued)



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2) Fubon Life Insurance and its subsidiaries

The transferred financial assets of Fubon Life Insurance and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly equity securities under lending agreements and bonds under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Life Insurance and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. Therefore, Fubon Life Insurance and its subsidiaries do not completely derecognize the transferred assets. The table below discloses the information of financial assets that are not completely derecognized and the associated financial liabilities:

Units: In thousands of TWD

December 31, 2023					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 500,600	-	500,600	-	500,600

Units: In thousands of TWD

December 31, 2022					
Types of financial assets	Carrying amount of the transferred financial assets	Carrying amount of relevant financial liabilities	Fair value of the transferred financial assets	Fair value of relevant financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss					
Security lending agreements	\$ 858,140	-	858,140	-	858,140
Financial assets measured at fair value through other comprehensive income					
Securities sold under repurchase agreement	5,879,628	5,168,385	5,879,628	5,168,385	711,243
Financial assets measured at amortized cost					
Securities sold under repurchase agreement	8,836,429	7,049,115	7,142,855	7,049,115	93,740

(Continued)

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

3) Fubon Insurance and its subsidiaries

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

Analysis of financial assets that are not completely derecognized and the associated liabilities are shown in following table:

Units: In thousands of TWD

<u>Types of financial assets</u>	<u>December 31, 2023</u>				
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Security lending agreements	\$ 195,600	-	195,600	-	195,600

There is no financial asset which is not completely derecognized on December 31, 2022.

4) Fubon Securities and its subsidiaries

Transferred financial assets that are not completely derecognized

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

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

(Continued)

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

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

<u>Types of financial assets</u>	<u>December 31, 2023</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 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		
Repurchase agreements	12,723,261	12,060,553
<u>Types of financial assets</u>	<u>December 31, 2022 (Restatement)</u>	
	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>
Financial assets measured at fair value through profit or loss		
Repurchase agreements	\$ 5,669,105	5,692,361
Convertible bonds transferred to counter parties of asset exchange option	4,409,904	4,012,151
Financial assets measured at fair value through other comprehensive income		
Repurchase agreements	3,621,437	3,510,910

(Continued)

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

5) Fubon Bank (Hong Kong) and its subsidiaries

Transferred financial assets that are not completely derecognized

The transferred financial assets of Fubon Bank (Hong Kong) and its subsidiaries that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements or equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, Fubon Bank (Hong Kong) and its subsidiaries cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since Fubon Bank (Hong Kong) and its subsidiaries still bear the interest rate risk and credit risk, transferred financial assets are not completely derecognized. The table below shows the financial assets that are not completely derecognized and the associated liabilities.

Unit: In thousands of HKD					
<b>December 31, 2023</b>					
<u>Types of financial assets</u>	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,474,894	6,059,933	6,493,432	6,059,933	433,499

  

Unit: In thousands of HKD					
<b>December 31, 2022</b>					
<u>Types of financial assets</u>	<u>Carrying amount of the transferred financial assets</u>	<u>Carrying amount of relevant financial liabilities</u>	<u>Fair value of the transferred financial assets</u>	<u>Fair value of relevant financial liabilities</u>	<u>Fair value net position</u>
Financial assets measured at amortized cost					
Repurchase agreements	\$ 6,497,523	6,123,565	6,490,650	6,123,565	367,085

(Continued)

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

(vii) Offsetting financial assets and financial liabilities

1) Taipei Fubon Bank and its subsidiaries

Taipei Fubon Bank and its subsidiaries did not hold any financial instruments which meet Section 42 of the IAS 32 endorsed by the FSC. Therefore, the financial instrument will be offset on the balance sheet.

Although Taipei Fubon Bank and its subsidiaries do not engage in any transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

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

December 31, 2023						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 45,917,781	-	45,917,781	31,284,086	7,351,616	7,282,079
Securities purchased under resell agreements	23,679,453	-	23,679,453	23,462,973	-	216,480
<b>Total</b>	<b>\$ 69,597,234</b>	<b>-</b>	<b>69,597,234</b>	<b>54,747,059</b>	<b>7,351,616</b>	<b>7,498,559</b>

  

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 sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash Collaterals	
Derivative financial instruments (Note 2)	\$ 44,657,475	-	44,657,475	28,639,176	9,213,343	6,804,956
Securities sold under repurchase agreements	78,905,632	-	78,905,632	78,843,638	-	61,994
<b>Total</b>	<b>\$ 123,563,107</b>	<b>-</b>	<b>123,563,107</b>	<b>107,482,814</b>	<b>9,213,343</b>	<b>6,866,950</b>

(Continued)

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

December 31, 2022 (Restatement)						
Financial assets under offsetting or general agreement of net amount settlement or similar norms						
Financial assets	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Cash received as collaterals	
Derivative financial instruments (Note 2)	\$ 61,331,157	-	61,331,157	35,066,280	14,945,226	11,319,651
Securities purchased under resell agreements	24,365,326	-	24,365,326	24,068,955	-	296,371
<b>Total</b>	<b>\$ 85,696,483</b>	<b>-</b>	<b>85,696,483</b>	<b>59,135,235</b>	<b>14,945,226</b>	<b>11,616,022</b>

December 31, 2022 (Restatement)						
Financial liabilities under offsetting or general agreement of net amount settlement or similar norms						
Financial liabilities	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note 1)	Pledged cash collaterals	
Derivative financial instruments (Note 2)	\$ 45,518,082	-	45,518,082	32,440,427	6,970,316	6,107,339
Securities sold under repurchase agreements	100,140,703	-	100,140,703	99,929,691	24,897	186,115
<b>Total</b>	<b>\$ 145,658,785</b>	<b>-</b>	<b>145,658,785</b>	<b>132,370,118</b>	<b>6,995,213</b>	<b>6,293,454</b>

Note 1: Netting settlement agreement and non-cash financial collaterals are included.

Note 2: Derivative financial assets for hedging are included.

2) Fubon Life Insurance and its subsidiaries

Although Fubon Life Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

(Continued)

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

December 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 95,737,046	-	95,737,046	2,788,624	6,290,521	86,657,901
Securities purchased under resell agreements	52,212,075	-	52,212,075	52,212,075	-	-
<b>Total</b>	<b>\$ 147,949,121</b>	<b>-</b>	<b>147,949,121</b>	<b>55,000,699</b>	<b>6,290,521</b>	<b>86,657,901</b>

December 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Pledged cash Collaterals	
Derivative financial instruments	\$ 2,261,464	-	2,261,464	1,944,443	99,750	217,271

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash received as collaterals	
Derivative financial instruments and structured deposits	\$ 80,363,755	-	80,363,755	19,443,116	-	60,920,639
Securities purchased under resell agreements	69,629,996	-	69,629,996	69,629,996	-	-
<b>Total</b>	<b>\$ 149,993,751</b>	<b>-</b>	<b>149,993,751</b>	<b>89,073,112</b>	<b>-</b>	<b>60,920,639</b>

(Continued)

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

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments (Note)	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 33,188,879	-	33,188,879	20,997,053	8,102,359	4,089,467
Securities sold under repurchase agreements	12,217,500	-	12,217,500	12,217,500	-	-
<b>Total</b>	<b>\$ 45,406,379</b>	<b>-</b>	<b>45,406,379</b>	<b>33,214,553</b>	<b>8,102,359</b>	<b>4,089,467</b>

Note: General agreement of net amount settlement and non-cash collateral are included.

3) Fubon Insurance and its subsidiaries

Although Fubon Insurance and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

December 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 158,304	-	158,304	-	-	158,304
Security lending agreements	195,600	-	195,600	195,600	-	-
<b>Total</b>	<b>\$ 353,904</b>	<b>-</b>	<b>353,904</b>	<b>195,600</b>	<b>-</b>	<b>158,304</b>

December 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ -	-	-	-	-	-

(Continued)



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

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets	Total recognized financial liabilities offsetting on the balance sheets	Net amount of financial assets on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Cash received as collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 68,226	-	68,226	68,226	-	-

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities	Total recognized financial assets offsetting on the balance sheets	Net amount of financial liabilities on the balance sheets	Relevant amount not offset on the balance sheets (d)		Net amount
	(a)	(b)	(c)=(a)-(b)	Financial instruments	Pledged cash collaterals	(e)=(c)-(d)
Derivative financial instruments	\$ 106,214	-	106,214	68,226	-	37,988

4) Fubon Securities and its subsidiaries

Fubon Securities and its subsidiaries did not hold any financial instruments contract which meets Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Securities and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle.

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

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

(Continued)

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

December 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities \$	8,002,013	-	8,002,013	-	-	8,002,013
Repurchase agreements	31,147,343	-	31,147,343	31,147,343	-	-
<b>Total</b>	<b>\$ 39,149,356</b>	<b>-</b>	<b>39,149,356</b>	<b>31,147,343</b>	<b>-</b>	<b>8,002,013</b>

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

December 31, 2022 (Restatement)						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial liabilities \$	5,557,372	-	5,557,372	-	-	5,557,372
Repurchase agreements	9,203,271	-	9,203,271	9,203,271	-	-
<b>Total</b>	<b>\$ 14,760,643</b>	<b>-</b>	<b>14,760,643</b>	<b>9,203,271</b>	<b>-</b>	<b>5,557,372</b>

Note: Netting settlement agreements and non-cash collaterals are included.

5) Fubon Bank (Hong Kong) and its subsidiaries

Fubon Bank (Hong Kong) and its subsidiaries hold financial instruments contracts which meet Section 42 of IAS 32 endorsed by the FSC. Therefore, the financial assets and financial liabilities will be offset on the balance sheet.

Although Fubon Bank (Hong Kong) and its subsidiaries do not engage in transactions that meet the offsetting condition in IFRSs, they have signed net settlement contracts of similar agreements with counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could choose to net settle. Relevant information is shown as follows:

(Continued)

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

Units: In thousands of HKD

December 31, 2023						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 1,750,142	-	1,750,142	50,717	-	1,699,425

Units: In thousands of HKD

December 31, 2023						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheet (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ (62,302)	-	(62,302)	(50,717)	-	(11,585)
Securities sold under repurchase agreements	(6,059,933)	-	(6,059,933)	-	-	(6,059,933)
Total	\$ (6,122,235)	-	(6,122,235)	(50,717)	-	(6,071,518)

Units: In thousands of HKD

December 31, 2022						
Financial assets under general agreement of net amount settlement or similar norms						
	Total recognized financial assets (a)	Total recognized financial liabilities offsetting on the balance sheets (b)	Net amount of financial assets on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Cash received as collaterals	
Derivative financial instruments	\$ 2,122,983	-	2,122,983	13,585	-	2,109,398

Units: In thousands of HKD

December 31, 2022						
Financial liabilities under general agreement of net amount settlement or similar norms						
	Total recognized financial liabilities (a)	Total recognized financial assets offsetting on the balance sheets (b)	Net amount of financial liabilities on the balance sheets (c)=(a)-(b)	Relevant amount not offset on the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (note)	Pledged cash collaterals	
Derivative financial instruments	\$ 31,192	-	31,192	13,585	-	17,607
Securities sold under repurchase agreements	6,123,565	-	6,123,565	-	-	6,123,565
Total	\$ 6,154,757	-	6,154,757	13,585	-	6,141,172

Note: Netting settlement agreements and non-cash collaterals are included.

(Continued)

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

## (ai) Structured entities

## (i) Taipei Fubon Bank and its subsidiaries

- 1) Taipei Fubon Bank and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Taipei Fubon Bank and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Taipei Fubon Bank and its subsidiaries
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by unconsolidated structured entities
Property trust plans	Invest in property trust plans to gain repayments of debts	Invest in trust issued by unconsolidated structured entities
Private fund investment	For investment purposes	Investment in units or limited partnership equity issued by such funds

- 2) The carrying amounts of the unconsolidated structured entities recognized by Taipei Fubon Bank and its subsidiaries were as below:

December 31, 2023	Asset securitization products	Property trust plans	Private fund investment
<b>Assets possessed</b>			
— Financial assets measured at \$ fair value through profit or loss	1,901,675	223,270	52,636
— Financial assets measured at fair value through other comprehensive income	15,498,183	-	-
— Debt investments measured at amortized cost	48,115,685	-	-
<b>Total assets possessed</b>	<b>\$ 65,515,543</b>	<b>223,270</b>	<b>52,636</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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<u>December 31, 2022</u> <u>(Restatement)</u>	<u>Asset</u> <u>securitization</u> <u>products</u>	<u>Property trust</u> <u>plans</u>	<u>Private fund</u> <u>investment</u>
<b>Assets possessed</b>			
— Financial assets measured at \$ fair value through profit or loss	798,448	130,398	12,674
— Financial assets measured at fair value through other comprehensive income	10,274,904	-	-
— Debt investments measured at amortized cost	37,973,252	-	-
Total assets possessed	<u>\$ 49,046,604</u>	<u>130,398</u>	<u>12,674</u>

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

- 3) For the years ended December 31, 2023 and 2022, Taipei Fubon Bank and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products, property trust plans and private fund investment.
- (ii) Fubon Life Insurance and its subsidiaries
- 1) Consolidated structured entities

The consolidated structured entity of Fubon Life Insurance and its subsidiaries is the real estate investment and management entity. The structured entity is consolidated because the involvement in it exposes Fubon Life Insurance and its subsidiaries to variability of returns from performance and their influence over it. As of December 31, 2023 and 2022, Fubon Life Insurance and its subsidiaries offered \$24,014,751 thousand and \$28,431,649 thousand of non-contractual obligation loan for the entity, respectively.

(Continued)

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

2) Unconsolidated structured entities

- a) Fubon Life Insurance and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Life Insurance and its subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Life Insurance and its subsidiaries
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products, REIT and collateral asset	Invest in assets securitization products, REIT and collateral asset to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities, principle and income

- b) The carrying amounts of the unconsolidated structured entities recognized by Fubon Life Insurance and its subsidiaries were as below:

December 31, 2023	Private fund investment	Asset securitization products, REIT and asset-based loan
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 199,977,518	42,701,474
– Financial assets measured at fair value through other comprehensive income	-	12,608,618
– Financial assets measured at amortized cost	-	55,132,415
– Loan	-	21,037,921
Total assets possessed	<u>\$ 199,977,518</u>	<u>131,480,428</u>

(Continued)

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

<u>December 31, 2022</u>	<u>Private fund investment</u>	<u>Asset securitization products, REIT and asset-based loan</u>
<b>Assets possessed</b>		
– Financial assets measured at fair value through profit or loss	\$ 174,850,508	36,785,958
– Financial assets measured at fair value through other comprehensive income	-	23,282,895
– Financial assets measured at amortized cost	-	45,001,408
– Loan	<u>-</u>	<u>22,693,445</u>
Total assets possessed	<u><u>\$ 174,850,508</u></u>	<u><u>127,763,706</u></u>

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

- c) For the years ended December 31, 2023 and 2022, Fubon Life Insurance and its subsidiaries did not offer any financial support to those unconsolidated private fund investment, asset securitization products, REITs and asset-based loan.

(iii) Fubon Insurance and its subsidiaries

- 1) Fubon Insurance and its subsidiaries possess the equities of the following structured entities which are not included in the consolidated financial statements. The fund is from Fubon Insurance and its subsidiaries and an external third party:

Types of structured entity	Characteristic and purpose	Equity owned by Fubon Insurance and its subsidiaries
Private equity fund	Invest in funds that cannot be traded in a public market	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products of commercial real estate and financial asset beneficiary certificates	Invest in asset-backed securities issued by the entity

(Continued)

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

- 2) The carrying amounts of the assets related to the structured entities recognized by Fubon Insurance and its subsidiaries but not yet included in the consolidated financial statements were as follows:

<b>December 31, 2023</b>	<b>Private equity fund</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
— Financial assets measured at fair value through profit or loss (Note)	\$ 45,855	1,642,625
— Financial assets measured at fair value through other comprehensive income	-	300,570
— Financial assets measured at amortized cost	-	84,706
Total assets possessed	<u>\$ 45,855</u>	<u>2,027,901</u>

<b>December 31, 2022</b>	<b>Private equity fund</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
— Financial assets measured at fair value through profit or loss	\$ 60,128	1,864,448
— Financial assets measured at fair value through other comprehensive income	-	299,422
— Financial assets measured at amortized cost	-	99,078
Total assets possessed	<u>\$ 60,128</u>	<u>2,262,948</u>

Note: Guarantee deposits were included.

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

- 3) For the years ended December 31, 2023 and 2022, Fubon Insurance and its subsidiaries did not offer any financial support to those unconsolidated private equity fund and asset securitization products.
- (iv) Fubon Securities and its subsidiaries
- 1) Fubon Securities and its subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from Fubon Securities and its subsidiaries and an external third-party.

<b>Types of structured entity</b>	<b>Characteristic and purpose</b>	<b>Equity owned by Fubon Securities and its subsidiaries</b>
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by the entity

(Continued)



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

- 2) The carrying amounts of the unconsolidated structured entities recognized by Fubon Securities and its subsidiaries were as below:

<b>December 31, 2023</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
— Financial assets measured at fair value through profit or loss	<b>\$ <u>338,826</u></b>
<b>December 31, 2022</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>	
— Financial assets measured at fair value through profit or loss	<b>\$ <u>377,004</u></b>

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

- 3) For the years ended December 31, 2023 and 2022, Fubon Securities and its subsidiaries did not offer any financial support to those unconsolidated asset securitization products.
- (v) Other subsidiaries

- 1) Other subsidiaries hold the following types equity of unconsolidated structured entities. The fund is from the subsidiaries and an external third-party.

Types of structured entity	Characteristic and purpose	Equity owned by other subsidiaries
Private fund investment	Invest in private fund to gain profit	Invest in the fund units issued by the funds or limited partnership equity
Assets securitization products	Invest in assets securitization products to gain profit	Invest in asset backed securities issued by the entity

- 2) The carrying amounts of the unconsolidated structured entities recognized by other subsidiaries were as below:

<b>December 31, 2023</b>	<b>Private fund investment</b>	<b>Asset securitization products</b>
<b>Assets possessed</b>		
— Financial assets measured at fair value through profit or loss	<b>\$ <u>241,079</u></b>	<b><u>42,433</u></b>

(Continued)

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

December 31, 2022	Private fund investment	Asset securitization products
<b>Assets possessed</b>		
— Financial assets measured at fair value through profit or loss	\$ <u>171,997</u>	<u>74,147</u>

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

- 3) For the years ended December 31, 2023 and 2022, other subsidiaries did not offer any financial support to those unconsolidated private investment fund and asset securitization products.

(aj) Capital Management

(i) General information

Objectives for managing capital are as follows:

- 1) The Company's basic objective of capital management shall be in compliance with the capital requirements of FSC and achieve the statutory capital adequacy ratio. The qualified capital calculation is in accordance with regulation by competent authorities.
- 2) Maintain an optimal capital structure to respond to possible operational or economic risks, to sustain future development of the business, and to make appropriate and effective capital allocation through dynamic adjustment.

(ii) Procedure for capital management

The Company maintained capital adequacy ratio to meet the requirements of the authority and report to the authority every quarter.

The Company complies with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies". The subsidiaries shall comply with the related capital adequacy norms, and overseas subsidiaries shall comply with local ordinances.

The Capital is managed by the authority of the Company according to the Company Capital Adequacy Monitoring Standard, and set internal control indicators for capital adequacy ratio. In the event that the capital adequacy ratio of the Company or its subsidiaries falls below the statutory minimum requirement, the responsible units of the Company shall report the improvement measures to the Chairman and the Board of Directors of the Company and report the improvement measures to the competent authorities.

(Continued)

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

(ak) Significant impact of related foreign currency information

	December 31, 2023			December 31, 2022		
	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD	Foreign currency (in thousands)	Exchange rate (in dollars)	TWD
Financial assets:						
Monetary items						
USD	\$ 125,557,595	30.735 /30.497 /30.754 /30.488	3,858,860,186	118,357,747	30.708 /30.522 /30.723 /30.966 /30.710	3,635,929,437
HKD	91,452,466	3.938 /-	360,130,530	80,647,182	3.940 /3.939 /3.938	317,714,130
CNY	145,585,474	4.320 /	628,957,239	138,637,651	4.413 /4.408 /4.406	612,218,246
Non-Monetary items						
USD	15,723,112	30.735 /30.754 /30.488	483,248,067	12,187,590	30.708 /30.723 /30.966	374,300,598
EUR	1,321,909	34.008 /34.009	44,955,800	1,474,537	32.765 /32.755	48,313,858
KRW	1,351,162,742	0.024	32,040,132	1,118,441,563	0.024	27,260,713
Derivatives						
USD	1,480,908	30.735 /30.754 /30.488	45,505,688	1,003,292	30.708 /30.723 /30.966	30,845,924
Investments accounted for using equity method						
CNY	4,580,840	4.320	19,790,499	4,248,014	4.413	18,748,350
HKD	2,401,777	3.938	9,458,292	2,640,228	3.940	10,401,308
KRW	747,280,098	0.024	17,669,438	735,013,733	0.024	17,960,061
Financial liabilities:						
Monetary items						
USD	\$ 47,372,108	30.735 /30.754	1,456,154,811	43,793,383	30.708 /30.723 /30.710	1,345,749,809
HKD	77,677,377	3.938 /	305,894,838	77,063,114	3.940 /3.939 /3.938	303,593,908
CNY	114,753,117	4.320	495,741,798	113,933,034	4.413 /4.408	502,952,563
Non-Monetary items						
USD	2,298,209	30.754	70,666,879	1,405,620	30.723	43,186,769
CNY	1,132,860	4.320	4,894,267	1,571,538	4.413	6,935,889
Derivatives						
USD	65,674	30.488 /30.735	2,016,428	1,083,244	30.708 /30.966 /30.723	33,295,093

Note: Each balance listed is greater than 5% of total monetary items.

(Continued)

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

## (al) Non-cash trading investing and financing activities

	January 1, 2023	Changes in cash flows from financing activities	Non-cash adjustment			December 31, 2023
			Effect of exchange rate changes	Fair value fluctuation	Other changes	
Bonds payable	\$ 257,381,535	43,474,346	(857,051)	(16,601)	638,331	300,620,560
Lease liabilities	21,792,236	(2,772,062)	(3,148)	-	2,155,658	20,602,341
	<u>\$ 279,173,771</u>	<u>40,702,284</u>	<u>(860,199)</u>	<u>(16,601)</u>	<u>2,793,989</u>	<u>321,222,901</u>

	January 1, 2022	Changes in cash flows from financing activities	Non-cash adjustment			December 31, 2022
			Effect of exchange rate changes	Fair value fluctuation	Other changes	
Bonds payable	\$ 266,168,615	(9,674,923)	4,258,285	(3,942,451)	572,009	257,381,535
Lease liabilities	21,477,286	(2,652,309)	85,282	-	3,474,666	21,792,236
	<u>\$ 287,645,901</u>	<u>(12,327,232)</u>	<u>4,343,567</u>	<u>(3,942,451)</u>	<u>4,046,675</u>	<u>279,173,771</u>

## (am) The following disclosures are only applicable to Taipei Fubon Bank and JihSun Bank, in accordance with relevant regulations

## (i) Asset quality of overdue loans and overdue receivables

Taipei Fubon Bank

Units: In thousands of TWD, %

Item		December 31, 2023				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	927,191	280,327,644	0.33	4,079,352	439.97
	Unsecured	398,177	560,886,920	0.07	7,158,670	1,797.86
Consumer loan	Mortgage (Note 4)	310,862	663,519,646	0.05	9,942,720	3,198.44
	Cash card	-	549	-	11	-
	Micro credit (Note 5)	99,045	60,349,041	0.16	697,096	703.82
	Others (Note 6)					
	Secured	733,233	424,088,280	0.17	4,421,653	603.04
	Unsecured	23,166	36,996,259	0.06	387,831	1,674.14
Total		2,491,674	2,026,168,339	0.12	26,687,333	1,071.06
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		107,596	91,138,207	0.12	761,829	708.05
Accounts receivable – factoring with no recourse (Note 7)		-	31,124,929	-	350,698	-
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		19,713				
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		17,076				
Excluded NPL as a result of debt solvency and restart plan (Note 9)		341,810				
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		366,158				

(Continued)

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

Units: In thousands of TWD, %

Item		December 31, 2022 (Restatement)				
		Non-performing loan (NPL) (Note 1)	Total loans	NPL Ratio (%) (Note 2)	Loan loss reserves (LLR)	Coverage ratio (%) (Note 3)
Corporate loan	Secured	1,298,602	283,680,593	0.46	3,883,628	299.06
	Unsecured	495,490	516,855,150	0.10	6,354,723	1,282.51
Consumer loan	Mortgage (Note 4)	371,070	618,419,463	0.06	9,270,433	2,498.30
	Cash card	-	673	-	13	-
	Micro credit (Note 5)	63,879	52,111,864	0.12	581,064	909.63
	Others (Note 6)					
	Secured	1,010,044	378,512,067	0.27	3,962,725	392.33
	Unsecured	43,516	36,805,925	0.12	387,600	890.71
Total		3,282,601	1,886,385,735	0.17	24,440,186	744.54
		Overdue receivables	Accounts receivable	Delinquency ratio (%)	Allowance for credit losses	Coverage ratio (%)
Credit card		55,401	66,946,975	0.08	426,976	770.70
Accounts receivable – factoring with no recourse (Note 7)		-	21,507,440	-	246,218	-
Excluded NPL as a result of debt consultation and loans agreement (Note 8)		14,119				
Excluded overdue receivables as a result of debt consultation and loans agreements (Note 8)		25,342				
Excluded NPL as a result of debt solvency and restart plan (Note 9)		351,365				
Excluded overdue receivables as a result of debt solvency and restart plan (Note 9)		361,845				

Note 1: For loan business: Overdue loans represent the amounts of reported overdue loans pursuant to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans” issued by the MOF.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL Ratio = NPL/Total Loans.

For credit card business: Delinquency Ratio = Overdue receivable/Account receivable.

Note 3: For loan business: Coverage Ratio = LLR/NPL

For credit card business: Coverage Ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage means the purpose of financing is to purchase, build, or fix up the dwelling, and the dwelling owned by the borrower, spouse, or children fully secures the loan.

Note 5: Micro credit is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Others in consumer loan refer to secured or non-secured loans excluding mortgage, cash card, micro credit, and credit card.

Note 7: Accounts receivable – factoring with no recourse: As required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 094000494), provision for bad debt is recognized once no compensation is received from the factoring or insurance company.

(Continued)

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

Note 8: The amounts of excluded NPL and excluded overdue receivables through financial debt negotiation and loan agreement were disclosed based on the interpretation issued by the Banking Bureau dated April 25, 2006 (Ref. 09510001270).

Note 9: The amounts of excluded NPL and excluded overdue receivables through debt solvency and restart plan were disclosed based on the interpretation issued by the Banking Bureau dated September 15, 2008 (Ref. 09700318940) and September 20, 2016 (Ref. 10500134790).

(ii) Concentration of credit extensions

Taipei Fubon Bank

Units: In thousands of TWD, %

<b>December 31, 2023</b>			
<b>Rank (Note 1)</b>	<b>Group name (Note 2)</b>	<b>Credit extensions balance (Note 3)</b>	<b>% of net asset value</b>
1	A group (other electronic component manufacturing industry)	13,530,447	4.72
2	B group (semiconductor assembly and testing industry)	11,722,742	4.09
3	C group (semiconductor manufacturing industry)	9,633,769	3.36
4	D group (passive electronic components manufacturing industry)	9,467,018	3.30
5	E group (petrochemical raw material manufacturing industry)	9,148,444	3.19
6	F group (other electronic component manufacturing industry)	9,020,000	3.15
7	G group (computers and related equipment, communications, optoelectronics, power management and consumer electronics, etc.)	8,393,564	2.93
8	H group (financial leasing)	8,309,452	2.90
9	I group (residential and building development, rental and sales)	8,190,000	2.86
10	J group (manufacture of man-made fibers)	7,123,870	2.48

(Continued)

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

Units: In thousands of TWD, %

<b>December 31, 2022</b>			
<b>Rank (Note 1)</b>	<b>Group name (Note 2)</b>	<b>Credit extensions balance (Note 3)</b>	<b>% of net asset value</b>
1	A group (other electronic component manufacturing industry)	13,923,851	5.90
2	B group (laptops, tablets, servers, camera, industrial computers, smart phones, original equipment manufacturing and online software and hardware factories)	9,453,991	4.01
3	C group (other electronic component manufacturing industry)	8,800,000	3.73
4	D group ((LCD and its component manufacturing industry)	8,750,281	3.71
5	E group (residential and building development, rental and sales)	7,960,000	3.37
6	F group (passive electronic components manufacturing industry)	7,482,987	3.17
7	G group (cable and other subscription programming)	7,387,067	3.13
8	H group (semiconductor assembly and testing industry)	7,157,368	3.03
9	I group (computers and related equipment and software development)	7,100,237	3.01
10	J group (footwear and garment manufacturing)	6,637,876	2.81

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Groups enterprise refers to a group of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: The total amount of credits, endorsements or other transactions is the sum of various loans (including import and export negotiations, discounted, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

Note 4: The amount as of December 31, 2022 excluded JihSun Bank.

(Continued)

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

JihSun Bank

Units: In thousands of TWD, %

December 31, 2022			
Rank	Group name	Credit extensions balance	% of net asset value
1	A group – ocean freight forwarding	3,033,783	12.40
2	B group – real estate development	3,019,503	12.34
3	C group – other general merchandise retail	2,936,840	12.00
4	D group – financial leasing	2,817,299	11.51
5	E group – manufacture of man-made fibers	2,689,496	10.99
6	F group – wholesale electronic and communication equipment and parts	2,062,989	8.43
7	G group – manufacture of other electronic parts and components not elsewhere classified	1,640,000	6.70
8	H group – real estate development	1,411,674	5.77
9	I group – motor rental industry	1,395,000	5.70
10	J group – real estate development	1,340,000	5.48

(iii) Interest rate sensitivity information

Interest Rate Sensitivity (TWD)

Taipei Fubon Bank

Units: In thousands of TWD, %

December 31, 2023					
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total
Interest rate-sensitive assets	\$ 1,987,773,828	96,352,262	83,135,419	169,957,619	2,337,219,128
Interest rate-sensitive liabilities	628,090,586	1,314,711,572	70,905,056	97,322,659	2,111,029,873
Interest rate sensitivity gap	1,359,683,242	(1,218,359,310)	12,230,363	72,634,960	226,189,255
Net worth					272,096,085
Ratio of interest rate-sensitive assets to liabilities (%)					110.71
Ratio of the interest rate sensitivity gap to net worth (%)					83.13

(Continued)



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

Units: In thousands of TWD, %

December 31, 2022						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 1,682,127,371	81,517,760	109,519,745	162,100,863	2,035,265,739	
Interest rate-sensitive liabilities	605,229,457	1,053,767,091	46,611,891	98,022,111	1,803,630,550	
Interest rate sensitivity gap	1,076,897,914	(972,249,331)	62,907,854	64,078,752	231,635,189	
Net worth						227,411,716
Ratio of interest rate-sensitive assets to liabilities (%)						112.84
Ratio of the interest rate sensitivity gap to net worth (%)						101.86

Note 1: The above amounts include only New Taiwan Dollar amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (New Taiwan dollars).

Note 5: The amount as of December 31, 2022 excluded JihSun Bank.

**JihSun Bank**

Units: In thousands of TWD, %

December 31, 2022						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 189,683,596	9,572,774	9,212,035	25,896,196	234,364,601	
Interest rate-sensitive liabilities	84,584,437	119,432,769	8,860,136	1,011,995	213,889,337	
Interest rate sensitivity gap	105,099,159	(109,859,995)	351,899	24,884,201	20,475,264	
Net worth						23,888,501
Ratio of interest rate-sensitive assets to liabilities (%)						109.57
Ratio of the interest rate sensitivity gap to net worth (%)						85.71

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches held by JihSun Bank. (Excluding foreign currency amounts) are denominated in New Taiwan dollars.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest-rate sensitivity gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (New Taiwan dollars)

(Continued)

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

Interest Rate Sensitivity (USD)

Taipei Fubon Bank

Units: In thousands of USD, %

<b>December 31, 2023</b>						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 15,728,353	1,958,381	2,269,472	10,418,698	30,374,904	
Interest rate-sensitive liabilities	29,641,563	2,606,406	4,138,658	1,063,574	37,450,201	
Interest rate sensitivity gap	(13,913,210)	(648,025)	(1,869,186)	9,355,124	(7,075,297)	
Net worth						350,550
Ratio of interest rate-sensitive assets to liabilities (%)						81.11
Ratio of the interest rate sensitivity gap to net worth (%)						(2,018.34)

Units: In thousands of USD, %

<b>December 31, 2022</b>						
Items	1-90 days	91-180 days	181-365 days	Over 1 year	Total	
Interest rate-sensitive assets	\$ 13,175,537	995,016	1,360,913	9,582,784	25,114,250	
Interest rate-sensitive liabilities	29,331,047	1,799,016	2,332,263	911,083	34,373,409	
Interest rate sensitivity gap	(16,155,510)	(804,000)	(971,350)	8,671,701	(9,259,159)	
New worth						197,993
Ratio of interest rate-sensitive assets to liabilities (%)						73.06
Ratio of the interest rate sensitivity gap to net worth (%)						(4,676.51)

Note 1: The above amounts include only USD amounts held by the Bank of Taipei Fubon Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest-rate sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities affected by interest-rate changes.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (U.S. dollars).

Note 5: The amount as of December 31, 2022 excluded JihSun Bank.

(Continued)

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

JihSun Bank

Units: In thousands of USD, %

<b>December 31, 2022</b>					
<b>Items</b>	<b>1-90 days</b>	<b>91-180 days</b>	<b>181-365 days</b>	<b>Over 1 year</b>	<b>Total</b>
Interest rate-sensitive assets	\$ 463,036	56,470	50,388	249,432	819,326
Interest rate-sensitive liabilities	235,153	454,496	151,537	1,979	843,165
Interest rate sensitivity gap	227,883	(398,026)	(101,149)	247,453	(23,839)
Net worth					20,010
Ratio of interest rate-sensitive assets to liabilities (%)					97.17
Ratio of the interest rate sensitivity gap to net worth (%)					(119.14)

Note 1: Listed amounts of the head office, domestic branches and offshore banking unit held by JihSun Bank (excluding contingent assets and liabilities) are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

Note 3: Interest-rate sensitive gap = Interest-rate sensitive assets - Interest-rate sensitive liabilities.

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest-rate sensitive assets/Interest-rate sensitive liabilities (U.S. dollars)

(iv) Profitability

Taipei Fubon Bank

Unit: %

<b>Item</b>		<b>2023</b>	<b>2022 (Restatement)</b>
Return on total assets	Before income tax	0.65	0.72
	After income tax	0.57	0.61
Return on net worth	Before income tax	9.33	10.60
	After income tax	8.19	9.00
Profit margin		34.00	39.82

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on net worth = Income before (after) income tax/Average net worth.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax represents income for the years ended December 31, 2023 and 2022.

(Continued)

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

(v) Maturity analysis

Maturity Analysis of Assets and Liabilities (TWD)

Taipei Fubon Bank

Units: In thousands of TWD

December 31, 2023							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 3,205,824,788	344,660,499	300,637,390	410,580,235	347,504,996	245,877,025	1,556,564,643
Main capital outflow on maturity	3,854,253,083	167,022,594	316,762,025	613,596,544	601,917,264	715,987,242	1,438,967,414
Gap	(648,428,295)	177,637,905	(16,124,635)	(203,016,309)	(254,412,268)	(470,110,217)	117,597,229

Units: In thousands of TWD

December 31, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 2,904,040,675	304,668,607	267,110,223	400,712,332	269,058,985	299,414,970	1,363,075,558
Main capital outflow on maturity	3,522,150,560	165,580,089	295,831,517	685,601,650	485,116,902	667,908,569	1,222,111,833
Gap	(618,109,885)	139,088,518	(28,721,294)	(284,889,318)	(216,057,917)	(368,493,599)	140,963,725

Note 1: The above amounts are book value of assets and liabilities held by headquarter and domestic branches of Taipei Fubon Bank and denominated in New Taiwan dollars.

Note 2: The amount as of December 31, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of TWD

December 31, 2022							
	The amount for the remaining period to maturity						
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 243,625,550	19,171,924	29,229,645	38,381,086	13,130,304	16,306,073	127,406,518
Main capital outflow on maturity	288,375,920	10,485,104	16,751,985	31,156,706	30,639,717	59,896,060	139,446,348
Gap	(44,750,370)	8,686,820	12,477,660	7,224,380	(17,509,413)	(43,589,987)	(12,039,830)

Note: Listed amounts of the head office and domestic branches held by JihSun Bank (excluding foreign currency amounts) are denominated in New Taiwan dollars.

Maturity Analysis of Assets and Liabilities (USD)

Taipei Fubon Bank

Units: In thousands of USD

December 31, 2023						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 69,514,833	23,570,728	14,847,896	9,966,968	6,165,884	14,963,357
Main capital outflow on maturity	77,124,542	24,227,824	20,312,714	11,660,420	12,881,788	8,041,796
Gap	(7,609,709)	(657,096)	(5,464,818)	(1,693,452)	(6,715,904)	6,921,561

(Continued)

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

Units: In thousands of USD

December 31, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 65,405,666	21,665,355	15,204,478	8,077,461	6,285,324	14,173,048
Main capital outflow on maturity	73,256,398	21,645,692	22,528,467	8,711,078	11,625,806	8,745,355
Gap	(7,850,732)	19,663	(7,323,989)	(633,617)	(5,340,482)	5,427,693

Note 1: The above amounts are book value of assets and liabilities held by Taipei Fubon Bank and denominated in U.S. dollars.

Note 2: The amount as of December 31, 2022 excluded JihSun Bank.

JihSun Bank

Units: In thousands of USD

December 31, 2022						
	The amount for the remaining period to maturity					
	Total	0-30 days	31-90 days	91-180 days	181-365 days	Over 1 year
Main capital inflow on maturity	\$ 931,493	356,927	177,540	87,619	35,872	273,535
Main capital outflow on maturity	1,040,969	259,471	107,644	93,880	273,469	306,505
Gap	(109,476)	97,456	69,896	(6,261)	(237,597)	(32,970)

**(7) Related-party transactions:**

- (a) Names and relationships of related parties

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Far Eastern International Bank Co., Ltd.	Related parties in substance
Taiwan Business Bank Co., Ltd.	Related parties in substance
Xiamen Bank Co., Ltd.	Investments accounted for using equity method
Sichuan VipFubon Consumer Finance Ltd.	Investments accounted for using equity method
CTBC Securities Co., Ltd.	Related parties in substance
Funds Managed by Fubon Asset Management	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance
China United Property Insurance Company	Related parties in substance
Taiwan Stock Exchange Corporation	Related parties in substance
Taipei Exchange	Related parties in substance
Taiwan Futures Exchange Corporation	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
momo.com Inc.	Related parties in substance

(Continued)

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

<b>Name of related party</b>	<b>Relationship with the Company and its subsidiaries</b>
MediaTek Inc.	Related parties in substance
SUBTRON TECHNOLOGY CO., LTD	Related parties in substance
Yong Hsin Shing Ye Co., Ltd.	Related parties in substance
Probright Technology Inc.	Related parties in substance
Synnex Technology International Corporation	Related parties in substance
Taiwan Cement Corporation	Related parties in substance
Beijing Global Media Technology Co., Ltd.	Related parties in substance
TAIWAN MINO GROUP CO., LTD.	Related parties in substance
DediProg Technology Co., Ltd.	Related parties in substance
POU CHEN CORPORATION	Related parties in substance
TacBright Optronics Corporation	Related parties in substance
Alexander Marine Co., Ltd.	Related parties in substance
Taiwan Fixed Network Co., Ltd.	Related parties in substance
Fubon Land Development Co., Ltd.	Related parties in substance
Taipei Rapid Transit Corporation	Related parties in substance
Taiwan Shin Kong Security Co., Ltd.	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd.	Related parties in substance
Mstar Semi (Shenzhen) Inc.	Related parties in substance
MediaTek (Shenzhen) Inc.	Related parties in substance
MediaTek (Chengdu) Inc.	Related parties in substance
Wuxi GIH Innovation Industrial Development Inc.	Related parties in substance
JihSun Securities Investment Trust Co., Ltd.	Investments accounted for using equity method
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Investments accounted for using equity method
Hyundai Commercial Inc.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
UNITUS CO., LTD	Related parties in substance
MOTRAS	Related parties in substance
Global Information Technology Co., Ltd.	Related parties in substance
H GREEN POWER INC.	Related parties in substance
Bluewalnut Co., Ltd.	Related parties in substance
LINE Biz+ Taiwan Co., Ltd.	Investments accounted for using equity method
Taiwan Win TV Media Co., Ltd.	Related parties in substance
Carplus Auto Leasing Corporation	Related parties in substance
Tokio Marine Newa Insurance Co., Ltd.	Related parties in substance
Yuchang Motor Co., Ltd.	Related parties in substance

(Continued)

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

<b>Name of related party</b>	<b>Relationship with the Company and its subsidiaries</b>
Empower Motor Co., Ltd.	Related parties in substance
Huilien Motor Co., Ltd.	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Insurance Gallery Foundation	Related parties in substance
Fubon Cultural and Educational Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Taipei Fubon Commercial Bank Charity Foundation	Related parties in substance
Fubon Property Management Co., Ltd.	Related parties in substance
Taiwan High Speed Rail Corporation	Related parties in substance
Easycard Corporation	Related parties in substance
Convoy Financial Services Limited	Related parties in substance
USI CORPORATION	Related parties in substance
Taiwan VCM Corporation	Related parties in substance
Kbro Co., Ltd.	Related parties in substance
Fu Sheng Logistics Co., Ltd.	Related parties in substance
Line Bank Co., Ltd.	Investments accounted for using equity method
Taipei New Horizon Co., Ltd.	Related parties in substance
CHC RESOURCES CORPORATION	Related parties in substance
Alpha Networks Inc.	Related parties in substance
TA-HO MARITIME CORPORATION	Related parties in substance
Sharehope Medicine Co., Ltd.	Related parties in substance
Kbro Media Co., Ltd.	Related parties in substance
Taiwan Life Insurance Co., Ltd.	Related parties in substance
China United Insurance Group Co., Ltd.	Related parties in substance
Century Development Corporation	Related parties in substance
Hui Yang Venture Capital Co., Ltd.	Related parties in substance
Advanced Echem Materials Co., Ltd.	Related parties in substance
Les enphants Co., Ltd.	Related parties in substance
BESTCOM Infotech Corp.	Related parties in substance
Koerner Engineering Enterprise Co., Ltd.	Related parties in substance
CHINA GENERAL PLASTICS CORPORATION	Related parties in substance
CGPC Polymer Corporation	Related parties in substance
DIGIFLOW	Related parties in substance
The Non-Life Insurance Association of China	Related parties in substance

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
TAIPEI FOREIGN EXCHANGE MARKET DEVELOPMENT FOUNDATION	Related parties in substance
LINE Taiwan	Related parties in substance
Fuli Property Insurance Agent Co., Ltd.	Related parties in substance
YFY Inc.	Related parties in substance
TFN Media Co., Ltd.	Related parties in substance
Swamson Plastics Corporation	Related parties in substance
Thermaltake Technology Co., Ltd.	Related parties in substance
ALLIED BIOTECH CORP	Related parties in substance
ACME ELECTRONICS CORPORATION	Related parties in substance
Taiwan Line Tek Electronic Co., Ltd.	Related parties in substance
THORNEN ENGINEERING COMPANY LIMITED	Related parties in substance
Nanya Technology Corp	Related parties in substance
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.	Related parties in substance
TAITA CHEMICAL COMPANY, LIMITED	Related parties in substance
KUANG HSIN PRINTING CO., LTD.	Related parties in substance
Grace Medical Foundation	Related parties in substance
Chung Hsing Land Development Co., Ltd.	A major stockholder of the Company
Ming-Dong Industrial Co., Ltd.	A major stockholder of the Company
Taipei City Government	A major stockholder of the Company
Others	Directors, supervisors, managers and their relatives up to the second degree, affiliates and the related parties in substance

(b) Significant transactions with related parties

(i) Bank deposits and deposits

1) Bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taiwan Business Bank Co., Ltd.	\$ 16,805,739	0.58~1.48	1,315,825	0.46~1.25
Far Eastern International Bank Co., Ltd.	4,854,179	0~1.55	7,864,962	0~4.40
Xiamen Bank Co., Ltd.	189,181	0~0.25	173,613	0~0.40
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,051		-	
Total	<u>\$ 21,850,150</u>		<u>9,354,400</u>	

(Continued)



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

## 2) Restricted bank deposits

Name of related party	December 31, 2023		December 31, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %
Far Eastern International Bank Co., Ltd.	\$ -		77,413	0.45~4.2

## 3) Deposits in related parties

Name of related party	December 31, 2023		December 31, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %
Others	\$ 97,014,048	0~6.60	105,042,000	0~11

## (ii) Due to banks and call loans from banks

## 1) Due to banks

Name of related party	December 31, 2023	December 31, 2022
Xiamen Bank Co., Ltd.	\$ 126,536	117,387

## 2) Call loans from banks

Name of related party	December 31, 2023		December 31, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %
Taiwan Business Bank Co., Ltd.	\$ -	-	488,642	1.85~2.5
Xiamen Bank Co., Ltd.	51,752	0.05~0.75	96,956	0.05~0.75
Total	\$ 51,752		585,598	

## (iii) Financial instruments

## 1) Transaction of derivative financial instruments

Name of related party	Derivative instruments	period	December 31, 2022			
			Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Far Eastern International Bank Co., Ltd.	Interest rate swap contracts	2018.01.09~2023.02.27	\$ 1,500,000	275	IRS contract value (assets)	275
Far Eastern International Bank Co., Ltd.	Interest rate swap contracts	2018.07.11~2023.07.13	300,000	(946)	IRS contract value (liabilities)	946
Far Eastern International Bank Co., Ltd.	IRS asset swap contracts	2022.11.01~2025.11.22	75,000	(6,210)	IRS asset swap contracts value (liabilities)	6,210

(Continued)

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

- 2) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 35,218,424	17,605,809
Funds managed by JihSun Securities Investment Trust	2,647,256	4,316,600
Total	<u>\$ 37,865,680</u>	<u>21,922,409</u>

- 3) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon REIT I Fund	\$ 2,773,672	3,102,741
Fubon REIT II Fund	1,927,860	2,230,965
Total	<u>\$ 4,701,532</u>	<u>5,333,706</u>

- (iv) Receivables

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 210,884	137,894
Taiwan Business Bank Co., Ltd.	43,463	1,347
Hyundai Mobis Co., Ltd.	15,673	-
Taiwan Futures Exchange Corporation	28,679	4,762
Far Eastern International Bank Co., Ltd.	11,932	16,985
Taiwan Mobile Co., Ltd.	17,878	46,673
China United Property Insurance Company Limited	126,988	95,193
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,942	19,370
Total	<u>\$ 470,439</u>	<u>322,224</u>

- (v) Details of financing activities:

- 1) Loans

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Others	<u>\$ 31,382,841</u>	0~15.00	<u>16,587,762</u>	0~15.00

(Continued)

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

Units: In thousands of TWD

December 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	72	\$ 44,199	26,677	✓	-	None	None
Residential mortgage loans	276	3,647,872	2,526,495	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	12,282,788	6,932,788	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	15,350,000	11,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	107,927	✓	-	Credit guarantees	None
	Synnex Technology International Corporation	4,780,000	4,780,000	✓	-	Credit guarantees	None
	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	None
	Nanya Technology Corp	1,500,000	1,500,000	✓	-	Credit guarantees	None
	Taiwan VCM Corporation	595,200	595,200	✓	-	Credit guarantees	None
	Taiwan Chinsan Electronic Industrial Co., Ltd.	460,000	400,000	✓	-	Credit guarantees	None
	CHC RESOURCES CORPORATION	440,000	300,000	✓	-	Credit guarantees	None
	TAITA CHEMICAL COMPANY, LIMITED	425,000	425,000	✓	-	Credit guarantees	None
	DediProg Technology Co., Ltd.	352,442	345,092	✓	-	Credit guarantees	None
	BESTCOM Infotech Corp.	330,000	-	✓	-	Credit guarantees	None
	USI CORPORATION	324,800	-	✓	-	Credit guarantees	None
	Swamson Plastics Corporation	300,000	300,000	✓	-	Credit guarantees	None
	Thermaltake Technology Co., Ltd.	270,000	270,000	✓	-	Credit guarantees	None
	Taiwan Line Tek Electronic Co., Ltd.	250,000	80,000	✓	-	Credit guarantees	None

(Continued)

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

December 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Alexander Marine Co., Ltd.	210,000	-	✓	-	Credit guarantees	None
	TA-HO MARITIME CORPORATION	203,550	47,250	✓	-	Ships	None
	CGPC Polymer Corporation	200,000	200,000	✓	-	Credit guarantees	None
	ACME ELECTRONICS CORPORATION	200,000	119,100	✓	-	Credit guarantees	None
	CHINA GENERAL PLASTICS CORPORATION	195,200	180,000	✓	-	Credit guarantees	None
	Taiwan Cement Corporation	300,000	-	✓	-	Credit guarantees	None
	Beijing Global Media Technology Co., Ltd.	120,876	14,257	✓	-	Certificate of deposit	None
	ALLIED BIOTECH CORP	80,000	80,000	✓	-	Credit guarantees	None
	TAIWAN MINO GROUP CO., LTD.	68,700	68,700	✓	-	Certificate of deposit	None
	Advanced Echem Materials Co., Ltd.	39,000	-	✓	-	Credit guarantees	None
	THORNEN ENGINEERING COMPANY LIMITED	37,502	35,480	✓	-	Machinery	None
	Yong Hsin Shing Ye Co., Ltd.	28,000	28,000	✓	-	Building and land for construction	None
	KUANG HSIN PRINTING CO., LTD.	28,000	8,000	✓	-	Land and building	None
	Koerner Engineering Enterprise Co., Ltd.	27,338	7,875	✓	-	Land and building, credit guarantee fund	None
	Grace Medical Foundation	5,000	5,000	✓	-	Land and building	None
	Probright Technology Inc.	3,381	-	✓	-	Credit guarantee fund	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 47,273,782	31,382,841				

(Continued)

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

Units: In thousands of TWD

December 31, 2022							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 57,954	22,595	✓	-	None	None
Residential mortgage loans	302	3,731,955	2,905,720	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye Co., Ltd.	44,000	28,000	✓	-	Building and land for construction	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global Media Technology Co., Ltd.	79,436	33,443	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	-	✓	-	Credit guarantees	None
	Other loans	17,227	16,389	✓	-	Credit guarantee fund and real estate	None
Total		\$ 24,781,708	16,587,762				

## 2) Secured loans

December 31, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	24 related parties in substance	\$ 179,707	153,621	Normal loans	Real estate	None

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Residential mortgage loans	31 related parties in substance	\$ 203,608	174,138	Normal loans	Real estate	None

The transaction terms between related parties are identical to those of other market participants.

(Continued)

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

3) Life insurance loans:

December 31, 2023						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	74 related parties in substance	\$ 46,068	41,329	Normal loans	Policy value	None

  

December 31, 2022						
Category	Numbers or name of related party	Highest balance	Ending balance	Compliance situation	Type of collateral	Difference in transaction terms between related and unrelated parties
Life insurance loans	97 related parties in substance	\$ 47,232	37,148	Normal loans	Policy value	None

The transaction terms between related parties are identical to those of other market participants.

(vi) Customer margin account

Name of related party	December 31, 2023	December 31, 2022
Taiwan Futures Exchange Corporation	\$ <u>6,048,303</u>	<u>5,333,417</u>

(vii) Other financial assets

Name of related party	December 31, 2023	December 31, 2022
Sichuan VipFubon Consumer Finance Ltd.	\$ <u>864,055</u>	<u>882,688</u>

(viii) Refundable deposits

Name of related party	December 31, 2023	December 31, 2022
Fubon REIT I Fund	\$ 53,267	52,067
Fubon REIT II Fund	36,571	36,930
Taiwan Stock Exchange Corporation	-	769,560
Taiwan Futures Exchange Corporation	244,859	147,316
Chung Hsing Land Development Co., Ltd.	38,904	37,436
Taipei Exchange	72,500	59,206
Taipei City Government	1,408,462	1,310,576
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	19,372	17,497
Total	\$ <u>1,873,935</u>	<u>2,430,588</u>

(Continued)

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

## (ix) Clearing and settlement fund

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Stock Exchange Corporation	\$ 238,462	186,365
Taiwan Futures Exchange Corporation	166,527	219,832
Taipei Exchange	122,872	155,120
Total	<u>\$ 527,861</u>	<u>561,317</u>

## (x) Prepayments

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon REIT I Fund	\$ 1,030	1,259
Taiwan Fixed Network Co., Ltd.	3,254	2,978
Fubon Land Development Co., Ltd.	2,401	876
Taipei Rapid Transit Corporation	850	1,773
Taiwan Shin Kong Security Co., Ltd.	-	2,219
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,959	3,654
Total	<u>\$ 9,494</u>	<u>12,759</u>

## (xi) Payables

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Stock Exchange Corporation	\$ 57,091	38,542
Hyundai Commercial Inc.	14,362	14,956
Taiwan Futures Exchange Corporation	24,556	28,696
Taihsin Property Insurance Agent Co., Ltd.	28,695	3,483
Taipei Exchange	18,548	14,440
China United Property Insurance Company Limited	129,454	72,269
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	33,696	18,396
Total	<u>\$ 306,402</u>	<u>190,782</u>

(Continued)

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

## (xii) Deal on credit

The balance of financing and loans from other related parties to Fubon Securities and its subsidiaries were as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Related parties in substance	\$ <u>914,939</u>	<u>287,108</u>

## (xiii) Principal of structured products

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mstar Semi (Shenzhen) Inc.	\$ -	489,848
MediaTek (Shenzhen) Inc.	-	286,874
MediaTek (Chengdu) Inc.	-	719,391
Wuxi GIH Innovation Industrial Development Inc.	-	20,699
Related parties in substance (individual)	49,639	58,542
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	7,373
Total	\$ <u>49,639</u>	<u>1,582,727</u>

## (xiv) Futures traders' equity

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>5,072,718</u>	<u>4,459,397</u>

## (xv) Advance receipts

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 8,019	15,125
JihSun Securities Investment Trust Co., Ltd.	4,821	2,034
Taiwan Mobile Co., Ltd.	15,545	44,661
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	8,168	4,938
Total	\$ <u>36,553</u>	<u>66,758</u>

(Continued)



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

## (xvi) Guarantees

December 31, 2023					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Synnex Technology International Corporation	\$ 1,280,000	-	-	0.44%	Credit guarantees
Taiwan Cement Corporation	157,000	-	-	0.55%	Credit guarantees
TA-HO MARITIME CORPORATION	59,000	59,000	590	0.59%	Ships
Koerner Engineering Enterprise Co., Ltd.	16,704	16,647	166	1.00%~ 1.05%	Land and Building
CHINA GENERAL PLASTICS CORPORATION	4,224	-	-	-	Credit guarantees

December 31, 2022					
Related party	Highest balance for the period	Ending balance	Provision	Rate (%)	Type of collateral
Taiwan Cement Corporation	\$ 157,000	157,000	1,570	0.55%	Credit guarantees

## (xvii) Transaction for retirement pension savings:

Name of related party	December 31, 2023	December 31, 2022
Hyundai Mobis Co., Ltd.	\$ 8,280,439	9,649,589
Hyundai Card Co., Ltd.	2,940,820	2,990,213
Hyundai Commercial Inc.	1,311,608	1,298,868
Bluewalnut Co., Ltd.	23,559	-
Global Information Technology Co., Ltd.	58,174	-
H GREEN POWER INC.	58,756	-
HYUNDAI IHL CORPORATION	95,614	-
UNITUS CO., LTD	132,559	-
MOTRAS	248,548	-
Total	<u>\$ 13,150,077</u>	<u>13,938,670</u>

(Continued)

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

## (xviii) Income

## 1) Service fees

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan Life Insurance Co., Ltd.	\$ 1,395	10,079
Hyundai Mobis Co., Ltd.	20,220	16,013
Hyundai Card Co., Ltd.	12,794	11,246
LINE Biz+ Taiwan Co., Ltd.	788,222	688,840
momo.com Inc.	923,524	738,664
DIGIFLOW	13,708	12,340
Easycard Corporation	12,648	12,221
Taiwan Mobile Co., Ltd.	197,473	172,910
Taipei City Government	15,392	19,365
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	49,262	38,694
Total	<u>\$ 2,034,638</u>	<u>1,720,372</u>

## 2) Management income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	<u>\$ 1,722,569</u>	<u>1,437,647</u>

## 3) Sales commissions

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	<u>\$ 67,066</u>	<u>61,380</u>

## 4) Handling fee income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ 81,813	123,957
Related parties in substance (individual)	1,444	14,488
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,780	1,806
Total	<u>\$ 85,037</u>	<u>140,251</u>

(Continued)

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

5) Sponsorship income, sales revenue and royalty income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
momo.com Inc.	\$ 57,141	50,806
Taiwan Win TV Media Co., Ltd.	47,686	47,619
Taiwan Mobile Co., Ltd.	58,507	48,214
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,683	2,715
Total	<u>\$ 165,017</u>	<u>149,354</u>

(xix) Expenses

1) Insurance claims and payments

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan High Speed Rail Corporation	\$ 5,597	19,550
Taiwan Mobile Co., Ltd.	326,402	262,791
USI CORPORATION	22,233	-
Carplus Auto Leasing Corporation	-	118,201
Empower Motor Co., Ltd.	-	15,056
Tokio Marine Nawa Insurance Co., Ltd.	-	99,402
Yuchang Motor Co., Ltd.	-	24,075
Huilien Motor Co., Ltd.	-	13,353
China United Property Insurance Company Limited	109,570	134,648
Related parties in substance (individual)	21,883	54,204
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	19,103	52,260
Total	<u>\$ 504,788</u>	<u>793,540</u>

2) Donations

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Charity Foundation	\$ 63,632	68,474
Fubon Art Foundation	28,000	70,000
Fubon Cultural and Educational Foundation	50,000	57,980
Taipei Fubon Commercial Bank Charity Foundation	23,130	27,200
Fubon Insurance Gallery Foundation	480,000	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,279	11,647
Total	<u>\$ 656,041</u>	<u>235,301</u>

(Continued)

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

3) Other expenses

Name of related party	Category	2023	2022
Funds Managed by Fubon Asset Management	Service fee	\$ 38,571	30,144
Fubon REIT I Fund	Rental expenses, management fee and other	29,691	29,870
Taiwan Stock Exchange Corporation	Brokerage commissions	686,116	635,945
Hyundai Card Co., Ltd.	Service fee	24,673	20,335
Taiwan Futures Exchange Corporation	Brokerage commissions	312,877	408,147
Fubon Property Management Co., Ltd.	Management fee and investment property expenses	272,880	245,114
Taiwan High Speed Rail Corporation	Service fee and rental expenses	95,088	70,582
Chung Hsing Land Development Co., Ltd.	Rental expenses	21,829	22,611
LINE Taiwan	Other	14,794	10,507
LINE Biz+ Taiwan Co., Ltd.	Service fee	2,011,266	2,490,067
momo.com Inc.	Service fee, rental expenses and other	1,592,923	1,158,523
Fuli Property Insurance Agent Co., Ltd.	Commission expenses	8,873	12,845
Taiwan Fixed Network Co., Ltd.	Postage expenses, rental expenses and other	299,033	263,475
Convoy Financial Services Limited	Commission expenses	118	16,371
Fubon Land Development Co., Ltd.	Service fee and other	11,331	8,765
Taihsin Property Insurance Agent Co., Ltd.	Commission expenses	343,433	330,914
Easycard Corporation	Service fee	68,553	27,651
Line Bank Co., Ltd.	Other	15,499	36
TAIPEI FOREIGN EXCHANGE MARKET DEVELOPMENT FOUNDATION	Service fee	15,770	16,570
Taipei Exchange	Brokerage commissions and other	240,668	212,801
Taiwan Mobile Co., Ltd.	Service fee, rental expenses and other	70,794	65,748
The Non-Life Insurance Association of China	Advertising expenses and postage expenses	-	19,267
Taiwan Shin Kong Security Co., Ltd.	Other	17,192	14,672
Tokio Marine Nawa Insurance Co., Ltd.	Reinsurance expenses	-	34,049
BESTCOM Infotech Corp.	Service fee, rental expenses and professional service fee	33,824	-
China United Property Insurance Company Limited	Other	44,693	101,176
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		79,048	112,053
Total		<u>\$ 6,349,537</u>	<u>6,358,238</u>

(xx) Insurance Receivable and Insurance Revenue

1) Insurance receivable

Name of related party	December 31, 2023	December 31, 2022
Taiwan High Speed Rail Corporation	\$ 3,907	85,265
momo.com Inc.	11,522	12,504
Taipei New Horizon Co., Ltd.	15,500	15,590
USI CORPORATION	6,198	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	16,895	35,976
Total	<u>\$ 54,022</u>	<u>149,335</u>

(Continued)

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

## 2) Insurance Revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan Cement Corporation	\$ 19,950	5,488
TA-HO MARITIME CORPORATION	15,179	62
Alpha Networks Inc.	20,666	18,234
Taiwan High Speed Rail Corporation	42,789	111,286
TFN Media Co., Ltd.	12,099	3,483
momo.com Inc.	80,636	74,246
Taipei New Horizon Co., Ltd.	15,803	15,878
Kbro Co., Ltd.	20,752	21,539
Fu Sheng Logistics Co., Ltd.	11,748	8,517
Line Bank Co., Ltd.	16,262	14,149
CHC RESOURCES CORPORATION	117,851	45,463
Taiwan Mobile Co., Ltd.	40,970	43,920
USI CORPORATION	45,373	-
Synnex Technology International Corporation	13,288	-
MediaTek Inc.	11,586	19,736
SUBTRON TECHNOLOGY CO., LTD	460	11,169
YFY Inc.	-	14,574
Carplus Auto Leasing Corporation	-	224,484
Taipei City Government	72,919	27,371
Related parties in substance (individual)	502,556	640,416
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	139,489	149,192
Total	<u>\$ 1,200,376</u>	<u>1,449,207</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

## (xxi) Bonds payable and Interest Expense

## 1) Bonds payable

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350
Hyundai Commercial Inc. (Note)	<u>2,364,500</u>	<u>2,443,500</u>
Total	<u>\$ 2,364,500</u>	<u>2,687,850</u>

Note: Recognized as equity of Fubon Hyundai Life Insurance.

(Continued)

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

2) Interest Expense

Name of related party	2023	2022
Hyundai Commercial Inc.	\$ 170,496	159,370

(xxii) Leasing

1) The company rents from related parties

a) Right-of-use asset

Name of related party	December 31, 2023	December 31, 2022
Fubon REIT I Fund	\$ 172,853	282,006
Fubon REIT II Fund	150,243	159,484
Fubon Charity Foundation	26,903	41,549
Ming-Dong Industrial Co., Ltd.	35,510	42,880
Chung Hsing Land Development Co., Ltd.	38,228	222,265
Taipei City Government	30,753,186	28,703,681
Related parties in substance (individual)	33,224	66,593
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	8,075	17,800
Total	\$ 31,218,222	29,536,258

b) Lease liability

Name of related party	December 31, 2023	December 31, 2022
Fubon REIT I Fund	\$ 173,165	281,550
Fubon REIT II Fund	152,746	172,498
Fubon Charity Foundation	27,905	42,915
Ming-Dong Industrial Co., Ltd.	36,524	43,767
Chung Hsing Land Development Co., Ltd.	38,345	229,902
Taipei City Government	7,963,186	8,041,556
Related parties in substance (individual)	34,811	68,809
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	8,107	17,989
Total	\$ 8,434,789	8,898,986

(Continued)

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

2) The company leases to related parties

a) Guarantee deposits

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hyundai Card Co., Ltd.	\$ 6,792	20,987
Fubon Art Foundation	2,835	29,719
momo.com Inc.	62,345	46,649
Sharehope Medicine Co., Ltd.	17,912	17,912
Taiwan Mobile Co., Ltd.	10,393	10,182
Fubon Insurance Gallery Foundation	26,884	-
Les enphants Co., Ltd.	10,506	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	33,912	36,799
Total	<u>\$ 171,579</u>	<u>162,248</u>

b) Performance guarantee

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sharehope Medicine Co., Ltd. (Note)	\$ 270,642	269,296
Les enphants Co., Ltd.	372,962	-
Total	<u>\$ 643,604</u>	<u>269,296</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

(Continued)

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

c) Rental revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Hyundai Card Co., Ltd.	\$ 30,626	51,113
Hyundai Commercial Inc.	13,567	18,149
Ming-Dong Industrial Co., Ltd.	18,669	15,225
Fubon Art Foundation	11,044	7,118
TFN Media Co., Ltd.	12,743	12,743
momo.com Inc.	191,134	185,404
Taiwan Fixed Network Co., Ltd.	33,451	33,513
Kbro Media Co., Ltd.	466	38,801
Kbro Co., Ltd.	23,488	23,449
Sharehope Medicine Co., Ltd.	39,836	39,638
JihSun Securities Investment Trust Co., Ltd.	16,995	16,657
Taiwan Mobile Co., Ltd.	42,857	47,755
Fubon Insurance Gallery Foundation	18,244	-
Les enfants Co., Ltd.	21,322	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	12,377	10,278
<b>Total</b>	<b>\$ <u>486,819</u></b>	<b><u>499,843</u></b>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(xxiii) Acquisition of property and equipment

1) Transaction of debt instrument

a) Repurchase agreement

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Related parties in substance (individual)	<b>\$ <u>3,977,214</u></b>	<b><u>4,436,373</u></b>

b) Resell agreement

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Life Insurance Co., Ltd.	\$ 1,350,000	-
CTBC Securities Co., Ltd.	553,876	-
<b>Total</b>	<b>\$ <u>1,903,876</u></b>	<b><u>-</u></b>

(Continued)



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

c) Bonds purchased

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan Life Insurance Co., Ltd.	\$ -	2,676,131
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	-	1,296
Total	<u>\$ -</u>	<u>2,677,427</u>

d) Bonds sold/matured

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan Business Bank Co., Ltd.	\$ -	50,473
Taiwan Cement Corporation	-	285,000
Far Eastern International Bank Co., Ltd.	1,000,000	-
Taiwan Mobile Co., Ltd.	-	300,967
Total	<u>\$ 1,000,000</u>	<u>636,440</u>

2) Transaction of equity instruments:

Shares undertaken

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hui Yang Venture Capital Co., Ltd.	\$ 4,754	15,620
Advanced Echem Materials Co., Ltd.	-	59,115
Century Development Corporation	398,088	216,282
China United Insurance Group Co., Ltd.	6,609,824	8,281,059
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,255	14,086
Total	<u>\$ 7,013,921</u>	<u>8,586,162</u>

3) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Land Development Co., Ltd.	\$ 24,175	36,799
Taipei City Government	67,624	1,054,522
BESTCOM Infotech Corp.	216,866	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	197	33
Total	<u>\$ 308,862</u>	<u>1,091,354</u>

(Continued)

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

## (c) Compensation to executive officers

Executive officers' compensation comprised:

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 2,941,488	2,824,688
Post-employment benefits	63,893	61,860
Other long-term employee benefits	<u>6,821</u>	<u>5,892</u>
	<u>\$ 3,012,202</u>	<u>2,892,440</u>

## (d) Information on related party transactions amounting to more than \$100,000 thousand

If a transaction occurs between two subsidiaries, only one subsidiary needs to disclose its related party information, and the inter-company transaction is eliminated in the consolidated financial statements.

## (i) The Company

## 1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company and its subsidiaries</u>
Fubon Life Insurance Co., Ltd.	The subsidiary
Fubon Securities Co., Ltd.	The subsidiary
Taipei Fubon Bank Co., Ltd.	The subsidiary
Fubon Asset Management Co., Ltd.	The subsidiary

## 2) Significant transactions with related parties were as follows:

## a) Bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>
Taipei Fubon Bank Co., Ltd.	\$ <u>123,204</u>	0~1.15	<u>155,146</u>	0~0.85

## b) Balance of investment

<u>Name of security</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance - noncumulative perpetual subordinated corporate bonds	\$ <u>19,741,671</u>	<u>19,625,671</u>

## c) Receivables

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>555,374</u>	<u>554,161</u>

(Continued)

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

## d) Interest revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>720,135</u>	<u>720,069</u>

## e) Income tax receivables

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei Fubon Bank Co., Ltd.	\$ 1,786,822	2,388,885
Fubon Securities Co., Ltd.	781,641	814,780
Fubon Asset Management Co., Ltd.	174,197	135,586
Total	\$ <u>2,742,660</u>	<u>3,339,251</u>

## f) Lease Agreement

<u>Name of related party</u>	<u>Right-of-use assets</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>207,249</u>	<u>237,528</u>

  

<u>Name of related party</u>	<u>Lease liabilities</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>220,534</u>	<u>247,050</u>

## (ii) Fubon Insurance and its subsidiaries

## 1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd.	Parent Company
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Xiamen Bank (China) Co., Ltd.	Related parties in substance
Far Eastern International Bank Co., Ltd.	Related parties in substance
Taihsin Property Insurance Agent Co., Ltd.	Related parties in substance
CHC RESOURCES CORPORATION	Related parties in substance
China United Property Insurance Company Limited	Related parties in substance
Carplus Auto Leasing Corporation	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
Others	Directors, supervisors, managers and their close relatives, etc.

(Continued)

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

2) Significant transactions with related parties were as follows:

a) Bank deposits

Name of related party	December 31, 2023		December 31, 2022	
	Ending balance	Interest rate range%	Ending balance	Interest rate range%
Taipei Fubon Bank Co., Ltd.	\$ 1,589,476	0.10~0.51	2,275,402	0~6.00
Far Eastern International Bank Co., Ltd.	150,032	0.6	128	0.48
Xiamen Bank (China) Co., Ltd.	189,180	0.25	173,613	0.05~0.40
<b>Total</b>	<b>\$ 1,928,688</b>		<b>2,449,143</b>	

b) Balance of Fubon REIT I Fund and Fubon REIT II Fund:

Name of related party	December 31, 2023	December 31, 2022
Fubon REIT I Fund	\$ 802,854	894,217
Fubon REIT II Fund	839,771	970,231
<b>Total</b>	<b>\$ 1,642,625</b>	<b>1,864,448</b>

c) Receivables from income tax return filings

Name of related party	December 31, 2023	December 31, 2022
Fubon Financial Holdings Co., Ltd.	\$ 2,623,076	2,067,260

d) Receivables

Name of related party	December 31, 2023	December 31, 2022
China United Property Insurance Company Limited	\$ 126,988	95,193

e) Payables

Name of related party	December 31, 2023	December 31, 2022
China United Property Insurance Company Limited	\$ 129,454	72,269

(Continued)

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

## f) Other revenue

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022</u>
China United Property Insurance Company Limited	Reinsurance premium	\$ <u>124,821</u>	<u>217,109</u>

## g) Expenses

## i) Retained claims payment

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taiwan Mobile Co., Ltd.	\$ 326,402	262,791
Carplus Auto Leasing Corporation	-	118,201
China United Property Insurance Company Limited	109,570	134,648
Total	\$ <u>435,972</u>	<u>515,640</u>

## ii) Other Expenses

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022</u>
Taihsin Property Insurance Agent Co., Ltd.	Commission expenses	\$ 343,433	330,914
China United Property Insurance Company Limited	Reinsurance commission	44,693	101,176
Total		\$ <u>388,126</u>	<u>432,090</u>

## h) Premium revenues

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank Co., Ltd.	\$ 204,410	178,669
CHC RESOURCES CORPORATION	117,851	45,463
Carplus Auto Leasing Corporation	-	222,398
Total	\$ <u>322,261</u>	<u>446,530</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

## i) Right-of-use asset and lease liability

<u>Name of related party</u>	<u>Right-of-use asset</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>378,888</u>	<u>525,305</u>
<u>Name of related party</u>	<u>Lease liability</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Life Insurance Co., Ltd.	\$ <u>406,380</u>	<u>550,500</u>

(Continued)

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

(iii) Fubon Life Insurance and its subsidiaries

1) Name and relationship of related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Financial Holdings Co., Ltd.	Parent Company
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Funds Managed by Fubon Asset Management	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
UNITUS CO., LTD	Related parties in substance
MOTRAS	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Hyundai Card Co., Ltd.	Related parties in substance
Far Eastern International Bank Co., Ltd.	Related parties in substance
momo.com Inc.	Related parties in substance
Funds Managed by JihSun Securities Investment Trust	Related parties in substance
Century Development Corporation	Related parties in substance
China United Insurance Group Co., Ltd.	Related parties in substance
Fubon Insurance Gallery Foundation	Related parties in substance
Sharehope Medicine Co., Ltd.	Related parties in substance
Taiwan Business Bank Co., Ltd.	Related parties in substance
Les enphants Co., Ltd.	Related parties in substance

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
BESTCOM Infotech Corp.	Related parties in substance
Fubon Property Management Co., Ltd.	Related parties in substance
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Ending balance</u>	<u>Interest rate range%</u>	<u>Ending balance</u>	<u>Interest rate range%</u>
Taipei Fubon Bank Co., Ltd.	\$ 22,354,369	0~1.41	30,643,918	0.39~1.4
Fubon Bank (Hong Kong) Limited	164,583	0.5~0.9	105,879	0~0.75
Taiwan Business Bank Co., Ltd.	16,757,959	0.58~1.48	1,260,837	0.46~1.25
Far Eastern International Bank Co., Ltd.	4,502,432	0.6~1.55	7,501,870	0.48~1.5
<b>Total</b>	<b>\$ 43,779,343</b>		<b>39,512,504</b>	

b) Financial instruments

i) Transaction of derivative financial instruments

<u>Name of related party</u>	<u>Name of derivative instrument contracts</u>	<u>Notional amount</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei Fubon Bank Co., Ltd.	Foreign exchange swap contracts	\$ 42,646,582	21,495,600

(Continued)

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

- ii) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ 33,515,146	16,406,561
Funds managed by JihSun Securities Investment Trust	2,647,256	4,316,601
<b>Total</b>	<b><u>\$ 36,162,402</u></b>	<b><u>20,723,162</u></b>

- iii) Fubon Life Insurance and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon REIT I Fund	\$ 806,375	897,235
Fubon REIT II Fund	962,478	1,108,308
<b>Total</b>	<b><u>\$ 1,768,853</u></b>	<b><u>2,005,543</u></b>

- c) Receivables

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Financial Holdings Co., Ltd.	\$ 12,954,812	6,867,487
Fubon Insurance Co., Ltd.	305,080	280,438
<b>Total</b>	<b><u>\$ 13,259,892</u></b>	<b><u>7,147,925</u></b>

- d) Loans

Secured loans

December 31, 2023						
<u>Category</u>	<u>Numbers or name of related party</u>	<u>Highest Balance</u>	<u>Ending Balance</u>	<u>Compliance situation</u>	<u>Type of Collateral</u>	<u>Differences in transaction terms between related and non related parties</u>
Residential mortgage loans	24 related parties in substance	<u>\$ 179,707</u>	<u>153,621</u>	Normal loan	Real Estate	None
December 31, 2022						
Residential mortgage loans	31 related parties in substance	<u>\$ 203,608</u>	<u>174,138</u>	Normal loan	Real Estate	None

The transaction terms are identical to those of other market participants.

(Continued)



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

e) Refundable deposits

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei City Government	\$ <u>1,402,257</u>	<u>1,305,586</u>

f) Transaction for retirement pension savings

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hyundai Mobis Co., Ltd.	\$ 8,280,439	9,649,589
Hyundai Card Co., Ltd.	2,940,820	2,990,213
Hyundai Commercial Inc.	1,311,608	1,298,868
UNITUS CO., LTD	132,559	-
MOTRAS	248,548	-
Total	\$ <u>12,913,974</u>	<u>13,938,670</u>

g) Discretionary investment from related parties

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Asset Management Co., Ltd.	\$ <u>7,160,860</u>	<u>5,592,184</u>

h) Other revenue

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank Co., Ltd.	Interest revenue and integrate business revenue	\$ 383,300	153,267
Fubon Insurance Co., Ltd.	Integrate business revenue and miscellaneous revenue	1,110,903	1,160,137
Taiwan Business Bank Co., Ltd.	Interest revenue	107,570	24,253
Far Eastern International Bank Co., Ltd.	Interest revenue	118,891	73,611
Total		\$ <u>1,720,664</u>	<u>1,411,268</u>

(Continued)

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

## i) Expenses

## i) Donations

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Insurance Gallery Foundation	\$ <u>480,000</u>	<u>-</u>

## ii) Other expenses

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022</u>
Fubon Property Management Co., Ltd.	Management fees, utilities expenses and investment property expenses	\$ <u>159,843</u>	<u>127,715</u>

## j) Insurance revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank Co., Ltd.	\$ 114,351	103,814
Related parties in substance (individual)	<u>470,248</u>	<u>606,838</u>
Total	\$ <u>584,599</u>	<u>710,652</u>

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

## k) Bonds payable and interest expense

## i) Bonds payable

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Hyundai Commercial Inc.	\$ -	244,350
Hyundai Commercial Inc. (Note)	<u>2,364,500</u>	<u>2,443,500</u>
Total	\$ <u>2,364,500</u>	<u>2,687,850</u>

Note: Recognized as equity of Fubon Hyundai Life Insurance.

## ii) Interest expense

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Hyundai Commercial Inc.	\$ <u>170,496</u>	<u>159,370</u>

(Continued)

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

l) Lease

i) The company rents from related parties

1) Right-of-use asset

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon REIT I Fund (Note)	\$ 76,629	140,096
Taipei City Government	30,699,434	28,656,799
Total	<u>\$ 30,776,063</u>	<u>28,796,895</u>

Note: The amount was recognized as investment property.

2) Lease liability

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon REIT I Fund	\$ 76,498	139,917
Taipei City Government	7,909,145	7,992,975
Total	<u>\$ 7,985,643</u>	<u>8,132,892</u>

ii) The company leases to related parties

1) Performance guarantee

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Sharehope Medicine Co., Ltd. (Note)	\$ 270,642	269,296
Les enphants	372,962	-
Total	<u>\$ 643,604</u>	<u>269,296</u>

Note: Sharehope Medicine and Taoyuan Min Sheng General Hospital (non-related party) jointly issued a performance bond.

2) Rental revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Insurance Co., Ltd.	\$ 151,917	152,151
momo.com Inc.	191,134	185,404
Total	<u>\$ 343,051</u>	<u>337,555</u>

All the above leases were operating leases. The leasing term was not materially different from that with unrelated parties.

(Continued)

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

m) Acquisition of property and equipment

i) Transaction of debt instrument

Sold/matured

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank Co., Ltd.	\$ 199,161	400,324
Far Eastern International Bank Co., Ltd.	1,000,000	-
Total	<u>\$ 1,199,161</u>	<u>400,324</u>

The above mentioned disposals with losses of \$1,905 thousand for 2023 and gains of \$40 thousand for 2022 were with Taipei Fubon Bank Co., Ltd.

ii) Transaction of equity instruments

Shares undertaken

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Century Development Corporation	\$ 398,088	216,282
China United Insurance Group Co., Ltd.	6,609,824	8,281,059
Total	<u>\$ 7,007,912</u>	<u>8,497,341</u>

iii) Transaction of real estate and other assets

Purchase

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taipei City Government	\$ 67,624	1,053,937
BESTCOM Infotech Corp.	216,866	-
Total	<u>\$ 284,490</u>	<u>1,053,937</u>

(Continued)

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

(iv) Fubon Securities and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd. (Note)	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Far Eastern International Bank Co., Ltd.	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
Funds managed by Fubon Asset Management	Related parties in substance
Taiwan Stock Exchange Corporation	Related parties in substance
Taiwan Futures Exchange Corporation	Related parties in substance
Taipei Exchange	Related parties in substance
Taiwan Business Bank Co., Ltd.	Related parties in substance
MediaTek Inc.	Related parties in substance
Others	Directors, supervisors, managers and their spouse or relatives up to the second degree; affiliated and the related parties in substance

Note: The financial statements were retroactively restated due to the reorganization of the Group, hence the content and amount disclosed by related parties of prior periods included JihSun Bank.

(Continued)

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

2) Significant transactions with related parties

a) Bank deposits, cash equivalents, short-term borrowings, and other current assets

Cash deposits in Taipei Fubon Bank Co., Ltd. and Fubon Bank (Hong Kong) Limited were as follows:

Items	December 31, 2023	December 31, 2022 (Restatement)
Demand deposits (excluding settlement accounts)	\$ <u>1,779,160</u>	<u>2,718,090</u>
Demand deposits (booked as customer margin accounts)	\$ <u>311,401</u>	<u>547,319</u>
Checking accounts	\$ <u>133,907</u>	<u>96,360</u>
Time deposits	\$ <u>490,000</u>	<u>2,935,600</u>
Pledged time deposit	\$ <u>138,000</u>	<u>204,000</u>
Foreign currency deposits (excluding settlement accounts)	\$ <u>154,519</u>	<u>339,188</u>
Foreign time deposit	\$ <u>9,753,957</u>	<u>14,098,558</u>

As of December 31, 2023 and 2022, Fubon Securities and its subsidiaries had put bank deposits in Far Eastern International Bank Co., Ltd. and Taiwan Business Bank Co., Ltd. amounting to \$202,767 thousand and \$440,400 thousand, respectively.

As of December 31, 2023 and 2022 (restated), Fubon Securities and its subsidiaries had put time deposits in Taipei Fubon Bank Co., Ltd. as operating refundable deposits amounting to \$970,000 thousand and \$790,000 thousand, respectively.

Balances of short-term borrowings from Taipei Fubon Bank Co., Ltd. as of December 31, 2023 and 2022 (restated), were all nil, unused credit facilities from Taipei Fubon Bank Co., Ltd. were \$8,500,000 thousand and \$9,700,000 thousand, respectively. As of December 31, 2023 and 2022 (restated), the carrying value of lands and buildings pledged to Taipei Fubon Bank Co., Ltd. were \$1,453,971 thousand and \$1,423,429 thousand, respectively, and time deposits pledged to Taipei Fubon Bank Co., Ltd. for short-term borrowing were \$138,000 thousand and \$204,000 thousand, respectively. Fubon Securities also provided stock investments amounting to \$8,392,758 thousand and \$8,065,938 thousand (recognized as financial assets measured at fair value through other comprehensive income) to Taipei Fubon Bank Co., Ltd. as collateral for short-term borrowings and overdrafts as of December 31, 2023 and 2022 (restated), respectively.

(Continued)

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

Fubon Securities and its subsidiaries earned interest revenue on bank deposits:

<b>Name of related party</b>	<b>2023</b>	<b>2022 (Restatement)</b>
Taipei Fubon Bank Co., Ltd.	\$ <u>732,358</u>	<u>251,404</u>

b) Operating securities-dealing

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

<b>Name of security</b>	<b>December 31, 2023</b>	
	<b>Cost</b>	<b>Gains (losses) on valuation</b>
Funds managed by Fubon Asset Management	\$ 1,062,830	20,986
Fubon REIT I Fund	<u>243,380</u>	<u>95,446</u>
<b>Total</b>	<b>\$ <u>1,306,210</u></b>	<b><u>116,432</u></b>

<b>Name of security</b>	<b>December 31, 2022 (Restatement)</b>	
	<b>Cost</b>	<b>Gains (losses) on valuation</b>
Funds managed by Fubon Asset Management	\$ 806,699	304
Fubon REIT I Fund	<u>243,380</u>	<u>133,624</u>
<b>Total</b>	<b>\$ <u>1,050,079</u></b>	<b><u>133,928</u></b>

<b>Name of security</b>	<b>2023</b>	
	<b>Dividend revenue</b>	<b>Gains (losses) on disposal of investments</b>
Funds managed by Fubon Asset Management	\$ <u>24,315</u>	<u>153,314</u>

<b>Name of security</b>	<b>2022 (Restatement)</b>	
	<b>Dividend revenue</b>	<b>Gains (losses) on disposal of investments</b>
Funds managed by Fubon Asset Management	\$ <u>24,824</u>	<u>(148,424)</u>

(Continued)

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

c) Operating securities-hedging

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on disposal were as follows:

Name of security	2022 (Restatement)	
	Dividend revenue	Gains (losses) on disposal of investments
MediaTek Inc.	\$ 34,440	155,720

d) Finance assets measured at fair value through other comprehensive income

The details of related parties' securities held by Fubon Securities and its subsidiaries and the gain or loss on valuation were as follows:

Name of security	December 31, 2023	
	Cost	Gains (losses) on valuation
Taiwan Mobile Co., Ltd.	\$ 1,428,277	271,785

  

Name of security	December 31, 2022	
	Cost	Gains (losses) on valuation
Taiwan Mobile Co., Ltd.	\$ 1,428,277	204,541

e) Derivative financial instrument transaction

Unit: In thousands of TWD

December 31, 2022					
Name of related party	Derivative instrument contract	Contract duration	Nominal amounts	Financial statement balance	
				Account	Balance
Far Eastern International Bank Co., Ltd.	Cross Currency Swap (CCS)	2018.01.09~ 2023.02.27	\$ 1,500,000	CCS contract value (assets)	275
Far Eastern International Bank Co., Ltd.	Cross Currency Swap (CCS)	2018.07.11~ 2023.07.13	300,000	CCS contract value (liabilities)	946

(Continued)



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

f) Customer margin account

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Taiwan Futures Exchange Corporation	\$ <u>6,048,303</u>	<u>5,333,417</u>

g) Settlement and clearing funds

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Taiwan Stock Exchange Corporation	\$ 238,462	186,365
Taiwan Futures Exchange Corporation	166,527	219,833
Taipei Exchange	<u>122,872</u>	<u>155,120</u>
Total	<u>\$ 527,861</u>	<u>561,318</u>

h) Deal on credit

As of December 31, 2023 and 2022, the balance of financing and loans from other related parties to Fubon Securities and its subsidiaries are \$914,939 thousand and \$287,108 thousand, respectively.

i) Other receivables

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Taipei Fubon Bank Co., Ltd.	\$ <u>135,248</u>	<u>98,001</u>

j) Security borrowing deposit

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Taiwan Stock Exchange Corporation	\$ -	<u>769,560</u>

k) Futures traders' equity

Related parties engaging in futures have Fubon Futures traders' equity deposited in Fubon Securities and its subsidiaries were as follow:

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Taipei Fubon Bank Co., Ltd.	\$ 344,108	544,065
Funds managed by Fubon Asset Management	<u>5,072,718</u>	<u>4,459,397</u>
Total	<u>\$ 5,416,826</u>	<u>5,003,462</u>

(Continued)

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

l) Dividend income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Stock Exchange Corporation	\$ <u>195,477</u>	<u>249,242</u>

m) Handling fee income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Fubon Life Insurance Co., Ltd.	\$ 106,482	91,041
Fubon Asset Management Co., Ltd.	<u>81,813</u>	<u>123,956</u>
Total	\$ <u>46,166</u>	<u>46,166</u>

n) Facility rental revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taipei Fubon Bank Co., Ltd.	\$ <u>598,870</u>	<u>598,381</u>

o) Brokerage handling fee expense

<u>Name of related party</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Stock Exchange Corporation	\$ 534,623	489,213
Taiwan Futures Exchange Corporation	177,449	235,083
Taipei Exchange	<u>188,012</u>	<u>167,396</u>
Total	\$ <u>900,084</u>	<u>891,692</u>

p) Settlement and clearing service fee expense

<u>Name of related party</u>	<u>2023</u>	<u>2022</u> <u>(Restatement)</u>
Taiwan Futures Exchange Corporation	\$ <u>126,968</u>	<u>166,066</u>

(Continued)

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

q) Right-of-use asset and lease liability

	<b>Right-of-use asset</b>	
<b>Name of related party</b>	<b>December 31, 2023</b>	<b>December 31, 2022 (Restatement)</b>
Taipei Fubon Bank Co., Ltd.	\$ <b>107,633</b>	<b>71,589</b>
	<b>Lease liability</b>	
<b>Name of related party</b>	<b>December 31, 2023</b>	<b>December 31, 2022 (Restatement)</b>
Taipei Fubon Bank Co., Ltd.	\$ <b>109,154</b>	<b>73,910</b>

(v) Taipei Fubon Bank and its subsidiaries

1) Name and relationship with related party

<b>Name of related party</b>	<b>Relationship with the Company</b>
Fubon Financial Holding Co., Ltd.	Parent Company
Fubon Securities Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Futures Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Asset Management Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Life Insurance (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Taipei City Government	A major shareholder of Fubon Financial Holdings
Chung Hsing Land Development Co., Ltd.	A major shareholder of Fubon Financial Holdings
Taiwan Futures Exchange Corporation	Related parties in substance
Fubon Hyundai Life Insurance Co., Ltd.	Related parties in substance
LINE Biz+ Taiwan Co., Ltd.	Related parties in substance

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
momo.com Inc.	Related parties in substance
Beijing Global Media Technology Co., Ltd.	Related parties in substance
Xiamen Bank Co., Ltd.	Related parties in substance
TAIWAN MINO GROUP CO., LTD.	Related parties in substance
USI CORPORATION	Related parties in substance
TA-HO MARITIME CORPORATION	Related parties in substance
DediProg Technology Co., Ltd.	Related parties in substance
POU CHEN CORPORATION	Related parties in substance
CHC RESOURCES CORPORATION	Related parties in substance
MediaTek (Shenzhen) Inc.	Related parties in substance
MediaTek (Chengdu) Inc.	Related parties in substance
Taiwan Business Bank Co., Ltd.	Related parties in substance
Mstar Semi (Shenzhen) Inc.	Related parties in substance
Yong Hsin Shing Ye Co., Ltd.	Related parties in substance
Sichuan VipFubon Consumer Finance Ltd.	Related parties in substance
Taiwan Cement Corporation	Related parties in substance
CTBC Securities Co., Ltd.	Related parties in substance
Probright Technology Inc.	Related parties in substance
Synnex Technology International Corporation	Related parties in substance
Alexander Marine Co., Ltd.	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
Taiwan Life Insurance Co., Ltd.	Related parties in substance
Taiwan VCM Corporation	Related parties in substance
BESTCOM Infotech Corp.	Related parties in substance
CGPC Polymer Corporation	Related parties in substance
Advanced Echem Materials Co., Ltd.	Related parties in substance
Nanya Technology Corporation	Related parties in substance
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.	Related parties in substance
TAITA CHEMICAL COMPANY, LIMITED	Related parties in substance
Swanson Plastics Corporation	Related parties in substance
Thermaltake Technology Co., Ltd.	Related parties in substance
Taiwan Line Tek Electronic Co., Ltd.	Related parties in substance

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
ACME ELECTRONICS CORPORATION	Related parties in substance
CHINA GENERAL PLASTICS CORPORATION	Related parties in substance
ALLIED BIOTECH CORP	Related parties in substance
THORNEN ENGINEERING COMPANY LIMITED	Related parties in substance
KUANG HSIN PRINTING CO., LTD.	Related parties in substance
Koerner Engineering Enterprise Co., Ltd.	Related parties in substance
Grace Medical Foundation	Related parties in substance
Taiwan Fixed Network Co., Ltd.	Related parties in substance
TacBright Optronics Corporation	Related parties in substance
Others	Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Deposits

<u>2023</u>			<u>2022(Restatement)</u>		
<u>December 31, 2023</u>	<u>Interest rate/ service fee rate (%)</u>	<u>Interest revenue (expense)</u>	<u>December 31, 2022</u>	<u>Interest rate/ service fee rate (%)</u>	<u>Interest revenue (expense)</u>
<u>\$ 133,412,046</u>	0~6.595	<u>(1,775,859)</u>	<u>158,784,666</u>	0~11	<u>(638,551)</u>

b) Due to banks and call loans from banks

i) Due to banks

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Bank (Hong Kong) Limited	\$ 235,109	399,183
Xiamen Bank Co., Ltd.	126,536	117,387
Total	<u>\$ 361,645</u>	<u>516,570</u>

ii) Call loans from banks

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022 (Restatement)</u>	
	<u>Ending balance</u>	<u>Interest rate(%)</u>	<u>Ending balance</u>	<u>Interest rate(%)</u>
Taiwan Business Bank Co., Ltd.	\$ -		<u>488,642</u>	1.85~2.5

(Continued)

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

c) Financial instruments

i) Transaction of derivative financial instruments

Units: In thousands of TWD

December 31, 2023						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Hyundai Life Insurance Co., Ltd.	Non-deliverable forward exchange contracts	2023.11.16-2024.05.21	\$ 3,305,782	98,478	Valuation adjustment of financial asset measured at fair value through profit or loss	98,478

Units: In thousands of TWD

December 31, 2022(Restatement)						
Name of Related party	Derivative instruments	Contract period	Contract (notional) amount	Gains (losses) on valuation	Balance Sheet	
					Account	Balance
Fubon Life Insurance Co., Ltd.	Foreign currency swap contracts	2022.12.26-2023.03.06	\$ 9,170,100	7,256	Valuation adjustment of financial asset measured at fair value through profit or loss	7,256

ii) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Fubon REIT I Fund	\$ 819,056	911,344
Fubon REIT II Fund	114,154	131,450
Total	<u>\$ 933,210</u>	<u>1,042,794</u>

d) Receivables

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Fubon Financial Holding Co., Ltd.	\$ 273,470	487,418
Fubon Life Insurance Co., Ltd.	118,293	198,487
Total	<u>\$ 391,763</u>	<u>685,905</u>

e) Loans

2023			2022(Restatement)		
December 31, 2023 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)	December 31, 2022 Ending balance	Interest rate/ service fee rate (%)	Interest revenue (expense)
<u>\$ 31,382,841</u>	0~15.00	<u>(118,519)</u>	<u>16,587,762</u>	0~15.00	<u>74,124</u>

(Continued)

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

Units: In thousands of TWD

December 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	72	\$ 44,199	26,677	✓	-	None	None
Residential mortgage loans	276	3,647,872	2,526,495	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	12,282,788	6,932,788	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	15,350,000	11,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	2,174,887	107,927	✓	-	Credit guarantees	None
	Synnex Technology International Corporation	4,780,000	4,780,000	✓	-	Credit guarantees	None
Others	POU CHEN CORPORATION	2,000,000	1,000,000	✓	-	Credit guarantees	None
	Nanya Technology Corp	1,500,000	1,500,000	✓	-	Credit guarantees	None
	Taiwan VCM Corporation	595,200	595,200	✓	-	Credit guarantees	None
	Taiwan Chinsan Electronic Industrial Co., Ltd.	460,000	400,000	✓	-	Credit guarantees	None
	CHC RESOURCES CORPORATION	440,000	300,000	✓	-	Credit guarantees	None
	TAITA CHEMICAL COMPANY, LIMITED	425,000	425,000	✓	-	Credit guarantees	None
	DediProg Technology Co., Ltd.	352,442	345,092	✓	-	Credit guarantee fund	None
	BESTCOM Infotech Corp.	330,000	-	✓	-	Credit guarantees	None
	USI CORPORATION	324,800	-	✓	-	Credit guarantees	None
	Swamson Plastics Corporation	300,000	300,000	✓	-	Credit guarantees	None
	Thermaltake Technology Co., Ltd.	270,000	270,000	✓	-	Credit guarantees	None
	Taiwan Line Tek Electronic Co., Ltd.	250,000	80,000	✓	-	Credit guarantees	None

(Continued)

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

December 31, 2023							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Others	Alexander Marine Co., Ltd.	210,000	-	✓	-	Credit guarantees	None
	TA-HO MARITIME CORPORATION	203,550	47,250	✓	-	Ships	None
	CGPC Polymer Corporation	200,000	200,000	✓	-	Credit guarantees	None
	ACME ELECTRONICS CORPORATION	200,000	119,100	✓	-	Credit guarantees	None
	CHINA GENERAL PLASTICS CORPORATION	195,200	180,000	✓	-	Credit guarantees	None
	Taiwan Cement Corporation	300,000	-	✓	-	Credit guarantees	None
	Beijing Global Media Technology Co., Ltd.	120,876	14,257	✓	-	Certificate of deposit	None
	ALLIED BIOTECH CORP	80,000	80,000	✓	-	Credit guarantees	None
	TAIWAN MINO GROUP CO., LTD.	68,700	68,700	✓	-	Certificate of deposit	None
	Advanced Echem Materials Co., Ltd.	39,000	-	✓	-	Credit guarantees	None
	THORNEN ENGINEERING COMPANY LIMITED	37,502	35,480	✓	-	Machinery	None
	Yong Hsin Shing Ye Co., Ltd.	28,000	28,000	✓	-	Building and land for construction	None
	KUANG HSIN PRINTING CO., LTD.	28,000	8,000	✓	-	Land and building	None
	Koerner Engineering Enterprise Co., Ltd.	27,338	7,875	✓	-	Land and building, credit guarantee fund	None
	Grace Medical Foundation	5,000	5,000	✓	-	Land and building	None
	Probright Technology Inc.	3,381	-	✓	-	Credit guarantee fund	None
	Other loans	47	-	✓	-	Credit guarantee fund	None
Total		\$ 47,273,782	31,382,841				

(Continued)



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

Units: In thousands of TWD

December 31, 2022(Restatement)							
Category	Amount or name of related party	Highest balance	Ending balance	Compliance Situation		Type of collateral	Differences in transaction terms between related and non related parties
				Normal	Overdue		
Consumer loans	80	\$ 57,954	22,595	✓	-	None	None
Residential mortgage loans	302	3,731,955	2,905,720	✓	-	Real estate	None
Others	Department of Rapid Transit Systems, Taipei City Government	11,240,210	8,240,210	✓	-	Credit guarantees	None
	Department of Finance, Taipei City Government	5,000,000	1,000,000	✓	-	Credit guarantees	None
	Department of Urban Development, Taipei City Government	4,252,926	4,183,405	✓	-	Credit guarantees	None
	Yong Hsin Shing Ye Co., Ltd.	44,000	28,000	✓	-	Building and land for construction	None
	Taiwan Cement Corporation	158,000	158,000	✓	-	Credit guarantees	None
	Beijing Global Media Technology Co., Ltd.	79,436	33,443	✓	-	Certificate of deposit	None
	TacBright Optronics Corporation	200,000	-	✓	-	Credit guarantees	None
	Other loans	117	37	✓	-	Credit guarantees fund	None
	Other loans	17,110	16,352	✓	-	Real estate	None
Total		\$ 24,781,708	16,587,762				

In accordance with Article 32 and Article 33 of the Banking Law, except for the amount of consumer loans and loans to the government, no credit can be granted for unsecured credit; at the time, there should be full guarantees, and their conditions must not be better than other similar credit grantees.

## f) Other financial assets

Name of related party	December 31, 2023	December 31, 2022 (Restatement)
Sichuan VipFubon Consumer Finance Ltd.	\$ <u>864,055</u>	<u>882,688</u>

(Continued)

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

## g) Refundable deposits

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Fubon Futures Co., Ltd.	\$ 344,108	544,066
Taiwan Futures Exchange Corporation	224,859	40,000
Total	<u>\$ 568,967</u>	<u>584,066</u>

## h) Principal of structured products

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Mstar Semi (Shenzhen) Inc.	\$ -	489,848
MediaTek (Chengdu) Inc.	-	719,391
MediaTek (Shenzhen) Inc.	-	286,874
Total	<u>\$ -</u>	<u>1,496,113</u>

## i) Guarantees

Units: In thousands of TWD

December 31, 2022 (Restatement)					
Related party	Highest balance for the period	Ending balance	Provision	Rates (%)	Type of collateral
Taiwan Cement Corporation	\$ 157,000	157,000	-	0.55%	Credit guarantees

## j) Discretionary investment from related parties

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Fubon Asset Management Co., Ltd.	<u>\$ 2,255,281</u>	<u>2,073,253</u>

(Continued)

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

## k) Income

## i) Service fees

<u>Name of related party</u>	<u>2023</u>	<u>2022 (Restatement)</u>
Fubon Life Insurance Co., Ltd.	\$ 6,972,136	4,756,036
momo.com Inc.	923,524	738,664
LINE Biz+ Taiwan Co., Ltd.	788,222	688,840
Fubon Securities Co., Ltd.	364,405	266,506
Fubon Insurance Co., Ltd.	270,255	259,996
Taiwan Mobile Co., Ltd.	197,473	172,910
Fubon Life Insurance (Hong Kong) Limited	108,954	172,565
Total	<u>\$ 9,624,969</u>	<u>7,055,517</u>

## l) Other expenses

## i) Other expenses

<u>Name of related party</u>	<u>Category</u>	<u>2023</u>	<u>2022 (Restatement)</u>
LINE Biz+ Taiwan Co., Ltd.	Service fee	\$ 2,010,852	2,488,730
momo.com Inc.	Service fee and miscellaneous purchases	1,558,746	1,151,392
Taiwan Fixed Network Co., Ltd.	Service fee, telecom expenses and rental expenses	124,393	97,946
Total		<u>\$ 3,693,991</u>	<u>3,738,068</u>

## m) Leasing

## i) Right-of-use asset

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Fubon Life Insurance Co., Ltd.	\$ 370,860	129,660
Fubon REIT II Fund	125,408	107,344
Fubon Insurance Co., Ltd.	74,742	148,081
Chung Hsing Land Development Co., Ltd.	-	211,307
Total	<u>\$ 571,010</u>	<u>596,392</u>

(Continued)

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

ii) Lease liability

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Fubon Life Insurance Co., Ltd.	\$ 384,887	139,284
Fubon REIT II Fund	128,143	120,463
Fubon Insurance Co., Ltd.	77,585	150,923
Chung Hsing Land Development Co., Ltd.	-	219,025
Total	<u>\$ 590,615</u>	<u>629,695</u>

n) Acquisition of property and equipment-transaction of debt instrument

i) Repurchase agreement

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Directors, supervisors, managers, chairman of the board and general manager, their spouses and relatives within the second degree or other substantively related persons	<u>\$ 3,977,214</u>	<u>4,436,373</u>

ii) Resell agreement

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022 (Restatement)</u>
Taiwan Life Insurance Co., Ltd.	\$ 1,350,000	-
CTBC Securities Co., Ltd.	553,876	-
Total	<u>\$ 1,903,876</u>	<u>-</u>

iii) Purchased

<u>Name of related party</u>	<u>2023</u>	<u>2022 (Restatement)</u>
Taiwan Life Insurance Co., Ltd.	\$ -	<u>2,676,131</u>

iv) Sold/matured

<u>Name of related party</u>	<u>2023</u>	<u>2022 (Restatement)</u>
Taiwan Cement Corporation	\$ -	285,000
Taiwan Mobile Co., Ltd.	-	300,967
Total	<u>\$ -</u>	<u>585,967</u>

(Continued)

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

(vi) Fubon Bank (Hong Kong)

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Life Insurance (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Others	Directors, supervisors, managers and their relatives up to the second degree; affiliated and the related parties in substance

2) Significant transactions with related parties

a) Deposits in related parties

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Others	\$ <u>1,206,481</u>	0~5.7	\$ <u>1,164,011</u>	0~4.25

b) Other revenue

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Fubon Life Insurance (Hong Kong) Limited	\$ <u>326,932</u>	\$ <u>233,745</u>

(vii) Fubon Financial Holding Venture Capital and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taipei Fubon Bank Co., Ltd.	\$ <u>321,795</u>	0.51~1.15	\$ <u>371,478</u>	0.39~0.85

(Continued)

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

b) Other operating income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Taipei Fubon Bank Co., Ltd.	\$ 116,202	110,841
Fubon Life Insurance Co., Ltd.	248,523	182,479
Total	<u>\$ 364,725</u>	<u>293,320</u>

(viii) Fubon Marketing and its subsidiaries

1) Name and relationship with related party

<u>Name of related party</u>	<u>Relationship with the Company</u>
Fubon Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Life Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings

Note: The Board of Directors of Fubon Marketing resolved the dissolution on June 6, 2023, and the liquidation was completed on November 24, 2023.

2) Significant transactions with related parties

a) Bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taipei Fubon Bank Co., Ltd.	\$ -	-	<u>274,530</u>	0~0.39

b) Other revenue

<u>Name of related party</u>	<u>January to November, 2023</u>	<u>2022</u>
Fubon Life Insurance Co., Ltd.	\$ 211,745	239,267
Fubon Insurance Co., Ltd.	455,774	471,495
Total	<u>\$ 667,519</u>	<u>710,762</u>

(Continued)

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

(ix) Fubon Insurance Agency Co. Ltd.

1) Name and relationship with related party

<b>Name of related party</b>	<b>Relationship with the Company</b>
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings

Note : As explained in Note 3, Fubon Insurance Agency have been directly held by the Company since December 25, 2023, and the following transaction amounts disclose only those transactions that occurred after they were directly held by the Company.

2) Significant transactions with related parties

a) Bank deposits

<b>Name of related party</b>	<b>December 31, 2023</b>	
	<b>Amount</b>	<b>Interest rate range %</b>
Taipei Fubon Bank Co., Ltd.	\$ <b>280,348</b>	0~0.51

(x) Fubon Asset Management and its subsidiaries

1) Name and relationship with related party

<b>Name of related party</b>	<b>Relationship with the Company</b>
Taipei Fubon Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Funds managed by Fubon Asset Management	Related parties in substance

2) Significant transactions with related parties

a) Bank deposits and deposits

i) Bank deposits

<b>Name of related party</b>	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Amount</b>	<b>Interest rate range %</b>	<b>Amount</b>	<b>Interest rate range %</b>
Taipei Fubon Bank Co., Ltd.	\$ <b>159,744</b>	0.05~1.15	<b>182,614</b>	0~0.85

(Continued)

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

ii) Restricted bank deposits

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei Fubon Bank Co., Ltd.	\$ <u>113,722</u>	<u>113,572</u>

b) Financial assets at fair value through profit or loss

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>499,429</u>	<u>324,376</u>

c) Accounts receivable

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>167,514</u>	<u>130,985</u>

d) The Company and its subsidiaries hold the funds issued by Fubon Asset Management which is traded outside the exchange market (excluding the index funds)

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Funds managed by Fubon Asset Management	\$ <u>3,030,024</u>	<u>2,249,037</u>

e) Management income

<u>Name of related party</u>	<u>2023</u>	<u>2022</u>
Funds managed by Fubon Asset Management	\$ <u>1,722,570</u>	<u>1,437,647</u>

(Continued)



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

**(8) Pledged assets**

The fair value of assets provided by Company for being pledged as collateral is as follows:

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits (accounted for other financial assets)	Performance bond	\$ 15,000	15,000
Checking accounts (accounted for other financial assets)	Note 1	144	73
Time deposits (accounted for refundable deposits)	Guarantee deposits for Insurance business	986,747	1,012,028
Time deposits (accounted for refundable deposits)	Superficies performance bond and new construction guarantee deposit	1,452,498	1,452,517
Time deposits (accounted for other assets)	Bank loans	-	149,037
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	32,496,982	32,493,814
Negotiable certificate of deposit (accounted for debt investments measured at amortized cost)	Collaterals for day term overdraft as liquidity reserve, collaterals for call loans of foreign currency and USD clearing transaction warranty	-	2,200,000
Due from banks (accounted for other financial assets)	Note 1	501,801	500,650
Stocks (accounted for financial assets measured at fair value through other comprehensive income)	Bank loans	-	3,419,651
Beneficiary securities (accounted for refundable deposits)	Bank loans	1,423,254	-
Treasury bills (accounted for debt investments measured at amortized cost)	Pledged for securities trading guarantee	587,968	-
Government bonds (accounted for financial assets measured at fair value through profit or loss)	Pledged for securities trading guarantee	-	6,522

(Continued)

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

<u>Pledged assets</u>	<u>Purpose of pledge</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Government bonds (accounted for financial assets measured at fair value through other comprehensive income)	Note 1	\$ 127,984	571,960
Government bonds (accounted for debt investment measured at amortized cost)	Note 1	3,106,888	6,614,665
Government bonds (accounted for refundable deposits)	Guarantee deposits for Insurance business	18,277,530	16,651,930
Government bonds (accounted for refundable deposits)	Bank loans	-	1,674,444
Corporate bonds (accounted for refundable deposits)	Bank loans	2,221,662	-
Financial bonds (accounted for refundable deposits)	Bank loans	1,235,764	-
Property and equipment – land and buildings	Bank loans	4,969,680	6,062,726
Investment property – land and buildings	Bank loans	<u>8,436,420</u>	<u>5,890,088</u>
Total		<u>\$ <b>75,840,322</b></u>	<u><b>78,715,105</b></u>

Note 1: Those pledged assets had been placed with (a) courts for meeting requirements for judiciary provisional seizure of debtors' property, (b) the National Credit Card Center for the Bank's potential obligations on credit card activities, (c) the Central Bank for the Bank's potential obligations on its trust activities, (d) foreign governments for the Bank's potential obligations on its overseas operations, (e) transactions for bonds business, (f) collaterals for derivatives transactions, (g) overdrafts of collateral, (h) securities brokerage deposit, (i) collaterals required for capital scheduling and (j) claims litigation.

**(9) Commitments and contingencies:**

(a) Taipei Fubon Bank and its subsidiaries

(i) Except for disclosed in other notes of consolidated financial statements, Taipei Fubon Bank and its subsidiary had commitments as follows:

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

(Continued)

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

- (ii) Taipei Fubon Bank and its subsidiaries' capital expenditure commitment were \$1,344,673 thousand and \$1,582,422 thousand as of December 31, 2023 and 2022.
- (iii) As of December 31, 2023 and 2022, the unfunded commitments (ceiling) of Taipei Fubon Bank and its subsidiaries' private fund agreements were as below (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
USD	\$ 3,148	2,550

(b) Fubon Life Insurance and its subsidiaries

- (i) Fubon Life Insurance and its subsidiaries generate contingent liabilities through lawsuits from daily operating activities, besides from already estimated reserve for liabilities, there are lawsuits cases that are still on the go, which are all commissioned to Fubon Life Insurance and its subsidiaries' legal service unit or lawyers. Once Fubon Life Insurance and its subsidiaries acquire professional advice and estimated reasonable amount of money, Fubon Life Insurance and its subsidiaries will recognize the loss.
- (ii) Significant unrecognized commitment

The signed but unrecognized new construction contract and acquisitions amount of investment and owner-occupied properties of Fubon Life Insurance and its subsidiaries are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
New construction	\$ 28,775,851	3,908,441
Purchase of investment property	-	2,251,093
Total	\$ 28,775,851	6,159,534

- (iii) The unfunded commitments (ceiling) of Fubon Life Insurance and its subsidiaries' private fund agreements were as below (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
USD	\$ 3,105,602	3,379,453
EUR	\$ 873,299	665,749
KRW	\$ 149,127,135	182,756,598
TWD	\$ 632,800	470,333

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

(Continued)

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

- (iv) On March 31, 2020, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Star Shining Energy Co., Ltd by phases. Total investment amount should not exceed \$2.4 billion. As of December 31, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$300 million as per the agreement above.
- (v) On December 27, 2023, Fubon Life Insurance and its subsidiaries signed a joint investment contract to invest in Aquastar Energy Corporation by phases. Total investment amount should not exceed \$1.1415 billion. As of December 31, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$961.5 million as per the agreement above.
- (vi) On June 9, 2023, Fubon Life Insurance and its subsidiaries signed a joint venture agreement to invest in Whole Max Green Power Co, Ltd by phases. The investment amount will not exceed \$627 million. As of December 31, 2023, Fubon Life Insurance and its subsidiaries have not yet invested \$150 million as per the agreement above.
- (vii) As of December 31, 2023, of the irrevocable loan contracts signed by Fubon Life Insurance and its subsidiaries for their credit business in 2023, the outstanding loan amounted to approximately \$8,000,000 thousand.
- (c) Fubon Insurance and its subsidiaries
- (i) Fubon Insurance and its subsidiaries have several insurance disputes and are requested to pay indemnities amounting to approximately \$546,258 thousand, of which approximately \$350,178 thousand has been reinsured. The difference not covered by reinsurance related to these claims has been accrued. These cases are still pending with the district court and have not been resolved as of December 31, 2023.
- (ii) The unfunded commitments (ceiling) of Fubon Insurance and its subsidiaries' private equity agreements were as below (in thousands):

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
USD	\$ <b>13,502</b>	<b>13,734</b>
EUR	\$ <b>13,720</b>	<b>13,621</b>

Note: The unfunded commitments do not include the commitments which have been traded but not settled.

- (iii) As of December 31, 2023, Fubon Insurance and its subsidiaries had signed an engineering contract with the building contractor for the construction of the new building, and the total price was \$2,794,394 thousand. The actual payment was \$732,527 thousand.
- (iv) As of December 31, 2023, Fubon Insurance and its subsidiaries' unused letters of credit for reinsurance business are JPY\$2,000 thousand.

(Continued)

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

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

**(11) Subsequent Events**

- (a) The dissolution and liquidation of Fubon Investment Holding (BVI) Ltd. was approved by the Board of Directors in January 15, 2024. January 31, 2024 is the base date for dissolution, and the liquidation was in process.
- (b) On September 13, 2023, the board of directors of subsidiary Fubon Bank (Hong Kong) approved the sale of 0.34% equity of China UnionPay Co., Ltd. to Shanghai International Group for an amount of RMB 784.3 million, and the delivery was completed on February 1, 2024.
- (c) On March 13, 2024, the Board of Fubon Insurance agreed the capital reduction to write off the loss of \$11,678,396 thousand. When the resolution is approved at the shareholders' meeting, Fubon Insurance will submit an application to the competent authority, and will proceed with the capital reduction after obtaining the approval from the FSC.
- (d) Fubon Insurance net repaid \$7,030,000 thousand between January 1 and March 13, 2024, for financing needs of paying a significant amount of claims. As of March 13, 2024, the balance of bank loans amounted to \$2,030,000 thousand. In addition, Fubon Insurance issued commercial papers at a price of \$11,839,859 thousand, of which the face value of \$11,849,757 thousand and repaid commercial papers amounted to \$9,850,000 thousand.

**(12) Other**

- (a) The US stocks had plummeted on February 6, 2018, resulting in the equity of customer margin to be negative. The clients of Fubon Futures Co., Ltd. breached the contract due to their failure to fully pay the additional guarantee deposits within three working days after having been noticed. Therefore, Fubon Futures Co., Ltd. had to recognize the future exchanges margins receivable with the approximate amount of \$185 million. This matter had been reported to the Taiwan Futures Exchange. As of 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.

- (b) Business or trading behaviors within subsidiaries:

- (i) Business or trading behaviors:

Please refer to note 7 for related-party transactions.

- (ii) Integrate business activities:

Subsidiaries operating in cross-selling, under the Company, included Taipei Fubon Bank Co. Ltd., Fubon Insurance Co. Ltd., Fubon Life Insurance Co. Ltd., Fubon Securities Co. Ltd., Fubon Futures Co. Ltd. and Fubon Insurance Agency Co. Ltd. The cooperation among the subsidiaries, from planning their products, advocating different channels to train their personnel on cross-selling, and increasing cooperation in digital service, makes their relationship much closer and brings multi-business benefits.

(Continued)

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

(iii) Cross utilization of information:

In accordance with Financial Holding Company Act, Marketing Collaboration Agreement for Financial Holdings Company and its subsidiaries, and the self-discipline standard for financial holding company and its subsidiaries, the Company and its subsidiaries which joined the cross-selling business signed the “Agreement of Privacy Exchange” to keep the customers’ data confidential or to limit the use of the data. In addition, they also announced the “Jointly Privacy Statement” and disclosed the statement in each subsidiary’s website and the Company’s website, as well as facilitate customers to online searching and browsing.

(iv) Locations and business utilities:

The Company has been approved to conduct integrate business activities in “operation place” by the authorities. Thus, the customers can directly handle their relevant businesses in banking, securities and futures operation places.

(v) Allocation on revenues, costs, expenses, profits and losses:

Allocation of Revenue, Cost and Expense is calculated based on the proportion of actual sales among subsidiaries. For the years ended December 31, 2023 and 2022, the estimated amounts were as follows:

	<u>2023</u>	<u>2022</u>
Fubon Insurance	\$ 2,738,264	3,002,600
Taipei Fubon Bank	47,333	49,030
Fubon Life Insurance	163,716	136,094
Fubon Securities	169,392	135,852
Fubon Futures	145	-

(Continued)

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

## (c) Capital adequacy ratios

Unit: In millions of TWD, %

<b>December 31, 2023</b>			
<b>Item</b>	<b>Ownership interest</b>	<b>Eligible capital</b>	<b>Legal capital</b>
The Company	100.00	802,382	961,854
Taipei Fubon Bank	100.00	347,525	222,313
Fubon Bank (Hong Kong)	100.00	56,572	37,744
Fubon Bank (China)	42.08	20,296	14,665
Fubon Securities	100.00	43,161	17,891
Fubon Insurance and Fubon Life Insurance	100.00	577,984	345,872
Fubon Asset Management	100.00	4,191	2,423
Fubon Financial Holding Venture Capital	53.80	7,692	3,846
Others	100.00	2,854	1,804
Less: deductible items		(1,003,796)	(942,170)
Subtotal		858,861	666,242
Consolidated capital adequacy ratio			128.91

(Continued)

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

Unit: In millions of TWD, %

<b>December 31, 2022</b>			
<b>Item</b>	<b>Ownership interest</b>	<b>Eligible capital</b>	<b>Legal capital</b>
The Company	100.00	565,630	659,980
Taipei Fubon Bank	100.00	286,414	194,098
Fubon Bank (Hong Kong)	100.00	53,038	36,089
Fubon Bank (China)	42.08	20,092	13,774
Fubon Securities	100.00	25,278	10,497
Fubon Insurance and Fubon Life Insurance	100.00	460,609	306,430
Fubon Asset Management	100.00	3,905	2,243
Fubon Financial Holding Venture Capital	53.80	7,972	3,984
Others	100.00	2,863	1,727
Less: deductible items		(676,899)	(631,087)
Subtotal		748,902	597,735
Consolidated capital adequacy ratio (Note)			125.29

Note: The Company purchased 53.84% shares of JihSun Financial Holding through tender on March 30, 2021. JihSun Financial Holding became a subsidiary of the Company and the Company continued to increase the shareholding to 100%. The merger was completed on November 11, 2022, and JihSun Financial Holding became the extinguished company. The Company carried out subsequent mergers in accordance with relevant laws and regulations. The Company has been approved by the authority to apply the capital adequacy ratios in point 5 of the “Regulations Governing Financial Holding Company Act, Bank Investing in Financial Holding Company, Bank, Insurance Company, and Securities Firms” during the consolidation period, so that 20% of the investment amount can be used to calculate the legal capital requirements for JihSun Financial Holding. The Company’s proforma group capital adequacy ratio was 115.77% on December 31, 2022, before applying the aforementioned capital adequacy ratio provision principle.

(Continued)



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

## (d) Eligible capital

Unit: In thousands of TWD

<b>December 31, 2023</b>	
<b>Item</b>	<b>Amount</b>
Common stock	130,149,732
Tier 1 Capital Instruments	15,999,900
Other preferred stock and subordinated bonds	-
Advanced Capital	-
Capital surplus	165,040,190
Legal reserve	95,593,238
Special reserve	261,752,640
Accumulated profit and loss	168,806,349
Equity adjustment	(34,904,796)
Less: Goodwill and other intangible assets	8,872
Less: Deferred assets	46,246
Less: Treasury stock	-
Consolidated eligible capital	802,382,135

Unit: In thousands of TWD

<b>December 31, 2022</b>	
<b>Item</b>	<b>Amount</b>
Common stock	123,952,126
Tier 1 Capital Instruments	15,999,900
Other preferred stock and subordinated bonds	-
Advanced Capital	-
Capital surplus	171,017,736
Legal reserve	90,913,681
Special reserve	30,311,999
Accumulated profit and loss	359,918,631
Equity adjustment	(226,423,522)
Less: Goodwill and other intangible assets	8,691
Less: Deferred assets	51,638
Less: Treasury stock	-
Consolidated eligible capital	565,630,222

- (e) Please refer to the attachment for the aggregate lending, guarantee or other transactions taken place between all subsidiaries of a financial holding company and the same person, same relative party or the same affiliate.

(Continued)

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

(f) Financial information classified by business type:

For the year ended December 31, 2023

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	50,731,078	116,951,839	1,734,018	(399,631)	169,017,304
Net non-interest revenue	31,046,126	(50,073,797)	18,295,103	(486,043)	(1,218,611)
Net revenue	81,777,204	66,878,042	20,029,121	(885,674)	167,798,693
Bad debt expenses and guarantee liability provisions	(7,489,082)	(2,456,703)	(3,581)	(33,961)	(9,983,327)
Net change in provisions for insurance liability	-	(1,392,910)	-	472,288	(920,622)
Operating expenses	(42,544,119)	(30,108,681)	(11,437,639)	1,639,534	(82,450,905)
Income from continuing operations before income tax	31,744,003	32,919,748	8,587,901	1,192,187	74,443,839
Income tax benefit (expense)	(3,993,187)	(282,099)	(883,206)	(4,243,045)	(9,401,537)
Net income	27,750,816	32,637,649	7,704,695	(3,050,858)	65,042,302

For the year ended December 31, 2022

Units: In thousands of TWD

Item	Banking	Insurance	Securities	Others and Adjustment and elimination (Note)	Consolidation
Net interest revenue	47,225,830	112,879,860	1,124,534	3,981,715	165,211,939
Net non-interest revenue	18,822,179	62,860,776	10,526,799	2,036,606	94,246,360
Net revenue	66,048,009	175,740,636	11,651,333	6,018,321	259,458,299
Bad debt expenses and guarantee liability provisions	(4,587,577)	(1,357,816)	807	176,705	(5,767,881)
Net change in provisions for insurance liability	-	(123,344,879)	-	491,525	(122,853,354)
Operating expenses	(31,104,598)	(27,237,553)	(7,357,141)	(4,192,120)	(69,891,412)
Income from continuing operations before income tax	30,355,834	23,800,388	4,294,999	2,494,431	60,945,652
Income tax benefit (expense)	(4,663,816)	1,921,151	(1,169,374)	(9,169,121)	(13,081,160)
Net income	25,692,018	25,721,539	3,125,625	(6,674,690)	47,864,492

Note: Including JihSun Financial Holding and its subsidiaries.

(Continued)

g) Financial statements of Fubon Financial Holding Co., Ltd.

**FUBON FINANCIAL HOLDING CO., LTD.****Balance Sheets****December 31, 2023 and 2022****(Expressed in thousands of New Taiwan Dollars)**

Assets	December 31, 2023		December 31, 2022		Liabilities and Equity	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
Cash and cash equivalents	\$ 126,392	-	175,093	-	Commercial papers issued, net	\$ 33,505,980	3	42,854,598	6
Financial assets measured at fair value through profit or loss	19,741,671	2	19,625,671	3	Payables	930,791	-	598,765	-
Receivables, net	597,667	-	552,374	-	Current tax liabilities	16,410,920	2	13,052,250	2
Current tax assets	3,151,315	-	3,698,041	-	Bonds payable	97,171,575	10	79,888,159	11
Investments accounted for using equity method, net	941,205,634	98	688,566,805	97	Other borrowings	6,300,000	1	3,000,000	-
Property and equipment, net	54,321	-	56,489	-	Lease liabilities	233,929	-	269,331	-
Right-of-use assets, net	220,857	-	260,253	-	Deferred tax liabilities	8,180,408	1	7,678,286	1
Intangible assets, net	8,872	-	8,691	-	Other liabilities	16,034	-	13,097	-
Deferred tax assets	10,128	-	3,544	-	<b>Total liabilities</b>	<u>162,749,637</u>	<u>17</u>	<u>147,354,486</u>	<u>20</u>
Other assets, net	70,033	-	98,076	-	<b>Equity:</b>				
					Share capital:				
					Common stock	130,149,732	13	123,952,126	17
					Preferred stock	15,999,900	2	15,999,900	2
					Total share capital	<u>146,149,632</u>	<u>15</u>	<u>139,952,026</u>	<u>19</u>
					Capital surplus	165,040,190	17	171,017,736	24
					Retained earnings:				
					Legal reserve	95,593,238	10	90,913,681	13
					Special reserve	261,752,640	27	30,311,999	4
					Undistributed earnings	<u>168,806,349</u>	<u>18</u>	<u>359,918,631</u>	<u>51</u>
					Total retained earnings	<u>526,152,227</u>	<u>55</u>	<u>481,144,311</u>	<u>68</u>
					Total other equity interest	<u>(34,904,796)</u>	<u>(4)</u>	<u>(226,423,522)</u>	<u>(31)</u>
					<b>Total equity</b>	<u>802,437,253</u>	<u>83</u>	<u>565,690,551</u>	<u>80</u>
<b>Total assets</b>	<u>\$ 965,186,890</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>	<b>Total liabilities and equity</b>	<u>\$ 965,186,890</u>	<u>100</u>	<u>713,045,037</u>	<u>100</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Statement of Comprehensive Income**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars, except earnings per share)**

	2023		2022		Percentage change
	Amount	%	Amount	%	
<b>Revenue :</b>					
Share of profit of associates and joint ventures accounted for using equity method	\$ 71,812,045	99	58,337,289	99	23
Other revenues	894,733	1	803,612	1	11
<b>Net revenue</b>	72,706,778	100	59,140,901	100	23
<b>Expense:</b>					
Operating expenses	988,535	1	940,453	2	5
Other expenses and losses	1,468,861	2	1,636,501	3	(10)
<b>Total expenses</b>	2,457,396	3	2,576,954	5	(5)
<b>Net income before tax from continuing operations</b>	70,249,382	97	56,563,947	95	24
<b>Less : Income tax expenses</b>	4,232,645	6	8,860,772	15	(52)
<b>Less : Net income of business combination not under common control</b>	-	-	777,548	1	(100)
<b>Net income</b>	\$ 66,016,737	91	46,925,627	79	41
<b>Other comprehensive income:</b>					
<b>Items not to be reclassified to profit or loss</b>					
Gains (losses) on remeasurements of defined benefit plans	(3,139)	-	10,356	-	(130)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items not to be reclassified to profit or loss	7,113,519	10	(10,004,643)	(17)	171
Less: income tax related to items not to be reclassified to profit or loss	(628)	-	2,071	-	(130)
Subtotal of items not to be reclassified to profit or loss	7,111,008	10	(9,996,358)	(17)	171
<b>Items that may be subsequently reclassified to profit or loss</b>					
Exchange differences on translation of foreign financial statements	(988,745)	(1)	5,399,920	9	(118)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - items that may be subsequently reclassified to profit or loss	187,990,919	259	(386,540,746)	(653)	149
Less: income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-
Subtotal of items that may be reclassified subsequently to profit or loss	187,002,174	258	(381,140,826)	(644)	149
<b>Other comprehensive income, net of income tax</b>	194,113,182	268	(391,137,184)	(661)	150
<b>Other comprehensive income of business combination not under common control</b>	-	-	415,714	1	(100)
<b>Total comprehensive income</b>	\$ 260,129,919	359	(343,795,843)	(581)	176
<b>Basic earnings per share (in New Taiwan Dollars)</b>	\$ 4.80		3.37		

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Statement of Changes in Equity**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

	Share capital			Capital surplus	Legal reserve	Retained earnings			Total other equity interest					Equity attributable to former owner of business combination under common control	Total equity	
	Common stock	Preferred stock	Total			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	Gains (losses) on financial instruments for hedging	Revaluation gains	Other comprehensive income reclassified by applying overlay approach			
													Total			Total
<b>Balance at January 1, 2022 (Restatement)</b>	\$ 118,049,644	15,999,900	134,049,544	173,363,019	76,665,185	29,125,366	372,901,683	478,692,234	(26,871,549)	10,059,931	322,363	2,451,220	177,502,547	163,464,512	23,617,642	973,186,951
Net income	-	-	-	-	-	-	46,925,627	46,925,627	-	-	-	-	-	-	777,548	47,703,175
Other comprehensive income	-	-	-	-	-	-	1,277,095	1,277,095	10,500,424	(142,680,278)	(312,420)	190,957	(259,697,248)	(391,998,565)	(415,714)	(391,137,184)
Total comprehensive income	-	-	-	-	-	-	48,202,722	48,202,722	10,500,424	(142,680,278)	(312,420)	190,957	(259,697,248)	(391,998,565)	361,834	(343,434,009)
Appropriation and distribution of retained earnings:																
Special reserve appropriated	-	-	-	-	-	1,186,633	(1,186,633)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	14,248,496	-	(14,248,496)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(41,317,375)	(41,317,375)	-	-	-	-	-	-	-	(41,317,375)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,026,121)	(3,026,121)	-	-	-	-	-	-	-	(3,026,121)
Stock dividends from capital surplus	5,902,482	-	5,902,482	(5,902,482)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(52,739)	-	-	-	-	-	(1,667)	-	-	-	(1,667)	-	(54,406)
Changes in ownership interests in subsidiaries	-	-	-	3,609,347	-	-	-	-	44,730	657,182	-	-	-	701,912	(4,311,292)	(33)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(1,573,064)	(1,573,064)	-	1,573,064	-	-	-	1,573,064	-	-
Disposal of investment properties	-	-	-	-	-	-	165,915	165,915	-	-	-	(165,915)	-	(165,915)	-	-
Organizational restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,670,414)	(19,670,414)
Others	-	-	-	591	-	-	-	-	-	3,137	-	-	-	3,137	2,230	5,958
<b>Balance at December 31, 2022</b>	123,952,126	15,999,900	139,952,026	171,017,736	90,913,681	30,311,999	359,918,631	481,144,311	(16,326,395)	(130,388,631)	9,943	2,476,262	(82,194,701)	(226,423,522)	-	565,690,551
Net income	-	-	-	-	-	-	66,016,737	66,016,737	-	-	-	-	-	-	-	66,016,737
Other comprehensive income	-	-	-	-	-	-	(370,659)	(370,659)	(1,228,822)	90,801,268	(170,914)	251,003	104,831,306	194,483,841	-	194,113,182
Total comprehensive income	-	-	-	-	-	-	65,646,078	65,646,078	(1,228,822)	90,801,268	(170,914)	251,003	104,831,306	194,483,841	-	260,129,919
Appropriation and distribution of retained earnings:																
Special reserve appropriated	-	-	-	-	-	231,440,641	(231,440,641)	-	-	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	4,679,557	-	(4,679,557)	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(18,592,819)	(18,592,819)	-	-	-	-	-	-	-	(18,592,819)
Cash dividends of preferred stock	-	-	-	-	-	-	(3,515,980)	(3,515,980)	-	-	-	-	-	-	-	(3,515,980)
Stock dividends from capital surplus	6,197,606	-	6,197,606	(6,197,606)	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	(24,921)	-	-	-	-	-	-	-	-	-	-	-	(24,921)
Changes in ownership interests in subsidiaries	-	-	-	244,981	-	-	(5,760)	(5,760)	(206,669)	(1,298,042)	6,470	-	9,523	(1,488,718)	-	(1,249,497)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	1,464,574	1,464,574	-	(1,464,574)	-	-	-	(1,464,574)	-	-
Others	-	-	-	-	-	-	11,823	11,823	-	-	(11,823)	-	-	(11,823)	-	-
<b>Balance at December 31, 2023</b>	\$ 130,149,732	15,999,900	146,149,632	165,040,190	95,593,238	261,752,640	168,806,349	526,152,227	(17,761,886)	(42,349,979)	(154,501)	2,715,442	22,646,128	(34,904,796)	-	802,437,253

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD.**  
**Statement of Cash Flows**  
**For the years ended December 31, 2023 and 2022**  
**(Expressed in thousands of New Taiwan Dollars)**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from (used in) operating activities:</b>		
Income before income tax	\$ 70,249,382	56,563,947
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expenses	61,355	54,358
Amortization expenses	17,274	17,620
Net gain on financial assets or liabilities at fair value through profit or loss	(836,000)	(58,000)
Interest expense	1,444,092	937,857
Interest income	(46,181)	(65,873)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(71,812,045)	(58,337,289)
Other adjustments	(1)	4,386
<b>Subtotal of adjustments to reconcile profit (loss)</b>	<u>(71,171,506)</u>	<u>(57,446,941)</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in receivables	45	475,662
Increase in other assets	(1,563)	(15,762)
Increase (decrease) in payables	39,184	(798,413)
Increase in other liabilities	17,392	7,870
<b>Subtotal of all adjustments</b>	<u>(71,116,448)</u>	<u>(57,777,584)</u>
Cash used in operating activities	(867,066)	(1,213,637)
Interest received	766,181	792,454
Dividends received	12,909,782	37,988,429
Interest paid	(1,136,732)	(983,302)
Income tax refund (paid)	168,919	(3,347,347)
<b>Net cash flows from operating activities</b>	<u>11,841,084</u>	<u>33,236,597</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(16,000,000)	(34,023,908)
Proceeds from disposal of investments accounted for using equity method	15,059,370	-
Proceeds from capital reduction of investments accounted for using equity method	-	853
Acquisition of property and equipment	(15,694)	(25,479)
Acquisition of intangible assets	(2,282)	(2,133)
Acquisition of right-of-use assets	(20)	-
<b>Net cash flows used in investing activities</b>	<u>(958,626)</u>	<u>(34,050,667)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in commercial papers payable	(9,348,618)	27,960,824
Proceeds from issuing bonds	19,677,566	10,486,747
Repayments of bonds	(2,400,000)	(13,300,000)
Increase in other borrowings	3,300,000	3,000,000
Repayment of lease liabilities	(51,308)	(49,784)
Cash dividends paid	(22,108,799)	(45,280,896)
<b>Net cash flows used in financing activities</b>	<u>(10,931,159)</u>	<u>(17,183,109)</u>
<b>Net decrease in cash and cash equivalents</b>	(48,701)	(17,997,179)
<b>Cash and cash equivalents at beginning of period</b>	175,093	18,172,272
<b>Cash and cash equivalents at end of period</b>	<u>\$ 126,392</u>	<u>175,093</u>
<b>Components of cash and cash equivalents:</b>		
Cash and cash equivalents recognized in balance sheet	\$ 126,392	175,093
<b>Cash and cash equivalents at end of period</b>	<u>\$ 126,392</u>	<u>175,093</u>

(Continued)

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

- (h) Subsidiaries' concise balance sheets and concise statements of comprehensive income
- (i) Concise Balance sheets

	<b>Taipei Fubon Bank</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022 (Restatement)</b>
Cash and cash equivalents	\$ 96,376,786	95,844,797
Due from the central bank and call loans to banks	370,373,648	344,616,820
Financial assets measured at fair value through profit or loss	139,940,245	124,544,625
Financial assets measured at fair value through other comprehensive income	161,093,279	154,270,141
Debt investments measured at amortized cost	770,035,845	810,564,489
Financial assets for hedging	7,148,768	8,543,867
Securities purchased under resell agreements	23,679,453	15,591,409
Receivables, net	146,541,871	106,034,577
Current tax assets	518,146	732,094
Discounts and loans, net	1,998,844,309	1,861,521,146
Investments accounted for using equity method	44,642,050	45,562,152
Other financial assets, net	7,502,796	4,698,004
Property and equipment, net	15,905,284	15,280,814
Right-of-use assets, net	3,987,041	4,412,495
Investment property	3,960,588	4,149,108
Intangible assets, net	3,420,252	3,229,318
Deferred tax assets	669,415	786,069
Other assets	13,119,433	10,331,558
<b>Total assets</b>	<b>\$ 3,807,759,209</b>	<b>3,610,713,483</b>

(Continued)

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

	<b>Taipei Fubon Bank</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Deposits from the central bank and banks	\$ 98,070,201	109,234,145
Financial liabilities measured at fair value through profit or loss	34,556,701	33,969,485
Financial liabilities for hedging	9,443,146	8,968,186
Securities sold under repurchase agreements	58,988,974	64,423,363
Payables	40,146,115	29,755,205
Current tax liabilities	2,916,180	3,149,463
Deposits and remittances	3,107,814,238	2,940,273,005
Bonds payable	106,777,796	97,188,971
Other financial liabilities	33,757,118	25,945,790
Provisions	3,031,432	2,946,613
Lease liabilities	4,097,260	4,526,107
Deferred tax liabilities	2,864,182	2,839,836
Other liabilities	18,587,645	25,596,718
<b>Total liabilities</b>	<b>3,521,050,988</b>	<b>3,348,816,887</b>
Common stock	143,270,965	129,774,223
Capital surplus	29,659,243	18,492,902
Retained earnings	112,848,094	93,956,955
Other equity	929,919	(6,239,893)
Equity attributable to former owner of business combination under common control	-	25,912,409
<b>Total equity</b>	<b>286,708,221</b>	<b>261,896,596</b>
<b>Total liabilities and equity</b>	<b>\$ 3,807,759,209</b>	<b>3,610,713,483</b>

(Continued)



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

	<b>Fubon Insurance</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 10,780,418	9,130,165
Receivables	4,876,412	4,345,681
Current tax assets	2,623,076	2,067,260
Financial assets measured at fair value through profit or loss	6,784,188	5,050,141
Financial assets measured at amortized cost	1,598,290	1,560,957
Investments accounted for using equity method, net	1,284,939	1,373,142
Financial assets measured at fair value through other comprehensive income	7,432,388	10,682,681
Right-of-use assets	489,097	635,200
Investment property	9,893,518	9,725,217
Reinsurance contract assets	39,159,118	42,117,303
Property and equipment	6,520,788	5,990,870
Intangible assets	190,164	207,534
Deferred tax assets	9,634,981	9,464,153
Other assets	7,550,718	2,708,182
<b>Total assets</b>	<b>\$ 108,818,095</b>	<b>105,058,486</b>
Short-term borrowings	\$ 10,608,846	9,780,000
Payables	12,811,792	14,278,305
Current tax liabilities	1,021	4,417
Financial liabilities measured at fair value through profit or loss	-	106,214
Insurance liabilities	62,241,763	72,134,253
Lease liabilities	510,039	651,578
Deferred tax liabilities	1,597,557	1,495,606
Other liabilities	1,415,732	1,214,739
Provisions	827,795	908,169
<b>Total liabilities</b>	<b>90,014,545</b>	<b>100,573,281</b>
Common stock	14,678,396	4,678,396
Capital surplus	6,000,000	19,678,389
Retained earnings	(2,316,331)	(19,748,973)
Other equity	441,485	(122,607)
<b>Total equity</b>	<b>18,803,550</b>	<b>4,485,205</b>
<b>Total liabilities and equity</b>	<b>\$ 108,818,095</b>	<b>105,058,486</b>

(Continued)

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

	<b>Fubon Life Insurance</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 205,276,044	217,629,245
Receivables	39,804,029	40,287,378
Current tax assets	15,127,235	8,510,184
Financial assets measured at fair value through profit or loss	1,426,459,562	1,182,963,339
Financial assets measured at fair value through other comprehensive income	205,942,306	563,407,951
Financial assets for hedging	1,432	38,781
Financial assets measured at amortized cost	2,507,038,955	2,120,143,394
Investments accounted for using equity method, net	74,601,311	58,269,625
Investment property	263,026,890	259,486,810
Loans	201,280,256	223,527,199
Reinsurance contract assets	3,650,234	3,388,905
Property and equipment	22,013,380	19,026,817
Right-of-use assets	4,908,318	1,136,191
Intangible assets	357,428	302,595
Deferred tax assets	30,329,713	52,620,063
Other assets	22,281,688	30,617,411
Assets on insurance product, separate account	290,604,618	259,519,152
<b>Total assets</b>	<b>\$ <u>5,312,703,399</u></b>	<b><u>5,040,875,040</u></b>

(Continued)

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

	<b>Fubon Life Insurance</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Payables	\$ 35,921,703	30,431,748
Current tax liabilities	773,493	641,769
Financial liabilities measured at fair value through profit or loss	1,583,171	29,234,427
Financial liabilities for hedging	78,814	267,089
Bonds payable	80,000,000	55,000,000
Lease liabilities	15,182,521	15,521,831
Insurance liabilities	4,334,217,994	4,305,141,087
Reserve for insurance contract with nature of financial instrument futures	3,430,964	3,366,163
Foreign exchange valuation reserve	9,176,335	37,131,393
Provisions	7,144,391	7,150,417
Deferred tax liabilities	27,629,653	19,731,755
Other liabilities	14,921,605	6,820,415
Liabilities on insurance product, separate account	<u>290,604,618</u>	<u>259,519,152</u>
<b>Total liabilities</b>	<u>4,820,665,262</u>	<u>4,769,957,246</u>
Common stock	110,831,140	110,831,140
Capital surplus	31,398,668	31,149,454
Retained earnings	373,325,516	338,062,302
Other equity	<u>(23,517,187)</u>	<u>(209,125,102)</u>
<b>Total equity</b>	<u>492,038,137</u>	<u>270,917,794</u>
<b>Total liabilities and equity</b>	<u><u>\$ 5,312,703,399</u></u>	<u><u>5,040,875,040</u></u>

(Continued)

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

	<b>Fubon Securities</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Current assets	\$ 190,202,946	128,475,247
Financial assets measured at fair value through other comprehensive income – non-current	9,661,069	12,268,021
Investments accounted for using equity method	6,915,118	8,809,476
Property and equipment	3,859,433	3,771,853
Right-of-use assets	427,803	500,913
Investment property	1,444,990	1,489,676
Intangible assets	431,018	403,872
Deferred tax assets	583,217	542,407
Other non-current assets	1,681,117	2,018,693
<b>Total assets</b>	<b>\$ 215,206,711</b>	<b>158,280,158</b>
Current liabilities	\$ 159,396,727	89,957,414
Provisions – non-current	705,155	917,922
Lease liabilities – non-current	255,904	286,595
Deferred tax liabilities	313,030	496,467
Other non-current liabilities	8,491	11,819
<b>Total liabilities</b>	<b>160,679,307</b>	<b>91,670,217</b>
Common stock	16,258,551	10,643,550
Capital surplus	10,054,500	69,671
Retained earnings	24,575,756	19,146,753
Other equity	3,638,597	3,302,630
Equity attributable to former owner of business combination under common control	-	33,447,337
<b>Total equity</b>	<b>54,527,404</b>	<b>66,609,941</b>
<b>Total liabilities and equity</b>	<b>\$ 215,206,711</b>	<b>158,280,158</b>

(Continued)

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

	Unit: In thousands of HKD	
	<b>Fubon Bank (Hong Kong)</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 7,038,732	3,040,336
Due from the central bank and call loans to banks	12,105,431	8,951,164
Financial assets measured at fair value through profit or loss	46,121	851,081
Financial assets measured at fair value through other comprehensive income	963,091	820,314
Debt investments measured at amortized cost, net	44,691,848	42,848,501
Financial assets for hedging	1,709,499	2,070,909
Receivables, net	2,543,928	1,195,247
Discounts and loans, net	68,249,447	66,058,714
Current tax assets	-	573
Investment property	85,300	13,000
Property and equipment	1,187,706	1,136,955
Right-of-use assets	86,148	71,755
Deferred tax assets	6	6
Other assets	205,216	221,601
<b>Total assets</b>	<b>\$ 138,912,473</b>	<b>127,280,156</b>

(Continued)

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

	Unit: In thousands of HKD	
	<b>Fubon Bank (Hong Kong)</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Deposits from the central bank and banks	\$ 1,794,388	1,888,078
Financial liabilities measured at fair value through profit or loss	1,765,930	1,706,885
Financial liabilities for hedging	24,096	-
Securities sold under repurchase agreements	6,059,932	6,123,565
Payables	3,405,404	1,666,564
Current tax liabilities	163,599	131,075
Deposits and remittances	109,124,496	97,923,389
Bonds payable	299,942	1,930,195
Provisions	40,742	63,220
Lease liabilities	89,100	75,214
Deferred tax liabilities	162,116	106,890
Other liabilities	<u>1,742,521</u>	<u>2,346,072</u>
<b>Total liabilities</b>	<u>124,672,266</u>	<u>113,961,147</u>
Common stock	4,830,448	4,830,448
Capital surplus and legal reserve	204,177	134,843
Undistributed earnings	8,427,703	7,751,066
Other equity	<u>777,879</u>	<u>602,652</u>
<b>Total equity</b>	<u>14,240,207</u>	<u>13,319,009</u>
<b>Total liabilities and equity</b>	<u><b>\$ 138,912,473</b></u>	<u><b>127,280,156</b></u>

Note: The concise balance sheet of Fubon Bank (Hong Kong) as of December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC (note 4 (c)), which were not prepared in conformity with the Hong Kong Companies Ordinance. Fubon Bank (Hong Kong) has submitted the financial statements for the year ended December 31, 2022 to the Company Registry of Hong Kong, and will submit the financial statements for the year ended December 31, 2023 in accordance with section 3 of Schedule 662 and Form 6 to the Hong Kong Companies Ordinance within the legal term. The independent auditors have issued unmodified audit reports for the years ended December 31, 2023 and 2022 (Any emphasis matters to the user of financial reports and statements made under section 2 of Schedule 406, section 2 or 3 of Schedule 407 to the Hong Kong Companies Ordinance were not included.).

(Continued)

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

	<b>Fubon Asset Management</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 3,832,178	3,496,271
Financial assets measured at fair value through other comprehensive income – non-current	323,323	328,079
Investments accounted for using equity method	470,149	429,042
Property and equipment	21,349	22,756
Right-of-use assets	45,717	53,393
Intangible assets	2,066	1,625
Deferred tax assets	19,233	18,287
Other non-current assets	<u>130,500</u>	<u>135,497</u>
<b>Total assets</b>	<b>\$ <u>4,844,515</u></b>	<b><u>4,484,950</u></b>
Current liabilities	\$ 592,500	505,087
Provisions – non-current	44,873	46,710
Lease liabilities – non-current	15,650	28,316
Deferred tax liabilities	<u>19</u>	<u>53</u>
<b>Total liabilities</b>	<b><u>653,042</u></b>	<b><u>580,166</u></b>
Common stock	2,710,085	2,710,085
Capital surplus	549,384	549,384
Retained earnings	977,543	681,410
Other equity	<u>(45,539)</u>	<u>(36,095)</u>
<b>Total equity</b>	<b><u>4,191,473</u></b>	<b><u>3,904,784</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u>4,844,515</u></b>	<b><u>4,484,950</u></b>

(Continued)

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

	<b>Fubon Insurance Agency Co., Ltd.</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Current assets	\$ 402,767	387,472
Property and equipment	14,298	13,761
Right-of-use assets	35,778	52,101
Intangible assets	3,287	4,098
Deferred tax assets	8,331	7,168
Other non-current assets	<u>11,371</u>	<u>8,720</u>
<b>Total assets</b>	<b>\$ <u>475,832</u></b>	<b><u>473,320</u></b>
Current liabilities	\$ 169,083	158,339
Provisions – non-current	29,295	26,838
Lease liabilities – non-current	15,946	28,486
Other non-current liabilities	<u>1</u>	<u>1</u>
<b>Total liabilities</b>	<b><u>214,325</u></b>	<b><u>213,664</u></b>
Common stock	111,048	30,000
Capital surplus	72,957	3,822
Retained earnings	77,502	32,844
Equity attributable to former owner of business combination under common control	-	192,990
<b>Total equity</b>	<b><u>261,507</u></b>	<b><u>259,656</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u>475,832</u></b>	<b><u>473,320</u></b>

(Continued)



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

	<u><b>Fubon Marketing</b></u> <u><b>December 31, 2022</b></u>
Current assets	\$ 92,756
Investments accounted for using equity method	259,656
Property and equipment	69
Right-of-use assets	1,482
Intangible assets	102
Other non-current assets	<u>19,083</u>
<b>Total assets</b>	<b>\$ <u>373,148</u></b>
Current liabilities	\$ 11,475
Provisions — non-current	167
Lease liabilities — non-current	576
Deferred tax liabilities	<u>4,841</u>
<b>Total liabilities</b>	<b><u>17,059</u></b>
Common stock	145,000
Capital surplus	9,880
Retained earnings	<u>201,209</u>
<b>Total equity</b>	<b><u>356,089</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u><u>373,148</u></u></b>

Note: On June 6, 2023, the Board of Directors of Fubon Marketing, acting on behalf of the shareholders' meeting, resolved to dissolve the company. The liquidation was completed on November 24, 2023. On December 15, 2023, the distribution date and issuance date, a portion of the remaining property was distributed to the Company. Since that day, the Company directly held 100% of the equity interest in Fubon Insurance Agency Co., Ltd.

(Continued)

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

	<b>Fubon Financial Holding Venture Capital</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 9,649,142	10,277,549
Financial assets measured at fair value through profit or loss – non-current	3,518,557	3,187,142
Financial assets measured at fair value through other comprehensive income – non-current	921,617	1,177,317
Investments accounted for using equity method	153,432	145,538
Property and equipment	678	981
Right-of-use assets	4,951	8,799
Intangible assets	20	80
Deferred tax assets	110,079	121,918
Other non-current assets	1,183	1,165
<b>Total assets</b>	<b>\$ 14,359,659</b>	<b>14,920,489</b>
Current liabilities	\$ 54,837	67,358
Provisions – non-current	6,979	6,915
Lease liabilities – non-current	1,102	4,912
Deferred tax liabilities	-	24,188
<b>Total liabilities</b>	<b>62,918</b>	<b>103,373</b>
Common stock	12,622,196	12,622,196
Capital surplus	1,362,717	1,362,450
Retained earnings	(993,873)	(1,489,820)
Other equity	1,305,701	2,322,290
<b>Total equity</b>	<b>14,296,741</b>	<b>14,817,116</b>
<b>Total liabilities and equity</b>	<b>\$ 14,359,659</b>	<b>14,920,489</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon AMC</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 408,991	291,018
Property and equipment	807	358
Right-of-use assets	23,597	6,771
Investment property	2,327,737	2,384,493
Intangible assets	839	1,133
Deferred tax assets	355,983	382,309
Other non-current assets	<u>13,646</u>	<u>13,647</u>
<b>Total assets</b>	<b>\$ <u>3,131,600</u></b>	<b><u>3,079,729</u></b>
Current liabilities	\$ 146,622	151,050
Long-term bank borrowings	264,000	281,000
Provisions – non-current	22,711	23,992
Lease liabilities – non-current	15,622	6
Deferred tax liabilities	83,954	110,630
Other non-current liabilities	<u>6,430</u>	<u>6,158</u>
<b>Total liabilities</b>	<b><u>539,339</u></b>	<b><u>572,836</u></b>
Common stock	2,500,000	2,500,000
Capital surplus	3,142	3,142
Retained earnings	237,070	151,702
Other equity	<u>(147,951)</u>	<u>(147,951)</u>
<b>Total equity</b>	<b><u>2,592,261</u></b>	<b><u>2,506,893</u></b>
<b>Total liabilities and equity</b>	<b>\$ <u>3,131,600</u></b>	<b><u>3,079,729</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Units: In thousands of CNY	
	<b>Fubon Bank (China)</b>	
	<b>December 31,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 1,236,420	5,518,817
Due from the central bank and call loans to banks	8,848,064	8,181,894
Financial assets measured at fair value through profit or loss	3,547,566	4,403,744
Financial assets measured at fair value through other comprehensive income	33,615,663	34,760,286
Financial assets measured at amortized cost	26,117,249	26,565,693
Securities purchased under resell agreements	-	1,986,438
Receivables, net	5,714,377	4,743,732
Discounts and loans, net	61,442,875	48,765,989
Investments accounted for using equity method, net	118,396	102,288
Other financial assets	1,299,719	902,071
Property and equipment, net	1,020,481	1,038,910
Right-of-use assets, net	138,360	153,431
Intangible assets, net	151,628	144,128
Deferred tax assets	631,891	392,232
Other assets, net	110,580	93,330
<b>Total assets</b>	<b>\$ <u>143,993,269</u></b>	<b><u>137,752,983</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	Units: In thousands of CNY	
	<b>Fubon Bank (China)</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Deposits from the central bank and banks	\$ 6,901,304	7,470,892
Due to the central bank and banks	1,055,322	208,938
Financial liabilities measured at fair value through profit or loss	1,382,814	1,760,528
Securities sold under repurchase agreements	4,610,042	8,092,859
Payables	6,729,304	5,930,173
Current tax liabilities	-	51,265
Deposits and remittances	93,404,991	87,391,069
Bonds payable	3,999,329	4,998,612
Other financial liabilities	16,032,280	13,079,571
Provisions	2,418	7,573
Lease liabilities	133,412	154,829
Deferred tax liabilities	61,699	1,436
Other liabilities	372	532
<b>Total liabilities</b>	<b>134,313,287</b>	<b>129,148,277</b>
Common stock	2,445,382	2,445,382
Other Equity Instruments	1,800,000	800,000
Capital surplus	747,795	747,795
Retained earnings	5,112,291	5,135,777
Other equity	(425,486)	(524,248)
<b>Total equity</b>	<b>9,679,982</b>	<b>8,604,706</b>
<b>Total liabilities and equity</b>	<b>\$ 143,993,269</b>	<b>137,752,983</b>

Note: The concise balance sheet of Fubon Bank (China) as of December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Hyundai Life Insurance</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash and cash equivalents	\$ 17,669,208	27,523,064
Receivables	3,291,121	16,563,503
Current tax assets	263,311	-
Financial assets measured at fair value through profit or loss	38,875,037	32,568,343
Financial assets measured at fair value through other comprehensive income	52,813,859	41,773,202
Financial assets for hedging	1,698,795	2,563,865
Financial assets measured at amortized cost	90,328,009	101,584,109
Other financial assets, net	2,600,742	2,687,560
Investment property	2,397,241	2,521,406
Loans	53,047,973	54,611,080
Reinsurance contract assets	251,513	306,483
Property and equipment	302,096	339,998
Right-of-use assets	65,820	113,835
Intangible assets	718,021	882,444
Deferred tax assets	6,807,127	9,030,903
Other assets	2,256,305	1,178,514
Assets on insurance product, separate account	<u>180,474,427</u>	<u>210,285,852</u>
<b>Total assets</b>	<b><u>\$ 453,860,605</u></b>	<b><u>504,534,161</u></b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Hyundai Life Insurance</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Payables	\$ 13,445,012	28,269,384
Current tax liabilities	-	60,940
Short-term borrowings	-	12,217,500
Financial liabilities for hedging	599,478	3,687,364
Bonds payable	18,210,506	15,632,055
Lease liabilities	76,691	125,713
Insurance liabilities	197,510,008	197,007,872
Provisions	382,017	352,447
Other liabilities	1,301,818	328,655
Liabilities on insurance product, separate account	<u>198,493,015</u>	<u>237,969,893</u>
<b>Total liabilities</b>	<b><u>430,018,545</u></b>	<b><u>495,651,823</u></b>
Common stock	41,788,870	32,425,437
Capital surplus	958,920	1,008,058
Retained earnings	1,250,866	6,749,773
Other equity	<u>(20,156,596)</u>	<u>(31,300,930)</u>
<b>Total equity</b>	<b><u>23,842,060</u></b>	<b><u>8,882,338</u></b>
<b>Total liabilities and equity</b>	<b><u>\$ 453,860,605</u></b>	<b><u>504,534,161</u></b>

Note: The concise balance sheet of Fubon Hyundai Life Insurance as of December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Concise Statements of comprehensive income

	<u>Taipei Fubon Bank</u>	
	<u>2023</u>	<u>2022</u>
		<u>(Restatement)</u>
Interest revenue	\$ 99,279,713	59,797,260
Interest expense	<u>(62,714,354)</u>	<u>(26,144,146)</u>
Net interest revenue	36,565,359	33,653,114
Net non-interest revenues	<u>28,350,907</u>	<u>21,925,077</u>
Net revenue	<u>64,916,266</u>	<u>55,578,191</u>
Bad debt expenses and guarantee liability provisions	(3,415,226)	(1,814,981)
Operating expenses	<u>(32,765,790)</u>	<u>(24,890,982)</u>
Income before income tax	28,735,250	28,872,228
Less: income tax expense	4,262,233	4,544,531
Less: Net income of business combination not under common control	<u>-</u>	<u>393,571</u>
Net income	24,473,017	23,934,126
Other comprehensive income (net of income tax)	9,073,090	(6,064,373)
Other comprehensive income of business combination not under common control	<u>-</u>	<u>41,643</u>
Total comprehensive income	<u>\$ 33,546,107</u>	<u>17,911,396</u>
Earnings per share (In New Taiwan Dollars)	<u>\$ 1.71</u>	<u>1.67</u>
	<u>Fubon Insurance</u>	
	<u>2023</u>	<u>2022</u>
Operating Revenue	\$ 44,700,277	44,877,323
Operating cost	(37,950,201)	(86,617,093)
Operating expenses	<u>(9,451,332)</u>	<u>(8,174,139)</u>
Net operating loss	(2,701,256)	(49,913,909)
Non-operating income and expense	<u>(149,039)</u>	<u>(422,802)</u>
Loss before income tax	(2,850,295)	(50,336,711)
Less: income tax benefit	<u>(620,008)</u>	<u>(10,353,673)</u>
Net loss	<u>(2,230,287)</u>	<u>(39,983,038)</u>
Other comprehensive income (net of income tax)	<u>548,632</u>	<u>(10,394,770)</u>
Total comprehensive income	<u>\$ (1,681,655)</u>	<u>(50,377,808)</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ (2.04)</u>	<u>(108.54)</u>

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Life Insurance</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 483,193,614	489,895,049
Operating cost	(428,907,385)	(405,440,667)
Operating expenses	<u>(17,300,041)</u>	<u>(15,587,679)</u>
Operating income	36,986,188	68,866,703
Non-operating income and expense	<u>1,192,553</u>	<u>4,769,806</u>
Income before income tax	38,178,741	73,636,509
Less: income tax expense	<u>2,087,634</u>	<u>8,099,094</u>
Net income	<u>36,091,107</u>	<u>65,537,415</u>
Other comprehensive income (net of income tax)	<u>186,278,407</u>	<u>(378,143,015)</u>
Total comprehensive income	<u>\$ 222,369,514</u>	<u>(312,605,600)</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ 3.26</u>	<u>5.91</u>
	<b>Fubon Securities</b>	
	<b>2023</b>	<b>2022</b>
		<b>(Restatement)</b>
Revenue	\$ 17,786,369	14,972,347
Expenses	<u>(13,449,973)</u>	<u>(10,613,573)</u>
Operating income	4,336,396	4,358,774
Non-operating income and expense	<u>3,340,831</u>	<u>1,297,951</u>
Income before income tax	7,677,227	5,656,725
Less: income tax expense	622,995	1,207,994
Less: Net income of business combination not under common control	<u>-</u>	<u>426,274</u>
Net income	7,054,232	4,022,457
Other comprehensive income (net of income tax)	(1,491,328)	(3,450,861)
Other comprehensive income of business combination not under common control	<u>-</u>	<u>373,652</u>
Total comprehensive income	<u>\$ 5,562,904</u>	<u>945,248</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ 4.34</u>	<u>2.47</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Unit: In thousands of HKD

	<b>Fubon Bank (Hong Kong)</b>	
	<b>2023</b>	<b>2022</b>
Interest revenue	\$ 6,452,048	3,171,803
Interest expense	(4,336,731)	(1,564,921)
Net interest revenue	2,115,317	1,606,882
Net non-interest revenues	365,081	380,363
Net revenue	2,480,398	1,987,245
Bad debt expenses and guarantee liability provisions	(361,994)	(291,875)
Operating expenses	(1,144,481)	(995,540)
Income before income tax	973,923	699,830
Less: income tax expense	143,526	107,807
Net income	830,397	592,023
Other comprehensive income (net of income tax)	172,864	92,690
Total comprehensive income	<b>\$ 1,003,261</b>	<b>684,713</b>

Note: The concise comprehensive income statements of Fubon Bank (Hong Kong) for the years ended December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC (note 4 (3)), which were not prepared in conformity with the Hong Kong Companies Ordinance. Fubon Bank (Hong Kong) has submitted the financial statements for the year ended December 31, 2022 to the Company Registry of Hong Kong, and will submit the financial statements for the year ended December 31, 2023 in accordance with section 3 of Schedule 662 and Form 6 to the Hong Kong Companies Ordinance within the legal term. The independent auditors have issued unmodified audit reports for the years ended December 31, 2023 and 2022 (Any emphasis matters to the user of financial reports and statements made under section 2 of Schedule 406, section 2 or 3 of Schedule 407 to the Hong Kong Companies Ordinance were not included.).

	<b>Fubon Asset Management</b>	
	<b>2023</b>	<b>2022</b>
Operating Revenue	\$ 1,912,474	1,577,014
Operating expenses	(1,072,056)	(915,453)
Operating income	840,418	661,561
Non-operating income and expense	(12,609)	(144,565)
Income before income tax	827,809	516,996
Less: income tax expense	176,887	137,605
Net income	650,922	379,391
Other comprehensive income (net of income tax)	(4,306)	19,175
Total comprehensive income	<b>\$ 646,616</b>	<b>398,566</b>
Basic earnings per share (In New Taiwan Dollars)	<b>\$ 2.40</b>	<b>1.40</b>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Insurance Agency Co., Ltd.</b>	
	<b>2022</b>	
	<b>2023</b>	<b>(Restatement)</b>
Operating Revenue	\$ 730,490	710,585
Operating cost	(262,456)	(242,509)
Operating expenses	<u>(267,147)</u>	<u>(217,499)</u>
Operating income	200,887	250,577
Non-operating income and expense	<u>225</u>	<u>(27,340)</u>
Income before income tax	201,112	223,237
Less: income tax expense	<u>40,378</u>	<u>50,509</u>
Net income	<u>160,734</u>	<u>172,728</u>
Other comprehensive income (net of income tax)	<u>(804)</u>	<u>2,916</u>
Total comprehensive income	<b>\$ <u>159,930</u></b>	<b><u>175,644</u></b>
Basic earnings per share (In New Taiwan Dollars)	<b>\$ <u>14.47</u></b>	<b><u>15.55</u></b>
		<b>Fubon Marketing</b>
		<b>2022</b>
Operating Revenue	\$ 908	
Operating cost	(711)	
Operating expenses	<u>(17,362)</u>	
Operating loss	(17,165)	
Non-operating income and expense	<u>158,268</u>	
Income before income tax	141,103	
Less: income tax expense	<u>-</u>	
Net income	<u>141,103</u>	
Other comprehensive income (net of income tax)	<u>5,957</u>	
Total comprehensive income	<b>\$ <u>147,060</u></b>	
Basic earnings per share (In New Taiwan Dollars)	<b>\$ <u>9.73</u></b>	

Note: On June 6, 2023, the Board of Directors of Fubon Marketing, acting on behalf of the shareholders' meeting, resolved to dissolve the company. The liquidation was completed on November 24, 2023. On December 15, 2023, the distribution date and issuance date, a portion of the remaining property was distributed to the Company. Since that day, the Company directly held 100% of the equity interest in Fubon Insurance Agency Co., Ltd.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>Fubon Financial Holding Venture Capital</b>	
	<u>2023</u>	<u>2022</u>
Operating Revenue	\$ 545,541	(3,928,025)
Operating expenses	<u>(100,836)</u>	<u>(105,488)</u>
Operating income (loss)	444,705	(4,033,513)
Non-operating income and expense	<u>30,287</u>	<u>134,726</u>
Income (loss) before income tax	474,992	(3,898,787)
Less: income tax expense (benefit)	<u>10,864</u>	<u>(141,747)</u>
Net income (loss)	<u>464,128</u>	<u>(3,757,040)</u>
Other comprehensive income (net of income tax)	<u>(984,770)</u>	<u>2,001,654</u>
Total comprehensive income	<u>\$ (520,642)</u>	<u>(1,755,386)</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ 0.37</u>	<u>(2.98)</u>
	<b>Fubon AMC</b>	
	<u>2023</u>	<u>2022</u>
Operating Revenue	\$ 336,009	308,046
Operating expenses	<u>(155,813)</u>	<u>(150,505)</u>
Operating income	180,196	157,541
Non-operating income and expense	<u>92,609</u>	<u>66,565</u>
Income before income tax	272,805	224,106
Less: income tax expense	<u>52,175</u>	<u>56,739</u>
Net income	<u>220,630</u>	<u>167,367</u>
Other comprehensive income (net of income tax)	<u>1,270</u>	<u>257</u>
Total comprehensive income	<u>\$ 221,900</u>	<u>167,624</u>
Basic earnings per share (In New Taiwan Dollars)	<u>\$ 0.88</u>	<u>0.67</u>

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		Units: In thousands of CNY	
		<b>Fubon Bank (China)</b>	
		<b>2023</b>	<b>2022</b>
Interest revenue	\$	5,054,944	5,345,750
Interest expense		(3,743,660)	(2,949,005)
Net interest revenue		1,311,284	2,396,745
Net non-interest revenues		214,206	(597,031)
Net revenue		1,525,490	1,799,714
Bad debt expenses and guarantee liability provisions		(601,242)	(329,966)
Operating expenses		(1,103,262)	(1,073,271)
Income (loss) before income tax		(179,014)	396,477
Less: income tax benefit		(195,311)	(31,462)
Net income		16,297	427,939
Other comprehensive income (net of income tax)		99,778	(460,885)
Total comprehensive income	<b>\$</b>	<b>116,075</b>	<b>(32,946)</b>

Note: The concise statements of comprehensive income of Fubon Bank (China) for the years ended December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

		<b>Fubon Hyundai Life Insurance</b>	
		<b>2023</b>	<b>2022</b>
Operating Revenue	\$	63,093,335	71,152,934
Operating cost		(67,146,432)	(68,147,834)
Operating expenses		(2,765,613)	(2,080,961)
Operating income		(6,818,710)	924,139
Non-operating income and expense		(8,754)	(35,442)
Income (loss) before income tax		(6,827,464)	888,697
Less: income tax expense (benefit)		(1,348,867)	158,732
Net income (loss)		(5,478,597)	729,965
Other comprehensive income (net of income tax)		10,889,161	(29,029,950)
Total comprehensive income	<b>\$</b>	<b>5,410,564</b>	<b>(28,299,985)</b>

Note: The concise statements of comprehensive income of Fubon Hyundai Life Insurance for the years ended December 31, 2023 and 2022, were presented fairly in accordance with the IFRSs endorsed by the FSC, which were not prepared in conformity with the local ordinance.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(i) Profitability of the Company and bank, insurance and security subsidiaries

December 31, 2023

		Unit: %								
Item		Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities
Return on total assets	Before income tax	0.69 %	8.37 %	0.77 %	0.73 %	(0.13)%	0.74 %	(1.44)%	(2.67)%	4.11 %
	After income tax	0.60 %	7.87 %	0.66 %	0.62 %	0.01 %	0.70 %	(1.16)%	(2.09)%	3.78 %
Return on equity	Before income tax	10.71 %	10.27 %	10.48 %	7.07 %	(1.96)%	10.01 %	(41.92)%	(24.48)%	12.68 %
	After income tax	9.36 %	9.65 %	8.92 %	6.03 %	0.18 %	9.46 %	(33.64)%	(19.15)%	11.65 %
Profit margin		38.76 %	92.67 %	37.70 %	33.48 %	1.07 %	7.47 %	(8.68)%	(4.99)%	39.66 %

December 31, 2022

		Unit: %								
Item		Consolidation	The Company	Taipei Fubon Bank	Fubon Bank (Hong Kong)	Fubon Bank (China)	Fubon Life Insurance	Fubon Hyundai Life Insurance	Fubon Insurance	Fubon Securities
Return on total assets	Before income tax	0.58 %	6.24 %	0.82 %	0.58 %	0.28 %	1.44 %	0.18 %	(44.44)%	2.96 %
	After income tax	0.45 %	5.26 %	0.68 %	0.49 %	0.31 %	1.29 %	0.14 %	(35.30)%	2.10 %
Return on equity	Before income tax	7.83 %	7.35 %	11.25 %	5.39 %	4.82 %	16.93 %	4.14 %	(204.84)%	8.02 %
	After income tax	6.15 %	6.20 %	9.33 %	4.56 %	5.21 %	15.06 %	3.40 %	(162.71)%	5.71 %
Profit margin		18.45 %	82.96 %	43.06 %	29.79 %	23.78 %	13.38 %	1.03 %	(89.09)%	26.87 %

Note 1: Return on total assets = Income before (after) income tax/Average total assets.

Note 2: Return on equity = Income before (after) income tax/Average net worth of equity.

Note 3: Profit margin = Income after income tax/Total operating revenues.

Note 4: Income before (after) income tax is the income for the years ended December 31, 2023 and 2022.

Note 5: The return on assets and return on equity are presented annualized ratios.

(j) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies have followed suit by downgrading the credit rating for Russian bonds. Fubon Life Insurance and its subsidiaries have closely monitored and evaluated the credit risk of the Russian Bonds, and continuously reviewed the interest payment and principal repayment of the relevant bonds, and recognized the expected credit loss based on the assessed credit risk.

(k) Financial assets reclassification

(i) Fubon Life Insurance reclassified financial assets

Since 2022, the major central banks led by Federal Reserve System have adopted the tight monetary policy, which made the stock, bond and foreign exchange markets experience drastic and unprecedented changes. Then, the interest rates have risen to the extreme level defined by the International Insurance Capital Standards (ICS). Therefore, in accordance with the Regulation of IFRS 9 “Financial Instruments” and the Ji Mi No.0000000354 “Financial Asset Reclassification Concerns of an insurer arising from Changes in the Business Model for Managing Financial Assets due to Drastic Changes in the International Economic Situation” issued on October 7, 2022 by the Accounting Research and Development Foundation of the Republic of China (ARDF), the subsidiary, Fubon Life Insurance, adjusted the business model of related managed activities and oversea bonds investment based on the major changes from the external financial environment. Fubon Life Insurance reclassified part of the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost on January 1, 2023.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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After the reclassification of financial assets on January 1, 2023, other equity increased by \$69,877,356 thousand, financial assets measured at amortized cost increased by \$380,841,976 thousand, financial assets measured at fair value through other comprehensive income decreased by \$293,497,526 thousand, and deferred tax assets decreased by \$17,467,094 thousand.

(ii) Fubon Hyundai Life Insurance Co., Ltd. reclassified financial assets

The major management of Fubon Hyundai Life Insurance Co., Ltd., decided to change the business model because the local government has changed the supervision system of risk based capital related regulations. The major management of Fubon Life Insurance, approved on December 15, 2022 that the reclassification date would be January 1, 2023 according to the Regulation of IFRS 9 “Financial Instruments”.

Fubon Hyundai Life Insurance Co., Ltd., reclassified part of the U.S. bonds from financial assets measured at amortized cost to financial assets measured at fair value through other comprehensive income to increase cash management flexibility and avoid significant increases in capital requirements. At the same time, considering the relatively low cost of Korean debt capital demand and asset-liability management, Fubon Hyundai Life Insurance planned to manage domestic debts by collecting the contractual cash flow. Therefore, Fubon Hyundai Life Insurance reclassified part of Korea bonds from financial assets measured at value through other comprehensive income to financial assets measured at amortized cost.

After the reclassification of financial assets by Fubon Hyundai Life Insurance Co., Ltd., on January 1, 2023, Fubon Life Insurance and its subsidiaries’ other equity increased by \$129,337 thousand, financial assets measured at amortized cost decreased by \$7,232,181 thousand, financial assets measured at fair value through other comprehensive income increased by \$7,449,761 thousand, deferred tax assets decreased by \$50,478 thousand, and non-controlling interests increased by \$37,765 thousand.

(iii) The above financial assets of Fubon Life Insurance and its subsidiaries were reclassified from the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized. As of December 31, 2023, the fair value of those under recognized parts was \$318,570,919 thousand. Without reclassification on January 1, 2023, the proposed mandatory information on December 31, 2023, other equity interest would have been decreased by \$59,251,073 thousand and non-controlling interests would have been decreased by \$145,571 thousand. Then, for the year ended December 31, 2023, the fair value profit (after tax) to be recognized in other comprehensive income would have been \$12,001,201 thousand (including the derecognized parts at the end of the period and considering adjustments made for changes in shareholders’ equity). Of which, equity attributable to owners of the parent company and non-controlling interests were \$11,875,049 thousand and \$126,152 thousand, respectively.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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- (l) Due to the COVID-19 pandemic and the epidemic prevention measures promoted by the government, Fubon Insurance and its subsidiaries' branch offices operated normally as of December 31, 2023, and the premium for the year ended December 31, 2023 did not decrease significantly due to the COVID-19 pandemic. Fubon Insurance and its subsidiaries sold COVID-19 insurance and vaccine insurance for the COVID-19 epidemic, and there were about 2 thousand (reference to the controversial case in 2022) and 1,711 thousand underwritten cases (the premium income were about \$0.003 billion and \$2.661 billion) and about 409 thousand and 1,617 thousand pieces of the insurance claim (the insurance claim payment were about \$15.392 billion and \$73.325 billion), and had recognized claim reserves and the insurance claim payment following the regulations in order to protect customer equity. Fubon Insurance and its subsidiaries have taken corresponding measures and are continuously evaluating and dealing with the subsequent events.

**(13) Other disclosures**

- (a) Information on significant transactions:

For the year ended December 31, 2023, according to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the related information on significant transactions by the Company and subsidiaries that should be further disclosed as follows:

- (i) Loans to others:

Units: In thousands of TWD

Number (Note 1)	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short- term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 4)	Maximum limit of fund financing (Note 5)
													Item	Value		
1	Fubon Asset Management Service Co., Ltd.	Ruo-Shuei Environment Integration Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	61,500	61,500	3,360	3%-4%	1	3,360	-	34	None	-	129,613	13,327,423
2	Fubon Asset Management Service Co., Ltd.	De-Cheng International Development Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	154,500	154,500	85,305	3%-4%	1	85,305	-	853	None	-	129,613	13,327,423
3	Fubon Asset Management Service Co., Ltd.	Yung-Sheng Real Estate Development Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	116,000	116,000	76,000	3%-4%	1	76,000	-	760	None	-	129,613	13,327,423
4	Fubon Asset Management Service Co., Ltd.	YI LIAN Construction Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	100,000	100,000	100,000	3%-4%	1	100,000	-	1,500	None	-	129,613	13,327,423
5	Fubon Asset Management Service Co., Ltd.	Yue-Long Construction Co., Ltd.	Accounts Receivable - reimbursable expenditure	No	180,000	180,000	-	4%-5%	1	-	-	-	None	-	129,613	13,327,423

Note 1: Serial number is determined as follows:

- (1) 0 represents parent company.
- (2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note 2: Those ending balances are effective credit/amount as of the reporting date.

Note 3: The natures of loans are determined as follows:

- (1) Please fill 1 if the category belongs to business relation.
- (2) Please fill 2 if the category belongs to short-term loan.

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Note 4: The limit to the individual borrower: 5% of the creditor's net worth on December 31, 2023.

Note 5: The total limit of the loan: 7 times of the creditor's net worth, deducting capital infusion and real estate purchase on December 31, 2023.

(ii) Endorsement and guarantees for others: None

(iii) Marketable securities held as of December 31, 2023:

Units: In thousands of TWD / Thousands shares

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Stock							
	Timing Pharmaceutical Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,300	27,270	0.02	27,270	
	BASECOM TELECOMMUNICATION CO., LTD.	-	Financial assets measured at fair value through profit or loss	600	15,024	0.03	15,024	
	Yuen Foong Yu Consumer Products Co., Ltd.	-	Financial assets measured at fair value through profit or loss	85	3,604	-	3,604	
	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	50	2,498	-	2,498	
	TCI GENE INC.	-	Financial assets measured at fair value through profit or loss	30	2,451	-	2,451	
	Uni Travel Services Co., Ltd.	-	Financial assets measured at fair value through profit or loss	120	11,651	0.01	11,651	
	Rapidtek Technologies Inc.	-	Financial assets measured at fair value through profit or loss	504	46,780	0.02	46,780	
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	700	26,500	0.04	26,500	
	WW Holding Inc.	-	Financial assets measured at fair value through profit or loss	60	6,300	-	6,300	
	PocketNet Technology Inc.	-	Financial assets measured at fair value through profit or loss	1,078	1,643	0.02	1,643	
	Cinema Pro Limited	-	Financial assets measured at fair value through profit or loss	2,800	568	0.15	568	
HUANG CHIEH METAL HOLDINGS CO.,LTD.	-	Financial assets measured at fair value through profit or loss	495	57,567	0.01	57,567		

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Securities Venture Capital Co., Ltd.	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	440	10,355	0.03	10,355	
	3S System Technology Inc	-	Financial assets measured at fair value through profit or loss	255	7,817	-	7,817	
	Noodoe Group	-	Financial assets measured at fair value through profit or loss	450	6,802	0.05	6,802	
	GLORY WHEEL ENTERPRISE CO., LTD.	-	Financial assets measured at fair value through profit or loss	260	31,824	0.01	31,824	
	AviviD Innovative Media CO., LTD.	-	Financial assets measured at fair value through profit or loss	400	20,327	0.05	20,327	
	SANTI RENEWABLE ENERGY CO., LTD.	-	Financial assets measured at fair value through profit or loss	700	11,024	-	11,024	
	TRANSCENE CO., LTD.	-	Financial assets measured at fair value through profit or loss	1,000	30,000	0.03	30,000	
	CHENFENG OPTRONICS Co., Ltd.	-	Financial assets measured at fair value through profit or loss	500	20,000	0.01	20,000	
	Amis Technology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	48,750	-	0.22	-	
	Artilux Inc.	-	Financial assets measured at fair value through profit or loss	392	-	0.01	-	
	APEX Flight Academy	-	Financial assets measured at fair value through profit or loss	1,313	-	0.03	-	
Fubon Mintou Venture Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	4,018	51,826	-	51,826	
	FSITC Taiwan Money Market	-	Financial assets measured at fair value through profit or loss	3,293	51,829	-	51,829	

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Mintou Venture Capital Co., Ltd.	Capital Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,120	51,744	-	51,744	
	Yuanta De-Li Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,472	36,258	-	36,258	
Fubon Futures Co., Ltd.	<u>Beneficiary certificates</u>							
	Fubon US Treasury Inflation-Linked Bond Index Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,410	45,386	0.12	45,386	
	Fubon Taiwan-U.S. Twinstar Multi-Asset Fund A	Fund managed under a subsidiary company's manager of the Company	Financial assets measured at fair value through profit or loss	4,376	52,102	0.03	52,102	
	Cathay Nikkei 225 Currency-hedged ETF Fund	-	Financial assets measured at fair value through profit or loss	400	15,768	0.03	15,768	
	Yuanta Daily U.S. Treasury 20+ Year Bond Bull 2X ETF	-	Financial assets measured at fair value through profit or loss	500	5,065	-	5,065	
	JKO S&P GSCI Soybeans ER Futures ETF	-	Financial assets measured at fair value through profit or loss	1,000	26,600	0.05	26,600	
	JKO Dow Jones Copper ER Futures ETF	-	Financial assets measured at fair value through profit or loss	500	12,065	0.03	12,065	
	Yuanta Global Leaders Balanced Fund-USD (A)	-	Financial assets measured at fair value through profit or loss	100	35,989	0.01	35,989	
	Yuanta Japan Leaders Equity Fund	-	Financial assets measured at fair value through profit or loss	3,033	30,425	0.05	30,425	
	<u>Stock</u>							
Fubon Futures Co., Ltd.	Taiwan Futures Exchange Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	11,882	840,389	0.02	840,389	

(Continued)

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Beneficiary certificates							
	Fubon Taiwan Technology ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	340	43,963	-	43,963	
	Fubon MSCI Taiwan ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	28	2,844	-	2,844	
	Fubon SZSE 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	17	176	-	176	
	Fubon TOPIX ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	9	300	-	300	
	Fubon NIFTY ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	12	427	-	427	
	Fubon NASDAQ-100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	7	439	-	439	
	Fubon TWSE Corporate Governance 100 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	-	2	-	2	
	Fubon FTSE Developed Europe ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	7	173	-	173	
	Fubon S&P US Preferred Stock ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	8	125	-	125	
	Fubon Dow Jones Taiwan High-Quality Dividend 30 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	625	12,713	-	12,713	
	Fubon SSE180 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	26	711	-	711	
	Fubon FTSE TWSE Taiwan 50 ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	11	825	-	825	
	Fubon 1-3 Years US Treasury Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	1,000	39,330	-	39,330	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Asset Management Co., Ltd.	Fubon 7-10 Years US Treasury Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	1,000	34,700	-	34,700	
	Fubon China Policy Bank Bond ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	6	120	-	120	
	Fubon 9-35 Years US Corporate Bond A ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	3,500	130,585	-	130,585	
	Fubon Chi Hsiang Money Market	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	10,018	161,329	-	161,329	
	Fubon Aggressive Growth Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	229	13,243	-	13,243	
	Fubon Global Investment-grade Bond Fund A	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	990	10,201	-	10,201	
	Fubon US Treasury Inflation-Linked Bond Index Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	1,461	15,034	-	15,034	
	Fubon AI New Trends Multi-Asset Fund	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	275	5,244	-	5,244	
	Mega Diamond Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,353	30,356	-	30,356	
	Yuanta De- Bao Money Market Fund	-	Financial assets measured at fair value through profit or loss	3,277	40,464	-	40,464	
Fubon Asset Management Co., Ltd.	<u>Stock</u>							
	Fund Rich Securities Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	2,018	21,957	3.36	21,957	
Fubon Asset Management Co., Ltd.	<u>Government bond</u>							
	103 Central Government Development Bond 13	-	Financial assets measured at fair value through other comprehensive income	-	301,366	-	301,366	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Insurance Agency Co., Ltd.	<u>REIT</u>							
	Fubon R1	Related parties in substance	Financial assets measured at fair value through profit or loss	462	6,560	-	6,560	
	Fubon R2	Related parties in substance	Financial assets measured at fair value through profit or loss	868	11,458	-	11,458	
	Cathay R2	-	Financial assets measured at fair value through profit or loss	722	11,863	-	11,863	
Fubon Insurance Agency Co., Ltd.	<u>Government bond</u>							
	96 Central Government Bond 7	-	Financial assets measured at amortized cost	-	2,363	-	2,280	
Fubon Fund Management (HK) Limited	<u>Beneficiary certificates</u>							
	Fubon FTSE Taiwan RIC Capped Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	83	2,350	-	2,350	
	Fubon HS SH-SZ-HK (Selected Corp) High Div Yield Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	345	13,545	-	13,545	
	Fubon ICE FactSet Asia Battery and Energy Storage Technology Index ETF	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	391	9,171	-	9,171	
	Fubon FTSE Taiwan Daily (-1x) Inverse Product	Fund managed under Fubon Asset Management Co., Ltd.	Financial assets measured at fair value through profit or loss	83	1,879	-	1,879	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Stock</u>							
	Long time tech. Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	10,000	240,000	8.39	240,000	
	TaiRx, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	3,311	87,140	3.00	87,140	

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				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Sunny Pharmtech Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,507	508,602	9.77	508,602	
	momo.com. Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,524	2,811,616	2.30	2,811,616	
	Century Development Corporation	Related parties in substance	Financial assets measured at fair value through profit or loss	3,509	42,951	1.00	42,951	
	Bigbest Solutions, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	8,000	53,441	11.43	53,441	
	StemCyte International, Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	14,075	376,748	8.72	376,748	
	Asian Crown International Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	824	-	6.94	-	
	DETKET Technology Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	990	10,672	8.99	10,672	
	TeTanTi Agricultural Biotechnology Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,500	12,796	6.00	12,796	
	Jeoutai Technology	Related parties in substance	Financial assets measured at fair value through profit or loss	2,714	50,220	8.06	50,220	
	Annji Pharmaceutical Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	9,688	285,662	10.66	285,662	
	Gaius Automotive Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,750	215,184	7.61	215,184	
	T-CONN PRECISION CORPORATION	-	Financial assets measured at fair value through profit or loss	691	25,118	1.38	25,118	
AP BIOSCIENCES INC.	-	Financial assets measured at fair value through profit or loss	1,000	46,260	1.54	46,260		

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	PHALANX BIOTECH GROUP, INC.	-	Financial assets measured at fair value through profit or loss	29	154	0.04	154	
	DoDoPal Holdings Ltd.	-	Financial assets measured at fair value through profit or loss	42	-	6.78	-	
	Eva Technologies Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,340	7,546	6.50	7,546	
	ABG II-WX Limited	-	Financial assets measured at fair value through profit or loss	-	531,071	9.30	531,071	
	Ever Victory Global Ltd.	-	Financial assets measured at fair value through profit or loss	5,000	77,555	0.81	77,555	
	ACP Barite Investment L.P.	-	Financial assets measured at fair value through profit or loss	-	465,368	7.50	465,368	
	New Epoch capital L.P	-	Financial assets measured at fair value through profit or loss	-	270,392	3.50	270,392	
	Leadpower-semi Co., Ltd.	-	Financial assets measured at fair value through profit or loss	605	14,238	4.00	14,238	
	T-E Pharma Holding	-	Financial assets measured at fair value through profit or loss	3,750	22,628	1.42	22,628	
	New Garden Co., Ltd.(Cayman)	-	Financial assets measured at fair value through profit or loss	550	5,709	8.02	5,709	
	H.H. GALAXY CO., LTD.	-	Financial assets measured at fair value through profit or loss	637	77,077	2.63	77,077	
	Tanvex BioPharma, Inc.	-	Financial assets measured at fair value through profit or loss	2,006	130,599	1.50	130,599	
	TwI Biotechnology Co., Ltd.	-	Financial assets measured at fair value through profit or loss	2,700	40,203	3.08	40,203	

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Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Inergy Technology Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,600	108,480	3.50	108,480	
	Alar Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	3,522	714,614	6.18	714,614	
	VisEra Technologies Company Limited	-	Financial assets measured at fair value through profit or loss	580	160,370	0.18	160,370	
	ECOVE Environment Corporation	-	Financial assets measured at fair value through profit or loss	470	144,950	0.66	144,950	
	Taiwan Microloops Corp.	-	Financial assets measured at fair value through profit or loss	2,283	166,052	4.49	166,052	
	FORMOSA PHARMACEUTICALS, INC.	-	Financial assets measured at fair value through profit or loss	2,400	119,928	1.79	119,928	
	HD Renewable Energy Co., Ltd.	-	Financial assets measured at fair value through profit or loss	7,441	971,074	7.44	971,074	
	BRIM Biotechnology, Inc.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,582	46,124	1.37	46,124	
	One Production Co., Ltd.	-	Financial assets measured at fair value through profit or loss	1,131	23,404	3.16	23,404	
	ESUN HOLDINGS LIMITED	-	Financial assets measured at fair value through profit or loss	1,653	1,419	0.09	1,419	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Preferred stock</u>							
	OmniEyes Co., Ltd.	Related parties in substance	Financial assets measured at fair value through profit or loss	5,841	53,131	19.39	53,131	
	FOOTPRINTKU INC.	Related parties in substance	Financial assets measured at fair value through profit or loss	1,800	17,334	8.28	17,334	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Elixiron Immunotherapeutics (Cayman) Limited	-	Financial assets measured at fair value through profit or loss	2,010	244	2.49	244	
	TIPCO International Limited	-	Financial assets measured at fair value through profit or loss	1	2,725	4.54	2,725	
	LoneStar Heart, Inc.	-	Financial assets measured at fair value through profit or loss	294	-	4.01	-	
	Aeolus Robotics Corporation Limited	-	Financial assets measured at fair value through profit or loss	6,000	-	7.17	-	
	RenalPro Medical, Inc.	-	Financial assets measured at fair value through profit or loss	1,581	-	12.83	-	
	Artilux Corporation	-	Financial assets measured at fair value through profit or loss	2,784	-	4.08	-	
	Black Light Surgical, Inc	-	Financial assets measured at fair value through profit or loss	628	731	3.23	731	
	Triller Hold Co LLC	-	Financial assets measured at fair value through profit or loss	3,539	105,397	1.51	105,397	
	SuperMetalix, Inc	-	Financial assets measured at fair value through profit or loss	788	5,244	6.67	5,244	
	URSrobot Holding Ltd	-	Financial assets measured at fair value through profit or loss	1,328	64,508	3.98	64,508	
	Neuchips Inc	-	Financial assets measured at fair value through profit or loss	2,500	106,366	2.73	106,366	
	AVOCOR TECHNOLOGIES USA, INC.	-	Financial assets measured at fair value through profit or loss	254	57,147	3.33	57,147	
	Yoda Pharmaceuticals Inc.	-	Financial assets measured at fair value through profit or loss	5,000	61,509	9.11	61,509	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Stampede Entertainment, Inc.	-	Financial assets measured at fair value through profit or loss	629	292,166	3.34	292,166	
	New Garden Co., Ltd.(Cayman)	-	Financial assets measured at fair value through profit or loss	4,444	46,131	8.02	46,131	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Grand Academy Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	215,582	4.17	215,582	
	Starview Heights Investment, L.P.	-	Financial assets measured at fair value through profit or loss	-	25,496	4.17	25,496	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Corporate bonds</u>							
	Aeolus Robotics Corporation Limited	-	Financial assets measured at fair value through profit or loss	-	22,512	7.17	22,512	
Fubon Financial Holding Venture Capital Co., Ltd.	<u>Stock</u>							
	Diamond Bioventure	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,345	1,822,441	4.40	1,822,441	
	Kbro Media Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	4,898	18,604	11.66	18,604	
	Star River Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,341	11,162	1.49	11,162	
	Star Shining Energy Corporation	Related parties in substance	Financial assets measured at fair value through other comprehensive income	49,000	359,384	7.00	359,384	
	Wholex Max Green Power Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	1,590	11,887	1.00	11,887	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
Fubon Financial Holding Venture Capital Co., Ltd.	Fubon Hospitality Management Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	5,000	4,824	17.86	4,824	
	Xin-Yao Bioventure Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	17,500	176,857	5.00	176,857	
	P. LEAGUE+	Related parties in substance	Financial assets measured at fair value through other comprehensive income	875	3,429	14.58	3,429	
	Cofit Healthcare Inc.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	275	2,230	10.20	2,230	
	Jing Ying Investment Co., Ltd.	Related parties in substance	Financial assets measured at fair value through other comprehensive income	7,805	62,061	5.00	62,061	
	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	26,124	194,206	3.50	194,206	
	Omniad Media Incorporation	-	Financial assets measured at fair value through other comprehensive income	7,675	-	10.21	-	
	Cosmos Foreign Exchange Intl. Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income	240	25,563	2.00	25,563	
	Taiwania Capital Management Corporation	-	Financial assets measured at fair value through other comprehensive income	20,720	51,411	8.29	51,411	
Fubon Sports & Entertainment Co., Ltd.	<u>Stock</u>							
	CHOXUE Holdings	-	Financial assets measured at fair value through other comprehensive income	298	-	1.66	-	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Held company name	Held company name securities type and name	securities type and name with the securities issuer	Account	December 31, 2023				Remark
				No. of shares	Carrying amount	Shareholding ratio	Market price	
TFB Capital Co., Ltd.	<u>Stock</u>							
	Hyena Inc.	-	Financial assets measured at fair value through profit or loss	500	18,929	2.63	18,929	
	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	524	2,617	0.07	2,617	
	URSrobot Holding Ltd.	-	Financial assets measured at fair value through profit or loss	1,328	64,508	3.98	64,508	
	Welab Sky Limited	-	Financial assets measured at fair value through profit or loss	10,000	520,070	2.67	520,070	
	CHENFENG OPTRONICS Co., Ltd.	-	Financial assets measured at fair value through profit or loss	500	20,000	0.49	20,000	
TFB Capital Co., Ltd.	<u>Beneficiary certificates</u>							
	Nomura Fallen Angel High Yield Bond Fund	-	Financial assets measured at fair value through profit or loss	25,484	254,223	-	254,223	
	Nomura Global Financial Bond Fund	-	Financial assets measured at fair value through profit or loss	14,403	147,078	-	147,078	
	Allianz Global Investors US Bond Fund	-	Financial assets measured at fair value through profit or loss	852	269,121	-	269,121	
	Fin Regatta II, LP	-	Financial assets measured at fair value through profit or loss	3,000	52,636	5.00	52,636	
TFB Capital Co., Ltd.	<u>Convertible bonds</u>							
	Stash Financial, Inc.	-	Financial assets measured at fair value through profit or loss	-	79,276	-	79,276	
	Transsnet FinTech Group	-	Financial assets measured at fair value through profit or loss	-	95,750	-	95,750	
TFB Capital Co., Ltd.	<u>Stock</u>							
	Teng Fu Bo Investment Limited	Related parties in substance	Financial assets measured at fair value through other comprehensive income	37,320	277,435	5.00	277,435	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

- (iv) Cumulative purchase or sales of the same investee's capital stock up to \$300,000 thousand or 10% of paid-in capital:

Units: In Thousands of TWD / Thousands shares

Purchase or sale company	Marketable securities type and name	Account	Counter-party	Relation-ship	January 1, 2023		Purchase		Sale				December 31, 2023	
					No. of shares	Amounts	No. of shares	Accounts	No. of shares	Sales price	Book value	Disposal gain or loss	No. of shares	Accounts
Fubon Financial Holding	Fubon Insurance	Investments accounted for using equity method	Fubon Insurance	Subsidiary	467,840	558,331	1,000,000	14,254,475 (Note 1)	-	-	-	-	1,467,840	14,812,806
Taipei Fubon Bank	Dah Chung Bills Finance Corp.	Financial assets measured at fair value through other comprehensive income	Far Eastern International Bank	Stakeholder	34,740 (Note 2)	420,385	-	(7,296) (Note 3)	34,740	425,966	413,089	12,877	-	-
Fubon Life Insurance	Fubon Hyundai Life Insurance	Investments accounted for using equity method	Fubon Hyundai Life Insurance	Subsidiary	175,334	7,246,784	78,500	12,594,532 (Note 4)	-	-	-	-	253,834	19,841,316
Fubon Life Insurance	Fubon Life Insurance (Hong Kong)	Investments accounted for using equity method	Fubon Life Insurance (Hong Kong)	Subsidiary	2,675,000	8,137,221	600,000	4,185,809 (Note 5)	-	-	-	-	3,275,000	12,323,030
Fubon Life Insurance	Bow Bells House (Jersey) Limited	Investments accounted for using equity method	Bow Bells House (Jersey) Limited	Subsidiary	46,173	(12,344)	137,950	4,275,435 (Note 6)	-	-	-	-	184,123	4,263,091
Fubon Securities	Fubon Futures	Investment accounted for using equity method	Fubon Futures	Subsidiary	140,000	4,336,510	70,000	(961,758) (Note 7)	-	-	-	-	210,000	3,374,752

Note 1: Included the initial investment costs amounting to \$16,000,000 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 2: Dah Chung Bills Finance Corp. was originally invested by the Jih-Sun Bank. Due to the merger with Jih-Sun Bank on April 1, 2023, Taipei Fubon Bank assumed Jih-Sun Bank's 34,740 thousand shares of Dah Chung Bills Finance Corp. under general assumption.

Note 3: The amount is the gain or loss on valuation adjustment.

Note 4: Included the initial investment costs amounting to \$9,451,007 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method and capital surplus.

Note 5: Included the initial investment costs amounting to \$2,453,356 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 6: Included the initial investment costs amounting to \$5,422,159 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method.

Note 7: Included the initial investment costs amounting to \$1,050,000 thousand and the remainders are shares of profit or other comprehensive income accounting for using equity method, dividends received and adjustments from reorganizations.

- (v) Acquisition or disposal amount of the same securities up to \$300,000 thousand or 10% of paid-in capital:

Units: In Thousands of TWD / Thousands shares

Purchase of sales company	Marketable securities type and name	Account	Counter-party	Relation-ship	January 1, 2023		Purchase		Sales				December 31, 2023	
					No. of shares	Amounts	No. of shares	Amounts	No. of shares	Sales price	Book value	Deposit gain or loss	No. of shares	Amounts
Fubon Financial Holding Venture Capital	AIROHA TECHNOLOGY CORP.	Financial assets measured at fair value through profit and loss	-	-	676	385,941	-	-	676	418,949	385,941 (Note)	358,849	-	-

Note : Included the initial investment costs amounting to \$60,100 thousand and the remainders are valuation adjustments measured at fair value.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(vi) Obtain of real estate up to \$300,000 thousand or 10% of paid-in capital:

(In Thousands of TWD)

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party,				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Insurance	The case of reconstruction of urban unsafe and old buildings	2019.07.24~2022.12.23	3,045,063	Paid in accordance with the project progress	DACIN Construction Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Handling the case of reconstruction of urban unsafe and old buildings	The transaction amount includes the management consultant contract \$27,939 thousand with a related party, Fubon Construction, and the relevant administrative tax fees of the Taipei City Government.
Fubon Life Insurance	Land: Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County	2022.04.27	2,648,345 (Note 1)	Fully paid	TA SAN SHANG International Container Terminal Co., Ltd.	Not related party	-	-	-	-	Referred to market price and appraisal reports.	Real estate investment	The project acquired the ownership on April 27, 2023.
Fubon Life Insurance	Capacity transfer for land development case of Lane No. 723, 725, 2 Lane, Yucheng Section, Nangang District, Taipei City.	2022.08.12	1,085,207 (Note 2)	Fully paid	Taipei City Government	Related party	NA	NA	NA	-	NA	Apply capacity transfer for development case	The project acquired the permit certificate of capacity transfer from the Taipei City Government on April 20, 2023.
Fubon Life Insurance	New-build program of A25 superfacies	2014.07.29~2023.12.07	13,544,466	Payment based on construction progress	Li Jin Engineering Co., Ltd	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	1. The case had acquired user license in January 2023. 2. The acceptance of the program is undergoing improvements, and the total program costs have not come to an end. 3. Transactions with related parties include an administrative consulting contract of \$161,160 thousand with Fubon Land Development Co., a consulting contract of \$4,300 thousand with Fubon Art Foundation, and the administrative tax charge from the Taipei City Government.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as the counterparty is a related party,				Reference for price	Purpose and usage	Others
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance	New-build superficies program in Xinmin Section of Beitou	2014.05.30~2023.12.08	1,650,140	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions with related parties include an administrative consulting contract of 26,840 thousand with Fubon Land Development Co. and the administrative tax charge from the Taipei City Government.
Fubon Life Insurance	New-build program of the northern base of Chende Building	2012.03.09~2023.12.19	2,865,182	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program in Yucheng Section of Nangang District	2020.06.23~2023.12.08	900,819	Payment based on construction progress	Dehwa Construction Co., Ltd.	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance	New-build program of the surfance rights beside Aozihdi Station in Kaohsiung	2018.04.20~2023.12.04	27,414,685	Payment based on construction progress	Samsung C&T corporation Taiwan Branch-Korea, Formosa Builders, Inc.	Not related party	-	-	-	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment and owner-occupied property	
Fubon Life Insurance	New-build program (urban renewal) in Dunhua Section of Songsshan District	2021.03.11~2023.12.20	886,232	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers	Including related and non-related party	NA	NA	NA	-	Price comparison and negotiation price and administrative tax fees, etc	Real estate investment	Transactions including the administrative tax and fee from related party Taipei City Government

Note 1: It is the total purchase price of contract. Transaction cost is separately counted.

Note 2: The book value of capacity transfer land road and capacity deposit were \$1,085,207 thousand in total.

(vii) Disposal of real estate up to \$300,000 thousand or 10% of paid-in capital: None

(viii) Discount of commission fees for transaction with related parties up to \$5,000 thousand: None

(Continued)



**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ix) Receivables from related parties up to \$300,000 thousand or 10% of paid-in capital:

Unit: In thousands of TWD

Company of accounted for receivable	Counter-party	Relation-ship	Balance of receivables from related party	Turnover rate	Post-due receivables – related parties		Subsequently received amount of receivables from related party	Allowance for doubtful accounts
					Amount	Resolution		
The Company	Taipei Fubon Bank	Subsidiary of the Company	1,786,822 (Note 1)	-	-	-	-	-
"	Fubon Securities	"	781,641 (Note 1)	-	-	-	-	-
"	Fubon Life Insurance	"	555,374	-	-	-	-	-
Fubon Insurance	Fubon Financial Holding	Parent Company	2,623,076 (Note 2)	-	-	-	-	-
Fubon Life Insurance	Fubon Financial Holding	"	12,954,812 (Note 2)	-	-	-	-	-
"	Fubon Insurance	Subsidiary of the Parent	305,080	-	-	-	-	-

Note 1: The tax receivable by tax link mainly of subsidiary of company estimated payment that Company should be paid.

Note 2: The tax receivables to the subsidiaries, which derived from tax receivable of the Company as a result of combined income tax declaration.

Note 3: The inter-company transactions have been eliminated.

(x) Transactions of financial derivatives: for future information please refer to notes 6(c), 6(f) and 6(af).

(xi) Transaction information of NPL disposition:

1) Summary of transaction information of NPL disposition:

Unit: In Thousands of TWD

Trade date	Counterparty	Debt component	Book value (Note)	Sale price	Gains (Losses) on disposal	Additional term	Relationship
2023.02.27	Korea Asset Management Corporation	Mortgage loan	34,325 KRW	36,234 KRW	1,762 KRW	None	None
2023.04.27	Korea Asset Management Corporation	Mortgage loan	70,913 KRW	74,728 KRW	3,512 KRW	None	None
2023.06.29	Korea Asset Management Corporation	Mortgage loan	2,999,076 KRW	3,146,991 KRW	147,915 KRW	None	None
2023.08.30	Korea Asset Management Corporation	Mortgage loan	58,053 KRW	60,316 KRW	2,015 KRW	None	None
2023.10.30	Korea Asset Management Corporation	Mortgage loan	2,455,211 KRW	2,540,069 KRW	84,858 KRW	None	None
2023.10.30	Korea Asset Management Corporation	Mortgage loan	77,182 KRW	80,383 KRW	2,871 KRW	None	None
2023.10.30	Korea Asset Management Corporation	Mortgage loan	3,264,205 KRW	3,385,130 KRW	120,925 KRW	None	None
2023.10.30	Korea Asset Management Corporation	Mortgage loan	59,310 KRW	58,635 KRW	(928) KRW	None	None
2023.12.28	Korea Asset Management Corporation	Mortgage loan	2,508,341 KRW	2,469,248 KRW	(39,093) KRW	None	None
2023.12.28	Korea Asset Management Corporation	Mortgage loan	81,051 KRW	85,322 KRW	3,925 KRW	None	None
2023.12.28	Korea Asset Management Corporation	Mortgage loan	3,427,841 KRW	3,593,119 KRW	165,278 KRW	None	None

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Note 1: The book value is the NPL amount, less, allowance for doubtful accounts.

Note 2: The foreign currency is converted into TWD using closing exchange rate on December 31, 2023, and average exchange rate for the year ended December 31, 2023.

2) The information of a transaction of NPL disposition up to \$1,000,000 thousand should be disclosed: None

(xii) Types of securitization instruments and other relevant information approved to issue pursuant to financial assets securitization rules or real estate securitization rules: None

(xiii) Business relationships and significant inter-company transactions

Unit: In thousands of TWD

No.	Company	Counter-party	Relationship	Transaction details			
				Accounts	Amounts	Transaction terms	Rates of operation income/total asset
0	Fubon Financial Holding	Fubon Life Insurance	1	Gain and loss on financial assets and liabilities measured at fair value through profit or loss	720,000	Same as non related-party transactions	0.43 %
0	Fubon Financial Holding	Fubon Life Insurance	1	Financial assets measured at fair value through profit or loss	19,741,671	Same as non related-party transactions	0.18 %
1	Taipei Fubon Bank	Fubon Life Insurance	3	Net service fee revenue	6,972,136	Same as non related-party transactions	4.16 %
1	Taipei Fubon Bank	Fubon Insurance	3	Net service fee revenue	270,255	Same as non related-party transactions	0.16 %
1	Taipei Fubon Bank	Fubon Securities	3	Net service fee revenue	364,405	Same as non related-party transactions	0.22 %
1	Taipei Fubon Bank	Fubon Life Insurance (Hong Kong)	3	Net service fee revenue	108,954	Same as non related-party transactions	0.06 %
2	Fubon Life Insurance	Fubon Financial Holding	2	Current tax assets	12,954,812	Same as non related-party transactions	0.12 %
2	Fubon Life Insurance	Fubon Insurance	3	Other non-interest revenue, net	1,110,903	Same as non related-party transactions	0.66 %
2	Fubon Life Insurance	Fubon Insurance	3	Gains (losses) on investment property	151,917	Same as non related-party transactions	0.09 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Cash and cash equivalents	22,354,369	Same as non related-party transactions	0.20 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net interest revenue and other non-interest revenue, net	383,300	Same as non related-party transactions	0.23 %
2	Fubon Life Insurance	Taipei Fubon Bank	3	Net income of insurance operations	114,351	Same as non related-party transactions	0.07 %
3	Fubon Securities	Fubon Life Insurance	3	Net service fee and commission income	106,482	Same as non related-party transactions	0.06 %
3	Fubon Securities	Taipei Fubon Bank	3	Net service fee and commission income	92,448	Same as non related-party transactions	0.06 %
3	Fubon Securities	Fubon Asset Management	3	Net service fee and commission income	96,878	Same as non related-party transactions	0.06 %
3	Fubon Securities	Taipei Fubon Bank	3	Cash and cash equivalents	12,419,528	Same as non related-party transactions	0.11 %
3	Fubon Securities	Taipei Fubon Bank	3	Other non-interest revenue, net	598,870	Same as non related-party transactions	0.36 %
3	Fubon Securities	Taipei Fubon Bank	3	Net interest revenue	732,358	Same as non related-party transactions	0.44 %
4	Fubon Insurance	Fubon Life Insurance	3	Net income of insurance operations	98,354	Same as non related-party transactions	0.06 %

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

No.	Company	Counter-party	Relationship	Transaction details			
				Accounts	Amounts	Transaction terms	Rates of operation income/total asset
4	Fubon Insurance	Fubon Life Insurance	3	Gains (losses) on investment property	90,494	Same as non related-party transactions	0.05 %
4	Fubon Insurance	Taipei Fubon Bank	3	Net income of insurance operations	204,410	Same as non related-party transactions	0.12 %
5	Fubon Marketing	Fubon Insurance	3	Net service fee and commission income	455,774	Same as non related-party transactions	0.27 %
5	Fubon Marketing	Fubon Life Insurance	3	Net service fee and commission income	211,745	Same as non related-party transactions	0.13 %
6	Fubon Bank (Hong Kong)	Fubon Life Insurance (Hong Kong)	3	Net service fee and commission income	326,932	Same as non related-party transactions	0.19 %
7	Fubon Financial Holding Venture Capital	Fubon Life Insurance	3	Other non-interest revenue, net	248,523	Same as non related-party transactions	0.15 %
7	Fubon Financial Holding Venture Capital	Taipei Fubon Bank	3	Other non-interest revenue, net	116,201	Same as non related-party transactions	0.07 %

Note 1: Serial number is determined as follows:

1. 0 represents parent company.
2. Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on the companies' category.

Note 2: The relation category among traders is determined as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary.

Note 3: Above listed are the significant transactions that comprised over 0.05% of the consolidated revenue or total assets.

(xiv) Other significant transactions that may have substantial influence upon the decision made by financial statement user: None.

(b) Related information of investees companies:

As of December 31, 2023 was as follows:

(In Thousands of New Taiwan Dollars)

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Financial Holding	Fubon Insurance Co., Ltd.	Taipei	Property insurance	100.00%	14,812,806	(2,346,194)	1,467,840	-	1,467,840	100.00%	
	Fubon Life Insurance Co., Ltd.	Taipei	Life insurance	100.00%	474,534,059	36,276,783	11,083,114	-	11,083,114	100.00%	
	Fubon Securities Co., Ltd.	Taipei	Securities	100.00%	54,580,268	6,945,393	1,625,855	-	1,625,855	100.00%	
	Taipei Fubon Bank Co., Ltd.	Taipei	Banking	100.00%	284,387,841	24,592,660	14,327,096	-	14,327,096	100.00%	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note	
							Number of shares	Number of proforma shares	Total			
									Number of shares	Shareholding ratio		
Fubon Financial Holding	Fubon Marketing Co., Ltd.	Taipei	Marketing and management consult	-%	-	148,593	-	-	-	-%		
	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei	Venture Capital	53.80%	8,436,630	309,888	1,262,220	-	1,262,220	100.00%		
	Fubon Bank Hong Kong Limited	Hong Kong	Banking	100.00%	58,961,943	3,245,629	1,641,273	-	1,641,273	100.00%		
	Fubon Asset Management Service Co., Ltd.	Taipei	Creditor's rights management	100.00%	2,592,721	220,367	250,000	-	250,000	100.00%		
	Fubon Asset Management Co., Ltd.	Taipei	Asset management	100.00%	4,191,477	650,923	271,009	-	271,009	100.00%		
	Fubon Bank( China) Co., Ltd.	Mainland China	Banking	42.08%	19,668,104	(203,870)	-	-	-	100.00%		
	Xiamen Bank Co., Ltd.	Mainland China	Banking	18.03%	18,777,803	2,009,773	475,848	-	475,848	18.03%		
	JihSun International Commercial Bank Co., Ltd.	Taipei	Banking	-%	-	(172,793)	-	-	-	-%		
	JihSun Securities Co., Ltd	Taipei	Securities	-%	-	131,780	-	-	-	-%		
	JihSun Property Insurance Agency Co., Ltd.	Taipei	Property and casualty insurance agency	-%	-	(2,029)	-	-	-	-%		
	Fubon Insurance Agency Co., Ltd.	Taipei	Life and property and casualty insurance agent	100.00%	261,983	5,142	11,105	-	11,105	100.00%		
	Sichuan VipFubon Consumer Finance Ltd.	Mainland China	Loan for Personal Consumption	10.52%	215,241	29,698	-	-	-	25.00%		
	Fubon Insurance	Fubon Brokers (Thailand) Co., Ltd.	Thailand	Insurance brokers	48.97%	52,428	8,515	49	-	49	48.97%	
		Fubon Insurance (Vietnam) Co., Ltd.	Vietnam	Insurance business	100.00%	827,296	98,272	-	-	-	100.00%	
Fubon Insurance Broker (Philippines) Co., Ltd.		Philippines	Insurance brokers	99.99%	23,995	4,013	200	-	200	99.99%		
Fubon Reinsurance Labuan Co., Ltd.		Malaysia	Reinsurance	100.00%	96,096	-	3,000	-	3,000	100.00%	Note 1	
Fubon Property and Casualty Insurance Co., Ltd		Mainland China	Property insurance	40.00%	381,220	(70,180)	-	-	-	80.00%		
Teng Fu Bo Investment Limited		Mainland China	Investment advisory	3.27%	34,135	(11,644)	-	-	-	15.04%		
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.		Mainland China	Insurance risk and loss assessment	-%	-	470	-	-	-	-%		

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Life Insurance	Fubon Life Insurance (Vietnam) Co., Ltd.	Vietnam	Life Insurance business	100.00%	1,612,894	32,701	-	-	-	100.00%	
	Fubon Life Insurance (Hong Kong) Ltd.	Hong Kong	Life Insurance business	100.00%	12,323,030	319,782	3,275,000	-	3,275,000	100.00%	
	Fubon Hyundai Life Insurance Co.,Ltd.	Korea	Life Insurance business	83.22%	19,841,316	(4,557,203)	253,834	-	253,834	83.22%	
	Carter Lane (Guernsey) Limited	Guernsey Island	Investment property leasing	100.00%	1,915,700	(536,729)	41,515	-	41,515	100.00%	
	Bow Bells House (Jersey) Limited	Jersey Island	Investment property leasing	100.00%	4,263,091	(1,117,402)	184,123	-	184,123	100.00%	
	Fubon MTL Property (Jersey) Limited	Jersey Island	Investment property leasing	100.00%	4,960,099	174,109	92,581	-	92,581	100.00%	
	Fubon Ellipse (Belgium) S.A.	Belgium Brussels	Investment property leasing	100.00%	1,554,594	(433,599)	1,134	-	1,134	100.00%	
	Fubon Eurotower (Luxembourg) S.a.r.l.	Luxembourg	Investment property leasing	100.00%	2,494,832	(4,132,161)	220	-	220	100.00%	
	CITIC Capital Holdings Ltd.	Hong Kong	Capital holdings	18.00%	9,159,243	(188,467)	13,980	-	13,980	18.00%	
	Hyundai Card Co., Ltd.	Korea	Credit Card Business	10.00%	8,875,359	376,188	32,093	-	32,093	20.00%	
	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei	Venture Capital	25.00%	3,763,871	112,755	1,262,220	-	1,262,220	100.00%	
	Star River Energy Co., Ltd.	Taipei	Energy Technology Service	20.00%	211,194	16,044	19,385	-	19,385	21.49%	
	Star Shining Energy Co., Ltd.	Taipei	Energy Technology Service	30.00%	2,269,904	150,460	259,000	-	259,000	37.00%	
	Wholox Max Green Power Co., Ltd.	Taipei	Energy Technology Service	30.00%	499,717	16,345	49,290	-	49,290	31.00%	
	Hsin Ting Yi Hao Energy Corporation	Taipei	Energy Technology Service	30.00%	299,520	(253)	30,000	-	30,000	30.00%	
	Aquastar Energy Corporation	Taipei	Energy Technology Service	30.00%	175,727	(4,125)	18,000	-	18,000	30.00%	
	ZhongAn Life Insurance Ltd.	Hong Kong	Life Insurance business	15.00%	299,050	(125,234)	150,000	-	150,000	15.00%	
	Fubon Property and Casualty Insurance Co., Ltd.	Mainland China	Property insurance	40.00%	381,220	(70,180)	-	-	-	80.00%	
	Teng Fu Bo Investment Limited	Mainland China	Investment advisory	3.27%	34,135	(11,644)	-	-	-	15.04%	
	Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	Mainland China	Insurance risk and loss assessment	-%	-	470	-	-	-	-%	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Securities	Fubon Futures Co., Ltd.	Taipei	Futures	100.00%	3,374,752	309,803	210,000	-	210,000	100.00%	
	Fubon Investment Holding (BVI) Ltd.	British Virgin Islands	Investment Holding	100.00%	810,611	35,132	26,926	-	26,926	100.00%	
	Fubon Securities Investment Services Co., Ltd.	Taipei	Investment Consulting	100.00%	103,693	1,390	9,000	-	9,000	100.00%	
	Fubon Securities Venture Capital Co., Ltd.	Taipei	Venture Capital	100.00%	226,383	(12,598)	30,000	-	30,000	100.00%	
	Fubon Mintou Venture Capital Co., Ltd.	Taipei	Venture Capital	67.00%	131,636	231	13,400	-	13,400	67.00%	
	JihSun International Investment Holding Company Limited	Cayman Islands	Investment Holding	-%	-	2,345	-	-	-	-%	
	JihSun Securities Investment Consulting Co.,Ltd	Taipei	Investment Consulting	-%	-	708	-	-	-	-%	
	JS Cresvale Securities International Limited	Hong Kong	Securities	100.00%	379,956	5,385	96,000	-	96,000	100.00%	
	Fubon Financial Holding Venture Capital Co., Ltd.	Taipei	Venture Capital	11.20%	1,623,197	51,982	1,262,220	-	1,262,220	100.00%	
	JihSun Securities Investment Trust Co., Ltd.	Taipei	Securities investment trust business	20.00%	264,890	29,679	7,800	-	7,800	20.00%	
	Fubon Securities (HK) Ltd.	Hong Kong	Securities	100.00%	808,113	36,195	220,248	-	220,248	100.00%	
	JS Cresvale Capital Limited	Hong Kong	Stock brokerage, futures brokerage, sales of mutual funds	100.00%	87,737	2,306	2,000	-	2,000	100.00%	
	Taipei Fubon Bank	Fubon Real Estate Management Co., Ltd.	Taipei	Construction Manager	30.00%	129,351	653	6,964	-	6,964	30.00%
Line BIZ+ Taiwan Limited		Taipei	Third-Party Payment Services	19.51%	3,157,663	91,288	11,709	-	11,709	19.51%	
Fubon Bank (China) Co., Ltd.		Mainland China	Banking	57.92%	27,273,403	(280,612)	-	-	-	100.00%	
Line Bank Co., Ltd.		Taipei	Banking	27.18%	3,318,299	(321,056)	407,750	-	407,750	27.18%	
TFB Capital Co., Ltd.		Taipei	Venture Capital	100.00%	1,969,255	76,178	200,000	-	200,000	100.00%	
Sichuan VipFubon Consumer Finance Ltd.		Mainland China	Loan for Personal Consumption	14.48%	296,263	40,876	-	-	-	25.00%	
Hyundai Card Co., Ltd.		Korea	Credit Card Business	10.00%	8,794,079	528,403	32,093	-	32,093	20.00%	
Fubon AMC	Xinyuanfutong Financial Leasing Co., Ltd.	Mainland China	Financial Leasing	25.00%	-	-	-	-	-	25.00%	

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor company	Name of investee Company	Address	Main business scope	Shareholding ratio	Book Value	Investment gain(loss) recognized	Aggregate shareholding of the Company and its subsidiaries				Note
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
Fubon Financial Holding Venture Capital Co.,Ltd.	Fubon Sports & Entertainment Co., Ltd	Taipei	Sports service business	100.00%	91,622	16,663	10,227	-	10,227	100.00%	
	Fubon Stadium Co., Ltd.	Taipei	Stadium service	100.00%	42,486	(4,046)	5,841	-	5,841	100.00%	
	Fubon Health Management Co., Ltd.	Taipei	Aesthetic medicine	24.27%	18,368	(5,325)	5,000	-	5,000	24.27%	
	Bravelog Sport Technology Co., Ltd.	Taipei	Sport Training	26.98%	-	-	1,500	-	1,500	26.98%	
	Fubon Green Power CO., LTD.	Taipei	Energy Technology Services	100.00%	956	(44)	100	-	100	100.00%	
Fubon Asset Management Co., Ltd.	Founder Fubon Fund Asset Management Co., Ltd.	Mainland China	Fund Management	33.30%	327,033	(3,172)	-	-	-	33.30%	
	Fubon Private Equity Co., Ltd.	Taipei	Investment and Investment service management	100.00%	46,584	(9,315)	8,000	-	8,000	100.00%	
	Fubon Fund Management (HK) Ltd.	Hong Kong	Asset management	100.00%	96,531	(68,743)	1,000,000	-	1,000,000	100.00%	
	Fubon Digital Music Asset Management Co., Ltd.	Taipei	Venture Capital	51.00%	1,865	(324)	255	-	255	51.00%	
Fubon Bank (Hong Kong) (Note 2)	Fubon Digital Music GP Limited	Cayman Islands	General partner of private fund	100.00%	750	(872)	110	-	110	100.00%	
	FB Credit (Hong Kong) Limited	Hong Kong	Financial sector business	100.00%	241,217	(89,922)	65,000	-	65,000	100.00%	
	FB Securities (Hong Kong) Limited	Hong Kong	Securities broker	100.00%	654,206	82,434	8,000	-	8,000	100.00%	
	Fubon Nominees (Hong Kong) Limited	Hong Kong	Nominees service	100.00%	587	11	-	-	-	100.00%	
	Fubon Insurance Broker Limited	Hong Kong	Insurance brokers	100.00%	19,492	2,017	500	-	500	100.00%	

Note 1: Fubon Insurance was approved the investment in Labuan, Malaysia to establish Fubon Reinsurance Labuan Co., Ltd., with an approved investment amount of USD \$3 million by Jin Guan Bao Chan Zi No.1110491768 on July 19, 2022. On July 13, 2023, Fubon Insurance obtained the Certificate of Incorporation issued by the Labuan Financial Services Authority, and as of December 31, 2023, Fubon Insurance has remitted an investment amount of \$96,096 thousand, but the relevant investment establishment has not yet been completed. Fubon Reinsurance Labuan Co., Ltd. obtained a business license issued by the local authorities, and started business on January 1, 2024.

Note 2: The details of consolidated entities of Fubon Bank (Hong Kong) are its main subsidiaries and investment companies which are accounted for using the equity method and have a significant influence.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Information on investment in Mainland China:

(i) Information of the Company and its subsidiaries' investees in Mainland China:

Units: In thousands

Investee Company	Main Business	Total Amount of Paid-in Capital (thousand)	Investment types (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income from investee	Percentage of ownership	Equity in the Earnings (gains)	Carrying value as of December 31, 2023	Accumulated inward remittance of earnings as of December 31, 2023
					Outflow	Inflow						
Fubon Bank (China)	Banking	10,564,728 (CNY2,445,382)	(1)	46,444,152	-	-	46,444,152	71,400 (CNY16,297) Note 5(2)A	100.00 %	(484,482)	46,941,507	168,999
Sichuan VipFubon Consumer Finance Ltd.	Loan for Personal Consumption	2,160,139 (CNY500,000)	(2)	-	-	-	-	282,294 (CNY64,434) Note 5(2)A	25.00 %	70,574	511,504	-
Xiamen Bank	Banking	11,401,764 (CNY2,639,128)	Note 2	52,288	-	-	52,288	Note 3	18.03 %	2,009,773	18,777,803	1,903,293
Fubon Property and Casualty Insurance Limited	Property Insurance	4,838,710 (CNY1,120,000)	(1)	4,310,273	-	-	4,310,273	(175,450) (CNY(40,047)) Note 4 and 5(2)B	80.00 %	(140,360)	762,440	-
Teng Fu Bo Investment Limited (Note 6)	Investment advisory	3,224,655 (CNY746,400)	(3)	-	-	-	-	(356,461) (CNY(81,362)) Note 5(2)C	6.54 %	(23,288)	68,270	-
Teng Fu Bo Investment Limited (Note 6)	Investment advisory	3,224,655 (CNY746,400)	(1)	724,863	-	-	724,863	(356,461) (CNY(81,362)) Note 5(2)C	8.50 %	(30,299)	88,821	-
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Limited)	Financial leasing	4,022,327 (CNY931,034)	(1)	1,356,479	-	-	1,356,479	(553,618) (CNY126,363) Note 5(2)B	25.00 %	-	-	-
Founder Fubon Fund Management Ltd.	Fund raising and asset management	2,851,383 (CNY660,000)	(1)	1,029,119	-	-	1,029,119	(9,524) Note 5(2)B	33.30 %	(3,172)	327,033	-

Note 1: Investment types are as follows.

1. Direct investment in Mainland China.
2. Reinvestment in Mainland China through a third regional company (Fubon Bank (China))
3. Others.

Note 2: The company has directly owned the corporation rather than invested through 100% owned subsidiary, Fubon Bank (Hong Kong), since November 30, 2018.

Note 3: Xiamen Bank was listed on October 27, 2020. Since the relevant financial information has not been published locally, it cannot be disclosed in other regions in accordance with local securities regulations. However, the relevant profits and losses have been recognized in accordance with regulations.

Note 4: Fubon Life Insurance and Fubon Insurance set up Fubon Property and Casualty Insurance Ltd., which engaged in the insurance business in Mainland China in 2010. The related registration procedure had been approved by Insurance Bureau of FSC, the Investment Commission, MOEA and CBIRC. In 2012, Fubon Life Insurance and Fubon Insurance signed a joint investment contract with Xiamen Port Holding Group, wherein Fubon Life Insurance, Fubon Insurance and Xiamen Port Holding Group would be holding 40%, 40% and 20% shares, respectively, of Fubon Property and Casualty Insurance Ltd. As of December 31, 2023, the total investment of Fubon Life Insurance and Fubon Insurance amounted to CNY 896 million.

Note 5: The column of investment profit or loss for the period:

- (1) It should be indicated if the entity was in the preparation stage without profit or loss on investment.
- (2) It should be indicated if the basis of recognizing the profit or loss on investment are of the following 3 types:
  - A. The financial statements are audited and certified by international accounting firms which have partnership with R.O.C. accounting firms.
  - B. The financial statements are audited and certified by the parent company's auditors in Taiwan.
  - C. Other basis.

Note 6: Fubon Property and Casualty Insurance Ltd. originally held 31.1% of the total investment of Teng Fu Bo Investment Limited. On July 16, 2020, the Board of Fubon Property and Casualty Insurance Ltd. had resolved not to participate in the capital increase of Teng Fu Bo Investment Limited. It has been approved by the China Banking and Insurance Regulatory Commission on August 19, 2020, and the percentage of ownership of Fubon Property and Casualty Insurance Ltd. decreased from 31.1% to 16.667%. On August 13, 2020, Fubon Property and Casualty Insurance Co., Ltd. shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. On October 6, 2021, the case had been approved by the competent authority to sell the shareholding to Fubon Financial Holding Venture Capital Co., Ltd. and TFB Capital Co., Ltd. The equity transfer was completed on October 15, 2021, which resulted in the shareholdings to decrease from 16.667% to 8.167%. As of December 31, 2023, total investment is CNY 60,956 thousand. The Company and its subsidiaries also indirectly invested in WeSure Insurance Ltd. through Teng Fu Bo Investment Ltd.

Note 7: Fubon AMC discontinued to recognize their shares of further losses of Xinyuanfutong Financial Leasing Co., Ltd. (Original name: CITIC FUTONG Financial Leasing Limited) on December 31, 2019 since it has not incurred any obligations. Please refer to Note 6 (k) for details.

Note 8: On April 8, 2021, Fubon Property & Casualty Insurance Co., Ltd. acquired 24.96% shares of Xiamen KingSpring Insurance Surveyors & Loss Adjusters Co., Ltd. On July 20, 2023, the Board of Directors approved to dispose the entire equity interest of Xiamen KingSpring Insurance Surveyors & Loss Adjusters Co., Ltd. to Dirun (Tianjin) Technology Co., Ltd., and the gain on disposal is approximately CNY 159.5 thousand. As of December 31, 2023, the registration of the relevant change of ownership and the settlement of the shareholding in this case had been completed.

Note 9: The foreign currency is converted into TWD using CNY closing exchange rate on December 31, 2023 and average exchange rate for the year ended December 31, 2023.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(ii) Upper limit on investment:

<b>Company</b>	<b>Accumulated investment in Mainland China as of December 31, 2023</b>	<b>Investment amounts authorized by investment commission, MOEA</b>	<b>Upper limit on investment (Note)</b>
Fubon Financial Holding Co., Ltd.	21,916,862 (CNY4,503,293)	29,735,500 (CNY6,143,036)	481,462,352
Taipei Fubon Bank Co., Ltd.	24,579,578 (CNY5,093,113)	24,579,578 (CNY5,093,113)	172,024,933
Fubon Life Insurance Co., Ltd.	2,155,322	2,155,416	295,222,882
Fubon Insurance Co., Ltd.	2,154,951 (CNY448,000)	2,154,951 (CNY448,000)	11,282,130
TFB Capital Co., Ltd.	425,612 (CNY97,405)	425,612 (CNY97,405)	1,181,553
Fubon Financial Holding Venture Capital Co., Ltd.	299,251 (CNY68,184)	299,251 (CNY68,184)	8,578,045
Fubon Assets Management Service Co., Ltd.	1,356,479 (CNY270,000)	1,356,479 (CNY270,000)	1,555,356
Fubon Asset Management Co., Ltd.	1,029,119 (CNY219,780)	1,029,119 (CNY219,780)	2,514,884

Note 1: Excluding investments not accounted for using equity method.

Note 2: It was calculated by each company's net value as of December 31, 2023.

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**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(d) Major shareholders:

Units: In shares

Shareholder's Name	Shares	Percentage
Taipei City Government	1,700,899,669	11.63 %
Ming-Dong Industrial Co., Ltd.	1,085,100,846	7.42 %
Dao-Ying Industrial Co., Ltd.	992,123,585	6.78 %

Note: (i) The information of major shareholders who hold 5 percent or more of the issuer's common stocks and preferred stocks, including treasury stocks, is provided by Taiwan Depository and Clearing Corp. for every quarter. The share capital disclosed on financial report and the actual numbers of dematerialized securities may be different due to their discrepancies calculation basis.

(ii) If the shareholder entrusts the shares to the trust, the shareholding will be disclosed by the trustee's account individually. As for those shareholders who are responsible for the declaration of insiders' shareholding with more than 10 percent in accordance with the Securities and Exchange Act, their shareholdings shall include their own shares and the trust in which they have the authority to decide the allocation of their trust assets. Please refer to the Market Observation Post System for information on the insiders' shareholding.

**(14) Segment Information:**

(a) Operating segment information

The reportable segments of the Company are as follows:

- (i) Bank business: Engaged in banking business.
- (ii) Insurance business: Providing a variety of life and property insurance services.
- (iii) Life insurance business: Providing a variety of life and property insurance services.
- (iv) Securities business: Engaged in securities business.
- (v) Others: Engaged in financial holding venture capital and asset management business, etc.

Financial information classified by business type please refer to note 12(f).

The Company reports segments information by business type to offer different business and services. All of these business types are administered separately and have different finance and marketing strategies.

The Company does not allocate tax expenses to reporting segments. The accounting policies of the operating segments are the same as those described in Note 2. The income of the operating segments is based on income before tax, which also serves as the basis for the performance measurement. The sales and transfer between the departments are regarded as third party sales and transfer, and are measured at current market value.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (b) Business information

Operating Segments information was as follows:

	2023					Total
	Bank business	Insurance business	Life insurance business	Securities business	Others business and adjustment and elimination (Note)	
Net interest revenue						
Revenue by external customers	\$ 51,891,685	25,228	117,269,719	992,746	(1,162,074)	169,017,304
Revenue between segments	(1,160,607)	9,356	(352,464)	741,272	762,443	-
<b>Net interest revenue</b>	<b>50,731,078</b>	<b>34,584</b>	<b>116,917,255</b>	<b>1,734,018</b>	<b>(399,631)</b>	<b>169,017,304</b>
Net non-interest revenue						
Revenue by external customers	24,312,792	(1,651,171)	(43,313,871)	17,673,025	1,760,614	(1,218,611)
Revenue between segments	6,733,334	(446,785)	(4,661,970)	622,078	(2,246,657)	-
<b>Net non-interest revenue</b>	<b>31,046,126</b>	<b>(2,097,956)</b>	<b>(47,975,841)</b>	<b>18,295,103</b>	<b>(486,043)</b>	<b>(1,218,611)</b>
<b>Net revenue</b>	<b>81,777,204</b>	<b>(2,063,372)</b>	<b>68,941,414</b>	<b>20,029,121</b>	<b>(885,674)</b>	<b>167,798,693</b>
Bad debt expenses and guarantee liability provisions	(7,489,082)	(1,136,353)	(1,320,350)	(3,581)	(33,961)	(9,983,327)
Net change in provision for insurance reserve	-	9,540,398	(10,933,308)	-	472,288	(920,622)
Operating expenses	(42,544,119)	(9,257,776)	(20,850,905)	(11,437,639)	1,639,534	(82,450,905)
Net income (loss) before income tax	<b>\$ 31,744,003</b>	<b>(2,917,103)</b>	<b>35,836,851</b>	<b>8,587,901</b>	<b>1,192,187</b>	<b>74,443,839</b>
Net income (loss) after income tax	<b>\$ 27,750,816</b>	<b>(2,326,685)</b>	<b>34,964,334</b>	<b>7,704,695</b>	<b>(3,050,858)</b>	<b>65,042,302</b>
Assets	<b>\$ 4,948,581,408</b>	<b>115,773,125</b>	<b>5,812,093,910</b>	<b>248,521,290</b>	<b>(18,657,491)</b>	<b>11,106,312,242</b>
Liabilities	<b>\$ 4,579,693,009</b>	<b>96,343,118</b>	<b>5,313,881,094</b>	<b>189,735,799</b>	<b>110,053,397</b>	<b>10,289,706,417</b>
	2022					
	Bank business	Insurance business	Life insurance business	Securities business	Others business and adjustment and elimination (Note)	Total
Net interest revenue						
Revenue by external customers	\$ 47,679,305	50,654	113,401,316	886,202	3,194,462	165,211,939
Revenue between segments	(453,475)	3,510	(575,619)	238,331	787,253	-
<b>Net interest revenue</b>	<b>47,225,830</b>	<b>54,164</b>	<b>112,825,697</b>	<b>1,124,533</b>	<b>3,981,715</b>	<b>165,211,939</b>
Net non-interest revenue						
Revenue by external customers	14,115,903	(32,361,725)	99,362,440	10,516,396	2,613,346	94,246,360
Revenue between segments	4,706,277	(476,355)	(3,663,584)	10,403	(576,741)	-
<b>Net non-interest revenue</b>	<b>18,822,180</b>	<b>(32,838,080)</b>	<b>95,698,856</b>	<b>10,526,799</b>	<b>2,036,605</b>	<b>94,246,360</b>
<b>Net revenue</b>	<b>66,048,010</b>	<b>(32,783,916)</b>	<b>208,524,553</b>	<b>11,651,332</b>	<b>6,018,320</b>	<b>259,458,299</b>
Bad debt expenses and guarantee liability provisions	(4,587,577)	(177,624)	(1,180,192)	807	176,705	(5,767,881)
Net change in provision for insurance reserve	-	(8,415,629)	(114,929,250)	-	491,525	(122,853,354)
Operating expenses	(31,104,598)	(8,916,760)	(18,320,793)	(7,357,141)	(4,192,120)	(69,891,412)
Net income (loss) before income tax	<b>\$ 30,355,835</b>	<b>(50,293,929)</b>	<b>74,094,318</b>	<b>4,294,998</b>	<b>2,494,430</b>	<b>60,945,652</b>
Net income (loss) after income tax	<b>\$ 25,692,018</b>	<b>(39,960,872)</b>	<b>65,682,412</b>	<b>3,125,624</b>	<b>(6,674,690)</b>	<b>47,864,492</b>
Assets	<b>\$ 4,425,747,261</b>	<b>113,840,225</b>	<b>5,602,830,307</b>	<b>143,158,165</b>	<b>302,180,752</b>	<b>10,587,756,710</b>
Liabilities	<b>\$ 4,115,017,016</b>	<b>108,608,754</b>	<b>5,327,819,052</b>	<b>106,023,960</b>	<b>356,678,721</b>	<b>10,014,147,503</b>

Note: Including JihSun Financial Holding and its subsidiaries.

(Continued)

**FUBON FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Geographic information

	<u>2023</u>	<u>2022</u>
Taiwan	\$ 145,408,726	244,378,159
Asia	27,171,095	16,577,654
Others	<u>(4,781,128)</u>	<u>(1,497,514)</u>
Net revenue	<u>\$ 167,798,693</u>	<u>259,458,299</u>

(d) Major customer information

There is no revenue from transactions with single external customer amounted to 10% or more of the Company's revenues.

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Statement of Financial Assets for Hedging	Note 6 (f)
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(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Cash and Cash Equivalents**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 1**

<u>Items</u>	<u>Summary</u>	<u>Amounts</u>
Cash on hand and petty cash	Petty cash	\$ 66,614
	Cash on hand	<u>9,625,384</u>
	Subtotal	<u>9,691,998</u>
Bank deposits	Checking accounts	251,354
	Demand deposits	22,999,210
	Time deposits	72,930,024
	Foreign currency deposits	<u>73,093,771</u>
	Subtotal	<u>169,274,359</u>
Cash equivalents	Commercial papers	2,334,120
	Negotiable certificates of deposits	24,500,000
	Treasury bills	23,552,985
	Others	<u>870,329</u>
	Subtotal	<u>51,257,434</u>
Notes and checks for clearing		<u>3,281,206</u>
Due from banks		<u>92,710,481</u>
Less: Guarantee deposits		<u>50,704</u>
Total		<u><u>\$ 326,164,774</u></u>

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Financial Assets Measured at Fair  
Value through Profit or Loss**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 2**

Name of financial instruments	Summary	Shares (in thousands)		Gross amount	Interest rate (%)	Acquisition costs	Fair value		Changes in fair value attributable to changes in credit risk	Note
		Par value					Unit price	Total amount		
Financial assets mandatorily measured at fair value through profit or loss:										
Non-derivative financial assets:										
Government bonds	Maturity: 2025.01.10 ~2053.11.22	-	\$ -	16,029,285	0.25~3.19	15,723,636	-	15,760,989	-	
Corporate bonds	Maturity: 2024.03.01 ~2075.07.30	-	-	26,944,711	0.52~8.58	26,918,364	-	26,761,528	-	
Financial bonds	Maturity: 2025.05.15 ~2031.04.22 and perpetual	-	-	54,967,512	1.25~7.96	55,064,841	-	47,935,494	-	
Stocks		4,400,354	-	-	-	508,077,914	-	549,902,221	-	
Beneficiary certificates		814,863,796	-	-	-	782,544,418	-	783,406,091	-	
Commercial papers	Maturity: 2024.01.02 ~2024.10.07	-	-	76,675,800	1.34~1.59	76,290,514	-	76,268,391	-	
Others (Note 1)		-	-	-	-	50,020,851	-	51,611,265	-	Note 3
Total						1,514,640,538		1,551,645,979		
Non-hedge derivative instruments:										
Interest rate contracts		-	-	-	-	-	-	7,987,829	-	
Currency rate contracts										
Currency swap contracts		-	-	-	-	-	-	59,179,967	-	
Forward exchange contracts		-	-	-	-	-	-	5,522,226	-	
Options contracts		-	-	-	-	-	-	1,727,511	-	
Cross currency swap contracts		-	-	-	-	-	-	250,926	-	
Others (Note 1)		-	-	-	-	-	-	1,441,740	-	
Total								76,110,199		
Hybrid financial assets:										
Convertible corporate bonds	Maturity: 2024.02.06 ~2028.12.06	-	-	26,978,964	1.00~8.00	28,532,112	-	28,575,498	-	
Structured products	Maturity: 2024.11.10 ~2031.06.01	-	-	57,969,775	2.41	59,661,259	-	49,992,796	-	
Total						88,193,371		78,568,294		
Financial assets designated as at fair value through profit or loss:										
Government bonds	Maturity: 2033.09.01	-	-	466,064	3.38	484,101	-	492,897	-	
Total						\$ 1,603,318,010		1,706,817,369		
Less: Guarantee deposits										
Net amount								1,423,254		
								1,705,394,115		

Note 1: Individual balance is not greater than 5% of total amount.

Note 2: Financial assets measured at fair value through profit or loss pledged for repurchase agreement amounted to \$19,800,582 thousand.

Note 3: \$6,053 thousand was lent.

(Continued)



**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Financial Assets Measured at Fair Value through Other Comprehensive Income**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 3**

Name of financial instruments	Summary	Shares (in thousands)	Par value	Gross amount	Interest rate (%)	Acquisition costs	Loss allowance	Fair value		Note
								Unit price	Total amount	
Government bonds	Maturity: 2023.12.31~2053.11.22	-	\$ -	231,165,915	0.13~5.63	236,319,372	991,440	-	221,659,088	Note 2, Note 3 and Note 7
Corporate bonds	Maturity: 2024.01.23~2056.11.01 and perpetual	-	-	178,069,557	0.36~9.98	180,754,793	519,242	-	175,046,902	Note 5
Financial bonds	Maturity: 2024.01.11~2053.11.28 and perpetual	-	-	117,274,905	0.39~8.43	117,086,781	42,231	-	116,113,379	Note 4 and Note 6
Negotiable certificates of deposits	Maturity: 2024.01.10~2024.11.13	-	-	6,572,524	1.43~8.20	6,505,477	2,857	-	6,480,736	
Beneficiary securities	Maturity: 2027.04.15~2053.09.01	-	-	15,805,260	1.42~6.50	16,113,950	919	-	15,938,015	
Discount notes and loans	Maturity: 2024.01.02~2026.12.15	-	-	30,998,379	1.23~18.90	30,997,709	9,005	-	30,973,699	
Stocks		3,307,416	-	-	-	58,055,411	Not applicable	-	52,222,097	
Others (Note 1)		-	-	-	-	18,556,149	-	-	18,702,882	
Total						<u>\$ 664,389,642</u>	<u>1,565,694</u>		637,136,798	
Less: Guarantee deposits									15,288,443	
Net amount									<u>\$ 621,848,355</u>	

Note 1: Individual balance is not greater than 5% of total amount.

Note 2: \$127,984 thousand was pledged.

Note 3: \$518,433 thousand was lent.

Note 4: \$5,184,332 thousand was lent.

Note 5: The par value of financial assets measured at fair value through other comprehensive income pledged for repurchase agreement amounted to \$12,784,904 thousand.

Note 6: The par value of financial assets measured at fair value through other comprehensive income pledged for repurchase agreement amounted to \$2,837,378 thousand.

Note 7: The par value of government bonds pledged as operation guarantee deposits was \$12,327,000 thousand.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Debt Investments Measured at Amortized Cost**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 4**

Name of Bonds	Summary	Shares (in thousands)	Par value	Amounts	Interest rate(%)	Loss allowance	Unamortized premium (discount) amount	Book value	Note
Government bonds	Maturity: 2024.01.14~2071.04.19 and perpetual	-	\$ -	471,022,756	0.25~10.63	(1,525,687)	24,531,444	494,028,513	Note 2, Note 5, Note 7 and Note 10
Corporate bonds	Maturity: 2024.01.16~2098.03.01	-	-	1,570,409,919	0.00~10.50	(1,845,096)	91,734,250	1,660,299,073	Note 8
Financial bonds	Maturity: 2024.01.19~2098.02.15	-	-	998,809,842	0.00~10.00	(465,039)	113,993,635	1,112,338,438	Note 6 and Note 9
Negotiable certificates of deposits	Maturity: 2024.01.01~2036.05.20	-	-	259,823,144	0.00~8.52	(20,470)	2,877,776	262,680,450	Note 3
Beneficiary securities	Maturity: 2024.04.01~2053.12.20	-	-	105,147,722	1.65~8.12	(6,387)	(436,985)	104,704,350	
Others (Note 1)		-	-	64,421,241	0.70~6.00	(25,079)	(746)	64,395,416	Note 4
Total				<u>\$ 3,469,634,624</u>		<u>(3,887,758)</u>	<u>232,699,374</u>	3,698,446,240	
Less: Guarantee deposits								6,446,513	
Net amount								<u>\$ 3,691,999,727</u>	

Note 1: Individual balance is not greater than 5% of total amount.

Note 2: \$3,106,888 thousand were pledged.

Note 3: \$32,496,982 thousand were pledged.

Note 4: \$587,968 thousand were pledged.

Note 5: \$4,838,710 thousand were lent.

Note 6: \$1,728,111 thousand were lent.

Note 7: The par value of government bonds pledged for repurchase agreement amounted to \$10,308,166 thousand.

Note 8: The par value of corporate bonds pledged for repurchase agreement amounted to \$65,514,167 thousand.

Note 9: The par value of financial bonds pledged for repurchase agreement amounted to \$33,979,289 thousand.

Note 10: Debt investments measured at amortized cost pledges as operation guarantee deposits was \$6,502,000 thousand.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Securities Purchased under Resell  
Agreements**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 5**

<b>Items</b>	<b>Par value</b>	<b>Book value</b>	<b>Note</b>
Government bonds	\$ 13,188,787	13,164,792	
Corporate bonds	47,480,072	46,193,347	
Financial bonds	4,241,460	4,163,190	
Commercial papers	15,805,000	15,760,003	
Negotiable certificates of deposits	200,000	200,000	
	<b>\$ 80,915,319</b>	<b>79,481,332</b>	

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Receivables**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 6**

<u>Items</u>	<u>Amount</u>	<u>Allowance for doubtful accounts</u>	<u>Adjustments of premium and discount</u>	<u>Net amount</u>	<u>Note</u>
Accounts receivable – credit card	\$ 90,740,798	413,764	-	90,327,034	
Accounts receivable – forfeiting	693,109	8,686	-	684,423	
Notes receivable, accounts receivable and acceptance					
Notes receivable	870,363	1,045	-	869,318	
Accounts receivable	3,854,526	3,200	-	3,851,326	
Acceptance	20,907,435	37,405	-	20,870,030	
Subtotal	<u>25,632,324</u>	<u>41,650</u>	<u>-</u>	<u>25,590,674</u>	
Accounts receivable – factoring	31,852,977	350,698	-	31,502,279	
Interest receivable	60,114,846	1,055,754	-	59,059,092	
Revenues receivable	4,737,260	19	-	4,737,241	
Premiums receivable	3,579,271	11,794	-	3,567,477	
Margin loans receivable	32,000,386	-	-	32,000,386	
Accounts receivable – settlement	30,305,272	13,840	-	30,291,432	
Others (Note)	30,239,418	345,411	-	29,894,007	
	<u>\$ 309,895,661</u>	<u>2,241,616</u>	<u>-</u>	<u>307,654,045</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Changes in Investments Accounted for Using Equity Method**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars except for unit price)**

**Statement 7**

Name	Beginning balance		Increase		Decrease		Ending balance			Market price or net worth		Guarantee, pledge or lending	Note
	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Amount	Thousand shares	Ownership interest	Amount	Unit price	Total amount		
Xiamen Bank Co., Ltd.	475,848	\$ 17,719,167	-	2,062,037	-	1,003,401	475,848	18.03 %	18,777,803	21.90	10,422,882	None	
Fubon Construction Management Co., Ltd.	6,964	136,359	-	653	-	7,661	6,964	30.00 %	129,351	18.57	129,351	"	
Line Biz+ Taiwan Co., Ltd.	10,936	3,091,602	773	91,329	-	25,268	11,709	19.51 %	3,157,663	89.77	1,051,158	"	
Fubon Health Management Co., Ltd.	5,000	24,046	-	267	-	5,945	5,000	24.27 %	18,368	3.67	18,368	"	
Founder Fubon Fund Management Ltd.	-	337,280	-	-	-	10,247	-	33.30 %	327,033	-	327,033	"	
CITIC Capital Holdings Ltd.	13,980	9,566,427	-	5,531	-	412,715	13,980	18.00 %	9,159,243	647.73	9,055,198	"	
Xinyuanfutong Financial Leasing Corporation Ltd. (Original name: CITIC FUTONG Financial Leasing Corporation)	-	-	-	-	-	-	-	25.00 %	-	-	-	"	
Teng Fu Bo Investment Limited	-	237,762	-	-	-	63,603	-	15.04 %	174,159	-	174,159	"	
Star River Energy Corporation	19,385	226,152	-	17,239	-	16,421	19,385	21.49 %	226,970	11.70	226,970	"	
Bravelog Sport Technology Co., Ltd.	1,500	-	-	-	-	-	1,500	26.98 %	-	-	-	"	
Star Shining Energy Corporation	259,000	2,679,682	-	185,567	-	66,203	259,000	37.00 %	2,799,046	10.81	2,799,046	"	
Wholex Max Green Power Co., Ltd.	33,790	359,133	15,500	171,890	-	14,901	49,290	31.00 %	516,122	10.48	516,122	"	
Zhong An Life Insurance Ltd.	350,000	834,881	-	506,011	200,000	1,041,842	150,000	15.00 %	299,050	1.99	299,050	"	
Line Bank Co., Ltd.	407,750	3,627,479	-	11,876	-	321,056	407,750	27.18 %	3,318,299	8.14	3,318,299	"	
JihSun Securities Investment Trust Co., Ltd.	7,800	228,862	-	37,588	-	1,560	7,800	20.00 %	264,890	33.96	264,890	"	
Hsin Ting Yi Hao Energy Corporation	15,000	149,773	15,000	150,000	-	253	30,000	30.00 %	299,520	9.980	299,520	"	
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co., Ltd.	-	2,701	-	1,174	-	3,875	-	- %	-	-	-	"	
Sichuan VipFubon Consumer Finance Ltd.	-	451,440	-	70,574	-	10,510	-	25.00 %	511,504	-	511,504	"	
Hyundai Card Co., Ltd.	32,093	17,960,061	-	904,642	-	1,195,265	32,093	20.00 %	17,669,438	550.57	17,669,438	"	
Aquastar Energy Corporation	18,000	179,852	-	-	-	4,125	18,000	30.00 %	175,727	9.760	175,727	"	
		<u>\$ 57,812,659</u>		<u>4,216,378</u>		<u>4,204,851</u>			<u>57,824,186</u>				

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Securities Sold under Repurchase Agreements**  
**December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 8**

Items	Par value	Book value	Note
Government bonds	\$ 12,579,736	11,696,371	
Corporate bonds	96,708,904	89,221,557	
Financial bonds	36,728,825	32,999,304	
	<b>\$ 146,017,465</b>	<b>133,917,232</b>	

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Commercial Papers Issued**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 9**

<u>Items</u>	<u>Guarantee</u>	<u>Duration of the contract</u>	<u>Interest rate range</u>	<u>Issued amount</u>	<u>Amounts</u>		<u>Note</u>
					<u>Unamortized discount on commercial paper issued</u>	<u>Book value</u>	
Commercial paper	Dah Chung Bills Finance Corporation	2023.11.01~ 2024.02.22	1.51%~1.55%	\$ 2,350,000	1,622	2,348,378	
	Ta Ching Bills Finance Corporation	2023.11.21~ 2024.02.22	1.50%~1.59%	5,650,000	7,657	5,642,343	
	China Trust Commercial Bank	2023.11.14~ 2024.02.20	1.49%~1.56%	7,900,000	6,330	7,893,670	
	China Bills Finance Corporation	2023.11.07~ 2024.03.04	1.50%~1.59%	14,000,000	13,814	13,986,186	
	Yuanta Commercial Bank	2023.12.29~ 2024.01.29	1.52%	200,000	233	199,767	
	Taishin International Bank	2023.11.01~ 2024.02.27	1.42%~1.58%	7,000,000	5,765	6,994,235	
	Taiwan Finance Corporation	2023.11.21~ 2024.02.22	1.50%~1.59%	2,400,000	2,887	2,397,113	
	Bank SinoPac	2023.12.15~ 2024.01.26	1.52%~1.53%	2,500,000	2,008	2,497,992	
	Mega Bills Finance Corporation	2023.11.01~ 2024.03.04	1.50%~1.59%	8,700,000	11,752	8,688,248	
	Cathy United Bank	2023.10.25~ 2024.02.22	1.53%~1.59%	3,950,000	3,740	3,946,260	
	International Bills Finance Corporation	2023.10.25~ 2024.02.27	1.45%~1.58%	8,100,000	9,300	8,090,700	
	Sunny Bank	2023.12.05~ 2024.01.26	1.48%~1.49%	600,000	323	599,677	
	Grand Bills Finance Corporation	2023.12.04~ 2024.01.23	1.51%~1.52%	2,950,000	2,065	2,947,935	
	Union Bank of Taiwan	2023.12.08~ 2024.03.04	1.45%~1.57%	3,250,000	2,980	3,247,020	
				<u>\$ 69,550,000</u>	<u>70,476</u>	<u>69,479,524</u>	

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Deposits and Remittances**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 10**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Checking accounts	\$ 14,578,712	
Public treasury deposits	56,034,487	
Demand deposits	746,723,639	
Time deposits	1,489,505,777	
Negotiable certificates of deposits	141,941,031	
Savings accounts		
Demand savings deposits	962,455,581	
Staff demand savings deposits	7,627,884	
Round-amount savings	190,786,966	
Withdrawals of interest savings	291,743,968	
Regular deposits	672,397	
Subtotal	1,453,286,796	
Remittances		
Drafts and telegraphic transfers payable	1,300,824	
Outward remittances	22,718	
Subtotal	1,323,542	
Foreign exchange credit	1,687	
	<u>\$ 3,903,395,671</u>	

(Continued)



## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Corporate bonds:												
First 2018 unsecured domestic corporate bonds—B	Mega International Commercial Bank Co., Ltd. trust department	2018.09.04~2025.09.04		Coupon rate of Bond B: 0.95%	\$ 8,300,000	-	8,300,000	-	8,300,000	Please refer to note 6 (v) for details.		
Second 2018 unsecured domestic corporate bonds—B	"	2018.11.22~2025.11.22		Coupon rate of Bond B: 0.95%	1,500,000	-	1,500,000	-	1,500,000	"		
First 2019 unsecured domestic corporate bonds—A	"	2019.12.05~2024.12.05		Coupon rate of Bond A: 0.77%	1,200,000	-	1,200,000	-	1,200,000	"		
First 2019 unsecured domestic corporate bonds—B	"	2019.12.05~2026.12.05		Coupon rate of Bond B: 0.82%	3,800,000	-	3,800,000	-	3,800,000	"		
First 2020 unsecured domestic corporate bonds—A	"	2020.07.29~2024.07.29		Coupon rate of Bond A: 0.59%	2,600,000	-	2,600,000	-	2,600,000	"		
First 2020 unsecured domestic corporate bonds—B	"	2020.07.29~2026.07.29		Coupon rate of Bond B: 0.61%	500,000	-	500,000	-	500,000	"		
First 2020 unsecured domestic corporate bonds—C	"	2020.07.29~2028.07.29		Coupon rate of Bond C: 0.66%	1,400,000	-	1,400,000	-	1,400,000	"		
First 2020 unsecured domestic corporate bonds—D	"	2020.07.29~2032.07.29		Coupon rate of Bond D: 0.70%	1,000,000	-	1,000,000	-	1,000,000	"		
Second 2020 unsecured domestic corporate bonds—A	"	2020.09.15~2024.09.15		Coupon rate of Bond A: 0.59%	6,500,000	-	6,500,000	-	6,500,000	"		
Second 2020 unsecured domestic corporate bonds—B	"	2020.09.15~2027.09.15		Coupon rate of Bond B: 0.66%	5,600,000	-	5,600,000	-	5,600,000	"		
Second 2020 unsecured domestic corporate bonds—C	"	2020.09.15~2030.09.15		Coupon rate of Bond C: 0.70%	7,900,000	-	7,900,000	-	7,900,000	"		
Third 2020 unsecured domestic corporate bonds—A	"	2020.11.06~2024.11.06		Coupon rate of Bond A: 0.59%	3,000,000	-	3,000,000	-	3,000,000	"		

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Third 2020 unsecured domestic corporate bonds—B	Mega International Commercial Bank Co., Ltd. trust department	2020.11.06~2027.11.06		Coupon rate of Bond B: 0.66%	\$ 4,200,000	-	4,200,000	-	4,200,000	Please refer to note 6 (v) for details.		
Third 2020 unsecured domestic corporate bonds—C	"	2020.11.06~2030.11.06		Coupon rate of Bond C: 0.70%	7,300,000	-	7,300,000	-	7,300,000	"		
First 2021 unsecured domestic corporate bonds—A	"	2021.09.16~2026.09.16		Coupon rate of Bond A: 0.50%	2,300,000	-	2,300,000	-	2,300,000	"		
First 2021 unsecured domestic corporate bonds—B	"	2021.09.16~2028.09.16		Coupon rate of Bond B: 0.58%	4,800,000	-	4,800,000	-	4,800,000	"		
First 2021 unsecured domestic corporate bonds—C	"	2021.09.16~2031.09.16		Coupon rate of Bond C: 0.65%	4,100,000	-	4,100,000	-	4,100,000	"		
First 2021 unsecured domestic corporate bonds—D	"	2021.09.16~2036.09.16		Coupon rate of Bond D: 0.73%	1,000,000	-	1,000,000	-	1,000,000	"		
First 2022 unsecured domestic corporate bonds—A	"	2022.01.17~2026.01.17		Coupon rate of Bond A: 0.60%	1,300,000	-	1,299,114	-	1,299,114	"		
First 2022 unsecured domestic corporate bonds—B	"	2022.01.17~2029.01.17		Coupon rate of Bond B: 0.70%	1,900,000	-	1,898,194	-	1,898,194	"		
First 2022 unsecured domestic corporate bonds—C	"	2022.01.17~2032.01.17		Coupon rate of Bond C: 0.80%	1,100,000	-	1,098,836	-	1,098,836	"		
Second 2022 unsecured domestic corporate bonds—A	"	2022.08.30~2026.08.30		Coupon rate of Bond A: 1.65%	2,800,000	-	2,797,703	-	2,797,703	"		
Second 2022 unsecured domestic corporate bonds—B	"	2022.08.30~2027.08.30		Coupon rate of Bond B: 1.70%	3,400,000	-	3,396,932	-	3,396,932	"		
First 2023 unsecured domestic corporate bonds—A	"	2023.01.12~2027.01.12		Coupon rate of Bond A: 2.10%	3,400,000	-	3,397,086	-	3,397,086	"		

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
First 2023 unsecured domestic corporate bonds—B	Mega International Commercial Bank Co., Ltd. trust department	2023.01.12~2028.01.12		Coupon rate of Bond B: 2.15%	\$ 6,600,000	-	6,593,966	-	6,593,966	Please refer to note 6 (v) for details.		
Second 2023 unsecured domestic corporate bonds—A	"	2023.06.20~2026.06.20		Coupon rate of Bond A: 1.52%	1,000,000	-	999,054	-	999,054	"		
Second 2023 unsecured domestic corporate bonds—B	"	2023.06.20~2029.06.20		Coupon rate of Bond B: 1.64%	1,800,000	-	1,798,128	-	1,798,128	"		
Second 2023 unsecured domestic corporate bonds—C	"	2023.06.20~2033.06.20		Coupon rate of Bond C: 1.82%	6,900,000	-	6,892,562	-	6,892,562	"		
Fubon Life Insurance Co., Ltd. 1st Issue of 2016 Perpetual Cumulative Subordinated Corporate Bonds	BANK SINOPAC CO., LTD.	2016.12.07~Indefinite		Coupon rate: 3.25%	28,500,000	-	28,500,000	-	28,500,000	"		
Fubon Life Insurance Co., Ltd. 1st Issue of 2017 Perpetual Cumulative Subordinated Corporate Bonds	"	2017.04.21~Indefinite		Coupon rate: 3.30%	6,500,000	-	6,500,000	-	6,500,000	"		
Fubon Life Insurance Co., Ltd. 1st Issue of 2023 10-year Cumulative Subordinated Corporate Bonds—A	"	2023.09.05~2033.09.05		Coupon rate: 3.70%	13,570,000	-	13,570,000	-	13,570,000	"		
Fubon Life Insurance Co., Ltd. 1st Issue of 2023 15-year Cumulative Subordinated Corporate Bonds—B	"	2023.09.05~2038.09.05		Coupon rate: 3.85%	8,930,000	-	8,930,000	-	8,930,000	"		
Fubon Life Insurance Co., Ltd. 2nd Issue of 2023 10-year Cumulative Subordinated Corporate Bonds—A	"	2023.11.07~2033.11.07		Coupon rate: 3.70%	500,000	-	500,000	-	500,000	"		

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Fubon Life Insurance Co., Ltd. 2nd Issue of 2023 15-year Cumulative Subordinated Corporate Bonds—B	BANK SINOPAC CO., LTD.	2023.11.07~2038.11.07		Coupon rate: 3.85%	\$ 2,000,000	-	2,000,000	-	2,000,000	Please refer to note 6 (v) for details.		
Hyundailife Insurance 13(private placement)	Woori Bank	2019.09.09~2029.09.09		Coupon rate: 4.30%	1,182,250	-	1,182,250	(1,925)	1,180,325	"		
Hyundailife Insurance 14	"	2019.10.02~2029.10.02		Coupon rate: 4.25%	2,364,500	-	2,364,500	(6,161)	2,358,339	"		
Hyundailife Insurance 15(private placement)	"	2020.06.24~2030.06.24		Coupon rate: 4.30%	354,675	-	354,675	(647)	354,028	"		
Hyundailife Insurance 16	"	2020.09.21~2030.09.21		Coupon rate: 4.49%	1,182,250	-	1,182,250	(3,628)	1,178,622	"		
Hyundailife Insurance 17(private placement)	"	2021.04.29~2031.04.29		Coupon rate: 4.60%	1,288,653	-	1,288,653	(2,611)	1,286,042	"		
Hyundailife Insurance 18	"	2021.09.14~2031.09.14		Coupon rate: 4.10%	2,246,275	-	2,246,275	(6,805)	2,239,470	"		
Hyundailife Insurance 19(private placement)	"	2022.04.08~2032.04.08		Coupon rate: 5.10%	1,182,250	-	1,182,250	(3,953)	1,178,297	"		
Hyundailife Insurance 20	"	2022.06.28~2032.06.28		Coupon rate: 6.20%	3,546,750	-	3,546,750	(11,396)	3,535,354	"		
Hyundailife Insurance 23	"	2023.04.26~2033.04.26		Coupon rate: 7.30%	1,891,600	-	1,891,600	(7,615)	1,883,985	"		
Hyundailife Insurance 24	"	2023.06.16~2033.06.16		Coupon rate: 7.28%	2,317,210	-	2,317,210	(8,435)	2,308,775	"		
Hyundailife Insurance 25(private placement)	"	2023.09.25~2032.09.25		Coupon rate: 7.40%	709,350	-	709,350	(2,081)	707,269	"		
	Subtotal				<u>175,465,763</u>	<u>-</u>	<u>175,437,338</u>	<u>(55,257)</u>	<u>175,382,081</u>			

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Financial bonds:												
First issuance of subordinated bank debentures in 2014—B	None	2014.05.15 2024.05.15		Coupon rate: fixed 1.85%	\$ 4,500,000	-	4,500,000	-	4,500,000	Note 1		
Second issuance of subordinated bank debentures in 2014	"	2014.09.25~ 2024.09.25		Coupon rate: fixed 1.98%	3,700,000	-	3,700,000	-	3,700,000	"		
Second issuance of subordinated bank debentures in 2017	"	2017.09.22~ 2024.09.22		Coupon rate: fixed 1.33%	3,000,000	-	3,000,000	-	3,000,000	"		
Fourth issuance of subordinated bank debentures in 2017	"	2017.10.18~ 2024.10.18		Coupon rate: fixed 1.30%	1,750,000	-	1,750,000	-	1,750,000	"		
Fifth issuance of dominant bank debentures in 2017	"	2017.12.04~ 2047.12.04		zero interest rate, Internal Rate of Return 4.10%	3,925,801	-	3,925,801	-	3,925,801	Note 2		
Second issuance of dominant bank debentures in 2018	"	2018.03.08~ 2048.03.08		zero interest rate, Internal Rate of Return 4.35%	7,682,682	-	7,682,682	-	7,682,682	"		
Third issuance of subordinated bank debentures in 2018—A	"	2018.09.25~ 2025.09.25		Coupon rate: fixed 1.15%	1,200,000	-	1,200,000	-	1,200,000	Note 1		
Third issuance of subordinated bank debentures in 2018—B	"	2018.09.25~ 2028.09.25		Coupon rate: fixed 1.30%	1,800,000	-	1,800,000	-	1,800,000	"		
Fifth issuance of dominant bank debentures in 2018	"	2018.11.20~ 2048.11.20		zero interest rate, Internal Rate of Return 4.90%	3,142,263	-	3,142,263	-	3,142,263	Note 2		
Sixth issuance of dominant bank debentures in 2018	"	2018.11.28~ 2028.11.28		Coupon rate: fixed 1.10%	3,700,000	-	3,700,000	-	3,700,000	Note 1		
Seventh issuance of subordinated bank debentures in 2018	"	2018.12.18~ perpetual		Coupon rate: fixed 2.15%	6,500,000	-	6,500,000	-	6,500,000	Note 3		
First issuance of dominant bank debentures in 2019	"	2019.03.20~ 2029.03.20		Coupon rate: fixed 0.98%	1,500,000	-	1,500,000	-	1,500,000	Note 1		

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Second issuance of dominant bank debentures in 2019	None	2019.05.10~2029.05.10		Coupon rate: fixed 0.95%	\$ 1,300,000	-	1,300,000	-	1,300,000	"		
Third issuance of subordinated bank debentures in 2019	"	2019.06.25~perpetual		Coupon rate: fixed 1.9%	3,100,000	-	3,100,000	-	3,100,000	Note 3		
Fourth issuance of subordinated bank debentures in 2019	"	2019.09.26~perpetual		Coupon rate: fixed 1.63%	4,400,000	-	4,400,000	-	4,400,000	"		
Fifth issuance of subordinated bank debentures in 2019	"	2019.09.26~2029.09.26		Coupon rate: fixed 0.95%	6,000,000	-	6,000,000	-	6,000,000	Note 1		
Sixth issuance of dominant bank debentures in 2019	"	2019.10.30~2029.10.30		Coupon rate: fixed 0.88%	6,600,000	-	6,600,000	-	6,600,000	"		
Seventh issuance of dominant bank debentures in 2019	"	2019.12.30~2029.12.30		Coupon rate: fixed 0.88%	3,100,000	-	3,100,000	-	3,100,000	"		
First issuance of dominant bank debentures in 2020	"	2020.03.20~2030.03.20		Coupon rate: fixed 0.75%	5,000,000	-	5,000,000	-	5,000,000	"		
Second issuance of subordinated bank debentures in 2020	"	2020.06.22~perpetual		Coupon rate: fixed 1.60%	3,150,000	-	3,150,000	-	3,150,000	Note 3		
Third issuance of subordinated bank debentures in 2020—A	"	2020.06.22~2027.06.22		Coupon rate: fixed 0.70%	200,000	-	200,000	-	200,000	Note 1		
Third issuance of subordinated bank debentures in 2020—B	"	2020.06.22~2030.06.22		Coupon rate: fixed 0.80%	1,800,000	-	1,800,000	-	1,800,000	"		
Fourth issuance of subordinated bank debentures in 2020	"	2020.08.10~perpetual		Coupon rate: fixed 1.50%	2,850,000	-	2,850,000	-	2,850,000	Note 3		
First issuance of dominant bank debentures in 2021	"	2021.01.28~2026.01.28		Coupon rate: fixed 0.40%	1,000,000	-	1,000,000	-	1,000,000	Note 1		
Second issuance of dominant bank debentures in 2021	"	2021.09.02~2026.09.02		Coupon rate: fixed 0.40%	1,000,000	-	1,000,000	-	1,000,000	Note 1		

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
Third issuance of subordinated bank debentures in 2021	None	2021.09.02~2031.09.02		Coupon rate: fixed 0.70%	\$ 2,400,000	-	2,400,000	-	2,400,000	"		
Fourth issuance of dominant bank debentures in 2021—A	"	2021.09.28~2026.09.28		Coupon rate: fixed 0.45%	2,700,000	-	2,700,000	-	2,700,000	"		
Fourth issuance of dominant bank debentures in 2021—B	"	2021.09.28~2028.09.28		Coupon rate: fixed 0.52%	1,400,000	-	1,400,000	-	1,400,000	"		
First issuance of dominant bank debentures in 2022	"	2022.05.04~2025.05.04		Coupon rate: fixed 0.70%	1,000,000	-	1,000,000	-	1,000,000	"		
Second issuance of subordinated bank debentures in 2022	"	2022.06.28~2029.06.28		Coupon rate: fixed 2.00%	2,000,000	-	2,000,000	-	2,000,000	"		
Third issuance of subordinated bank debentures in 2022	"	2022.06.28~perpetual		Coupon rate: fixed 3.00%	2,300,000	-	2,300,000	-	2,300,000	Note 3		
Fourth issuance of subordinated bank debentures in 2022	"	2022.09.15~2029.09.15		Coupon rate: fixed 1.90%	5,000,000	-	5,000,000	-	5,000,000	Note 1		
Fifth issuance of subordinated bank debentures in 2022	"	2022.10.11~perpetual		Coupon rate: fixed 3.10%	1,530,000	-	1,530,000	-	1,530,000	Note 3		
First issuance of subordinated bank debentures in 2023	"	2023.01.10~perpetual		Coupon rate: fixed 3.50%	3,870,000	-	3,870,000	-	3,870,000	"		
Second issuance of subordinated bank debentures in 2023	"	2023.02.23~perpetual		Coupon rate: fixed 3.50%	3,300,000	-	3,300,000	-	3,300,000	"		
Third issuance of dominant bank debentures in 2023	"	2023.04.27~2028.04.27		Coupon rate: fixed 1.40%	1,300,000	-	1,300,000	-	1,300,000	Note 1		
Fourth issuance of dominant bank debentures in 2023	"	2023.08.28~2025.08.28		Coupon rate: fixed 1.40%	1,000,000	-	1,000,000	-	1,000,000	"		
1-year bonds issued in January 2023		2023.01.19~2024.01.19		Coupon rate: fixed 4.60%	1,181,412	-	1,181,412	(228)	1,181,184			

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Bonds Payable (Cont.)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 11

Name	Trustee Organization	Issue period	Interest payment date	Coupon rate %	Amounts					Guidelines for the Repayment	Guarantee	Note
					Issued amount	Replied	Ending balance	Unamortized premium (discount) amount	Book value			
First issuance of 2019 Fubon Bank (China) Tier 2 capital		2019.04.26~2029.04.30		Coupon rate: fixed 5.20%	\$ 4,320,277	-	4,320,277	-	4,320,277	Note 4		
First issuance of FBCN in 2020	KGI Securities	2020.01.09~2025.01.09		Coupon rate: fixed 4.08%	4,320,277	-	4,320,277	(1,609)	4,318,668	Note 1		
First issuance of Fubon Bank (China) bank debentures in 2023	CITIC Securities, Bank of China Limited, Postal Savings Bank of China Co., Ltd., Industrial Bank Co., Ltd., China CITIC Bank Co., Ltd., Bank of Jiangsu Co., Ltd., China Development Bank Securities Co., Ltd.	2023.04.28~2026.04.28		Coupon rate: fixed 3.25%	8,640,554	-	8,640,554	-	8,640,554	"		
Valuation adjustments of bank debentures					-	-	(2,922,950)	-	(2,922,950)			
	Subtotal				<u>128,163,266</u>	<u>-</u>	<u>125,240,316</u>	<u>(1,837)</u>	<u>125,238,479</u>			
					<u>\$ 303,629,029</u>	<u>-</u>	<u>300,677,654</u>	<u>(57,094)</u>	<u>300,620,560</u>			

Note 1: Pay in full upon maturity.

Note 2: Pay in full upon maturity except for redemption.

Note 3: Perpetual bond. The Company will redeem the bond if the bond is not redeemed in 5 years and a month in compliance with Regulations No.9.

Note 4: Pay in full upon maturity. The issuer will redeem the bond based the principal amount or in whole with the approval from the authority in the end of fifth year.

(Continued)



**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Changes in Provisions**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 12**

<u>Items</u>	<u>Beginning balance</u>	<u>Net changes for the period</u>	<u>Other changes</u>	<u>Ending balance</u>	<u>Note</u>
Liability reserves	\$ 4,504,597,546	40,040,331	(4,734,052)	4,539,903,825	
Unearned premium reserves	40,788,157	1,123,058	1,630,059	43,541,274	
Special reserves	20,473,066	1,112,475	(19,948)	21,565,593	
Claim reserves	52,086,761	(8,909,559)	(3,540,896)	39,636,306	
Provisions for guarantee liabilities	259,574	(3,478)	(12)	256,084	
Provisions for financing commitment	417,423	44,125	(400)	461,148	
Premium deficiency reserves	7,886,396	(2,949,055)	(29,510)	4,907,831	
Foreign exchange valuation reserves	37,131,393	(27,955,058)	-	9,176,335	
Reserves for insurance with nature of financial instrument	3,366,163	186,816	(122,015)	3,430,964	
Provisions for employment benefits	11,274,950	917,521	(1,279,113)	10,913,358	
Others	<u>31,888,211</u>	<u>(596,563)</u>	<u>(194,897)</u>	<u>31,096,751</u>	
	<b><u>\$ 4,710,169,640</u></b>	<b><u>3,010,613</u></b>	<b><u>(8,290,784)</u></b>	<b><u>4,704,889,469</u></b>	

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Lease Liabilities**

**December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 13**

<u>Items</u>	<u>Summary</u>	<u>Period</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Note</u>
Land, superficies	Lease land for superficies	50 to 133 years	3.15%~4.56%	\$ 14,999,468	
Buildings	Lease land and buildings for offices	1 to 20 years	0.39%~12.00%	4,598,345	
Machinery		3 to 8 years	0.52%~1.8%	694,639	
Transportation equipment		1 to 8 years	0.52%~13%	69,578	
Other equipment		1 to 8 years	0.52%~20.00%	240,311	
				<u>\$ 20,602,341</u>	

**Statement of Interest Revenue**

**For the year ended December 31, 2023**

**Statement 14**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Discounts and loans	\$ 91,042,545	
Financial bonds	47,030,397	
Corporate bonds	70,794,065	
Government bonds	21,555,183	
Others (Note)	41,254,918	
	<u>\$ 271,677,108</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Interest Expenses**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 15**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Deposits	\$ 76,566,076	
Debt securities issued	6,775,810	
Call loans from the central Bank and banks	5,843,525	
Securities sold under repurchase agreements	3,992,442	
Others (Note)	9,481,951	
	<u>\$ 102,659,804</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

## Fubon Financial Holding Co., Ltd. and subsidiaries

## Statement of Net Income of Insurance Operations

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

## Statement 16

Items	Amounts	Note
Premiums income:		
Life insurance	\$ 272,300,538	
Health insurance	49,798,509	
Others (Note)	50,939,949	
Subtotal	<u>373,038,996</u>	
Separate account products revenues:		
Premiums income	11,873,767	
Interest revenue	3,566,601	
Gains (losses) on financial assets or liabilities measured at fair value through profit and loss	10,948,235	
Gains on foreign exchange	492,218	
Subtotal	<u>26,880,821</u>	
Revenues on corporate and individual annuity insurance products - separated account:		
Interest revenue	6,526,273	
Gains (losses) on financial assets or liabilities measured at fair value through profit and loss	1,324,473	
Reversal of ECL on investments	1,674	
Gains on foreign exchange	1,270,511	
Other revenues	6,025,781	
Subtotal	<u>15,148,712</u>	
Total income from insurance business	<u>415,068,529</u>	
Acquisition expenses	<u>112,499</u>	
Insurance claims payment:		
Life insurance	351,661,552	
Health insurance	49,991,282	
Others (Note)	30,958,781	
Subtotal	<u>432,611,615</u>	
Separate account products expenses:		
Insurance claim payments	14,807,361	
Net insurance separate account value reserve	8,450,898	
Administrative expenses	3,618,380	
Others (Note)	4,182	
Subtotal	<u>26,880,821</u>	
Expenses on corporate and individual annuity insurance products - separate account:		
Insurance value reserve provisions - separated account	10,180,224	
Losses on financial assets or liabilities measured at fair value through profit and loss	2,920,745	
Realized losses on financial assets measured at fair value through comprehensive income	756,916	
Expected credit losses on investments	180,211	
Losses on foreign exchange	273,822	
Administrative expenses	639,026	
Other expenses	197,768	
Subtotal	<u>15,148,712</u>	
Disbursement toward industry stability	<u>826,788</u>	
Total insurance business expenses	<u>475,580,435</u>	
Total	<u>\$ (60,511,906)</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Gains (Losses) on Financial Assets and Liabilities**  
**Measured at Fair Value through Profit or Loss**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 17**

<b>Items</b>	<b>Amounts</b>	<b>Note</b>
Gains (losses) on disposal:		
Stocks	\$ 39,174,343	
Beneficiary certificates	8,759,517	
Foreign exchange swap contracts	(86,260,661)	
Forward exchange contracts	(9,772,834)	
Others (Note)	<u>(262,265)</u>	
Subtotal	<u>(48,361,900)</u>	
Gains (losses) on valuation:		
Stocks	81,015,189	
Beneficiary certificates	26,533,125	
Foreign exchange swap contracts	46,644,215	
Others (Note)	<u>9,469,764</u>	
Subtotal	<u>163,662,293</u>	
Dividend income	48,726,708	
Interest revenue	4,984,512	
Others	<u>5,731</u>	
	<b><u>\$ 169,017,344</u></b>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Gains (Losses) on Investment Property**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 18**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Rental revenue	\$ 8,159,514	
Gains on disposal	(36,846)	
Changes in fair value	(3,317,095)	
Taxes	(1,083,165)	
Other gains or losses	(252,552)	
	<u>\$ 3,469,856</u>	

**Statement of Realized Gains (Losses) on Financial**  
**Assets Measured at Fair Value through Other**  
**Comprehensive Income**

**Statement 19**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Dividend revenue	\$ 4,029,474	
Gains on disposal:		
Government bonds	(1,287,543)	
Financial bonds	(140,173)	
Others (Note)	23,627	
	<u>(1,404,089)</u>	
	<u>\$ 2,625,385</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Gains (Losses) Arising from  
Derecognition of Financial Assets Measured at  
Amortized Cost**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 20**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Government bonds	\$ (441,859)	
Financial bonds	39,885	
Corporate bonds	(193,206)	
Others (Note)	<u>2,369</u>	
	<u><u>\$ (592,811)</u></u>	

Note: Individual balance is not greater than 5% of total amount.

**Statement of Foreign Exchange Gains (Losses)**

**Statement 21**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Financial instruments	\$ 1,996,895	
Others (Note)	<u>(78,318)</u>	
	<u><u>\$ 1,918,577</u></u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Reversal Gains (Impairment Losses)**  
**on Assets**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 22**

<u>Items</u>	<u>Impairment losses</u>	<u>Reversal gains</u>	<u>Note</u>
Debt instruments measured at amortized cost	\$ (1,032,265)	-	
Reinsurance contract assets	-	591	
Debt investments measured at fair value through other comprehensive income	(343,427)	-	
Securities purchased under resell agreements	-	6,843	
Others (Note)	(8,495)	-	
	<u>\$ (1,384,187)</u>	<u>7,434</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)



**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Share of Profit of Associates and Joint**  
**Ventures Accounted for Using Equity Method**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 23**

<b>Items</b>	<b>Amounts</b>	<b>Note</b>
Investment income recognized under equity method:		
Xiamen Bank Co., Ltd.	\$ 2,009,773	
Fubon Construction Management Co., Ltd.	653	
Star River Energy Corporation	17,239	
Star Shining Energy Corporation	185,568	
Wholex Max Green Power Co., Ltd.	16,890	
Line Biz+ Taiwan Co., Ltd.	91,288	
JihSun Securities Investment Trust Co., Ltd.	29,679	
Sichuan VipFubon Consumer Finance Ltd.	70,574	
Hyundai Card Co., Ltd.	904,591	
Xiamen Jinfuyuan Insurance Surveyors and Loss Adjusters Co.,Ltd.	<u>475</u>	
	<u>3,326,730</u>	
Investment loss recognized under equity method:		
CITIC Capital Holdings Ltd.	(188,467)	
Founder Fubon Fund Management Ltd.	(3,172)	
Teng Fu Bo Investment Limited	(59,410)	
Fubon Health Management Co., Ltd.	(5,325)	
Line Bank Co., Ltd.	(321,056)	
Hsin Ting Yi Hao Energy Corporation	(253)	
Zhong An Life Insurance Ltd.	(125,234)	
Aquastar Energy Corporation	<u>(4,125)</u>	
	<u>(707,042)</u>	
Gain on disposal of investments accounted for using equity method	<u>472,795</u>	
	<u>\$ 3,092,483</u>	

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**  
**Statement of Net Other Non-Interest Revenue**  
**For the year ended December 31, 2023**  
**(Expressed in thousands of New Taiwan Dollars)**

**Statement 24**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Expenses from issuance of call (put) warrants	\$ (116,772)	
Revenue from providing agency service for stock affairs	86,961	
Other losses	(5,856,555)	
Others (Note)	77,088	
	<u>\$ (5,809,278)</u>	

Note: Individual balance is not greater than 5% of total amount.

**Statement of Bad Debt Expenses and Guarantee**  
**Liability Provisions**

**Statement 25**

<u>Items</u>	<u>Amounts</u>	<u>Note</u>
Discounts and loans	\$ 6,938,607	
Receivables	460,905	
Other financial assets	2,410,150	
Others (Note)	173,665	
	<u>\$ 9,983,327</u>	

Note: Individual balance is not greater than 5% of total amount.

(Continued)

**Fubon Financial Holding Co., Ltd. and subsidiaries**

**Statement of Employee Benefits Expenses**

**For the year ended December 31, 2023**

**(Expressed in thousands of New Taiwan Dollars)**

**Statement 26**

<u>Items</u>	<u>Amounts</u>			<u>Total</u>	<u>Note</u>
	<u>Employee benefit expenses</u>	<u>Net non- interest revenue</u>	<u>Other general and administrative expenses</u>		
Salaries and wages	\$ 34,845,005	13,404,553	333,897	48,583,455	
Labor insurance, national health insurance, and group insurance for life	3,734,657	-	21,029	3,755,686	
Pension	1,982,639	163,629	3,294	2,149,562	
Director's remuneration	585,031	-	3,556	588,587	
Other employee benefit expenses	2,693,348	49,691	1,375,351	4,118,390	
<b>Total</b>	<b>\$ 43,840,680</b>	<b>13,617,873</b>	<b>1,737,127</b>	<b>59,195,680</b>	

- (1) For the years ended December 31, 2023 and 2022, there were 42,309 and 42,560 employees, including Life Insurance agent, respectively. And among that, there were 84 and 95 directors who were not employees, respectively.
- (2) The average employee benefit for the year was \$1,388 thousand. ("Total employee benefit expenses minus total director's remuneration" divided by "total employees minus directors who were not employees")  
The average employee benefit for the previous year was \$1,212 thousand. ("Total employee benefit expenses minus total director's remuneration" divided by "total employees minus directors who were not employees")
- (3) The average salaries and wages for the year was \$1,151 thousand. ("Total employee benefit expenses" divided by "total employees minus directors who were not employees")  
The average salaries and wages for the previous year was \$1,021 thousand. ("Total employee benefit expenses" divided by "total employees minus directors who were not employees")
- (4) Changes in the average salaries and wages was +13%. ("The average salaries and wages for the year minus the average salaries and wages for the previous year" divided by "the average salaries and wages for the previous year")
- (5) For the years ended December 31, 2023 and 2022, the supervisor remunerations were \$1,908 thousand and \$1,217 thousand, respectively.

(Continued)

## (6) The details of the Company's remuneration policy :

## (a) Director Remuneration Policy

The Company has a set of "Director Remuneration Policy" (referred to as the Policy below) established in accordance with the Articles of Incorporation. The Policy has been reviewed by the Remuneration Committee and approved by the Board of Directors; they provide a clear outline to the scope of directors' remuneration, including share of profits, compensation, travel allowances and meeting attendance fees.

## (i) Salary

Salaries of Chairman and other Chairmen shall be determined by the Remuneration Committee and the Board of Directors after taking into consideration their participation to the Company's operations. Independent director's fixed monthly salaries are specified in the Policy. If any independent directors also hold concurrent positions in the subsidiaries, the salaries shall be paid by the subsidiaries according to its regulations.

## (ii) Remuneration

- 1) Directors' remuneration is allocated according to the terms of the Articles of Incorporation, and is subject to a maximum of 0.3% of current year profit. The percentage and amount of directors' remuneration is subject to special resolution by the Board of Directors, and final approval of shareholders in a shareholders' meeting. Amounts will be paid in cash at the percentage prescribed in this Policy after the shareholders' meeting.
- 2) Remuneration standards for the Company's directors shall take into consideration of directors' remunerations of competitors in the same industry and directors' participation to the Company's management, therefore, the performance evaluation of directors includes in the directors' alignment of the goals and missions of the Company, awareness of the duties, participation in the operation of the Company, management of internal relationship and communication, the directors' professionalism and continuing education and internal control and the weight distribution criteria are based on the directors' position, the positions of each functional committee is approved by the Board of Directors after annual deliberation by the remuneration committee and nominating committee.

## (iii) Other expenses from professional practice

- 1) Travel allowances are paid to the respective Directors on a monthly basis according to the Policy. The meeting attendance fees of Functional Committees are paid according to the attendance record at the meetings.
- 2) If any other costs incurred by participation in business operation of the Company such as traveling expense and entertainment, the procedure of application and receive shall comply with "Directions of the Domestic and Overseas Travel Allowance Disbursement" and "Regulations on Examination of Expenses and Verification Process".

The subsidiaries' directors' remuneration shall be paid in compliance with "Director Remuneration Policy" which was adopted by the subsidiaries. In principle, salaries of Chairman, Vice Chairman and other Chairmen who conduct business continuously shall be approved by the Board of Directors, and fixed salaries are paid to independent directors. Travel allowances of attendance in the Board of Directors and Functional Committees are paid to subsidiaries' directors and supervisors according to the Policy.

(b) Manager and Employee Remuneration Policy

(i) Payments standards and procedure establishment of remuneration

In order to meet marketing competitiveness, attract and stabilize talents, the Company and its subsidiaries' employees are paid reasonable remuneration based on their personal qualifications and responsibilities which have taken into consideration of remunerations of competitors in the same industry. Year-end bonuses, promotion and salary raise depend on yearly performance review according to "Performance Assessment Policy". To connect with managers' remuneration and company performance, the Company has a set of "Manager Performance Assessment and Remuneration Policy" after taking into consideration of managers' overall performance and relevant reasonableness of anticipated risks. And establish "Remuneration and Nominating Committee" to view the remunerations of management periodically and report to the Board of Directors.

(ii) Salary structure

The salary structure of the Company and its subsidiaries' employees and managers was classified as salaries, allowances and performance bonuses, etc..

Specified in the Articles of Incorporation, employees' compensation should be distributed proportionally on the basis of profit, if there is profit for the period.

### Attachment

The aggregate lending, guarantee or other transactions taken place between all subsidiaries of a financial holding company and same person, same relatives or same affiliate.

December 31, 2023		Units: In thousands of TWD, %
Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
<b>1. Same natural person or same juridical person</b>		
The Central Government of the Republic of China	356,404,855	43.63%
The Mainland Area Government Agencies and Financial Institutions	186,716,449	22.86%
Taiwan Semiconductor Manufacturing Company, Ltd.	144,295,267	17.66%
Capital Investment Trust Corporation	78,369,958	9.59%
Cathay Securities Investment Trust Co Ltd	67,485,110	8.26%
National Treasury Administration, Ministry of Finance	67,141,770	8.22%
Taiwan Power Company	61,444,844	7.52%
Verizon Communications Inc	61,012,223	7.47%
Yuanta Securities Investment Trust Co Ltd	58,236,295	7.13%
JPMorgan Chase & Co.	57,294,411	7.01%
Citigroup Inc	56,532,282	6.92%
CTBC Investments Co Ltd	56,499,129	6.92%
AT&T Inc.	55,471,147	6.79%
United Mexican States	49,430,313	6.05%
Hong Kong Special Administrative Region Government	46,453,932	5.69%
Wells Fargo & Co.	44,494,227	5.45%
Kingdom of Saudi Arabia	41,349,250	5.06%
Goldman Sachs Group, Inc.	39,941,584	4.89%
Bank of America Corporation	38,994,347	4.77%
Gennie Mae	38,214,889	4.68%
State of Qatar	37,436,894	4.58%
Apple Inc.	35,449,770	4.34%
Republic of Indonesia	35,375,343	4.33%
Morgan Stanley	33,835,402	4.14%
BNP Paribas SA	33,251,871	4.07%
Electricite de France	33,149,437	4.06%
Credit Agricole Corporate and Investment Bank	32,468,659	3.97%
KGI Securities Investment Trust Co Ltd	32,069,496	3.93%
Bank of Nova Scotia	29,487,888	3.61%
China Development Bank	29,042,703	3.55%
QNB Finance Ltd	28,411,628	3.48%
CPC Corporation, Taiwan	28,311,341	3.47%
PIMCO Funds	27,705,414	3.39%
AllianceBernstein (Luxembourg) S.a.r.l	27,693,586	3.39%
Microsoft Corp	27,210,839	3.33%
iShares Trust	27,175,397	3.33%
Federative Republic of Brazil	26,711,103	3.27%
HON HAI Precision Industry Co Ltd	26,252,206	3.21%
Comcast Corporation	25,977,243	3.18%
Barclays Bank plc	25,960,304	3.18%
Bank of Tokyo-Mitsubishi UFJ Ltd	25,727,809	3.15%
First Commercial Bank	25,434,169	3.11%
Deutsche Bank AG	25,406,522	3.11%
Amazon.com Inc	25,241,251	3.09%
Hua Nan Commercial Bank Ltd	24,107,875	2.95%
E.Sun Bank	23,737,154	2.91%
Corporacion Nacional del Cobre de Chile	23,663,014	2.90%
First Abu Dhabi Bank PJSC	23,573,205	2.89%
Freddie Mac	23,456,200	2.87%
Republic of Korea	23,224,207	2.84%
EQT Fund Management S.a.r.l	22,629,959	2.77%
Commonwealth Bank of Australia	22,528,275	2.76%
Societe Generale SA	22,526,366	2.76%
Royal Bank of Canada	22,398,173	2.74%
NVIDIA Corp	22,149,133	2.71%
United Microelectronics Corp	22,014,566	2.69%
PIMCO Funds: Global Investors Series plc	21,966,235	2.69%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
National Australia Bank Ltd	21,727,765	2.66%
Natixis	21,539,754	2.64%
The State of Israel	20,506,765	2.51%
Santander International Products PLC	20,125,601	2.46%
Republic of Colombia	18,894,715	2.31%
Xiamen Bank Co Ltd	18,807,027	2.30%
Lloyds Bank plc	18,659,029	2.28%
RTX Corp	18,343,168	2.25%
IBM Corp.	18,313,175	2.24%
Morgan Stanley Finance LLC	18,027,742	2.21%
Taishin International Bank	18,013,406	2.20%
Bank SinoPac Co Ltd	18,001,689	2.20%
Chinatrust Financial Holding Co Ltd	17,993,968	2.20%
Hyundai Card Co., Ltd.	17,863,122	2.19%
Romania	17,459,316	2.14%
Cathay United Bank	17,423,056	2.13%
Taiwan Mobile Co Ltd	17,282,663	2.12%
MDGH GMTN RSC Ltd	17,168,047	2.10%
United Arab Emirates	17,110,074	2.09%
Korea Housing Finance Corporation	16,931,560	2.07%
Amgen Inc	16,822,491	2.06%
Republic of Peru	16,812,647	2.06%
Kohlberg Kravis Roberts & Co. L.P.	16,473,759	2.02%
Barclays plc	16,419,648	2.01%
HSBC Holdings plc	16,287,517	1.99%
Fannie Mae	16,209,233	1.98%
Saudi Arabian Oil Company	16,182,040	1.98%
Republic of Chile	16,144,407	1.98%
UBS AG	16,123,653	1.97%
BBVA Global Markets B.V.	15,697,479	1.92%
Novatek Microelectronics Corp Ltd	15,078,883	1.85%
Intel Corporation	15,072,217	1.84%
UnitedHealth Group Inc	15,011,388	1.84%
Chinatrust Commercial Bank	14,907,515	1.82%
Sumitomo Mitsui Financial Group Inc	14,857,543	1.82%
AbbVie Inc	14,775,675	1.81%
Oracle Corp	14,718,802	1.80%
Union Pacific Corp	14,694,820	1.80%
The Export-Import Bank of Korea	14,397,648	1.76%
CVS Health Corp	14,368,172	1.76%
Mizuho Bank Ltd	14,355,842	1.76%
Australia and New Zealand Banking Group Limited	14,325,209	1.75%
Bayer US Finance II LLC	14,141,703	1.73%
Abu Dhabi Commercial Bank PJSC	14,059,870	1.72%
United States of America	13,974,457	1.71%
Anheuser-Busch InBev Worldwide Inc.	13,974,271	1.71%
Canadian Imperial Bank of Commerce	13,902,729	1.70%
QatarEnergy	13,822,307	1.69%
Altria Group Inc	13,786,267	1.69%
Banco Santander S.A.	13,734,276	1.68%
Vodafone Group plc	13,439,921	1.65%
US Treasury	13,322,240	1.63%
United Parcel Service Inc	13,259,826	1.62%
National Bank of Canada	13,128,915	1.61%
Bank of Montreal	13,023,419	1.59%
Enterprise Products Operating LLC	13,017,154	1.59%
Shell International Finance B.V.	12,971,772	1.59%
Invesco Exchange-Traded Fund Trust	12,793,408	1.57%
Formosa Chemicals & Fibre Corp	12,752,709	1.56%
Taipei City Government	12,598,991	1.54%
Russian Federation	12,583,849	1.54%
Comision Federal de Electricidad	12,515,911	1.53%
Yuanta Commercial Bank Co Ltd	12,348,674	1.51%
Walt Disney Co/The	12,183,557	1.49%
UBS Group AG	12,157,464	1.49%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
BPCE SA	12,156,562	1.49%
Standard Charter Bank	12,147,722	1.49%
Phillips 66	11,974,160	1.47%
PepsiCo, Inc	11,902,423	1.46%
Consolidated Edison Co of New York Inc	11,817,400	1.45%
Hong Kong Mortgage Corporation Limited	11,774,115	1.44%
ADCB Finance Cayman Ltd	11,676,803	1.43%
DBS Bank Ltd	11,652,986	1.43%
Fuh Hwa Securities Investment Trust Co Ltd	11,616,914	1.42%
America Movil SAB de CV	11,597,986	1.42%
Korea Development Bank	11,426,507	1.40%
Cooperatieve Rabobank U.A.	11,247,679	1.38%
Virginia Electric and Power Co	11,246,000	1.38%
Burlington Northern Santa Fe LLC	11,117,779	1.36%
Delta Electronics Inc	10,901,823	1.33%
Elevance Health Inc	10,896,038	1.33%
Lite-On Technology Corporation	10,829,063	1.33%
Nomura International Funding Pte Ltd	10,802,747	1.32%
Duke Energy Corporation	10,744,568	1.32%
TransCanada PipeLines Limited	10,738,897	1.31%
Manulife Financial Corp	10,582,755	1.30%
Perusahaan Perseroan Persero PT Perusahaan Listrik Negara	10,567,258	1.29%
Tyson Foods Inc	10,548,606	1.29%
Norfolk Southern Corp	10,548,038	1.29%
Northrop Grumman	10,513,882	1.29%
Waste Management Inc.	10,513,429	1.29%
Pertamina Persero PT	10,448,006	1.28%
Home Depot Inc	10,321,040	1.26%
The Shanghai Commercial & Savings Bank Ltd	10,246,970	1.25%
CSX Corp	10,005,822	1.22%
Bristol-Myers Squibb Co	9,983,232	1.22%
Metlife Inc	9,973,046	1.22%
KGI Bank Co Ltd	9,937,668	1.22%
Quanta Computer Inc	9,875,522	1.21%
Travelers Cos Inc	9,866,629	1.21%
Citigroup Global Markets Holdings Inc	9,762,653	1.19%
Goldman Sachs Finance Corp International Ltd	9,480,910	1.16%
Westpac Banking Corporation	9,440,833	1.16%
Robeco Luxembourg S.A.	9,391,337	1.15%
JPMorgan Asset Management Europe SARL	9,315,671	1.14%
3M Company	9,253,082	1.13%
Cathay Financial Holding Co Ltd	9,182,507	1.12%
CITIC Capital Holdings Limited	9,159,243	1.12%
Malayan Banking Berhad	9,093,720	1.11%
Petronas Capital Ltd	9,061,806	1.11%
AIA Group Ltd	8,968,496	1.10%
Woori Financial Group Inc	8,953,808	1.10%
Stryker Corp	8,921,934	1.09%
Sumitomo Mitsui Banking Corporation	8,885,937	1.09%
Catcher Technology Co Ltd	8,804,222	1.08%
Taiwan Cooperative Bank	8,735,334	1.07%
Macquarie Infrastructure and Real Assets (Europe) Limited	8,708,237	1.07%
Telefonica Emisiones SA	8,682,522	1.06%
Lockheed Martin Corp.	8,666,133	1.06%
Lowe's Companies Inc.	8,656,566	1.06%
momo.com Inc	8,620,019	1.06%
Advanced Semiconductor Engineering Inc	8,618,271	1.05%
Cigna Corp	8,564,363	1.05%
Global Unichip Corp	8,521,291	1.04%
Emirates NBD Bank PJSC	8,506,810	1.04%
Vale Overseas Limited	8,445,194	1.03%
Gilead Sciences Inc	8,412,985	1.03%
Yageo Corp	8,387,063	1.03%
Republic of South Africa	8,363,019	1.02%
Bank of Taiwan	8,245,885	1.01%

(Continued)



Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Kroger Co/The	8,239,291	1.01%
AirTAC Internaional Group	8,194,671	1.00%
CITIC Limited	8,191,409	1.00%
NIKE Inc	8,187,870	1.00%
Prudential Financial, Inc.	8,186,603	1.00%
Pegatron Corporation	7,996,788	0.98%
The Export-Import Bank of China	7,984,198	0.98%
Merck & Co Inc	7,867,073	0.96%
General Electric Company	7,866,902	0.96%
SinoPac Financial Holdings Co Ltd	7,834,279	0.96%
Yuanta Financial Holding Co Ltd	7,830,905	0.96%
Mondelez International Inc	7,700,433	0.94%
Realtek Semiconductor Corp	7,687,445	0.94%
Capital Securities Corp	7,677,741	0.94%
Asia Vital Components Co Ltd	7,660,746	0.94%
PTTEP Treasury Center Co Ltd	7,656,302	0.94%
SPDR Series Trust	7,642,440	0.94%
CIMB Bank Berhad	7,636,342	0.93%
JPMorgan Chase Bank, N.A.	7,552,509	0.92%
Deutsche Telekom AG	7,486,320	0.92%
Hung Poo Real Estate Development Corp	7,460,000	0.91%
SG Issuer SA	7,454,037	0.91%
Airport Authority Hong Kong	7,447,489	0.91%
Wiwynn Corporation	7,428,434	0.91%
Yuanta Securities Co Ltd	7,387,915	0.90%
The Republic of Philippines	7,366,881	0.90%
Taiwan Finance Corporation	7,281,023	0.89%
China Bills Finance Corp	7,221,413	0.88%
ASE Technology Holding Co Ltd	7,040,778	0.86%
Compal Electronics Inc	6,933,231	0.85%
Department of Rapid Transit Systems, Taipei City Government	6,932,788	0.85%
Uni-President Enterprises Corporation	6,931,540	0.85%
Chang Hwa Commercial Bank, Ltd.	6,901,597	0.84%
Mega International Commercial Bank Co Ltd	6,804,000	0.83%
Visa Inc.	6,769,702	0.83%
International Bills Finance Corporation	6,692,484	0.82%
Asian Development Bank	6,685,657	0.82%
ING Bank N.V.	6,653,179	0.81%
China United Insurance Group Co., Ltd	6,609,824	0.81%
Suncor Energy Inc	6,535,002	0.80%
Formosa Plastics Corporation	6,523,375	0.80%
Equinor ASA	6,507,913	0.80%
State Street Bank and Trust Company	6,500,689	0.80%
Exxon Mobil Corp	6,431,693	0.79%
Nan Ya Plastics Corp	6,415,478	0.79%
Walmart Inc	6,397,291	0.78%
General Mills Inc	6,336,156	0.78%
Yung-Sheng Real Estate Development Co Ltd	6,303,725	0.77%
BlackRock Global Funds	6,293,874	0.77%
Halliburton Co	6,271,610	0.77%
Petroleos Mexicanos	6,270,739	0.77%
Taiwan Stock Exchange	6,234,792	0.76%
FedEx Corp	6,232,528	0.76%
Novartis Capital Corp	6,229,216	0.76%
Siemens Financieringsmaatschappij NV	6,209,136	0.76%
Duke Energy Carolinas LLC	6,182,637	0.76%
GlobalWafers Co Ltd	6,179,934	0.76%
Yunneng Wind Power Co Ltd	6,134,025	0.75%
President Chain Store Corporation	6,093,550	0.75%
Pfizer Inc	6,057,448	0.74%
Mega Securities Co Ltd	6,043,177	0.74%
China Steel Corporation	6,042,281	0.74%
DH Europe Finance II Sarl	6,016,505	0.74%
Tainan City Government	6,000,000	0.73%
MediaTek Inc	5,921,538	0.72%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Credit Agricole SA	5,894,747	0.72%
Parade Technologies, Ltd.	5,888,795	0.72%
Thoma Bravo, L.P.	5,842,131	0.72%
Monetary Authority of Singapore	5,813,654	0.71%
International Finance Corporation	5,800,846	0.71%
Humana Inc	5,799,842	0.71%
Starbucks Corp	5,788,675	0.71%
Zoetis Inc	5,772,506	0.71%
IBF Securities Co Ltd	5,771,676	0.71%
Lexington Partners L.P.	5,762,333	0.71%
American Express Company	5,680,591	0.70%
Synnex Technology International Corp	5,680,245	0.70%
Industrial Bank of Korea	5,655,139	0.69%
ConocoPhillips Co	5,652,350	0.69%
Wistron Corp	5,599,035	0.69%
Tiger Global Management, LLC	5,566,507	0.68%
Shin Kong Investment Trust Co Ltd	5,540,047	0.68%
MTR Corporation Cayman Islands Ltd	5,500,610	0.67%
T. Rowe Price - US Mutual Funds	5,487,313	0.67%
Florida Power & Light Company	5,475,942	0.67%
Macquarie Infrastru Manageme (Asia) Pty	5,469,215	0.67%
Global Infrastructure Management, LLC	5,467,603	0.67%
UBAM	5,433,219	0.67%
King Slide Works Co Ltd	5,371,325	0.66%
Vanguard International Semiconductor Corporation	5,333,458	0.65%
HSBC Continental Europe SA	5,320,808	0.65%
Gold Circuit Electronics Ltd	5,319,743	0.65%
Sherwin-Williams Co/The	5,264,528	0.64%
ABN AMRO Bank N.V.	5,253,143	0.64%
Taishin Securities Investment Trust Co Ltd	5,236,100	0.64%
Phison Electronics Corporation	5,206,371	0.64%
AXA IM Fixed Income Investment Strategies	5,202,861	0.64%
Advent International Corporation	5,156,355	0.63%
Brookfield Asset Man Pri Ins Cap Adv CA	5,152,938	0.63%
Evergreen Marine Corp Taiwan Ltd	5,141,490	0.63%
Johnson & Johnson	5,138,108	0.63%
Chubb INA Holdings Inc	5,127,022	0.63%
Faraday Technology Corp	5,122,384	0.63%
Chow Tai Fook Enterprises Limited	5,119,452	0.63%
Elite Material Co Ltd	5,098,852	0.62%
Coca-Cola Co/The	5,070,952	0.62%
BlackRock Fund Advisors	5,067,122	0.62%
HSBC USA Inc	5,045,554	0.62%
Taiwan Shin Kong Commercial Bank Co Ltd	4,994,184	0.61%
Abbott Laboratories	4,965,399	0.61%
AU Optronics Corp	4,946,547	0.61%
Archer-Daniels-Midland Co	4,938,742	0.60%
HSH Financial Services Ltd	4,905,181	0.60%
King Yuan Electronics Co Ltd	4,902,434	0.60%
Woori Bank	4,874,744	0.60%
SinoPac Securities Corporation	4,857,350	0.59%
Ardian Investment UK Limited	4,845,116	0.59%
Grand Bills Finance Corp	4,842,074	0.59%
KEB Hana Bank	4,821,779	0.59%
Rogers Communications Inc	4,817,820	0.59%
State Bank of India	4,807,279	0.59%
MasterCard, Inc.	4,794,949	0.59%
Far East Horizon Ltd	4,793,845	0.59%
Korea Electric Power Corporation	4,786,832	0.59%
HSBC Bank (Taiwan) Limited	4,785,634	0.59%
Walgreens Boots Alliance Inc	4,718,340	0.58%
Gold East Trading (Hong Kong) Co Ltd	4,684,645	0.57%
Valero Energy Corp	4,666,618	0.57%
McDonald's Corp	4,659,986	0.57%
Formosa 2 Wind Power Co Ltd	4,617,772	0.57%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
FORMOSA INDUSTRIES CORPORATION	4,605,153	0.56%
Hua Nan Securities Co Ltd	4,593,773	0.56%
Cisco Systems Inc.	4,592,156	0.56%
Ecolab Inc	4,520,257	0.55%
Canadian Natural Resources Ltd	4,508,530	0.55%
Far Eastern International Bank Co Ltd	4,500,543	0.55%
Blackstone Liquid Credit Strategies LLC	4,454,430	0.55%
Wells Fargo Bank, NA	4,417,469	0.54%
Rio Tinto Finance USA Ltd	4,413,896	0.54%
Target Corp.	4,407,499	0.54%
LCH Limited	4,379,963	0.54%
AstraZeneca plc	4,356,348	0.53%
General Dynamics Corp	4,322,235	0.53%
Nien Made Enterprise Co Ltd	4,315,425	0.53%
Neuberger Berman Investment Funds plc	4,313,674	0.53%
Estee Lauder Companies Inc	4,305,802	0.53%
Eli Lilly & Co	4,280,329	0.52%
Texas Instruments Inc	4,208,813	0.52%
Shinhan Bank Co Ltd	4,206,760	0.51%
GE Capital Intl Funding Co Unlimited Co	4,170,498	0.51%
Simplo Technology Co Ltd	4,167,216	0.51%
Lucky Hing Shing Estate Company Limited	4,147,740	0.51%
American Tower Corporation	4,121,980	0.50%
Land Bank of Taiwan	4,103,382	0.50%
Qatar National Bank	4,098,373	0.50%
JT International Financial Services BV	4,065,694	0.50%
Kreditanstalt fuer Wiederaufbau	4,050,245	0.50%
Mega Bills Finance Co Ltd	4,016,408	0.49%
Finance Bureau Kaohsiung City Government	4,000,000	0.49%
TSMC Arizona Corporation	3,973,238	0.49%
Antin Infrastructure Partners SAS	3,960,627	0.48%
QUALCOMM Inc	3,955,568	0.48%
Medtronic Inc	3,940,813	0.48%
KDB Asia Limited	3,938,040	0.48%
Heineken NV	3,931,815	0.48%
Deutsche Telekom International Finance B.V.	3,916,314	0.48%
Bridge Investment Group	3,915,130	0.48%
Baker Hughes Holdi LLC / B H Co-Obligor	3,897,932	0.48%
Nanya Technology Corp	3,889,874	0.48%
SINBON Electronics Co Ltd	3,876,329	0.47%
Macquarie Group Limited	3,867,481	0.47%
United Overseas Bank Limited	3,857,162	0.47%
Marathon Petroleum Corp	3,844,904	0.47%
Reliance Jio Infocomm Limited	3,844,281	0.47%
Taishin Financial Holdings Co Ltd	3,836,179	0.47%
Taishin Securities Co Limited	3,819,845	0.47%
HSBC Bank plc	3,815,462	0.47%
Chailease Finance Co Ltd	3,809,341	0.47%
AES Holding Co., Ltd.	3,805,662	0.47%
Deutsche Bahn Finance GMBH	3,805,581	0.47%
President Securities Corp	3,803,231	0.47%
Industrial and Commercial Bank of China	3,794,690	0.46%
Kaohsiung City Government	3,794,283	0.46%
AXA World Funds	3,755,116	0.46%
Corning Incorporated	3,736,378	0.46%
Mercury Taiwan Holdings Limited	3,719,355	0.46%
Hongkong Land Holdings Ltd	3,710,470	0.45%
Innolux Corporation	3,704,979	0.45%
Tencent Holdings Limited	3,662,222	0.45%
ING Groep NV	3,661,577	0.45%
African Development Bank	3,657,824	0.45%
Chunghwa Telecom Co Ltd	3,634,712	0.44%
Goldman Sachs Funds SICAV	3,625,573	0.44%
Applied Materials Inc.	3,620,487	0.44%
Dah Chung Bills Finance Corp	3,619,000	0.44%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
International Games System Co Ltd	3,605,356	0.44%
Chi Meng Construction Co Ltd	3,595,000	0.44%
HongKong Electric Finance Ltd	3,582,598	0.44%
Link Finance (Cayman) 2009 Limited	3,580,642	0.44%
Sun Hung Kai Properties (Financial Services) Limited	3,580,036	0.44%
State Grid Overseas Investment 2014 Ltd	3,575,985	0.44%
Petrobras Global Finance BV	3,573,424	0.44%
Hotai Finance Co Ltd	3,544,789	0.43%
Minth Group Limited	3,539,371	0.43%
HDFC Bank	3,536,739	0.43%
Export-Import Bank of India	3,507,256	0.43%
Macquarie International Finance Limited	3,505,811	0.43%
Intesa Sanpaolo SpA	3,475,156	0.43%
Toronto-Dominion Bank	3,474,851	0.43%
NatWest Markets Plc	3,472,981	0.43%
Banco de Credito e Inversiones	3,465,186	0.42%
Enel Finance International NV	3,457,964	0.42%
Vivo Capital, LLC	3,445,805	0.42%
Dow Chemical Company	3,439,304	0.42%
Taiwan Futures Exchange	3,430,315	0.42%
Shinhan BNP Paribas Asset Management Co Ltd	3,428,127	0.42%
Bao Te Construction Co Ltd	3,425,586	0.42%
Banco Bilbao Vizcaya Argentaria, S.A.	3,415,737	0.42%
PGIM Ltd	3,411,142	0.42%
Top Dollars Development Limited	3,402,868	0.42%
First Securities Co Ltd	3,398,572	0.42%
China UnionPay Co Ltd	3,384,839	0.41%
Mega International Investment Trust Co Ltd	3,383,383	0.41%
FIH Mobile Limited	3,382,968	0.41%
First Securities Investment Trust Co Ltd	3,378,790	0.41%
New Taimall Global Company Pte Ltd	3,322,000	0.41%
LINE Bank Taiwan Limited	3,308,085	0.40%
GIGA-BYTE Technology Co Ltd	3,296,562	0.40%
Vista Equity Partners Management, LLC	3,294,250	0.40%
Deere & Company	3,277,544	0.40%
Phu My Hung Development Corporation	3,271,410	0.40%
Sumitomo Mitsui Trust Bank Ltd	3,269,295	0.40%
Kraft Heinz Food Co	3,268,147	0.40%
POU Chen Corp	3,255,700	0.40%
Intesa Sanpaolo Bank Ireland PLC	3,238,783	0.40%
Reliance Industries Limited	3,207,997	0.39%
Platinum Equity Advisors, LLC	3,200,731	0.39%
Stonepeak Advisors IV LLC	3,195,527	0.39%
Barings LLC	3,193,153	0.39%
First Financial Holding Co Ltd	3,178,400	0.39%
Accton Technology Corp	3,171,482	0.39%
Mitsubishi UFJ Financial Group Inc	3,166,151	0.39%
LINE BIZ+ Taiwan Limited	3,163,026	0.39%
Honeywell International Inc.	3,152,926	0.39%
Caterpillar Inc	3,152,676	0.39%
Giltlake Real Estate SPV 1 Limited	3,150,432	0.39%
Chevron Corp	3,129,501	0.38%
Gazprom PJSC Via Gaz Capital SA	3,119,652	0.38%
Foxconn Interconnect Technology Limited	3,106,861	0.38%
Winbond Electronics Corporation	3,103,142	0.38%
TSMC Global Ltd	3,091,314	0.38%
Sleek Century Limited	3,080,372	0.38%
Clear Good Investments Limited	3,075,425	0.38%
Whitedove Funding 2014	3,072,623	0.38%
Hysan (MTN) Limited	3,066,683	0.38%
Anheuser-Busch Cos LLC / Anheuser-Busch InBev Worldwide Inc	3,057,944	0.37%
Blackstone Holdings Finance Co LLC	3,054,582	0.37%
Leonard Green & Partners, L.P.	3,045,610	0.37%
BizLink Holding Inc.	3,032,694	0.37%
Simon Property Group LP	3,032,548	0.37%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
ASB Bank Ltd	3,019,598	0.37%
Thermo Fisher Scientific Inc	3,010,813	0.37%
O-Bank Co Ltd	3,000,274	0.37%
2. Same natural person and his/her spouse and relatives by blood within the second degree of kinship, as well as enterprises in		
Wang 000 000 and his/her related parties	27,267,206	3.34%
Chen 000 000 and his/her related parties	16,186,518	1.98%
Chen 000 000 and his/her related parties	16,186,518	1.98%
Chen 000 000 and his/her related parties	13,103,262	1.60%
Huang 000 000 and his/her related parties	12,766,990	1.56%
Peng 000 000 and his/her related parties	12,217,813	1.50%
Hu 000 000 and his/her related parties	11,702,754	1.43%
Tsou 000 000 and his/her related parties	11,702,754	1.43%
Sung 000 000 and his/her related parties	11,346,311	1.39%
Shen 000 000 and his/her related parties	10,916,779	1.34%
Chen 000 000 and his/her related parties	10,911,773	1.34%
Kuo 000 000 and his/her related parties	10,906,371	1.33%
Liu 000 000 and his/her related parties	9,153,213	1.12%
Chou 000 000 and his/her related parties	9,064,149	1.11%
Wang 000 000 and his/her related parties	8,516,918	1.04%
Tuan 000 000 and his/her related parties	8,190,000	1.00%
Huang 000 000 and his/her related parties	7,871,869	0.96%
Tsai 000 000 and his/her related parties	7,770,231	0.95%
Wang 000 000 and his/her related parties	7,705,358	0.94%
Chen 000 000 and his/her related parties	7,317,535	0.90%
Sheng 000 000 and his/her related parties	6,428,296	0.79%
Huang 000 000 and his/her related parties	6,424,839	0.79%
Lee 000 000 and his/her related parties	6,315,922	0.77%
Lin 000 000 and his/her related parties	6,312,388	0.77%
Yu 000 000 and his/her related parties	6,183,007	0.76%
Hsu 000 000 and his/her related parties	6,065,186	0.74%
Huang 000 000 and his/her related parties	5,660,004	0.69%
Yang 000 000 and his/her related parties	5,243,636	0.64%
Chang 000 000 and his/her related parties	5,143,213	0.63%
Huang 000 000 and his/her related parties	4,927,459	0.60%
Wang 000 000 and his/her related parties	4,345,000	0.53%
Huang 000 000 and his/her related parties	4,323,767	0.53%
Peng 000 000 and his/her related parties	4,323,767	0.53%
Yeh 000 000 and his/her related parties	4,021,821	0.49%
Su 000 000 and his/her related parties	3,922,375	0.48%
Liu 000 000 and his/her related parties	3,607,800	0.44%
Chang 000 000 and his/her related parties	3,536,647	0.43%
Lin 000 000 and his/her related parties	3,322,380	0.41%
Tsai 000 000 and his/her related parties	3,287,300	0.40%
Hung 000 000 and his/her related parties	3,105,076	0.38%
3. Same affiliate		
The Central Government of the Republic of China and the supervisory authorities	423,546,624	51.84%
Taiwan Semiconductor Manufacturing Company, Ltd. and its affiliates	167,716,512	20.53%
Cathay Financial Holding Co Ltd and its affiliates	102,874,451	12.59%
Chinatrust Financial Holding Co Ltd and its affiliates	93,470,280	11.44%
Yuanta Financial Holding Co Ltd and its affiliates	86,909,364	10.64%
Capital Investment Trust Corporation and its affiliates	78,421,438	9.60%
JPMorgan Chase & Co. and its affiliates	76,738,526	9.39%
Citigroup Inc and its affiliates	68,838,395	8.43%
Hong Kong Special Administrative Region Government and the supervisory authorities	59,809,284	7.32%
AT&T Inc. and its affiliates	55,471,147	6.79%
Morgan Stanley and its affiliates	55,219,706	6.76%
Goldman Sachs Group, Inc. and its affiliates	53,525,104	6.55%
Allianz SE and its affiliates	50,990,573	6.24%
Wells Fargo & Co. and its affiliates	50,448,492	6.18%
China Development Financial Holding Corp and its affiliates	46,243,068	5.66%
Bank of America Corporation and its affiliates	43,272,140	5.30%
Abu Dhabi Commercial Bank PJSC and its affiliates	42,904,721	5.25%
Barclays plc and its affiliates	42,379,952	5.19%
United Microelectronics Corp and its affiliates	42,225,354	5.17%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Republic of Korea and the supervisory authorities	42,121,092	5.16%
Public Investment Fund Kingdom of Saudi Arabia and the supervisory authorities	41,964,335	5.14%
HSBC Holdings plc and its affiliates	41,482,828	5.08%
Credit Agricole SA and its affiliates	39,173,092	4.79%
Banco Santander S.A. and its affiliates	38,878,295	4.76%
Blackrock Inc and its affiliates	38,536,480	4.72%
HON HAI Precision Industry Co Ltd and its affiliates	36,629,037	4.48%
YFY Inc and its affiliates	35,582,509	4.36%
Apple Inc. and its affiliates	35,449,770	4.34%
First Financial Holding Co Ltd and its affiliates	35,389,931	4.33%
BPCE SA and its affiliates	33,696,316	4.12%
BNP Paribas SA and its affiliates	33,364,734	4.08%
Qatar Investment Authority and its affiliates	32,510,001	3.98%
Taishin Financial Holdings Co Ltd and its affiliates	31,434,177	3.85%
UBS Group AG and its affiliates	31,283,666	3.83%
Hua Nan Financial Holdings Co Ltd and its affiliates	31,124,150	3.81%
Bank of Nova Scotia and its affiliates	30,578,228	3.74%
Societe Generale SA and its affiliates	29,980,404	3.67%
China Development Bank and its affiliates	29,133,217	3.57%
Mitsubishi UFJ Financial Group Inc and its affiliates	28,893,960	3.54%
CPC Corporation, Taiwan and its affiliates	28,611,341	3.50%
AllianceBernstein Holding LP and its affiliates	27,693,586	3.39%
United States of America and the supervisory authorities	27,296,696	3.34%
Microsoft Corp and its affiliates	27,210,839	3.33%
Taiwan Mobile Co Ltd and its affiliates	26,400,557	3.23%
Comcast Corporation and its affiliates	26,154,804	3.20%
Commonwealth Bank of Australia and its affiliates	25,937,383	3.17%
Deutsche Bank AG and its affiliates	25,761,637	3.15%
E.SUN Financial Holding Co Ltd and its affiliates	25,591,058	3.13%
Amazon.com Inc and its affiliates	25,241,251	3.09%
Macquarie Group Limited and its affiliates	25,163,111	3.08%
Blackstone Inc and its affiliates	25,110,525	3.07%
Sumitomo Mitsui Financial Group Inc and its affiliates	24,974,704	3.06%
Uni-President Enterprises Corporation and its affiliates	24,499,077	3.00%
Mega Financial Holding Co Ltd and its affiliates	22,871,203	2.80%
Royal Bank of Canada and its affiliates	22,398,173	2.74%
National Australia Bank Ltd and its affiliates	22,024,840	2.70%
Fubon Financial Holding Co Ltd and its affiliates	21,945,581	2.69%
Lloyds Banking Group plc and its affiliates	21,300,394	2.61%
Anheuser-Busch InBev NV and its affiliates	19,869,653	2.43%
Taipei City Government and the supervisory authorities	19,639,706	2.40%
Banco Bilbao Vizcaya Argentaria, S.A. and its affiliates	19,113,216	2.34%
Formosa Chemicals & Fibre Corp and its affiliates	18,875,027	2.31%
ASE Technology Holding Co Ltd and its affiliates	18,802,333	2.30%
Saudi Arabian Oil Co and its affiliates	18,739,734	2.29%
KKR & Co Inc and its affiliates	18,605,357	2.28%
CITIC Limited and its affiliates	18,030,988	2.21%
Hyundai Motor Group and its affiliates	17,863,122	2.19%
Duke Energy Corporation and its affiliates	17,838,191	2.18%
Mizuho Financial Group, Inc. and its affiliates	16,566,571	2.03%
Korea Development Bank and its affiliates	16,290,968	1.99%
Australia and New Zealand Banking Group Limited and its affiliates	15,819,299	1.94%
Wistron Corp and its affiliates	15,571,314	1.91%
Standard Chartered PLC and its affiliates	15,062,881	1.84%
Invesco Ltd and its affiliates	15,007,113	1.84%
Formosa Plastics Corporation and its affiliates	14,590,554	1.79%
The Export-Import Bank of Korea and its affiliates	14,397,648	1.76%
State Street Corporation and its affiliates	14,143,129	1.73%
Bayer AG and its affiliates	14,141,703	1.73%
Shell PLC and its affiliates	13,940,643	1.71%
Walt Disney Co/The and its affiliates	13,920,208	1.70%
Woori Financial Group Inc and its affiliates	13,828,552	1.69%
Shin Kong Financial Holding Co Ltd and its affiliates	13,651,567	1.67%
Vodafone Group plc and its affiliates	13,538,232	1.66%
Quanta Computer Inc and its affiliates	13,295,738	1.63%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
United Parcel Service Inc and its affiliates	13,259,826	1.62%
General Electric Company and its affiliates	13,035,732	1.60%
Berkshire Hathaway Inc and its affiliates	13,019,836	1.59%
CK Hutchison Holdings Ltd and its affiliates	13,010,298	1.59%
Dominion Energy Inc and its affiliates	12,631,316	1.55%
IFB Financial Holdings Co Ltd and its affiliates	12,564,035	1.54%
Deutsche Telekom AG and its affiliates	12,346,810	1.51%
Nomura Holdings Inc and its affiliates	12,278,665	1.50%
Prudential Financial, Inc. and its affiliates	12,106,187	1.48%
Phillips 66 and its affiliates	12,074,076	1.48%
Global Infrastructure Partners and its affiliates	11,886,073	1.45%
ING Groep NV and its affiliates	11,793,182	1.44%
Yageo Corp and its affiliates	11,737,455	1.44%
DBS Group Holdings Ltd and its affiliates	11,683,620	1.43%
Taiwan Cooperative Financial Holding Co Ltd and its affiliates	11,655,769	1.43%
Fuh Hwa Securities Investment Trust Co Ltd and its affiliates	11,616,914	1.42%
Chaillese Holding Company Limited and its affiliates	11,529,139	1.41%
Cooperatieve Rabobank U.A. and its affiliates	11,423,821	1.40%
Lite-On Technology Corporation and its affiliates	11,286,311	1.38%
TransCanada PipeLines Limited and its affiliates	11,201,114	1.37%
Land Bank of Taiwan and its affiliates	11,106,077	1.36%
Delta Electronics Inc and its affiliates	11,104,103	1.36%
China Steel Corporation and its affiliates	11,048,785	1.35%
Pertamina Persero PT and its affiliates	10,907,705	1.34%
Neuberger Berman Group LLC and its affiliates	10,840,355	1.33%
Far Eastern New Century Corporation and its affiliates	10,833,279	1.33%
Manulife Financial Corp and its affiliates	10,582,755	1.30%
Perusahaan Perseroan Persero PT Perusahaan Listrik Negara and its affiliates	10,567,258	1.29%
Waste Management Inc and its affiliates	10,513,429	1.29%
Shinhan Financial Group Co Ltd and its affiliates	10,434,120	1.28%
Home Depot Inc/The and its affiliates	10,321,040	1.26%
Nan Ya Plastics Corp and its affiliates	10,308,107	1.26%
The Shanghai Commercial & Savings Bank Ltd and its affiliates	10,246,970	1.25%
CSX Corp and its affiliates	10,223,896	1.25%
O-Bank Co Ltd and its affiliates	10,221,687	1.25%
Travelers Cos Inc/The and its affiliates	9,898,053	1.21%
China Investment Corp and its affiliates	9,833,021	1.20%
Robeco Institutional Asset Management B.V. and its affiliates	9,645,044	1.18%
Pegatron Corporation and its affiliates	9,576,802	1.17%
Westpac Banking Corporation and its affiliates	9,440,833	1.16%
Compal Electronics Inc and its affiliates	9,233,217	1.13%
Vale SA and its affiliates	9,201,711	1.13%
Sino-American Silicon Products Inc and its affiliates	9,134,691	1.12%
Malayan Banking Berhad and its affiliates	9,093,720	1.11%
Petroliam Nasional Berhad and its affiliates	9,061,806	1.11%
Korea Electric Power Corporation and its affiliates	8,982,332	1.10%
AIA Group Ltd and its affiliates	8,979,267	1.10%
AXA SA and its affiliates	8,957,977	1.10%
Catcher Technology Co Ltd and its affiliates	8,804,222	1.08%
Chow Tai Fook Enterprises Limited and its affiliates	8,795,607	1.08%
Telefonica SA and its affiliates	8,682,522	1.06%
Lowe's Companies Inc. and its affiliates	8,656,566	1.06%
Industrial and Commercial Bank of China and its affiliates	8,589,346	1.05%
Express Scripts Holding Co and its affiliates	8,564,363	1.05%
AU Optronics Corp and its affiliates	8,559,776	1.05%
Asia Vital Components Co Ltd and its affiliates	8,472,494	1.04%
MTR Corporation Limited and its affiliates	8,440,732	1.03%
Danaher Corp and its affiliates	8,303,672	1.02%
Taiwan Financial Holdings Co Ltd and its affiliates	8,295,885	1.02%
AirTAC Internaional Group and its affiliates	8,245,416	1.01%
PTT PCL and its affiliates	8,225,391	1.01%
NextEra Energy Inc and its affiliates	8,018,388	0.98%
Simplo Technology Co Ltd and its affiliates	7,972,878	0.98%
Republic of Singapore and the supervisory authorities	7,840,562	0.96%
Kaohsiung City Government and the supervisory authorities	7,794,283	0.95%

(Continued)

Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Evergreen Marine Corp Taiwan Ltd and its affiliates	7,793,212	0.95%
China Orient Asset Management Corporation and its affiliates	7,755,743	0.95%
Realtek Semiconductor Corp and its affiliates	7,687,445	0.94%
Capital Securities Corp and its affiliates	7,677,741	0.94%
CIMB Group and its affiliates	7,636,342	0.93%
Pfizer Inc and its affiliates	7,620,823	0.93%
SK Group and its affiliates	7,537,482	0.92%
Hung Poo Real Estate Development Corp and its affiliates	7,460,000	0.91%
Reliance Industries Limited and its affiliates	7,052,278	0.86%
Chang Hwa Commercial Bank, Ltd. and its affiliates	6,901,597	0.84%
Industrial Bank of Korea and its affiliates	6,879,044	0.84%
Rio Tinto PLC and its affiliates	6,808,731	0.83%
KB Financial Group Inc and its affiliates	6,744,303	0.83%
Intesa Sanpaolo SpA and its affiliates	6,713,938	0.82%
LyondellBasell Industries NV and its affiliates	6,710,583	0.82%
Conocophillips and its affiliates	6,687,788	0.82%
Qisda Corporation and its affiliates	6,661,143	0.82%
Sinochem Holdings Corporation Ltd and its affiliates	6,494,098	0.79%
Taiwan Broadband Communications Company Ltd and its affiliates	6,459,004	0.79%
Walmart Inc and its affiliates	6,397,291	0.78%
Sun Hung Kai Properties Limited and its affiliates	6,369,566	0.78%
Brookfield Corp and its affiliates	6,359,770	0.78%
Yung-Sheng Real Estate Development Co Ltd and its affiliates	6,303,725	0.77%
Synnex Technology International Corp and its affiliates	6,263,568	0.77%
Novartis AG and its affiliates	6,229,216	0.76%
Siemens AG and its affiliates	6,209,136	0.76%
Jera Group and its affiliates	6,176,330	0.76%
Hana Financial Group Inc and its affiliates	6,162,163	0.75%
Winbond Electronics Corporation and its affiliates	6,064,451	0.74%
MediaTek Inc and its affiliates	5,921,538	0.72%
NatWest Group PLC and its affiliates	5,845,155	0.72%
Henderson Land Development Company Limited and its affiliates	5,837,006	0.71%
Tencent Holdings Limited and its affiliates	5,769,432	0.71%
POU Chen Corp and its affiliates	5,716,040	0.70%
Chunghwa Telecom Co Ltd and its affiliates	5,633,766	0.69%
Jardine Matheson Holdings Ltd and its affiliates	5,563,243	0.68%
Chubb Ltd and its affiliates	5,495,662	0.67%
Stonepeak Partners LP and its affiliates	5,431,545	0.66%
Allied Group Limited and its affiliates	5,324,633	0.65%
Gold Circuit Electronics Ltd and its affiliates	5,319,743	0.65%
Elite Material Co Ltd and its affiliates	5,289,281	0.65%
Temasek Holdings Pte Ltd and its affiliates	5,266,189	0.64%
ABN AMRO Bank N.V. and its affiliates	5,253,143	0.64%
Phison Electronics Corporation and its affiliates	5,206,371	0.64%
Simon Property Group Inc and its affiliates	5,016,673	0.61%
Walgreens Boots Alliance Inc and its affiliates	4,977,399	0.61%
King Yuan Electronics Co Ltd and its affiliates	4,902,434	0.60%
State Grid Corporation of China and its affiliates	4,837,551	0.59%
Rogers Communications Inc and its affiliates	4,817,820	0.59%
Walsin Technology Corp and its affiliates	4,776,790	0.58%
Marathon Petroleum Corp and its affiliates	4,752,828	0.58%
Cisco Systems Inc. and its affiliates	4,592,156	0.56%
Fortuna Development Corporation and its affiliates	4,588,676	0.56%
The Wharf (Holdings) Limited and its affiliates	4,526,764	0.55%
Zurich Insurance Group AG and its affiliates	4,498,688	0.55%
LG Corporation and its affiliates	4,413,803	0.54%
Target Corp. and its affiliates	4,407,499	0.54%
Lotte Corporation and its affiliates	4,347,623	0.53%
SINBON Electronics Co Ltd and its affiliates	4,321,419	0.53%
Nien Made Enterprise Co Ltd and its affiliates	4,315,425	0.53%
CLP Holdings Ltd and its affiliates	4,268,490	0.52%
Lucky Hing Shing Estate Co LTD and its affiliates	4,263,526	0.52%
Hotai Motor Co Ltd and its affiliates	4,224,030	0.52%
Swire Pacific Limited and its affiliates	4,152,836	0.51%
Der Chao Construction Co Ltd and its affiliates	4,145,000	0.51%

(Continued)



Name	Total amount of aggregate lending, guarantee or other transactions	% of net asset value of financial holding company
Platinum Equity, LLC and its affiliates	4,107,514	0.50%
Baker Hughes Co and its affiliates	4,061,825	0.50%
Cheng Loong Corp and its affiliates	4,045,951	0.50%
USI Corporation and its affiliates	3,911,655	0.48%
China Gas Holdings Limited and its affiliates	3,842,205	0.47%
Saudi National Bank and its affiliates	3,829,738	0.47%
The Commercial Bank (Q.S.C.) and its affiliates	3,784,542	0.46%
Zhen Ding Technology Holding Limited and its affiliates	3,764,604	0.46%
Supercap Industrial Co Ltd and its affiliates	3,744,092	0.46%
Innolux Corporation and its affiliates	3,738,599	0.46%
Corning Incorporated and its affiliates	3,736,378	0.46%
Mercury Taiwan Holdings Limited and its affiliates	3,719,355	0.46%
Hawaii Asia Holdings Limited and its affiliates	3,698,648	0.45%
Ting Lu Development Co Ltd and its affiliates	3,623,013	0.44%
Richsum Investments Limited and its affiliates	3,618,779	0.44%
International Games System Co Ltd and its affiliates	3,605,356	0.44%
Link Real Estate Investment Trust and its affiliates	3,580,642	0.44%
Petroleo Brasileiro S.A. and its affiliates	3,573,424	0.44%
Grand Domain Construction Co Ltd and its affiliates	3,547,028	0.43%
Minth Group Limited and its affiliates	3,539,371	0.43%
Vingroup Joint Stock Company and its affiliates	3,536,739	0.43%
HDFC Bank and its affiliates	3,536,739	0.43%
Export-Import Bank of India and its affiliates	3,507,256	0.43%
Jaysanlyn Construction Co Ltd and its affiliates	3,463,250	0.42%
Enel Finance International NV and its affiliates	3,457,964	0.42%
Kinder Morgan Inc and its affiliates	3,372,727	0.41%
GIGA-BYTE Technology Co Ltd and its affiliates	3,346,481	0.41%
New Taimall Global Company Pte Ltd and its affiliates	3,337,000	0.41%
Asia Cube Global Communications Limited and its affiliates	3,308,282	0.40%
Enbridge Inc and its affiliates	3,293,504	0.40%
Kraft Heinz Company and its affiliates	3,268,147	0.40%
Forworld Real Estate Development Co Ltd and its affiliates	3,246,500	0.40%
Credit Mutuel-CIC Banques and its affiliates	3,205,991	0.39%
Accton Technology Corp and its affiliates	3,171,482	0.39%
BizLink Holding Inc. and its affiliates	3,157,715	0.39%
Hung Tai Construction Co Ltd and its affiliates	3,135,741	0.38%
Cheng Chi Kong Group and its affiliates	3,125,483	0.38%
OJSC Gazprom and its affiliates	3,119,652	0.38%
China Petrochemical Corporation and its affiliates	3,087,499	0.38%
Hysan Development Company Limited and its affiliates	3,066,683	0.38%
King's Town Construction Co Ltd and its affiliates	3,049,852	0.37%
Fuzhou Assured Brake Systems Co Ltd and its affiliates	3,042,235	0.37%
Pacific Alliance Group Ltd and its affiliates	3,041,316	0.37%