

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “Offering Circular”). You are therefore advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Issuer, the Guarantor (each as defined in the attached Offering Circular) or from Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, J.P. Morgan Securities Asia Private Limited, and Morgan Stanley Asia (Singapore) Pte (together, the “Managers,” and each, a “Manager”) as a result of such access. In order to review the attached Offering Circular or make an investment decision with respect to the securities, you must be located outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and the Managers that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Managers, the Trustee (as defined in the attached Offering Circular) and the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Managers will provide a hard copy version to you upon request.

Restrictions: The attached Offering Circular is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

THE SECURITIES AND THE GUARANTEE OF THE SECURITIES DESCRIBED IN THE ATTACHED OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES AND THE GUARANTEE OF THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY TO INVESTORS WHO ARE PURCHASING THE SECURITIES OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS PURSUANT TO THE SECURITIES ACT.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes, nor may be used in connection with, an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and a Manager or any affiliate of a Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver or forward the attached Offering Circular, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected.

YOU ACKNOWLEDGE THAT THE ATTACHED OFFERING CIRCULAR AND THE INFORMATION CONTAINED THEREIN ARE STRICTLY CONFIDENTIAL AND INTENDED FOR YOU ONLY. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT DELIVER, DISTRIBUTE OR FORWARD THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE THE ATTACHED OFFERING CIRCULAR IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Fubon Life Singapore Pte. Ltd.
(incorporated in Singapore with limited liability)
(Company registration number: 202529196E)

US\$650,000,000
5.45 per cent. Tier 2 Subordinated Dated Capital Bonds due 2035
irrevocably and unconditionally guaranteed by

FUBON LIFE INSURANCE CO., LTD.
(incorporated in Taiwan, the Republic of China with limited liability)
(as Guarantor)

Issue Price: 99.826 per cent.

US\$650,000,000 5.45 per cent. in an initial aggregate principal amount of Tier 2 subordinated dated capital bonds due 2035 (the “**Bonds**”) will be issued by Fubon Life Singapore Pte. Ltd. (the “**Issuer**”) and will be irrevocably and unconditionally guaranteed on a subordinated basis (the “**Guarantee of the Bonds**”) by Fubon Life Insurance Co., Ltd. (the “**Guarantor**” or “**Company**”). The Issuer is a wholly-owned subsidiary of the Guarantor.

The Bonds will be constituted by and have the benefit of a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated September 10, 2025 (the “**Issue Date**”) between the Issuer, the Guarantor and Citicorp International Limited (the “**Trustee**”).

The Bonds will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank *pari passu* in right of payment and without any preference among themselves. Subject to and to the extent permitted by the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) of the Issuer, the rights and claims of the holders of the Bonds (the “**Bondholders**”, or “**Holders**”, and each, a “**Bondholder**” or a “**Holder**”) in respect of payment of principal and interest on the Bonds will be expressly subordinated in right of payment to the prior payments in full of all present and future claims of all Senior Creditors (as defined in the Terms and Conditions of the Bonds), but shall rank *pari passu* in right of payment with each other and to the present and future claims of the holders of any other Parity Obligations (as defined in Terms and Conditions of the Bonds) of the Issuer and in priority in right of payment to the present and future claims of the holders of any share capital of the Issuer (including Ordinary Shares (as defined in Terms and Conditions of the Bonds) and Preferred Shares (as defined in Terms and Conditions of the Bonds)) and any other Junior Obligations (as defined in Terms and Conditions of the Bonds) of the Issuer. See “*Terms and Conditions of the Bonds – Status*.”

The Guarantee of the Bonds will constitute a direct, unconditional, unsecured and subordinated obligation of the Guarantor. Subject to the insolvency laws of the Republic of China (“**ROC**”), in the event of the Winding-Up of the Guarantor, the rights and claims of the Bondholders in respect of the Guarantee of the Bonds will be subordinated in right of payment to the present and future claims of all Senior Creditors, but shall rank *pari passu* in right of payment to the present and future claims of the holders of any Parity Obligations of the Guarantor and in priority in right of payment to the present and future claims of the holders of any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor) and any other Junior Obligations of the Guarantor. See “*Terms and Conditions of the Bonds – Status*.”

The Bonds confer a right to receive interest from the Issue Date at 5.45 per cent. per annum (the “**Rate of Interest**”) payable semi-annually in arrears on June 10 and December 10 of each year (each, an “**Interest Payment Date**”), with the first Interest Payment Date falling on June 10, 2026.

The Bonds, unless previously redeemed, purchased and cancelled as provided in Condition 5 of the Terms and Conditions of the Bonds, shall be finally redeemed on December 10, 2035 (the “**Maturity Date**”) in whole, but not in part, at their outstanding principal amount together with interest accrued to (but not including) the Maturity Date.

Subject to satisfaction of the Redemption Conditions (as defined in the Terms and Conditions of the Bonds), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) (i) upon the occurrence of Tax Withholding Event, as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Redemption for Taxation Reasons*”, (ii) upon the occurrence of a Tax Deduction Event, as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Redemption for Tax Deduction Reasons*”, (iii) on any date falling in the period from (and including) September 10, 2035 to (and excluding) the Maturity Date, as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Issuer’s Call Option*”, (iv) upon the occurrence of a Minimal Outstanding Amount Redemption Event, as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Minimal Outstanding Amount Redemption*” or (v) upon the occurrence of a Regulatory Capital Event, as described under “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Regulatory Capital Event Redemption*.”

Investing in the Bonds involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Bonds in the context of their financial condition and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Bonds. Investors should not purchase the Bonds unless they understand and are able to bear risks associated with the Bonds. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds will be issued in registered form and in the specified denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Bonds and the Guarantee of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds and the Guarantee of the Bonds are being offered in offshore transactions outside the United States in reliance on Regulation S of the Securities Act (“**Regulation S**”). For a description of these and certain further restrictions on offers and sales of the Bonds and the Guarantee of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*.”

The Bonds are expected to be rated “**BBB+**” by Fitch Ratings Ltd. (“**Fitch**”) and “**BBB+**” by S&P Global Ratings, a division of S&P Global Inc. (“**S&P**”). The Guarantor is rated “**A**” with a rating watch negative outlook by Fitch for long term insurer financial strength, “**A**” with a stable outlook by S&P for long-term issuer credit rating and financial strength rating, and “**A3**” with a stable outlook by Moody’s Investors Service, Inc. (“**Moody’s**”) for insurance financial strength rating. Such ratings do not constitute a recommendation to buy, sell or hold Bonds and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organization. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds. Each such rating should be evaluated independently of any other rating of the Bonds, the Issuer’s or the Guarantor’s other securities or of the Issuer or the Guarantor.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of and quotation for the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Bonds is not to be taken as an indication of the merits of the Issuer, the Guarantor, any of their subsidiaries, their associated companies or the Bonds.

The Bonds will initially be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Citigroup

HSBC

J.P. Morgan

Morgan Stanley

Offering Circular dated September 3, 2025

NOTICE TO INVESTORS

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER, THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES (TOGETHER, THE “**GROUP**”), OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

Each of the Issuer and the Guarantor is responsible for the accuracy and completeness of the information in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Guarantor confirms that (i) this Offering Circular contains all information which is (in the context of the issue, offering and sale of the Bonds) material; (ii) such information is true and accurate in all material respects and is not misleading in any material respect; (iii) any opinions, predictions or intentions expressed in this Offering Circular are honestly held or made and are not misleading in any material respect; (iv) this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the issue, offering and sale of the Bonds) not misleading in any material respect; (v) all proper enquiries have been made to ascertain or verify the foregoing; and (vi) this Offering Circular does not contain any untrue statement of a material fact nor does it omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading.

Each of the Issuer and the Guarantor has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds and giving of the Guarantee of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, J.P. Morgan Securities Asia Private Limited, and Morgan Stanley Asia (Singapore) Pte (together, the “**Managers**,” and each, a “**Manager**”) to subscribe for or purchase any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantee of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*.”

By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorized to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Bonds or the Guarantee of the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been

authorized by the Issuer, the Guarantor, the Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular, each investor is deemed to have agreed to these restrictions.

None of the Managers, the Trustee, the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each person receiving this Offering Circular acknowledges that (i) such person has been afforded an opportunity to request from the Issuer and the Guarantor and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein, (ii) such person has not relied on the Managers or any person affiliated with them in connection with any investigation of the accuracy of such information or its investment decision, and (iii) no person has been authorized to give any information or to make any representation concerning the Issuer, the Guarantor or the Bonds (other than as contained herein and information given by duly authorized officers and employees of the Issuer and the Guarantor in connection with investors' examination of the Issuer and the Guarantor and the terms of the offering of the Bonds) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

Each person receiving this Offering Circular acknowledges that it has not relied on the Managers, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor and the Group, and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assumes any responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Guarantor, the Group or the issue and offering of the Bonds or the giving of the Guarantee of the Bonds. Each of the Managers, the Trustee and the Agents and each of their respective affiliates, officers, employees, agents, representatives, directors and advisers or any person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them undertakes to review financial condition, results of operations or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or prospective investor in the Bonds of any information coming to the attention of the Managers, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILIZATION MANAGER (THE “STABILIZATION MANAGER(S)”) OR ANY PERSON ACTING ON BEHALF OF THE STABILIZATION MANAGER(S) MAY, SUBJECT TO ALL APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS AND EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZATION MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILIZATION MANAGER(S)) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILIZATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

None of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, affiliates, representatives, agents or advisers or any person who controls any of them is making any representations regarding the legality of an investment in the Bonds under any law or regulation.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer and the Guarantor and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

The contents of this Offering Circular have not been reviewed by any regulatory authority in the ROC, Hong Kong, Singapore or elsewhere. Investors are advised to exercise caution in relation to the offer. If any

investor is in any doubt about any of the contents of this document, that investor should obtain independent professional advice.

The Bonds are expected to be assigned a rating of “BBB+” and “BBB+” by S&P and Fitch, respectively. The Guarantor is rated “A” with a rating watch negative outlook by Fitch for long term insurer financial strength, “A-” with a stable outlook by S&P for long-term issuer credit rating and financial strength rating, and “A3” with a stable outlook by Moody’s for insurance financial strength rating. Such ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organization. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds. Each such rating should be evaluated independently of any other rating of the Bonds, the Issuer’s or the Guarantor’s other securities or of the Issuer or the Guarantor.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors: Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Managers, are “capital market intermediaries” (together, the “CMI”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which requires the attention and cooperation of prospective investors.

Certain CMIs may also be acting as “overall coordinators” (together, the “OCs”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, any OCs, relevant regulators and/or any other third parties as

may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, such information has not been independently verified by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. Certain statements in this Offering Circular constitute “forward-looking statements”. These statements can be identified by forward-looking terms, such as “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “target”, “will”, “would” or similar words or expressions or their negative forms. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements, including but are not limited to statements as to the business strategy, revenue, profitability, planned projects and other matters relating to the Issuer, the Guarantor and/or the Group discussed in this Offering Circular regarding matters that are not historical facts. These forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group expects to operate in the future.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the Issuer’s, Guarantor’s and/or the Group’s actual results, performance or achievements, or industry results, to be materially different from those expressed or implied by these forward-looking statements.

Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “Risk Factors” below and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements’ view only as of the date of this Offering Circular. None of the Issuer or the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of any change in the Issuer’s, the Guarantor’s or the Group’s expectations with regard thereto or any new information, change of events, conditions or circumstances or otherwise on which any such statements were based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular may not occur.

PRESENTATION OF FINANCIAL INFORMATION

The Group's consolidated financial information as of and for the financial years ended December 31, 2022, 2023 and 2024 included in this Offering Circular has been extracted from the Group's audited consolidated financial statements as of and for the financial years ended December 31, 2022, 2023 and 2024, including the notes thereto, included elsewhere in this Offering Circular. The Group's consolidated financial information as of and for the financial years ended December 31, 2022, 2023 and 2024 included herein have been prepared and presented in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the International Financial Reporting Standards, International Accounting Standards ("**IAS**"), IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission of the Republic of China ("**FSC**") (together, "**Taiwan-IFRS**"). The Group's consolidated financial statements as of and for the financial years ended December 31, 2022, 2023 and 2024 have been audited by KPMG, independent auditor of the Group, in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China.

The Group's consolidated financial information as of and for the six months ended June 30, 2024 and 2025 included in this Offering Circular has been extracted from the Group's audited consolidated financial statements as of and for the six months ended June 30, 2025, including the notes thereto, included elsewhere in this Offering Circular. The Group's consolidated financial information as of and for the six months ended June 30, 2024 and 2025 included herein have been prepared and presented in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 "Interim Financial Reporting" ("**IAS 34**") that came into effect as endorsed by the FSC. The Group's consolidated financial statements as of and for the six months ended June 30, 2025 have been audited by KPMG, independent auditor of the Group, in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. The Group's audited consolidated financial statements as of and for the six months ended June 30, 2025 should not be taken as an indication of its expected consolidated financial position and performance for the full financial year ending December 31, 2025.

The Taiwan-IFRS differs from the International Financial Reporting Standards as issued by the International Accounting Standard Board ("**IASB**") (the "**IFRS Accounting Standards**") or the generally accepted accounting principles of other countries in certain respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS Accounting Standards may not be timely endorsed by the FSC. Potential investors should seek professional advice with respect to such differences from generally accepted accounting principles. All such financial data should be read in conjunction with, and are qualified in their entirety by reference to, the financial statements included elsewhere in this Offering Circular, including the Bonds thereto.

The Group's historical financial information should not be taken as an indication of its future financial performance.

PRESENTATION OF OPERATIONAL DATA

Our business is primarily carried out through the Guarantor, a licensed insurance company in the ROC, on a standalone basis. Accordingly, unless otherwise specified or the context otherwise requires, operational data (including but not limited to total premium, key performance indicators, investment portfolio and performance, size of our tied agency force) included in this Offering Circular has been prepared and presented on a standalone basis using the operational data of the Guarantor only (without taking into account the Guarantor's subsidiaries). The operational data included in this Offering Circular is consistent with the operational data of the Guarantor as disclosed in our other existing publicly available disclosures. The presentation of our operational data does not affect the presentation of the consolidated financial information of the Guarantor and its subsidiaries taken as a whole as extracted from our consolidated financial statements as of and for the financial years ended December 31, 2022 and 2023, as of and for the financial years ended December 31, 2023 and 2024, and as of and for the six months ended June 30, 2024 and 2025.

CERTAIN DEFINED TERMS AND CONVENTIONS

Unless otherwise stated in this Offering Circular, all translations from New Taiwan dollar into U.S. dollar were made at the rate of NT\$29.18 to US\$1.00, the noon buying rate as set forth in the H.10 Statistical release of the Federal Reserve Bank of New York on June 30, 2025. All such translations in this Offering Circular are provided solely for reference and no representation is made that the New Taiwan dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

The glossary below contains explanations of certain terms and definitions used in the Offering Circular in connection with us and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms. Unless the context otherwise requires, the following terms shall have the meanings set forth below.

AI	artificial intelligence
Board	board of directors of the Guarantor
CAGR	compounded annual growth rate
CSM	contractual service margin, the unearned profit in a group of insurance contracts, forming part of the liability for remaining coverage, which is initially measured as the amount that results in no gain being recognized on initial recognition of a group of insurance contracts.
ESG	environmental protection, social responsibility and corporate governance
EUR or Euro	the lawful currency of the European Union
Executive Yuan	the executive branch of the ROC Government
Fitch	Fitch Ratings Ltd.
FSC	Financial Supervisory Commission of the ROC
Fubon FHC	Fubon Financial Holding Co., Ltd.
Fubon Group	Fubon Financial Holding Co., Ltd. and its subsidiaries
Fubon Hyundai Life Insurance	Fubon Hyundai Life Insurance Co., Ltd.
Fubon Insurance China	Fubon Property & Casualty Insurance Co., Ltd.
Fubon Life (HK)	Fubon Life Insurance (Hong Kong) Company Limited
Fubon Life (Vietnam)	Fubon Life Insurance (Vietnam) Co., Ltd.

FYP	first year premiums, premiums received in the first year of a policy
FYPE	first year premiums equivalent
FVTPL	financial assets at fair value through profit or loss
GDP	gross domestic product
Guarantor or Company	Fubon Life Insurance Co., Ltd. on a standalone basis
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Hong Kong dollar or HKD	the lawful currency of Hong Kong
IAS	International Accounting Standards
IASB	International Accounting Standard Board
ICS	Insurance Capital Standard, a consolidated group-wide capital standard for International Association of Insurance Supervisors
IFRS Accounting Standards	International Financial Reporting Standards as issued by the IASB
Insurance Act	Taiwan Insurance Act
Issuer	Fubon Life Singapore Pte. Ltd.
Mainland China or the PRC	the People's Republic of China and for geographical reference only (unless otherwise stated) exclude Taiwan, Macau and Hong Kong
Major Life Insurance Companies in Taiwan	the six largest life insurance companies in Taiwan in terms of their market share measured by the total premium as of December 31, 2024
Moody's	Moody's Investors Service, Inc.
NDF	non-deliverable forward
New Taiwan dollar, NTD or NT\$	the lawful currency of the ROC
RBC	risk-based capital, which imposes a requirement of statutory minimum level of capital
RMB, Renminbi, or CNY	the lawful currency of the PRC
ROE	return on equity
Singapore dollars, SGD or S\$	the lawful currency of the Republic of Singapore
South Korean Won or KRW	the lawful currency of the South Korea
Singapore	the Republic of Singapore

spillover-effect insurance policies	the insurance policies with spillover effects, which, in addition to having insurance functions, also include features that raise awareness of independent health management and improve the wellness of such policyholders
Standard & Poor's or S&P	S&P Global Ratings, a division of S&P Global Inc.
Taipei Fubon Bank	Taipei Fubon Commercial Bank Co., Ltd.
Taiwan or the ROC	Taiwan, the Republic of China
Taiwan-IFRS	Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the International Financial Reporting Standards, IAS, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by FSC
TW-ICS	Taiwan Insurance Capital Standard, the new solvency regime to be adopted by the Insurance Bureau of the FSC by 2026
United States, US or U.S.	the United States of America
U.S. dollars, USD or US\$	the lawful currency of the United States of America
Vietnamese dong or VND	the lawful currency of Vietnam
VNB	value of new business
we, us, our, ourselves, or the Group	the Issuer, the Guarantor and their subsidiaries taken as a whole, unless otherwise specified or the context otherwise requires.

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SUMMARY

OVERVIEW

We are a leading life insurance franchise in Taiwan, having the highest average ROE among Major Life Insurance Companies in Taiwan since 2015, according to publicly disclosed information of relevant companies. We also ranked first in terms of net profit as well as FYPE as a percentage of FYP in 2024 and for the six months ended June 30, 2025, and ranked second in terms of total premium, FYP and total assets in 2024 and for the six months ended June 30, 2025, among Major Life Insurance Companies in Taiwan, according to Taiwan Insurance Institute and publicly disclosed information of relevant companies. The Company is rated “A” with a rating watch negative outlook by Fitch for long term insurer financial strength, “A-” with a stable outlook by S&P for long-term issuer credit rating and financial strength rating, and “A3” with a stable outlook by Moody’s for insurance financial strength rating.

Our history can be traced back to 1987. The two predecessors of the Company, Aetna Life Insurance Company of America, Taiwan branch and Fubon Life Assurance Co., Ltd., were founded in 1987 and 1993, respectively. Aetna Life Insurance Company of America, Taiwan branch was later acquired by the ING group in 2000 and became ING Life Insurance Co., Ltd. in 2006. In 2008, Fubon FHC acquired ING Life Insurance Co., Ltd., which subsequently merged with Fubon Life Assurance Co., Ltd., with the surviving company renamed as Fubon Life Insurance Co., Ltd. in 2009. Over the past decades, we have achieved steady growth and now offers a full range of insurance products, including (i) traditional life insurance (regular premium), (ii) traditional life insurance (single premium), (iii) investment-linked insurance, (iv) health, accident and other insurance, and (v) interest-sensitive annuity insurance. In addition to being committed to the well-being of the Taiwanese people, we have also actively expanded into overseas markets, commencing life insurance business in Vietnam, Korea, and Hong Kong in 2011, 2015 and 2016, respectively. As of June 30, 2025, the Company provided insurance services to approximately 5.4 million policyholders and had approximately 9.4 million in-force policies (excluding riders).

Our success is backed by the support of Fubon FHC, our parent company and a leading financial holding company in Taiwan. Fubon FHC has ranked first among financial holding companies in Taiwan in terms of earnings per share for 16 consecutive years since 2009, according to publicly disclosed information of relevant companies. It also ranked first among financial holding companies in Taiwan in terms of market capitalization and net profit as of June 30, 2025, according to publicly disclosed information of relevant companies. With over 14 million customers of Fubon Group in total as of December 31, 2024, covering over 50% of the population in Taiwan, Fubon Group brings us unmatched intra-group synergies. As of December 31, 2024, over 40% customers of Fubon Group had multiple business relations within it, demonstrating the strong cross-sell opportunities.

We have a strong bancassurance partnership with Taipei Fubon Bank, another wholly-owned subsidiary of Fubon FHC and one of Taiwan’s leading private banks. Taipei Fubon Bank ranked first among private banks in Taiwan in terms of number of branches, and ranked third among private banks in Taiwan in terms of deposit balance and total assets as of June 30, 2025, according to Taiwan Banking Bureau. Such a wide customer base facilitates our mass-market penetration. Our product distribution via the bancassurance channels, including Taipei Fubon Bank and other banks, ranked first in terms of FYP in 2024 among Major Life Insurance Companies in Taiwan, according to publicly disclosed information of relevant companies. In addition to the bancassurance channels, we also have a strong and effective agency force, being the second largest tied agency force among all life insurance companies in Taiwan as of December 31, 2024, according to Taiwan Insurance Institute. Such a well-established and effective mix of distribution channels allows us to have access to a wide breadth of clients.

We achieved a stable and strong financial performance in recent years. We recorded a steady growth of total assets with a compounded annual growth rate (“CAGR”) of 11% from 2009 to 2024. As of December 31, 2022, 2023, and 2024 and June 30, 2025, our total assets were NT\$5,603 billion, NT\$5,812 billion, NT\$6,204 billion and NT\$5,978 billion, respectively, and our total liabilities were NT\$5,328 billion, NT\$5,314 billion, NT\$5,584 billion and NT\$5,457 billion, respectively. In 2024, the Company’s value of new business was NT\$25.7 billion, achieving a 29% growth compared to the value of new business in 2023.

In addition, in 2024, the Company's FYP was NT\$110.1 billion, achieving a 17% growth compared to the FYP in 2023, and the Company's FYP was NT\$62.9 billion as of June 30, 2025. In 2024, the Company received NT\$364.3 billion in total premium, representing a 14.9% market share in Taiwan life insurance market in terms of the total premium, according to Taiwan Insurance Institute. As of June 30, 2025, the Company's RBC ratio was 405% and equity to asset ratio was 9.9%, which were significantly above the regulatory requirements of 200% and 3.0%, respectively, demonstrating our solid capital position.

We have also been an industry leader of sustainable insurance. We aim to progressively introduce green electricity, expand the coverage of renewable energy sources across all operational sites, and gradually work towards net-zero carbon emissions by 2050. We have also been consistently enhancing protection for vulnerable groups and improving employee care and benefits, incorporating environmental protection, social responsibility and corporate governance ("ESG") concept into our business operations to effectively implement corporate sustainability and create value for our stakeholders.

COMPETITIVE STRENGTHS

Our principal strengths include:

- market leader in Taiwan's life insurance industry with solid capital position and financial strength;
- comprehensive distribution platform with top-tier agency force and unparalleled cross-sell strengths;
- comprehensive product offerings to drive sustainable growth;
- exceptional investment performance underpinned by quality assets; and
- experienced leadership with strategic vision and industry expertise.

STRATEGIES

Our main strategies are set forth below:

- continue to develop and provide diversified products for customers;
- further strengthen the distribution channels;
- modernize customer experience through digital innovation and personalization; and
- promote sustainability value through ESG strategies.

THE OFFERING

The following is a brief summary of the terms of the offering of the Bonds. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular. Capitalized terms used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Bonds”

Issuer	Fubon Life Singapore Pte. Ltd.
Guarantor	Fubon Life Insurance Co., Ltd.
The Bonds	US\$650,000,000 5.45 per cent. Tier 2 subordinated dated capital bonds due 2035.
Guarantee of the Bonds	The Guarantor has unconditionally and irrevocably guaranteed on a subordinated basis the due and punctual payment of all sums payable by the Issuer in respect of the Bonds. The obligations of the Guarantor under the guarantee (the “ Guarantee of the Bonds ”) are contained in the Trust Deed.
Status and Ranking of the Bonds....	The Bonds will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank <i>pari passu</i> in right of payment and without any preference among themselves. Subject to and to the extent permitted by the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Issuer, the rights and claims of the Bondholders in respect of payment of principal and interest on the Bonds will be expressly subordinated in right of payment to all present and future claims of all Senior Creditors, but shall rank <i>pari passu</i> in right of payment with each other and to the present and future claims of the holders of any other Parity Obligations of the Issuer and in priority in right of payment to the present and future claims of the holders of any share capital of the Issuer (including Ordinary Shares and Preferred Shares of the Issuer) and any other Junior Obligations of the Issuer.

“**Junior Obligations**” means:

- (i) in respect of the Issuer, (a) any share capital of the Issuer (including Ordinary Shares and Preferred Shares of the Issuer), (b) any other instruments or securities issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Tier 1 Capital Instruments of the Guarantor and (c) any instruments or securities issued, entered into or guaranteed by the Issuer or other obligations of the Issuer ranking, or expressed to rank, junior in right of payment to the Bonds by operation of law or contract; and
- (ii) in respect of the Guarantor, (a) any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor), (b) any other instruments or securities issued, entered into or guaranteed by the Guarantor that constitutes or qualifies as Tier 1 Capital Instruments of the Guarantor and (c) any instruments or securities issued, entered into or guaranteed by the Guarantor or other obligations of the Guarantor ranking, or expressed to rank,

junior to the Guarantor's obligations under the Guarantee of the Bonds by operation of law or contract.

“Ordinary Shares” means the ordinary share capital (普通股) of the Issuer or the Guarantor, as the case may be.

“Parity Obligations” means:

- (i) in respect of the Issuer, any instruments or securities issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Tier 2 Capital Instruments of the Guarantor (but excluding any Preferred Shares that might also constitute or qualify as Tier 2 Capital Instruments of the Guarantor) or any other obligations of the Issuer, the claims of the holders of which rank, or are expressed to rank, *pari passu* in right of payment with the Bonds by operation of law or contract; and
- (ii) in respect of the Guarantor, any instruments or securities issued, entered into or guaranteed by the Guarantor that constitutes or qualifies as Tier 2 Capital Instruments of the Guarantor (but excluding any Preferred Shares that might also constitute or qualify as Tier 2 Capital Instruments of the Guarantor) or any other obligations of the Guarantor, the claims of the holders of which rank, or are expressed to rank, *pari passu* in right of payment with the Guarantee of the Bonds by operation of law or contract.

“Preferred Shares” means any preferred shares (特別股) of the Issuer or the Guarantor, as the case may be.

“Senior Creditors” means:

- (i) in respect of the Issuer, any unsubordinated creditors of the Issuer or other creditors whose claims are not ranked or not expressed to rank *pari passu* or junior to the claims of the Bondholders; and
- (ii) in respect of the Guarantor, all policyholders (including all obligations to such policyholders under policies and contracts of insurance) and other unsubordinated creditors of the Guarantor.

“Tier 1 Capital Instruments” means any instrument or other obligation issued, entered into or guaranteed by the Issuer or the Guarantor, as the case may be, that constitutes Tier 1 unlimited capital (第一類非限制性資本) or Tier 1 limited capital (第一類限制性資本) of the Guarantor pursuant to the Applicable Supervisory Rules.

“Tier 2 Capital Instruments” means any instrument or other obligation issued, entered into or guaranteed by the Issuer or the Guarantor, as the case may be, that constitutes Tier 2 capital (第二類資本) of the Guarantor pursuant to the Applicable Supervisory Rules.

**Status and Ranking of the
Guarantee of the Bonds.....**

The obligations of the Guarantor under the Guarantee of the Bonds will constitute a direct, unconditional, unsecured and subordinated obligation of the Guarantor. Subject to the insolvency laws of the ROC, in the event of the Winding-Up of the Guarantor, the rights and claims of the Bondholders in respect of the Guarantee of the Bonds will be subordinated in right of payment to the present and future claims of all Senior Creditors, but shall rank *pari passu* in right of payment to the present and future claims of the holders of any Parity Obligations of the Guarantor and in priority in right of payment to the present and future claims of the holders of any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor) and any other Junior Obligations of the Guarantor.

The status and ranking of the Bonds and the Guarantee of the Bonds will not be affected by the Tier 1 Capital Instruments or Tier 2 Capital Instruments issued or guaranteed by the Issuer or the Guarantor.

Issue Price

99.826 per cent. of the principal amount of the Bonds.

Form, Denomination and Title.....

The Bonds will be registered and issued in the specified denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

Issue Date

September 10, 2025.

Maturity Date

December 10, 2035.

Set-off

Subject to applicable law, no holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer or the Guarantor in respect of, or arising under or in connection with the Bonds or the Guarantee of the Bonds, as the case may be, and each holder shall, by virtue of his holding of any Bonds, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer or the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder by the Issuer or the Guarantor in respect of, or arising under or in connection with the Bonds or the Guarantee of the Bonds, as the case may be, is discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or the Guarantor (or, in the event of Winding-Up of the Issuer or the Guarantor, as the case may be, the liquidator of the Issuer or the Guarantor, as the case may be) and, until such time as payment is made, shall hold such amount in trust for the Issuer or the Guarantor, as the case may be (or the relevant liquidator) and accordingly any such discharge shall be deemed not to have taken place.

Interest

The Bonds confer a right to receive interest from the Issue Date at 5.45 per cent. per annum (the “**Rate of Interest**”) payable semi-annually in arrear on June 10 and December 10 of each year (each, an “**Interest Payment Date**”), with the first Interest Payment Date falling on June 10, 2026.

Unless otherwise provided for in the Terms and Conditions of the Bonds, each Bond will cease to confer the right to receive any interest from the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused.

In such latter event, interest will continue to accrue at the Rate of Interest (after as well as before any judgment) up to but excluding whichever is the earlier of:

- (i) the date on which all sums due in respect of the Bonds are received by or on behalf of the relevant Bondholder; and
- (ii) the day which is seven days after the Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Bondholders under the Terms and Conditions of the Bonds).

The Bonds are not subject to any interest rate step-up or any other incentive to redeem. The rate of interest is not linked to any credit quality or the financial condition of the Issuer or the Guarantor and will not be adjusted according to changes in the credit quality or the financial condition of the Issuer or the Guarantor, as the case may be, in the future.

Redemption of Bonds at Maturity ..

The Bonds, unless previously redeemed, purchased and cancelled as provided in Condition 5 of the Terms and Conditions of the Bonds, shall be finally redeemed on the Maturity Date in whole, but not in part, at their outstanding principal amount together with interest accrued to (but not including) the Maturity Date.

Redemption for Taxation Reasons..

Subject to the satisfaction of Condition 5(g) of the Terms and Conditions of the Bonds, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable), at their outstanding principal amount (together with interest accrued to (but not including) the date fixed for redemption), if:

- (a) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Terms and Conditions of the Bonds or increase the payment of such additional amounts as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (b) (i) the Guarantor has or (if a demand was made under the Guarantee of the Bonds) will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Terms and Conditions of the Bonds or the Guarantee of the Bonds, as the case may be, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of the ROC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025, and (ii) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, in each case, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Bonds then due or (as the case may be) a demand under the Guarantee of the Bonds then made (a “**Tax Withholding Event**”).

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Redemption for Taxation Reasons.*”

**Redemption for Tax Deduction
Reasons**

Subject to the satisfaction of Condition 5(g) of the Terms and Conditions of the Bonds, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but not including) the date fixed for redemption), if:

- (a) (i) in respect of the interest payable on the Bonds, the Issuer is no longer, or will no longer be, entitled to claim a full deduction in respect of computing its taxation liabilities in Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025 and (ii) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it; or
- (b) (i) in respect of any amounts payable under the Guarantee of the Bonds, the Guarantor is no longer, or will no longer be, entitled to claim a full deduction in respect of computing its taxation liabilities in the ROC or any political

subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025 and (ii) such non tax deductibility cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, in each case, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor is or would be no longer entitled to claim a deduction for any payments in respect of the Bonds or (as the case may be) the Guarantee of the Bonds in computing its Singapore or the ROC (or any authority therein or thereof having power to tax) taxation liabilities or the amount of such deduction is materially reduced (a “**Tax Deduction Event**”)

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Redemption for Tax Deduction Reasons.*”

Issuer’s Call Option Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any date falling in the period from (and including) September 10, 2035 to (and excluding) the Maturity Date on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders (which notice shall be irrevocable) at their principal amount (together with interest accrued to (but not including) the date fixed for redemption).

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Issuer’s Call Option.*”

Minimal Outstanding Amount Redemption Subject to the satisfaction of Condition 5(g) of the Terms and Conditions of the Bonds, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders (which notice shall be irrevocable) at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) if prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued (including any further Bonds issued pursuant to Condition 13 of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds) has already been redeemed or purchased and cancelled.

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Minimal Outstanding Amount Redemption.*”

Regulatory Capital Event Redemption Subject to the satisfaction of Condition 5(g) of the Terms and Conditions of the Bonds, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Trustee and the Bondholders (which notice shall be irrevocable)

at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) if, immediately before giving such notice, the Bonds or the Guarantee of the Bonds, which having originally qualified as Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules in effect as of the Issue Date (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules), as a result of a change in the Applicable Supervisory Rules are deemed to no longer qualify (in whole or in part) as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules) (each, a “**Regulatory Capital Event**”).

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Regulatory Capital Event Redemption.*”

Redemption Conditions

Notwithstanding anything to the contrary set out in the Terms and Conditions of the Bonds, any redemption or purchase of the Bonds pursuant to Condition 5 of the Terms and Conditions of the Bonds (other than a redemption on the Maturity Date) shall be subject to the following conditions under Condition 5(g) of the Terms and Conditions of the Bonds (the “**Redemption Conditions**”) to the extent the Bonds qualify as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules) and such Redemption Conditions are required by the Applicable Supervisory Rules:

- (A) the Bonds may not be redeemed or purchased pursuant to Condition 5 of the Terms and Conditions of the Bonds (other than a redemption on the Maturity Date) unless the Relevant Regulatory Approval has been obtained; and
- (B) the Bonds may only be redeemed or purchased pursuant to Condition 5 of the Terms and Conditions of the Bonds (other than a redemption on the Maturity Date) if, immediately after giving effect to such redemption or purchase, the Capital Requirements are satisfied.

See “*Terms and Conditions of the Bonds – Redemption, Purchase and Options – Redemption Conditions.*”

“**Capital Requirements**” means any minimum prescribed solvency capital ratios to which the Guarantor is subject from time to time pursuant to the Applicable Supervisory Rules, which as of the Issue Date comprise of the capital adequacy ratio (資本適足率) as calculated according to the Applicable Supervisory Rules.

The minimum prescribed solvency capital ratios and other capital requirements which apply to the Guarantor may change from time to time. See “Risk Factors – Risk Factors Relating to the Insurance Industry – We are required to comply with minimum

solvency requirements and may be required to raise additional capital or change our business strategy if our RBC adequacy ratio deteriorates or the applicable capital requirements change in the future.” in this Offering Circular for further details.

“Relevant Regulator” means the regulator which is considered the primary supervisor of the Guarantor from time to time under the Applicable Supervisory Rules. The Relevant Regulator as of the Issue Date is the Insurance Bureau of the Financial Supervisory Commission, ROC.

“Relevant Regulatory Approval” means the Relevant Regulator has given, and not withdrawn by the relevant date, its prior consent to the redemption, purchase or substitution or variation (in accordance with Condition 12 of the Terms and Conditions of the Bonds), as the case may be, of such Bonds.

Limited rights to institute proceedings.....

The right to institute Winding-Up of the Issuer or the Guarantor is limited to circumstances where payment in respect of the Bonds has become due and is unpaid.

Proceedings for Winding-Up.....

Upon:

- (i) an order being made or an effective resolution being passed for the Winding-Up of the Issuer or the Guarantor, as the case may be; or
- (ii) the Issuer or the Guarantor failing to make payment in respect of the Bonds or the Guarantee of the Bonds, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Bonds (in the case of the Issuer) and the Guarantee of the Bonds (in the case of the Guarantor), and the Trustee at its sole discretion may, and if so requested in writing by Bondholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution shall (subject in any such case to the Trustee having been indemnified and/or provided with security and/ or pre-funded to its satisfaction), institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove and/or claim in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) for the principal amount of the Bonds together with interest accrued to the day prior to the commencement of the Winding-Up. The right to proving and/or claiming in Winding-Up in respect of any of the Issuer’s payment obligations arising from the Bonds or the Guarantor’s payment obligations arising from the Guarantee of the Bonds is limited to circumstances provided by applicable law.

The Bondholders do not have the right to require the Issuer or the Guarantor to repay any principal or interest under the Bonds before it has become due and payable, unless such payment is

made under circumstances provided by applicable law in the event of a Winding-Up of the Issuer or the Guarantor.

Substitution or Variation.....

If a Special Event has occurred and is continuing then the Issuer may, (without any requirement for the consent or approval of the Bondholders or the Trustee), subject to its having satisfied the requirements set out under the definition of “**Qualifying Bonds**” immediately prior to the giving of any notice referred to herein that the provisions of Condition 12 of the Terms and Conditions of the Bonds have been complied with, and having given not less than 15 nor more than 60 days’ notice to the Trustee and, in accordance with Condition 14 of the Terms and Conditions of the Bonds, the Bondholders (which notice shall be irrevocable), at any time either:

- (i) substitute all, but not some only, of the Bonds for, or
- (ii) vary the terms of the Bonds with the effect that they remain or become (as the case may be), Qualifying Bonds,

provided that Relevant Regulatory Approval has been obtained for such substitution or variation, to the extent required by the Applicable Supervisory Rules.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Bonds in accordance with Condition 12 of the Terms and Conditions of the Bonds.

In connection with any substitution or variation in accordance with Condition 12 of the Terms and Conditions of the Bonds, the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Bonds or the Qualifying Bonds.

“**Special Event**” means a Tax Withholding Event, Tax Deduction Event or Regulatory Capital Event or any combination of the foregoing.

“**Qualifying Bonds**” means bonds that:

- (a) have terms not materially less favourable to an investor (including, without limitation, terms allowing for the reduction, conversion or write-down of their principal amount in certain circumstances) than the terms of the Bonds (as reasonably determined by the Issuer, and provided that a certification to such effect (and confirming that the conditions set out in (i) and (ii) below have been satisfied) of one authorised signatory of the Issuer or the Guarantor shall have been delivered to the Trustee and the Bondholders prior to the substitution or variation of the Bonds), provided that:
 - (i) they are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a

guarantee of the Guarantor, or issued directly by the Guarantor in its capacity as an issuer; and

(ii) they (or, as appropriate, the guarantee as aforesaid) shall rank senior to or *pari passu* with the Bonds on a Winding-Up of the issuer or guarantor thereof, shall preserve the Bondholders' rights to any other payment that has accrued with respect to the Bonds, and shall contain terms which provide for the same Rate of Interest, Interest Payment Dates and redemption events, from time to time applying to the Bonds; and other terms of such bonds are substantially identical (as reasonably determined by the Issuer) to the Bonds, save for the modifications or amendments to such terms that are required to be made in order to avoid or resolve the applicable Special Event;

(b) have been, or will on issue be, assigned at least the same rating (if any) as that assigned by the relevant rating agencies to the Bonds (if any such rating was assigned on or prior to the Issue Date of the Bonds) immediately prior to such substitution or variation; and

(c) are listed on the SGX-ST or another securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets.

Further Issues The Issuer (with the prior written consent of the Guarantor) may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds (except in respect of the first payment of interest and their issue price, and so that, for the avoidance of doubt, references in the Terms and Conditions of the Bonds to "**Issue Date**" shall be to the first issue date of the Bonds) and so that the same shall be consolidated and form a single series with such Bonds, and references in the Terms and Conditions of the Bonds to "**Bonds**" and "**Bondholders**" shall be construed accordingly.

Governing Law and Jurisdiction The Bonds and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed will be governed by, and shall be construed in accordance with, English law except that the subordination provisions set out in Conditions 3(a) and (b) of the Terms and Conditions of the Bonds are governed by, and shall be construed in accordance with, Singapore law and ROC law, respectively. The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, and accordingly any Proceedings may be brought in such courts.

Trustee..... Citicorp International Limited.

Registrar..... Citicorp International Limited.

Principal Paying Agent and Transfer Agent	Citibank, N.A., London Branch.
Clearing System	Upon issue, the Bonds will be represented by a Global Certificate deposited with and registered in the name of a nominee of a common depositary for Euroclear and Clearstream. The Terms and Conditions of the Bonds are modified by certain provisions contained in the Global Certificate. See “ <i>The Global Certificate</i> .”
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream under the following codes: ISIN: XS3151416727 Common Code: 315141672
Listing	Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Bonds is not to be taken as an indication of the merits of the Issuer, the Guarantor, any of their subsidiaries, their associated companies or the Bonds. The Bonds will be traded on the SGX-ST in a minimum trading board lot size of US\$200,000, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.
Ratings	The Bonds are expected to be rated “BBB+” by Fitch and “BBB+” by S&P. A rating is not a recommendation to buy, sell or hold any Bonds and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Notices	Notices to the holders of the Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer and the Guarantor shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above. <i>So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.</i>
Use of Proceeds	See “ <i>Use of Proceeds</i> .”

SELECTED FINANCIAL INFORMATION

The following tables set forth the Group's consolidated financial information as of and for the periods indicated which are qualified by reference to, and should be read in conjunction with, the Group's consolidated financial statements included elsewhere in this Offering Circular.

The consolidated historical financial information as of and for the years ended December 31, 2022, 2023 and 2024 are derived from the Group's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 including the notes thereto respectively. The Group's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 are prepared and presented in accordance with Taiwan-IFRS.

The consolidated historical financial information as of and for the six months ended June 30, 2024 and 2025 are derived from the Group's audited consolidated financial statements as of and for the six months ended June 30, 2025. The Group's audited consolidated financial statements as of and for the six months ended June 30, 2025 are prepared and presented in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 that came into effect as endorsed by the FSC.

The Group's consolidated financial statements as of and for the financial years ended December 31, 2022, 2023 and 2024 and the Group's consolidated financial statements as of and for the six months ended June 30, 2024 and 2025 have been audited by KPMG, independent auditor of the Group, in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China.

Taiwan-IFRS differs from IFRS Accounting Standards or the generally accepted accounting principles of other countries in certain respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS Accounting Standards may not be timely endorsed by the FSC.

The Group's historical financial information should not be taken as an indication of its future financial performance.

CONSOLIDATED BALANCE SHEET

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	NT\$	NT\$	NT\$	NT\$
	(audited)	(audited)	(audited)	(audited)
	(in thousands)			
Assets				
Cash and cash equivalents.....	249,234,118	229,178,820	297,637,981	396,383,931
Receivables.....	57,863,541	45,520,223	82,208,900	80,230,485
Current tax assets.....	8,513,885	15,426,885	14,206,639	17,581,212
Financial assets measured at fair value through profit or loss.....	1,228,330,623	1,479,533,828	1,577,511,050	1,511,424,272
Financial assets measured at fair value through other comprehensive income.....	616,941,928	274,877,549	277,074,521	273,911,916
Financial assets for hedging.....	2,602,646	1,700,227	318,070	789,030
Financial assets measured at amortized cost.....				2,573,844,90
	2,258,170,804	2,631,531,197	2,794,981,945	6
Investments accounted for using equity method, net.....	26,928,118	25,934,805	26,502,083	24,707,365
Other financial assets, net.....	3,349,551	3,155,809	3,375,533	3,671,602
Investment property.....	304,777,201	302,776,860	299,713,892	304,096,181
Loans.....	249,683,929	230,307,001	224,196,305	238,434,175
Reinsurance assets.....	3,709,333	3,911,761	2,644,306	2,576,904
Property and equipment.....	19,404,602	22,347,035	24,449,870	28,858,498
Right-of-use assets.....	1,406,689	5,101,656	6,048,494	6,005,075
Intangible assets.....	5,788,413	5,424,926	4,895,425	4,694,930
Deferred tax assets.....	61,650,966	37,136,841	45,525,058	22,010,805
Other assets.....	34,668,956	27,149,442	32,533,005	29,300,271
Assets on insurance product, separated account.....	469,805,004	471,079,045	490,170,264	459,186,730
Total assets.....	5,602,830,307	5,812,093,910	6,203,993,341	5,977,708,288
Liabilities and equity				
Accounts payable.....	62,071,931	53,050,204	76,722,801	82,932,009

Current tax liabilities.....	810,779	773,493	4,850,536	5,163,198
Short-term liabilities	12,217,500	-	1,200,000	208,502
Financial liabilities measured at fair value through profit or loss...	29,234,427	1,583,171	34,407,924	15,456,576
Financial liabilities for hedging.....	3,954,452	678,293	8,058,819	1,377,848
Bonds payable	70,636,657	98,210,506	153,553,649	172,122,047
Other financial liabilities	-	-	-	4,204,141
Lease liabilities	15,995,344	15,597,960	16,722,541	16,574,051
Insurance liabilities	4,548,381,769	4,583,194,692	4,683,758,163	4,577,175,077
Reserve for insurance with nature of financial instrument	3,366,163	3,430,964	3,271,102	3,305,728
Reserve for foreign exchange valuation	37,131,393	9,176,335	21,480,601	51,580,582
Liabilities reserve.....	11,822,552	11,568,991	10,382,742	9,859,950
Deferred tax liabilities.....	20,399,946	28,081,327	49,788,704	18,203,525
Other liabilities	14,307,094	19,437,524	11,389,526	24,356,553
Liabilities on insurance product, separated account	497,489,045	489,097,634	508,192,350	474,645,167
Total liabilities	5,327,819,052	5,313,881,094	5,583,779,458	5,457,164,954
Equity attributable to owners of parent				
Ordinary shares	110,831,140	110,831,140	118,420,450	118,420,450
Capital surplus	31,149,454	31,398,668	31,391,336	31,255,687
Retained earnings:				
Legal reserve	79,319,723	92,537,470	99,590,113	120,156,210
Special reserve.....	192,822,801	245,848,132	266,449,382	333,410,402
Unappropriated retained earnings	65,919,778	34,939,914	102,527,197	24,604,195
Total retained earnings	338,062,302	373,325,516	468,566,692	478,170,807
Other equity interest	(209,125,102)	(23,517,187)	(4,530,896)	(113,614,028)
Total Equity attributable to owners of parent.....	270,917,794	492,038,137	613,847,582	514,232,916
Non-controlling interests	4,093,461	6,174,679	6,366,301	6,310,418
Total equity	275,011,255	498,212,816	620,213,883	520,543,334
Total liabilities and equity	5,602,830,307	5,812,093,910	6,203,993,341	5,977,708,288

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	NT\$	NT\$	NT\$	NT\$
	(audited)	(audited)	(audited)	(audited)
	(in thousands, except for earnings per share information)			
Operating Revenues:				
Written premium.....	344,721,571	332,641,606	343,172,001	187,591,696
Less: Reinsurance expense.....	2,674,902	2,614,315	2,499,949	1,255,249
Net change in unearned premiums reserve.....	822,481	812,024	1,290,741	4,634,964
Retained earned premium	341,224,188	329,215,267	339,381,311	181,701,483
Reinsurance commission received.....	590,816	440,708	489,578	32,220
Total fee income	3,359,364	2,963,703	3,077,101	1,521,331
Net income (loss) from investments				
Interest income.....	115,801,796	120,606,191	126,443,046	61,584,260
(Losses) gains on financial assets or liabilities measured at fair value through profit or loss	(309,384,202)	152,909,840	70,197,167	63,907,315
Net gains (losses) from derecognition of financial assets measured at amortized cost	3,633,864	(689,669)	(1,239,510)	(326,998)
Realized gains (losses) from financial assets measured at fair value through other comprehensive income	140,242	(568,562)	545,877	155,519
Share of (loss) gain of associates and joint ventures accounted for using equity method	(814,902)	283,533	202,553	(39,512)
Foreign exchange (losses) gains, investments	172,518,478	269,591	128,083,362	(180,225,439)
Net change in reserve for foreign exchange valuation	(26,741,926)	27,955,058	(12,304,266)	(22,094,209)
Gains (losses) on investment property	1,306,212	3,391,621	(1,544,949)	3,184,602
(Expected credit loss) reversal of expected credit loss on investments	(2,235,040)	(2,153,875)	(1,419,482)	136,237
Other net income (loss) from investments	(4,480,543)	(2,824,761)	(4,656,135)	(2,360,548)
Profits (losses) reclassified to other comprehensive income using overlay approach	264,056,269	(111,983,087)	(29,816,041)	117,567,020
Other operating income	1,872,474	1,630,280	2,267,788	940,191
Income on insurance product, separated account	15,452,279	42,029,533	44,652,401	14,241,538
Total operating revenue	576,299,369	563,475,371	664,359,801	239,925,010
Operating Costs:				
Insurance claim payment	363,407,672	393,504,221	386,348,283	187,101,966
Less: Claims recovered from reinsurers	1,866,638	2,116,735	1,888,706	740,749
Retained claim payment	361,541,034	391,387,486	384,459,577	186,361,217
Net change in insurance liability.....	88,098,900	38,834,589	55,348,252	(19,937,888)
Net change in reserve for insurance with nature of financial instrument	159,333	186,816	151,291	61,563
Acquisition expense.....	37,066	112,499	47,584	7,671

Commission expense	18,004,683	24,143,214	32,689,151	19,131,591
Finance costs	2,912,481	3,611,024	5,288,035	3,399,236
Other operating costs	1,843,945	7,201,681	3,325,617	3,187,123
Disbursements on insurance product, separated account	15,452,279	42,029,533	44,652,401	14,241,538
Total operating costs.....	488,049,721	507,506,842	525,961,908	206,452,051
Operating expenses:				
General expenses	11,006,432	12,608,329	15,076,477	6,936,471
Administrative expenses.....	7,628,646	8,446,294	9,138,014	4,135,731
Staff training expenses.....	69,986	82,312	110,809	46,303
(Reversal of) expected credit impairment loss on non-investments	13,831	(147)	4,330	3,182
Total Operating Expenses.....	18,718,895	21,136,788	24,329,630	11,121,687
Net Operating Income.....	69,530,753	34,831,741	114,068,263	22,351,272
Net non-operating income and expenses	4,563,565	1,005,110	1,500,163	556,698
Profit from continuing operations before income tax	74,094,318	35,836,851	115,568,426	22,907,970
Income tax expense	(8,411,906)	(872,517)	(13,329,364)	1,282,217
Net profit.....	65,682,412	34,964,334	102,239,062	24,190,187
Other comprehensive (loss) income:				
Items that may not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	888,529	(256,573)	(125,030)	(7,555)
Revaluation of real estate property	-	15,906	86,287	-
Valuation (losses) gains on equity instruments measured at fair value through other comprehensive income....	(5,320,268)	(576,769)	2,516,584	974,969
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	492,930	(265,911)	(138,177)	(161,358)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss.....	379,806	443,956	(739,043)	(155,656)
Total items that may not be reclassified subsequently to profit or loss	(3,559,003)	(639,391)	1,600,621	650,400
Items may be reclassified subsequently to profit or loss				
Exchange differences on translation	3,998,736	1,810,412	836,623	(3,264,779)
Valuation (losses) gains on debt instruments measured at fair value through other comprehensive income.....	(160,578,931)	103,280,017	(8,371,833)	8,326,064
(Losses) Gains on hedging instrument.....	(503,811)	38,455	52,876	12,830
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	(687,012)	(343,779)	(160,399)	(3,069)
Other comprehensive (losses) profits reclassified using overlay approach.....	(264,056,269)	111,983,087	29,816,041	(117,567,020)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss.....	40,829,237	(27,837,184)	(5,005,533)	3,120,566
Total items may be reclassified subsequently to profit or loss	(380,998,050)	188,931,008	17,167,775	(109,375,408)
Other comprehensive (loss) income	(384,557,053)	188,291,617	18,768,396	(108,725,008)
Comprehensive (loss) income	(318,874,641)	223,255,951	121,007,458	(84,534,821)
Net profit attributable to:				
Owners of parent	65,537,415	36,091,107	102,657,569	24,591,140
Non-controlling interests	144,997	(1,126,773)	(418,507)	(400,953)
	65,682,412	34,964,334	102,239,062	24,190,187
Comprehensive (loss) income attributable to:				
Owners of parent	(312,605,600)	222,369,514	121,816,821	(84,478,938)
Non-controlling interests	(6,269,041)	886,437	(809,363)	(55,883)
	(318,874,641)	223,255,951	121,007,458	(84,534,821)
Basic earnings per share (NT\$)	5.53	3.05	8.67	2.08

CONSOLIDATED STATEMENTS OF CASH FLOW

	As of December 31,			As of June 30,
	2022	2023	2024	2025
	NT\$	NT\$	NT\$	NT\$
	(audited)	(audited)	(audited)	(audited)
	(in thousands)			
Cash flows from (used in) operating activities:				
Profit before tax.....	74,094,318	35,836,851	115,568,426	22,907,970
Adjustments:				
Adjustments to reconcile profit (loss):				
Depreciation expense	1,136,254	1,169,865	1,375,488	711,752

Amortization expense.....	326,034	438,182	437,730	208,013
Net loss (gain) on financial assets or liabilities measured at fair value through profit or loss.....	221,603,449	(207,582,117)	(110,228,720)	(24,782,086)
Net loss (gain) on financial assets or liabilities measured at fair value through other comprehensive income.....	808,919	1,037,253	(383,842)	(117,522)
Net (gain) loss on derecognition of financial assets measured at amortized cost.....	(3,633,864)	689,669	1,239,510	326,998
Interest expense.....	2,979,274	3,696,028	5,357,293	3,563,002
Interest income.....	(115,801,796)	(120,606,191)	(126,443,046)	(61,584,260)
Dividend income.....	(43,267,625)	(48,041,767)	(44,392,172)	(21,137,615)
Net change in insurance liabilities.....	88,921,381	39,646,613	56,638,993	(15,302,924)
Net change in reserve for insurance with nature of financial instrument.....	(191,590)	64,801	(159,862)	34,626
Net change in reserve for foreign exchange valuation	26,741,926	(27,955,058)	12,304,266	22,094,209
Expected credit loss of investment.....	2,235,040	2,153,875	1,419,482	(136,237)
(Reversal of) expected credit loss of non-investment.....	13,831	(147)	4,330	3,182
Share of loss (profit) of associates and joint ventures accounted for using equity method.....	814,902	(283,533)	(202,553)	39,512
(Gain) Loss reclassified to other comprehensive income by using overlay approach.....	(264,056,269)	111,983,087	29,816,041	(117,567,020)
Loss on disposal of property and equipment.....	8,590	4,222	524	146
Property and equipment transferred to revenues.....	(19,021)	(42,656)	(38,357)	(5,083)
Loss on disposal of investment property.....	-	43,020	117	-
Gains on disposal of investments accounted for using equity method.....	-	(472,096)	-	-
Impairment loss on non-financial assets.....	4,717	246	160	-
Unrealized foreign exchange gain.....	(175,699,992)	(1,449,590)	(124,343,774)	173,187,457
Loss on fair value adjustment of investment property.....	5,327,618	3,437,261	8,836,610	8,935
Other items.....	(3,120,214)	306,475	(490,207)	7,962
Total adjustments to reconcile profit (loss).....	(254,868,436)	(241,762,558)	(289,251,989)	(40,446,953)
Changes in operating assets and liabilities:				
Changes in operating assets:				
Decrease (Increase) in accounts receivable.....	2,616,907	12,501,361	(35,031,140)	3,645,234
Decrease (Increase) in financial assets or liabilities measured at fair value through profit or loss.....	386,319	(77,271,316)	53,757,369	54,029,722
Decrease (Increase) in financial assets measured at fair value through other comprehensive income.....	2,049,396	59,911,971	(1,840,079)	(2,115,783)
Decrease in financial assets measured at amortized cost....	86,915,341	14,992,147	14,651,126	(7,203,491)
(Increase) Decrease in other financial assets.....	(434,773)	86,434	(287,765)	(306,556)
(Increase) Decrease in reinsurance assets.....	(492,953)	(474,632)	1,536,825	212,995
(Increase) Decrease in other assets.....	(8,851,629)	7,098,063	(4,590,853)	3,455,800
Total changes in operating assets.....	82,188,608	16,844,028	28,195,483	51,717,921
Changes in operating liabilities:				
(Decrease) Increase in other payable.....	(23,011,675)	(8,455,851)	23,429,415	(9,194,308)
Increase in other financial liabilities.....	-	-	-	2,127,473
Decrease in provisions.....	(139,054)	(343,396)	(951,279)	(477,236)
(Decrease) Increase in other liabilities.....	(3,672,775)	5,130,430	(8,047,998)	12,349,071
Total changes in operating liabilities.....	(26,823,504)	(3,668,817)	14,430,138	4,805,000
Total adjustments.....	(199,503,332)	(228,587,347)	(246,626,368)	16,075,968
Cash outflow generated from operations.....	(125,409,014)	(192,750,496)	(131,057,942)	38,983,938
Interest received.....	101,505,647	105,702,161	109,346,630	54,769,576
Dividends received.....	42,865,622	48,041,966	44,443,256	18,762,600
Interest paid.....	(3,169,215)	(3,514,708)	(4,662,028)	(2,905,748)
Dividends paid.....	(15,578,315)	-	-	-
Income taxes paid.....	(12,625,349)	(3,506,158)	(840,364)	(6,856,065)
Net cash flows from (used in) operating activities.....	(12,410,624)	(46,027,235)	17,229,552	102,754,301
Cash flows (used in) from investing activities:				
Acquisition of investments accounted for using equity method ..	(5,336,803)	(300,000)	(1,029,480)	-
Proceeds from disposal of investments accounted for using equity method.....	-	916,608	-	-
Net cash flow from acquisition of subsidiaries.....	-	-	(40,550)	(121,885)
Proceeds from capital reduction of investments in associates accounted for using the equity method.....	-	-	22,940	-
Acquisition of property and equipment.....	(519,090)	(649,084)	(1,181,286)	(1,740,867)
Proceeds from disposal of property and equipment.....	194	326	143	-
Acquisition of intangible assets.....	(308,910)	(243,348)	(189,891)	(24,326)
Net cash inflows from business combination.....	-	-	1,000,917	-
Decrease in loans.....	22,841,170	17,645,202	3,021,389	(14,617,054)
Acquisition of investment properties.....	(6,203,327)	(5,900,806)	(4,695,160)	(4,354,773)
Other investing activities.....	(20)	-	(22)	-
Net cash flows from (used in) investing activities.....	10,473,214	11,468,898	(3,091,000)	(20,858,905)
Cash flows from (used in) financing activities:				
Proceeds from issuing bonds.....	4,616,301	29,920,212	59,980,994	19,000,000
Decrease in short-term loans.....	-	-	-	(1,416,180)
Increase in commercial papers payable.....	-	-	-	208,410

Repayments of bonds	(1,158,350)	(1,828,442)	(3,527,100)	(336,345)
Increase (Decrease) in notes and bonds issued under repurchase agreement	12,217,500	(12,217,500)	-	-
Payments of lease liabilities	(708,670)	(718,881)	(726,744)	(561,807)
Change in non-controlling interests.....	-	(4,588)	-	-
Other financing activities	-	(51,650)	-	-
Net cash flows from financing activities	14,966,781	15,099,151	55,727,150	16,894,078
Effect of exchange rate changes on cash and cash equivalents..	782,353	(596,112)	(1,406,541)	(43,524)
Net increase (decrease) in cash and cash equivalents.....	13,811,724	(20,055,298)	68,459,161	98,745,950
Cash and cash equivalents at beginning of period	235,422,394	249,234,118	229,178,820	297,637,981
Cash and cash equivalents at end of period.....	249,234,118	229,178,820	297,637,981	396,383,931

KEY PERFORMANCE INDICATORS

We use key performance indicators adopted by the Company, including first year premiums (“FYP”), first year premiums equivalent (“FYPE”), value of new business (“VNB”), investment yield, return on equity (“ROE”), risk-based capital (“RBC”), 13-month policy persistency ratio and 25-month policy persistency ratio to measure the scale and profitability of our business. These key performance indicators are based on the financial and operational data of the Company on a standalone basis. For a discussion of these metrics, see “Description of the Group – Overview.” See “Risk Factors – Risk Factors Relating to the Business of the Group – A number of our key performance indicators are calculated based on a number of assumptions used in the calculations and may vary significantly as those assumptions are changed” for a discussion of the relevant risks in relation to the above key performance indicators.

	As of and for the Years ended December 31,			As of and for the six months ended June 30,	
	2022	2023	2024	2024	2025
	NT\$	NT\$	NT\$	NT\$	NT\$
	(in billions, except percentages)				
FYP ⁽¹⁾	106.3	94.5	110.1	55.6	62.9
FYPE ⁽²⁾	28.1	39.9	50.3	25.9	30.4
VNB ⁽³⁾	16.6	20.0	25.7	12.8	13.7
Investment Yield ⁽⁴⁾	4.5%	3.8%	5.5%	5.4%	3.8%
ROE ⁽⁵⁾	15.1%	9.5%	18.6%	18.5%	8.7%
RBC ⁽⁶⁾	315%	336%	388%	371%	405%
13-Month Persistency Ratio ⁽⁷⁾	95.9%	96.0%	97.1%	96.8%	97.2%
25-Month Persistency Ratio ⁽⁸⁾	96.0%	93.1%	95.5%	95.7%	95.0%

Notes:

- (1) First Year Premiums (FYP) is the premium paid by the policyholder in the first year of purchasing the policies.
- (2) First Year Premiums Equivalent (FYPE) is determined by multiplying the FYP by the payment period coefficient. For payment periods of six years or longer, the coefficient is calculated at 100%. For payment periods shorter than six years, a discount is applied: 50% for a five-year payment, with an additional 10% discount for each year shorter than five years.
- (3) Value of new business (VNB) equals to the present value of future distributable earnings of new business sold in the year.
- (4) Investment yield is calculated by dividing the investment income by average total investment. As of June 30, 2025, the appreciation of the NTD led to an increase in foreign exchange losses, which offset gains from realized capital and resulted in a decline in investment returns compared to the previous period.
- (5) Return on Equity (ROE) is calculated as corporate earnings after tax divided by average net equity. As of June 30, 2025, the decline in investment income impacted overall profitability and resulted in a corresponding drop in ROE compared to the previous period.
- (6) Risk-Based Capital (RBC) is calculated as adjusted net capital divided by risk-based capital multiplied by 100%.
- (7) 13-month persistency ratio is defined as the ratio of the annualized premium of policies that remain in force at the end of the 14th month to the total annualized premium of all issued policies at the beginning of the period.
- (8) 25-month persistency ratio is defined as the ratio of the annualized premium of policies that remain in force at the end of the 26th month to the total annualized premium of all issued policies at the beginning of the period.

RISK FACTORS

Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, the business of the Issuer, the Guarantor and their subsidiaries and the industry in which we operate together with all other information contained in this Offering Circular, including, in particular, the risk factors described below. Words and expressions defined in the “Terms and Conditions of the Bonds” in this Offering Circular have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Issuer, the Guarantor or their subsidiaries that are not currently known to the Issuer, the Guarantor or their subsidiaries or that the Issuer, the Guarantor or their subsidiaries currently deem immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer, the Guarantor or their subsidiaries and, if any such risk should occur, the price of the Bonds may decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Offering Circular and their personal circumstances.

RISK FACTORS RELATING TO THE BUSINESS OF THE GROUP

Fluctuations in foreign currency exchange rates may have a material adverse effect on our financial condition and results of operations.

Our operations are heavily weighted towards Taiwan, and our NTD-denominated insurance products represent the largest portion of our insurance products. On the other hand, a significant portion of our investment portfolio is overseas fixed income securities, which are predominantly denominated in USD. Appreciation of the NTD reduces the NTD value of our overseas fixed income securities and may incur foreign exchange losses on our investment. As such, the gain and loss of our overseas investments are affected by NTD exchange rate fluctuations, including negative contribution from NTD strengthening and positive contribution from NTD weakening. For example, in May 2025, the NTD appreciated by nearly 7% against the USD, marking the largest single-month appreciation of NTD against USD in over 36 years. Such a significant volatility in the exchange rate was the main cause of our net loss amounted to NTD 9.14 billion and adversely affected our financial performance in May 2025.

In addition to the USD, we are also exposed to other foreign currencies. In respect of the portion of our life insurance business in Vietnam, Korea, and Hong Kong, premiums are generally received in VND, KRW, HKD, USD or RMB. Although this practice limits the effect of exchange rate fluctuations on our local operating results, it can lead to fluctuations in our consolidated financial statements because the reporting currency is NTD.

Taiwanese regulator has implemented a foreign exchange reserve mechanism for Taiwan’s life insurers to reduce the impact of exchange rate fluctuations on financial statements, enhance hedging flexibility, and avoid the substantial costs associated with using short-term hedging instruments. We generally seek to hedge the exchange rate risk arising from our investments in overseas fixed income securities through derivative financial instruments, such as forward exchange contracts and foreign exchange swaps. However, our hedging activities relating to our investments denominated in foreign currencies may not be fully effective, and our investment results may be subject to exchange rate risk, as well as other risks and volatility affecting overseas capital markets. Moreover, there is no assurance that our adjustment of our hedging ratios in accordance with the NTD movements, including raising such ratio when NTD strengthens to reduce its negative impact on gain or loss and maintaining a relatively low ratio when the NTD weakens to save hedging costs, will be able to fully address the potential negative impact of exchange rate fluctuations to our financial performance. Future movements in the exchange rate of the NTD against the USD and other foreign currencies may result in foreign exchange losses or losses on our hedging instruments, which may have a material adverse effect on our financial condition and results of operations.

Our business is inherently subject to market fluctuations, general economic conditions and geopolitical events globally.

Our business is inherently subject to global capital market fluctuations, general economic conditions and geopolitical events globally and in the geographical markets in which we operate. Global market factors, including without limitation inflation, deflation, interest rates, credit spreads, equity prices, real estate markets, energy prices, foreign currency exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, government actions taken in response, and regional and geopolitical instability and conflicts, the application of protectionist or restrictive economic and trade policies with specific markets, regulations and executive powers which increase trade barriers with specific markets or restrict trade, financial transactions, transfer of capital and/or investment with specific territories, companies or individuals, all affect the business and economic environment and, ultimately, the amount and profitability of our business. The global economy has experienced, and continues to experience, uncertainty brought on by geopolitical events such as the trade negotiations between the PRC and the United States, political instability in the Middle East, Europe and various parts of the Asia-Pacific region, and the ongoing conflict in Ukraine and the conflict in Gaza and the Middle East. For example, the conflict between Russia and Ukraine has resulted in the imposition by the United States and other nations of sanctions and other restrictive actions against certain banks companies and individuals in Russia. These events have affected the monetary and fiscal policies of governments globally, and may result in substantial volatility of equity and debt markets, fluctuations in interest rates, commodities prices, currency exchange rates, capital flows and credit spreads, and higher inflation, as well as reducing market liquidity and global economic activity. While our diversified business mix partially mitigates these risks, correlation across regions, countries and global markets may reduce the benefits of diversification.

The general economic and market conditions can affect the United States Federal Reserve's monetary policy decisions, and its interest rate adjustments have a significant influence on central banks globally, including central banks in jurisdictions in which we operate. The financial markets have recently experienced high volatility in interest rates, which is expected to continue.

In addition, upheavals in the financial markets can also affect our business through their effects on general levels of economic activity, employment and customer behavior. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment, increased corporate defaults, increased foreclosure on real estate companies, and lower consumer spending, the demand for our financial and insurance products could be materially and adversely affected. Demand for our insurance products, in particular, would be adversely affected by lower levels of disposable income. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Our overseas business could also be materially and adversely affected by unfavorable global economic conditions.

Volatility in interest rates, and the current interest rates in certain markets, could have an adverse effect on our business, financial condition, liquidity and results of operations.

The profitability of some of our products and our investment returns are highly sensitive to interest rate levels and fluctuations, and changes in interest rates could adversely affect our investment returns and results of operations. In periods of rising interest rates, increased investment yields will increase the returns on newly added assets in our investment portfolios, but surrenders and withdrawals of existing insurance policies may also increase because policyholders seek to buy products with perceived higher returns. These surrenders and withdrawals may result in cash payments requiring the sale of invested assets at a time when the prices of those assets are adversely affected by the increase in market interest rates, potentially resulting in realized investment losses. These cash payments to policyholders would result in a decrease in total invested assets and a potential decrease in net income. In addition, the demand for our life insurance products, in particular the traditional savings insurance policies, may decrease as investors seek more profitable alternatives. Moreover, a rise in interest rates would adversely affect our shareholders' equity in the immediate fiscal year due to a decrease in the fair value of our fixed income investments. Such adverse effects would directly and adversely impact the regulatory solvency margin ratios of our insurance operations.

Conversely, as interest rates decrease or remain at low levels, we may be forced to divest the newly added assets in our investment portfolio and reinvest proceeds from investments that have matured or have been prepaid or sold at lower yields, reducing our investment margin and adversely affecting our profitability. Moreover, borrowers may prepay or redeem fixed income securities or other loans in our investment portfolio with greater frequency in order to borrow at lower market rates, which exacerbates our risk exposure. In addition, in a low interest rate environment, our saving insurance policies, fixed annuities and other insurance products offered with a higher guaranteed rate of return at a time of prevailing high market interest rates may result in the actual rates of return on our life insurance operations' investments intended to support our obligations with respect to such products declining below the assumed rates of return used in pricing such insurance products. The difference between the guaranteed return rates on such products and market interest rates may result in a negative spread on such products, which would adversely affect our overall profitability. Accordingly, low or declining interest rates may materially affect our financial position, results of operations and cash flows and significantly reduce our profitability.

We also seek to manage interest rate risk by matching, to the extent possible, the duration of our interest-bearing liabilities, such as our life insurance policy liabilities, and our interest-earning assets supporting such liabilities. Matching the duration of our assets to their related liabilities reduces our exposure to changes in interest rates, because the effect of such changes on our interest-earning assets and interest-bearing liabilities will be offset against each other to a certain degree. Historically, the availability of long-term fixed income securities in the Taiwan's financial markets has been limited, which has generally resulted in the average duration of interest-earning assets being shorter than that of interest-bearing liabilities of Taiwan's life insurance companies. In addition, while investing in interest-earning assets outside of Taiwan may enhance our ability to match the duration of our assets to their related liabilities, the resulting mismatch in currencies may increase our exposure to changes in exchange rates and interest rates of different regions.

We expect competition in the insurance industries in Taiwan, Vietnam, Korea, and Hong Kong to increase, which may materially and adversely affect the growth of our business.

The insurance business is highly competitive, both inside and outside Taiwan, which may drive our pricing lower and profit margins lower. Competition with respect to the types of insurance in which we engaged is based on many factors, such as underwriting expertise, reputation, market knowledge and experience in the lines written, the jurisdictions in which the insurer is licensed or otherwise authorized to do business, premiums charged, as well as other terms and conditions of the insurer or reinsurance offered, services offered and speed of claims payment and perceived overall financial strength of the insurer or reinsurer. We had the highest average ROE among Major Life Insurance Companies in Taiwan since 2015, according to publicly disclosed information of relevant companies. We also ranked first in terms of net profit as well as FYPE as a percentage of FYP in 2024 and for the six months ended June 30, 2025, and ranked second in terms of total premium, FYP and total assets in 2024 and for the six months ended June 30, 2025, among Major Life Insurance Companies in Taiwan, according to Taiwan Insurance Institute and publicly disclosed information of relevant companies. In Taiwan, we compete with a number of major players which may have greater financial resources than us.

In jurisdictions outside of Taiwan, including Vietnam, Korea, and Hong Kong, we compete with a number of major players that have larger market shares than us. As a result, we face more competition from affiliates of international insurance groups, which may have access to greater financial resources and enjoy higher credit ratings than us. In addition, we need to compete in different jurisdictions under diverse economic and political conditions, including without limitation the imposition of government controls, political and economic instability, trade restrictions, changes in tariffs, coordinating communications among and managing international operations, earnings expatriation restrictions, and difficulties in obtaining licenses. With increased competition, even if premium levels of our businesses are not adversely affected, the underlying profit margins of the business sold may still be materially and adversely impacted, which may materially affect our business, financial condition and results of operations.

We may need additional capital in the future, and there is no assurance that we would be able to obtain such capital in time or on acceptable terms.

In order for us to grow, remain competitive, enter new businesses, expand our scale of operations or meet regulatory capital adequacy or solvency margin ratio requirements, we may need new capital in the future.

In addition, our ability to obtain additional capital in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- the ability to obtain the necessary regulatory approvals on a timely basis;
- general market conditions for capital raising activities; and
- economic, political and other conditions in Taiwan and elsewhere.

We may need to raise additional funds through financings or curtail our growth and reduce our assets. Any equity or debt financing, if available at all, may only be on terms that are not favorable to us. Disruption in the financial markets may limit our ability to access capital required to operate our business, and we may be forced to delay raising capital or bear a higher cost of capital, which could decrease our profitability and significantly reduce our financial flexibility. In addition, if we experience a credit rating downgrade, withdrawal or negative watch/outlook in the future, we could incur higher borrowing costs and may have more limited access to raising capital. Any difficulties in raising additional capital could materially and adversely affect our business, financial condition and results of operations.

We may need to reduce our growth or business scale if our RBC adequacy ratio deteriorates or the applicable capital requirements change in the future.

Pursuant to Article 143-4 of Taiwan Insurance Act (“**Insurance Act**”) and related regulations, a Taiwanese insurance enterprise’s ratio of self-owned capital to risk based capital (“**RBC**”) should currently be not lower than 200% and its net worth ratio should not be lower than 3%. Risk based capital adequacy requirements require insurance companies to hold adequate capital to cover their exposures to interest rate risk, financial market risk, credit risk and operational risk as well as insurance risk by reflecting such risks in their calculation of required capital.

While our RBC adequacy ratio is currently significantly above the required level, if we grow rapidly or if our asset quality deteriorates in the future, we may need to raise additional capital to meet capital adequacy requirements. If we are not able to raise any additional required capital, we may be forced to reduce the growth or scale of our business. There is also no guarantee that we will not be required to raise additional capital to sustain our RBC adequacy ratio above the required level in connection with the future implementation of the Taiwan Insurance Capital Standard (“**TW-ICS**”) or any other solvency regime. Any material deterioration in our RBC adequacy ratio could change the customers’ or our business counterparties’ perception of our financial health, which in turn could adversely affect our business, financial condition and results of operations. See “*Regulation and Supervision of the Taiwan Life Insurance Industry*” for further discussion.

Changes in accounting standards may adversely affect our financial condition.

The Group’s consolidated financial statements are prepared and presented in accordance with the Taiwan-IFRS. Taiwan-IFRS differs from IFRS Accounting Standards in certain significant respects, including, but not limited to, the extent that any new or amended standards or interpretations applicable under IFRS Accounting Standards may not be timely endorsed by the FSC. From time to time, the Group is also required to adopt new or revised accounting standards as accounting standard setters issue new guidance intended to interpret or revise accounting pronouncements and expand or amend disclosure requirements.

In particular, two key accounting standard changes have been adopted with effect from January 1, 2023 – IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments. The adoption of IFRS 9 became compulsory in Taiwan in 2018 and IFRS 17 standard is scheduled for adoption in 2026.

IFRS 9 addresses several aspects of accounting for financial instruments, including the classification, recognition and measurement of financial assets and financial liabilities.

IFRS 17 introduces a fundamentally different approach to previous accounting policies under IFRS 4 in terms of both liability measurement and profit recognition. Under IFRS 17, insurance contract liabilities will no longer be calculated based on historical or past assumptions but based on the present value of future insurance cash flows using a discount rate reflecting current interest rates and the characteristics of the insurance contracts, with a risk adjustment and deferral of unearned profits. In addition, under IFRS 17, certain parts of premium income from insurance contracts will be recognized over the coverage period in proportion to the value of expected coverage and other services that the insurer will provide over such period, rather than recognized at the time of receipt of premium payments, and the investment component of an insurance contract (which refers to amounts to be repaid to policyholders even if the insured event does not occur) will be disaggregated and excluded from premium income. Such changes to revenue recognition methodology will likely have the effect of, among other things, reducing the reported revenue from our insurance operations.

IFRS 17 and IFRS 9 are complex accounting standards that require considerable judgement, complex modelling, assumptions and interpretation in their implementation. As such, the required quantitative disclosures are subject to significant estimation uncertainty and the associated inherent risk is significant. See note 3 to the Group's audited consolidated financial statements as of and for the six months ended June 30, 2025 included elsewhere in this Offering Circular containing further information of new accounting standards, amendments and interpretations. We will regularly conduct sensitivity analysis in accordance with the disclosure standards on financial statements under IFRS 17, covering insurance risks (mortality rate, morbidity rate, expense ratio and withdrawal/surrender ratio) and market risks (interest rate, equities and exchange rates) to evaluate the potential impact from the changes in risk variables on the profit and loss to be recognized for our insurance products. However, there is no guarantee that such analysis will successfully prepare us for the eventual adoption of IFRS 17.

It is also possible that accounting standards could further change in the future, which could have a material adverse effect on our financial condition and/or impact the reporting of our results of operations. Furthermore, the implementation of such changes could result in significant implementation costs and operational difficulties and affect the comparability of our financial condition and results of operations before and after the implementation of such changes.

Our business and performance are dependent on the effectiveness of our distribution and marketing channels.

We operate distribution and marketing channels through tied agents, bancassurance and other channels. Our sales of insurance products is mainly through agent distribution model with our tied agents and bancassurance model partnership with Taipei Fubon Commercial Bank Co., Ltd. (“**Taipei Fubon Bank**”) and other partners. There is no assurance that the efforts of our agency force or our bancassurance or other intermediated channels will be successful.

We face competition to attract and retain agency leaders and individual agents. We compete with other companies for the services of agents on the basis of our reputation, product range, compensation, training and support services. If we are unable to retain, motivate and manage our core group of highly productive agents, or if we are unable to recruit and train productive new agents, our business, financial condition and results of operations could be materially and adversely affected. Competition for agents from other life insurance companies, large-sized independent insurance sales agencies and other institutions may also require us to enhance the compensation of our agents, which would increase our operating costs and reduce our profitability. We also face channel concentration risk in our bancassurance model. The bancassurance model provides the Company with NT\$49.4 billion and NT\$25.2 billion of FYP in 2024 and for the six months ended June 30, 2025, in which Taipei Fubon Bank contributes NT\$23.8 billion and NT\$12.8 billion of FYP, respectively.

As we and Taipei Fubon Bank are under the same parent company, we have maintained a stable bancassurance partnership with Taipei Fubon Bank. However, while we have provided thorough training

and assistance, as we have little control over the operation of Taipei Fubon Bank, there is no assurance that the sales team at Taipei Fubon Bank will be adopting the same distribution strategies or providing the same services as we do. Furthermore, with our expansion of overseas business, we may also enter into bancassurance relationships with other commercial banks outside of Taiwan, and we may not always enter into successful partnerships with such distribution partners. Any dispute with the bancassurance partners or any disruption or other adverse change to our bancassurance relationship may have a material adverse effect on our business, financial condition, and results of operation.

To the extent we are not able to maintain our existing distribution relationships or diversify or secure new distribution relationships, we may not be able to maintain or grow our premiums, which may materially and adversely affect our business, financial condition and results of operations.

Our expansion into new areas of business and new distribution channels may subject us to additional risks and uncertainties.

From time to time, we may enter into new areas of business or explore new distribution channels. We may invest significant capital, time and resources in such efforts. The introduction and development of new areas of business and/or new products or services may not be completed in accordance with the expected timetables, and the pricing and profitability targets may not prove accurate and feasible. We in fact may incur operating losses in these new areas which may materially and adversely affect our business, financial condition and results of operations. Furthermore, expansion into any new areas of business and/or any new distribution channel could have a material adverse effect on the effectiveness of our internal control system to the extent we fail to effectively adapt our internal controls to such new businesses or distribution channels.

In addition, to be more competitive in Taiwan's insurance market, we intend to promote cross-selling opportunities by taking advantage of group synergy of Fubon Group and leveraging our diverse product offerings and our distribution channels. However, there is no assurance that cross-selling will attract more customer demand, and the failure to attract more customer demand may have a material adverse effect on our business, financial condition and results of operations.

Concentration of our investment portfolio in any particular asset class, market or segment of the economy may increase our risk of investment losses.

Our investment portfolio is comprised primarily of overseas fixed income securities, and we hold significant amounts of investment grade corporate bonds, financial bonds and government and governmental agency bonds. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the overseas bonds held by the Company comprise 57.2%, 56.7%, 55.7%, and 52.2%, respectively, of its total investment. As a result, we have significant credit exposure to corporate issuers and banking and other financial institutions. Events or developments that have a negative effect on any particular industry, asset class, group of related industries, country or geographic region may have a greater negative effect on our investment portfolio to the extent that our portfolio is overly concentrated in the particularly affected industry or industries, asset class or geographic region. With the world's economies and financial markets increasingly interconnected and interdependent, crises in one geography or one area could now easily negatively impact other geographies or areas, in which we may have investment exposure. Any adverse impact may increase the risk of negative mark to market movements of our investments held for sale. These types of concentrations in our investment portfolio increase the risk that, in the event we experience a significant loss in any of these investments, our financial condition and results of operations would be materially and adversely affected.

Our investment counterparties, including issuers of the securities we hold, commercial banks where we have placed deposits, debtors and investees of private equity funds, as well as our customers and sales partners, may be unable to perform their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also exposed to the risk that we may not be able to enforce our rights against our counterparties in all circumstances. We may not have adequate risk control capabilities to effectively identify and control potential credit risks. This could lead to a decrease in the fair value of our debt securities, thereby resulting in impairment losses. Although we attempt to minimize these risks by diversifying our investments, improving our credit analysis skills and staying informed on the changes of

interest rates, we may not be able to identify and mitigate credit risks successfully and the potential fair value losses or realized losses on our investment and any significant downgrading of the securities we hold could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, there may not be a liquid trading market for certain of our investments, which is in turn affected by numerous factors, including without limitation the existence of suitable buyers and market makers, market sentiment and volatility, the availability and cost of credit and general economic, political and social conditions. If we were required to dispose of these or other potentially illiquid assets on short notice, we could be forced to sell such assets at prices significantly lower than the fair value under normal market conditions.

Investing and trading in overseas fixed income securities expose us to additional risks, including risks related to global financial markets.

Our investment portfolio consists primarily of overseas fixed income securities, which are predominantly denominated in U.S. dollars. Although we have experienced strong performance in securities investment, investing and trading in overseas fixed income securities require more specialized investment and risk management expertise, which we may not be able to develop and maintain. Furthermore, the market value of the overseas fixed income securities in which we decide to invest could decrease significantly due to various factors, including declines in foreign stock markets, increases in global interest rates, a lack of liquidity, a deterioration in the operating performance or financial condition of particular issuers or of the overseas local or global economy in general. Accordingly, our investments in overseas fixed income securities may lead to trading and valuation losses, which could adversely affect our financial condition and results of operations.

Derivative transactions may expose us to unexpected risk and potential losses.

We engage in derivative transactions, such as forward exchange contracts, foreign exchange swaps, and interest rate swaps. Derivative contracts create exposure to the instruments or measures underlying such contracts and may lead to unexpected losses. Accordingly, in the event that market measures such as exchange rates move in directions that we do not anticipate, we may experience losses on such contracts.

Differences between actual claims experience and the assumptions used in pricing and setting reserves for our insurance products may materially and adversely affect our financial condition and results of operations.

Our earnings depend significantly on the extent to which our expected payout of benefits and claims results are consistent with the assumptions and estimates we use, such as expected investment return, loss ratio, expense ratio, mortality, morbidity and lapse and surrender rates, among other assumptions, in setting the prices of and establishing the reserves for our products. If our actual experience differs unfavorably from the estimates and assumptions used in our pricing and reserving, the profitability of our insurance products may be materially and adversely affected.

We price our products based on a number of assumptions and estimates that we derive from our experience data, industry data, past and then current market conditions and relevant regulations, among others. If the actual market conditions following the launch of our products are significantly less favorable than our assumptions and estimates used in pricing, the distribution and the profitability of our products may be materially and adversely affected, which may, in turn, materially and adversely affect our financial condition and results of operations. Our assumptions and estimates may also deviate from our actual experience due to various factors that are beyond our control, including as a result of unexpected changes in the scope of coverage by the Taiwanese national health insurance program or unfavorable re-interpretations of our life insurance policy terms by Taiwanese courts or regulators, as well as advancements in health care that result in increased life expectancy and early detection of diseases. In addition, the occurrence of unexpected catastrophic mortality events in Taiwan, including pandemics, natural or man-made disasters or terrorist attacks, may result in claims that significantly exceed our expectations. As a result, we cannot determine with precision the ultimate amounts that we will pay for, or the timing of payment of, actual benefits and claims or whether the assets supporting the life insurance policy liabilities will grow to the level we assume prior to payment of benefits or claims.

We establish reserves for our products based on relevant regulatory requirements and experience data of the insurance industry and ourselves. However, estimation of reserves is a complex process, involving many variables and subjective judgments, due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of liabilities for unpaid policy benefits and claims. The estimated amounts of benefits to be paid to policyholders may deviate significantly from the actual claims results. If the reserves originally established prove to be inadequate, we must incur additional expenses in the form of claims and payments, to the extent the actual amounts exceed the estimated amounts, or we may be required to increase our reserves for future policy benefits, resulting in additional expenses in the period during which the reserves are established or re-estimated, which may have a material adverse effect on our financial condition and results of operations.

Reinsurance may not be available, affordable or adequate to protect us against losses.

As part of our overall risk management strategy, we purchase reinsurance for certain risks underwritten by our businesses. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond our control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also fluctuate. Any decrease in the cost of reinsurance due to, for example, a decrease in the coverage of reinsurance may increase our risk of loss and any increase in the cost of reinsurance will reduce our earnings. Accordingly, we may be forced to incur additional expenses for reinsurance or may not be able to obtain sufficient reinsurance on acceptable terms, which could adversely affect our ability to write future business or result in the assumption of more risk with respect to those policies we issue.

Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to it. Accordingly, we bear credit risk with respect to our reinsurers. Although we endeavor to choose reinsurers with good credit rating, there is no guarantee that such reinsurers will not suffer significant losses or other events rendering them unable to fully meet their obligations to us. Although a reinsurer is liable to us to the extent of the risks reinsured, we remain liable for those transferred risks if the reinsurer is unable to perform its contractual obligations. Our reinsurers may default on their obligations to us due to various reasons such as bankruptcy, lack of liquidity, downturns in the economy, operational failure, or fraud. We are also subject to the risk that our rights against the reinsurers may not be enforceable in all circumstances. As a result, although we seek reinsurance arrangements only with reputable and creditworthy reinsurers, a default by a reinsurer who assumes significant underwriting risks from us could expose us to significant losses and could therefore materially and adversely affect our business, financial condition and results of operations.

Our risk management and internal control systems may be inadequate or ineffective in identifying or mitigating risks that we are exposed to.

We have established comprehensive risk management and internal control systems. We have also adopted policies, procedures and risk management methods, which are believed to be appropriate for our business operations, and we further seek to continue to improve these systems. Among them, the risk management committee provides support for the establishment of risk management framework and policies by the Board and management and monitors their implementation. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, including identification and evaluation of risks, internal control variables and the communication of information, there is no assurance that such systems will be able to identify, mitigate and manage our exposures to risks. Given the state of constant and rapid change in the economy, insurance industry and financial markets in Taiwan, and the ongoing change and growth in our operations, assets and investment portfolio, we need to continuously evaluate and assess their adequacy and effectiveness. As a result, we may need to establish and implement additional risk management and internal control policies and procedures to further improve our systems from time to time.

We implement our risk management and internal controls by using a series of risk management methods to monitor financial markets, credit, liquidity, operational, insurance and asset liability matching risks. These methods suffer from inherent limitations as they are generally based on statistical analysis of historical data as well as the assumption that future risks will share similar characteristics with past risks. There is no assurance that such assumption is accurate. Our information technology system may not be adequate in

collecting, analyzing and processing data, and it may not have enough capacity to handle the rapid growth of our businesses. In addition, our historical data and risk management experience may not be able to adequately reflect risks that may emerge from time to time in the future. As a result, our risk management methods and techniques may not be effective in directing us to take timely and appropriate measures in risk management and internal controls.

Our risk management and internal controls also depend on the effective implementation by our employees. Due to the scale of our operations, our large number of agents, professional personnel and the number of our branch entities in different locations, there is no assurance that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations.

The diversification of our insurance product offerings and investments will also require us to continue to enhance our risk management capabilities. If we fail to implement timely adaptations to our risk management policies and procedures to our changing business and investment initiatives, our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to detect or prevent fraud or other misconduct by our employees, agents, customers or other third parties in a timely manner, or at all.

We may be subject to fraud and other misconduct committed by our employees, agents, customers or other third parties, including insurance policy fraud (where fraudulent misstatements or omissions of fact are made in applications for insurance products by customers), insurance claims fraud (where fraudulent misstatements or omissions of fact are made in an effort to make or exaggerate claims under existing policies) and the intentional staging of accidents or other covered events in an effort to collect insurance payments, as well as the fraudulent execution of insurance contracts by our agents to collect sales commissions. While we have implemented, and continue to implement measures aimed at detecting and preventing employees' and outside parties' fraud and other misconduct, we may not be able to detect or prevent such fraud or misconduct in a timely fashion or in all of our subsidiary and branch entities, which may harm our reputation and adversely affect our business, financial condition and results of operations. Moreover, given the size of our operations and the number of agents and employees, our existing measures and systems may not be able to adequately detect and monitor such potential fraud and misconduct. Any fraud or other misconduct committed by or relevant investigations of former agents or employees previously associated with us, may also adversely affect our reputation, business, result of operations and financial condition, even if the actions are unrelated to us or the investigation is unfounded.

Agents' misconducts are difficult to deter and could harm our business and performance.

The misconduct by our tied agents could result in our violations of law, regulatory sanctions or legal claims against us and reputational or financial harm to us. Misconduct could include:

- engaging in misrepresentation or fraudulent activities when marketing or selling life insurance or investment products to customers;
- defective sales of life insurance or investment products due to failure to adequately explain product information and related risks to customers, including omission of information deemed material to making a purchasing decision;
- encouraging or advising customers to omit or misrepresent material information or developments, which could undermine our insurance underwriting procedures and practices;
- hiding unauthorized activities, resulting in unknown and unmanaged risks or losses; or
- otherwise not complying with applicable laws, regulatory guidance or policies, or our internal policies or procedures.

As of June 30, 2025, the Company had around 18,005 full-time agents in Taiwan, spreading all around Taiwan, including the outlying islands. While we closely monitor our tied agents' activities to detect any

such unauthorized activities, we cannot always manage their behaviors or deter their misconducts given the large amount of our agents, and the precautions we take to prevent and detect these activities may not be effective in all cases. We experienced agent misconduct that has resulted in internal disciplinary action against, or termination of, agents in question in 2022, 2023, 2024 and the six months ended June 30, 2025. There is no assurance that agent misconduct or our failure to detect and address such misconduct will not harm our reputation or lead to a material adverse effect on our business, financial condition and results of operations.

Negative publicity and allegations involving us, our shareholder, affiliates, directors, officers, employees, agents and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

We, our shareholder, affiliates, directors, officers, employees, agents or other parties we cooperate with may be subject to negative media coverage and publicity from time to time. Any negative perception and publicity, whether or not justified, could threaten our reputation, which is important to our success and growth. We may be required to spend significant time and incur substantial costs in response to allegations and negative publicity, and may not be able to address such allegations and negative publicity to the satisfaction of our investors and customers. As a result, our business, financial condition, and results of operations may be adversely affected.

The growth of electronic transactions and the introduction of new technologies may result in increased competition.

The growth of electronic commerce and the introduction of new technologies are changing the Taiwanese life insurance industry and presenting us with new competitive challenges. For example, an increasing number of life insurance policies are being sold directly online by small and mid-sized insurance companies without the use of more traditional distribution channels such as financial planners or general agencies and at a lower cost to customers.

We expect the trend towards growth of electronic transactions will continue, and we have invested significant resources into the development of online and mobile business platforms in recent years. The e-policies and e-terms and conditions reached 72.7% of all policies and the growth in e-notifications applications (YoY) achieved 9.45% as of June 30, 2025. We continuously seek to expand and upgrade our mobile insurance and websites, however, there is no assurance that our online and mobile business platforms will remain competitive or that they will yield an adequate return on our investments.

Our business generates and processes a large amount of data, and any improper use or disclosure of such data could subject us to significant reputational, financial, legal, and operational consequences.

Our business generates and processes a large quantity of transaction data. We face risks inherent in handling large volumes of data and in protecting the security of such data. In particular, we face a number of challenges relating to data from transactions and other activities on our platforms, including:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties or fraudulent behavior by our employees;
- addressing concerns related to privacy and sharing, safety, security, and other factors; and
- complying with applicable laws, rules, and regulations relating to the collection, use, retention, disclosure, or security of personal information, including any requests from regulatory and government authorities relating to such data.

We are subject to domestic and international laws relating to the collection, use, retention, security, and transfer of personally identifiable information, with respect to our customers and employees. In many cases, these laws do not only apply to third-party transactions, but may also restrict transfers of personally identifiable information among ourselves. Several jurisdictions have passed laws in this area, and other jurisdictions are considering imposing additional restrictions. These laws continue to develop and may vary

from jurisdiction to jurisdiction. Complying with emerging and changing international requirements may cause us to incur substantial costs or require us to change our business practices, and failure to comply with any data protection laws could subject us to significant penalties and negative publicity and severely disrupt our operations.

If we are hacked or are under a network attack or a denial-of-service attack or suffer from any other security breaches or system failure, personal, confidential or proprietary information being sent to or received from a client or counterparty may be intercepted, which could result in legal liability, regulatory action and reputational harm. Any failure, or perceived failure, by us to comply with our privacy policies or with any regulatory requirements or privacy protection-related laws, rules, and regulations could result in proceedings or actions against us by governmental entities or others. These proceedings or actions may subject us to significant penalties and negative publicity, require us to change our business practices, increase our costs, and severely disrupt our business.

Current or future litigation and regulatory procedures could result in reputational harm, financial losses or harm our businesses.

We are involved from time to time as part of our ordinary course of business in litigation involving our insurance operations, including but not limited to labor disputes. In addition, the ROC governmental agencies, including the insurance, tax, commerce and industrial administration and audit bureaus, have from time to time made inquiries and conducted examinations or investigations concerning our compliance with relevant local laws and regulations. While we are not currently involved in any material litigation or other proceedings, there is no assurance that any future litigation or regulatory proceeding will not have a material adverse outcome, which could have a material adverse effect on our reputation, business, financial condition, results of operations or cash flows.

Catastrophes could result in significant losses and disruptions to our business operations.

We are exposed to the risk of unpredictable liabilities for insurance claim payments in the event of unpredictable catastrophic events in Taiwan, such as the COVID-19 pandemic, earthquakes, typhoons, fires and explosions, wars, foreign attacks, terror attacks or man-made disasters.

Such catastrophes could result in significant disruptions to our business operations. Although we carry some catastrophe contracts and engage in reinsurance to reduce our catastrophe loss exposure, there is no guarantee that such exposure could be effectively reduced. Due to limitations in the underwriting capacity and terms and conditions of the reinsurance market as well as difficulties in assessing our exposure to catastrophes, if such catastrophic event were to occur, our business, financial condition and results of operations may be materially and adversely affected.

Work stoppages and other labor-related issues may adversely affect our operations.

Our performance depends to a large extent on favorable labor relations with our employees and agents. Although we have built up a harmonious labor-management relationship, there can be no assurance that new collective bargaining and wage agreements will be negotiated or consultations will take place without discord with our labor unions or on terms satisfactory to us. If we are unable to negotiate successfully with our labor unions, we may become subject to union-initiated work stoppages, including strikes.

From time to time we may also become subject to demands, claims or legal actions brought by our employees, agents or our labor unions acting on their behalf. For example, we entered into the collective bargaining agreement with our union on May 8, 2024. Any significant increase in labor and labor-related legal costs, deterioration of employee relations, slowdowns or work stoppages, as well as our failure to attract and retain qualified employees, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on our business, reputation, financial condition and results of operations.

We depend on the Board, senior executives and other key employees for our operations and the growth potential of our business.

Our success is, to a significant extent, attributable to our directors, who have an in-depth knowledge and understanding of the insurance business as well as the markets in which we operate. We are also dependent on the sound underwriting, product development, risk control, business development, investments and actuarial expertise of our senior executives and other key employees. The competition for qualified technical, investments, sales and managerial personnel in the insurance sector in Taiwan is intense. Our continuing success will depend on our ability to retain and hire suitably qualified and experienced management and key employees and the loss of their service could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to successfully manage our growth.

Our future growth may place significant demands on our managerial, operational and capital resources. The expansion of our business activities exposes us to various challenges, including, but not limited to:

- continuing to expand and train actuarial staff and to enhance actuarial capabilities;
- continuing to expand, train and retain the agency force, while maintaining costs and productivity at optimal levels;
- continuing to expand, train and retain investment professionals who have the expertise and experience to invest in existing and new asset areas, as the regulatorily permissible asset classes for investments broadens and the scale of the asset management operations increases;
- continuing to develop adequate underwriting and claims settlement capabilities and skills;
- recruiting, training and retaining personnel with proper experience and knowledge;
- meeting higher requirements for cost controls, meeting the demand for a broader capital base and satisfying an on-going need to meet the minimum capital adequacy requirements; and
- strengthening and expanding our risk management and information technology systems to effectively manage the risks associated with existing and new lines of insurance products and services and increased marketing and sales activities, as well as risks associated with the investment portfolio.

There is no assurance that we will manage our growth successfully. For example, we may not be able to rapidly recruit and effectively train and retain a sufficient number of qualified personnel to keep pace with the growth of our business. In addition, we may not be able to exercise effective centralized management and supervision over our subsidiaries and branch entities if our internal control and information technology systems are not developed quickly enough to accommodate our growing business needs.

In addition, to the extent we pursue our growth strategy through acquisitions, there is no assurance that we will be able to identify and secure suitable acquisition opportunities or that we will be able to implement our strategies and policies in respect of acquired entities in a timely fashion. Furthermore, any particular acquisition may not produce the intended benefits. If we encounter difficulty in integrating an acquisition, our business, financial condition and results of operations may be materially and adversely affected.

The valuation attached to our investment properties contains assumptions that may or may not materialize and the value of our holding of investment properties may fluctuate.

As of December 31, 2022, 2023 and 2024 and June 30, 2025, our investment properties were NT\$304.8 billion, NT\$302.8 billion, NT\$299.7 billion and NT\$304.1 billion, respectively. We reassess the fair value of the Group's investment properties at every reported statement of financial position date by using valuation techniques, including income approach, comparison approach and cost approach. The valuations are based on certain assumptions which, by their nature, are subjective and uncertain and may differ materially from actual results. Accordingly, the valuations are not a prediction of the actual value we can realize from these investment properties. Unanticipated results or changes in particular property

developments, or changes in general or local economic conditions or other relevant factors, including changes in government regulations, could affect such values. In addition, the Group's consolidated statement of comprehensive income includes fair value adjustment of investment properties. A decrease in the value of the investment properties could reduce our net income. An upward change in the fair value, which reflects unrealized capital gains at the relevant statement of financial position dates, does not generate cash inflow to us until such investment properties are disposed of. Any further adverse development in the condition of the market may have an adverse impact on the selling prices of and the time it will take to sell our investment properties.

A downgrade in the ratings assigned to us could adversely affect our ability to write new business, raise funds and may adversely impact our existing business.

The Company is rated "A" with a rating watch negative outlook by Fitch for long term insurer financial strength, "A-" with a stable outlook by S&P for long-term issuer credit rating and financial strength rating, and "A3" with a stable outlook by Moody's for insurance financial strength rating. These ratings are important factors in establishing a competitive position in the insurance industry. Insurer financial strength ratings measure a company's ability to meet its insurance obligations. Credit ratings measure a company's ability to repay its debt obligations and directly affect the cost and availability of unsecured financing. Ratings are subject to periodic review at the discretion of the rating agencies and may be revised downward or revoked at their sole discretion.

Our ratings could be downgraded at any time and without notice. There is no assurance that the members of the Group will improve or maintain their ratings, and any potential downgrade in the ratings assigned to our subsidiaries by rating agencies could adversely affect our business.

We are exposed to the risk of failures in our information technology systems.

The operation of our business depends on the efficient and uninterrupted operation of our information technology systems. Our information technology systems are vulnerable to damage or disruption from various factors, including but not limited to, power loss, telecommunications failures, computer denial of service attacks, data corruption, network failure, computer viruses, security breaches, natural disasters, theft, vandalism, fraud or other acts not within our control. Inadequacies or failures of our information technology systems could impair our collection, processing or storage of data and the day-to-day management of our business, which could have a material adverse effect on our business, financial condition and results of operations. In addition, given the size of our operations, our information technology systems may not have enough capacity and capability to handle the information technology needs of a larger entity.

Misinformation (inaccurate information) and disinformation (information deliberately created for the purpose of harming individuals, social groups, organizations, or countries) are widely disseminated through media networks. The misinformation and disinformation will significantly influence public opinion and lead to customer distrust of companies. Furthermore, with the rapid development of generative artificial intelligence ("AI") technology, it may be abused to create misinformation or disinformation and for unfair competition, affecting our reputation, operations, or policyholders' rights. Spreading misinformation or disinformation about a company may cause customers to lose trust in the company, resulting in contract termination or a decline in sales and premium income, and damage to our goodwill. If it cannot be handled timely and effectively, it may cause significant financial losses or affect our normal operations.

A number of our key performance indicators are calculated based on a number of assumptions used in the calculations and may vary significantly as those assumptions are changed.

The key performance indicators set forth in "Selected Financial Information" are used to measure the scale and profitability of our business. The calculation of these values necessarily makes numerous assumptions with respect to industry performance, the performance of our operations, general business and economic conditions, investment returns, reserving standards, taxation, life expectancy and other matters, many of which are beyond our control. As a result, actual future experience may differ from those assumed in the calculations, and these differences may be material.

Since our actual market value is determined by investors based on a variety of information available to them, these values should not be construed to be a direct reflection of our actual market value and performance. For these reasons, prospective investors should only consider these values after carefully evaluating all of the risks described in the Offering Circular, including the risks described in this section. The inclusion of these values in the Offering Circular should not be regarded as a representation by us, the Managers, or any other person of our future profitability and financial condition.

Potential investors should not place reliance on the monthly operating data published by us that is not audited or reviewed.

This Offering Circular contains our consolidated financial statements as of and for the financial years ended December 31, 2022, 2023 and 2024, and our audited consolidated financial statements as of and for the six months ended June 30, 2024 and 2025. These financial statements have been audited by KPMG, our independent auditor, in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China.

Additionally, we also publish monthly operational data which are not audited or reviewed by our independent auditor and should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit or review and should not be taken as an indication of our expected business, financial condition and results of operations. Accordingly, such monthly operational data has not been incorporated into this Offering Circular and should not be relied on by the investors in making their investment decision.

None of the Managers, the Trustee or the Agents or affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy, completeness and sufficiency of such financial information and monthly operational data of ours.

An actual or perceived reduction in our financial strength could increase policy surrenders and withdrawals, damage our business relationships and negatively impact new sales of our products.

Policyholders' confidence in the financial strength of an insurance company, as well as in the financial services industry generally, is an important factor affecting our business. Any actual or perceived reduction in our financial strength could materially and adversely affect our business because any such development may, among other things:

- increase the number of policy surrenders and withdrawals;
- damage our relationship with our creditors, customers and the agents of our products;
- negatively impact sales of our products;
- adversely impact our ability to obtain reinsurance on acceptable terms; and
- increase our borrowing costs as well as affect our ability to obtain financing on a timely basis.

There is no assurance that we will not experience any reductions in our financial strength, actual or perceived, in the future.

The failure to identify and adequately address risks associated with ESG factors could adversely affect the achievement of our long-term strategy and affect our business.

We aspire to harness the power of corporate citizenship, working together with our employees, policyholders, and the general public to protect the well-being of Taiwan. We integrate ESG factors into the decisions that we make and actions we take in order to achieve our sustainability value. We are committed to

reducing our carbon footprint and championing financial inclusivity as part of supporting the just transition to a lower-carbon economy.

Our ESG strategy helps us to assess our impact on the economy, the environment and society, and to consider the significance of various ESG factors for our stakeholders, as well as their importance and impact to our business. Given the continuously evolving global and local business environment and in light of our stakeholders' shifting priorities and expectations, we may fail to identify material ESG factors, adequately address pertinent ESG-related risks and expectations and requirements of our investors, regulators and others. This may include any failure to effectively capture ESG-related opportunities to drive meaningful positive impact.

If we are unable to effectively implement our ESG strategy and address ESG risks and expectations and requirements of our stakeholders or meet stated ESG targets or goals, this could adversely affect the achievement of our long-term strategy and could have a material and adverse effect on our reputation, business, financial condition or results of operations.

Our strategic initiatives at our businesses may not be successful.

We provide a full range of life insurance products and related services, including (i) traditional life insurance (regular premium), (ii) traditional life insurance (single premium), (iii) investment-linked insurance, (iv) health, accident and other insurance, and (v) interest-sensitive annuity insurance. Each of our businesses has ongoing and future strategic and operating initiatives to further develop and grow their operations including the strategies. There is no assurance that we will be able to successfully achieve any of our strategic and operating initiatives, whether at the operating business level, or at the overall level of the Group.

We may be subject to OFAC or other penalties if we are determined to have violated any OFAC regulations or similar sanctions.

The United States imposes a range of economic sanctions against certain foreign countries, terrorists, international narcotics traffickers and those engaged in activities related to the proliferation of weapons of mass destruction. The U.S. sanctions are intended to advance certain U.S. foreign policy and national interests, such as discouraging certain countries from acquiring weapons of mass destruction or engaging in human rights abuses. Office of Foreign Assets Control (“OFAC”) is the principal government agency charged with administering and enforcing U.S. economic sanctions programs. These economic sanctions, as administered by OFAC, generally apply to U.S. entities and, in certain cases, to foreign affiliates of U.S. entities, or to transactions that involve, in some manner, U.S. products or otherwise come within the jurisdiction of the United States. The United Nations Security Council, the European Union, the United Kingdom, the PRC and other governments and international or regional organizations also administer similar economic sanctions. In addition, we may from time to time engage in business activities in countries or with entities that are the subject of certain sanctions. Further, we currently hold some bonds issued by Russia and a Russian entity bought before the Russia-Ukraine conflict. Notwithstanding that such business activities may not themselves be subject to sanctions, we may face secondary sanctions if it is determined that we have provided material support to countries or entities or involving specific sectors of certain countries that are the subject of sanctions. If we engage in any prohibited transactions by any means, or if we are otherwise determined that any of our transactions violated OFAC-administered or other sanctions regulations, we could be subject to penalties, and our reputation and ability to conduct future business in the United States or with U.S. entities, or in other affected jurisdictions, could be affected, which may materially and adversely affect our reputation, business, financial condition or results of operations.

RISK FACTORS RELATING TO THE INSURANCE INDUSTRY

Our businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth.

We are subject to extensive regulation and supervision in Taiwan where we conduct our business, which is supervised by the FSC, and we must comply with the Insurance Act, the Regulations for Establishment and Administration of Insurance Enterprises and related regulations.

Our businesses in Taiwan are extensively regulated by the FSC, which has been given wide discretion in its administration of these laws, rules and regulations as well as the authority to impose regulatory sanctions on us. On July 1, 2004, the FSC was established as the competent authority responsible for development, supervision, regulation, and examination of financial markets and financial service enterprises in Taiwan. There are four bureaus under the FSC, including Securities and Futures Bureau, Banking Bureau, Insurance Bureau, and Financial Examination Bureau. On July 1, 2012, the Insurance Bureau was restructured with functions of its four divisions being transformed to General Supervision, Life Insurance Supervision, Non-Life Insurance Supervision, and Financial Supervision.

According to the Insurance Act, an insurance company must obtain the FSC's approval before commencing business in Taiwan. To obtain the approval of the FSC, an insurance company must meet and maintain certain requirements, including maintaining its corporate status as a company limited by shares or as a cooperative, minimum paid-in capital, capital adequacy requirement, deposit of security bond, etc. An insurance company must accurately create and provide documents detailing its financial and business matters and make such documents publicly available for inspection in compliance with the applicable regulations.

Furthermore, regulatory authorities may review the existing laws and regulations applicable to insurance companies and their products and services from time to time. The FSC has been actively reviewing existing laws and regulations applicable to insurance companies in Taiwan and has announced a number of amendments in 2024. Recent development in the ROC's regulations in relation to the insurance industry includes without limitation (i) Regulations Governing the Provision of Various Reserves by the Insurance Industry amended on April 25, 2025; (ii) Directions for Insurance Enterprises Engaging in Electronic Commerce Business amended on April 15, 2025; (iii) Directions for Promoting Insurance Service Business Through Collaboration with Business Entities in Other Industries amended on April 15, 2025 and (iv) Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties amended on January 22, 2025. Changes to the interpretation or scope of application of such laws and regulations may also substantially increase our compliance costs and other expenses, which may materially and adversely affect our business, financial condition and results of operations.

The rate formulas, terms and conditions of insurance policies, and design for each kind of insurance product shall be subject to the Insurance Bureau's review process through the prior-approval procedure or the use-and-file procedure pursuant to the Insurance Act, the Regulations Governing Pre-sale Procedures for Insurance Products and the relevant regulations. An insurance company must provide the potential insurance applicant with the information required by the relevant applicable regulations before entry into an insurance contract. After receiving the insurance application or proposal form submitted by the applicant, the insurance company may review such application and decide to underwrite the policy at its discretion. Changes in these regulations may affect our profitability on the products we sell and may have a material adverse effect on our profitability.

Moreover, the marketing, distribution, sale and solicitation of insurance products are heavily regulated under the Insurance Act and related regulations. The offshore investment by an insurance company is also closely monitored by the FSC under the Regulations Governing Insurance Company's Foreign Investment.

Failure to comply with any of the laws, rules and regulations to which we are subject could result in fines, restrictions on business expansion or, in extreme cases, revocation of business licenses, which could materially and adversely affect us. As some of the laws, rules and regulations that we are subject to are relatively new, there is uncertainty regarding their interpretation and application.

In addition, the laws, rules and regulations under which we are regulated may change from time to time. For example, our Taiwan operations are affected by the ROC's tax laws and regulations. The ROC tax authorities may undertake reforms of the tax system, which may result in changes to the tax laws and regulations that we are currently subject to. There is no assurance that this reform will not have a material adverse effect on our business, financial condition and results of operations. There is no assurance that future legislative or regulatory changes, including deregulation, would not have a material adverse effect on our business, financial condition and results of operations.

We are required to comply with minimum solvency requirements and may be required to raise additional capital or change our business strategy if our RBC adequacy ratio deteriorates or the applicable capital requirements change in the future.

Insurance companies are generally required by applicable law to maintain their solvency at a level in excess of statutory minimum standards. Our solvency is affected primarily by the solvency margins that are required to be maintained, which are in turn affected by the volume and type of new insurance policies we sell, the composition of our in-force insurance policies and by regulations on the determination of statutory reserves.

The RBC system has been implemented in Taiwan since July 9, 2003, which provides for the early detection of the soundness of insurance enterprises' financial conditions, hence enabling insurance enterprises to enhance their capital structure. The RBC refers to capital calculated on the basis of the risks that an insurance company may incur from its actual business operations. Depending on the type of the insurance company, such risks include without limitation asset risks, insurance risks, interest risks, credit risks, underwriting risks and asset-liability matching risks. According to the "Regulations Governing Capital Adequacy of Insurance Companies", which was announced on December 20, 2001 and amended on August 4, 2023, insurance enterprises must file RBC ratio report twice a year to the FSC. The RBC ratio of an insurance company is considered adequate if it equals to or exceeds 200%. and the net worth ratio is more than 3% in one of the most recent two periods. If the Company's RBC ratio does not satisfy the relevant requirements, the relevant authorities may impose a range of regulatory sanctions depending on the degree of deficiency in our RBC ratio.

Should the Company's RBC ratio deteriorate, we may have to make provision for additional reserves and incur charges to earnings, which could have a material adverse effect on our financial condition and results of operations, and could materially and adversely affect the growth rate of our business.

Likewise if the solvency margin of any of our subsidiaries inside or outside Taiwan falls below the required levels for each of their respective jurisdictions, those subsidiaries may have to make provision for additional reserves, which could have a material adverse effect on our financial condition and results of operations, and could also materially and adversely affect the growth rate of our business.

For increased alignment with international regulatory supervision standards, the Taiwan Insurance Bureau has announced a plan to adopt a new generation solvency regime in 2026, which will be based upon the insurance capital standard ("ICS"). Under the new regime:

- solvency measurement will move away from a historical-value balance sheet approach to an economic balance sheet approach, providing a current view of the solvency position of an insurer. Asset and liabilities are measured at mark-to-market value;
- the calculation of required capital will move away from a factor-based approach to a stress-based approach to better capture the "tail-risk" as broader risks will be included; and
- requirements on assets qualifying as admissible capital for solvency purposes will be stricter than the current requirement and the capital will be classified into Tier 1 limited capital, Tier 1 unlimited capital and Tier 2 capital based on quality considerations.

With the proposed implementation of the new generation solvency regime, it is unclear how our business, financial condition and results of operations will be impacted, and uncertainty remains as the FSC continues to propose further guidelines and updates.

Concentrated surrenders may materially and adversely affect our cash flows, financial condition and results of operations.

Under normal circumstances, it is possible, to a certain extent, for insurance companies to estimate the overall amount of surrenders in a given period. However, the occurrence of emergency or macroeconomic events that have significant impact, such as sharp declines in customer income due to a severe deterioration

in economic conditions, radical changes in relevant government policies, loss of customer confidence in the insurance industry due to the weakening of the financial strength of one or more insurance companies, a general loss of confidence in banks and the financial sector in general, or the severe weakening of our financial strength, may trigger massive surrenders of insurance policies. If this were to occur, we would have to dispose of our investment assets, possibly at unfavorable prices, in order to make the significant amount of surrender payments. This could materially and adversely affect our cash flows, financial condition and results of operations.

Customer preferences for insurance, investments and pension products as well as wealth management solutions may change and we may not respond appropriately or in time to sustain our business or our market share in the geographical markets in which we operate.

The insurance, investment, pension, banking and wealth management markets as well as the preferences of our customers are constantly evolving. As a result, we must continually respond to changes in these markets and customer preferences to remain competitive, grow our business and maintain market share. We face many risks when introducing new products. Our new products may fail to achieve market acceptance, which could harm our business.

Our new products may also be rendered obsolete or uneconomical by competition or developments in the insurance, investment, pension, banking and wealth management industries. Furthermore, even if our current and anticipated product offerings are responsive to changing market demand, we may be unable to commercialize them. Moreover, potential products may fail to receive necessary regulatory approvals, be difficult to market on a large scale, be uneconomical to introduce, fail to achieve market acceptance, or be precluded from commercialization by proprietary rights of third parties. Any inability to commercialize our products would materially impair the viability of our business. Accordingly, our future success will depend on our ability to adapt to changing customer preferences, industry standards and new product offerings and services. Any of these changes may require us to re-evaluate our business model and adopt significant changes to our strategies and business plan. Any inability to adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

The rate of growth of Taiwan's insurance market may not be as high or as sustainable as we anticipate.

Over the past decade, Taiwan life insurers' total assets have been growing steadily at a compound annual growth rate of 7.1%, according to the Taiwan Insurance Institute. We expect the insurance market in Taiwan to expand and the insurance penetration rate to rise with the continued growth of Taiwan's economy and household wealth, the reform of the social welfare system and the promotion of digital innovation. Our judgments regarding the anticipated drivers of such growth and their impact on Taiwan's insurance industry are prospective. There is no assurance that such prospective judgments will be consistent with actual developments. Moreover, Taiwan's insurance industry may not be free from systemic risks, including risks related to macroeconomic conditions and financial system stability. Thus, the growth and development of Taiwan's insurance industry may not be sustainable and may not be in line with our expectations, which could have a material adverse effect on our business, financial condition and results of operations.

RISK FACTORS RELATING TO THE ROC

Our business prospects, financial condition and results of operations could be adversely affected by political considerations relating to the ROC.

We actively conduct our business and generate most of our revenues in Taiwan. Accordingly, our business, financial condition and results of operations may be affected by changes in the ROC governmental policies, law, taxation, inflation, deflation, interest rates, social instability and other political, economic, diplomatic or social developments in or affecting the ROC which are outside our control. Taiwan has a unique international political status. Since 1949, Taiwan and the PRC have been separately governed. The PRC government regards the ROC as a province of the PRC and does not recognize the legitimacy of the ROC. Although significant economic and cultural relations have been established in the past decades between the ROC and the PRC, the PRC has refused to renounce the possibility that it may use military force to gain control over the ROC, particularly under what it considers as highly provocative circumstances, such as a

declaration of independence by the ROC. Furthermore, the PRC government passed the Anti-Secession Law in March 2005, which authorized non-peaceful means and other necessary measures should the ROC move to gain independence from the PRC.

Relations between the PRC and the ROC have at times been strained. Strained relations could result in future military actions or economic sanctions or other disruptive activities undertaken by either government. Tension between the ROC and the PRC and other factors affecting political or economic conditions in the ROC could have a material adverse effect on our financial condition and results of operations.

Our operations in the ROC are subject to risks associated with the ROC legal system.

Our business and operations in the ROC are governed by the ROC legal system, which is a codified system with written laws, regulations, circulars, administrative directives and internal guidelines. In the event that we breach any of the foregoing due to an act or omission, we will be subject to penalties prescribed thereunder. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are uncertain, and are subject to policy changes. There can be no assurance that we will be able to remain in compliance with all applicable laws and regulations in the ROC.

Holders of the Bonds may not be able to enforce a judgment of a foreign court in the ROC.

Our business and operations are mainly in the ROC. Most of our directors and senior management are residents of the ROC, and certain portion of our assets and the assets of such persons are located in the ROC. As a result, it may be difficult for holders of the Bonds to enforce judgments obtained outside the ROC against us or such persons in the ROC, including those predicated upon the civil liability provisions of English law. Further, while it is expected that the courts of the ROC will recognize and enforce a judgment given by the courts of England on matters governed by English law, there is no guarantee that the ROC courts will do the same for all such judgments.

RISK FACTORS RELATING TO THE BONDS AND THE GUARANTEE OF THE BONDS

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal, interest or distribution payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds are complex investment securities and such Bonds may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the investors' overall portfolios. A potential investor should not invest in the Bonds which are complex financial instruments unless it has the

expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of some investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing or (c) any other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable RBC or similar rules.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Approval in-principle has been received from the SGX-ST for the listing of the Bonds on the SGX-ST. However, no assurances can be given as to whether the Bonds will be, or will remain, listed on the SGX-ST or whether a trading market for the Bonds will develop or as to the liquidity of any such trading market. If the Bonds fail to or cease to be listed on the SGX-ST, certain investors may not invest in, or continue to hold or invest in, the Bonds. In addition, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. If any of the Bonds are traded after their initial issue, they may trade at a discount or premium from their initial offering price, depending on prevailing interest rates, the market for similar securities and the market for the Bonds and other factors, including general economic conditions and our financial condition, performance and prospects. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. None of the Managers is obligated to make a market in the Bonds, and if the Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to, or exempt from, registration under the Securities Act.

Insolvency laws of Singapore and the ROC may differ from the bankruptcy laws of other jurisdictions with which holders of the Bonds are familiar.

The insolvency laws of Singapore and the ROC and other local insolvency laws may differ from the bankruptcy laws of other jurisdictions with which the holders of the Bonds are familiar. Since the Issuer and the Guarantor are incorporated under the laws of Singapore and the ROC, respectively, any insolvency proceedings relating to the Issuer or the Guarantor, regardless of where they were brought, would likely involve Singapore or ROC insolvency laws, respectively, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in other jurisdictions with which the holders of the Bonds are familiar.

The application of certain Singapore insolvency and related laws may result in a material adverse effect on the Bondholders.

In the event of an insolvency or near insolvency of the Issuer, the application of certain provisions of Singapore insolvency and related laws may have a material adverse effect on the Bondholders, including but not limited to the following impact: Where the Issuer is insolvent or close to insolvent and the Issuer undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Issuer. It may also be possible that if a company related to the Issuer proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Issuer may also seek a moratorium even if the Issuer is not itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager. Accordingly, if for instance there is any need for the Trustee to bring an action against the Issuer, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Bondholders may be made subject to a binding scheme of arrangement where the majority in number (or such number as the court may order) representing at least 75% in value of creditors and the court approve such scheme. In respect of such schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing at least 75% in value of the creditors meant to be bound by the scheme and who were present and voting (either in person or by proxy) at the relevant meeting have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Bondholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the “**IRD Act**”) was passed in the Parliament of Singapore on October 1, 2018 and came into force on July 30, 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with the Bonds. However, it may apply to other related contracts that are not found to be directly connected with the Bonds.

The application of certain ROC insolvency and related laws may result in a material adverse effect on the Bondholders.

In the event of insolvency of the Guarantor, particularly a bankruptcy case under the Taiwan Bankruptcy Act, the application of certain provisions of the Taiwan insolvency and related laws may materially and adversely affect the interests of the Bondholders, including but not limited to the following: the bankruptcy of the Guarantor is governed exclusively by the laws of the jurisdiction in which the Guarantor is incorporated. Accordingly, if the Guarantor becomes insolvent, the Bondholders are required to initiate or participate in relevant proceedings before a court in Taiwan to claim their rights to payment. Further, when the Guarantor is subject to bankruptcy proceedings under the Taiwan Bankruptcy Act, all litigation, enforcement or similar legal proceedings initiated by the Bondholders against the Guarantor in Taiwan (other than the bankruptcy proceeding itself) would be subject to a stay, and the Bondholders will be required to register their claims against the Guarantor in accordance with the Taiwan Bankruptcy Act to participate in the distribution of the Guarantor's bankruptcy estate.

Pursuant to the Taiwan Bankruptcy Act, any party holding a pledge, mortgage or lien over the assets of the Guarantor may exercise its rights irrespective of the bankruptcy proceedings. As a result, the bankruptcy estate of the Guarantor and the recovery available to the Bondholders therefrom is subject to the enforcement of security interests by such secured creditors of the Guarantor.

The Issuer's ability to make payments under the Bonds is dependent on the business and financial condition of the Guarantor and its subsidiaries.

The Issuer, a single purpose vehicle incorporated for the purpose of issuing the Bonds, is a direct wholly-owned subsidiary of the Guarantor. The other subsidiaries of the Guarantor are neither the issuer nor the guarantor in respect of the Bonds. Holders have no recourse against such subsidiary (other than the Issuer or the Guarantor, as the case may be) with respect to the payment of amounts due under the Bonds. The Issuer's ability to make payments under the Bonds depends on its investment performance and the availability of funds from the Guarantor and the Guarantor's financial condition and results of operations. In the event that we do not make such payments or funding due to limitation in such loans or other agreements, lack of available cash flow or other factors, the Issuer's ability to make payments under the Bonds could be adversely affected.

The Bonds and the Guarantee of the Bonds are subordinated obligations.

The obligations of the Issuer under the Bonds and of the Guarantor under the Guarantee of the Bonds will constitute unsecured and subordinated obligations of the Issuer and the Guarantor. Subject to and to the

extent permitted by the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in the Terms and Conditions of the Bonds) of the Issuer, the rights and claims of the Bondholders in respect of payments of principal and interest on the Bonds will be expressly subordinated in right of payment to the prior payment in full of all present and future claims of Senior Creditors (as defined in the Terms and Conditions of the Bonds), but shall rank *pari passu* in right of payment with each other and to the present and future claims of the holders of any other Parity Obligations (as defined in the Terms and Conditions of the Bonds) of the Issuer and in priority in right of payment to the present and future claims of the holders of any share capital of the Issuer (including Ordinary Shares (as defined in the Terms and Conditions of the Bonds) and Preferred Shares (as defined in the Terms and Conditions of the Bonds) of the Issuer) and any other outstanding Junior Obligations (as defined in the Terms and Condition of the Bonds) of the Issuer. Upon the Winding-Up of the Issuer, holders of the Bonds can enforce the obligations of the Guarantor under the Guarantee of the Bonds, but, subject to the insolvency laws of the ROC and other applicable laws, in the event of the Winding-Up of the Guarantor, the rights and claims of holders of the Guarantee of the Bonds will rank senior to any present and future claims of the holders of any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor) and any other outstanding Junior Obligations of the Guarantor, equally with the holders of all Parity Obligations of the Guarantor, but junior in right of payment to the present and future claims of all Senior Creditors by operation of law or contract.

In the event of a shortfall of funds or a Winding-Up, there is a real risk that an investor in the Bonds will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Bonds.

The Issuer and the Guarantor may raise or redeem other capital which affects the price of the Bonds.

The Issuer and the Guarantor may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Issuer and the Guarantor may issue or incur and which rank senior to, or *pari passu* with, the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Bondholders on a Winding-Up of the Issuer and/or the Guarantor, and may increase the likelihood of a cancellation of interest under the Bonds. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Bonds and/or the ability of Bondholders to sell their Bonds.

The Bonds are redeemable on the Maturity Date or upon the occurrence of certain events. The Bonds are redeemable on the Maturity Date, in whole, but not in part, at their principal amount together with interest accrued and unpaid to such date.

In addition, subject to the satisfaction of Condition 5(g) of the Terms and Conditions of the Bonds, the Issuer also has the right to redeem the Bonds in whole, but not in part, at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) at any time on giving not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Bondholders (which notice shall be irrevocable):

- (i) upon the occurrence of a Tax Withholding Event (as defined in the Terms and Conditions of the Bonds);
- (ii) upon the occurrence of a Tax Deduction Event (as defined in the Terms and Conditions of the Bonds);
- (iii) on any date falling in the period from (and including) September 10, 2035 to (and excluding) the Maturity Date;
- (iv) upon the occurrence of a Minimal Outstanding Amount Redemption Event (as defined in the Terms and Conditions of the Bonds); or
- (v) upon the occurrence of a Regulatory Capital Event (as defined in the Terms and Conditions of the Bonds).

The date on which the Issuer elects to redeem the Bonds may not accord with the preference of individual Holders. This may be disadvantageous to the Holders in light of market conditions or the individual circumstances of the Holders. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Bonds.

An early redemption of the Bonds is subject to Redemption Conditions.

Any redemption or purchase of the Bonds (other than a redemption on the Maturity Date) shall be subject to the Redemption Conditions (as defined in the Terms and Conditions of the Bonds) to the extent the Bonds qualify as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules) and such Redemption Conditions are required by the Applicable Supervisory Rules:

- (A) the Bonds may not be redeemed or purchased pursuant to Condition 5 of the Terms and Conditions of the Bonds (other than a redemption on the Maturity Date) unless the Relevant Regulatory Approval has been obtained; and
- (B) the Bonds may only be redeemed or purchased pursuant to Condition 5 of the Terms and Conditions of the Bonds (other than a redemption on the Maturity Date) if, immediately after giving effect to such redemption or purchase, the Capital Requirements are satisfied.

In addition, if a Special Event (as defined in the Terms and Conditions of the Bonds) has occurred and is continuing, then the Issuer may, subject to satisfaction of Condition 12 of the Terms and Conditions of the Bonds, but without any requirement for the consent or approval of Bondholders, substitute all, but not some only, of the relevant tranche of Bonds for, or vary the terms of such Bonds with the effect that they remain or become, “Qualifying Bonds” as defined in the Terms and Conditions of the Bonds, provided that Relevant Regulatory Approval has been obtained for such substitution or variation, to the extent required by the Applicable Supervisory Rules.

Differences between Taiwan-IFRS and generally accepted accounting principles may impact the assessment of the Guarantor’s financial condition or the characterization of the Bonds.

Our financial statements are prepared using accounting principles, procedures and reporting practices generally accepted in the ROC, or Taiwan-IFRS, and are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other jurisdictions, including the United States and Europe. See “*Summary of Certain Material Differences Between Taiwan-IFRS and IFRS Accounting Standards*.” No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements or notes thereto. Potential investors should consult their own professional advisors for an understanding of the differences between Taiwan-IFRS and the generally accepted accounting principles in other jurisdictions.

Further, no attempt has been made to identify future differences between Taiwan-IFRS and the generally accepted accounting principles in other jurisdictions as a result of the prescribed changes in accounting standards. See “*Changes in accounting standards may adversely affect our financial condition*.” There can be no assurance that such changes will not have a significant impact on our financial condition and results of operations.

There are limited remedies for non-payment under the Bonds and the Guarantee of the Bonds.

The right to institute Winding-Up proceedings is limited to circumstances where payment under the Bonds has become due and is unpaid. The only remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Terms and Conditions of the Bonds) any Holder for recovery of amounts in respect of the Bonds following the occurrence of a non-payment after any sum becomes due in respect of the Bonds will be proving in such Winding-Up and/or claiming in the liquidation of the Issuer in respect of any of the Issuer’s payment obligations arising from the Bonds and the Trust Deed. Holders can look to the Guarantor only upon the Winding-Up of the Issuer, and the right to

institute Winding-Up proceedings and/or proving and/or claiming in Winding-Up in respect of any of the Issuer's payment obligations arising from the Bonds and the Trust Deed is limited to circumstances provided by applicable law.

The Trustee may request that Holders provide an indemnity and/or security and/or prefunding to its satisfaction.

Where the Trustee is under the provisions of the Trust Deed bound to act at the request or direction or on the instructions of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when actions can be taken by the Trustee on behalf of the Bondholders. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Terms and Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions directly.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Guarantor's and the Group's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There is no assurance that these developments will not occur in the future.

Credit ratings assigned to the Bonds may not reflect the potential impact on the Bonds.

The Bonds are expected to be assigned a rating of "BBB+" and "BBB+" by S&P and Fitch, respectively. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above and other factors that

may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to the Bonds will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the relevant rating agencies in the future if, in their judgment, the circumstances so warrant. None of the Issuer nor the Guarantor is obligated to inform holders of the Bonds of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Bonds at any time may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

The Terms and Conditions of the Bonds contain provisions which may permit their modification without the consent of all investors. Decisions may be made on behalf of all holders of the Bonds and may be adverse to the interests of individual Holders of the Bonds.

The Terms and Conditions of the Bonds contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds, including holders of the Bonds who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of Holders of the Bonds may be adverse to the interests of individual Holders of the Bonds. See *"Terms and Conditions of the Bonds – Meetings of Bondholders and Modifications – Meetings of Bondholders."*

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of Bondholders, agree to (i) any modification of the Terms and Conditions of the Bonds, the Bonds, the Trust Deed or the Agency Agreement (as defined in the Terms and Conditions of the Bonds) (other than in respect of a Reserved Matter (as defined in the Terms and Conditions of the Bonds)) which, in the opinion of the Trustee, will not be materially prejudicial to the interests of Bondholders and (ii) any modification of the Terms and Conditions of the Bonds, the Bonds, the Trust Deed or the Agency Agreement which, in the opinion of the Trustee, is of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of any applicable law.

In addition, the Trustee may, without the consent of the Bondholders, authorize or waive any proposed breach or breach of the Terms and Conditions of the Bonds, the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. See *"Terms and Conditions of the Bonds – Meetings of Bondholders and Modifications – Modification and Waiver."*

A change in English, Singapore and ROC law which governs the Bonds may adversely affect the Bondholders.

The Terms and Conditions of the Bonds are governed by English law in effect as of the date of issue of the Bonds, except in relation to subordination provisions set forth in Conditions 3(a) and (b) of the Terms and Conditions of the Bonds, which are governed by Singapore law and ROC law, respectively. No assurance can be given as to the impact of any possible judicial decision or change to English, Singapore or ROC law or administrative practice after the date of issue of the Bonds.

The Bonds will initially be represented by a Global Certificate, and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.

The Bonds will initially be represented by beneficial interests in a Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream (the **"Clearing Systems"**). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems and the Issuer, failing which the Guarantor, will discharge its

payment obligations under the Bonds by making payments to the common depositary for Clearing Systems for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Bonds. None of the Issuer, the Guarantor, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Integral multiples of less than the specified denomination.

The denominations of the Bonds are US\$200,000 and integral multiples of US\$1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of US\$200,000 that are not integral multiples of US\$200,000. In such a case, a holder of Bonds who, as a result of trading such amounts, holds a principal amount of less than US\$200,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, holders of the Bonds should be aware that Bonds with aggregate principal amounts that are not an integral multiple of US\$200,000 may be illiquid and difficult to trade.

The Bonds are subject to Singapore taxation risks.

The Bonds are intended to be “qualifying debt securities” for the purposes of the Income Tax Act 1947 of Singapore (“**Income Tax Act**”), subject to the fulfilment of certain conditions more particularly described in “Taxation – Singapore”. However, there can be no assurance that the Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds.

Pursuant to the Applicable Supervisory Rules (as defined below), the Bonds will be offered or sold to institutional investors by way of an exempt offering and not by way of a private placement to specified investors. In addition, the Bonds will not be issued or offered to sell to the "related parties" of the Guarantor under "Directions for Issuance of Bonds with Capital Characteristics by Insurance Companies" issued by the Insurance Bureau of the FSC, except where the related party is an individual.

Each Bondholder that is a Financial Institution shall be deemed to agree, be bound by and acknowledge that it shall not subscribe for, purchase or hold any Bonds if doing so would result in a reciprocal cross-holding arrangement of subordinated bonds with a maturity of 10 years or more with the Guarantor, in breach of the Applicable Supervisory Rules. For the purposes of this paragraph, "Financial Institution" shall have the meaning as set out in the Financial Institutions Merger Act of the ROC.

The U.S.\$650,000,000 5.45 per cent. Tier 2 Subordinated Dated Capital Bonds due 2035 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 13 of these terms and conditions of the Bonds (the "**Conditions**" and each a "**Condition**") and consolidated and forming a single series with the Bonds) of Fubon Life Singapore Pte. Ltd. (the "**Issuer**") are constituted by a trust deed dated September 10, 2025 (as amended and/or supplemented from time to time, the "**Trust Deed**") entered into by the Issuer, Fubon Life Insurance Co., Ltd. (the "**Guarantor**") and Citicorp International Limited (the "**Trustee**") and are the subject of an agency agreement dated September 10, 2025 (as amended and/or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, the Trustee, Citicorp International Limited as registrar (the "**Registrar**", which expression shall include any successor thereto), Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor thereto) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor and additional transfer agent thereto) and any other agents named therein. References to the "**Paying Agents**" include the Principal Paying Agent and references to the "**Transfer Agents**" include the Transfer Agent. References to the "**Principal Paying Agent**", the "**Registrar**", the "**Transfer Agent**" and the "**Agents**" below are to the principal paying agent, the registrar, the transfer agent and the agents for the time being for the Bonds. Certain provisions of these Conditions are summaries of the Trust Deed and Agency Agreement and subject to their detailed provisions. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of all of the provisions of the Trust Deed and the Agency Agreement applicable to them.

Copies of the Trust Deed and Agency Agreement are available for inspection upon prior written notice and satisfactory proof of holding at the specified office of the Trustee.

1. FORM, DENOMINATION AND TITLE

The Bonds are issued in registered form in the specified denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (the "**Specified Denomination**").

The Bonds are represented by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar outside of the United Kingdom and the Republic of China ("**ROC**") in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and "**holder**" mean the person in whose name any Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") deposited with and registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate".*

2. TRANSFERS OF THE BONDS

- (a) **Transfer of the Bonds:** A Bond may, subject to the terms of the Agency Agreement and Condition 2(d), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Bond to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of the Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of the Bonds and entries on the Register will be made subject to the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder upon prior written request and satisfactory proof of holding.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.

- (b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent or the Registrar the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar (as the case may be).
- (c) **Transfers Free of Charge:** Transfers of the Bonds and Certificates on registration or transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment by the applicant of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the Transfer Agent may require in respect of tax or charges).
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on the due date for redemption of the Bonds or (ii) after the Bonds have been called for redemption.

3. STATUS

- (a) **Status and ranking of the Bonds:** The Bonds constitute direct, unconditional, unsecured and subordinated obligations of the Issuer which rank *pari passu* in right of payment and without any preference among themselves. Subject to and to the extent permitted by the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of the Issuer, the rights and claims of the Bondholders in respect of payment of principal and interest on the Bonds will be expressly

subordinated in right of payment to all present and future claims of all Senior Creditors, but shall rank *pari passu* in right of payment with each other and to the present and future claims of the holders of any other Parity Obligations of the Issuer and in priority in right of payment to the present and future claims of the holders of any share capital of the Issuer (including Ordinary Shares and Preferred Shares of the Issuer) and any other Junior Obligations of the Issuer.

- (b) **Status and ranking of the Guarantee:** The Guarantor has, in the Trust Deed, unconditionally and irrevocably guaranteed the due and punctual payment of all sums payable by the Issuer in respect of the Bonds. This guarantee (the "**Guarantee of the Bonds**") constitutes a direct, unconditional, unsecured and subordinated obligation of the Guarantor. Subject to the insolvency laws of the ROC, in the event of the Winding-Up of the Guarantor, the rights and claims of the Bondholders in respect of the Guarantee of the Bonds will be subordinated in right of payment to the present and future claims of all Senior Creditors, but shall rank *pari passu* in right of payment to the present and future claims of the holders of any Parity Obligations of the Guarantor and in priority in right of payment to the present and future claims of the holders of any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor) and any other Junior Obligations of the Guarantor.

The status and ranking of the Bonds and the Guarantee of the Bonds will not be affected by the Tier 1 Capital Instruments or Tier 2 Capital Instruments issued or guaranteed by the Issuer or the Guarantor.

- (c) **Set-off:** Subject to applicable law, no holder may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer or the Guarantor in respect of, or arising under or in connection with the Bonds or the Guarantee of the Bonds, as the case may be, and each holder shall, by virtue of his holding of any Bonds, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer or the Guarantor. Notwithstanding the preceding sentence, if any of the amounts owing to any holder by the Issuer or the Guarantor in respect of, or arising under or in connection with the Bonds or the Guarantee of the Bonds, as the case may be, is discharged by set-off, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or the Guarantor (or, in the event of Winding-Up of the Issuer or the Guarantor, as the case may be, the liquidator of the Issuer or the Guarantor, as the case may be) and, until such time as payment is made, shall hold such amount in trust for the Issuer or the Guarantor, as the case may be (or the relevant liquidator) and accordingly any such discharge shall be deemed not to have taken place.

- (d) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Applicable Supervisory Rules**" means such insurance supervisory laws, rules, regulations, guidelines and official interpretation which are applicable to the Guarantor and, as the case may be, the Issuer from time to time;

"**Junior Obligations**" means:

- (i) in respect of the Issuer, (a) any share capital of the Issuer (including Ordinary Shares and Preferred Shares of the Issuer), (b) any other instruments or securities issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Tier 1 Capital Instruments of the Guarantor and (c) any instruments or securities issued, entered into or guaranteed by the Issuer or other obligations of the Issuer ranking, or expressed to rank, junior in right of payment to the Bonds by operation of law or contract; and
- (ii) in respect of the Guarantor, (a) any share capital of the Guarantor (including Ordinary Shares and Preferred Shares of the Guarantor), (b) any other instruments or securities issued, entered into or guaranteed by the Guarantor that constitutes or qualifies as Tier 1 Capital Instruments of the Guarantor and (c) any instruments or securities issued, entered into or guaranteed by the Guarantor or other obligations of the Guarantor ranking, or expressed to rank, junior to the Guarantor's obligations under the Guarantee of the Bonds by operation of law or contract;

"Ordinary Shares" means the ordinary share capital (普通股) of the Issuer or the Guarantor, as the case may be;

"Parity Obligations" means:

- (i) in respect of the Issuer, any instruments or securities issued, entered into or guaranteed by the Issuer that constitutes or qualifies as Tier 2 Capital Instruments of the Guarantor (but excluding any Preferred Shares that might also constitute or qualify as Tier 2 Capital Instruments of the Guarantor) or any other obligations of the Issuer, the claims of the holders of which rank, or are expressed to rank, *pari passu* in right of payment with the Bonds by operation of law or contract; and
- (ii) in respect of the Guarantor, any instruments or securities issued, entered into or guaranteed by the Guarantor that constitutes or qualifies as Tier 2 Capital Instruments of the Guarantor (but excluding any Preferred Shares that might also constitute or qualify as Tier 2 Capital Instruments of the Guarantor) or any other obligations of the Guarantor, the claims of the holders of which rank, or are expressed to rank, *pari passu* in right of payment with the Guarantee of the Bonds by operation of law or contract;

"Preferred Shares" means any preferred shares (特別股) of the Issuer or the Guarantor, as the case may be;

"Senior Creditors" means:

- (i) in respect of the Issuer, any unsubordinated creditors of the Issuer or other creditors whose claims are not ranked or not expressed to rank *pari passu* or junior to the claims of the Bondholders; and
- (ii) in respect of the Guarantor, all policyholders (including all obligations to such policyholders under policies and contracts of insurance) and other unsubordinated creditors of the Guarantor;

"Tier 1 Capital Instruments" means any instrument or other obligation issued, entered into or guaranteed by the Issuer or the Guarantor, as the case may be, that constitutes Tier 1 unlimited capital (第一類非限制性資本) or Tier 1 limited capital (第一類限制性資本) of the Guarantor pursuant to the Applicable Supervisory Rules; and

"Tier 2 Capital Instruments" means any instrument or other obligation issued, entered into or guaranteed by the Issuer or the Guarantor, as the case may be, that constitutes Tier 2 capital (第二類資本) of the Guarantor pursuant to the Applicable Supervisory Rules.

4. INTEREST

- (a) **Accrual of Interest:** The Bonds confer a right to receive interest from September 10, 2025 (the "**Issue Date**") at 5.45 per cent. per annum (the "**Rate of Interest**") payable semi-annually in arrear on June 10 and December 10 of each year (each, an "**Interest Payment Date**"), with the first Interest Payment Date falling on June 10, 2026.

Unless otherwise provided for in these Conditions, each Bond will cease to confer the right to receive any interest from the due date for redemption unless, upon due presentation, payment of the full amount due is improperly withheld or refused. In such latter event, interest will continue to accrue at the Rate of Interest (after as well as before any judgment) up to but excluding whichever is the earlier of (i) the date on which all sums due in respect of the Bonds are received by or on behalf of the relevant Bondholder and (ii) the day which is seven days after the Agent has notified the Bondholders that it has received all sums due in respect of the Bonds up to such seventh day (except to the extent that there is a failure in the subsequent payment to the relevant Bondholders under these Conditions).

The Bonds are not subject to any interest rate step-up or any other incentive to redeem. The rate of interest is not linked to any credit quality or the financial condition of the Issuer or the Guarantor and will not be adjusted according to changes in the credit quality or the financial condition of the Issuer or the Guarantor, as the case may be, in the future.

- (b) **Fixed Interest Amount:** The Interest Amount payable in respect of each complete Interest Period shall be U.S.\$27.25 per Calculation Amount.
- (c) **Calculation of Interest Amount:** The amount of interest payable in respect of each Bond for any period (save for a complete Interest Period) shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Bond divided by the Calculation Amount, where "**Calculation Amount**" means U.S.\$1,000 and "**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months).

The calculation of any Interest Amount in respect of any Bond which is represented by a Global Certificate will be calculated on the aggregate outstanding principal amount of the Bonds represented by such Global Certificate, as the case may be, and not by reference to the Calculation Amount. See "The Global Certificate".

- (d) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Interest Amount**" means, in relation to an Interest Period, the amount of interest payable for that Interest Period; and

"**Interest Period**" means the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

5. REDEMPTION, PURCHASE AND OPTIONS

(a) **Redemption of Bonds at Maturity**

The Bonds, unless previously redeemed, purchased and cancelled as provided below, shall be finally redeemed on December 10, 2035 (the "**Maturity Date**") in whole, but not in part, at their outstanding principal amount together with interest accrued to (but not including) the Maturity Date.

(b) **Redemption for Taxation Reasons**

- (i) Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable), at their outstanding principal amount (together with interest accrued to (but not including) the date fixed for redemption), if:
 - (A) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or increase the payment of such additional amounts as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (i) the Guarantor has or (if a demand was made under the Guarantee of the Bonds) will become obliged to pay additional amounts as provided or referred to in Condition 7 or the Guarantee of the Bonds, as the case may be, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws, regulations, rulings or other administrative pronouncements promulgated thereunder of the ROC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025, and (ii) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, in each case, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Bonds then due or (as the case may be) a demand under the Guarantee of the Bonds then made (a "**Tax Withholding Event**").

- (ii) Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Trustee a certificate signed by one Authorised Signatory (as defined in the Trust Deed) of the Issuer or the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the right of the Issuer so to redeem has occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) ***Redemption for Tax Deduction Reasons***

- (i) Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable), at their principal amount (together with interest accrued to (but not including) the date fixed for redemption), if:
- (A) (i) in respect of the interest payable on the Bonds, the Issuer is no longer, or will no longer be, entitled to claim a full deduction in respect of computing its taxation liabilities in Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025 and (ii) such non tax deductibility cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (i) in respect of any amounts payable under the Guarantee of the Bonds, the Guarantor is no longer, or will no longer be, entitled to claim a full deduction in respect of computing its taxation liabilities in the ROC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements promulgated thereunder, including the decision of any court, tribunal or governmental agency, which change or amendment becomes effective on or after (or is enacted or adopted on or after but becomes effective before) September 3, 2025 and (ii) such non tax deductibility cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, in each case, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor is or would be no longer entitled

to claim a deduction for any payments in respect of the Bonds or (as the case may be) the Guarantee of the Bonds in computing its Singapore or the ROC (or any authority therein or thereof having power to tax) taxation liabilities or the amount of such deduction is materially reduced (a "**Tax Deduction Event**").

- (ii) Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee a certificate signed by one Authorised Signatory of the Issuer or the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the right of the Issuer so to redeem has occurred, and an opinion of independent legal or tax advisers of recognised standing to the effect that such non tax deductibility cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it.

(d) ***Issuer's Call Option***

- (i) Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, on any date falling in the period from (and including) September 10, 2035 to (and excluding) the Maturity Date on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable) at their principal amount (together with interest accrued to (but not including) the date fixed for redemption).
- (ii) All Bonds in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 5(d).

(e) ***Minimal Outstanding Amount Redemption***

- (i) Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable) at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) if prior to the date of such notice at least 90 per cent. in principal amount of the Bonds originally issued (including any further Bonds issued pursuant to Condition 13 and consolidated and forming a single series with the Bonds) has already been redeemed or purchased and cancelled (a "**Minimal Outstanding Amount Redemption Event**").
- (ii) Upon expiry of any such notice as is referred to in this Condition 5(e), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(e).

(f) ***Regulatory Capital Event Redemption***

- (i) Subject to the satisfaction of Condition 5(g), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Bondholders (which notice shall be irrevocable) at their principal amount (together with interest accrued to (but not including) the date fixed for redemption) if, immediately before giving such notice, the Bonds or the Guarantee of the Bonds, which having originally qualified as Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules in effect as of the Issue Date (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules), as a result of a change in the Applicable Supervisory Rules are deemed to no longer qualify (in whole or in part) as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules) (each, a "**Regulatory Capital Event**").
- (ii) Prior to the publication of any notice of redemption pursuant to this Condition 5(f), the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by one

Authorised Signatory of the Issuer or the Guarantor stating that the circumstances referred to above prevail and setting out the details of such circumstances.

- (iii) Upon expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem the Bonds in accordance with this Condition 5(f).

(g) ***Redemption Conditions***

- (i) Notwithstanding anything to the contrary set forth herein, any redemption or purchase of the Bonds pursuant to Condition 5 (other than a redemption on the Maturity Date) shall be subject to the following conditions (such conditions being referred to herein as the "**Redemption Conditions**") to the extent the Bonds qualify as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be, under the Applicable Supervisory Rules (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules) and such Redemption Conditions are required by the Applicable Supervisory Rules:
 - (A) the Bonds may not be redeemed or purchased pursuant to Condition 5 (other than a redemption on the Maturity Date) unless the Relevant Regulatory Approval has been obtained; and
 - (B) the Bonds may only be redeemed or purchased pursuant to Condition 5 (other than a redemption on the Maturity Date) if, immediately after giving effect to such redemption or purchase, the Capital Requirements are satisfied.
- (ii) The determination by the Issuer in connection with any redemption that the applicable Redemption Conditions set forth in this Condition 5(g) have or have not been met or that no such Redemption Conditions apply shall, in the absence of manifest error, be treated and accepted by the Bondholders and all other interested parties as correct and sufficient evidence thereof and shall be final and binding on such parties, and the Trustee shall be entitled to rely on such determination without liability to any person.
- (iii) In the event that the option of the Issuer (i) to redeem the Bonds following the occurrence of any Special Event, (ii) to substitute the Bonds, or vary the terms of the Bonds, following the occurrence of any Special Event, or (iii) to conduct a redemption pursuant to Condition 5(e) (*Minimal Outstanding Amount Redemption*), would at any time prevent the Bonds from being treated under the then Applicable Supervisory Rules as at least Tier 2 capital of the Issuer or the Guarantor, as the case may be (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules), then, at the option of the Issuer, the terms of the Bonds and the Guarantee of the Bonds shall automatically be deemed to be modified, without the consent of the Bondholders or the Trustee, so as to exclude any feature relating to such option that is preventing the Bonds or the Guarantee of the Bonds from being treated under the then Applicable Supervisory Rules as at least Tier 2 capital (or, if different, whatever terminology is employed by the then Applicable Supervisory Rules). Should such automatic deemed modification occur, notice of such fact shall be given promptly by the Issuer to the Trustee and the Bondholders.

(h) ***Purchases***

Neither the Issuer, the Guarantor, any of its respective subsidiaries nor any of the related parties of the Issuer or the Guarantor shall subscribe for any Bonds or purchase any Bonds in the open market or otherwise and at any price, unless such subscription and/or purchase, as the case may be, is effected with Relevant Regulatory Approval, to the extent required by the Applicable Supervisory Rules.

For the purposes of this Condition 5(h), "**related parties**" shall have the meaning as set out in IAS (International Accounting Standard) 24, except where the related party is an individual.

(i) ***Cancellation***

Any Bonds redeemed by the Issuer, the Guarantor or any of their respective subsidiaries shall be cancelled forthwith. Any Bonds so cancelled may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

(j) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Capital Requirements" means any minimum prescribed solvency capital ratios to which the Guarantor is subject from time to time pursuant to the Applicable Supervisory Rules, which as of the Issue Date comprise of the capital adequacy ratio (資本適足率) as calculated according to the Applicable Supervisory Rules;

The minimum prescribed solvency capital ratios and other capital requirements which apply to the Guarantor may change from time to time. See "Risk Factors – Risk Factors Relating to the Insurance Industry – We are required to comply with minimum solvency requirements and may be required to raise additional capital or change our business strategy if our RBC adequacy ratio deteriorates or the applicable capital requirements change in the future.

"Relevant Regulator" means the regulator which is considered the primary supervisor of the Guarantor from time to time under the Applicable Supervisory Rules. The Relevant Regulator as of the Issue Date is the Insurance Bureau of the Financial Supervisory Commission, ROC;

"Relevant Regulatory Approval" means the Relevant Regulator has given, and not withdrawn by the relevant date, its prior consent to the redemption, purchase or substitution or variation (in accordance with Condition 12), as the case may be, of such Bonds; and

"Special Event" means a Tax Withholding Event, Tax Deduction Event or Regulatory Capital Event or any combination of the foregoing.

6. **PAYMENTS**

(a) **Principal and Interest:**

(i) Payments of principal in respect of the Bonds shall be made against presentation and surrender of the Certificate at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest on the Bonds shall be paid to the person shown on the Register at the close of business on the Payment Business Day before the due date for payment thereof (the **"Record Date"**). Payments of interest on the Bonds shall be made in U.S. dollars by transfer to a registered U.S. dollar account of the Bondholder appearing in the Register.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar shall annotate the Register with the amount of principal so paid and shall (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar shall annotate the Register with the amount of interest so paid.

(iv) Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(b) **Payments Subject to Fiscal Laws:** All payments are subject in all cases to any applicable laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Bondholders in respect of such payments.

- (c) **Appointment of Agents:** The Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Paying Agent; (iii) a Registrar, (iv) a Transfer Agent, and (v) such other agents as may be required by any other stock exchange on which the Bonds may be listed.

Notice of any such change or any change of any specified office shall promptly be given by the Issuer to the Bondholders.

- (d) **Non-Business Days:** If any date for payment in respect of the Bonds is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 6, "**Payment Business Day**" means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are open for business in New York City, Singapore, Hong Kong and Taipei and the city in which the specified office of the Principal Paying Agent is located.

7. TAXATION

All payments of principal and interest by the Issuer or the Guarantor or any of its agents making a payment on its behalf in respect of the Bonds shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges imposed, levied, collected, withheld or assessed by Singapore, the ROC or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or regulation. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts (the "**Additional Tax Amounts**") as shall result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (a) **Other connection:** for such taxes, duties, assessments or governmental charges imposed, levied, collected, withheld or assessed by reason of such Bondholder (or fiduciary, beneficial owner, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Bondholder, if the relevant Bondholder is an estate, nominee, trust, partnership, company or corporation) having a present or former connection with the jurisdiction by which such taxes, duties, assessments or governmental charges have been imposed, levied, collected, withheld or assessed (including, without limitation, the holder being a resident of, or a permanent establishment in such jurisdiction), other than the mere holding of the Bond;
- (b) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the Bondholder would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day;
- (c) **Estate, inheritance, etc.:** for any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or other governmental charge;
- (d) **Failure to provide information:** where such withholding or deduction could have been lawfully avoided if the Bondholder or beneficial owner (or a third party on behalf of the Bondholder or beneficial owner) had complied with a request addressed to such Bondholder to provide certification, identification or information reporting concerning the nationality, residence, identity or connection with the taxing jurisdiction of such Bondholder or beneficial owner (or third party); provided that the Issuer or the Guarantor, as the case may be, shall be deemed to have given adequate notice if it complies with the general notice provision provided in Condition 14);
- (e) **Presentation in the ROC:** presented (or in respect of which the Certificate representing it is presented) for payment in the ROC, unless such Bond could not have been presented for payment elsewhere; or

- (f) for any combination of the foregoing.

As used in these Conditions, "**Relevant Date**" in respect of the Bonds means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made. References in these Conditions to (i) "**principal**" shall be deemed to include all amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition 7.

The Issuer or (as the case may be) the Guarantor or any of their agents making a payment on their behalf shall be permitted to withhold or deduct any amounts pursuant to or in connection with Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended, any current or future regulations or official interpretations thereof, any agreements (including any intergovernmental agreements) thereunder or any law, regulation, or official interpretation implementing any of the foregoing (in each case "**FATCA Withholding**"). The Issuer, the Guarantor and their agents will have no liability for or have any obligation to pay additional amounts in respect of any such FATCA Withholding.

Neither the Trustee nor the Agents shall be responsible for paying any tax, duty, charge, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer, the Guarantor, the Bondholders or any other person to pay such tax, duty, charge, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. **PRESCRIPTION**

Claims against the Issuer or the Guarantor for payment in respect of the Bonds or the Guarantee of the Bonds (as the case may be) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. **NON-PAYMENT**

- (a) **Limited rights to institute proceedings:** Notwithstanding any of the provisions below in this Condition 9, the right to institute Winding-Up of the Issuer or the Guarantor is limited to circumstances where payment in respect of the Bonds has become due and is unpaid.
- (b) **Proceedings for Winding-Up:** Upon (i) an order being made or an effective resolution being passed for the Winding-Up of the Issuer or the Guarantor, as the case may be or (ii) the Issuer or the Guarantor failing to make payment in respect of the Bonds or the Guarantee of the Bonds, as the case may be, for a period of ten days or more after the date on which such payment is due, the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Bonds (in the case of the Issuer) and the Guarantee of the Bonds (in the case of the Guarantor), and the Trustee at its sole discretion may, and if so requested in writing by Bondholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution shall (subject in any such case to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction), institute proceedings for the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) and/or prove and/or claim in the Winding-Up of the Issuer, the Guarantor or both of them (as applicable) for the principal amount of the Bonds together with interest accrued to the day prior to the commencement of the Winding-Up. The right to proving and/or claiming in Winding-Up in respect of any of the Issuer's payment obligations arising from the Bonds or the Guarantor's payment obligations arising from the Guarantee of the Bonds is limited to circumstances provided by applicable law.

- (c) **Enforcement:** Without prejudice to Condition 9(b), the Trustee at its sole discretion may, and if so requested in writing by Bondholders holding not less than 25 per cent. of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution shall (subject in any such case to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction), without further notice to the Issuer and/or the Guarantor institute such proceedings against the Issuer, the Guarantor or both of them (as applicable) as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor under the Bonds or the Guarantee of the Bonds (other than any payment obligation of the Issuer or the Guarantor under or arising from the Bonds or the Guarantee of the Bonds including, without limitation, payment of any principal or satisfaction of any interest in respect of the Bonds or the Guarantee of the Bonds) including any damages awarded for breach of any obligations, provided that in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.
- (d) **Trustee not bound to take action:** The Trustee shall not be bound to take action as referred to in Conditions 9(b) and 9(c) or any other action under these Conditions or the Trust Deed unless (i) it shall have been so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the outstanding Bonds or so directed by an Extraordinary Resolution of the Bondholders and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (e) **Bondholder not entitled to proceed directly**
- (i) No Bondholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.
- (ii) No Bondholder shall be entitled either to institute proceedings for the Winding-Up of the Issuer and/or the Guarantor or to submit a claim in such Winding-Up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such Winding-Up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such Bondholder may, on giving an indemnity and/or security and/or pre-funding satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the Winding-Up of the Issuer and/or the Guarantor and/or submit a claim in the Winding-Up of the Issuer and/or the Guarantor to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.
- (f) **Extent of Trustee's or Bondholders' remedy:** No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 9, shall be available to the Trustee or the Bondholders, whether for the recovery of amounts owing in respect of the Bonds or the Guarantee of the Bonds or in respect of any breach by the Issuer or the Guarantor of any of its other obligations under or in respect of the Bonds or the Guarantee of the Bonds, as the case may be.
- The Bondholders do not have the right to require the Issuer or the Guarantor to repay any principal or interest under the Bonds before it has become due and payable, unless such payment is made under circumstances provided by applicable law in the event of a Winding-Up of the Issuer or the Guarantor.*
- (g) **Definitions:** In these Conditions, "**Winding-Up**" means a final and effective order or resolution by a competent authority in the jurisdiction of the Issuer or the Guarantor, as the case may be, or effective resolution passed for the liquidation, winding-up, bankruptcy or similar proceedings in respect of the Issuer or the Guarantor, as the case may be (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction, merger or amalgamation, the terms of which reorganisation, reconstruction, merger or amalgamation have previously been approved by an Extraordinary Resolution).

10. MEETINGS OF BONDHOLDERS AND MODIFICATIONS

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction). The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity of the Bonds or redemption of the Bonds, any date for payment of interest or Interest Amounts on the Bonds, (ii) to reduce the rate or rates of interest in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Bonds, (iii) to vary any method of, or basis for, calculating any redemption amount, (iv) to vary the currency or currencies of payment or denomination of the Bonds, (v) to amend the terms of the Guarantee of the Bonds (other than as provided in Condition 10(b)), (vi) to amend the subordination provisions in the Trust Deed or (vii) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution (each, a **"Reserved Matter"**), in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 33 ¹/₃ per cent. in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

"Extraordinary Resolution" means a resolution passed (a) at a meeting of Bondholders duly convened and held in accordance with the Trust Deed by a majority of not less than three-quarters of the votes cast, (b) by Written Resolution (as defined in the Trust Deed) or (c) by an Electronic Consent (as defined in the Trust Deed).

Any such meeting of the Bondholders may be convened at a physical location, or such other method (which may include, without limitation, a conference call or video conference) as the Trustee may determine in accordance with the provisions of the Trust Deed.

The Trust Deed provides that a resolution (i) in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Bonds outstanding or (ii) passed by way of Electronic Consent (as defined in the Trust Deed) shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification and waiver:** The Trustee may, without the consent of the Bondholders, agree to (i) any modification of these Conditions, the Bonds, the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and (ii) any modification of these Conditions, the Bonds, the Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of any applicable law.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of these Conditions, the Bonds, the Trust Deed or the Agency Agreement (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

11. REPLACEMENT OF CERTIFICATES

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates and otherwise as the Issuer or the Registrar may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. SUBSTITUTION OR VARIATION

- (a) If a Special Event has occurred and is continuing, then the Issuer may (without any requirement for the consent or approval of the Bondholders or the Trustee), subject to its having satisfied the requirements set out under the definition of "Qualifying Bonds" immediately prior to the giving of any notice referred to herein that the provisions of this Condition 12 have been complied with, and having given not less than 15 nor more than 60 days' notice to the Trustee and, in accordance with Condition 14, the Bondholders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Bonds for, or (ii) vary the terms of the Bonds with the effect that they remain or become (as the case may be), Qualifying Bonds, provided that Relevant Regulatory Approval has been obtained for such substitution or variation, to the extent required by the Applicable Supervisory Rules.
- (b) Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Bonds in accordance with this Condition 12, as the case may be.
- (c) In connection with any substitution or variation in accordance with this Condition 12, the Issuer shall comply with the rules of any stock exchange on which the Bonds are for the time being listed or admitted to trading.
- (d) Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Bonds or the Qualifying Bonds.

In this Condition 12, "**Qualifying Bonds**" means bonds that:

- (a) have terms not materially less favourable to an investor (including, without limitation, terms allowing for the reduction, conversion or write-down of their principal amount in certain circumstances) than the terms of the Bonds (as reasonably determined by the Issuer, and provided that a certification to such effect (and confirming that the conditions set out in (i) and (ii) below have been satisfied) of one Authorised Signatory of the Issuer or the Guarantor shall have been delivered to the Trustee and the Bondholders prior to the substitution or variation of the Bonds), provided that:
 - (i) they are issued by the Issuer or any wholly-owned direct or indirect subsidiary of the Issuer with a guarantee of the Guarantor, or issued directly by the Guarantor in its capacity as an issuer; and
 - (ii) they (or, as appropriate, the guarantee as aforesaid) shall rank senior to or *pari passu* with the Bonds on a Winding-Up of the issuer or guarantor thereof, shall preserve the Bondholders' rights to any other payment that has accrued with respect to the Bonds, and shall contain terms which provide for the same Rate of Interest, Interest Payment Dates and redemption events, from time to time applying to the Bonds; and other terms of such bonds are substantially identical (as reasonably determined by the Issuer) to the Bonds, save for the modifications or amendments to such terms that are required to be made in order to avoid or resolve the applicable Special Event;

- (b) have been, or will on issue be, assigned at least the same rating (if any) as that assigned by the relevant rating agencies to the Bonds (if any such rating was assigned on or prior to the Issue Date of the Bonds) immediately prior to such substitution or variation; and
- (c) are listed on the Singapore Exchange Securities Trading Limited or another securities exchange of international standing regularly used for the listing and quotation of debt securities offered and traded in the international markets.

13. FURTHER ISSUES

The Issuer (with the prior written consent of the Guarantor) may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds (except in respect of the first payment of interest and their issue price, and so that, for the avoidance of doubt, references in these Conditions to "**Issue Date**" shall be to the first issue date of the Bonds) and so that the same shall be consolidated and form a single series with such Bonds, and references in these Conditions to "**Bonds**" and "**Bondholders**" shall be construed accordingly.

14. NOTICES

Notices to the holders of the Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. The Issuer and the Guarantor shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

So long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Holders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

15. RIGHTS OF THIRD PARTIES

Without prejudice to Condition 9(e), no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

16. GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law except that the subordination provisions set out in Conditions 3(a) and 3(b) are governed by, and shall be construed in accordance with, Singapore law and ROC law, respectively.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, and accordingly any legal action or proceedings arising out of or in connection with the Bonds ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Bonds and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** Each of the Issuer and the Guarantor irrevocably appoints Cogency Global (UK) Limited at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the

Issuer or the Guarantor, as the case may be). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Bondholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

THE GLOBAL CERTIFICATE

The Global Certificate will contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of certain of those provisions.

The Bonds will be represented by a Global Certificate which will be registered in the name of Citivic Nominees Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay interest on such principal sum in arrear on the dates and at the rate specified in the Terms and Conditions of the Bonds, together with any additional amounts payable in accordance with the Terms and Conditions of the Bonds, all subject to and in accordance with the Terms and Conditions of the Bonds and to pay such principal amount in the circumstances set out in Condition 5(a) (*Redemption of Bonds at Maturity*), Condition 5(b) (*Redemption for Taxation Reasons*), Condition 5(c) (*Redemption for Tax Deduction Reasons*), Condition 5(d) (*Issuer's Call Option*), Condition 5(e) (*Minimal Outstanding Amount Redemption*) and Condition 5(f) (*Regulatory Capital Event Redemption*).

The Global Certificate will become exchangeable in whole, but not in part, for individual certificates ("**Individual Certificates**") if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the Holder, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office (as defined in the Terms and Conditions of the Bonds) of the Registrar. Such exchange shall be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

RECORD DATE

Notwithstanding Condition 6(a) (*Principal and interest*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system (an "**Alternative Clearing System**"), each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where "Clearing System Business Day" means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

NOTICES

Notwithstanding Condition 14 (*Notices*), so long as the Global Certificate is held on behalf of Euroclear, Clearstream or an Alternative Clearing System, notices to Holders of Bonds represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System and shall be deemed to have been given on the date of delivery to such clearing system.

DETERMINATION OF ENTITLEMENT

The Global Certificate is evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of the Global Certificate.

DESCRIPTION OF THE ISSUER

INCORPORATION

The Issuer is a directly wholly-owned subsidiary of the Guarantor and was incorporated on July 7, 2025 as a private company limited by shares (UEN: 202529196E) under the Companies Act 1967 of Singapore. The registered office of the Issuer is located at 16 Raffles Quay, #19-01, Hong Leong Building, Singapore 048581.

BUSINESS ACTIVITIES

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to its constitution. The Issuer's main business activities include entering into arrangements for the issue of bonds with capital characteristics, including the Bonds, and any other activities in connection thereto. As of the date of this Offering Circular, there are no material assets held by the Issuer and the Issuer has not, since its incorporation, engaged in any material activities other than those relating or incidental to its registration and the authorization of documents and agreements as may be referred to in this Offering Circular.

DIRECTORS

As of the date of this Offering Circular, the directors of the Issuer are Mr. Lian-Chieh Wang, Ms. Wei Wang and Mr. Khee-Soon Liew.

SHARE CAPITAL

The issued share capital of the Issuer is US\$40,000,000 and is fully paid-up. As of the date of this Offering Circular, no part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. As of the date of this Offering Circular, the Issuer has no subsidiaries.

LEGAL PROCEEDINGS

As of the date of this Offering Circular, the Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened actions against it.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth (i) our audited consolidated capitalization as of June 30, 2025 on an actual basis; and (ii) our consolidated capitalization as of June 30, 2025, as adjusted for (a) the issuance of the Bonds before deducting the underwriting commissions and other estimated expenses payable by us in connection with the offering of the Bonds and (2) the issuance of 10-year Cumulative Subordinated Unsecured Corporate Bonds and 15-year Cumulative Subordinated Unsecured Corporate Bonds in August 2025. The following table should be read in conjunction with our financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of June 30, 2025			
	Actual		As adjusted	
	(Audited)		(Unaudited)	
	NT\$	US\$(⁽¹⁾)	NT\$	US\$(⁽¹⁾)
	(in thousands)			
Borrowings:				
Short-term debt	208,502	7,145	208,502	7,145
Bonds payable	172,122,047	5,898,631	172,122,047	5,898,631
Bonds issued in Taiwan ⁽²⁾	-	-	20,000,000	685,401
Bonds to be issued in Singapore.....	-	-	18,967,000	650,000
Total borrowings	<u>172,330,549</u>	<u>5,905,776</u>	<u>211,297,549</u>	<u>7,241,177</u>
Equity:				
Common stock	118,420,450	4,058,275	118,420,450	4,058,275
Capital surplus	31,255,687	1,071,134	31,255,687	1,071,134
Legal reserve	120,156,210	4,117,759	120,156,210	4,117,759
Special reserve	333,410,402	11,425,990	333,410,402	11,425,990
Undistributed earnings	24,604,195	843,187	24,604,195	843,187
Other equity interest	(107,303,610)	(3,677,300)	(107,303,610)	(3,677,300)
Total equity	<u>520,543,334</u>	<u>17,839,045</u>	<u>520,543,334</u>	<u>17,839,045</u>
Total capitalization and indebtedness⁽³⁾	<u>692,873,883</u>	<u>23,744,821</u>	<u>731,840,883</u>	<u>25,080,222</u>

(1) The translation of New Taiwan dollar into U.S. dollar amounts has been made at the rate of NT\$29.18 to US\$1.00, the noon buying rate as set forth in the H.10 Statistical release of the Federal Reserve Bank of New York on June 30, 2025.

(2) In addition to the offering of the Bonds, the Company also issued 10-year Cumulative Subordinated Unsecured Corporate Bonds, with a principal amount of NT\$10.7 billion, and 15-year Cumulative Subordinated Unsecured Corporate Bonds, with a principal amount of NT\$9.3 billion, in August 2025, both of which are unrelated to the offering of the Bonds.

(3) Total capitalization and indebtedness equal total borrowings plus total equity.

Save as disclosed in this Offering Circular, there has been no material adverse change in our consolidated capitalization and indebtedness since June 30, 2025.

DESCRIPTION OF THE GROUP

OVERVIEW

We are a leading life insurance franchise in Taiwan, having the highest average ROE among Major Life Insurance Companies in Taiwan since 2015, according to publicly disclosed information of relevant companies. We also ranked first in terms of net profit as well as FYPE as a percentage of FYP in 2024 and for the six months ended June 30, 2025, and ranked second in terms of total premium, FYP and total assets in 2024 and for the six months ended June 30, 2025, among Major Life Insurance Companies in Taiwan, according to Taiwan Insurance Institute and publicly disclosed information of relevant companies. The Company is rated “A” with a rating watch negative outlook by Fitch for long term insurer financial strength, “A-” with a stable outlook by S&P for long-term issuer credit rating and financial strength rating, and “A3” with a stable outlook by Moody’s for insurance financial strength rating.

Our history can be traced back to 1987. The two predecessors of the Company, Aetna Life Insurance Company of America, Taiwan branch and Fubon Life Assurance Co., Ltd., were founded in 1987 and 1993, respectively. Aetna Life Insurance Company of America, Taiwan branch was later acquired by the ING group in 2000 and became ING Life Insurance Co., Ltd. in 2006. In 2008, Fubon FHC acquired ING Life Insurance Co., Ltd., which subsequently merged with Fubon Life Assurance Co., Ltd., with the surviving company renamed as Fubon Life Insurance Co., Ltd. in 2009. Over the past decades, we have achieved steady growth and now offers a full range of insurance products, including (i) traditional life insurance (regular premium), (ii) traditional life insurance (single premium), (iii) investment-linked insurance, (iv) health, accident and other insurance, and (v) interest-sensitive annuity insurance. In addition to being committed to the well-being of the Taiwanese people, we have also actively expanded into overseas markets, commencing life insurance business in Vietnam, Korea, and Hong Kong in 2011, 2015 and 2016, respectively. As of June 30, 2025, the Company provided insurance services to approximately 5.4 million policyholders and had approximately 9.4 million in-force policies (excluding riders).

Our success is backed by the support of Fubon FHC, our parent company and a leading financial holding company in Taiwan. Fubon FHC has ranked first among financial holding companies in Taiwan in terms of earnings per share for 16 consecutive years since 2009, according to publicly disclosed information of relevant companies. It also ranked first among financial holding companies in Taiwan in terms of market capitalization and net profit as of June 30, 2025, according to publicly disclosed information of relevant companies. With over 14 million customers of Fubon Group in total as of December 31, 2024, covering over 50% of the population in Taiwan, Fubon Group brings us unmatched intra-group synergies. As of December 31, 2024, over 40% customers of Fubon Group had multiple business relations within it, demonstrating the strong cross-sell opportunities.

We have a strong bancassurance partnership with Taipei Fubon Bank, another wholly-owned subsidiary of Fubon FHC and one of Taiwan’s leading private banks. Taipei Fubon Bank ranked first among private banks in Taiwan in terms of number of branches, and ranked third among private banks in Taiwan in terms of deposit balance and total assets as of June 30, 2025, according to Taiwan Banking Bureau. Such a wide customer base facilitates our mass-market penetration. Our product distribution via the bancassurance channels, including Taipei Fubon Bank and other banks, ranked first in terms of FYP in 2024 among Major Life Insurance Companies in Taiwan, according to publicly disclosed information of relevant companies. In addition to the bancassurance channels, we also have a strong and effective agency force, being the second largest tied agency force among all life insurance companies in Taiwan as of December 31, 2024, according to Taiwan Insurance Institute. Such a well-established and effective mix of distribution channels allows us to have access to a wide breadth of clients.

We achieved a stable and strong financial performance in recent years. We recorded a steady growth of total assets with a CAGR of 11% from 2009 to 2024. As of December 31, 2022, 2023, and 2024 and June 30, 2025, our total assets were NT\$5,603 billion, NT\$5,812 billion, NT\$6,204 billion and NT\$5,978 billion, respectively, and our total liabilities were NT\$5,328 billion, NT\$5,314 billion, NT\$5,584 billion and NT\$5,457 billion, respectively. In 2024, the Company’s value of new business was NT\$25.7 billion, achieving a 29% growth compared to the value of new business in 2023. In addition, in 2024, the Company’s FYP was NT\$110.1 billion, achieving a 17% growth compared to the FYP in 2023, and the

Company's FYP was NT\$62.9 billion as of June 30, 2025. In 2024, the Company received NT\$364.3 billion in total premium, representing a 14.9% market share in Taiwan life insurance market in terms of the total premium, according to Taiwan Insurance Institute. As of June 30, 2025, the Company's RBC ratio was 405% and equity to asset ratio was 9.9%, which were significantly above the regulatory requirements of 200% and 3.0%, respectively, demonstrating our solid capital position.

As demonstrated from and in addition to the above financial and operational results, we measure the scale and profitability of our business using various key performance indicators adopted by the Company. These key performance indicators are based on the financial and operational data of the Company on a standalone basis. These key performance indicators are set forth in the section headed "Selected Financial Information," including:

- **First Year Premium (FYP):** FYP refers to the premiums paid by the policyholder in the first year of purchasing the policies.
- **First Year Premiums Equivalent (FYPE):** FYPE is determined by multiplying the FYP by the payment period coefficient. For payment periods of six years or longer, the coefficient is calculated at 100%. For payment periods shorter than six years, a discount is applied: 50% for a five-year payment, with an additional 10% discount for each year shorter than five years. FYPE measures the business sales in the life insurance industry and is used to compute life insurance industry's new business value more accurately when the sales contain both single-paid and regular-paid premiums.
- **Value of New Business (VNB):** VNB equals to the present value of future distributable earnings of new business sold in the year. VNB measures the value of new business written in the reporting period.
- **Investment Yield:** Investment yield is calculated by dividing the investment income by average total investment. Investment yield measures the return of the total investment asset.
- **Return on Equity (ROE):** ROE is calculated as corporate earnings after tax divided by average net equity. ROE measures how efficiently the shareholders' investments are used to generate profits.
- **Risk-Based Capital (RBC):** RBC is calculated as adjusted net capital divided by risk-based capital multiplied by 100%. RBC measures capital adequacy in light of risk exposure.
- **Persistency Ratio (13 months and 25 months):** Persistency ratio is the ratio of the annualized premium of policies that remain in force at the end of the 14th or 26th month to the total annualized premium of all issued policies. The ratio infers the quality of the policy solicitation and the status of continued premium payments.

We have also been an industry leader of sustainable insurance. We aim to progressively introduce green electricity, expand the coverage of renewable energy sources across all operational sites, and gradually work towards net-zero carbon emissions by 2050. We have also been consistently enhancing protection for vulnerable groups and improving employee care and benefits, incorporating ESG concept into our business operations to effectively implement corporate sustainability and create value for our stakeholders.

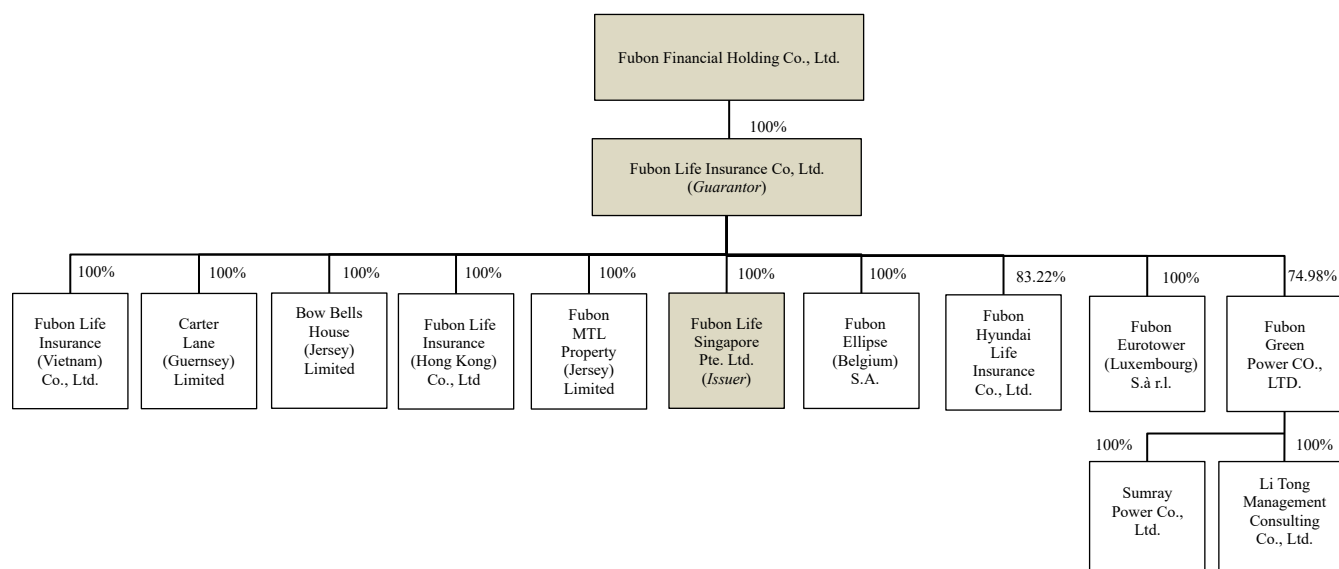
AWARDS AND RECOGNITIONS

"Fubon Life Insurance" has been an award winning and favored insurance brand. We have received numerous awards, including but not limited to ranking No. 47 globally in the 2025 Brand Finance Insurance 100 ranking; the Best Digital Customer Experience Taiwan 2024 award by the Brands and Business Magazine; the 2025 Asia Responsible Enterprise Awards (AREA) – Social Empowerment Category, Corporate Sustainability Reporting category and Corporate Governance Award by Enterprise Asia; the Best Life Insurer and the Most Impactful ESG Initiative by Insurance Asia News; The Asset Triple A Digital Awards 2025 – Best Digital Insurance Experience by The Asset; the 2024 Best Digital Life Insurance by

The Digital Banker; the Best Life Insurance Company Taiwan 2024 award and the Best Sustainable Practices in Life Insurance 2025 by The Global Economics; the Best Life Insurance Company Taiwan 2024 award by World Business Outlook; and the Best Life Insurance Company Taiwan 2025 award by World Finance.

CORPORATE STRUCTURE

The following is our simplified corporate structure as of the date of this Offering Circular:



COMPETITIVE STRENGTHS

Our principal strengths include:

Market Leader in Taiwan's Life Insurance Industry with Solid Capital Position and Financial Strength

We are a leading and the most profitable life insurer in Taiwan in terms of not only ROE but also net profit in 2024, according to publicly disclosed information of relevant companies. In 2024, we achieved an ROE of 18.6%, which is 1.7 times of the average ROE of other Major Life Insurance Companies in Taiwan. In addition, in 2024, we recorded a net profit of NT\$102.2 billion and total assets of NT\$6,204 billion, and the Company reported a total premium of NT\$364.3 billion, a FYP of NT\$110.1 billion, and a FYPE of NT\$50.3 billion. We ranked first among Major Life Insurance Companies in Taiwan in terms of net profit as well as FYPE as a percentage of FYP in 2024 and for the six months ended June 30, 2025, and ranked second among Major Life Insurance Companies in Taiwan in terms of total premium, FYP and total assets in 2024 and for the six months ended June 30, 2025, according to Taiwan Insurance Institute and publicly disclosed information of relevant companies.

We maintain a strong RBC ratio and equity to asset ratio, which are significantly above the regulatory requirements. As of December 31, 2022, 2023 and 2024 and June 30, 2025, the Company's RBC ratio was 315%, 336%, 388% and 405%, respectively, surpassing the regulatory requirement of 200%. As of the same dates, the Company's equity to asset ratio was 5.7%, 9.8%, 11.4% and 9.9%, respectively, surpassing the regulatory requirement of 3.0%. In addition, for five consecutive years since 2020, both of the Company's RBC ratio and equity to asset ratio were higher than the average ratio of other Major Life Insurance Companies in Taiwan, according to publicly disclosed information of relevant companies. Our strong capital preservation capability and earnings performance have led to a steady growth of our core equity, which is defined as the total equity excluding (i) unrealized gains (losses) on financial assets measured at fair value through other comprehensive income and (ii) other comprehensive income reclassified by applying overlay approach. As of December 31, 2022, 2023 and 2024, our core equity was NT\$472.9 billion, NT\$511.5 billion and NT\$615.4 billion, respectively, achieving a CAGR of 18% from 2010 to 2024. Our outstanding investment performance and profit have contributed to our capital accumulation. In addition, the Company

also issued subordinated bonds of NT\$25 billion, NT\$56 billion and NT\$19 billion in 2023, 2024 and the six months ended June 30, 2025, respectively, which further enhanced our capital position. In preparation of the adoption of IFRS 17 and ICS for Taiwan's life insurance companies, we aim to maintain our TW-ICS ratio above 150%.

Leveraging our solid capital position and financial strength, we strive to solidify our market leading position, expand our market share, and achieve growth.

Comprehensive Distribution Platform with Top-Tier Agency Force and Unparalleled Cross-Sell Strengths

One of our core competitive strengths lies in our comprehensive distribution platform. Our well-established and effective distribution channels include both tied agency and bancassurance models, which are instrumental to increasing the sales of our insurance products. Our proprietary channels, consisting of our tied agents and the bancassurance arrangement with Taipei Fubon Bank, which only sell our insurance products, contribute to approximately two thirds of the Company's FYP.

Our experienced tied agency force is one of the key drivers of our value creation. As of December 31, 2024, the Company ranked the second largest tied agency force among all life insurance companies in Taiwan, according to Taiwan Insurance Institute. As of June 30, 2025, the Company had a distribution channel of around 18,005 full-time agents in Taiwan and the Company's full-time agents have over 9.5 years of experience on average. The experienced and seasoned tied agency force specifically drives high-margin product sales, such as long-term products with high protection elements, providing solid contribution to our premium income and CSM accumulation. We have been continuously strengthening our agency sales performance via digital technology adoption and innovation. Our Mobile ID (MID) Technology Application Project and Comprehensive Intelligent Digital Customer Service Project have won the Best Digital Insurance Experience for Digital Innovation award in 2025 by Brands and Business Magazine. As an example of our technology innovation, we have adopted the Smart Business Management FBFLi (Facebook, Line, Instagram) System, which is an intelligent algorithm recommendation system for agents to facilitate customer relationship management. In 2024, such a system has 14,223 users in aggregate, accounting for approximately 80% of the Company's full-time tied agents. Our Needs-based Professional Selling System ("NPSS") provides a comprehensive facilitation to the full cycle of agents' work, including customer development, appointment scheduling, customer consultation, needs analysis and proposal preparation, proposal presentation, and policy delivery and post-sale service. Such a system supports our agency force in various aspects, from customer relationship management to coaching and managing of agents. Equipped with technology innovations, the top-tier agency force provides us with significant customer reach and a consistent level of customer services, enabling us to build and maintain long-term relationships with the customers.

We have a strong bancassurance channel, which is a key channel for mass-market penetration. Our product distribution via bancassurance channel ranked first in terms of FYP in 2024 among Major Life Insurance Companies in Taiwan, according to publicly disclosed information of relevant companies. We have a bancassurance relationship with Taipei Fubon Bank, which ranked first among private banks in Taiwan in terms of number of branches and ranked third among private banks in Taiwan in terms of deposit balance and total assets as of June 30, 2025, according to Taiwan Banking Bureau. Our seamless cooperation with Taipei Fubon Bank creates synergy for both sides. On the one hand, leveraging its leading market position, Taipei Fubon Bank acts as a key channel to secure our premium income and favorable product mix. On the other hand, our products contribute to Taipei Fubon Bank's wealth management income, creating cross-selling opportunities within Fubon Group and making the bancassurance partnership mutually beneficial and sustainable. Aside from the cooperation with Taipei Fubon Bank, the Company also had bancassurance arrangements with 23 bank partners in Taiwan as of June 30, 2025. The cooperation with third-party banks provided us with access to over 2,400 branches in total across Taiwan and a pool of customer deposits that amounted to more than NT\$40 trillion as of June 30, 2025, according to Taiwan Banking Bureau. These partnerships further contribute to the growth in our product sales.

Comprehensive Product Offerings to Drive Sustainable Growth

We offer comprehensive insurance products to meet individual and corporate clients' insurance needs, including (i) traditional life insurance (regular premium), (ii) traditional life insurance (single premium), (iii) investment-linked insurance, (iv) health, accident and other insurance, and (v) interest-sensitive annuity insurance. Full suits of product portfolio provide protection against a policyholder's death, disability, illness, accident or other events, as well as meeting their saving needs. To better meet the full spectrum of clients' needs in one go, we have also been actively promoting products that integrate retirement planning, medical coverage, and wealth succession solutions. Our product mix has shifted gradually to include a higher proportion of high-margin, regular-premium, and protection-type insurance products. Along with this trend, the contribution of life insurance (regular premium) and health, accident and other insurance products has steadily risen over the past few years, laying a solid foundation for sustainable and margin-accretive growth. In addition, as part of the management of our exposure to foreign exchange risk and currency mismatch risk, contributions from non-NTD denominated insurance policies, primarily USD-denominated insurance policies, have continued to grow steadily. The optimization of product mix supports the sustainable growth of our business, driving approximately 24% CAGR in the Company's VNB growth from 2022 to 2024. In addition to the strong momentum for VNB growth, the success in product transformation also sustains excellent policy persistency.

In preparation of the adoption of IFRS 17 and ICS for Taiwan's life insurance companies, we have enhanced our focus on CSM growth and capital consumption management under the TW-ICS. Our re-launch of participating policies in 2023 is an important step to secure steady income and relieve ICS capital pressure. As a type of insurance policies that makes dividend distribution to policyholders in the following year based on the results of participating policies pool, it has a feature of sharing profits and risks with the policyholders, encouraging policyholders maintain their policies longer for better return, bringing steady premium inflow to us, and enhancing our long-term competitiveness. Under the TW-ICS, the capital requirement of this type of insurance policies would be lowered considering its risk sharing mechanism, further contributing to our management of capital consumption. For more information, see "*Description of the Group—Products.*"

Exceptional Investment Performance Underpinned by Quality Assets

Our success in investment management contributes to the competitiveness of our products, our financial strength and our business reputation. We have maintained a well-diversified investment portfolio with strong credit quality. The Company's investment portfolio has been growing over the past few years, with a CAGR of 4.2% from 2020 to 2024. As of June 30, 2025, our total investment portfolio reached NT\$4,972.4 billion, consisting of various types of investments, including both domestic investments and overseas investments, and both fixed income investment and equity investment. To manage risk exposure and achieve stable investment results, our investment portfolio has a focus on overseas fixed income investment, spreading across principal investment targets and geographic regions.

We have maintained a relatively low cost of liabilities and high after-hedge investment yield. For five consecutive years since 2020, the Company's after-hedge investment yield ranked first among other Major Life Insurance Companies in Taiwan,¹ and our cost of liability was lower than the average cost of liability of other Major Life Insurance Companies in Taiwan,¹ according to publicly disclosed information of relevant companies. The yield on the Company's investment portfolio, after exchange rate hedging, was 4.5%, 3.8%, 5.5%, 5.4% and 3.8% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively, while the Company's cost of liability during the same period was 3.1%, 3.2%, 3.1%, 3.1% and 3.1%, respectively, creating sustained positive spread. To mitigate the exposure to foreign exchange risk, we have also adopted dynamic hedging strategies. As of December 31, 2022, 2023, 2024 and the six months ended June 30, 2024 and 2025, 70.2%, 73.7%, 62.6% 63.6% and 67.9%, respectively, of the Company's foreign exchange assets was fully hedged, which is defined as being reserved for foreign exchange policies or hedged by currency swap and non-deliverable forward ("NDF"). We have carried out disciplined hedging cost control, assessing and adjusting the combination of our hedging instruments to ensure continuous effectiveness of hedging instruments while managing the hedging costs.

¹ The comparison does not include one of the Major Life Insurance Companies in Taiwan, as its respective parameter is not publicly available.

Experienced Leadership with Strategic Vision and Industry Expertise

Our senior management team consists of highly qualified professionals with strategic vision and expertise in the industry. The highly dedicated management team has a wealth of knowledge in actuarial, financial planning, finance, insurance product development, strategy management, digital development, sustainability development, overseas development, investment, risk management, and other fields related to our business operation. As individuals with extensive management expertise in the insurance and financial industries both in and outside Taiwan, they have deep understanding of our business objectives and are able to combine international experience and local market requirements. With an innovative mind-set, our visionary management team is able to create differentiated strategies in response to evolving customer needs and market conditions, adapting to evolving market trends and leading the growth of our business. Our outstanding management team will continue to support our capture of new growth opportunities and continuous success in the future.

COMPETITIVE STRATEGIES

Our main strategies are set forth below:

Continue to Develop and Provide Diversified Products for Customers

We strive to continue the innovation and development of our insurance products to increase our product offering to satisfy customer needs. As IFRS 17 is based on a discounted cash flow model with risk adjustment and deferral of unearned profits, profits earned under an insurance contract would be recognized over its duration as insurance revenue, which is released in each reporting period in an amount that reflects the insurance contract services provided under the relevant period. As such, products with high CSM and long-term regular payments help to secure a more stable growth. We expect that our continuous efforts of adjusting our portfolio mix toward high-margin, regular-premium and protection-type products will offer a stable source of revenues and enhance our RBC adequacy ratio in light of the adoption of IFRS 17 and ICS for Taiwan's life insurance companies. We will embed IFRS 17 CSM targets in our management of business and decision-making process. We also plan to redesign our savings products to add more protection benefits, thereby improving our profit and capital strain. In addition, we will further ramp up our offering of participating policies, which are expected to contribute to strong customer persistency, bring a steady income, and relieve ICS capital pressure.

The increased life expectancy, early retirement, high-saving rates, and the relatively low public health expenditure in Taiwan create significant needs for retirement financial planning. We target to continue promoting products that integrate retirement planning, medical coverage, and wealth succession, so as to fulfill the spectrum of our customers' needs. Through thoughtful and customized products, we hope to provide essential protection for our customers, improve their well-being, and increase their risk prevention awareness.

Further Strengthen the Distribution Channels

Along with the development of our business, we will continue strengthening our distribution channels, including both tied agency force and bancassurance channels, in a balance manner.

For tied agency force, we will continue optimizing our training program, in order to build a professional agent team and cultivate a corporate culture emphasizing both the quantitative measures in customer development and the quality of customer service. For bancassurance channel, we will continue improving its resilience of our bancassurance channel, including further solidifying our cooperation with Taipei Fubon Bank and diversifying our partnerships with other third-party banks.

As the FSC has been gradually encouraging industry players to deepen their application of technology, we plan to improve the customer journey throughout the sales cycles, by providing and upgrading our digital tools to facilitate customer acquisition, retention and conversion. We also seek to explore more digital insurance business opportunities and increase online to offline sales ratio, so as to support the overall business growth.

Modernize Customer Experience Through Digital Innovation and Personalization

In response to technology developments, we aim to further pursue digitalization, focusing on data empowerment, digital ecosystem and technological innovation in order to strengthen our digital competitiveness.

For customer outreach, we seek to utilize data as the key drive to achieve our sales goals. We will further utilize our Smart Business Management FBFLi System, which incorporates an intelligent algorithm mechanism that recommends customer lists for each salesperson and provides systematic customer segmentation and profiling. By continuing to enhance our digital tools, we will be able to identify potential sales opportunities, better understand customers' needs, provide more personalized advice, and optimize our marketing strategies.

For customer management, we aim to further utilize our NPSS to facilitate the full cycle interaction with our customers. From appointment scheduling to proposal presentation, from policy delivery to post-sale service, we will utilize our digital technologies to create a streamlined process, reduce processing time and costs, improve customer communications, and bring our customers smooth and interactive experience.

For customer service, we plan to further utilize AI technology empowered "AI customer service chatbot." We expect our 24-hour online customer service will enhance our customers' user experience by allowing them to access information seamlessly and providing them with instant and convenient services. We will also continue upgrading our digital infrastructure, including our mobile app, to provide customized, secured, and efficient customer service experience.

Promote Sustainability Value Through ESG Strategies

We are committed to upholding our core corporate value of "Be Positive, Enrich Life" and integrate ESG initiatives into our business strategy, demonstrating the protective function of insurance, our social responsibility, and our commitment to sustainability.

We will adhere to the goal of achieving net-zero carbon emissions by 2050 and further promote carbon reduction and energy-saving environmental protection plans to achieve low-carbon operations. In addition, we plan to strengthen our green finance investment, with a green finance investment target of over NT\$2 trillion by 2030. We will continuously invest in green bonds, green energy technology industries, and low-carbon investments to aid investee companies in their sustainable transformation. To promote our sustainability value, we will also continue promoting initiatives on health promotion and support for the elderly and vulnerable. We aim to enrich our health product offering, so as to provide protection for our customers and improve their awareness of health. We also plan to extend our caring services for vulnerable groups, such as the project for dementia care, in collaboration with partners in the industry, government, and academia. Further, we will consistently attract and cultivate high-quality internal and external talent and ensure the depth of our talent pool for managerial positions at all levels. We will continue promoting various programs to enhance workplace health and safety, prioritize employee health, and strive to create a friendly workplace.

PRODUCTS

We offer a variety of insurance products in five categories: (i) traditional life insurance (regular premium), (ii) traditional life insurance (single premium), (iii) investment-linked insurance, (iv) health, accident and other insurance, and (v) interest-sensitive annuity insurance.

In preparation of the adoption of IFRS 17 and ICS for Taiwan's life insurance companies, we have optimized our product mix and enhanced our focus on offering regular-premium protection-type insurance products, which has a higher contract service margin ("CSM") with long-term regular payment from policyholders. As a result, contributions to the Company's FYP from regular premium insurance products has significantly increased from 31.4% in 2022 to 51.9% in 2023, and further to 58.2% in 2024 and 63.2% in the six months ended June 30, 2025. In particular, traditional life insurance (regular premium) has become the largest category of the Company's insurance products in term of the FYP, contributing 24.0%, 42.0%,

47.2% and 54.0% to the Company's FYP in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively. Our product mix has been transitioned gradually by increasing the sales proportion of protection-type insurance products, which offer a stable source of revenues and enhance the RBC adequacy ratio as these products generate higher underwriting profits and reduce risk capital through shortened guarantee periods. Along with this trend, in addition to the significantly increased proportion of life insurance (regular premium) among the Company's product mix, contributions to FYP from health, accident and other insurance products also gradually increased in general.

In addition, we also re-launched participating policies in 2023. The participating policies make dividend distribution to policyholders in the following year based on the results of participating policies pool, thus have a feature of sharing profits and risks with the policyholders. Along with the increasing demand for retirement and inheritance planning, there is growing demand for participating policies, contributing to the premium inflow. As the product design of this type of insurance policies encourages policyholders persist longer for better return, participating policies are a balanced source of value contribution with our other products, contributing to our value of in-force. Also, considering the adoption of IFRS 17 and ICS, the capital requirements of participating policies will be lowered under the TW-ICS due to their risk absorption characteristics, and accounting treatment under IFRS 17 will stabilize the overall financial impact with CSM to absorb volatility of investment returns, both of which further allow participating policies to contribute to our financial health.

We also managed our exposure to foreign exchange risk and currency mismatch risk by adjusting our product mix between NTD-denominated insurance products and non-NTD denominated insurance products. In 2022, 2023 and 2024 and the six months ended June 30, 2025, contributions to the Company's FYP from NTD-denominated insurance products were 66.8%, 67.5%, 58.8% and 50.5%, respectively, while contributions to FYP from non-NTD denominated insurance products were 33.2%, 32.5%, 41.2% and 49.5%, respectively. For NTD-denominated insurance products, we mainly offer diversified participating, interest-sensitive and accident and health protection products with regular premium payment. For non-NTD denominated insurance products, we mainly offer diversified participating, interest-sensitive products with regular premium payment, with a focus on USD-denominated products. The growth in premiums for USD policies is attributed to changes in the market environment, which has led to an increase in policyholders' willingness to purchase USD policies.

We have been actively developing innovative products to fulfil the different needs of people. Some of our past achievements in product innovation include:

Year	Product Innovation
First Half of 2025	- Launched a special injury insurance for the elderly (for ages 61 to 80), offering coverage up to age 90. For accident risks that often affect the elderly, the products include general accident protection, fracture insurance, and traffic accident insurance. - Launched medical protection for the elderly (for ages 66 to 80) with daily hospital indemnity, surgery, and specific surgery disposals, along with innovative spillover mechanisms such as heart rate variability (HRV) analysis reports to promote health awareness.
2024.....	- Launched new health insurance products to improve insurance protection, such as a cancer prevention medical health insurance rider that includes the actual payment of cancer outpatient clinics in the coverage scope and a medical equipment commodity rider to supplement medical equipment benefits. - Launched various health insurance policies with spillover effect to enhance independent health management, such as an insurance policy with spillover features that provides medical protection for eyes, ears and joints, to prevent future health risks for middle-aged and elderly people in advance.

- 2023.....
- Launched an insurance policy that exclusively covers cardiovascular medical supplies, further expanding the scope of our product offerings.
 - Became the first in Taiwan's life insurance industry to launch an insurance policy with a blood donation spillover effect, which allows discounts if the policyholder conducts blood donation screening or health check.
 - In addition to Precision Cancer Term Health Insurance (for age 40-70) launched in 2022, we also launched Precision Cancer Term Insurance (for age 25-39), to cover unsubsidized expenses relating to precision medicine for cancer, which features spillover design and cover sophisticated cancer screening, so as to encourage early discovery and treatment.
 - Launched various NTD and foreign currency-denominated products featuring diverse premium options, fulfilling customers' potential needs for both whole life protection and asset allocation.
- 2022.....
- Introduced products with precision medical treatments benefits aimed at providing cancer protection for the middle-aged population, including:
 - Cancer Term Health Insurance Rider, which allows policyholders who are diagnosed with cancer and undergo target treatment/genetic testing for cancer to claim a one-time benefit to cover the medical expenses needed; and
 - Precision Cancer Term Health Insurance, which covers unsubsidized expenses relating to precision medicine for cancer; it features spillover design and covers sophisticated cancer screening, encouraging early discovery and treatment.

The following table sets forth the FYP received by the Company from each product category for the financial periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%	NT\$	%
(in billions, except percentages)										
First Year Premiums										
Traditional Life Insurance (Regular Premium)	25.5	24.0	39.7	42.0	52.0	47.2	28.2	50.8	34.0	54.0
Traditional Life Insurance (Single Premium)	19.3	18.2	20.0	21.2	16.4	14.9	8.9	15.9	7.4	11.8
Investment-Linked Insurance	52.6	49.5	25.7	27.2	29.8	27.1	12.9	23.2	15.5	24.7
Health, Accident and Other Insurance	7.1	6.7	8.7	9.2	11.7	10.6	5.6	10.0	5.6	8.9
Interest-Sensitive Annuity Insurance	1.7	1.6	0.4	0.4	0.2	0.2	0.1	0.1	0.4	0.6
Total	106.3	100.0	94.5	100.0	110.1	100.0	55.6	100.0	62.9	100.0

The following table sets forth the FYPE received by the Company from each product category for the financial periods indicated:

	Years ended December 31,						Six months ended June 30,			
	2022		2023		2024		2024		2025	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%	NT\$	%
(in billions, except percentages)										

First Year Premiums Equivalent										
Traditional Life Insurance (Regular Premium)									22.3	73.3
.....	14.0	49.8	26.1	65.4	33.6	66.8	18.0	69.4		
Traditional Life Insurance (Single Premium)									0.7	2.4
.....	1.9	6.9	2.0	5.0	1.7	3.3	0.9	3.4		
Investment-Linked Insurance									1.8	5.8
.....	6.0	21.3	3.1	7.7	3.3	6.6	1.4	5.6		
Health, Accident and Other Insurance									5.6	18.4
.....	6.0	21.5	8.7	21.8	11.7	23.3	5.6	21.5		
Interest-Sensitive Annuity Insurance									0.04	0.1
.....	0.2	0.6	-	0.1	-	-	-	-		
Total	28.1	100.0	39.9	100.0	50.3	100.0	25.9	100.0	30.4	100.0
.....										

Our insurance products have generated a high persistency ratio. As of December 31, 2022, 2023 and 2024, the Company recorded a 13-month persistency ratio of 95.9%, 96.0% and 97.1%, respectively, and a 25-month persistency ratio of 96.0%, 93.1% and 95.5%, respectively.

A description of each of our product categories is set forth below.

Life Insurance

Our traditional life insurance mainly includes whole life insurance and term life insurance. Both types of life insurance can be regular premium or single premium, offering the policyholders with various options to meet their differentiated needs.

- **Whole Life Insurance.** Our whole life insurance products provide a guaranteed benefit to the beneficiary upon the death and total permanent disability of the insured person, or a cash surrender value upon the early termination of the policy by the policyholder, in each case as predetermined by the contract, in return for a lump sum payment or of fixed premiums or periodic payment of fixed premiums over a predetermined period. Premium payments may be required up to a specified age or for a specified period, and are typically level throughout the period.
- **Term Life Insurance.** Term life insurance products provide a guaranteed benefit to the beneficiary upon the death and total permanent disability of the insured person within a specified time period in return for a lump sum payment or periodic payment of fixed premiums. Specified coverage periods generally range from one to 40 years or expire at specified ages. Premiums are typically set as a fixed sum for the coverage period and are generally lower than premiums for whole life insurance products. In their basic form, term life insurance policies function as pure protection products, in that they normally have little or no savings or investment elements and typically expire without value at the end of the coverage period if the insured person is still alive. Our product strategy in recent years is to use term health insurance to guarantee renewal but not guarantee premiums, reducing the risk of long-term guaranteed health insurance products. For life insurance products offered by us, there is a focus on participating and interest-sensitive products, instead of actively developing term life insurance products.

We offer life insurance on both an individual and a group basis. Our individual life insurance offering includes endowment, term life and whole life insurance, which provides coverage for survival benefit, death or disability benefit during the policy period. Our group insurance plan provides one-year term life insurance for the employees of enterprises or members of association. We also introduce additional riders and endorsements that add features of medical insurance and critical illness insurance, among others, to some of our life insurance products.

Investment-Linked Insurance

Our investment-linked insurance plan combines investment and protection, with part of the premiums invested in a wide range of investment choices. Investment-linked products generally provide a return linked

to an underlying investment portfolio designed by the policyholder. Unlike fixed annuities, the benefits of investment-linked insurance vary based on the performance of the related investment. In general, the investment risk associated with the surrender value of investment-linked products is borne by the policyholder. Investment-linked products provide the flexibility to adjust the balance between protection cover and wealth accumulation over the lifetime of the product.

The proportion of investment-linked insurance in the Company's product mix in terms of contribution to FYP has declined significantly from 49.5% in 2022 to 27.2% in 2023, and gradually decreased to 27.1% in 2024 and to 24.7% in the six months ended June 30, 2025. We expect to still keep investment-linked insurance as an important part of our product mix. We believe that the market is still trending in a positive direction even though the current investment climate is volatile. As a result, the market for life insurance continues to see growth in sales of investment-linked products. We plan to offer new investment-linked insurance products and broaden the use of the agency channel for the sale of such products. We also plan to introduce additional riders that add investment features to some of our insurance products. In order to meet the investment preferences of current policyholders, new sub-accounts, such as ESG fund targets, will be added to the current products.

Health, Accident and Other Insurance

Our health, accident, and other insurance policies are an important part of our protection-oriented products and have been growing in general. In 2022, 2023, 2024 and the six months ended June 30, 2025, the Company received FYP from the health, accident and other insurance products in the amounts of NT\$7.1 billion, NT\$8.7 billion, NT\$11.7 billion and NT\$5.6 billion, respectively, representing 6.7%, 9.2%, 10.6% and 8.9% of its FYP.

Health Insurance

We offer individual health insurance plans that provide compensation for medical and surgical expenses from illness or accidents.

We offer defined health benefit insurance products and medical expense reimbursement insurance products to individuals. Our defined health benefit insurance products mainly include hospitalization indemnity, surgery indemnity, dread diseases, cancer and long-term care products. We believe that the comprehensive range of defined health benefit insurance products that we offer are particularly attractive to customers who are comparatively price-sensitive and are seeking to protect against specific combinations of health events. Our medical expense reimbursement insurance products provide for the reimbursement of a portion of the insured person's outpatient or hospitalization treatment fees and expenses.

Many of the health insurance policies that we offer have spillover effect. These policies encourage policyholders to change their lifestyle to improve their health in return for a reduced premium or bonuses. For example, to encourage policyholders to conduct body examination regularly, we introduced certain insurance policy incorporating a spillover mechanism, which offers a reduced premium for the next year to policyholders who complete body examination this year. By combining insurance and health concepts via spillover-effect health insurance policies, we encourage policyholders to prevent health risks by building in wellness reward mechanisms. Through the sales of spillover-effect insurance policies, we have created a win-win situation for ourselves and policyholders by reducing the probability of claims from policyholders who are incentivized to develop healthier lifestyles.

Accident Insurance

We offer individual accident insurance products that provide the coverage for injury, disability or death in accidents.

Our accident insurance products provide death, disability and medical expense benefits in the event that the insured person is involved in an accident, in return for periodic payment of fixed premiums over a predetermined period. Typically, a death benefit is paid if the insured person dies as a result of an accident and a disability benefit is paid if the insured person becomes disabled, with the benefit depending on the

extent of the disability. If the insured person receives medical treatment as a result of an accident, individual accident insurance policies may also provide for reimbursement of a portion of the medical treatment expenses or a fixed benefit.

Other Insurance

In addition to the individual health insurance and accident insurance products, we also offer group health insurance plans and accident insurance products that provide insurance coverage for the employees of enterprises or members of associations.

Interest-Sensitive Annuity Insurance

We offer interest-sensitive annuities that are used by our customers to accumulate assets over an accumulation period and then to receive annuity payments in later years. Holders of our annuities pay premiums either in a lump sum payment or on a periodic basis over a predetermined period and receive periodic annuity payments during the payoff period specified in the contract. Typically, the policyholder receives periodic annuity payments if the insured person survives during the payoff period, and the beneficiary designated by the policyholder receives a death benefit if the insured person dies prior to the start of the payoff period. The periodic annuity payments that the policyholder may receive are determined annually and vary from year to year due to factors such as returns on investments and market competition. As these annuity insurance products are interest sensitive, the return of these products is affected by market interest rates and is fluctuated while the return of non-interest sensitive annuities is relatively stable.

OPERATIONS

Underwriting

Our underwriting department is responsible for the planning, supervision and management of insurance contract reviews. Our insurance underwriting involves the evaluation of applications for the insurance policies by a group of professional underwriters, who determine the type and the extent of risk that we are willing to accept.

To strengthen risk management and ensure regulatory compliance, we have established the “Fubon Life Underwriting System and Procedures,” serving as a guideline for underwriters. Regular reviews of underwriting standards are conducted as well. Underwriters evaluate and classify the information provided by customers in the application forms and supporting documents according to our underwriting rules and medical review criteria, and appropriate underwriting conditions are provided based on the characteristics of the insurance products. Underwriters also carefully consider factors such as the applicant’s age, expressed intentions, physical condition, and financial status to ensure the suitability of the insurance coverage and anti-money laundering.

We also provide regular group training and professional courses to enhance the expertise of underwriting professionals, ensuring that all staff members have sufficient knowledge of underwriting and stay vigilant for abnormal patterns in customer applications when conducting underwriting reviews.

Claims Management

We manage claims received from claimants of policies through our claims management staff located at headquarters and branch offices. Typically, claims are submitted to our staff for examination, who conduct a preliminary review before forwarding them to the claims settlement team for further verification. If the claim is deemed valid, the payable amount is calculated and, upon approval, disbursed to the beneficiary. We address claims management risk through a multi-tiered authorization mechanism based on operating levels, dual control requirements for claims exceeding designated monetary thresholds, periodic and ad hoc inspections, and stringent requirements for the training, qualification, and appointment of claims management staff.

We have been continuously developing diverse channels for claims application, such as the official website and mobile app, to enhance policyholders' autonomy in submitting claims and to make the claims process faster, more transparent, and fairer.

Reinsurance

In order to limit the possible losses caused by certain events, we arrange reinsurance based on our business needs and in accordance with related insurance regulations. For reinsurance of ceded business, we are ultimately obligated to fulfil our obligations to the insured when the reinsurer fails to fulfil its obligations. We have entered into reinsurance agreements with various reinsurance companies, including General Reinsurance AG, Taiwan Branch.

We formulate our reinsurance strategy before the products are launched to reduce the concentration risk of individuals and the volatility risk of new insurance benefits. We also enter into catastrophe reinsurance contracts to protect against short-term liquidity risks caused by certain natural disasters and man-made disasters.

Overseas Operations

We continue to deepen our business operations and networks in other markets in addition to Taiwan. We operate life insurance business in Vietnam, Korea and Hong Kong via our subsidiaries.

Vietnam Business

We operate our life insurance business in Vietnam through the Company's wholly-owned subsidiary, Fubon Life Insurance (Vietnam) Co., Ltd. ("**Fubon Life (Vietnam)**"). Fubon Life (Vietnam) obtained its incorporation permit and business license in December 2010 and commenced business operation in March 2011. Fubon Life (Vietnam) is headquartered in Hanoi and has a branch establishment in Ho Chi Minh City. It had a registered capital of VND 1,400 billion as of June 30, 2025.

Fubon Life (Vietnam)'s total premium and FYP were VND 103,930 million and VND 41,323 million, respectively, in 2024. Fubon Life (Vietnam) mainly distributes its products through bancassurance and tied agent channels.

Korea Business

We operate our life insurance business in Korea through Fubon Hyundai Life Insurance Co., Ltd., of which the Company currently holds 83% shares. The Company acquired a 48% equity stake in Hyundai Life Insurance Co., Ltd. ("**Hyundai Life Insurance**") in December 2015 and became the first Taiwanese insurance company to expand services into Northeast Asia. Hyundai Life Insurance was renamed as Fubon Hyundai Life Insurance Co., Ltd. ("**Fubon Hyundai Life Insurance**") after we increased our ownership percentage to 62% in 2018. Fubon Hyundai Life Insurance is headquartered in Seoul. It had a registered capital of KRW 1,530 billion as of June 30, 2025.

Fubon Hyundai Life Insurance's total premium and FYP were KRW 1,106,776 million and KRW 704,118 million, respectively, in 2024. Fubon Hyundai Life Insurance mainly distributes its products through bancassurance and general agency channels.

Hong Kong Business

We operate our life insurance business in Hong Kong through the Company's wholly-owned subsidiary, Fubon Life Insurance (Hong Kong) Company Limited ("**Fubon Life (HK)**"). Fubon Life (HK) obtained its business license and commenced business operation in April 2016. It had a registered capital of HKD 3,275 million as of June 30, 2025.

Fubon Life (HK)'s total premium and FYP were HKD 1,774 million and HKD 823 million, respectively, in 2024. Fubon Life (HK) mainly distributes its products through bancassurance and broker channels.

DISTRIBUTION AND MARKETING

We operate well established distribution channels, including tied agency, bancassurance and other channels. We have a balanced growth in both bancassurance and tied agents channels, both contributing to over 40% of the Company's FYP in 2022, 2023 and 2024 and the six months ended June 30, 2025. In particular, the bancassurance model partnership with Taipei Fubon Bank provides us with unparalleled cross-selling capabilities.

The table below sets forth the Company's FYP breakdown by distribution channel:

	Years ended December 31,						Six Months ended June 30,			
	2022		2023		2024		2024		2025	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%	NT\$	%
	(in billions, except percentages)									
Tied Agents									31.7	50.4
.....	42.5	40.0	44.9	47.5	49.3	44.8	24.5	44.1		
Bancassurance: Through Taipei Fubon Bank									12.8	20.3
.....	35.8	33.7	17.5	18.5	23.8	21.6	11.8	21.2		
Bancassurance: Through External Banks									12.4	19.8
.....	18.4	17.3	21.6	22.9	25.6	23.2	12.9	23.2		
Others									6.0	9.5
.....	9.6	9.1	10.5	11.1	11.4	10.4	6.4	11.5		
Total	106.3	100.0	94.5	100.0	110.1	100.0	55.6	100.0	62.9	100.0
.....										

The table below sets forth the Company's FYPE breakdown by distribution channel:

	Years ended December 31,						Six Months ended June 30,			
	2022		2023		2024		2024		2025	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%	NT\$	%
	(in billions, except percentages)									
Tied Agents									14.1	46.3
.....	14.0	49.8	19.1	47.8	22.9	45.6	12.0	46.2		
Bancassurance: Through Taipei Fubon Bank									6.4	21.2
.....	6.0	21.5	8.3	20.8	9.6	19.1	5.0	19.3		
Bancassurance: Through External Banks									6.0	19.9
.....	3.2	11.3	6.7	16.9	10.7	21.2	5.3	20.4		
Others									3.9	12.6
.....	4.9	17.4	5.8	14.5	7.1	14.1	3.6	14.1		
Total	28.1	100.0	39.9	100.0	50.3	100.0	25.9	100.0	30.4	100.0
.....										

Tied Agents

Our experienced and seasoned tied agents have been a key driver of high-margin product sales, providing solid contribution to premium income, value of new business and CSM accumulation. As of June 30, 2025, the Company had a distribution channel of around 18,005 full-time agents in Taiwan, spreading all around Taiwan, including the outlying islands, with over 9.5 years of experience on average. Our tied agents operate out of our branch network and sell products exclusively for us. To maintain the effectiveness of our agent distribution model, we have focused on recruiting and training quality agents with an emphasis on academic qualifications and experience. Once recruited, the tied agents are carefully given a high standard of training in the areas of product knowledge, sales techniques and ethics. We have invested significant resources into developing our tied agency force.

Bancassurance

We benefit from a bancassurance relationship with Taipei Fubon Bank, another wholly-owned subsidiary of Fubon Financial Holding Co., Ltd. ("Fubon FHC"). As of June 30, 2025, Taipei Fubon Bank had over 170 domestic branches and a deposit balance of NT\$3,515.1 billion, ranking first among private banks in Taiwan

in terms of number of branches and third among private banks in Taiwan in terms of deposit balance, according to Taiwan Banking Bureau. It focuses on digital empowerment and launched a new mobile banking app call Fubon+, which combines resources of Fubon Group across various fields such as consumer banking, investment, and insurance.

Under the bancassurance relationship with Taipei Fubon Bank, Taipei Fubon Bank only sells our insurance products and contributes to a significant portion of the premiums generated from the bancassurance channel. We hold regular meetings with top management from Fubon FHC and Taipei Fubon Bank to align the bancassurance strategy, so as to better utilize the synergies among the companies within Fubon Group. We also provide thorough training and assistance to the bank's wealth management sales personnel with support from on-site insurance consultants. Such in-depth training provided by us has enabled Taipei Fubon Bank's wealth management sales personnel to effectively promote our high-margin products.

In addition to the bancassurance relationship with Taipei Fubon Bank, the Company also have bancassurance arrangements with a wide range of partners, including 23 bank partners in Taiwan. The cooperation with third-party banks provides us with access to over 2,400 branches in total across Taiwan and a pool of customer deposits that is more than NT\$40 trillion as of June 30, 2025, according to Taiwan Banking Bureau. By pursuing a comprehensive distribution and marketing strategy, we are able to optimize our distribution and marketing efforts based on customer segmentation and targeted product offerings.

Others

We also distribute our insurance products through other channels, such as Fubon FHC's other subsidiaries, including Fubon Securities Co., Ltd., Fubon Insurance Co., Ltd, and agency of Fubon Insurance Co., Ltd, as well as via the internet.

INVESTMENT

Investment Objectives

Our investment strategy is centered on optimizing capital utilization and generating stable returns within an acceptable level of risk, supported by sound risk management to ensure long-term financial stability and solvency. When formulating our investment policies and portfolios, we consider factors including asset/liability management, risk tolerance levels, liquidity and solvency, and principles for responsible investment. Our investment allocation is mainly asset-liability driven, with fixed income assets serving as the core component, supplemented by equity investment to enhance overall returns. Fixed income assets are primarily investment-grade corporate bonds issued by financially sound and large-capitalization companies with long-duration. With respect to the equity side, investments are focused on industry-leading companies with strong fundamentals and market leadership, with positions adjusted dynamically in response to fluctuating market conditions. The Company generally maintains a low-risk investment portfolio with 65.2% of its investment being allocated in fixed income investment as of June 30, 2025.

Management Structure for Investment

We have a seasoned and committed investment team that constantly monitors financial market conditions and the fundamentals of selected investment targets, adjusts investment portfolio in accordance with market fluctuations, and seeks to seize opportunities to gain returns and create stable long-term performance. Most of our investment team members are based in Taiwan. The investment team in Taiwan consists of investment desk and overall management units. The investment desk team is responsible for looking after different financial security and assets. The investment management team is responsible for coordinating with overall strategy planning and performance monitoring. As of June 30, 2025, the Company's investment team in Taiwan comprises of 162 investment professionals and 68% of these professionals possess over five years of experience with the Company.

The Board is responsible for giving guidance to the overall investment direction. For ongoing management of the investment portfolio, the investment team monitors the execution of investment strategy.

In addition, we have an independent risk management team responsible for independently evaluating risks for our investment portfolio. The Company's risk management committee regularly monitors and conducts periodic review of the investment portfolio to identify and control different risks associated with the investment portfolio. The risk management committee also reports its assessment to the Board.

Investment Income

The Company recorded investment income of NT\$202.4 billion, NT\$170.6 billion, NT\$257.5 billion, NT\$127.4 billion and NT\$89.5 billion in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. A large proportion of the Company's investment income is recurring in nature, constituting NT\$152.3 billion, NT\$162.2 billion, NT\$163.6 billion, NT\$78.4 billion and NT\$79.1 billion and comprising 75.2%, 95.1%, 63.5%, 61.5% and 88.4% of the Company's investment income for the same period, which helps secure stable return over the mid to long term. The yield on the Company's investment portfolio, after exchange rate hedging, was 4.5%, 3.8%, 5.5%, 5.4% and 3.8% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. The Company's cost of liability was 3.1%, 3.2%, 3.1%, 3.1% and 3.1% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. The breakeven point of the Company's investment portfolio was 2.7%, 2.8%, 2.9%, 2.8% and 2.5% in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively.

Investment Portfolios and Performance

Our investment portfolio has been growing at a steady pace over the last three years and the first half of 2025. The Company recorded total investment assets of NT\$4,590.2 billion, NT\$4,818.1 billion, NT\$5,176.0 billion and NT\$4,972.4 billion in 2022, 2023 and 2024 and the six months ended June 30, 2025, respectively. The majority of our investment has been in overseas fixed income investment over the last three years and the first half of 2025. As of June 30, 2025, the Company's investment on overseas fixed income reached NT\$2,594.7 billion, representing 52.2% of the total investments.

The following table sets forth the Company's investment portfolio for the financial periods indicated:

	Years ended December 31,						Six Months ended June 30,	
	2022		2023		2024		2025	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
	(in billions, except percentages)							
Fixed Income								
Overseas Bonds ⁽¹⁾							2,594.7	52.2
.....	2,624.5	57.2	2,732.7	56.7	2,880.5	55.7		
Domestic Bonds ⁽²⁾							647.9	13.0
.....	574.5	12.5	617.7	12.8	665.3	12.9		
Equity Investments								
Overseas Equities							359.6	7.2
.....	248.5	5.4	312.5	6.5	397.5	7.7		
Domestic Equities							461.8	9.3
.....	405.8	8.8	440.4	9.1	462.8	8.9		
Real Estate							359.7	7.2
.....	338.3	7.4	342.8	7.1	346.1	6.7		
Deposit and Cash Equivalents							355.9	7.2
.....	203.5	4.4	194.8	4.0	245.2	4.7		
Mortgage Loans							107.5	2.2
.....	118.9	2.6	99.4	2.1	95.4	1.8		
Policy Loans							85.3	1.7
.....	76.2	1.7	77.8	1.6	83.2	1.6		
Total Investments								
.....	4,590.2	100.0	4,818.1	100.0	5,176.0	100.0	4,972.4	100.0

Notes:

(1) Inclusive of OTC-listed international bonds, which accounted for 13.7% of total investment assets as of June 30, 2025.

(2) Inclusive of NTD-denominated bond ETFs.

We maintain a significant proportion of overseas investments. As of June 30, 2025, the Company invested NT\$2,954.3 billion overseas (consisting of both overseas fixed income bonds and overseas equity

investments), accounting for 59.4% of its total investments. With the substantial overseas investments, we are exposed to foreign exchange risks. To manage and mitigate such risks, we have gradually established a diversified overseas portfolio, across different categories of investment assets, geographic regions and industries. We also focused on investment grade corporate credit and financial bonds, with higher credit ratings to maintain a higher credit quality of the portfolio. Meanwhile, by adopting flexible foreign exchange hedging strategies, we seek to manage exchange risks and effectively improves return within the risk limit.

Overseas Bonds

Our holdings of overseas bonds constitute our largest investment category. Our overseas bonds investment consists principally of the securities issued by international corporations, financial institutions, and foreign governments. The Company's holdings of overseas bonds represented 57.2%, 56.7%, 55.7% and 52.2% of its total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

In terms of asset type, our overseas bond is divided amongst a mixture of asset types, including corporate credit, financial bond, government bond, and other products, comprising 51.4%, 36.1%, 11.3% and 1.2% of the Company's overseas bonds, respectively, as of June 30, 2025. The majority of our overseas bonds are investment grade and denominated in U.S. dollars. A small percentage of our overseas bonds are denominated in other foreign currencies, such as AUD, CNH, and GBP. In terms of geographical distribution, while more than half of our investment in overseas bonds is in North America, we also have substantial holdings in Asia and Europe. The Company's investment in overseas bonds in North America, Asia and others, and Europe comprised 53.1%, 27.4% and 19.5% of our overseas bonds, respectively, as of June 30, 2025.

Domestic Bonds

Our domestic bonds consist principally of government and government-related bonds, corporate bonds, financial institution bonds and exchange-traded funds. The Company's holdings of domestic bonds represented 12.5%, 12.8%, 12.9% and 13.0% of its total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Overseas Equities

Our holdings of overseas equity securities and investments consist principally of common and preferred stocks of listed and unlisted overseas companies and private fund investments. The Company's holdings of overseas equities represented 5.4%, 6.5%, 7.7% and 7.2% of its total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Domestic Equities

Our holdings of domestic equity securities and investments consist principally of common and preferred stocks of listed and unlisted Taiwanese companies, listed ETF, real estate investment trusts (REITs), unlisted mutual fund, and ownership interests in domestic partnerships, as well as ownership interests (other than beneficiary certificates) in our consolidated subsidiaries, associates and jointly controlled entities. The Company's holdings of domestic equities represented 8.8%, 9.1%, 8.9% and 9.3% of its total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Real Estate

Our real estate investments consist principally of real properties held as investment assets, including land and buildings, as well as real properties used in our operations. Such investment represented 7.4%, 7.1%, 6.7% and 7.2% of the Company's total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Loans

We offer policy loans to our existing policyholders, and mortgage loans secured by real estate and other assets. The Company's mortgage loans represented 2.6%, 2.1%, 1.8% and 2.2% of its total investments as of

December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The Company's policy loans represented 1.7%, 1.6%, 1.6% and 1.7% of its total investments as of December 31, 2022, 2023 and 2024 and June 30, 2025, respectively.

Hedging Strategy

In order to hedge against exchange risk from foreign-currency denominated investments and interest rate fluctuation risk from bond investments, we enter into a variety of derivatives, such as forward exchange contracts and foreign exchange swaps.

As of June 30, 2025, the Company had NT\$3,157.1 billion foreign exchange assets, of which 67.9% is fully hedged, which is defined as being reserved for foreign exchange policies or hedged by currency swap and NDF. For currency swap, as its cost is affected by the interest rate spread between Taiwan and the United States, we analyze monetary policies of Taiwan and the United States to predict the movement of spread between the interest rates of Taiwan and the United States in order to adjust the contract term to reduce long-term amortization costs and optimize hedging positions. For NDF, it is mainly used to adjust the ratio of our unhedged position. We determine the NDF hedging position and contract duration based on our view of the NTD and the cost of NDF.

The Company's hedging cost (calculated by the combination of net foreign exchange gains and losses and net provision of foreign exchange reserve divided by total foreign exchange assets) was +2bps, -85bps, -141bps, -115bps and -389bps in 2022, 2023 and 2024 and the six months ended June 30, 2024 and 2025, respectively. To ensure continuous effectiveness of hedging instruments, we assess and review the effectiveness of the hedge instruments and hedged items regularly.

DEBT PROFILE

The Company has a debt profile with a diversified maturity duration. The following table sets forth the Company's bond positions.

	Bonds Structure	Issuance Date	Currency	Principal Amount (NT\$ billion)	Coupon Rate	First Call Date	Right of Early Redemption ⁽¹⁾
1.	Perpetual Cumulative Subordinated Unsecured Corporate Bonds	December 2016	NTD	28.50	3.25%	December 2026	✓
2.	Perpetual Cumulative Subordinated Unsecured Corporate Bonds	April 2017	NTD	6.50	3.30%	April 2027	✓
3.	Perpetual Non-Cumulative Subordinated Unsecured Corporate Bonds	March 2018	NTD	20.00	3.60%	March 2028	✓
4.	10-year Cumulative Subordinated Unsecured Corporate Bonds	September 2023	NTD	13.57	3.70%	September 2033	×
5.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	8.93	3.85%	September 2033	✓
6.	10-year Cumulative Subordinated Unsecured Corporate Bonds	November 2023	NTD	0.5	3.70%	November 2033	×
7.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	2.0	3.85%	November 2033	✓

8.	10-year Cumulative Subordinated Unsecured Corporate Bonds	June 2024	NTD	14.88	3.70%	June 2034	×
9.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	10.12	3.85%	June 2034	✓
10.	10-year Cumulative Subordinated Unsecured Corporate Bonds	October 2024	NTD	22.73	3.70%	October 2034	×
11.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	8.27	3.85%	October 2034	✓
12.	10-year Cumulative Subordinated Unsecured Corporate Bonds	April 2025	NTD	9.14	3.70%	April 2035	×
13.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	9.86	3.85%	April 2035	✓
14.	10-year Cumulative Subordinated Unsecured Corporate Bonds	August 2025	NTD	10.7	3.70%	August 2035	×
15.	15-year Cumulative Subordinated Unsecured Corporate Bonds		NTD	9.3	3.85%	August 2035	✓

Notes:

(1) Redemption amount is the full amount of the Company's debt, including accrued interest.

RISK MANAGEMENT

Risk management is fundamental to our operations and our long-term growth. We have devoted substantial resources to enhancing our risk management over the years, and we have created risk management policies with the aim to promote operational efficiency, ensure asset safety, increase shareholders' value, and comply with applicable domestic and overseas laws and regulations for the purpose of steady growth and sustainable management.

While we have made the Company's risk management policies and procedures accessible to our subsidiaries as guidelines and encourages our subsidiaries to adopt such policies and procedures, our subsidiaries usually establish and implement their own risk management systems independently in compliance with local laws and regulatory requirements.

Risk Management Framework and Structure

We have designated different responsibilities and roles in relation to risk management to the various levels within the Group:

The Board of Directors

Taking into account our business strategy and other economic factors, the Board approves the risk management-related policies, examine risk management reports and relevant information. To facilitate effective risk management, there are two committees under the Board, i.e. risk management committee and audit committee, which also play an important role in the Company's risk management. The Board is ultimately in charge of the Company's risk management.

Risk Management Committee

The risk management committee is responsible for (i) establishing and amending risk management policies and frameworks; (ii) establishing and amending qualitative or quantitative risk measuring standards; (iii) making adjustments to risk category, risk allocation, and risk undertaking depending on environmental changes; (iv) assigning risk management duties for execution by relevant departments and assisting relevant departments in holding risk management activities; and (v) supervising risk management units in carrying out the Board's risk management decisions and makes regular risk management reports with improvement advice to the Board.

Audit Committee

The audit committee is responsible for overseeing the Company's financial statements, internal control, regulatory compliance, risk management and any other material matter so required by the Company or the competent authority.

Specific Committees

The Company sets up two specific committees for risk management, i.e. Asset and Liability Management Committee and Operational Risk Management Committee. The specific committees strengthen the implementation of risk management, including identifying, evaluating and supporting the management of various categories of risks. The establishment of such specific committees and their respective charters must be approved by the Board.

The chairman leads the Asset Liability Management Committee. The president of the Company leads the Operational Risk Management Committee, which addresses the following topics:

- Information regarding audit issues and non-audit issues in relation to operational risks;
- Key risk indicators and risks in relation to operations;
- Reporting of operational risk incidents and the lessons learnt;
- Risk and control self-assessment;
- Compliance;
- Corporate security;
- Information security;
- Awareness training programs for operational risk management;
- Interested party transactions;
- Other transactions with the same person, the same interested party, or the same affiliated enterprise;
- Issues in relation to the operational risk management of subsidiaries; and
- Other issues in relation to operational risk management.

Chief Risk Officer

The chief risk officer maintains independence and holds no position in any profit center of the Company other than a position directly related to risk management. The chief risk officer has access to any business information which may have an impact on risk overview of the Company and is responsible for overall risk management of the Company, including arranging risk management across different departments, supervising the independence of the execution of risk management, supervising the execution of risk management instructed by the Risk Management Committee or the Board.

Risk Management Division

The risk management division is responsible for (i) monitoring, measuring, and evaluating the Company's daily risks and other executive-level affairs; (ii) assisting in formulating and implementing risk management policies approved by the Board; (iii) assisting in formulating risk limits based on risk appetite; (iv) summarizing risk information provided by each department, coordinating and communicating with each department to implement risk policies and limits; (v) regularly reporting risk management to the Board, and in the event of discovering major risks that endanger financial, business conditions or legal compliance, taking appropriate measures immediately and reporting to the Board; (vi) regularly monitoring the risk limits and the application status of each department; (vii) assisting in stress testing; (viii) conducting back testing as necessary; (ix) addressing violations of risk limits matters that the Board or the risk management committee authorizes the risk management division to do; and (x) handling other risk management related matters.

Subsidiaries

Each subsidiary establishes well-functioning risk management organization and effective risk management systems while ensuring the performance of such deployment.

Risk Management Procedures

The Company's risk management strategy focuses on (i) market risk, (ii) credit risk, (iii) liquidity risk, (iv) operational risk, (v) insurance risk, and (vi) assets liability matching risk. In addition to these risks, the Company also conducts assessment of other risks, such as ESG and climate risks, periodically and makes relevant internal management measures.

Market Risk

Market risk is the risk of losses in value of the Company's financial assets arising from the changes in market prices of financial instruments. To manage this risk, the Company conducts, among others, value-at-risk (VaR) management, stress testing, and back testing management. In addition to issuing market risk assessment reports regularly, analyzing the market risk exposure of investment positions, and monitoring the changes in the value of assets, the Company also calculates the risks and total risk values of each types of assets on a daily basis. In addition, the Company sets various hypothetical scenarios to conduct stress testing, to evaluate the possible impacts on asset portfolio due to significant domestic and/or international events, which provides quantitative information to the management as a reference for decision-making.

Credit Risk

Credit risk refers to the risk that the debtor's credit will be downgraded, the relevant debtor defaults on payment to the Company or the counterparty becoming unable or refusing to perform its obligations. The Company issues credit risk assessment reports regularly, analyzing the credit risk exposure of various investment positions, and monitoring the changes in the credit ranking of relevant assets, counterparties and issuers. In addition, the Company also sets credit concentration indicators and country risk limits to strengthen credit concentration risk management. For certain assets and countries, the Company keeps tracking and observation of quantitative indicators of credit risk, to provide information to the management as a reference for decision-making.

Liquidity Risk

Liquidity risk is comprised of funding liquidity risk and market liquidity risk. Funding liquidity risk is the risk that the Company is not capable of performing matured commitment because it fails to realize assets or obtain sufficient funds. Market liquidity risk is the risk of significant changes in fair values when the Company sells or offsets its positions during a market disorder or a lack of sufficient market depth. The Company has set indicators and limits for funding liquidity and market liquidity, to control the impact of the Company's fund inflow and outflow on the liquidity and to ensure the liquidity of assets when necessary. In addition, the Company has tried to avoid risk concentration in terms of asset allocation and counterparty exposure. The Company also sets strict requirements on the credit quality of the assets and keeps track of credit risk, to monitor whether liquidity is reduced due to changes in credit risk.

Operational Risk

Operational risk includes the risk of direct or indirect loss caused by external events or internal process, human and system failures. It includes legal risk, money laundering and financing terrorism risk and continuous operation management, but it excludes strategic and reputation risk. The Company has set the management procedure of operational risk and a self-evaluation system of operational risk. It regularly self-checks operational risk monitoring points and key risk indicators, to detect existing or potential risks and take risk mitigation or improvement measures immediately.

Insurance Risk

Insurance risks refer to the probability of occurrence of insured events, and the uncertainty of the Company's possessing adequate assets to meet future obligations prescribed in the insurance contract. Insurance risk mainly covers the following risks:

- ***Product design and pricing risk:*** The risk arising from improper design of products, inconsistent terms and conditions and pricing or unexpected changes;
- ***Underwriting risk:*** Unexpected losses arising from solicitation activities, underwriting and approval activities, other expenditure activities, etc.;
- ***Reinsurance risk:*** The risk occurring when a company fails to reinsure the excess risk over the limits or a reinsurer fails to fulfil its obligations such that premiums, claims or expenses cannot be reimbursed;
- ***Catastrophe risk:*** The risk arising from accidents which lead to considerable losses in one or more categories of insurance and the aggregate amount of such losses is huge enough to affect the Company's credit rating or solvency;
- ***Claim risk:*** The risk arising from mishandling claims; and
- ***Reserve-related risk:*** The risk occurring when the Company does not have sufficient reserves to fulfil its obligations owing to underestimation of its liabilities.

To reduce and manage insurance risks, the Company has adopted the following measures:

- For the design of insurance products, the Company adopts reasonable rate pricing principles; the materials to be submitted to the competent authority for review shall be firstly signed by the Company's authorized personnel to ensure the correctness and legality of the submission materials.
- For the underwriting, claims and solicitation processes, the Company has set up management mechanisms. In addition to training and cultivating staffs handling underwriting, claims and solicitation, the Company also conducts risk assessment for each application case to prevent moral hazard of insurance and protect the safety of its operations. For the claim management, the Company has set up monitoring processes to detect and prevent insurance fraud. The Company also selects reputable select reinsurance companies for its risk transfer.
- For the Company's reserves, it has also established monitoring mechanisms to ensure the legality and integrity of its reserves.

Asset and Liability Matching Risk

This risk results from the inconsistencies between the changes in the values of assets and liabilities. The Company regularly reviews relevant quantitative analyses, such as cost of funds, capital adequacy, duration, foreign exchange exposure, and liquidity risk measurement methods, to manage, execute, monitor, and

adjust strategies related to overall asset-liability alignment. This improves asset liability management and safeguards the Company's solvency.

INFORMATION TECHNOLOGY

We have established our information security risk management framework based on NIST cybersecurity framework (NIST CSF), which encompasses five main aspects: (i) risk identification: cybersecurity risk assessment, cybersecurity vulnerability disclosure, cybersecurity intelligence analysis and handling; (ii) protection: promotion of cybersecurity culture and cybersecurity protection; (iii) detection: analysis and monitoring of cybersecurity warning signs; (iv) response: response to cybersecurity incidents; and (v) recovery: business continuity planning.

We regularly conduct testing and holds exercises, such as mobile app security testing, website security testing, breach and attack simulation (BAS) exercise, distributed denial of service (DDoS) exercise and vulnerability scanning, etc., to assess computer system information security and improve our staffs' awareness of data protection. To reinforce information resilience and to provide secure, convenient, and uninterrupted services, we have obtained the ISO 27001 information security management system certification.

On the customer service front, we consistently integrate insurance technology applications, actively optimizing insurance service processes while launching various digital services. For instance, we pioneered in launching the online issuance service for new contracts. After completing mobile insurance verification and payment, customers who have selected to receive electronic policies can have their policies issued within two hours. The entire process is fully automated and paperless. We also adopted AI technology to introduce an "AI customer service chatbot," offering 24-hour online service through multiple channels such as our official website and mobile app to reduce customer wait time on calling. Meanwhile, the database is consistently optimized for precise and quick problem resolution.

EMPLOYEES

As of June 30, 2025, the Company has a total number of 3,956 employees in Taiwan, over 82.2% of whom possess bachelor or higher degrees. The average years of service of the Company's employees are 12.8 years.

We have provided various business-related training for our employees. We are committed to creating a continuous and diverse learning environment and attaches great importance to talent training to reinforce our competitiveness and facilitate long-term development.

ENVIRONMENTAL PROTECTION, SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE

We have been consistently engaging in material issues pertinent to the ESG. Upholding the core corporate value of "Be Positive, Enrich Life," we integrate ESG into our business strategy, demonstrating the protective function of insurance, social responsibility, and our commitment to sustainability.

In recognition of our sustainability efforts, we received multiple honors, such as being recognized as the "Top 25% in Sustainable Finance Evaluation for the Insurance Industry" and "Top 25% in Treating Customers Fairly Principles Evaluation for the Insurance Industry" in 2024 by the FSC.

In relation to environmental protection, we have been certified as meeting the ISO 14064-1 organization greenhouse gas inventory standards, ISO 14001 environmental management system standards, ISO 50001 energy management system standards, ISO 45001 occupational health and safety standards, and ISO 14067 carbon footprint verification for insurance policies. These standards are part of a comprehensive series of quality standards for environmental and occupational health and safety management published by the International Organization for Standardization. We progressively introduce green electricity, expands the coverage of renewable energy sources across all operational sites, and gradually works towards net-zero carbon emissions by 2050. We also leverage the power of financial capital. From 2022 to 2024, the balance

of our green financial investments has increased annually, setting a new record of nearly NT\$1.81 trillion in 2024. We also made NT\$185 million of annual green procurement in 2024.

In relation to social responsibility, we have been consistently enhancing protection for vulnerable groups and improving employee care and benefits through the promotion of diverse activities for friendly neighborhood services, caring services for individuals with dementia and vulnerable groups, and health and vitality enhancement. We continue to promote elderly care initiatives by supporting programs such as Loneliness Prescriptions and the Love Bracelet for individuals with dementia, reaching senior citizens living alone in five different communities across Taiwan and over 1,800 dementia patients. In caring for elderly cancer patients in remote areas, the barrier-free medical access project has helped over 2,518 cancer patients since it was launched in 2017.

In relation to corporate governance, we obtained the ISO 27001 information security management, BS 10012:2017 personal information management system, and ISO 22301:2019 business continuity management system. We have strengthened corporate ESG information disclosure, enhanced the completeness and communication of sustainability value reporting, implement sustainable corporate governance, and demonstrate corporate value. We have also established a sustainable development committee.

LEGAL AND REGULATORY

As of the date of the Offering Circular, we are not involved in, or aware of, any litigation, arbitration or administrative proceedings, actual or threatened, that would, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

RELATED PARTY TRANSACTIONS

We engage from time to time in various transactions with related parties, which include Fubon FHC, Taipei Fubon Bank, and other companies in the Fubon Group. Terms and conditions of related party transactions are made on arm's length basis. There is no difference in terms and conditions between related parties and non-related parties transactions. For details, please see note 7 to our consolidated financial statements as of and for the financial years ended December 31, 2022 and 2023, as of and for the financial years ended December 31, 2023 and 2024, and as of and for the six months ended June 30, 2024 and 2025.

INDUSTRY OVERVIEW

The following overview of the insurance industry in Taiwan has been provided for background purposes only. The information presented in this section is derived from various government and private publications. Such information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any market study and statistical survey. None of the Issuer, the Guarantor, the Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them or any other party involved in the offering has independently verified such information. Accordingly, such information should not be unduly relied upon.

TAIWAN LIFE INSURANCE INDUSTRY

Overview

Taiwan is one of the largest life insurance markets in Asia. In 2023, the total premium of Taiwan's life insurance was US\$54.0 billion, ranking fourth amongst developed Asia Pacific markets, behind Japan, South Korea and Hong Kong, as well as ranking sixth in Asia overall, behind Mainland China, Japan, India, South Korea and Hong Kong, according to the Swiss Re sigma research. The penetration rate of life insurance in the Taiwan market was 7.1% in 2023, and the life premium per capita in the Taiwan market was US\$2,285 in 2023, both ranking third in Asia overall, according to the Swiss Re sigma research. In addition, the total assets of Taiwan life insurers have been growing steadily over the past decade, from NT\$18.6 trillion in 2014 to NT\$36.9 trillion in 2024 at a CAGR of 7.1%, according to the Taiwan Insurance Institute.

In 2024, the life insurance industry in Taiwan was composed of 21 registered life insurance providers, of which 16 were domestic and five were wholly owned foreign players, according to the Insurance Bureau of the FSC. Only three life insurers secured over 10% market share by total premium in 2024, namely Cathay Life (20.0% market share), us (14.9% market share), and Nan Shan Life (11.9% market share). The top five players were all domestic insurers, which together accounted for 61.7% of the Taiwan market in terms of total premium in 2024. The remaining 11 domestic insurers accounted for 25.8% of the market, while the five wholly-owned foreign insurers accounted for 12.5% of the market in terms of total premium in 2024, according to the Insurance Bureau of the FSC.

The Taiwan life insurance market recorded a total annual premium income of NT\$2.4 trillion in 2024, according to the Taiwan Insurance Institute. The total annual premium of the Taiwan life insurance market has recovered in 2024 after five consecutive years of decline. From 2019 to 2023, the total annual premium income in Taiwan decreased from NT\$3.5 trillion to NT\$2.2 trillion, according to the Taiwan Insurance Institute. Such a downward trend was mainly due to (i) the strengthening of regulations on savings-type products, including tightening the regulation on the declared interest rates for savings-type products and requiring a higher protection component within insurance policies; and (ii) the outbreak of COVID-19 pandemic and the measures taken by governments around the world to contain its spread, which has negatively impacted the global economy and created significant volatility in the financial markets, including Taiwan's economy. In 2024, the total annual premium income in Taiwan increased by 11.5% compared to 2023, according to the Taiwan Insurance Institute. Such an increase was mainly driven by (i) an increased demand for USD-denominated insurance policies following the start of a new interest rate cut cycle by the U.S Federal Reserve; and (ii) a recovery in the sales of investment-linked insurance products amid the bullish equity market.

Industry Trends

Taiwan's life insurance market is expected to continue its growth trajectory supported by favorable macroeconomic tailwinds, including aging demographics, an increase in accumulated wealth, and growing health expenditure.

Aging demographics

Taiwan's rapidly aging population fuels the demand for retirement financial planning and accident and health insurance products. Taiwan's elderly population, which is defined as people who are or over 65 years

old, has significantly grown over the past decade. In 2024, the elderly population in Taiwan was 4.5 million, representing a CAGR of 4.3% from 2.5 million in 2010, according to the National Development Council of Taiwan. In addition, in 2024, Taiwan's elderly population accounted for 19.2% of its total population, up from 10.7% in 2010, according to the National Development Council of Taiwan, and the percentage of elderly population in Taiwan is expected to further increase in the next 10 years, reaching 27.2% in 2034. The average life expectancy in Taiwan has also shown a steady increase, growing from 79.2 years in 2010 to 81.1 years in 2024, and is expected to further increase in the next 10 years, reaching 83.0 years in 2034, according to the National Development Council of Taiwan. We believe that the trend of a rapidly aging population with increasing average life expectancy has led the population to focus more on long-term retirement financial planning, driving demand for retirement-oriented long-term insurance products. We also believe that the population's increased longevity presents greater opportunities for sales of accident and health insurance products.

Wealth accumulation

In addition, the robust trajectory of wealth accumulation in Taiwan provides a solid backdrop for the growth of insurance premium. The average disposable income per household in Taiwan has increased from NT\$515,256 in 2010 to NT\$588,319 in 2023, representing a CAGR of 2.1% over the period, according to the National Statistics of the Central Bank of Taiwan. In the meanwhile, savings as a percentage of disposable income has also expanded from 21% in 2010 to 24% in 2023. The total deposits held at Taiwanese banks reached NT\$50.3 trillion in 2024, representing a CAGR of 5.8% since 2010, according to the National Statistics of the Central Bank of Taiwan.

Growing health expenditure

Further, the growing demand in Taiwan's health expenditure would allow commercial insurance to play a critical role in addressing the medical need of individuals in the future. Taiwan had one of the most rapidly increasing health expenditures among member countries of the Organization for Economic Co-operation and Development (the "OECD") in the past five years. According to the Ministry of Health and Welfare of Taiwan, the health expenditure per capita in Taiwan increased at a CAGR of 6.2% between 2018 and 2023, while the average CAGR for OECD countries' health expenditure per capita from 2018 to 2023 was 4.1%. Despite the continued growth of health expenditure in Taiwan, its contribution to GDP was 7.8% in 2023, which still remained at the lowest levels among OECD member countries with an average of 9.2% in 2023, according to the Ministry of Health and Welfare of Taiwan. The ratio of out-of-pocket payments to current health expenditure in Taiwan, which was 38.8% in 2023, remained significantly higher than those of OECD member countries generally, which averaged 19.7%. With the continuously increasing demand in Taiwan's health expenditures, there is a growing need for commercial health insurance to compensate for the shortfall in coverage provided by the public health system.

DIRECTORS AND SENIOR MANAGEMENT

The Company is managed by the Board, which is collectively responsible for overseeing management of the Company's business and affairs. The Board also formulates overall strategy, monitors financial performance and maintains an effective corporate governance structure in each individual subsidiary. Daily operations and administration are delegated to the management of the Company and each individual subsidiary.

BOARD OF DIRECTORS

The Board currently is comprised of a total of nine directors, including one chairman, one vice chairman, three directors and four independent directors. The following table sets forth each of the directors of the Company:

Name	Title
Mr. Howard Lin 林福星	Chairman
Mr. Cherng-Ru Tsai 蔡承儒	Vice Chairman
Mr. Shr-Iue Chen 陳世岳	Director
Mr. Daniel Tsai 蔡明忠	Director
Mr. Chien-Huang Lin 林建煌	Director
Mr. Andrew Lin 林羣	Independent Director
Mr. Yu-Chi Ling 林育祺	Independent Director
Mr. Chien-Hung Chen 陳建宏	Independent Director
Ms. Shuo-Fen Hsu 許碩芬	Independent Director

Mr. Howard Lin, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's chairman since June 2023 and the Company's director since June 2011. Mr. Lin is also a director of Fubon Financial Holding Co., Ltd., a director of Fubon Asset Management Co., Ltd., a director of Fubon Green Power CO., LTD., a director of Probright Technology Inc., and a director of Dacian Precision Co., Ltd. Mr. Lin received a doctoral degree in Chemical Engineering from National Taiwan University.

Mr. Cherng-Ru Tsai, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's vice chairman since June 2023 and the Company's director since November 2022. Mr. Tsai is also a director of Fubon Financial Holding Co., Ltd., a vice chairman of Fubon Sports & Entertainment Co., Ltd., a director of Fubon Asset Management Co., Ltd., a director of Eternal Hope Limited (BVI), a director of Immanuel Investment Co., Ltd., a director of Appworks Ventures Co., Ltd., a director of P League Co., Ltd., an independent director of Elan Microelectronics Corporation, and a director of REMA Inc. Mr. Tsai received a bachelor of science degree in Economics from the Wharton School of the University of Pennsylvania.

Mr. Shr-Iue Chen, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's director since February 2023. Mr. Chen is also the president of the Company, the chairman of Fubon Hyundai Life Insurance, a director of Fubon Life (HK), a director of Fubon Life (Vietnam), a director of Fubon Insurance Agency Co., Ltd., and a director of Fubon Property & Casualty Insurance Co., Ltd. Mr. Chen received a master's degree in insurance and a bachelor's degree in Business Administration from Feng Chia University.

Mr. Daniel Tsai, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's director since June 2023. Mr. Tsai is also a director of Fubon Financial Holding Co., Ltd., the chairman of Fubon Bank (Hong Kong) Limited, the chairman of Fubon Sports & Entertainment Co., a director of Fubon Bank (China) Co., Ltd., the chairman of NTU Law Foundation, the chairman of Dao Ying Co., Ltd., the chairman of Ming Dong Co., Ltd., the chairman of Kuo Chi Investment Co., Ltd., a director of Lucky Way Limited, a director of Rainbow Cheer Limited, a director of Key Gain Limited, a director of Ultimate Epoch Limited, a director of Orientland International Limited, the chairman of Taiwan Mobile Foundation, a director of Globotex International Limited, a director of Cosgrove Global Limited, a director of Giver Concept Limited, the chairman of ROC Friends of the Police Association, the chairman of Chung Shing Development Co., Ltd, the chairman of Fubon Realtors Co., Ltd., the chairman of TCCI Investment & Development Co., Ltd., the chairman of TFN Media Co., Ltd., the chairman of Momo.Com Inc., the

chairman of Taiwan Cellular Co., Ltd., a director of Win TV Broadcasting Co., Ltd., the chairman of Taiwan Fixed Network Co., Ltd., the chairman of Wealth Media Technology Co., Ltd., the chairman of Taipei New Horizon, the chairman of Ti Kun Co., Ltd., the chairman of Tien Chien Co., Ltd., the chairman of Hsi Po Lai Co., Ltd., the chairman of Yi Fu So Co., Ltd., a director of Taiwan Digital Service Co., Ltd., the chairman of Dunfu Enterprise Co., Ltd., a director of Centre for Asian Philanthropy and Society Limited, a director of Taiwan Teleservices & Technologies Co., Ltd., a director of Straits Exchange Foundation, the chairman of Taiwan Mobile Co., Ltd., the vice chairman of Taiwan Telecommunication Industry Development Association, a director of Cross-Strait CEO Summit, and a director of University of Southern California. Mr. Tsai received a LL.D. honoris causa from Georgetown University, a J. D. honoris causa from National Taiwan University, a J. D. honoris causa from Fu Jen University, a D.B.A. honoris causa from Tunghai University, an LL.M. degree from Georgetown University and a bachelor's degree in law from National Taiwan University.

Mr. Chien-Huang Lin, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's director since June 2023. Mr. Lin is also the chairman of The Pharmacological Society in Taiwan and an independent director of PharmaEngine Inc. Mr. Lin received a doctoral degree and master's degree from National Taiwan University Graduate Institute of Pharmacology and a bachelor's degree from Department of Pharmacology, National Taiwan University.

Mr. Andrew Lin, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's independent director since June 2017. Mr. Lin is also a director of Duo Ying Investment Co., Ltd., the chairman of TaiRx, Inc., the chairman of BRIM Biotechnology, Inc., the chairman of Nuwa Fertility Center, the chairman of Anfu Capital Co., Ltd., and a senior partner of SAIF Eagle Fund. Mr. Lin received a MBA degree from the University of Chicago and a master's degree in electrical and computer engineering from the University of Massachusetts at Amherst.

Mr. Yu-Chi Ling, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's independent director since June 2023. Mr. Ling is also a director of Hui Ting Hospital Management and Consultancy Co., Ltd., the chairman and president of Sheng Ho Investment Consultancy Co., Ltd., the chairman and president of Chi Yang Asset Management Co., Ltd., a supervisor of Hua Sheng Biotechnology Co., Ltd., and the chairman of Heng Yang Investment Co., Ltd. Mr. Ling received a MBA degree from Pepperdine University and a bachelor's degree in finance from University of Southern California.

Mr. Chien-Hung Chen, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's independent director since June 2023. Mr. Chen is also the chairman of E-Rich Venture capital CO., LTD. and the chairman of ETTEK CO., LTD. Mr. Chen received a bachelor's degree in law from National Chengchi University.

Ms. Shuo-Fen Hsu, as a representative of Fubon Financial Holding Co., Ltd., has served as the Company's independent director since May 2024. Ms. Hsu is also a distinguished professor of Risk Management and Insurance Department, National Kaohsiung University of Science and Technology. Ms. Hsu received a doctoral degree in commerce from Kobe University and a bachelor's degree in finance from National Taiwan University.

SENIOR MANAGEMENT

In addition to the Board, members of the senior management of the Company are also responsible for the day-to-day management of the Company's business. The following table sets forth members of the senior management officer of the Company:

Name	Title
Mr. Shr-Iue Chen 陳世岳	President
Ms. Tsai-Ling Tung 董采苓	Executive Vice President
Ms. Hsiu-Ling Chen 陳秀玲	Senior Vice President
Mr. Yun-Ku Lin 林昀谷	Senior Vice President
Mr. Lian-Chieh Wang 王莨傑	Senior Vice President
Mr. Shyh-Jaw Chien 簡世炤	Vice President and Chief Risk Officer

Mr. Shr-Iue Chen, see “*Directors and Senior Management – Board of Directors.*”

Ms. Tsai-Ling Tung, has served as the Company's executive vice president. Ms. Tung is responsible for the product, actuarial, finance and financial planning, she is also a director of Fubon Life (Vietnam) and a director of Fubon Life (HK). Ms. Tung holds a master's degree in statistics from Temple University.

Ms. Hsiu-Ling Chen, has served as the Company's senior vice president. Ms. Chen is responsible for the corporate management & services. She was also responsible for the operation and customer service before July 1, 2025. Ms. Chen holds a bachelor's degree in Department of Political Science (Public Administration Division) from National Taiwan University.

Mr. Yun-Ku Lin, has served as the Company's senior vice president. Mr. Lin is responsible for the equity and alternative investment. He is also a supervisor of Fubon Asset Management Co., Ltd., a director of CITIC Capital Holdings Limited, and a director of Fubon Green Power CO., LTD. Mr. Lin holds a master's degree in international management from American Graduate School of International Management.

Mr. Lian-Chieh Wang, has served as the Company's senior vice president. Mr. Wang is responsible for the fixed income investment and macro strategy. He is also the chairman of the Issuer. Mr. Wang holds a master's degree in finance from Northern Illinois University.

Mr. Shyh-Jaw Chien, has served as the Company's vice president and the chief risk officer. Mr. Chien is responsible for the risk management. Mr. Chien holds a MBA degree from Georgetown University.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be US\$650,000,000. The gross proceeds of the Bonds will be used to supplement and strengthen the Guarantor's financial structure and capital base and to improve the capital adequacy ratio of the Guarantor.

REGULATION AND SUPERVISION OF THE TAIWAN LIFE INSURANCE INDUSTRY

REGULATORY AUTHORITY

In the past, Taiwan adopted a multilateral supervisory system. Financial industries, including insurance, securities and banking sectors, were regulated and supervised under the Securities and Futures Commission and the Ministry of Finance. Moreover, the supervision and on-site examination of banks were conducted by multiple authorities with overlapping coverage, including the Central Bank of the Republic of China (Taiwan), the Ministry of Finance and the Central Deposit Insurance Corporation.

In order to promote integrated financial supervision, the FSC was established on July 1, 2004 as a single financial regulator and a subordinate agency under the direction of the Executive Yuan to take the responsibility for financial supervision and to consolidate the functions of monitoring and rule-setting for the banking, securities, and insurance industries, and also to carry out cross-sector financial examinations. Nonetheless, following the governmental reorganization effective from July 1, 2012, the FSC has transitioned from a collegial system to a ministerial system. The Chairperson and the Vice Chairpersons of the FSC are appointed by the premier of the Executive Yuan and are vested with the executive power. The Chairperson and Vice Chairpersons and all the other commissioners under the FSC are required to have expertise and experience in areas of the financial industry.

The FSC consists of four bureaus, namely the Insurance Bureau, the Banking Bureau, the Securities and Futures Bureau and the Financial Examination Bureau. The Insurance Bureau, the Banking Bureau, and the Securities and Futures Bureau regulate and supervise the insurance, banking, securities industries, respectively. The Financial Examination Bureau is responsible for law enforcement and financial examination. Under Article 5 of the Organic Act of the Financial Supervisory Commission of the ROC, the Financial Examination Bureau is granted the power to: (1) require a financial institution, a related party thereof, or a public company to present relevant materials; (2) notify an examinee to appear at a designated office to answer inquiries from government officers; or (3) apply for issuing a search warrant, and then enter and search the suspected places accompanied by judicial police authorities, provided that appropriate procedures are followed.

REGULATORY ENVIRONMENT FOR INSURANCE BUSINESS

The insurance industry is a heavily regulated industry in Taiwan. The Insurance Bureau under the FSC is the official organization that regulates the insurance industry in Taiwan, supervising, among others, the insurance, reinsurance, insurance brokerage and insurance agencies in Taiwan.

Legal framework of insurance industry is comprised of the Insurance Act, the Regulations for Establishment and Administration of Insurance Enterprises of the ROC and other applicable laws and regulations, including the Regulations Governing Insurance Brokers, the Regulations Governing Insurance Agents, the Regulations Governing the Supervision of Insurance Solicitors, the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises, the Regulations Governing Pre-sale Procedures for Insurance Products and the relevant rulings promulgated by the FSC from time to time.

Authorization and License

According to the Insurance Act, a domestic insurance company must obtain the FSC's approval prior to commencing business. To obtain the approval of the FSC, an insurance company must meet the following requirements:

- Type of incorporation: According to Article 136 of the Insurance Act, an insurance company must be organized as a company limited by shares or as a cooperative. If an insurance company is organized as a company limited by shares, it shall be a public company unless otherwise permitted by law or by the FSC. Additionally, an insurance company that is not a public company must establish an audit committee and elect independent directors to ensure good governance.

- **Minimum Capital Requirement:** According to Article 2 of the Regulations Governing the Establishment and Administration of Insurance Enterprises, the minimum paid-in capital for an insurance company is NT\$2,000,000,000. The capital contribution by the promoters and shareholders is limited to cash. When the promoters apply for permission to establish an insurance company, at least 20% of the minimum paid-in capital must be collected and deposited in a specific account in accordance with Article 7 of the Regulations Governing the Establishment and Administration of Insurance Enterprises.
- **Capital Adequacy Requirement:** According to Article 143-4 of the Insurance Act and the Regulations Governing Capital Adequacy of Insurance Enterprises, an insurance company is subject to a minimum RBC ratio. It is considered adequate if the RBC adequacy ratio of an insurance company equals to or exceeds 200% and the net worth ratio is more than 3% in one of the most recent two periods. If RBC adequacy ratio of an insurance company does not satisfy the relevant requirements, the relevant authorities may impose a range of regulatory sanctions depending on the degree of deficiency in its RBC adequacy ratio. Where necessary, the FSC may adjust the ratio according to international standards.
- **Government Statutory Deposit:** According to Article 141 of the Insurance Act, insurance industry is required to place a government statutory deposit equal to 15% of its paid-in capital. The deposit shall be placed in cash, or, with approval of the FSC, government bonds or notes. Such deposits will not be returned until cessation of business and liquidation has been completed.
- **Deposit of Reserve Funds:** According to Article 145 of the Insurance Act, at the end of each fiscal year, an insurance company shall calculate the amount it should allocate to the various reserve funds for each type of insurance, and shall record such reserve amounts in special account books. The reserve ratios for the various reserve funds are prescribed in the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises.
- **Stabilization Funds:** Enterprises engaged in non-life insurance and life insurance shall make contributions to set up an independent stabilization funds. According to Article 143-1 of the Insurance Act, the stabilization funds shall be in corporate as foundations, and their governing regulations shall be prescribed by the FSC.

Responsible Persons of an Insurance Enterprise

The required qualifications of the responsible persons of an insurance company are prescribed by the Regulations Governing Required Qualifications for Responsible Persons of Insurance Enterprises. In general, if a person has no or limited legal capacity, has committed certain crimes relating to financial matters or other criminal offenses, is proven to have been involved with dishonest or improper activities, is an undischarged bankrupt or currently serves as a responsible person of the companies in the financial sector, such person is prohibited from acting as a responsible person (including directors) of an insurance company.

Approval of Major Shareholders

Although there is no ownership restriction on insurance companies in the ROC, any person who acquires more than 5% of the shares in an insurance company must notify the Insurance Bureau of the FSC within 10 days after such acquisition. In addition, a person seeking to become a major shareholder (holding shares equal to or exceed 10%, 25% or 50% of the shares in the insurance company) of an insurance company through acquisition of shares must meet certain criteria as set forth in the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of an Insurance Enterprise, and obtain prior approval from the FSC.

If a major shareholder fails to meet any of the requirements set forth in the relevant laws, the FSC may request such major shareholder to take any necessary measures (including a compulsory disposal of its shares in the insurance company) or revoke the previously granted prior approval for the acquisition of shares in the insurance company.

THE FINANCIAL CONSUMER PROTECTION ACT

As financial services enterprises, activities by insurance companies are subject to the Financial Consumer Protection Act of the ROC, which became effective in June 2011. According to Article 7 of the Financial Consumer Protection Act, when an insurance enterprise enters into a contract with a financial consumer for the provision of financial products or services, it shall act in conformance with the principles of fairness, reasonableness, equality, reciprocity, and good faith. Where a clause in a standard form agreement violates the bona fide principle, it is clearly unfair for the consumer and therefore, the clause is void. Additionally, if there is a disagreement over the meaning of any contractual provision, the provision shall be interpreted in favor of the financial consumer. The Financial Consumer Protection Act also requires financial services enterprises, including insurance enterprises, to exercise the due care of a good administrator in providing financial products or services.

Specific Limitations under the Insurance Act

According to Article 54-1 of the Insurance Act, in case any of the following was included in an insurance contract, and the inclusion of which was obviously unfair at the time the contract was signed, that portion of the agreement shall be void:

- the liabilities of the insurer required by the Insurance Act are exempted or reduced;
- the policyholder, beneficiary or insured is made to waive or restricted from asserting its rights under the Insurance Act;
- the policyholder or insured's liabilities are increased; and
- other material disadvantages imposed upon the policyholder, beneficiary or insured.

Article 54 of the Insurance Act also provides that the mandatory provisions of the Insurance Act shall not be modified by contract; provided, however, that this rule shall not apply to modification which is favorable to the insured. The interpretation of an insurance contract shall be made on the basis of seeking the true intent of the parties, and shall not be restricted by the terminology as used. If there is any doubt, in principle the interpretation shall be such as to favor the insured.

Right to Withdraw Subscriptions and Right to Surrender Life Policy

In Taiwan, a consumer has a ten-day cooling-off period to withdraw his/her subscription for any insurance policy for a full refund. The cooling-off period starts from the next day when the customer receives the insurance policy. Upon cancellation, the insurer shall return any premiums paid by the consumer with no interest.

A policyholder can surrender a life policy at any time. Nonetheless, an insurer may rescind the life policy if: (i) due to the actions or behavior of the policyholder or the insured, the risks covered by the insurance policy increases to the extent that the insurance agreement may be terminated or the premium shall be raised but the policyholder does not agree the raise of premium; (ii) the premium is not paid within the certain period; and (iii) other terms provided in the insurance contract expressly provided under the insurance policy.

Punitive Penalty Surcharges

In case of a violation of the principles regarding the duty to explain, prohibition of unfair sales practices, and prohibition of improper solicitation and advertisements by a financial service provider, when the violation is deemed severe, the FSC may increase the penalty to the extent appropriate within the scope of the benefit gained by such financial service provider, regardless of the limitation of the maximum penalty set by the relevant provisions under the Financial Consumer Protection Act.

SALES

Scope of Business of Life Insurance Companies

According to the Insurance Act, insurance can be classified into “property insurance” or “personal insurance”. It further provides that “personal insurance” includes life insurance, health insurance, personal accident insurance and annuity insurance. Under the Insurance Act, a life insurance company is prohibited from concurrently operating a life insurance business and property insurance business (including property, marine and cargo and liability insurance) and therefore, in Taiwan, a life insurance company can only operate life insurance, health insurance, personal accident insurance and annuity insurance. Nonetheless, a life insurance company and a property insurance company can be subject to common control by a financial holding company under the ROC law.

Overlap of Products with General Insurance Companies

Although a life insurance company is prohibited from concurrently operating a life insurance business and property insurance business (including property, marine and cargo and liability insurance), a property insurance company may engage in health insurance and personal accident insurance if prior approval from the Insurance Bureau of the FSC is obtained.

General Terms of Insurance Policy

Generally, all rate formulas, terms of policies, and design for each kind of insurance product shall be subject to either prior-approval or use-and-file procedure (as applicable) of the Insurance Bureau pursuant to the Insurance Act and its related regulations. For the insurance policies requiring prior approval, the insurer can only issue and sell such insurance products to the public after obtaining the FSC’s approval. However, for the sale of certain insurance products that are under the use-and-file procedure, the prior approval of the FSC is not required. Instead, notification to the FSC must be made within 15 days after the issuance of the policies. Use-and-file procedure is generally required for any amendment to terms of policies, insurance application or proposal forms, pricing actuarial memorandum, and premium rates of policies that have previously been approved by or filed with the Insurance Bureau. However, if the Insurance Bureau deems the change material or such change increases the renewal premium rates of guaranteed renewable personal health insurance products, this will require the Insurance Bureau’s prior approval. In addition, the FSC may issue regulations regarding product pricing and premium calculation formulas. Prior to entering into a life insurance contract, an insurer must provide the information required by the relevant applicable regulations. A person must fill out an insurance application or proposal form and submit such application to the insurer, which has the discretion to agree whether to underwrite the policy or not.

Insurance Solicitation

Article 136 of the Insurance Act makes it clear only an “insurance enterprise,” which is registered with and licensed by the FSC, can engage in any insurance or insurance related activities. Article 163 of the Insurance Act sets forth the general prohibition on unlicensed operation of an “insurance broker” or “insurance agent” and Article 167-1 of the Insurance Act imposes a criminal liability on the agency, brokerage or solicitation for unlicensed insurers.

Article 9 of the Insurance Act provides that the term “insurance broker” means “a person who, on the basis of the interests of the insured and on his behalf, contacts an insurer for conclusion of an insurance contract and collects commission from the insurer that undertakes the insurance”. Article 8 of the Insurance Act provides that the term “insurance agent” means “a person who, on basis of an agency agreement or a letter of authorization, collects remuneration from the insurer and acts as an agent in managing business operations.” In addition to “insurance enterprise,” “insurance broker” and “insurance agent,” the statute further extends its coverage to “insurance solicitor,” which refers to “a person who solicits insurance business for insurance enterprises, insurance broker companies, or insurance agents”. All brokers, agents and solicitor are required to pass a qualifying examination and be registered with the competent authority. A solicitor shall pass a qualifying examination and be registered with a principal which may be an insurance enterprise, agent, or broker.

Unless otherwise permitted by law, if a person or entity is seen as providing agency, brokerage services or soliciting insurance business on behalf of an unlicensed “insurance enterprises” (which may include a foreign insurance company) in Taiwan, that person or entity will be in violation of the Insurance Act and hence subject to a prison term of not more than 3 years, and in addition thereto, a fine ranging from NT\$3,000,000 to NT\$20,000,000.

Marketing

Insurance companies and distributors may use the various methods and channels to market insurance products, including local premises, internet, television advertisements, telephone calls, visit to potential clients, and any other methods approved by the FSC. Advertising of insurance products are subject to further restrictions as provided in, among others, the Regulations Governing Insurance Brokers, the Regulations Governing Insurance Agents and the Self-Regulatory Rules for the Advertisement and Promotional Activities for Solicitation of Insurance Business. The marketing and selling activities of insurance products are also subject to the requirements set forth in the Fair Trade Act, Consumer Protection Act and Financial Consumer Protection Act of the ROC.

Pursuant to Article 38 of the Regulations Governing Insurance Brokers and Article 36 of the Regulations Governing Insurance Agents, the content of publicity and advertising used in insurance solicitation by insurance solicitors of an agent company or a broker company shall have been approved by the employing company; the employing company shall furthermore bear liability in this regard. Further, the documents, graphic illustrations, advertising, or promotional materials used by a solicitor in soliciting insurance shall indicate the name of the employing company, and, where the employing company is an agent company or broker company, the name of the insurance enterprise acting as its provider.

The content of the documents, graphic illustrations, advertising, or promotional materials shall comply with the policy provisions, premium rates, insurance application or proposal form, and any other such documents as reviewed and approved by the FSC and shall be used upon approval by the employing company. The content shall also comply with requirements prescribed by the FSC in relation to information disclosure.

Apart from the above, an insurance company shall comply with the following requirements stipulated in Article 4 of the Self-Regulatory Rules for the Advertisement and Promotional Activities for Solicitation of Insurance Business:

- disclose the name, address and telephone number of the insurance company;
- ensure the correctness of the advertisement;
- the materials shall be made in the name of the insurance company and the content shall be approved by the company;
- the content shall be in plain Chinese and indicate the original language(s) if necessary;
- if the disclosure of insurance products or services is in relation to the insurance rate, fee, reward and risk, the disclosure shall be expressed in an equal and remarkable way;
- a life insurance company shall disclose relevant information according to the Rules Governing the Disclosure of Information for the Participating and Nonparticipating Life Insurance Policies;
- for a participating insurance policy, the participation rate may not be used to solicit clients. An insurance company may not compare the amount of participation with the returns of the same businesses, bank deposits or other financial products in the advertising activities;
- the content of the advertisement shall not contain or result in the following:
- inducing the insured to early terminate the contract or redeem the contract;

- misleading the consumers that the government has provided a guarantee by approving the insurance products;
- producing advertising or other promotional activities for an insurance product not approved for offering by the FSC;
- advertising by means of exaggerating past performance or negative advertising with respect to others in the industry;
- engaging in false, fraudulent, or other misleading acts;
- any remarks or limitation provisions in inconspicuous font; or
- engaging in any other conduct prohibited by the FSC; and
- the proper disclosure of the capital adequacy of the insurance company, which should ensure the correctness of the content, prohibit improper comparison and competition, or misleading the consumers that the government has provided a guarantee for such insurance company or its related business, and comply with other requirements as stipulated by relevant laws, rulings and regulations.

Also, any solicitation or marketing of specific insurance products by the solicitors via online channels (including disclosing the name and feature of the insurance product, or any information that is sufficient to identify a specific insurance product) is not permitted unless the advertisement used is approved by the insurance company in advance. The Self-Regulatory Rules for the Advertisement and Promotional Activities for Solicitation of Insurance Business also require the insurance enterprises to establish a supervisory mechanism for online solicitation.

Bancassurance

Life insurance companies may use the bancassurance channel to distribute their insurance products. To engage in bancassurance business, both the insurance company and the bank must obtain approvals from the FSC. After the first approval being acquired, a bank can deal with any other insurance companies or an insurance company can deal with any other banks without further approval unless the FSC suspends their bancassurance business (due to their violation of laws or regulations).

For joint promotion activities by and between banks, securities firms, insurance companies, insurance agents/brokers, the related insurance industry associations promulgated model agreements for joint promotion via bancassurance. The model agreements have been reviewed and recognized by the FSC. Although not mandatory, such agreement is usually adopted when the parties conduct bancassurance business in Taiwan.

ACCOUNTING AND RISK MANAGEMENT

Calculation

An insurance company is required to close its annual financials as of December 31 of each year and shall (i) compile a report detailing its operational status and the use of its funds, attaching a balance sheet, profit and loss statement, statement of changes in shareholders' equity, cash flow statement and proposal for allocation of surplus profit or compensation of deficit, and other matters designated by the competent authority, (ii) have the above items audited by a certified public accountant, (iii) submit the above items for approval at a shareholders meeting or a general assembly of cooperative members, and (iv) thereafter submit the above items to the FSC within 15 days for recordation.

In addition to the financial and business reports that an insurance company must submit to the FSC, the FSC may, when needed, require either that an insurance company report observing format and content requirements, within a specified time limit, its business and financial conditions to the competent authority or an institution designated thereby, or that an insurance company furnish account books, statements,

vouchers, or other related financial and operational documents. Standards governing preparation of the financial reports referred for an insurance company are set forth under “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises.”

Solvency Requirements

In order to secure an insurance company’s ability to pay insurance claims and assure the soundness of its management, an insurance company is required to satisfy certain RBC requirement, a regulatory capital measure to ensure the insurer can satisfy its financial obligations to the policyholders.

The Insurance Act and the Regulations Governing Capital Adequacy of Insurance Companies of the ROC, newly amended on August 4, 2023, classify insurance companies by RBC ratio into the following four tiers and pursuant to Article 143-6 of the Insurance Act, the FSC is required to adopt different supervisory measures for insurance companies in each tier:

- capital adequate (RBC ratio above 200% and the net worth ratio of an insurance company is more than 3% in one of the most recent two periods);
- capital inadequate (RBC ratio above 150% but under 200% or the net worth ratio of an insurance company is less than 3% in both of the most recent two periods and more than 2% in at least one period);
- capital obviously inadequate (RBC ratio above 50% but under 150% or the net worth ratio for both the most recent two periods of an insurance company is less than 2% and more than zero); and
- capital seriously inadequate (RBC ratio under 50% or the net worth of the insurance company is less than zero).

For an insurance company classified as “capital seriously inadequate” and where such insurance company or its responsible person fails to complete the capital injection plan or the corrective action plan for finance or business within the specified period required by the FSC, the FSC will, within 90 days following the expiration of the above specified period, assume conservatorship or receivership over such and insurance company, order the insurance company to suspend and wind up business, or liquidate it. For the FSC to effectively monitor the insurance industry’s capital adequacy, each insurer must file the RBC ratio report periodically (annual and semi-annual) with the FSC.

For increased alignment with international regulatory supervision standards, the Insurance Bureau of the FSC has announced a plan to adopt a new solvency regime (i.e., the TW-ICS) in 2026, which will be based upon the ICS.

The introduction of TW-ICS aims to have the local insurer’s financial statements reflect the assets/liabilities at fair value and more aligned with the international measurements of the insurance companies’ financial conditions.

Key differences between the traditional RBC ratio requirements and the TW-ICS regime are as follows:

- solvency measurement will move away from a historical-value balance sheet approach to an economic balance sheet approach, providing a current view of the solvency position of an insurer. Asset and liabilities are measured at mark-to-market value;
- the calculation of required capital will move away from a factor-based approach to a stress-based approach to better capture the “tail-risk” as broader risks will be included; and
- requirements on assets qualifying as admissible capital for solvency purposes will be stricter than the current requirement and the capital will be classified into Tier 1 limited capital, Tier 1 unlimited capital and Tier 2 capital based on quality considerations.

To ensure a smooth transition into the TW-ICS regime, the FSC takes a gradual approach and plans to adopt the new regime in three phases:

- phase 1 (on-site field testing phase), 2020 – 2021: Insurance companies are required to conduct the on-site field testing and research projects for the implementation of the TW-ICS regime. During this period, drafting of the localized supervisory rules for the implementation of the TW-ICS regime would be carried out by the FSC and other regulatory bodies;
- phase 2 (parallel run phase), 2022 – 2024: Insurance companies are required to submit information calculated based on the draft rules implementing the TW-ICS regime in addition to the traditional RBC ratio. During this period, drafting of transitional measures and localized supervisory rules and a full review of the required amendments to the existing laws and regulations for the implementation of the TW-ICS regime would be conducted by the FSC and other regulatory bodies; and
- phase 3 (preparatory phase), 2025: During this period, insurance companies are required to review all related process to implement the TW-ICS regime.

Implementation timetable: Implementation of the TW-ICS regime is scheduled to take place in 2026, to align with the adoption of IFRS 17.

ASSET MANAGEMENT

Restrictions on Asset Management

An insurance company's fund is equivalent to the sum of its shareholders' equity plus all required reserves ("**Insurance Funds**"). According to the Insurance Act, an insurance company can use its Insurance Funds only for (i) savings deposits; (ii) investment of securities; (iii) purchase of real estate; (iv) loans; (v) engaging, with the approval of the Insurance Bureau of the FSC, in special projects, public investments (e.g., infrastructure and utilities) and social welfare enterprises; (vi) foreign investments; (vii) investments in insurance-related businesses (businesses of insurance, financial holding, banking, bills, trust, credit card, finance leasing, securities, futures, securities investment trust, and securities investment consulting enterprises, as well as other insurance-related businesses as recognized by the Insurance Bureau of the FSC); (viii) trading in derivative products as approved by the Insurance Bureau; and (ix) others as approved by the Insurance Bureau.

Domestic Securities Permitted to Be Invested by an Insurance Company

According to Article 146-1 of the Insurance Act, investment in domestic securities made by an insurance company is limited to following type of securities, subject to a ceiling of aggregate investment amount set by the FSC for each type of the domestic securities:

- government bonds and treasury bills;
- financial bonds, negotiable certificates of deposit, banker's acceptances, and commercial promissory notes guaranteed by a financial institution; and
- company stock whose public issuance is approved by law;
- publicly issued guaranteed corporate bonds or corporate bonds and non-guarantee commercial paper issued by a company with the issuer's credit rating at least twBBB- provided by Taiwan Ratings Corp. or an equivalent rating from S&P, Fitch and Moody's;
- beneficiary certificates for securities investment trust funds and mutual trust funds for which public issue has been duly approved;
- securitization products and other marketable securities that the competent authority has granted approval for insurance enterprises to purchase; and

- other securities issued through private placement if the investment subject meets certain financial or other qualifications as set forth in the Measures for the Administration of Investment in Unlisted, Unlisted and Privately Placed Securities in the Insurance Industry.

Even if insurance companies are permitted to acquire shares issued through public offering, the exercise of their shareholder rights is limited. As shareholders, insurance companies are not allowed to be elected nor to appoint a representative as director or supervisor of such issuing company, to vote for directors or supervisors of such issuing company, to appoint any personnel to the management of such issuing company, to act as trustee of the invested securitization-related products or to enter into any agreement with any other person for the purpose of engaging in the business operations of such issuing company.

Additionally, except for the investment in insurance-related industry or other industry allowed by the FSC or other competent authorities, the aggregate amount and total shares of stock purchased by an insurance company from each company plus stock option-based securities approved by the competent authority to be purchased may not total over 5% of a specific insurance enterprise's capital and 10% of the total outstanding voting shares of the issuing company respectively.

Foreign Investment by an Insurance Company

Foreign investment by an insurance company is limited to the following categories and is subject to certain maximum amount restriction as specified under the FSC Regulations Governing Insurance Company's Foreign Investment:

- foreign currency deposits;
- offshore securities, which include, among others, (i) government bonds, treasury bills, and savings bonds issued by foreign governments, (ii) financial bonds, negotiable certificates of deposit, or floating rate notes issued or guaranteed by foreign banks, (iii) corporate bonds and financial debentures denominated in foreign currencies issued by domestic companies or banks, (iv) commercial papers denominated in foreign currencies, (v) stocks or corporate bonds traded on foreign centralized security markets or over-the-counter markets, (vi) beneficiary certificates of foreign securities investment trust funds, (vii) securitization products, and (viii) bonds issued by international organizations;
- loan denominated in foreign currency;
- derivatives;
- overseas real properties;
- establishment of or investment in a foreign insurance company, insurance agency, insurance brokerage, overseas special purpose vehicle for the purpose of issuing bonds with capital characteristics for specific use of proceed ("**Offshore Fundraising SPV**") or other insurance-related enterprise approved by the FSC;
- investment project approved by the Executive Yuan of the ROC; and
- other foreign investment approved by the FSC.

When undertaking foreign investment, only insurance company approved by the Insurance Bureau of the FSC may engage in derivatives trading for the purpose of risk hedging, enhancing the investment efficiency, and for structured products transactions; relevant measures for self-regulation in derivatives trading may be adopted by related industry associations and implemented after reporting to and ratification by the Insurance Bureau of the FSC.

In principle, the ceiling amount of foreign investment is 45% of such insurance company's Insurance Funds. The FSC also promulgates specific limitations and ceiling amounts applicable to each type of foreign

investment under the FSC Regulations Governing Insurance Company's Foreign Investment and other regulations. Additional investment limitations apply to investment denominated in RMB.

Other major investment limits on the foreign investment include:

- the total outstanding balance of loans denominated in foreign currency together with the total outstanding balance of other permissible types of loan, including (i) loans guaranteed by a bank, or by a credit guarantee institution recognized by the FSC, (ii) loans secured by personal property or real property, and (iii) loans secured by certain qualified securities, e.g., government bonds and treasury bills, under the Insurance Act shall not exceed 35% of the Insurance Funds;
- the amount an insurance enterprise invests in the corporate bonds and stocks issued by the same corporation shall not exceed 5% of its Insurance Funds and 10% of the shareholders' equity of such issuer;
- the amount an insurance enterprise invests in bonds issued or guaranteed by each foreign governmental agencies shall not exceed 5% of its Insurance Funds;
- an insurance enterprise's investments in overseas real estate and those in Mainland China shall be limited to those that have been legally utilized and have generated profits at the time of investment, and are subject to the following restrictions: (i) such insurance enterprise's RBC ratio satisfies the statutory standards, (ii) there are no major sanctions and penalties for violations of the Insurance Act in relation to the use of its Insurance Funds in the most recent two years and there are no major violations of the internal control procedures governing various applications of funds in the most recent two years, or rectification of those violations has been carried out and affirmed by the competent authority, and (iii) a risk management committee has been established or a chief risk officer has been appointed to govern the overall risk management of such insurance enterprise; and
- the amount an insurance enterprise invests in offshore real estate shall not exceed 1% of its Insurance Funds and 10% of its shareholders' equity. Notwithstanding the foregoing, in cases where an insurance enterprise's RBC ratio for the most recent period reaches more than 1.25 times the statutory standards, such ceiling amount shall be 2.5% of its Insurance Funds and 40% of its shareholders' equity, and in cases where an insurance enterprise's RBC ratio for the most recent period reaches more than 1.5 times the statutory standards, such ceiling amount shall be 3% of its Insurance Funds and 40% of its shareholders' equity.

A prior approval from the Insurance Bureau of the FSC must be obtained for the establishment of or investment in a foreign insurance company, insurance agency, insurance brokerage, or other insurance-related enterprise approved by the FSC (collectively "**Offshore Insurance Related Companies**") by an insurance enterprise. When reviewing the application for such foreign investment, the applicant insurance enterprise must demonstrate that, among others, it has complied with all the relevant requirements for making the mandatory reserves in the preceding year, it has met the relevant RBC requirements, its board as well as the board of its financial holding parent company, if applicable, have approved such foreign investment, it has established internal control procedures related to investment in Offshore Insurance Related Companies, and it has established a risk management committee or appointed a chief risk officer to govern the overall risk management of such insurance enterprise. After the completion of such foreign investment of Offshore Insurance Related Companies, the insurance enterprise is subject to various post-investment monitoring and reporting obligations. For example, the insurance enterprise must make filings with the FSC within seven days following the occurrence of certain events, including the change of business scope or the major operational policy of the invested Offshore Insurance Related Companies, making of an important financial or business decision that requires an extraordinary resolution of the board of the invested Offshore Insurance Related Companies, dissolution or cessation of business of the invested Offshore Insurance Related Companies, merger or sale of substantial or all of its assets, etc. In addition, the insurance enterprise shall, at least once in a quarter, have its board of directors be reported and to discuss all material financial matters, internal audit, risk management, hiring and dismissal of important personnel and other matters of such invested Offshore Insurance Related Companies. If such invested Offshore Insurance Related Companies is a subsidiary of the investing insurance enterprise, the above matters may be discussed in a

dedicated department authorized by the board of the investing insurance enterprise. Furthermore, if the insurance enterprise is a subsidiary of the financial holding company established in Taiwan, the above matters shall be reported to or discussed in the board or a dedicated department of its controlling financial holding company.

Similar to the requirements applicable to the investment in the Offshore Insurance Related Companies, a prior approval from the Insurance Bureau of the FSC is also required for the establishment of an Offshore Fundraising SPV. Because the sole purpose of the Offshore Fundraising SPV is to serve as an offshore vehicle of the insurance enterprise to issue bonds with capital characteristics for fundraising purpose, the Offshore Fundraising SPV must be structured as a wholly owned subsidiary of the insurance enterprise. In addition, except for borrowing operational funds and subject to various procedural and reporting requirements, it is not allowed for an Offshore Fundraising SPV to borrow money funds from, act as guarantor, or provide its assets as collateral for the debt of a third-person. After the Offshore Fundraising SPV completes each offering of bonds with capital characteristics for specific use of proceed, basic information, including the issuer, issuance date, maturity date, term, issuance amount, coupon rate, redemption right, etc., related to the insurance must be disclosed to the public pursuant to the form prescribed by the FSC. Similar to the requirements applicable to the investment for the Offshore Insurance Related Companies, all material financial matters, internal audit, risk management, hiring and dismissal of important personnel and other matters of the Offshore Fundraising SPV shall be reported or discussed in a dedicated department authorized by the board of the investing insurance enterprise. Furthermore, if the insurance enterprise is a subsidiary of the financial holding company established in Taiwan, the above matters shall be reported to or discussed in the board or a dedicated department of its controlling financial holding company.

Establishment and Operation of Separate Accounts

Insurance companies must establish and operate separate accounts on the balance sheet and income statements relating to investment-linked insurance business or labor pension annuity insurance business to record the value of the assets in which it invests.

Prohibition on Provision of Guarantees or Borrowing

Under the Insurance Act, insurance companies are generally prohibited from borrowing money, pledging its assets as a security or a guarantee for repayment of a third party's debt obligations, unless a prior approval from the FSC is obtained for the borrowing for any of the following purposes:

- the borrowing is to meet cash flow needs arising from payment of major benefits, a large amount of policy surrenders, or a large amount of policy loans;
- the borrowing is needed for a merger or for assumption of the in-force contracts of a troubled insurer; or
- the borrowing is done by issuing bonds with capital characteristics, for the purpose of strengthening the insurance company's financial structure.

INTERNAL CONTROL

Overview

According to the FSC's ruling under Securities and Exchange Act of the ROC, an insurance company not listed on the Taiwan Stock Exchange or the Taipei Exchange may have at least two independent directors if its Articles of Incorporation requires and is recommended to have the seats of independent directors not less than one-third of the total board seats.

To fulfil the oversight responsibility of independent directors, FSC promulgates various regulations. According to these regulations, the board should consider the opinion of the independent directors and

record in the minutes any vote for or against the proposals as well as the reasons while dealing the following issues:

- deliberating on the systems of internal controls, the proposals of acquisition or the disposal of significant assets; and
- conducting derivatives transactions, provision of loans to another, and provision of endorsement or guarantee to another.

Internal Control Mechanism

For the purposes of compliance with applicable laws and regulations, sound management of its assets and protection of its policyholders, an insurance company is required to establish internal control procedures and standards in accordance with which its officers and employees are required to perform their duties.

Under the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, an insurer shall, based on its business nature and scale, establish internal control system covering the following aspects and review and revise such internal control procedures in a timely manner:

- insurance product development and management;
- product sales;
- claims;
- fund utilization;
- solvency assessment;
- processing derivatives transactions;
- reinsurance;
- matters relating to accounting, general affairs, resources, personnel management and other businesses;
- management of financial examination reports;
- management of financial consumers protection;
- management of the application of international financial reporting standards;
- mechanism for handling major incidents;
- mechanism for anti-money laundering and combating the financing of terrorism (“AML/CFT”) and management of compliance with relevant laws and regulations, including mechanism for identifying, assessing, and monitoring AML/CFT risks;
- sustainable information management; and
- other matters as designated by the FSC.

Whistleblowing

In Taiwan, every insurer shall set up a whistleblower system, and designate a unit at the head office with independent functions to accept and investigate whistleblower cases. The whistleblowing mechanism must, at least, include the following aspects and be approved by the board of directors of the insurer:

- the whistleblowing mechanism must make clear that anyone may file a report when discovering any crime, corruption, or potential violations;
- the scope of whistleblowing (i.e., types of cases that will be accepted);
- the establishment and announcement of the whistleblowing channels;
- the process of investigation, rules of recusal and the standard operating procedure of subsequent disposition mechanism;
- whistleblower protection measures;
- acceptance of whistleblowing, investigation process, investigation results, records and retention of relevant documentation; and
- the whistleblower shall be given appropriate notice in writing or by other means concerning the progress of the whistleblowing.

Moreover, an insurer must keep the whistleblower's identity confidential and shall not terminate, dismiss, downgrade/relocate such whistleblower, give a reduction in pay, impair their entitlement as stipulated under the law, contract, or customs, or impose any unfavorable disposition because of the whistleblowing.

To ensure the whistleblowing system functions effectively, if the alleged perpetrator is a director (council member), supervisor (member of the board of supervisor), or a managerial officer in a position equivalent to a vice general manager or higher, the investigation report shall be reviewed by the supervisors (board of supervisors) or the audit committee of the insurer. The insurer shall report to or inform relevant governmental authorities of any major incidents or violations of laws discovered during the investigation.

Conflict of Interest

To control the risks arising from related party transactions by the company, which could present a conflict of interest and may not be consistent with the best interests of the company, shareholders, and policyholders, the FSC enacted the regulations governing the lending activities of the companies and other transactions entered into by companies. Such regulations include the Regulations for Extending Loans by Insurance Enterprises to Interested Parties and the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties.

Under the Regulations for Extending Loans by Insurance Enterprises to Interested Parties, the lending activities of a company to a related party will be subject to the following requirements:

- such loan must be fully secured;
- the terms and conditions of the loan (e.g., interest rates, security, guarantor, borrowing period, repayment method, as applicable) should not be more favorable than those extended to other borrowers of the same category. Other borrowers of the same category refers to the person/entity to whom the loans are extended by the same company, for the same purpose, and under the same accounting item in the last year;
- if the loans extended to the same borrower who is a related party, respectively or aggregately, reaches NT\$100 million or accounts for 1% of the owner's equity of the company, such related party loan would require the concurrence of at least three-quarters of all directors of the insurer present at a board of directors meeting attended by at least two-thirds of all directors;
- the following ceiling of respective related party loan:
 - the total amount of the secured loans extended to a single related party who is a natural person shall not exceed 2% of the owner's equity of the company;

- the total amount of the secured loans extended to a single related party which is a corporate shall not exceed 10% of the owner's equity of the company; and
- the total amount of the secured loans extended to the same related party shall not exceed 30% of the owner's equity of the company;
- the total amount of all related party loans of a company shall not exceed 1.5 times of the owner's equity of the company.

In terms of other related party transactions, a company is required to comply with the following requirements set forth in the Regulations Governing Transactions Other Than Loans between Insurance Enterprises and Interested Parties:

- the terms and conditions of the related party transaction should not be more favorable than those with similar counterparties in the market; and
- the following limits on the transaction amount:
 - the aggregate amount of transactions with a single related party shall not exceed 10% of the owner's equity of the company;
 - the aggregate amount of transactions with all related parties shall not exceed 60% of the owner's equity of the company; and
 - such related party transaction would require the concurrence of at least three-quarters of all directors of the insurer present at a board of directors meeting attended by at least two-thirds of all directors.

Outsourcing Regulatory Framework

Under the outsourcing regulatory regime in Taiwan, if an insurance company intends to outsource certain matters, it must comply with the relevant requirements stipulated under the Directions for Operation Outsourcing by Insurance Enterprises ("**Outsourcing Directions**") promulgated by the Insurance Bureau of the FSC. Under the Outsourcing Directions, an insurer is permitted to outsource only the operational or back-office matters related to the insurance company's business or certain matters related to customer information as listed under Clause 3 of the Outsourcing Directions.

Prior approval is required if an insurer outsources its information technology systems used in material business operations and involving relevant data of customers who is a natural person to an offshore entity. Whether the outsourcing of the information technology systems requires prior approval would be subject to the three-element test, namely (1) materiality, (2) natural person customer data, and (3) offshore destination. If any element is absent, no prior approval is required pursuant to Paragraph 2, Clause 4 of the Outsourcing Directions.

Every insurer is required to establish a risk-based outsourcing management framework and strengthen its ability to respond to emergencies. Additionally, the insurer shall bear the ultimate responsibility for outsourcing arrangements pursuant to Paragraph 2, Clause 4 of the Outsourcing Directions. Before and during the outsourcing, an insurer should evaluate the risk of the outsourcing matters, assess the impact on operations and consumer rights and take appropriate control measures based on the risk level.

To strengthen the FSC's supervisory measures, if there is any violation of relevant laws and regulations, the FSC may, depending on the severity of the case, require the insurer to take necessary measures such as terminating or suspending outsourcing engagement and making improvements within a specified time frame.

COMPLIANCE OFFICER AND RISK MANAGEMENT TASK FORCE

An insurance company is required to designate a dedicated compliance unit under the supervision of the general manager to take charge of the planning, management and implementation of the compliance system

and investigate and report any violation to the audit committee. The compliance unit shall be led by a head office chief compliance officer who oversees the compliance matters and reports to the board of directors (committee) and supervisors or the audit committee at least semi-annually, and in case of any major regulatory violation, immediately inform the directors (committee members) and supervisors, and report to the board of directors (committee) on compliance matters.

An insurance company shall establish appropriate risk management policies and procedures, which shall be adopted by the board of directors and be reviewed regularly. In addition, an insurance company shall establish an independent risk management task force and regularly report to the board of directors; upon identifying a significant risk exposure that might adversely affect its financial or business status or compliance with applicable acts and regulations, the task force shall take immediate and adequate countermeasures and submit a report to the board of directors.

Pursuant to Articles 34-2 and 34-3 of the Regulations Governing Implementation of Internal Control and Auditing System of Insurance Enterprises, the risk management mechanisms of an insurance company shall include the following principles:

- identifying and evaluating the acceptable scope of risks based on the business scale, product characteristics, and overall economic conditions;
- risks that must be considered include market risks (including interest rate risks), credit risks, liquidity risks, operational risks, insurance risks, asset liability matching risks, and other risks. Related risk management mechanisms shall also be established; and
- the management must regularly review the risk management mechanism and the own risk and solvency assessment (“**ORSA**”) mechanisms in accordance with relevant laws and regulations, self-regulatory guidelines, and actual economic conditions, and adopt appropriate strategies.

An insurance company shall consider the nature, scale, and complexity of its business risks based on its risk management framework and develop ORSA operation processes that are appropriate for its organizational structure and risk management system.

The risk management mechanisms established by an insurance company shall include at least the following matters:

- the risk management framework shall include, among others, risk governance, risk management organizational framework and duties, risk identification, risk measurement, risk response, risk monitoring and information, communication, and documentation;
- the risk management mechanisms shall incorporate the business management and corporate culture of the insurance company, and shall adopt qualitative and quantitative technologies in accordance with the risk management policies to manage relevant risks that can be reasonably anticipated by the insurance company; and
- the insurance company shall set its risk appetite and specify the risk level it is willing to accept to attain strategic objectives and business plans. It must also set risk limits concerning major risks for regular monitoring and management.

Disclosure Requirements

The Insurance Bureau of the FSC promulgated several regulations and rulings to regulate the pre-contract disclosure, including the Regulations Governing Public Disclosure of Information by Life Insurance Enterprises. The ROC Life Insurance Association and the ROC Non-Life Insurance Association have also promulgated the required disclosure information, which was reviewed by the Insurance Bureau of the FSC.

An insurance company must accurately create and provide documents detailing its financial and business matters and make such documents publicly available for inspection in compliance with the applicable

regulations. If an insurance enterprise becomes aware of any material information affecting the rights and interests of consumers, it shall report to the competent authority in writing within two days and explain the matter publicly.

Key disclosure requirements under the Regulations Governing Public Disclosure of Information by Life Insurance Enterprises are as follows:

- company overview: including organizational structure, functional duties of departments, name of each department's responsible person, the dates of establishment, addresses, telephone and fax numbers, free telephone complaint line numbers, website addresses and e-mail addresses for the head office, branch offices (administering post offices), service centers, contact centers, and other domestic and overseas branch institutions;
- financial overview: including a funds utilization table, a balance sheet with appended notes for any capital increases or decreases, a consolidated income statement, a statement of changes equity, insurance contract liabilities, insurance contract assets (including liability for remaining coverage, liability for incurred claims and asset for insurance acquisition cash flows), financial liabilities related to investment contracts measured at fair value through profit or loss, and financial liabilities related to investment contracts measured at amortized cost, etc.;
- operations overview: including market share, premium revenues and indemnity paid for each type of insurance, reserves for each type of insurance, insurance solicitors' 13-month retention rate, average insured amount under newly-written individual life-insurance policies, average insured amount under in- force individual life-insurance policies, average premiums under in-force individual life-insurance policies, the ratio of appeal cases (including claim and non-claim appeal cases) filed with the financial ombudsman institution ("FOI") and the average number of days taken for the FOI to process the cases, the number of claims litigations and the ratio of litigations to claims, etc.;
- corporate governance report: including the corporate governance framework and regulations, the equity structure of the company and shareholder rights, the structure, diversity policy and level of independence of board of directors, the operation of board of directors, the responsibilities of board of directors and managers, the composition of the audit committee and election of supervisors, their responsibilities and level of independence, etc.;
- insurance product: the reference number and date of insurance product, contract key terms, the extent of coverage and any exclusions, the relationship between policy value reserves and cash surrender value of policies, and the formula for calculation of cash surrender value, the formula used in calculating policy dividends and an explanation of its use and participating policy dividends, the provisions governing reduced paid-up insurance and extended term insurance, rules and limitations governing policy conversion, etc.;
- material information affecting the rights and interests of the consuming public: including change in shareholder equity of 10% or more, any litigation, non-litigation, administrative disposition, administrative litigation, or application for or execution of a provisional attachment or provisional injunction having a

material effect on finance or operations, a change of chairperson, general manager, independent director, or one third or more of the directors, a change of responsible person for the branch office of a foreign insurance enterprise in Taiwan, a change of certified public accountants or a change in the fiscal year (note that the disclosure provision does not apply if the change of certified public accountants is effected due to internal adjustment of the accounting firm), a capital increase ordered by the competent authority pursuant to applicable laws and regulations, a board of directors resolution for a capital decrease or issuance of new shares for a capital increase, failure to obtain the competent authority's approval for a plan for capital increase or decrease or a capital increase application mentioned above, a change in the company name, dissolution or transfer of insurance contracts, a certified public accountants issues an audit or review report containing an opinion other than an unqualified, the enterprise's assets are insufficient to satisfy its liabilities

and any other occurrence of malpractice, litigation, or ineffective investment or business management likely to affect goodwill or financial soundness; and other matters.

TAXATION

The following is a general description of certain tax considerations relating to the Bonds and is based on law and relevant interpretations thereof in effect as of the date of this Offering Circular, all of which are subject to changes and does not constitute legal or taxation advice. It does not purport to be a complete analysis of all tax considerations relating to the Bonds, whether in those jurisdictions or elsewhere. Prospective purchasers of the Bonds should consult their own tax advisers as to which jurisdictions' tax laws could be relevant to acquiring, holding and disposing of the Bonds and receiving payments of interest, principal and/or other amounts under the Bonds and the consequences of such actions under the tax laws of those countries. It is emphasized that none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them or any other persons involved in the offering and sale of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for purchase, holding or disposal of the Bonds.

ROC

The following discussion is a summary of the material ROC tax considerations relevant to an investment decision by non-ROC Bondholders. The summary addresses the principal ROC tax consequences of the ownership and disposition of the Bonds to non-resident individuals ("**Non-ROC Individual Holders**") or non-resident entities ("**Non-ROC Entity Holders**", together with the Non-ROC Individual Holders, the "**Non-ROC Holder**") that hold such Bonds. A Non-ROC Individual Holder is a foreign national individual who is not physically present in the ROC for 183 days or more during any calendar year in which he or she owns the Bonds and a Non-ROC Entity Holder is a corporation or a non-corporate body that is organized under the laws of a jurisdiction other than the ROC and does not have a fixed place of business or business agent in the ROC.

Interest Payments

Payments of interest and premium on the Bonds made by the Issuer will not be subject to ROC withholding tax. Payments of interest or premium (if any) on the Bonds made by the Guarantor under the Guarantee of the Bonds to a Non-ROC Holder will be subject to ROC withholding tax at a rate of 15% at the time of payment unless a lower withholding rate is provided under a tax treaty between the ROC and the jurisdiction where the Non-ROC Holder is resident.

Capital Gains Tax

Capital gains derived from the sale of the Bonds will not be subject to ROC income tax.

Stamp Duty

No ROC stamp duty will be chargeable upon the issue or transfer of a Bond.

Tax Treaties

At present, the ROC has double tax treaties with Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Eswatini, France, Gambia, Germany, Hungary, India, Indonesia, Israel, Italy, Japan, Kiribati, Korea, Luxembourg, Malaysia, New Zealand, North Macedonia, Paraguay, Poland, Saudi Arabia, Senegal, Singapore, Slovakia, South Africa, Sweden, Switzerland, the Netherlands, the United Kingdom, Thailand, and Vietnam. These tax treaties may provide a reduced withholding tax rate on interests and dividends paid with respect to bonds or shares in ROC companies.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as Foreign Account Tax Compliance Act ("**FATCA**"), a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial

institution for these purposes. A number of jurisdictions (including the ROC) have entered into, or have agreed in substance to, intergovernmental agreements with the U.S. to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and securities characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Bonds (as described under “*Terms and Conditions of the Bonds - Further Issues*”) that are not distinguishable from previously issued Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Bonds, including the Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

SINGAPORE

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Monetary Authority of Singapore (“MAS”) in force as of the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis, including amendments to the Income Tax (Qualifying Debt Securities) Regulations to include the conditions for the income tax and withholding tax exemptions under the qualifying debt securities (“QDS”) scheme for early redemption fee (as defined in the Income Tax Act) and redemption premium (as such term has been amended by the Income Tax Act). These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set forth below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Bondholder or of any person acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. The statements also do not consider any specific facts or circumstances that may apply to any particular purchaser. Prospective Bondholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Bonds, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that none of the Issuer, the Guarantor nor any other persons involved in this Offering Circular accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, the following payments are deemed to be derived from Singapore:

- any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 24%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The above withholding tax rates may be reduced by applicable tax treaties, subject to certain conditions.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from Singapore income tax, including interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium derived from debt securities, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the issue of the Bonds is jointly lead-managed by Citigroup Global Markets Singapore Pte. Ltd., The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, J.P. Morgan Securities Asia Private Limited, and Morgan Stanley Asia (Singapore) Pte, each of which is a Specified Licensed Entity (as defined below), and the Bonds are issued as debt securities before December 31, 2028, the Bonds should be QDS for the purposes of the Income Tax Act to which the following treatment shall apply:

- subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require, and the inclusion by the Issuer in all offering documents relating to the Bonds of a statement to the effect that where interest, discount income, early redemption fee or redemption premium is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Bonds using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), early redemption fee and redemption premium (collectively, the **"Qualifying Income"**) from the Bonds derived by a Bondholder who is not resident in Singapore and who (i) does not have any permanent establishment in Singapore, or (ii) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Bonds are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require), Qualifying Income from the Bonds derived by any company or body of persons (as defined in the Income Tax Act) in Singapore is subject to income tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector incentive(s) who may be taxed at different rates); and

- subject to:
 - (i) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest, discount income, early redemption fee or redemption premium derived from the Bonds is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and
 - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Bonds as the MAS may require,

Qualifying Income derived from the Bonds is not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

- if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50% or more of the issue of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Bonds would not qualify as QDS; and
- even though the Bonds are QDS, if, at any time during the tenure of the Bonds, 50% or more of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Bonds held by:
 - (i) any related party of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

Pursuant to the Income Tax Act, the reference to the term “**Specified Licensed Entity**” above means:

- a bank or merchant bank licensed under the Banking Act 1970 of Singapore;
- a finance company licensed under the Finance Companies Act 1967 of Singapore; or
- a person who holds a capital markets services licence under the SFA to carry on a business in any of the following regulated activities: advising on corporate finance or dealing in capital markets products.

The terms “related party”, “early redemption fee” and “redemption premium” are defined in the Income Tax Act as follows:

- “**related party**”, in relation to a person (“A”), means any person (a) who directly or indirectly controls A; (b) who is being controlled directly or indirectly by A; or (c) who, together with A, is directly or indirectly under the control of a common person;
- “**early redemption fee**”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities; and
- “**redemption premium**”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity or on the early redemption of the securities.

References to “related party”, “early redemption fee” and “redemption premium” in this Singapore tax disclosure have the same meaning as defined in the Income Tax Act.

Where interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) is derived from the Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities under the Income Tax Act (as mentioned above) shall not apply if such person acquires the Bonds using the funds and profits of such person’s operations through a permanent establishment in Singapore. Notwithstanding that the Issuer is permitted to make payments of Qualifying Income in respect of the Bonds without deduction or withholding for tax under Section 45 or Section 45A of the Income Tax Act, any person whose interest, discount income, early redemption fee or redemption premium (i.e. the Qualifying Income) derived from the Bonds is not exempt from tax is required to include such income in a return of income made under the Income Tax Act.

Capital Gains

Any gains considered to be in the nature of capital arising from the sale of the Bonds will generally not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature. There are no specific laws or regulations which deal with the characterization of capital gains, and hence, gains arising from the disposal of the Bonds may be construed to be of an income nature and subject to income tax, especially if they arise from activities which the Comptroller of Income Tax would regard as the carrying on of a trade or business in Singapore.

In addition, Bondholders who apply or are required to apply Singapore Financial Reporting Standard (“**FRS 109**”) or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) for Singapore income tax purposes may be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 109 or SFRS(I) 9 (as the case may be) (as modified by the applicable provisions of Singapore income tax law). Please see the section below on “Adoption of FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes” below.

Adoption of FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34AA of the Income Tax Act requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 (as the case may be) for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 Financial Instruments.”

Holders of the Bonds who may be subject to the tax treatment under Section 34AA of the Income Tax Act should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement (the “**Subscription Agreement**”) with the Managers, pursuant to which and subject to certain conditions contained therein, the Issuer agreed to sell to the Managers, and each of the Managers have agreed severally but not jointly, to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds indicated in the following table at an issue price of 99.826 per cent. of their principal amount in the amounts set forth opposite their names below:

	Principal Amount of Bonds
Citigroup Global Markets Singapore Pte. Ltd.	US\$162,500,000
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	US\$162,500,000
J.P. Morgan Securities Asia Private Limited.....	US\$162,500,000
Morgan Stanley Asia (Singapore) Pte	US\$162,500,000
Total	US\$650,000,000

The Subscription Agreement provides that each of the Issuer and the Guarantor will indemnify the Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer (or the Guarantor) has agreed to pay the Managers an underwriting commission in connection with the offering and will reimburse the Managers for certain fees and expenses incurred in connection with the offering.

In connection with the issue of the Bonds, each Manager (or persons acting on behalf of such Manager) may over-allot Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail for a limited time. However, stabilization may not necessarily occur. Such stabilization shall be conducted in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilization shall be for the account of each Manager.

The Managers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Managers and their respective affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds and could adversely affect the trading price and liquidity of the Bonds. The Managers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer or the Guarantor.

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct - Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are *bona fide*, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages. CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds. The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “**principal**” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “**principal**” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “**principal**” basis may require the relevant affiliated Manager(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the

relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “**Associations**” (as used in the SFC Code);
- Whether any underlying investor order is a “**Proprietary Order**” (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: dcmomnibus@citi.com, hk_syndicate_omnibus@hsbc.com.hk, investor.info.hk.bond.deals@jpmorgan.com and omnibus_debt@morganstanley.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Manager with such evidence within the timeline requested.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Managers that it is not a Sanctions Restricted Person. A “**Sanctions Restricted Person**” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: <https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en>); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of the following (i) – (vi) to the extent that it will not result in violation of any sanctions by the CMIs: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of 3 June 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military-Industrial Complex Companies List), which amends the Executive Order 13959 of 12 November 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the

United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk's People's Republic or Luhansk People's Republic. "**Sanctions Authority**" means: (a) the United Nations; (b) the United States; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) the People's Republic of China; (f) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (g) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty's Treasury.

GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorized.

Neither the Issuer, the Guarantor nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer or the Guarantor that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer, the Guarantor and the Managers.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Manager or any affiliate of the Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Manager or such affiliate on behalf of the Issuer in such jurisdiction.

UNITED STATES

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager represents that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

EUROPEAN ECONOMIC AREA

Each of the Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or

- (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II.

UNITED KINGDOM

Prohibition of Sales to the UK Retail Investors

Each of the Managers has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, the “**EUWA**”); or
- (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each of the Managers has represented, warranted and undertaken that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

Each of the Managers has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “**prospectus**” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “**professional investors**” as defined in the SFO and any rules made under the SFO.

PRC

Each of the Managers has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

SINGAPORE

Each of the Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Manager has represented, warranted and undertaken that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

JAPAN

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and, accordingly, each Manager represents and undertakes that has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, “**resident of Japan**” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

ROC

The Bonds have not been and will not be registered or filed with, or approved by, the Securities and Futures Bureau (the “SFB”) of the FSC or other applicable competent authorities pursuant to Taiwan Securities and Exchange Act and relevant regulations and may not be sold, issued or offered to sell directly or indirectly within Taiwan through a public offering or in circumstances which may constitute a public offering within the meaning defined under the Taiwan Securities and Exchange Act and relevant laws and regulations that requires a registration, filing or approval of the SFB or other competent authorities. No person or entity based in Taiwan has been authorized by any of the Managers to offer, sell, solicit to sell, give advice regarding or otherwise intermediate the offering and sale of the Bonds within Taiwan.

Under the applicable ROC laws and regulations, the Bonds may not be sold, issued or offered to sell to the “related parties” of the Guarantor under IAS 24, except where the related party is an individual.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN TAIWAN-IFRS AND IFRS ACCOUNTING STANDARDS

The Group's audited consolidated financial statements as of and for the years ended December 31, 2022, 2023 and 2024 have been prepared and presented in accordance with the Taiwan-IFRS. The Group's consolidated historical financial statements as of and for the six months ended June 30, 2024 and 2025 have been prepared and presented in accordance with IAS 34 "Interim Financial Reporting" endorsed by the FSC as well as "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises." Taiwan-IFRS and IFRS Accounting Standards differ in certain significant respects. A brief description of certain significant differences between Taiwan-IFRS and IFRS Accounting Standards is set forth below. The regulatory organizations that promulgate Taiwan-IFRS and IFRS Accounting Standards have projects ongoing that could affect future comparisons such as the comparison below. The summary does not and is not intended to provide a comprehensive listing of all existing or future differences between Taiwan-IFRS and IFRS Accounting Standards, including those specifically related to us or to the industries in which we operate. No attempt has been made to identify future differences between Taiwan-IFRS and IFRS Accounting Standards as a result of prescribed changes in accounting standards, or disclosure, presentation or classification differences that would affect the manner in which transactions and events are reflected in the Group's financial statements or the notes thereto. Further, had we undertaken to identify the differences specifically affecting the financial statements presented in this Offering Circular, other potentially significant differences which are not in the following summary may have come to our attention. Accordingly, there can be no assurance that this summary provides a complete description of all differences which may have a significant impact on the Group's financial statements. The Group's management has not quantified the effects of the differences between Taiwan-IFRS and IFRS Accounting Standards on any of the Group's financial results.

Summary of Certain Material Differences

Subject	Taiwan-IFRS	IFRS Accounting Standards
IFRS 17	The effective date of IFRS 17 in the ROC is January 1, 2026.	IFRS 17 was effective on January 1, 2023.
Measurement of loan loss	In addition to IFRS 9, in accordance with the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, credit assets are classified as normal assets (" First Category "), assets that require special attention (" Second Category "), assets that are substandard (" Third Category "), assets that are doubtful (" Fourth Category ") and assets for which there is loss (" Fifth Category ") based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collateral and the length of time overdue. The minimum amounts of allowance for bad debts are based upon each of the following categories: (i) The sum of 0.5% of the First Category loan assets excluding life insurance policy loans, premium loans and loans to government agencies, 2% of the Second Category loan assets, 10% of the Third Category loan assets, as well as 50% and 100% of the Fourth and Fifth Category loan assets.	According to IFRS 9, an entity shall recognize a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables and loans). An entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, an entity shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Subject	Taiwan-IFRS	IFRS Accounting Standards
Tax on unappropriated earnings	(ii) 1% of the sum of all five categories of loan assets excluding life insurance policy loans, premium loans and loans to government agencies. (iii) Total unsecured portion of nonperforming loans and non-accrual loans. Besides, pursuant to Jin Guan Bao Tsai No. 10402506096, Insurance Enterprise shall keep the ratio of the allowance for bad debt over the home and construction loans at 1.5% or above to strengthen its ability against loss exposure to the aforementioned loan assets. The tax on unappropriated earnings is recorded in the year the shareholders approved the appropriation of earnings.	The tax on unappropriated earnings should be accrued during the period the earnings arise and adjusted to the extent of the appropriations approved by the shareholders in the following year.
Related party	An insurance enterprise shall fully disclose information on related party transactions in accordance with IAS 24, and in compliance with the following provisions: (i) The name and relationship of the related party shall be presented. (ii) If the transaction amount or balance of any single related party reaches 10% or more of the insurance enterprise's total amount or balance of such transactions, the name of each such related party shall be individually presented. Unless it can be established that no control, joint control, or significant influence exists, a party falling within any of the following shall be deemed to have a substantive related party relationship, and relevant information shall be disclosed in the footnotes in accordance with IAS 24: (i) An affiliated enterprise within the meaning given in Chapter VI-I of the Company Act of the ROC, and any of its directors, supervisors, and managerial officers. (ii) A company or institution governed by the same general management office as the insurance enterprise, and any of its directors, supervisors, and managerial officers. (iii) A person holding the position of manager or higher in the general management office. (iv) A company or institution shown as an affiliated enterprise in the insurance enterprise's public announcement or publications. (v) Another company or institution whose board chairman or president is the same person as, or is the spouse or a relative within the second degree of kinship of, the board chairman or president of the insurance enterprise.	In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. There is no specific guidance as required under Taiwan-IFRS.
Reserve for foreign exchange valuation	Insurance enterprise shall provide reserve for foreign exchange valuation according to all	There is no requirement for such reserve under IFRS Accounting Standards.

Subject	Taiwan-IFRS	IFRS Accounting Standards
	of its foreign investments in accordance with the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises.	

GENERAL INFORMATION

1. CLEARING SYSTEMS

The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 315141672. The International Securities Identification Number for the Bonds is XS3151416727.

2. LEI NUMBER

The Issuer's LEI number is 254900KNH3ADQ8AQK667.

3. AUTHORIZATIONS

Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorizations in connection with the entry into, issue and performance of their respective obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorized by the resolution of the board of directors of the Issuer dated August 25, 2025. The giving of the Guarantee of the Bonds was authorized by the resolution of the Board of the Guarantor dated April 29, 2025.

4. NO MATERIAL ADVERSE CHANGE

Since June 30, 2025, save as disclosed in this Offering Circular, there has been no material adverse change or development or event involving a prospective change, in the condition (financial or otherwise), prospects, results of operations or general affairs of the Issuer, the Guarantor or their subsidiaries.

5. LITIGATION

From time to time, the Issuer, the Guarantor and their subsidiaries may be involved in litigation that arise during the ordinary course of business. However, none of the Issuer, the Guarantor or any of their subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial condition or profitability of the Issuer, the Guarantor or their subsidiaries.

6. AVAILABLE DOCUMENTS

Copies of the Trust Deed and Agency Agreement are available for inspection upon prior written notice and satisfactory proof of holding at the specified office of the Trustee.

7. AUDITOR

Our audited consolidated financial statements as of and for the years ended December 31, 2022 and 2023, audited consolidated financial statements as of and for the years ended December 31, 2023 and 2024 and audited consolidated financial statements as of and for the six months ended June 30, 2024 and 2025, which are included elsewhere in this Offering Circular, have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IFRSs as endorsed and issued into effect by the FSC and are audited by KPMG, as stated in its reports appearing herein.

8. LISTING OF BONDS

Approval in-principle has been received from the SGX-ST for the listing of and quotation for the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of

US\$200,000, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.

For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Certificates in definitive form. In addition, in the event that the Global Certificate is exchanged for Certificates in definitive form, announcement of such exchange will be made by the Issuer through the SGX-ST and such an announcement will include all material information with respect to the delivery of the Certificates in definitive form, including details of the paying agent in Singapore.

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**FUBON LIFE INSURANCE CO., LTD. AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Six Months Ended June 30, 2025 and 2024**

ADDRESS: 8F., No. 77, Songgao Rd., Xinyi Dist., Taipei, Taiwan
TELEPHONE : 886-2-8771-6699

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

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Independent Auditors' Report

To the Board of Directors of
Fubon Life Insurance Co., Ltd.

Opinion

We have audited the consolidated financial statements of Fubon Life Insurance Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of June 30, 2025, December 31 and June 30, 2024, the consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025, December 31 and June 30, 2024, its consolidated financial performance for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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 investment property

Regarding the valuation of investment property, please refer to Note 4(J) “Investment property” of the consolidated financial statements for the year ended December 2024 for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of the valuation of investment property, Note 6(G) for details on the information about the valuation of investment property.

Risk and description of the key audit matter:

According to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the fair value of the investment properties that are held by the Group was measured by the external independent appraisers using valuation methods and market evidences in accordance with Regulations on Real Estate Appraisal. The selection of valuation methods requires significant professional judgment. Therefore, the valuation of investment property has been identified as a key audit matter in our audit.

Procedures performed:

- Obtained an understanding of professional appraisal firms’ procedures for measuring fair value of investment properties in order to assess whether the professional appraisal firms selected appropriate valuation methods and check whether the firms adopted reasonable key assumptions;
- Confirmed the fair value measurement and disclosures of investment property were in accordance with IFRSs and Regulations Governing Preparation of Financial Reports by Insurance Enterprises;
- Assessed the appropriateness of the fair value of investment property measured by the management based on our understanding of public market information and review report issued by our engaged external appraisal firms.

2. The assessment of insurance liability

Regarding the valuation of insurance liability, please refer to Note 4(C) “Insurance liability” and Note 4(Q) “Insurance liability” of the consolidated financial statements for the year ended December 2024 for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of insurance liability, Note 6(W) for details on the information about the assessment of insurance liability.

Risk and description of the key audit matter:

The Group measured insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves” and relevant administrative rules. Key assumptions and parameters of different types of reserves which involved the professional judgments in the reserve assessment processes, for instance, the life table and the interest rates used for calculating the provision of life insurance liability reserve, the claim development factors and the expected claim rates used in estimating the claim reserve, and mortality rate, lapse rate, morbidity rate, discount rate and other factors used in assessing adequacy of liability reserve, affect the amount of insurance liabilities and net change in insurance liabilities recognized in the financial statements. Therefore, the assessment of insurance liability has been identified as a key audit matter in our audit.



Procedures performed:

- Obtained an understanding of tested the effectiveness of internal control procedures related to insurance liability;
- Engaged our internal actuarial specialists to perform relevant audit procedures over insurance liability, including:
 - Inspected whether the methods and parameters of insurance liabilities were in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China;
 - Selected samples to check the completeness of data used in the calculation of reserves and adopted an actuarial models to recalculate the amount of reserves;
 - Analyzed the movement in insurance liability, including assessing the reasonableness of the amount of reserves appropriated by the management based on their understanding of the industry and market;
 - Conducted liability adequacy test in order to assess the reasonableness of the testing scope and assumptions adopted by the management, including assessing the appropriateness of actuarial assumptions based on the internal data or industry experiences and the characteristics of insurance products.

Other Matter

Fubon Life Insurance Co., Ltd. has prepared its parent-company-only financial statement as of and for the six months ended June 30, 2025 and 2024, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period 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 reviews resulting in this independent auditors' review report are Lee, Feng-Hui and Tsai, Pei-Ju.

KPMG

Taipei, Taiwan (Republic of China)
August 19, 2025

Notes to Readers

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2025, December 31, and June 30, 2024

(Expressed In Thousands of New Taiwan Dollars)

Assets	June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and equity	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
11000 Cash and cash equivalents (Notes 6(A))	\$ 396,383,931	7	297,637,981	5	252,968,965	4	21000 Accounts payable (Note 6(O))	\$ 82,932,009	2	76,722,801	1	71,095,591	1
12000 Receivables (Note 6(B))	80,230,485	1	82,208,900	1	68,185,258	1	21700 Current tax liabilities	5,163,198	-	4,850,536	-	2,301,088	-
12600 Current tax assets	17,581,212	-	14,206,639	-	14,171,092	-	23100 Short-term liabilities (Note 6(P))	208,502	-	1,200,000	-	-	-
14110 Financial assets measured at fair value through profit or loss (Note 6(B))	1,511,424,272	25	1,577,511,050	25	1,590,475,950	26	23200 Financial liabilities measured at fair value through profit or loss (Note 6(B))	15,456,576	-	34,407,924	1	19,230,016	-
14190 Financial assets measured at fair value through other comprehensive income (Note 6(B))	273,911,916	5	277,074,521	5	275,691,238	5	23300 Financial liabilities for hedging (Note 6(B))	1,377,848	-	8,058,819	-	3,848,958	-
14130 Financial assets for hedging (Note 6(B))	789,030	-	318,070	-	180,251	-	23500 Bonds payable (Note 6(Q))	172,122,047	3	153,553,649	2	127,119,884	2
14145 Financial assets measured at amortized cost (Note 6(B))	2,573,844,906	43	2,794,981,945	45	2,770,739,947	45	23700 Other financial liabilities (Note 6(B))	4,204,141	-	-	-	-	-
14150 Investments accounted for using equity method, net (Note 6(D))	24,707,365	1	26,502,083	-	27,019,269	-	23800 Lease liabilities (Note 6(R))	16,574,051	-	16,722,541	-	16,532,116	-
14180 Other financial assets, net (Note 6(B))	3,671,602	-	3,375,533	-	3,074,586	-	24000 Insurance liabilities (Note 6(W))	4,577,175,077	77	4,683,758,163	76	4,654,508,503	76
14200 Investment property (Note 6(G))	304,096,181	5	299,713,892	5	300,063,600	5	24800 Reserve for insurance with nature of financial instrument (Note 6(X))	3,305,728	-	3,271,102	-	3,463,210	-
14300 Loans (Note 6(B))	238,434,175	4	224,196,305	4	221,381,591	4	24900 Reserve for foreign exchange valuation (Note 6(Y))	51,580,582	1	21,480,601	-	21,272,128	1
15000 Reinsurance assets (Note 6(I))	2,576,904	-	2,644,306	-	3,922,359	-	27000 Liabilities reserve(Note 6(S))	9,859,950	-	10,382,742	-	10,619,981	-
16000 Property and equipment (Note 6(J))	28,858,498	-	24,449,870	-	22,750,289	-	28000 Deferred tax liabilities	18,203,525	-	49,788,704	1	49,455,037	1
16700 Right-of-use assets (Note 6(K))	6,005,075	-	6,048,494	-	6,149,182	-	25000 Other liabilities	24,356,553	-	11,389,526	-	11,420,394	-
17000 Intangible assets (Note 6(L))	4,694,930	-	4,895,425	-	5,287,108	-	26000 Liabilities on insurance product, separated account (Note 6(N))	474,645,167	8	508,192,350	8	506,852,078	8
17800 Deferred tax assets	22,010,805	-	45,525,058	1	45,145,508	1	Total liabilities	<u>5,457,164,954</u>	<u>91</u>	<u>5,583,779,458</u>	<u>89</u>	<u>5,497,718,984</u>	<u>89</u>
18000 Other assets (Note 6(M))	29,300,271	1	32,533,005	1	30,414,603	1	Equity attributable to owners of parent						
18900 Assets on insurance product, separated account (Note 6(N))	459,186,730	8	490,170,264	8	487,237,756	8	Share capital (Note 6(T)):						
							31100 Ordinary shares	118,420,450	2	118,420,450	2	110,831,140	2
							31400 Stock dividend to be distributed	-	-	-	-	7,589,310	-
							Total share capital	<u>118,420,450</u>	<u>2</u>	<u>118,420,450</u>	<u>2</u>	<u>118,420,450</u>	<u>2</u>
							32000 Capital surplus (Note 6(T))	31,255,687	1	31,391,336	1	31,391,122	1
							Retained earnings (Note 6(T)):						
							33100 Legal reserve	120,156,210	2	99,590,113	2	99,590,113	2
							33200 Special reserve	333,410,402	5	266,449,382	4	266,146,089	4
							33300 Unappropriated retained earnings	24,604,195	-	102,527,197	2	51,805,680	1
							Total retained earnings	<u>478,170,807</u>	<u>7</u>	<u>468,566,692</u>	<u>8</u>	<u>417,541,882</u>	<u>7</u>
							34000 Other equity interest (Note 6(T))	<u>(113,614,028)</u>	<u>(1)</u>	<u>(4,530,896)</u>	<u>-</u>	<u>52,893,835</u>	<u>1</u>
							Total Equity attributable to owners of parent	<u>514,232,916</u>	<u>9</u>	<u>613,847,582</u>	<u>11</u>	<u>620,247,289</u>	<u>11</u>
							36000 Non-controlling interests (Note 6(E)&(T))	<u>6,310,418</u>	<u>-</u>	<u>6,366,301</u>	<u>-</u>	<u>6,892,279</u>	<u>-</u>
							Total equity	<u>520,543,334</u>	<u>9</u>	<u>620,213,883</u>	<u>11</u>	<u>627,139,568</u>	<u>11</u>
Total assets	<u>\$ 5,977,708,288</u>	<u>100</u>	<u>6,203,993,341</u>	<u>100</u>	<u>6,124,858,552</u>	<u>100</u>	Total liabilities and equity	<u>\$ 5,977,708,288</u>	<u>100</u>	<u>6,203,993,341</u>	<u>100</u>	<u>6,124,858,552</u>	<u>100</u>

(See accompany notes to the consolidated financial statements)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2025 and 2024

(Expressed In Thousands of New Taiwan Dollars, except earning per share)

	For the three months ended June 30,				For the six months ended June 30,			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating Revenues:								
41110 Written premium	\$ 94,173,167	130	77,991,614	47	187,591,696	78	167,776,279	50
51100 Less: Reinsurance expense	739,608	1	706,438	-	1,255,249	1	1,239,307	-
51310 Net change in unearned premiums reserve	3,679,812	5	191,680	-	4,634,964	2	466,399	-
Retained earned premium (Note 6(AA))	89,753,747	124	77,093,496	47	181,701,483	75	166,070,573	50
41300 Reinsurance commission received	18,552	-	14,869	-	32,220	-	24,342	-
41400 Total fee income	732,308	1	758,045	-	1,521,331	1	1,498,808	1
Net income (loss) from investments								
41510 Interest income	28,737,582	40	31,905,441	19	61,584,260	26	63,278,830	19
41521 Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 6(B))	128,958,068	178	45,860,067	27	63,907,315	27	75,999,116	23
41526 Net gains (losses) from derecognition of financial assets measured at amortized cost	(123,717)	-	(49,620)	-	(326,998)	-	(308,331)	-
41527 Realized gains (losses) from financial assets measured at fair value through other comprehensive income	167,870	-	134,889	-	155,519	-	314,951	-
41540 Share of gain (loss) of associates and joint ventures accounted for using equity method	352,141	-	432,061	-	(39,512)	-	392,528	-
41550 Foreign exchange gains (losses), investments	(204,588,874)	(283)	28,847,516	17	(180,225,439)	(75)	104,358,079	31
41560 Net change in reserve for foreign exchange valuation (Note 6(Y))	(17,406,193)	(24)	(2,940,191)	(2)	(22,094,209)	(9)	(12,095,793)	(3)
41570 Gains (losses) on investment property	2,709,458	4	2,620,791	2	3,184,602	1	(3,077,900)	(1)
41585 (Expected credit loss) reversal of expected credit loss on investments (Note 6(B))	420,493	1	(144,691)	-	136,237	-	(768,543)	-
41590 Other net income (loss) from investments	(1,040,907)	(1)	(1,271,165)	(1)	(2,360,548)	(1)	(2,227,286)	(1)
41600 Profits (losses) reclassified to other comprehensive income using overlay approach (Note 6(B))	33,563,477	46	(27,382,711)	(16)	117,567,020	49	(89,768,345)	(27)
41800 Other operating income	311,762	-	533,739	-	940,191	-	1,306,135	-
41900 Income on insurance product, separated account (Note 6(N))	9,831,509	14	11,205,548	7	14,241,538	6	28,006,011	8
Total operating revenue	72,397,276	100	167,618,084	100	239,925,010	100	333,003,175	100
Operating Costs:								
51200 Insurance claim payment	100,645,887	139	100,796,245	60	187,101,966	78	193,523,521	58
41200 Less: Claims recovered from reinsurers	374,991	1	446,012	-	740,749	-	892,317	-
Retained claim payment (Note 6(AA))	100,270,896	138	100,350,233	60	186,361,217	78	192,631,204	58
51300 Net change in insurance liability	(47,084,659)	(65)	2,045,779	1	(19,937,888)	(8)	22,708,909	7
51380 Net change in reserve for insurance with nature of financial instrument	27,495	-	39,084	-	61,563	-	91,821	-
51400 Acquisition expense	3,896	-	14,325	-	7,671	-	22,399	-
51500 Commission expense	8,715,842	12	7,941,964	5	19,131,591	8	16,693,800	5
51700 Finance costs	1,773,785	2	1,180,481	1	3,399,236	1	2,269,881	1
51800 Other operating costs	2,270,402	3	775,255	-	3,187,123	1	1,322,555	-
51900 Disbursements on insurance product, separated account (Note 6(N))	9,831,509	14	11,205,548	7	14,241,538	6	28,006,011	8
Total operating costs	75,809,166	104	123,552,669	74	206,452,051	86	263,746,580	79
Operating expenses:								
58100 General expenses	3,682,026	5	3,891,265	2	6,936,471	3	7,436,028	3
58200 Administrative expenses	2,223,985	3	2,087,466	1	4,135,731	2	3,929,825	1
58300 Staff training expenses	30,629	-	25,432	-	46,303	-	40,410	-
58400 (Reversal of) expected credit impairment loss on non-investments	918	-	715	-	3,182	-	(3,918)	-
Total Operating Expenses	5,937,558	8	6,004,878	3	11,121,687	5	11,402,345	4
Net Operating Income	(9,349,448)	(12)	38,060,537	23	22,351,272	9	57,854,250	17
59000 Total non-operating income and expenses (Note 6(AB))	312,043	-	369,041	-	556,698	-	703,906	-
Profit from continuing operations before income tax	(9,037,405)	(12)	38,429,578	23	22,907,970	9	58,558,156	17
63000 Income tax benefit (expense) (Note 6(U))	6,082,242	8	(4,410,034)	(3)	1,282,217	1	(7,053,205)	(2)
Net profit	\$ (2,955,163)	(4)	34,019,544	20	24,190,187	10	51,504,951	15
Other comprehensive (loss) income:								
83100 Items that may not be reclassified subsequently to profit or loss								
83110 Remeasurement of defined benefit plans	\$ (7,432)	-	5,295	-	(7,555)	-	4,696	-
83120 Revaluation of real estate property	-	-	-	-	-	-	82,591	-
83190 Valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	719,184	1	988,493	1	974,969	-	1,213,230	-
83130 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	(69,755)	-	9,800	-	(161,358)	-	(18,095)	-
83180 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(90,317)	-	(225,231)	-	(155,656)	-	(361,021)	-
Total items that may not be reclassified subsequently to profit or loss	551,680	1	778,357	1	650,400	-	921,401	-
83200 Items may be reclassified subsequently to profit or loss								
83210 Exchange differences on translation	(5,163,076)	(7)	594,553	-	(3,264,779)	(1)	2,415,543	1
83290 Valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	4,568,517	6	(3,628,034)	(2)	8,326,064	4	(8,007,879)	(2)
83230 Gains (losses) on hedging instrument	(3,316)	-	23,314	-	12,830	-	70,832	-
83240 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	46,940	-	(22,208)	-	(3,069)	-	(33,600)	-
83295 Other comprehensive profits (losses) reclassified using overlay approach	(33,563,477)	(46)	27,382,711	16	(117,567,020)	(49)	89,768,345	27
83280 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	1,305,905	1	(3,856,388)	(2)	3,120,566	1	(8,706,236)	(3)
Total items may be reclassified subsequently to profit or loss	(32,808,507)	(46)	20,493,948	12	(109,375,408)	(45)	75,507,005	23
83000 Other comprehensive (loss) income	(32,256,827)	(45)	21,272,305	13	(108,725,008)	(45)	76,428,406	23
85000 Comprehensive (loss) income	\$ (35,211,990)	(49)	55,291,849	33	(84,534,821)	(35)	127,933,357	38
Net profit attributable to:								
86100 Owners of parent	\$ (2,725,260)	(4)	34,102,613	20	24,591,140	10	51,565,399	15
86200 Non-controlling interests	(229,903)	-	(83,069)	-	(400,953)	-	(60,448)	-
	\$ (2,955,163)	(4)	34,019,544	20	24,190,187	10	51,504,951	15
Comprehensive (loss) income attributable to:								
87100 Owners of parent	\$ (35,174,348)	(49)	55,329,450	33	(84,478,938)	(35)	128,216,742	38
87200 Non-controlling interests	(37,642)	-	(37,601)	-	(55,883)	-	(283,385)	-
	\$ (35,211,990)	(49)	55,291,849	33	(84,534,821)	(35)	127,933,357	38
97500 Basic earnings per share (NT dollars) (Note 6(V))	\$ (0.23)		2.88		2.08		4.35	

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Other equity items						
	Retained earnings							Other equity items									
	Ordinary Shares	Stock dividend to be distributed	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profit (loss) reclassified using overlay approach	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2024	\$ 110,831,140	-	110,831,140	31,398,668	92,537,470	245,848,132	34,939,914	373,325,516	(10,300,312)	(35,676,468)	(133,263)	242,727	22,350,129	(23,517,187)	492,038,137	6,174,679	498,212,816
Net income	-	-	-	-	-	-	51,565,399	51,565,399	-	-	-	-	-	-	51,565,399	(60,448)	51,504,951
Other comprehensive (loss) income	-	-	-	-	-	-	1,310	1,310	2,055,108	(6,407,244)	43,721	66,073	80,892,375	76,650,033	76,651,343	(222,937)	76,428,406
Total comprehensive (loss) income	-	-	-	-	-	-	51,566,709	51,566,709	2,055,108	(6,407,244)	43,721	66,073	80,892,375	76,650,033	128,216,742	(283,385)	127,933,357
Appropriation and distribution:																	
Legal reserve appropriated	-	-	-	-	7,052,643	-	(7,052,643)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	22,785,999	(22,785,999)	-	-	-	-	-	-	-	-	-	-
Stock dividends of common stock	-	7,589,310	7,589,310	-	-	-	(7,589,310)	(7,589,310)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	(2,488,042)	2,488,042	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:																	
Changes in investments in associates and joint ventures accounted for using equity method	-	-	-	(7,546)	-	-	-	-	-	-	-	-	-	-	(7,546)	-	(7,546)
Reorganization	-	-	-	-	-	-	(44)	(44)	-	-	-	-	-	-	(44)	-	(44)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	239,011	239,011	-	(239,011)	-	-	-	(239,011)	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,985	1,000,985
Balance at June 30, 2024	\$ 110,831,140	7,589,310	118,420,450	31,391,122	99,590,113	266,146,089	51,805,680	417,541,882	(8,245,204)	(42,322,723)	(89,542)	308,800	103,242,504	52,893,835	620,247,289	6,892,279	627,139,568
Balance at January 1, 2025	\$ 118,420,450	-	118,420,450	31,391,336	99,590,113	266,449,382	102,527,197	468,566,692	(9,480,592)	(41,663,543)	(152,721)	311,876	46,454,084	(4,530,896)	613,847,582	6,366,301	620,213,883
Net income	-	-	-	-	-	-	24,591,140	24,591,140	-	-	-	-	-	-	24,591,140	(400,953)	24,190,187
Other comprehensive (loss) income	-	-	-	-	-	-	4,083	4,083	(2,841,624)	7,224,999	1,986	-	(113,459,522)	(109,074,161)	(109,070,078)	345,070	(108,725,008)
Total comprehensive (loss) income	-	-	-	-	-	-	24,595,223	24,595,223	(2,841,624)	7,224,999	1,986	-	(113,459,522)	(109,074,161)	(84,478,938)	(55,883)	(84,534,821)
Appropriation and distribution:																	
Legal reserve appropriated	-	-	-	-	20,566,097	-	(20,566,097)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	69,974,727	(69,974,727)	-	-	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	-	-	(15,000,079)	(15,000,079)	-	-	-	-	-	-	(15,000,079)	-	(15,000,079)
Reversal of special reserve	-	-	-	-	-	(3,013,707)	3,013,707	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:																	
Changes in investments in associates and joint ventures accounted for using equity method	-	-	-	(135,649)	-	-	-	-	-	-	-	-	-	-	(135,649)	-	(135,649)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	8,971	8,971	-	(8,971)	-	-	-	(8,971)	-	-	-
Balance on June 30, 2025	\$ 118,420,450	-	118,420,450	31,255,687	120,156,210	333,410,402	24,604,195	478,170,807	(12,322,216)	(34,447,515)	(150,735)	311,876	(67,005,438)	(113,614,028)	514,232,916	6,310,418	520,543,334

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE CO., LTD.AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2025 and 2024

(Expressed In Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 22,907,970	58,558,156
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	711,752	676,986
Amortization expense	208,013	222,874
Net gain on financial assets or liabilities measured at fair value through profit or loss	(24,782,086)	(109,577,660)
Net gain on financial assets or liabilities measured at fair value through other comprehensive income	(117,522)	(240,359)
Net loss on derecognition of financial assets measured at amortized cost	326,998	308,331
Interest expense	3,563,002	2,301,608
Interest income	(61,584,260)	(63,278,830)
Dividend income	(21,137,615)	(18,625,962)
Net change in insurance liabilities	(15,302,924)	23,175,308
Net change in reserve for insurance with nature of financial instrument	34,626	32,246
Net change in reserve for foreign exchange valuation	22,094,209	12,095,793
Expected (Reversal of) credit loss of investment	(136,237)	768,543
Expected (Reversal of) credit loss of non-investment	3,182	(3,918)
Share of loss (profit) of associates and joint ventures accounted for using equity method	39,512	(392,528)
Loss (Gain) reclassified to other comprehensive income by using overlay approach	(117,567,020)	89,768,345
Loss on disposal of property and equipment	146	81
Property and equipment transferred to revenues	(5,083)	(19,274)
Unrealized foreign exchange loss (gain)	173,187,457	(102,424,243)
Loss on fair value adjustment of investment property	8,935	6,723,469
Other items	7,962	266,095
Total adjustments to reconcile profit (loss)	(40,446,953)	(158,223,095)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (Increase) in accounts receivable	3,645,234	(19,675,730)
Decrease in financial assets or liabilities measured at fair value through profit or loss	54,029,722	23,986,232
Increase in financial assets measured at fair value through other comprehensive income	(2,115,783)	(153,457)
Decrease (Increase) in financial assets measured at amortized cost	(7,203,491)	10,371,307
Decrease (Increase) in other financial assets	(306,556)	157,264
Decrease (Increase) in reinsurance assets	212,995	(324,200)
Decrease (Increase) in other assets	3,455,800	(3,523,901)
Total changes in operating assets	51,717,921	10,837,515
Changes in operating liabilities:		
Increase (Decrease) in other payable	(9,194,308)	17,373,453
Increase in other financial liabilities	2,127,473	-
Decrease in provisions	(477,236)	(952,219)
Increase (Decrease) in other liabilities	12,349,071	(8,017,130)
Total changes in operating liabilities	4,805,000	8,404,104
Total adjustments	16,075,968	(138,981,476)
Cash inflow (outflow) generated from operations	38,983,938	(80,423,320)
Interest received	54,769,576	54,066,543
Dividends received	18,762,600	17,813,952
Interest paid	(2,905,748)	(1,782,500)
Income taxes refund (paid)	(6,856,065)	149,278
Net Cash flows from (used in) operating activities	102,754,301	(10,176,047)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(729,480)
Net cash flow used in acquisition of subsidiaries	(121,885)	-
Acquisition of property and equipment	(1,740,867)	(433,591)
Proceeds from disposal of property and equipment	-	37
Acquisition of intangible assets	(24,326)	(100,610)
Net cash inflows from business combination	-	1,000,917
Decrease (Increase) in loans	(14,617,054)	8,593,095
Acquisition of investment properties	(4,354,773)	(2,847,706)
Other investing activities	-	(5)
Net cash flows from (used in) investing activities	(20,858,905)	5,482,657
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(1,416,180)	-
Increase in commercial papers payable	208,410	-
Proceeds from issuing bonds	19,000,000	28,991,152
Repayments of bonds	(336,345)	-
Payments of lease liabilities	(561,807)	(576,253)
Net cash flows from financing activities	16,894,078	28,414,899
Effect of exchange rate changes on cash and cash equivalents	(43,524)	68,636
Net increase in cash and cash equivalents	98,745,950	23,790,145
Cash and cash equivalents at beginning of period	297,637,981	229,178,820
Cash and cash equivalents at end of period	\$ 396,383,931	252,968,965

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. COMPANY HISTORY

Fubon Life Insurance Co., Ltd. (“Fubon Life Insurance” or “Company”), formerly ING Life Insurance Co., Ltd. (“ING Life Insurance”) was established in March 2006. The Company primarily conducts life insurance business.

Originally, the Company is one of the ING group members. On October 20, 2008, the Company’s former parent company, ING Group, announced that it has reached a cooperation agreement with Fubon Financial Holding Co., Ltd. (“Fubon Financial Holding”) to sell the Company effectively on February 11, 2009.

ING Life Insurance swapped shares with Fubon Life Assurance Co. Ltd (“Fubon Life Assurance”). Fubon Life Assurance ceased to legally exist, and the former ING Life Insurance, which was a surviving entity, changed its name to “Fubon Life Insurance Co., Ltd.”. The corporate restructuring was permitted by the Financial Supervisory Commission, Executive Yuan through its letter Gin Guan Bao Li No.09802091401 issued on June 1, 2009.

The consolidated financial statements as of June 30, 2025, December 31 and June 30, 2024 comprise the Company and its subsidiaries (together referred to as the “Group”). Please refer to Note 4(B) for further information. The parent and ultimate parent company of the Group is Fubon Financial Holding.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by the Board of Directors on August 19, 2025.

3. New Standards, Amendments and Interpretations Adopted:

- (a) The impact of the IFRS Accounting Standards 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, 2025:

- Amendments to IAS21 “Lack of Exchangeability”

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

The Group's anticipated adoption of the new amendments beginning on January 1, 2026, are expected to have the following impacts:

- (i) IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"

The new standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts issued. These principles apply to insurance contracts issued by entities (including reinsurance contracts), reinsurance contracts held, and investment contracts with discretionary participation features—provided the entity also issues insurance contracts.

The main provisions are as follows: :

- Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due, and for a group of onerous contracts, when the group becomes onerous.
- Measurement: on initial recognition, insurance contract groups shall be measured as the sum of the fulfilment cash flows and the contractual service margin. Subsequent measurement shall follow a current estimate model, requiring remeasurement at each reporting period. Measurement is based on discounted, probability-weighted cash flows, risk adjustment, and the contractual service margin representing unearned profit. Entities may apply a simplified measurement approach (premium allocation approach) for certain contracts. For contracts with direct participation features, the variable fee approach shall be used. Revenue shall be recognized during the coverage period and when the entity is released from risk. If a group becomes onerous, the entity shall immediately recognize a loss.
- Presentation and Disclosure: The standard specifies the presentation of insurance contract assets, liabilities, and profit or loss, requiring separate reporting of insurance revenue, insurance service expenses, and insurance finance income and expenses. It also requires disclosure of amounts, judgments, and risk information related to insurance contracts, including detailed descriptions of the measurement models, key assumptions, and analysis of changes in risk characteristics.

In addition, at the transition date (the beginning of the annual reporting period preceding the initial application date), entities shall apply IFRS 17 using one of the following methods:

- Full Retrospective Approach: Entities shall apply the full retrospective approach unless impracticable, in which case the modified retrospective approach or the fair value approach shall be used.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- Modified Retrospective Approach: May be applied when results can be achieved close to the full retrospective approach without undue cost or effort.
- Fair Value Approach: The contractual service margin shall be determined as the difference between the fair value of the insurance contract group (as measured under IFRS 13) and the fulfilment cash flows at the transition date.

To comply with the new standard, the Group has launched the implementation project, including personnel training, development of accounting policies and methodology, evaluation and adoption of actuarial assumptions, construction of measurement models, adjustment of operating processes, system development and testing, planning of internal control processes, financial statement presentation and disclosure, risk management, etc. The implementation is progressing in accordance with the established timeline and remains under continuous assessment.

Furthermore, the subsidiaries, Fubon Hyundai Life Insurance Co., Ltd. and Fubon Life Insurance (Hong Kong) Company Limited have adopted IFRS 17 starting January 1, 2023, in accordance with local regulations.

As of the date of issuance of the consolidated financial statements, significant progress has been made in the implementation of IFRS 17. However, the impact on the consolidated financial statements remains uncertain and is currently unable to be disclosed. The Group expects that the opening balance effects for the subsidiaries, Fubon Hyundai Life Insurance Co., Ltd., Fubon Life Insurance (Hong Kong) Company Limited and Fubon Life Insurance (Vietnam) Co., Ltd. will not have a material impact on the consolidated financial statements.

- (ii) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS7.

These amendments clarify that financial assets and financial liabilities can only be derecognized upon settlement and introduce specific requirements for the derecognition of financial liabilities settled through electronic payment systems. When settling a financial liability (or part of a financial liability) in cash using an electronic payment system, the Group is permitted to deem the financial liability (or part of it) to be discharged before the settlement date only if, and only if, the Group has initiated a payment instruction that results in all of the following:

- (a) The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- (b) The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (c) The settlement risk associated with the electronic payment system being insignificant.

The Group shall apply this derecognition exception consistently to all settlements made through the same electronic payment system.

The Group is required to reassess the timing of derecognition of financial assets and financial liabilities and is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

(iii) Annual Improvements to IFRS Accounting Standards—Volume 11

(1) IFRS 1 “First-time Adoption of International Financial Reporting Standards”

The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments.

(2) IFRS 7 “Financial Instruments: Disclosures”

This amendment addresses potential confusion arising from inconsistencies in terminology between IFRS 7 and IFRS 13 “Fair Value Measurement”.

(3) IFRS 9 “Financial Instruments”

Derecognition of a lease liability

The amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases.

Transaction price

The amendments require companies to initially measure a trade receivable without a significant financing component by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured.

(4) IFRS 10 “Consolidated Financial Statements”

The amendments clarify the determination of a ‘de facto agent’.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) IAS 7 “Statement of Cash Flows”

The amendments remove the term “cost method” in paragraph 37 of IAS 7 to avoid confusion in applying the standard.

The Group is currently assessing the impact of the above amendments on the consolidated financial statements.

(iv) Amendments to IFRS 9 and IFRS 7 “ Contracts Referencing Nature-dependent Electricity”

As the source of electricity generation depends on uncontrollable natural conditions (for example, the weather), the amount of electricity generated under this contract may vary due to such uncontrollable factors. The contracts that expose an entity to variability in the underlying amount of electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity.

The Group shall apply the “own use” exception in paragraphs B2.7 and B2.8 to assess whether contracts referencing nature-dependent electricity are entered into and continue to be held for the purpose of the receipt of electricity in accordance with the Group’s expected usage requirements.

Some contracts referencing nature-dependent electricity are designated as hedging instruments in hedges of forecast electricity transactions. In addition to the requirements in paragraph 6.3.7, for such a hedging relationship, an entity is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument , and to continue applying other hedge accounting requirements to that hedging relationship. Furthermore, if the cash flows of the contract referencing nature-dependent electricity designated as the hedging instrument are conditional on the occurrence of a forecast transaction that is designated as the hedged item, this forecast transaction is presumed to be highly probable.

The Group is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

(v) Other

The following amendments are not expected to have a significant impact on the consolidated financial statements.

- Amendments to IFRS 9 and IFRS 7 “ Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	The amendments clarify that when an investor transfers its subsidiary to an associate or joint venture, if the assets sold or contributed constitute a business, the investor is deemed to have lost control of the business and should recognize the full gain or loss; if the assets do not constitute a business, the investor should recognize the unrealized gain or loss based on the proportion of ownership interest, and defer the recognition of the portion of gain or loss accordingly.	Effective date to be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.	January 1, 2027

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
	● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	The new standard allows eligible subsidiaries to apply the reduced disclosure requirements in the new standard while applying the requirements in other IFRS Accounting Standards except for the disclosure requirements. Eligible subsidiaries may voluntarily choose to apply the new standard in its financial statements provided that, at the reporting date: ● it does not have public accountability; and ● its ultimate or intermediate parent produces consolidated financial statements under IFRS Accounting Standards. A subsidiary applying the new standard is required to clearly state that the new standard has been adopted.	January 1, 2027

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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 Insurance Enterprises (hereinafter referred to as “the Regulations”) and with the International Accounting Standards 34 “Interim Financial Reporting” endorsed and announced by the FSC. The consolidated financial statements do not include all of the information required for full annual consolidated financial statements prepared in accordance with the international financial reporting standards, international accounting standards, and interpretations endorsed by the FSC. (hereinafter referred to as “IFRS Accounting Standards endorsed by the FSC”).

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(B) Basis of consolidation

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

Investor Company	Subsidiary	Business Type	Stockholder's equity (Holding %)		
			June 30, 2025	December 31, 2024	June 30, 2024
The Company	Fubon Life Insurance (Vietnam) Co., Ltd.	Life insurance	100 %	100 %	100 %
The Company	Fubon Life Insurance (Hong Kong) Company Limited	Life insurance	100 %	100 %	100 %
The Company	Fubon Hyundai Life Insurance Co., Ltd.	Life insurance	83.22 %	83.22 %	83.22 %
The Company	Carter Lane (Guernsey) Ltd. (Note 1)	Real estate investment and management	100 %	100 %	100 %
The Company	Bow Bells House (Jersey) Ltd. (Note 2)	Real estate investment and management	100 %	100 %	100 %
The Company	Fubon MTL Property (Jersey) Ltd.	Real estate investment and management	100 %	100 %	100 %
The Company	Fubon Ellipse (Belgium) S.A. (Note 3)	Real estate investment and management	100 %	100 %	100 %
The Company	Fubon Eurotower (Luxembourg) S. à r.l.	Real estate investment and management	100 %	100 %	100 %
The Company	Fubon Green Power CO., LTD. (Note 4)	Energy technology service	74.98 %	74.98 %	74.98 %
Fubon Green Power	Li Tong Management Consulting Co., Ltd. (Note 5)	Energy technology service	100.00 %	100.00 %	- %

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Subsidiary	Business Type	Stockholder's equity (Holding %)			
			June 30, 2025	December 31, 2024	June 30, 2024	
Fubon Green Power	Sumray Power Company (Note 6)	Energy technology service	100.00 %	- %	- %	

Note 1: The Group has completed its capital increase on September 13, 2024, with the principal of loan amounting to £ 43,330 thousand as consideration.

Note 2: The Group has completed the additional capital injection of £ 23,958 thousand on October 22, 2024.

Note 3: The Group has completed its capital increase on December 11, 2024, with the principal of loan amounting to €95,828 thousand as consideration. In addition, the Group has completed the additional capital injection of € 92,301 thousand on February 18, 2025.

Note 4: The Group took June 5, 2024, as the reference date of the merger and acquired 74.98% of shares of the subsidiary, Fubon Green Power CO., LTD., which is also controlled by the ultimate parent company of the Group. It is an organizational restructuring of an entity under common control. In accordance with the IFRS Q&A "Doubts about the Accounting Treatment of Business Combinations under Common Control", issued by the Accounting Research and Development Foundation of the Republic of China (ARDF), the book value method should be applied.

Note 5: On July 19, 2024, the subsidiary, Fubon Green Power CO., LTD. (Fubon Green Power), acquired the entire equity of Li Tong Management Consulting Co., Ltd. (Li Tong) for a cash consideration of \$42,000 thousand. Subsequently, Li Tong conducted a cash capital increase on August 23, 2024, wherein Fubon Green Power subscribed the amount of \$1,250,000 thousand, resulting in its total investment up to \$1,292,000 thousand.

Note 6: On March 21, 2025, the subsidiary, Fubon Green Power, acquired the entire equity of Sumray Power Company for a cash consideration of \$326,587 thousand. Subsequently, Sumray Power Company conducted a cash capital increase on May 26, 2025, wherein Fubon Green Power subscribed the amount of \$450,000 thousand, resulting in its total investment up to \$776,587 thousand.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Insurance liability

In accordance with NO. Jin-Guan-Bao-Cai-Zi 11404924811, the Group adjusted the calculation basis for the provision of policy reserves while simultaneously releasing the excess amount of policy reserves obtain by the difference between prior to the adjustment and the recalculated amount. The recalculated policy reserves reflect the adjustments made to the reserve basis for certain effective insurance contracts that met the conditions set forth in the directive. These adjustments include raising the policy reserve interest rate within a range of 25 basis points, or a revision of mortality assumptions based on the Sixth Mortality Table of Taiwan's life insurance industry as promulgated under NO. Jin-Guan-Bao-Cai-Zi 11004909551, or a concurrent application of both adjustments. Details regarding the released and provision amounts are provided in Note 6 (W).

(D) Reserve for foreign exchange valuation

In May 2025, the Group submitted an application to the Financial Supervisory Commission for approval to adopt the provisions of Policy 3.1 of "Guidelines of Foreign Exchange Valuation Reserve for Life Insurance Business". Upon receiving approval from the competent authority, the company reclassified the designated reserve items under specific liabilities into the foreign exchange valuation reserve.

Following No. Jin-Guan-Bao-Cai-Zi 11404924811 dated June 30, 2025, the Group has released the approved relevant reserves. In addition, in June 2025, the Group fully reallocate the released reserves into foreign exchange valuation reserve under the provision of Policy 3.1 of "Guidelines of Foreign Exchange Valuation Reserve for Life Insurance Business". For details regarding the release and provision of reserves, please refer to Note 6 (W) and Note 6 (Y).

(E) Employee benefits

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

(F) Income Taxes

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

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

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments and estimates 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. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group’s risk management where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The information below relates to the key sources of uncertainty in the assumptions and estimates underlying future projections, which may have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial reporting period. Those assumptions and estimation have been updated to reflect the impact of the Conflict of Ukraine:

- (A) The expected credit losses of the investments in debt instrument, loans classified as subsequently measured at amortized cost or fair value through other comprehensive income and related receivable.

The financial asset impairments of the Group, measuring the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses, are determined by whether the credit risk of the financial instruments have increased significantly since initial recognition. In order to measure expected credit losses, the Group consider the probability of default (“PD”) of financial asset, issuer or counterparty, and include loss given default (“LGD”) multiplied by exposure at default (“EAD”). Meanwhile, it also considers the impact of the time value of money to calculate the expected credit losses for 12-month and lifetime, respectively. At every reporting date the historical experience, current market situation and forward-looking estimates, etc. are considered by the Group to determine the adopted assumptions and parameters when calculating impairment.

For further explanation of the related assumptions and parameters, please refer to Note 6(AE).

- (B) Fair value of financial instruments

The fair value of financial instruments without active markets or public markets is based on pricing models or quoted prices from counter parties. If pricing model was used to determine the fair value, to the extent possible, the data which is observable information without adjustments input into the model. The observable information is based on the market parameters with long-term stability to avoid differences caused by the changes in source data. Testing and verification has to be done repeatedly to ensure that the results reflect asset value adequately.

Please refer to Note 6(AE) for sensitivity analysis of financial instruments.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Fair value of investment property

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

(D) Insurance liability and provision for investment-linked insurance contracts

The Group measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves”.

Provision of life insurance liability reserve applies lock-in assumptions. All products are calculated on the basis of the reserve at the time of issuance with the exclusion of insurance products listed under Note 4 (C) "Insurance liabilities" which are accounted for with respect to the validity of the contract.

Reserve for unearned premium is calculated according to the risk 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 based on the historical claim experience and adjusted by the Group policy 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. When the Group assesses liability adequacy reserve, the estimated present value of the future cash flow of insurance contract is based on the reasonable estimate of future insurance payment, premium revenue and relevant expenses. Please refer to Note 6(W).

The professional judgment applied to the above-mentioned liability evaluation process will affect the amount recognized for net change in insurance liability, net change in investment-linked insurance contract, insurance liability and provision for investment-linked insurance contract.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(A) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 29,499	27,933	27,342
Demand deposits and check deposits	151,064,398	143,590,722	97,295,300
Time deposits	139,455,405	76,736,523	55,390,673
Cash equivalents	<u>105,834,629</u>	<u>77,282,803</u>	<u>100,255,650</u>
	<u><u>\$ 396,383,931</u></u>	<u><u>297,637,981</u></u>	<u><u>252,968,965</u></u>

(B) Financial assets and liabilities

(a) The details of the financial assets and liabilities are as follows:

(1) Receivables:

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 48,339	49,083	95,262
Interest receivable	33,017,006	34,334,324	34,276,468
Other accounts receivable	47,815,480	48,532,612	34,497,555
Overdue receivable	2,715,215	2,538,531	2,059,209
Less: Loss allowance	<u>(3,365,555)</u>	<u>(3,245,650)</u>	<u>(2,743,236)</u>
	<u><u>\$ 80,230,485</u></u>	<u><u>82,208,900</u></u>	<u><u>68,185,258</u></u>

Movements between the beginning balance and the ending balance for loss allowance for receivables are as follows:

	For the six months ended June 30,	
	2025	2024
Beginning balance	\$ 3,245,650	2,198,544
Recognition of impairment losses	191,022	598,273
Less: Amounts written off	(69,178)	(55,795)
Effect of changes in foreign exchange rates and other	<u>(1,939)</u>	<u>2,214</u>
Ending Balance	<u><u>\$ 3,365,555</u></u>	<u><u>2,743,236</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The aging analyses of accounts receivable were determined as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Current / Past due within 3 months	\$ 80,880,879	82,916,208	68,869,629
Past due within 3-6 months	29,080	30,361	48,808
Past due within 6-12 months	458,591	507,828	497,714
Past due for over 12 months	<u>2,227,490</u>	<u>2,000,153</u>	<u>1,512,343</u>
Total	<u>\$ 83,596,040</u>	<u>85,454,550</u>	<u>70,928,494</u>

(2) Financial assets and liabilities measured at fair value through profit or loss:

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily measured at fair value through profit or loss:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 3,653,350	540,154	188,178
Foreign exchange swaps	36,649,708	-	13,219
Option contracts	362,548	284,501	306,677
Others	7,828	15,178	22,773
Non-derivative financial assets			
Stocks	547,145,009	567,818,410	590,181,418
Government bonds	3,373,999	2,473,170	2,463,171
Corporate bonds	1,716,087	1,159,646	2,313,933
Financial bonds	39,464,674	38,172,880	41,037,822
Beneficiary certificates	818,705,315	913,606,020	895,667,184
Asset securitization products	2,131,276	2,322,693	2,258,687
Structured products	49,136,673	50,045,081	49,673,443
Others	<u>9,077,805</u>	<u>1,073,317</u>	<u>6,349,445</u>
Total	<u>\$ 1,511,424,272</u>	<u>1,577,511,050</u>	<u>1,590,475,950</u>
Financial liabilities held-for-trading:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 13,500,835	1,824,412	1,420,191
Foreign exchange swaps	<u>1,955,741</u>	<u>32,583,512</u>	<u>17,809,825</u>
Total	<u>\$ 15,456,576</u>	<u>34,407,924</u>	<u>19,230,016</u>

When adopting IFRS 9 since 2018, the Group simultaneously chooses to apply the overlay approach of IFRS 4 “Insurance contract” to present gains and losses on designated financial assets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The financial assets related to the investing activities of the issued insurance contracts to which the Group designates to apply the overlay approach are listed as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Financial assets measured at fair value through profit or loss:			
Stocks	\$ 547,145,009	567,818,410	590,181,418
Government bonds	2,488,423	2,473,170	2,463,171
Corporate bonds	1,056,617	1,159,646	1,140,009
Financial bonds	39,464,674	38,172,880	40,802,398
Beneficiary certificates	818,705,315	913,606,020	895,667,184
Asset securitization products	2,131,276	2,322,693	2,258,687
Structured products	49,136,672	50,045,081	49,673,443
Others	1,073,543	1,073,317	1,127,806
Total	<u>\$ 1,461,201,529</u>	<u>1,576,671,217</u>	<u>1,583,314,116</u>

The amount reclassified between profit or loss and other comprehensive income of these designated financial assets applying the overlay approach is as follows:

	<u>For the three months ended June 30,</u> <u>2025</u>	<u>2024</u>	<u>For the six months ended June 30,</u> <u>2025</u>	<u>2024</u>
Gains reported in profit or loss for applying IFRS 9	\$ 16,926,109	82,558,610	(19,939,997)	187,304,768
Less: Gains reported in profit or loss if applied IAS 39	(50,489,586)	(55,175,899)	(97,627,023)	(97,536,423)
Gains on reclassified under the overlay approach	<u>\$ (33,563,477)</u>	<u>27,382,711</u>	<u>(117,567,020)</u>	<u>89,768,345</u>

Due to the overlay approach adjustments, changes of gains (losses) on financial assets measured at fair value through profit or loss are as follows:

	<u>For the three months ended June 30,</u> <u>2025</u>	<u>2024</u>	<u>For the six months ended June 30,</u> <u>2025</u>	<u>2024</u>
Gains before adjustments	\$ <u>128,958,068</u>	<u>45,860,067</u>	<u>63,907,315</u>	<u>75,999,116</u>
Gains after adjustments	<u>\$ 162,521,545</u>	<u>18,477,356</u>	<u>181,474,335</u>	<u>(13,769,229)</u>

The Group did not designate financial asset which did not meet the condition to apply overlay approach previously but met the condition for the six months ended June 30, 2025 and 2024, nor did the Group release the designation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Financial assets measured at fair value through other comprehensive income:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Debt instruments measured at fair value through other comprehensive income:			
Government bonds	\$ 123,626,280	128,125,203	126,487,569
Corporate bonds	102,928,729	106,806,739	102,704,299
Financial bonds	24,791,416	26,313,185	26,696,111
Asset securitization products	10,486,056	11,846,504	12,465,069
Loans	1,020	2,069	6,505
Others	<u>3,000,573</u>	<u>-</u>	<u>4,000,904</u>
Subtotal	<u>264,834,074</u>	<u>273,093,700</u>	<u>272,360,457</u>
Equity instruments measured at fair value through other comprehensive income:			
Stocks	18,713,124	13,482,096	12,735,097
Less: Statutory deposits	<u>(9,635,282)</u>	<u>(9,501,275)</u>	<u>(9,404,316)</u>
Total	<u>\$ 273,911,916</u>	<u>277,074,521</u>	<u>275,691,238</u>

1) Equity instruments measured at fair value through other comprehensive income

Part of equity instruments is not held for trading. Therefore, they have been designated as equity instruments measured at fair value through other comprehensive income.

The Group's dividend income related to equity instruments designated to be measured at fair value through other comprehensive income is recognized as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Derecognized during the period	\$ -	8,311	-	8,311
Held at the end of the period	37,997	59,025	37,997	66,281
Total	<u>\$ 37,997</u>	<u>67,336</u>	<u>37,997</u>	<u>74,592</u>

For the six months ended June 30, 2025, the Group did not dispose any equity instruments designated as measured at fair value through other comprehensive income (FVOCI). In contrast, for the six months ended June 30, 2024, the Group disposed such equity instruments as part of its portfolio management and rebalancing strategy due to asset allocation considerations as follows:

	<u>For the three</u> <u>months ended June</u> <u>30,</u> <u>2024</u>	<u>For the six</u> <u>months ended</u> <u>June 30,</u> <u>2024</u>
Fair value at disposal	\$ <u>527,396</u>	<u>1,635,325</u>
Cumulative gains on disposal (after tax)	\$ <u>142,060</u>	<u>261,953</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 2) Please refer to Note 6(AE) for further information of credit risk and market risk.
 - 3) The guarantee of the financial assets measured at fair value through other comprehensive income provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
 - 4) The Group assesses the impairment of financial assets on June 30, 2025 and 2024. Please refer to Note 6(AE) for the movement in the loss allowance of debt instruments measured at FVOCI.
- (4) Financial instruments used for hedging:

The details are as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Fair value hedge:			
Financial assets for hedging:			
Forward exchange contracts	\$ 2,636	3,176	99,485
Foreign exchange swaps	513,386	314,894	80,279
Financial liabilities for hedging:			
Forward exchange contracts	(94)	(28,808)	(9,654)
Foreign exchange swaps	(1,061,972)	(5,510,736)	(2,867,999)
Cash flow hedge:			
Financial assets for hedging:			
Foreign exchange swaps	108,647	-	-
Cross currency swaps	164,361	-	487
Financial liabilities for hedging:			
Interest rate swaps	-	(15,180)	(52,732)
Foreign exchange swaps	(7,801)	(139,770)	-
Cross currency swaps	(307,981)	(2,364,325)	(918,573)
Total	<u>\$ (588,818)</u>	<u>(7,740,749)</u>	<u>(3,668,707)</u>

- (5) Financial assets measured at amortized cost:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Government bonds	\$ 314,497,234	343,874,438	342,741,796
Corporate bonds	1,300,644,389	1,410,522,435	1,397,769,146
Financial bonds	871,984,737	941,057,006	922,414,262
Asset securitization products	33,120,960	45,729,997	52,893,045
Structured products	57,804,400	57,810,950	57,877,100
Negotiable certificates of deposit	5,980,400	6,556,200	6,490,000
Less: Statutory deposits	(7,576,448)	(7,575,046)	(6,445,732)
Subtotal	<u>2,576,455,672</u>	<u>2,797,975,980</u>	<u>2,773,739,617</u>
Less: Loss allowance	(2,610,766)	(2,994,035)	(2,999,670)
Total	<u>\$ 2,573,844,906</u>	<u>2,794,981,945</u>	<u>2,770,739,947</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 1) Please refer to Note 6(AE) for further information of credit risk.
- 2) The guarantee of financial assets measured at amortized cost provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
- 3) The Group assesses the impairment of financial asset on June 30, 2025 and 2024. Please refer to Note 6(AE) for the movements in the loss allowance of financial assets measured at amortized cost.
- 4) The gains/losses on sale of financial assets measured at amortized cost and the carrying amount at the date of derecognition are as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Carrying amount at the date of derecognition	<u>\$ 1,080,909</u>	<u>2,301,054</u>	<u>5,471,705</u>	<u>5,030,330</u>
Gains/Losses on sale	<u>\$ 17,028</u>	<u>(75,066)</u>	<u>(188,135)</u>	<u>(333,777)</u>

The Group sold financial assets measured at amortized cost, primarily since other sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

- (6) Other financial assets, net:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Cash in bank	\$ 5,044,471	4,773,057	4,467,686
Less: Statutory deposits	(1,369,464)	(1,390,516)	(1,390,591)
Subtotal	<u>3,675,007</u>	<u>3,382,541</u>	<u>3,077,095</u>
Less: Loss allowance	(3,405)	(7,008)	(2,509)
Total	<u>\$ 3,671,602</u>	<u>3,375,533</u>	<u>3,074,586</u>

- 1) The guarantee of other financial assets provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
- 2) Please refer to Note 6(AE) for the movement in the loss allowance of other financial assets for the six months ended June 30, 2025 and 2024.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Loans:

	June 30, 2025	December 31, 2024	June 30, 2024
Life insurance loans	\$ 80,962,726	79,190,650	75,614,581
Premium loans	13,876,088	13,727,652	13,451,114
Secured loans	138,791,291	126,427,441	127,344,253
Unsecured loans	6,845,147	6,792,254	6,903,787
Overdue receivables	1,288	1,288	-
Less: Loss allowance	<u>(2,042,365)</u>	<u>(1,942,980)</u>	<u>(1,932,144)</u>
Total	<u><u>\$ 238,434,175</u></u>	<u><u>224,196,305</u></u>	<u><u>221,381,591</u></u>

The reconciliations in loss allowance of loans for the six months ended June 30, 2025 and 2024, please refer to Note 6(AE).

(8) Other financial liabilities:

	June 30, 2025	December 31, 2024	June 30, 2024
Secured bank loans	\$ 1,875,705	-	-
Unsecured bank loans	<u>2,328,436</u>	-	-
	<u><u>\$ 4,204,141</u></u>	<u>-</u>	<u>-</u>
Unused loan facilities	<u><u>\$ 1,308,105</u></u>	<u>-</u>	<u>-</u>
Interest rate	<u><u>2.63%~3.04%</u></u>	<u>-</u>	<u>-</u>

- 1) Please refer to Note 6(AE) for further information of Liquidity risk.
- 2) Details of assets pledged as collateral for bank loans, please refer to Note 8 "Assets Pledged as Security".
- 3) For the six months ended June 30, 2025, the Group capitalized interest on borrowings amounting to \$19,415 thousand, with capitalization rates ranging from 2.63% to 3.04%. Of this amount, \$7,607 thousand was related to acquisitions through business combinations, with capitalization rates ranging from 2.73% to 2.83%. No interest capitalization was recognized for the six months ended June 30, 2024.
- 4) In May 2025, the sub-subsidiary, Li-Tong entered into a syndicated credit facility agreement with financial institutions, including SinoPac Commercial Bank, CTBC Bank, International Bills Finance Corporation, Mega Bills Finance Corporation, and China Bills Finance Corporation. The total credit facility comprises bank loan limits and commercial paper issuance guarantees amounting to \$3,250,000 thousand. The abovementioned credit facility is primarily intended to fund the construction of energy storage project sites. For details regarding the commercial paper issuance, please refer to Note 6 (P)(2).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

During the credit facility period, the subsidiary, Fubon Green Power, is required to, directly or indirectly, hold 100% of the shares of Li-Tong. Upon completion of the energy storage project site, Li-Tong is required to maintain a debt service coverage ratio (DSCR) of no less than 1.2 times, as stipulated in the credit agreement. Furthermore, the energy storage equipment must be pledged as collateral to the agent bank.

- (b) The carrying amounts of investments managed by the discretionary investment management companies are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Cash and cash equivalents	\$ 16,042,635	12,611,785	10,052,480
Stocks	26,014,862	24,339,198	25,269,775
Financial bonds	21,361,165	23,214,031	23,189,686
Corporate bonds	166,028,996	178,523,320	173,677,902
Total	<u><u>\$ 229,447,658</u></u>	<u><u>238,688,334</u></u>	<u><u>232,189,843</u></u>

The limits of discretionary investment management agreements are as follows:

(Unit: thousands dollar)

	June 30, 2025	December 31, 2024	June 30, 2024
NTD	<u><u>18,000,000</u></u>	<u><u>13,000,000</u></u>	<u><u>13,000,000</u></u>
USD	<u><u>3,500,000</u></u>	<u><u>3,500,000</u></u>	<u><u>3,500,000</u></u>

- (c) The Group details of the expected credit loss recognized and/or reversed of investments as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Receivable(excluding interest receivable from loans)	\$ 46,170	(334,105)	(187,700)	(602,341)
Financial assets measured at fair value through other comprehensive income	114,443	(12,116)	95,093	(50,324)
Financial assets measured at amortized cost	406,189	147,685	360,535	(484)
Other financial asset, net	3,185	1,577	3,136	2,091
Loans (including their interest receivable and provisions for financing commitment)	(149,494)	52,268	(134,827)	(117,485)
Total	<u><u>\$ 420,493</u></u>	<u><u>(144,691)</u></u>	<u><u>136,237</u></u>	<u><u>(768,543)</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Derivatives and hedging accounting

(a) Derivatives

(1) The details of the derivatives are as follows:

	June 30, 2025		December 31, 2024		June 30, 2024	
	Book Value	Nominal amount	Book Value	Nominal amount	Book Value	Nominal amount
Financial assets (liabilities)						
Forward exchange contracts	\$ (9,844,943)	1,233,583,616	(1,309,890)	198,008,832	(1,142,182)	334,790,763
Foreign exchange swaps	34,246,227	878,838,333	(37,919,124)	1,213,827,456	(20,584,326)	1,259,574,302
Cross currency swaps	(143,620)	20,522,712	(2,364,325)	22,373,422	(918,086)	18,216,432
Option contracts	362,548	571,271	284,501	633,491	306,677	623,598
Interest rate swaps	-	-	(15,180)	2,491,356	(52,732)	2,952,950
Others	7,828	149,535	15,178	163,949	22,773	162,319
Total	<u>\$ 24,628,040</u>	<u>2,133,665,467</u>	<u>(41,308,840)</u>	<u>1,437,498,506</u>	<u>(22,367,876)</u>	<u>1,616,320,364</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group does not possess derivatives through discretionary investment management agreement.

- (2) The Group enters into forward exchange contracts, foreign exchange swaps, interest rate swaps, and cross currency swaps primarily to hedge against exchange risk from foreign-currency denominated investments and interest rate fluctuation risk from bond investments.
- (3) The unrealized gain or loss resulting from changes in fair value of financial derivatives is recognized in gains (losses) on financial assets or liabilities measured at fair value through profit or loss:

For the three months ended June 30,		For the six months ended June 30,	
2025	2024	2025	2024
<u>\$ 47,224,433</u>	<u>6,643,074</u>	<u>66,020,847</u>	<u>(59,164,217)</u>

(b) Hedge accounting

(1) Fair value hedge

The Group is exposed to fair value fluctuation risk of foreign-currency denominated assets which arises from variations in the exchange rates. The Group assessed that the risk might be significant, and therefore entered into forward exchange contracts and foreign exchange swaps to hedge such risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Cash flow hedge

The Group is exposed to cash flow risk of floating-rate assets and fixed-rate assets held arising from variations in the market interest rates and exchange rates. The Group assessed that the risk might be significant, and therefore entered into interest rate swaps, foreign exchange swaps and cross currency swaps to hedge such risk.

(3) Hedges of net investments in foreign operations

Net investments in foreign operations held by the Group apply different functional currencies compared to the Group. This creates exchange rate risks due to the movement of the exchange rates. The Group assessed that the risk might be significant, and therefore entered into forward exchange contracts to hedge such risk.

The amount, timing and uncertainty of future cash flows:

	Maturity				
	< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
June 30, 2025					
Fair value hedge					
Forward exchange contracts					
Nominal amount	\$ 161,785	308,590	-	-	-
Average exchange rate (KRW/USD)	1,354.05	1,365.43	-	-	-
Foreign exchange swaps					
Nominal amount	\$ 6,407,396	21,086,104	18,408,899	3,598,620	-
Average exchange rate (KRW/USD)	1,382.89	1,346.36	1,321.16	1,225.58	-
Nominal amount	\$ -	2,037,291	599,203	-	-
Average exchange rate (NTD/USD)	-	29.05	28.42	-	-
Cash flow hedge					
Foreign exchange swaps					
Nominal amount	\$ 1,273,946	1,714,584	515,193	-	-
Average exchange rate (KRW/USD)	1,429.55	1,371.36	1,363.13	-	-
Cross currency swaps					
Nominal amount	\$ -	4,254,343	7,370,200	8,898,169	-
Average interest rate	-	(1.72)%	(1.65)%	(1.48)%	-
Average exchange rate (KRW/USD)	-	1,333.13	1,325.68	1,365.13	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

		Maturity				
		< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
December 31, 2024						
Fair value hedge						
Forward exchange contracts						
Nominal amount	\$	-	398,476	-	-	-
Average exchange rate (KRW/USD)		-	1,364.58	-	-	-
Nominal amount	\$		107,784	-	-	-
Average exchange rate (NTD/USD)			32.15		-	-
Foreign exchange swaps						
Nominal amount	\$	4,231,686	23,804,051	20,277,377	9,324,425	-
Average exchange rate (KRW/USD)		1,295.34	1,346.24	1,316.36	1,244.61	-
Nominal amount	\$	875,317	7,023,764	1,639,629	-	-
Average exchange rate (NTD/USD)		32.21	31.45	31.51	-	-
Cash flow hedge						
Interest rate swaps						
Nominal amount	\$	-	-	2,491,356		-
Average fixed interest rate		-	-	2.97 %	-	-
Foreign exchange swaps						
Nominal amount	\$	342,138	747,015	1,182,786		-
Average exchange rate (KRW/USD)		1,376.27	1,398.28	1,354.06	-	-
Cross currency swaps						
Nominal amount	\$	-	-	10,353,832	12,019,590	-
Average interest rate		-	-	(1.54)%	(1.49)%	-
Average exchange rate (KRW/USD)		-	-	1,320.59	1,342.91	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Maturity				
	< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
June 30, 2024					
Fair value hedge					
Forward exchange contracts					
Nominal amount	\$ -	366,291	176,604	-	-
Average exchange rate (KRW/USD)	-	1,347.39	1,378.81	-	-
Nominal amount	\$ -	5,543,421	1,079,250	-	-
Average exchange rate (NTD/USD)	-	31.95	31.88	-	-
Foreign exchange swaps					
Nominal amount	\$ 7,666,152	22,042,892	24,860,958	14,128,594	-
Average exchange rate (KRW/USD)	1,349.86	1,345.82	1,313.57	1,246.78	-
Nominal amount	\$ 1,448,811	1,079,250	3,538,632	-	-
Average exchange rate (NTD/USD)	31.75	31.95	32.03	-	-
Cash flow hedge					
Interest rate swaps					
Nominal amount	\$ -	486,750	2,466,200	-	-
Average fixed interest rate	-	1.86 %	2.97 %	-	-
Cross currency swaps					
Nominal amount	\$ 1,537,114	2,518,250	1,471,704	12,689,364	-
Average interest rate	(0.83)%	(0.84)%	(0.50)%	(1.68)%	-
Average exchange rate (KRW/USD)	1,309.43	1,340.88	1,263.39	1,328.40	-

The hedging instruments used in hedging strategies are as follows:

		Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instruments	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2025 Q2
			Assets	Liabilities		
June 30, 2025						
Fair value hedge						
— Forward exchange contracts	\$	470,375	2,636	94	Financial assets/ liabilities for hedging	6,925
— Foreign exchange swaps		52,137,513	513,386	1,061,972	Financial assets/ liabilities for hedging	3,664,072
Cash flow hedge						
— Interest rate swaps	\$	-	-	-	-	(41,907)
— Foreign exchange swaps		3,503,723	108,647	7,801	Financial assets / liabilities for hedging	222,362
— Cross currency swaps		20,522,712	164,361	307,981	Financial assets / liabilities for hedging	1,833,181

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2024
		Assets	Liabilities		
December 31, 2024					
Fair value hedge					
— Forward exchange contracts	\$ 506,260	3,176	28,808	Financial assets/ liabilities for hedging	333,086
— Foreign exchange swaps	67,176,249	314,894	5,510,736	Financial assets/ liabilities for hedging	(8,480,826)
Cash flow hedge					
— Interest rate swaps	\$ 2,491,356	-	15,180	Financial liabilities for hedging	(167,776)
— Foreign exchange swaps	2,271,939	-	139,770	Financial liabilities for hedging	(195,418)
— Cross currency swaps	22,373,422	-	2,364,325	Financial liabilities for hedging	(3,355,655)

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2024 Q2
		Assets	Liabilities		
June 30, 2024					
Fair value hedge					
— Forward exchange contracts	\$ 7,165,566	99,485	9,654	Financial assets/ liabilities for hedging	384,707
— Foreign exchange swaps	74,765,289	80,279	2,867,999	Financial assets/ liabilities for hedging	(4,797,920)
Cash flow hedge					
— Interest rate swaps	\$ 2,952,950	-	52,732	Financial liabilities for hedging	(108,448)
— Cross currency swaps	18,216,432	487	918,573	Financial assets/ liabilities for hedging	(1,556,020)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The information of designated hedged items are as follows:

Fair value hedge:

June 30, 2025						The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2025 Q2	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinued adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		The line item in Balance Sheet that includes the hedging instrument				
	Assets	Liabilities	Assets	Liabilities					
Hedged items									
Stocks	\$ 8,194,508	-	(412,728)	-	Financial assets measured at fair value through profit or loss	(861,221)	None	(256,509)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	17,955,751	-	(1,512,584)	-	Financial assets measured at fair value through other comprehensive income	(1,554,084)	None	(521,686)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	48,082,828	-	(3,537,757)	-	Financial assets measured at amortized cost	(3,591,232)	None	(1,557,345)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
December 31, 2024						The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinued adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		The line item in Balance Sheet that includes the hedging instrument				
	Assets	Liabilities	Assets	Liabilities					
Hedged items									
Stocks	\$ 4,493,576	-	645,569	-	Financial assets measured at fair value through profit or loss	1,277,631	None	318,284	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	18,972,896	-	1,905,367	-	Financial assets measured at fair value through other comprehensive income	2,048,247	None	(187,602)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	52,544,862	-	4,208,385	-	Financial assets measured at amortized cost	4,476,009	None	(476,535)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

					The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024 Q2	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinues adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item						
	Assets	Liabilities	Assets	Liabilities					
June 30, 2024									
Hedged items									
Stocks	\$ 15,299,644	-	292,615	-	Financial assets measured at fair value through profit or loss	418,961	None	221,476	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds	19,307,808	-	1,160,386	-	Financial assets measured at fair value through other comprehensive income	1,188,890	None	(84,712)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits	52,727,717	-	2,722,502	-	Financial assets measured at amortized cost	2,732,917	None	(209,209)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

Cash flow hedge

		The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2025 Q2	Cash flow hedge reserve	The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
June 30, 2025									
Hedged items									
Floating-rate bonds	\$	(41,975)	-	Not applicable	35,659	-	Financial costs	(20,479)	Interest income
Fixed-rate bonds		(724,029)	32,634	Not applicable	2,124,868	-	Not applicable	(2,127,218)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
		The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024	Cash flow hedge reserve	The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
December 31, 2024									
Hedged items									
Floating-rate bonds	\$	(174,786)	(15,180)	Not applicable	149,961	(70)	Financial costs	(87,689)	Interest income
Fixed-rate bonds		3,280,923	34,984	Not applicable	(2,922,262)	-	Not applicable	2,912,866	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

		The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024 Q2	Cash flow hedge reserve	The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
June 30, 2024									
Hedged items									
Floating-rate bonds	\$	(90,017)	(52,732)	Not applicable	80,110	(70)	Financial costs	(55,390)	Interest income
Fixed-rate bonds		1,497,156	90,492	Not applicable	(1,358,281)	-	Not applicable	1,404,393	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

The reconciliation of each component of equity applying hedging accounting and an analysis of other comprehensive income are as follows:

	Cash flow hedge reserve		Foreign currency translation reserve from net investment in foreign operation	
	For the six months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Opening balance	\$ 19,804	(33,072)	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedge				
The change in value of hedging instruments that were recognized in other comprehensive income	2,160,527	(1,278,171)	-	-
The amount reclassified from cash flow hedge reserve to profit or loss	(2,147,697)	1,349,003	-	-
Ending balance	<u>\$ 32,634</u>	<u>37,760</u>	<u>(19,503)</u>	<u>(19,503)</u>

Note: The sheet is prepared on basis of overall changes of the Group (includes non-controlling interests) during the reporting period.

(D) Investments accounted for using equity method, net

The investment under equity method of the Group on the balance sheet date is as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Associates	\$ 24,187,865	26,079,407	26,621,147
Joint ventures	519,500	422,676	398,122
	<u>\$ 24,707,365</u>	<u>26,502,083</u>	<u>27,019,269</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(a) Associates

Relevant information of associates of the Group is as follows:

Name of Associate	Book Value			Ownership interest and voting right percentage		
	June 30, 2025	December 31, 2024	June 30, 2024	June 30, 2025	December 31, 2024	June 30, 2024
CITIC Capital Holdings Limited	\$ 7,890,700	9,335,024	9,616,227	Percentage of ownership interests: 18.00%	Percentage of ownership interests: 18.00%	Percentage of ownership interests: 18.00%
				Percentage of voting rights: 21.37%	Percentage of voting rights: 21.37%	Percentage of voting rights: 21.37%
Hyundai Card Co., Ltd.	8,446,850	8,533,969	8,828,568	10.00 %	10.00 %	10.00 %
Fubon Financial Holdings Venture Capital Co., Ltd.	3,200,090	3,478,521	3,773,654	25.00 %	25.00 %	25.00 %
Star River Energy Co., Ltd.	179,455	196,456	204,312	20.00 %	20.00 %	20.00 %
Star Shining Energy Co., Ltd.	2,485,047	2,523,768	2,191,479	30.00 %	30.00 %	30.00 %
Whole Max Green Power Co., Ltd.	489,411	496,896	489,634	30.00 %	30.00 %	30.00 %
Sinergy 1st Co., Ltd.	303,755	301,589	299,754	30.00 %	30.00 %	30.00 %
Aquastar Energy Corporation	923,075	917,636	912,682	30.00 %	30.00 %	30.00 %
ZA Life Limited	269,482	295,548	304,837	15.00 %	15.00 %	15.00 %
	<u>\$ 24,187,865</u>	<u>26,079,407</u>	<u>26,621,147</u>			

Summarized financial information of the individually immaterial associates accounted for using equity method was as follows. The financial information was included in the consolidated financial statements of the Group.

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Attributable to the Group:				
Profit or loss after tax from continuing operations	\$ 349,354	435,971	(318,802)	386,983
Other comprehensive (loss) income	(26,091)	(9,541)	(170,042)	(51,989)
Comprehensive income (loss)	<u>\$ 323,263</u>	<u>426,430</u>	<u>(488,844)</u>	<u>334,994</u>

Group share of profit (loss) of associates and investments were recognized based on the financial report of the investee companies that have not been audited were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Share of profit (loss) of associates accounted for using equity method	<u>\$ (69,843)</u>	<u>(81,810)</u>	<u>59,811</u>	<u>61,765</u>

	June 30, 2025	December 31, 2024	June 30, 2024
Investments accounted for using equity method	<u>\$ 4,650,225</u>	<u>597,137</u>	<u>4,402,698</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

On May 6, 2025, the subsidiary, Fubon Life Insurance (Hong Kong) Company Limited resolved by the Board of Directors to dispose of its entire shareholding in ZA Life Limited, which has yet to be approved by the local governing institutions.

(b) Joint venture interest:

The following summarized Fubon Property & Casualty Insurance Co., Ltd. financial adjustment information of the rights and the carrying amount within the financial report of the Group.

	June 30, 2025	December 31, 2024	June 30, 2024
Proportion of ownership interest	<u>40 %</u>	<u>40 %</u>	<u>40 %</u>
Assets	<u>\$ 6,346,675</u>	<u>6,193,349</u>	<u>6,553,456</u>
Liabilities	<u>\$ 5,047,926</u>	<u>5,136,660</u>	<u>5,558,150</u>
Net assets of the Group (carrying amount of joint venture)	<u>\$ 519,500</u>	<u>422,676</u>	<u>398,122</u>

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 821,308</u>	<u>651,634</u>	<u>2,595,504</u>	<u>1,614,454</u>
Profit or loss after tax from continuing operations	\$ 6,969	(9,775)	698,226	13,862
Other comprehensive (loss) income	8,188	(7,167)	14,037	736
Comprehensive income (loss)	<u>\$ 15,157</u>	<u>(16,942)</u>	<u>712,263</u>	<u>14,598</u>

	For the three months ended June 30,		For the six months ended June 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Attributable to the Group:				
Profit or loss after tax from continuing operations	\$ 2,787	(3,910)	279,290	5,545
Other comprehensive (loss) income	3,276	(2,867)	5,615	294
Comprehensive income (loss)	<u>\$ 6,063</u>	<u>(6,777)</u>	<u>284,905</u>	<u>5,839</u>

(c) Guarantee

The Group does not pledge or guarantee any of its investments accounted for using equity method.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(E) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		June 30, 2025	December 31, 2024	June 30, 2024
Fubon Hyundai Life Insurance Co., Ltd.	Korea	<u>16.78 %</u>	<u>16.78 %</u>	<u>16.78 %</u>

The following information of Fubon Hyundai Life Insurance Co., Ltd. has been prepared in accordance with the “International financial reporting guidelines recognized by FSC”. The fair value adjustment made at the acquisition date and adjustments of relevant differences in accounting principles between the Group are included in this information. Intragroup transactions were not eliminated in this information.

	June 30, 2025	December 31, 2024	June 30, 2024
Total assets	\$ 411,426,116	442,341,260	455,182,477
Total liabilities	(389,840,216)	(420,476,377)	(430,805,058)
Equity that belongs to non-ordinary shares	(2,334,932)	(2,348,780)	(2,488,635)
Net assets	<u>\$ 19,250,968</u>	<u>19,516,103</u>	<u>21,888,784</u>
Non-controlling interests	<u>\$ 5,312,094</u>	<u>5,368,934</u>	<u>5,891,799</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Operating revenue	<u>\$ 15,249,533</u>	<u>9,728,865</u>	<u>24,041,814</u>	<u>29,126,034</u>
Net profit	\$ (1,381,843)	(491,949)	(2,394,753)	(357,164)
Other comprehensive (loss) income	1,345,628	361,146	2,115,770	(1,281,412)
Comprehensive (loss) income	<u>\$ (36,215)</u>	<u>(130,803)</u>	<u>(278,983)</u>	<u>(1,638,576)</u>
Net profit, attributable to non-controlling interests	<u>\$ (231,914)</u>	<u>(82,564)</u>	<u>(401,911)</u>	<u>(59,943)</u>
Comprehensive (loss) income, attributable to non-controlling interests	<u>\$ (39,654)</u>	<u>(37,096)</u>	<u>(56,841)</u>	<u>(282,880)</u>

	For the six months ended June 30,	
	2025	2024
Net cash flows from (used in) operating activities	<u>\$ (10,947,480)</u>	<u>(10,454,269)</u>
Net cash flows from (used in) investing activities	<u>\$ (293,961)</u>	<u>97,474</u>
Net cash flows from (used in) financing activities	<u>\$ (377,660)</u>	<u>3,947,622</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(F) Acquisition of subsidiary

(a) Consideration transferred

On March 21, 2025, the subsidiary, Fubon Green Power CO., LTD., acquired the entire equity of Sumray Power Company, who mainly engages in energy storage-related businesses, for a cash consideration of \$326,587 thousand.

(b) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

Unit:NTD\$'000

Cash and cash equivalents	\$ 204,702
Accounts Receivable	38,489
Prepayments	140,217
Property, plant, and equipment	2,799,559
Right-of-use asset	30,643
Other assets	127,979
Short-term borrowing	(216,180)
Accounts payable	(64,209)
Lease liability	(33,813)
Current tax liability	(6,264)
Other financial liabilities	(2,076,580)
Other liabilities	(617,956)
Fair value of identifiable net assets acquired	<u>\$ 326,587</u>

As of the approval date of these consolidated financial statements for issuance, the required market valuation and other related calculations have not yet been completed and are therefore based solely on management's best estimates. In accordance with IFRS 3, the measurement period shall not exceed one year from the acquisition date.

(G) Investment property

	<u>Land</u>	<u>Buildings and other facilities</u>	<u>Construction in progress</u>	<u>Prepayments for building, land and equipment</u>	<u>Right-of-use asset</u>	<u>Total</u>
Balance of January 1, 2025	\$ 188,144,989	59,070,790	7,658,422	25,810	44,813,881	299,713,892
Addition	-	-	4,324,067	-	-	4,324,067
Subsequent expenditures	-	12,721	-	17,985	-	30,706
Remeasurement	-	-	-	-	46,299	46,299
Gains (losses) on fair value adjustments	1,564,820	(1,238,908)	-	-	(334,847)	(8,935)
Reclassification	(169,072)	(40,380)	75,780	(133)	-	(133,805)
Effect of changes in foreign exchange rates	145,275	(14,214)	2,304	-	(9,408)	123,957
Balance of June 30, 2025	<u>\$ 189,686,012</u>	<u>57,790,009</u>	<u>12,060,573</u>	<u>43,662</u>	<u>44,515,925</u>	<u>304,096,181</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

				Prepayments for building, land and equipment	Right-of-use asset	Total
	Land	Buildings and other facilities	Construction in progress			
Balance of January 1, 2024	\$ 187,105,055	67,584,677	3,358,610	85,058	44,643,460	302,776,860
Addition	57,365	-	2,550,038	181,373	-	2,788,776
Subsequent expenditures	-	42,637	-	16,293	-	58,930
Remeasurement	-	-	-	-	476,963	476,963
Gains (losses) on fair value adjustments	660,952	(7,373,960)	-	-	(10,461)	(6,723,469)
Reclassification	-	(267,982)	73,004	(9,068)	(400,945)	(604,991)
Effect of changes in foreign exchange rates	458,120	776,972	-	-	55,439	1,290,531
Balance of June 30, 2024	<u>\$ 188,281,492</u>	<u>60,762,344</u>	<u>5,981,652</u>	<u>273,656</u>	<u>44,764,456</u>	<u>300,063,600</u>

For lease liabilities and interest expense due to possession of superficies by the Group, please refer to Note 6(R).

In accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Group engaged appraisers from professional valuation firms listing below to evaluate the fair value of investment properties based on the Regulations on Real Estate Appraisal, and the appraisal dates are June 30, 2025, December 31 and June 30, 2024:

- (a) DTZ Cushman & Wakefield Real Estate Appraiser Office: Lee Ken Yuan, Tsai Chia Ho, Hu Chun Chun and Yang Chang Da
- (b) Savills Valuation and Professional Services: Tai Kuang Ping, Chang Hung Kai, Chang Yi Chih, Yeh Yu Fen and Yeh Shih Yu
- (c) REPro International Appraisals: Tsai You Shiang, Hsu Hsiang I and Wu Hong Hsu
- (d) Jin Han Real Estate Appraisers Joint Firm: Wu Yu Chun, Hung Chi Hsiang and Lai Sheng Feng
- (e) G-Beam Real Estate Appraisers Firm: Lai Jin Wei
- (f) Colliers International Valuation (Taiwan) Ltd.: Ke Fong Ru and Ku Chien Hui
- (g) Hong Bang Real Estate Appraisers Joint Firm: Li Qing Tang
- (h) Savills Valuation and Professional Services and Savills (U.K.) Limited: Chang Yi Chih, Matthew Salter, Oliver King, James Higham and Amanda Blythe-Smith
- (i) REPro International Appraisals and Knight Frank LLP: Hsu Hsiang I, Tsai You Shiang, Louise Fuller, Simon Gillespie, John Rushby and William Rankine
- (j) DTZ Cushman & Wakefield Real Estate Appraiser Office and Cushman & Wakefield Belgium SA: Charlie Yang, Emeric Inghels and Gregory Lamarche

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (k) Savills Valuation and Professional Services and Savills Belux Group sa: Chang Hung Kai, Melchior de La Pom é lie and David Poole
- (l) Jones Lang LaSalle Taiwan and Jones Lang LaSalle srl/bv: Hsu Kuo Chun, Greet Hex and Jeremy Greenfield
- (m) REPro International Appraisals and Knight Frank SA/NV: Hsu Hsiang I and Filip Derijck
- (n) Colliers International Valuation (Taiwan) Ltd. and Colliers International Valuation GmbH: Ku Chien Hui, Robert Becker and Dmitry Stul
- (o) Jones Lang LaSalle Taiwan and Jones Lang LaSalle SE: Hsu Kuo Chun, You Shu Fen, Patrick Metzger and Carolin Wohlfarth
- (p) Savills Valuation and Professional Services and Savills Immobilien Beratungs-GmbH: Chang Yi Chih, Thomas Berger and Christian Glock
- (q) Colliers International Valuation (Taiwan) Ltd., Daeil Appraisal Board and Colliers International (Hong Kong) Limited: Ku Chien Hui, Dorothy Chow and Kyoungdo Lee
- (r) CBRE Taiwan and CBRE Korea Co., Ltd.: Shi Fu Xue and Alex Chan
- (s) DTZ Cushman & Wakefield Real Estate Appraiser Office and W appraisal Company: Charlie Yang and Lee Ji Soo
- (t) Savills Valuation and Professional Services and Pacific Appraisal Co., Ltd: Chang Hung Kai, Min Kyung Oh, Soomin Park and Jongbeom Kang

The fair value of investment property is evaluated by the appraisers from market-based evidence and Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. Appraisal methods include Sales Comparison Method, Income Approach (including Direct Capitalization Method and Discounted Cash Flow Method), Cost Approach and Cost Approach - Land Development Analysis, and so on.

Commercial office buildings are appraised by Sales Comparison Method and Income Approach mostly because of the market liquidity, comparable sale and rental cases in the neighboring areas. Shopping malls, hotels and department stores, given its characteristics, terms of lease contracts and reference of similar investment properties, are appraised mainly by Sales Comparison Method as well as Cost Approach, Direct Capitalization Method or DCF method of Income Approach. Special properties such as complex properties of malls and hotels or hospitals are appraised mainly by Cost Approach, as well as Sales Comparison Method, Direct Capitalization Method and DCF Method of Income Approach.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Superficies are appraised by Sales Comparison Method, Price Ratio Method, Cost Approach - Land Development Analysis, and Discounted Cash Flow Method. Factories and buildings planned for urban renewal are appraised by Sales Comparison Method, Cost Approach and Land Development Analysis Approach. Vacant land and superficies after completion of construction are appraised by the methods mentioned above regarding the nature of completed buildings.

Parameters primarily used are as below:

	June 30, 2025	December 31, 2024	June 30, 2024
	approx	approx	approx
Capitalization rate	0.31%~6.90%	0.27%~6.31%	0.27%~8.94%
Capitalization rate at the period end	1.70%~6.50%	1.70%~6.50%	1.70%~6.00%
Discount rate	2.97%~10.50%	2.97%~8.00%	2.97%~8.25%

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 the capitalization rate and discount rate. Decision of discount rate is according to “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” which is after amending when the Group acquired target on May 11, 2020.

Due to the Group can not evaluate the fair value of the land obtained after May 11, 2020, using a method that complies with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the carrying amount is evaluated by cost. As of June 30, 2025, December 31 and June 30, 2024, the amounts are \$32,095,443 thousand.

The investment properties held by the Group are subsequently measured at fair value and are classified in the level 3 of the fair value hierarchy. The valuation techniques and significant inputs used by the professional appraisal firms are as follows:

- (a) The direct capitalization method of the income approach: When the direct capitalization rate increases, the fair value of investment properties will decrease, and vice versa.
- (b) The discounted cash flow analysis method of the income approach: When the discount rate and year-end income capitalization rate increase, the fair value of investment properties will decrease, and vice versa.

Investment properties are primarily held for lease under operating leases, and the main terms of these leases are the same as general lease contracts. Please refer to Note 6(H).

As of June 30, 2025, December 31 and June 30, 2024, investment properties owned by the Group were not pledged.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(H) Operating lease

The Group leases out investment property as operating leases, please refer to Note 6(G).

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Rental income of investment property	<u>\$ 2,030,913</u>	<u>2,186,277</u>	<u>4,043,394</u>	<u>4,350,528</u>
Direct operating expenses arising from the investment property	<u>\$ 571,079</u>	<u>546,813</u>	<u>1,207,376</u>	<u>1,161,988</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 72,560</u>	<u>121,675</u>	<u>162,374</u>	<u>197,033</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Less than one year	\$ 7,427,652	7,914,510	8,312,225
One to two years	6,627,083	7,702,024	7,124,796
Two to three years	5,405,983	6,013,787	6,089,281
Three to four years	4,348,885	4,628,091	4,921,098
Four to five years	3,622,989	3,836,353	3,935,267
More than five years	24,088,871	25,336,842	25,368,821
Total undiscounted lease payments	<u>\$ 51,521,463</u>	<u>55,431,607</u>	<u>55,751,488</u>

(I) Reinsurance assets

	June 30, 2025	December 31, 2024	June 30, 2024
Claims recoverable from reinsurers	\$ 1,032,542	1,064,441	1,346,197
Due from reinsurers and ceding companies	428,615	608,785	422,689
Overdue receivables	-	-	1,775,126
Less: Loss allowance	-	-	(769,956)
Subtotal	<u>1,461,157</u>	<u>1,673,226</u>	<u>2,774,056</u>
Reinsurance reserve assets:			
Ceded reinsurance unearned premiums reserve	915,229	857,757	877,083
Ceded reinsurance claim reserve	199,536	111,807	269,225
Ceded reinsurance liability reserve	<u>982</u>	<u>1,516</u>	<u>1,995</u>
Subtotal	<u>1,115,747</u>	<u>971,080</u>	<u>1,148,303</u>
Total	<u>\$ 2,576,904</u>	<u>2,644,306</u>	<u>3,922,359</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(J) Property and equipment — net

June 30, 2025				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,436,907	-	1,013,284	14,423,623
Buildings	8,654,322	1,874,260	45,259	6,734,803
Computer equipment	3,210,033	2,217,343	-	992,690
Other equipment	2,666,082	1,420,565	-	1,245,517
Leasehold improvements	851,434	828,726	-	22,708
Construction in progress	5,136,120	-	-	5,136,120
Prepayments for equipment	303,037	-	-	303,037
Total	\$ <u>36,257,935</u>	<u>6,340,894</u>	<u>1,058,543</u>	<u>28,858,498</u>

December 31, 2024				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,268,090	-	1,013,284	14,254,806
Buildings	8,614,290	1,748,136	45,259	6,820,895
Computer equipment	3,093,941	2,048,302	-	1,045,639
Other equipment	1,631,804	1,343,787	-	288,017
Leasehold improvements	878,840	849,543	-	29,297
Construction in progress	1,742,394	-	-	1,742,394
Prepayments for equipment	268,822	-	-	268,822
Total	\$ <u>31,498,181</u>	<u>5,989,768</u>	<u>1,058,543</u>	<u>24,449,870</u>

June 30, 2024				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,275,638	-	1,013,284	14,262,354
Buildings	8,623,269	1,623,489	45,259	6,954,521
Computer equipment	2,767,918	1,931,038	-	836,880
Other equipment	1,517,385	1,372,424	-	144,961
Leasehold improvements	904,854	874,382	-	30,472
Construction in progress	341,629	-	-	341,629
Prepayments for equipment	179,472	-	-	179,472
Total	\$ <u>29,610,165</u>	<u>5,801,333</u>	<u>1,058,543</u>	<u>22,750,289</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes in property and equipment of the Group are as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Prepayments for equipment</u>	<u>Total</u>
Cost									
Balance of January 1, 2025	\$ 15,268,090	8,614,290	3,093,941	-	1,631,804	878,840	1,742,394	268,822	31,498,181
Acquisitions through business combinations	-	-	-	-	1,048,162	-	1,792,178	-	2,840,340
Purchase and acquisition	-	-	61,911	-	10,721	1,637	1,563,829	102,769	1,740,867
Disposal	-	-	(1,567)	-	(22,533)	(24,382)	-	-	(48,482)
Reclassification	169,072	40,513	66,360	-	1,048	-	37,719	(67,245)	247,467
Effect of changes in foreign exchange rates	(255)	(481)	(10,612)	-	(3,120)	(4,661)	-	(1,309)	(20,438)
Balance of June 30, 2025	<u>15,436,907</u>	<u>8,654,322</u>	<u>3,210,033</u>	<u>-</u>	<u>2,666,082</u>	<u>851,434</u>	<u>5,136,120</u>	<u>303,037</u>	<u>36,257,935</u>
Accumulated depreciation									
Balance of January 1, 2025	\$ -	1,748,136	2,048,302	-	1,343,787	849,543	-	-	5,989,768
Acquisitions through business combinations	-	-	-	-	40,781	-	-	-	40,781
Depreciation	-	126,291	178,016	-	57,239	7,109	-	-	368,655
Disposal	-	-	(1,562)	-	(22,503)	(24,271)	-	-	(48,336)
Reclassification	-	-	-	-	3,920	-	-	-	3,920
Effect of changes in foreign exchange rates	-	(167)	(7,413)	-	(2,659)	(3,655)	-	-	(13,894)
Balance of June 30, 2025	<u>-</u>	<u>1,874,260</u>	<u>2,217,343</u>	<u>-</u>	<u>1,420,565</u>	<u>828,726</u>	<u>-</u>	<u>-</u>	<u>6,340,894</u>
Accumulated impairment loss									
Balance of January 1, 2025	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Balance of June 30, 2025	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>

	<u>Land</u>	<u>Buildings</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Prepayments for equipment</u>	<u>Total</u>
Cost									
Balance of January 1, 2024	\$ 15,275,861	8,145,002	2,736,099	19	1,500,596	901,347	204,445	134,352	28,897,721
Purchase and acquisition	-	131,008	23,187	-	13,965	1,216	129,581	134,634	433,591
Estimated cost of derecognition	-	-	-	-	-	226	-	-	226
Disposal	-	-	(4,278)	(19)	(4,916)	(227)	-	-	(9,440)
Reclassification	-	347,655	14,168	-	9,009	-	7,603	(89,830)	288,605
Effect of changes in foreign exchange rates	(223)	(396)	(1,258)	-	(1,269)	2,292	-	316	(538)
Balance of June 30, 2024	<u>15,275,638</u>	<u>8,623,269</u>	<u>2,767,918</u>	<u>-</u>	<u>1,517,385</u>	<u>904,854</u>	<u>341,629</u>	<u>179,472</u>	<u>29,610,165</u>
Accumulated depreciation									
Balance of January 1, 2024	\$ -	1,506,942	1,775,560	19	1,346,674	862,948	-	-	5,492,143
Depreciation	-	121,668	160,358	-	32,009	10,137	-	-	324,172
Disposal	-	-	(4,183)	(19)	(4,907)	(227)	-	-	(9,336)
Reclassification	-	(5,002)	-	-	-	-	-	-	(5,002)
Effect of changes in foreign exchange rates	-	(119)	(697)	-	(1,352)	1,524	-	-	(644)
Balance of June 30, 2024	<u>-</u>	<u>1,623,489</u>	<u>1,931,038</u>	<u>-</u>	<u>1,372,424</u>	<u>874,382</u>	<u>-</u>	<u>-</u>	<u>5,801,333</u>
Accumulated impairment loss									
Balance of January 1, 2024	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Balance of June 30, 2024	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Net									
Balance of June 30, 2025	<u>\$ 14,423,623</u>	<u>6,734,803</u>	<u>992,690</u>	<u>-</u>	<u>1,245,517</u>	<u>22,708</u>	<u>5,136,120</u>	<u>303,037</u>	<u>28,858,498</u>
Balance of December 31, 2024	<u>\$ 14,254,806</u>	<u>6,820,895</u>	<u>1,045,639</u>	<u>-</u>	<u>288,017</u>	<u>29,297</u>	<u>1,742,394</u>	<u>268,822</u>	<u>24,449,870</u>
Balance of June 30, 2024	<u>\$ 14,262,354</u>	<u>6,954,521</u>	<u>836,880</u>	<u>-</u>	<u>144,961</u>	<u>30,472</u>	<u>341,629</u>	<u>179,472</u>	<u>22,750,289</u>

Significant components of buildings include architecture constructions, engineering constructions, elevator equipment constructions, air conditioner constructions, fire-prevention constructions, mechanical parking equipment, and solar power equipment. These are depreciated based on major useful lives of 50, 15, 10, 8 and 5 years, respectively or the remaining useful lives.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(K) Right-of-use assets

		June 30, 2025	December 31, 2024	June 30, 2024	
Carrying amount					
Land	\$	4,845,929	4,872,921	4,932,421	
Buildings		1,130,649	1,139,987	1,179,430	
Transportation equipment		7,571	12,524	13,705	
Other equipment		20,926	23,062	23,626	
	\$	<u>6,005,075</u>	<u>6,048,494</u>	<u>6,149,182</u>	
		For the three months ended June 30,	For the six months ended June 30,		
		2025	2024	2025	2024
Increase					
Increase	\$	41,980	372,253	304,132	938,568
Acquisitions through business		-	-	36,200	-
Total	\$	<u>41,980</u>	<u>372,253</u>	<u>340,332</u>	<u>938,568</u>
Depreciation expense					
Land	\$	28,470	26,484	56,736	51,828
Buildings		144,042	152,844	289,410	304,420
Transportation equipment		1,462	1,395	2,976	2,791
Other equipment		1,741	1,647	3,446	3,295
Total	\$	<u>175,715</u>	<u>182,370</u>	<u>352,568</u>	<u>362,334</u>

(L) Intangible assets

		<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Goodwill	\$	1,511,816	1,520,783	1,611,335
Development costs		386,618	462,052	554,309
Computer software		349,843	403,520	412,223
Business license		2,401,207	2,463,358	2,660,798
Others		<u>45,446</u>	<u>45,712</u>	<u>48,443</u>
	\$	<u>4,694,930</u>	<u>4,895,425</u>	<u>5,287,108</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes of the intangible assets are as follows:

	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance of January 1, 2025	\$ 1,520,783	7,525,309	9,046,092
Purchase and acquisition	-	24,326	24,326
Disposal	-	(29,567)	(29,567)
Reclassification	-	9,545	9,545
Effect of changes in foreign exchange rates	(8,967)	(49,000)	(57,967)
Balance of June 30, 2025	<u>\$ 1,511,816</u>	<u>7,480,613</u>	<u>8,992,429</u>
Balance of January 1, 2024	\$ 1,618,385	7,684,746	9,303,131
Purchase and acquisition	-	100,610	100,610
Disposal	-	(1,001)	(1,001)
Reclassification	-	6,093	6,093
Effect of changes in foreign exchange rates	(7,050)	(22,616)	(29,666)
Balance of June 30, 2024	<u>\$ 1,611,335</u>	<u>7,767,832</u>	<u>9,379,167</u>
Accumulated amortization and impairment:			
Balance of January 1, 2025	\$ -	4,150,667	4,150,667
Amortization	-	208,013	208,013
Disposal	-	(29,567)	(29,567)
Effect of changes in foreign exchange rates	-	(31,614)	(31,614)
Balance of June 30, 2025	<u>\$ -</u>	<u>4,297,499</u>	<u>4,297,499</u>
Balance of January 1, 2024	\$ -	3,878,205	3,878,205
Amortization	-	222,874	222,874
Disposal	-	(1,001)	(1,001)
Effect of changes in foreign exchange rates	-	(8,019)	(8,019)
Balance of June 30, 2024	<u>\$ -</u>	<u>4,092,059</u>	<u>4,092,059</u>
Carrying amount:			
Balance of June 30, 2025	<u>\$ 1,511,816</u>	<u>3,183,114</u>	<u>4,694,930</u>
Balance of December 31, 2024	<u>\$ 1,520,783</u>	<u>3,374,642</u>	<u>4,895,425</u>
Balance of June 30, 2024	<u>\$ 1,611,335</u>	<u>3,675,773</u>	<u>5,287,108</u>

The above stated goodwill of the Group was attributed to the acquisition of controlling power of subsidiary, Fubon Hyundai Life Insurance Co., Ltd. in September 2018.

Goodwill generated from a business combination should be tested for impairment on an annual basis. The Group regards Fubon Hyundai Life Insurance Co., Ltd. as a cash generating unit, uses appropriate discount rate to estimate recoverable amount of Fubon Hyundai Life, and calculates the carrying value of net assets to evaluate whether to recognize impairment.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(M) Other assets

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments	\$ 2,251,696	2,143,276	1,936,206
Deferred acquisition cost	2,617,772	2,511,210	2,401,497
Refundable deposits	18,940,045	23,135,500	21,267,610
Other assets - other	5,550,875	4,803,136	4,869,247
Less: Accumulated impairment	(60,117)	(60,117)	(59,957)
Total	<u>\$ 29,300,271</u>	<u>32,533,005</u>	<u>30,414,603</u>

The Group periodically assesses whether there is any indication that a portion of the carry amount for other assets is impaired every year. Fair value less cost to sale is measured to determine the recoverable amount, the amounts determined is based on expert's valuation report, and the recognition of impairment focuses on recoverable amounts that are lower than the carrying amount. The aforementioned fair value is based on significant unobservable inputs, and is therefore classified under level 3.

Articles 141 and 142 of the Insurance Act require insurance industry to place a government statutory deposit equal to 15% of its paid-in capital. Such deposits will not be returned until cessation of business and liquidation has been completed. In accordance with the regulations of the competent authority in Vietnam, insurance companies shall deposit 2% of legal capital in local banks in Vietnam as operating guarantee deposits. The Group used government bonds and saving deposits for the operating guarantee deposits, the details of which were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Government bonds (Book value)	\$ <u>17,211,730</u>	<u>17,076,321</u>	<u>15,850,048</u>
Cash in bank	\$ <u>17,190</u>	<u>19,305</u>	<u>19,140</u>

(N) Insurance product — separate account

Detailed account balances of the investment insurance products, separate accounts are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Assets on insurance product, separate account:			
Cash in bank	\$ 10,333,002	10,342,215	10,839,583
Financial assets measured at fair value through profit or loss	298,121,779	308,752,556	304,497,003
Accounts receivable	1,299,018	2,216,467	1,197,283
Total	<u>\$ 309,753,799</u>	<u>321,311,238</u>	<u>316,533,869</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Liabilities on insurance product, separate account:			
Reserve — Insurance contract	\$ 136,887,182	142,915,200	147,230,815
Reserve — Investment contract	172,824,723	178,353,972	169,267,326
Accounts payable	<u>41,894</u>	<u>42,066</u>	<u>35,728</u>
Total	<u><u>\$ 309,753,799</u></u>	<u><u>321,311,238</u></u>	<u><u>316,533,869</u></u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Income on insurance product, separate account:				
Premiums income	\$ 2,915,097	2,849,777	6,007,319	5,846,972
Interest income	757,851	854,491	1,616,284	1,702,594
Gains or losses on financial assets and liabilities measured at fair value through profit or loss	594,386	3,477,612	(1,772,248)	11,868,417
Gains or losses on foreign exchange	<u>(214,368)</u>	<u>336,209</u>	<u>37,813</u>	<u>621,440</u>
Total	<u><u>\$ 4,052,966</u></u>	<u><u>7,518,089</u></u>	<u><u>5,889,168</u></u>	<u><u>20,039,423</u></u>
Disbursements on insurance product, separate account:				
Net changes in reserve, insurance contract	\$ (582,516)	759,369	(4,185,128)	7,411,235
Insurance claims and payment	3,721,032	5,875,642	8,250,681	10,846,674
Administrative expenses	913,298	882,454	1,821,449	1,779,994
Other disbursements	<u>1,152</u>	<u>624</u>	<u>2,166</u>	<u>1,520</u>
Total	<u><u>\$ 4,052,966</u></u>	<u><u>7,518,089</u></u>	<u><u>5,889,168</u></u>	<u><u>20,039,423</u></u>

Sales rebate earned from counterparty for investment-linked insurance products are as follows (recognized in fee income):

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Sales rebate earned from counterparty for investment-linked insurance products	<u><u>\$ 235,287</u></u>	<u><u>233,676</u></u>	<u><u>490,365</u></u>	<u><u>454,989</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Detailed account balances of the business (individual) annuity insurance products of Fubon Hyundai Life Insurance - separate accounts are as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Assets on business (individual) annuity insurance products, separate accounts:			
Cash in bank	\$ 7,379,806	2,618,869	3,440,504
Financial assets measured at fair value through profit or loss	12,885,971	13,150,325	16,503,301
Financial assets measured at fair value through other comprehensive income	100,620,170	113,901,005	118,281,651
Financial assets for hedging	685,320	-	1,038
Loans	22,180,769	24,911,128	23,961,744
Interests receivable	1,041,650	1,130,187	1,140,521
Other accounts receivable	4,639,245	13,147,512	7,375,128
Total	<u>\$ 149,432,931</u>	<u>168,859,026</u>	<u>170,703,887</u>
Liabilities on business (individual) annuity insurance products, separate accounts:			
Financial liabilities for hedging	\$ 522,543	3,613,591	1,780,085
Other accounts payable	145,319	8,628,176	197,965
Reserve — Insurance contract	160,799,866	165,973,935	188,340,159
Short-term liabilities	3,423,640	8,665,410	-
Total	<u>\$ 164,891,368</u>	<u>186,881,112</u>	<u>190,318,209</u>

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Income on business (individual) annuity insurance products, separate accounts:				
Interest income	\$ 1,209,417	1,436,931	2,607,166	2,926,182
Gains on financial assets and liabilities measured at fair value through profit or loss	3,028,408	59,058	3,432,283	183,854
Realized gains from financial assets measured at fair value through other comprehensive income	15,586	-	24,360	-
Reversal of ECL on investments	1,850	(19,462)	98,758	78,644
Gains on foreign exchange	74,367	1,725,675	120,030	4,035,584
Other income	1,448,915	485,257	2,069,773	742,324
Total	<u>\$ 5,778,543</u>	<u>3,687,459</u>	<u>8,352,370</u>	<u>7,966,588</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Disbursements on business (individual) annuity insurance products, separate accounts:				
Insurance claims and payment	\$ 1,374	(5)	1,750	1,875
Current provisions of separate accounts	1,617,684	1,936,401	3,295,155	3,900,267
Losses on financial assets and liabilities measured at fair value through profit or loss	(259,986)	1,583,066	243,278	3,635,965
Realized losses from financial assets measured at fair value through other comprehensive income	47,663	(10)	82,823	3,882
Recognition of ECL on investments	(129)	(20,107)	4,591	5,227
Losses on foreign exchange	4,257,397	36,652	4,448,431	57,157
Administrative expenses	65,299	77,860	124,650	144,620
Other expenses	49,241	73,602	151,692	217,595
Total	<u>\$ 5,778,543</u>	<u>3,687,459</u>	<u>8,352,370</u>	<u>7,966,588</u>

The subsidiary, Fubon Hyundai Life Insurance Co., Ltd., provides government bonds and corporate bonds as collateral of trades of financial assets and repurchase agreements which is classified as financial assets measured at fair value through other comprehensive income. As of June 30, 2025, December 31 and June 30, 2024, the carrying amount of the collateral were \$4,881,603 thousand, \$13,538,118 thousand and \$1,964,220 thousand, respectively.

(O) Accounts payable

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Notes payable	\$ 28	137	53
Expense payable	8,520,680	10,605,820	7,452,174
Commissions payable	3,346,548	3,482,681	3,042,177
Insurance and reinsurance claims payable	13,348,340	12,964,910	12,679,685
Due to reinsurers and ceding companies	1,694,824	1,618,947	3,273,621
Dividend payable	15,000,079	-	-
Insurance product — separate accounts payable	6,230,175	15,194,227	8,798,537
Investments payable	28,507,030	29,013,992	32,292,935
Other payable	6,284,305	3,842,087	3,556,409
Total	<u>\$ 82,932,009</u>	<u>76,722,801</u>	<u>71,095,591</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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(P) Short-term liabilities

Short-term liabilities of the Group on the balance sheet date are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term borrowings	\$ -	1,200,000	-
Commercial paper issued	208,502	-	-
	<u>\$ 208,502</u>	<u>1,200,000</u>	<u>-</u>

(a) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Short-term borrowings	\$ -	1,200,000	-
Interest rate	-	2.90%~2.96%	-

- (1) Please refer to Note 6(AE) for further information of Liquidity risk.
- (2) The reserve accounts for the above short-term borrowings, recorded as other financial assets, are deemed to be restricted assets. For further details, please refer to Note 6(B)(a)(6).
- (3) The aforementioned short-term borrowings of \$1,200,000 thousand were incurred by the sub-subsidiary, Li-Tong, for the acquisition of movable properties. In accordance with the credit facility terms, the subsidiary, Fubon Green Power, is required to pledge its equity interest in Li-Tong to the bank. The pledge procedure has been incorporated into the syndicated loan arrangement with SinoPac Commercial Bank and other participating banks, under a total credit facility amounting to \$3,250,000 thousand. For further details, please refer to Note 6(B)(a)(8).
- (4) For the six months ended June 30, 2025, the Group capitalized interest on borrowings amounting to \$18,537 thousand, with capitalization rates ranging from 2.73% to 2.96%. Of this amount, \$1,034 thousand was related to acquisitions through business combinations, with capitalization rates ranging from 2.73% to 2.83%. No interest capitalization was recognized for the six months ended June 30, 2024.

(b) Commercial paper issued

	June 30, 2025	December 31, 2024	June 30, 2024
Par value	\$ 209,000	-	-
Less: Discount on commercial paper issued	498	-	-
Total	<u>\$ 208,502</u>	<u>-</u>	<u>-</u>
Interest rate	<u>2.07 %</u>	<u>-</u>	<u>-</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (1) All of the above-mentioned commercial papers were underwritten and issued by bills finance companies.
- (2) For the six months ended June 30, 2025, the Group capitalized interest on borrowings amounting to \$92 thousand, with a capitalization rate of 2.07%. No interest capitalization was recognized for the six months ended June 30, 2024.

(Q) Bonds payable

The information of bonds issued by the Group were as follows:

Name	Outstanding period		Rate %	Face Amount	(Discount) Premium	June 30, 2025	December 31, 2024	June 30, 2024	Note
	Date of Issuance	Maturity							
The first issue of 2016 perpetual cumulative subordinated corporate bond	2016.12.07	No maturity date	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	28,500,000	Note2
The first issue of 2017 perpetual cumulative subordinated corporate bond	2017.04.21	No maturity date	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	6,500,000	Note2
The first issue of 2018 perpetual non-cumulative subordinated corporate bond (private placement)	2018.03.27	No maturity date	3.60 % (Note 3)	20,000,000	-	20,000,000	20,000,000	20,000,000	Note4
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.09.05	2033.09.05	3.70 %	13,570,000	-	13,570,000	13,570,000	13,570,000	
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.09.05	2038.09.05	3.85 %	8,930,000	-	8,930,000	8,930,000	8,930,000	Note5
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.11.07	2033.11.07	3.70 %	500,000	-	500,000	500,000	500,000	
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.11.07	2038.11.07	3.85 %	2,000,000	-	2,000,000	2,000,000	2,000,000	Note5
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2024	2024.06.12	2034.06.12	3.70 %	14,880,000	-	14,880,000	14,880,000	14,880,000	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name	Outstanding period		Rate %	Face Amount	(Discount) Premium	June 30, 2025	December 31, 2024	June 30, 2024	Note
	Date of Issuance	Maturity							
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2024	2024.06.12	2039.06.12	3.85 %	\$ 10,120,000	-	10,120,000	10,120,000	10,120,000	Note5
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2024	2024.10.23	2034.10.23	3.70 %	22,730,000	-	22,730,000	22,730,000	-	
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2024	2024.10.23	2039.10.23	3.85 %	8,270,000	-	8,270,000	8,270,000	-	Note5
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2025	2025.04.22	2035.04.22	3.70 %	9,140,000	-	9,140,000	-	-	
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2025	2025.04.22	2040.04.22	3.85 %	9,860,000	-	9,860,000	-	-	Note5
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 6)	1,104,400	-	-	-	1,175,333	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 6)	2,208,800	-	-	-	2,348,540	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 6)	331,320	-	-	332,760	352,529	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 6)	1,104,400	(2,721)	1,101,679	1,107,985	1,173,719	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 6)	1,203,796	(2,005)	1,201,791	1,208,770	1,280,590	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 6)	2,098,360	(5,274)	2,093,086	2,105,131	2,230,090	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 6)	1,104,400	(3,134)	1,101,266	1,107,605	1,173,358	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 6)	3,313,200	(9,151)	3,304,049	3,323,130	3,520,467	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 6)	1,767,040	(6,272)	1,760,768	1,770,919	1,876,065	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 6)	2,164,624	(6,965)	2,157,659	2,170,138	2,299,030	
FubonHyundai Insurance 25 (private placement)	2023.09.25	2033.09.25	7.40 % (Note 6)	662,640	(1,728)	660,912	664,757	704,262	
FubonHyundai Insurance 26	2024.03.15	2034.03.15	6.90 % (Note 6)	1,104,400	(4,203)	1,100,197	1,106,549	1,172,259	
FubonHyundai Insurance 27	2024.05.31	2034.05.31	7.00 % (Note 6)	2,650,560	(9,920)	2,640,640	2,655,905	2,813,642	
Total					<u>\$ (51,373)</u>	<u>172,122,047</u>	<u>153,553,649</u>	<u>127,119,884</u>	

Note1: Fixed rate from the date of issuance, plus 1% if the group does not redeem the bond in 10 years from the date of issuance.

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Note2: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.

Note3: After 10 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year benchmark yield rate plus the spread at the time of issuance.

Note4: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed at face value plus accrued interest once a year.

Note5: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.

Note6: After 5 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year KTB rate plus the spread at the time of issuance.

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest Expense	\$ <u>1,626,306</u>	<u>1,035,219</u>	<u>3,109,700</u>	<u>1,983,358</u>

(R) Lease liabilities

The Group's undiscounted lease payments maturity analysis:

	June 30, 2025	December 31, 2024	June 30, 2024
Less than one year	\$ 1,086,245	1,052,044	1,044,549
One to three years	3,555,655	1,677,943	1,697,269
Three to five years	3,105,331	5,011,831	5,017,981
More than five years	<u>20,598,320</u>	<u>20,926,441</u>	<u>20,978,199</u>
	<u>\$ 28,345,551</u>	<u>28,668,259</u>	<u>28,737,998</u>

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The amounts recognized in profit or loss were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ <u>101,029</u>	<u>102,073</u>	<u>201,128</u>	<u>200,052</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>3,224</u>	<u>3,197</u>	<u>6,475</u>	<u>6,319</u>
Expenses relating to short-term leases	\$ <u>2,784</u>	<u>2,918</u>	<u>5,589</u>	<u>6,235</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>4,445</u>	<u>4,186</u>	<u>7,936</u>	<u>7,742</u>

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>213,202</u>	<u>178,930</u>	<u>828,163</u>	<u>772,171</u>

The amounts recognized in the costs of the building were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Capitalization of interest	\$ <u>40,826</u>	<u>39,014</u>	<u>80,630</u>	<u>77,573</u>

(a) Office leases

The Group leases buildings as offices with lease terms of one to five years.

(b) Superficies leases

The Group leases land for superficies with lease terms of fifty to one hundred and thirty three years for the purpose of commercial buildings, malls, hotels etc.

(c) Land leases

The Group leases land for the operation of energy storage system facilities with lease terms of twenty years.

(d) Other leases

The Group leases transportation, substation and other equipments with lease terms of two to seven years. If these leases are short-term or leases of low-value items, the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(S) Liabilities reserve

	June 30, 2025	December 31, 2024	June 30, 2024
Decommissioning liability	\$ 102,438	97,043	110,203
Employee benefits liabilities	5,993,101	6,397,982	6,344,672
Other liabilities reserve	3,764,411	3,887,717	4,165,106
	<u><u>\$ 9,859,950</u></u>	<u><u>10,382,742</u></u>	<u><u>10,619,981</u></u>

(a) Decommissioning liability

	Decommissioning liability
Balance of January 1, 2025	\$ 97,043
Increase of liabilities reserves	11,117
Reversal of liabilities reserves	(4,938)
Discounting and amortization of liabilities reserves	1,231
Reclassification to other income	(145)
Effect of changes in foreign exchange rates	(1,870)
Balance of June 30, 2025	<u><u>\$ 102,438</u></u>
Balance of January 1, 2024	\$ 83,453
Increase of liabilities reserves	43,085
Reversal of liabilities reserves	(18,705)
Discounting and amortization of liabilities reserves	1,141
Reclassification to other income	(569)
Reclassification	956
Effect of changes in foreign exchange rates	842
Balance of June 30, 2024	<u><u>\$ 110,203</u></u>

(b) Employee benefit

(1) Defined benefit plan

There was no significant volatility of the market, any significant reimbursement, settlement, or other one-time event in the prior fiscal year. Therefore, the Group used the pension cost as of December 31, 2024 and 2023 to measure and disclose the interim pension cost.

The Group's expenses recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Pension expenses	\$ 73,642	83,650	147,891	164,925
Pension plan	1,923	2,775	3,846	4,710
Total	<u><u>\$ 75,565</u></u>	<u><u>86,425</u></u>	<u><u>151,737</u></u>	<u><u>169,635</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Defined contribution plan

The Group's pension expenses under the defined contribution plan were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Pension expenses	<u>\$ 195,847</u>	<u>175,776</u>	<u>383,325</u>	<u>343,760</u>

(T) Shareholders' equity

(a) Common stock

As of June 30, 2025, December 31 and June 30, 2024, the Company had authorized capital of \$150,000,000 thousand, and issued common stock of \$118,420,450 thousand, \$118,420,450 thousand and \$110,831,140 thousand, respectively, with a \$10 par value per share.

Resolved by the board of directors on behalf of the shareholders on June 4, 2024, the stock dividend of \$7,589,310 thousand was reinvested in the new rights issue of 758,931 thousand shares. The capital increase was approved by Financial Supervisory Commission and was effective on August 16, 2024. The record date for the capital increase was September 6, 2024. Registration of change in capital due to the capital increase was completed September 23, 2024.

(b) Capital surplus

According to the R.O.C. Company Act, the capital surplus arising from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or transferred to capital (limited to 10% of the paid-in capital and once a year).

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Additional paid-in capital	\$ 7,463,192	7,463,192	7,463,192
Changes in ownership interests in subsidiaries	1,276,641	1,276,641	1,276,641
Changes in equity of associates and joint ventures accounted for using equity method	2,040,616	2,176,265	2,176,051
Consolidation excess	20,340,460	20,340,460	20,340,460
Other	134,778	134,778	134,778
Total	<u>\$ 31,255,687</u>	<u>31,391,336</u>	<u>31,391,122</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Retained earnings and earnings appropriation

(1) Legal reserve

According to the R.O.C. Company Act, if the Company has no deficit and the legal reserve exceeds 25% of paid-in capital, the excess may be transferred to capital or distributed in cash pursuant to the resolution of the shareholders. If the Company intends to distribute in cash, NO. Jin-Guan-Bao-Cai-Zi 10202501991 shall be followed.

(2) Special reserve

	June 30, 2025	December 31, 2024	June 30, 2024
Recovered contingency risk reserve	\$ 10,702,525	10,298,044	10,298,044
Catastrophic risk reserve and contingency risk reserve	7,922,118	7,922,118	7,634,214
Foreign currency translation reserve	84,740,227	66,914,502	66,914,502
Real estate increment recovered	2,609,068	2,609,068	2,609,068
Gains from the fluctuation of subsequent fair value measurement of investment property	25,500,226	26,402,757	26,402,757
The gains or losses on disposal of unexpired debt instruments	21,573,636	23,669,338	23,669,338
Bargain purchase gain	2,845,001	2,845,001	2,845,001
Net reduction of other shareholder's equity	47,207,670	42,409,948	42,409,948
Variable interest rate product segmented assets	20,903,243	13,753,478	13,753,478
Other	109,406,688	69,625,128	69,609,739
Total	<u>\$ 333,410,402</u>	<u>266,449,382</u>	<u>266,146,089</u>

1) Special reserve for catastrophic risk reserve and contingency risk reserve

In accordance with Tai Tsai Pao No.0920700594, recovered contingency risk reserve can be transferred to special reserve regardless of whether the Company has earnings next year or not, pursuant to the resolution of the shareholders. Under the “ Regulations Governing the Provision of Various Reserves” , commencing from January 1, 2011, the special reserves for catastrophic risk reserve and contingency risk reserve for net of reinsurance business with the term below 1 year are provided annually. These reserves, net of income tax, are classified as special reserve under retained earnings. For more details, please refer to Note 4(Q) of the consolidated financial statements for the year ended 2024.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2) Special reserve for foreign currency translation reserve

The special reserve appropriated according to the “Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”, please refer to Note 4(S) of the consolidated financial statements for the year ended 2024.

3) Special reserve for real estate increment recovered

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10102515281 on November 30, 2012, special reserves for real estate increment due to the first-time adoption of IFRSs are allowed to recover 80% in the first year or in five years and transferred to special reserve under equity. The limitation of the recoverable amount is \$10 billion per year.

4) Special reserve for investment property subsequently measured at fair value

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10904917647, the Company should appropriate special reserve for investment property in restricting distributed earnings, based on the net after-tax effects of the first-time adoption of investment property measured at fair value model and the accumulated net after-tax gains on subsequent fair value measurements, respectively. The special reserve subsequently can only be used for effective contracts according to IFRS 17 “Insurance Contract”, life insurance industry effective insurance contract liability estimated at fair value and estimate method required by the competent authorities to fulfill liabilities from insurance contract. Subsequently when related assets are disposed, the special reserve could be reversed in the proportion of initial recognition and requires the approval from the competent authorities. The distribution of the reversed amount will need to be in accordance with NO. Jin-Guan-Bao-Cai-Zi 10202501992.

5) Special reserve for the gains or losses on disposal of unexpired debt instruments

From January 1, 2019, in accordance with NO. Jin-Guan-Bao-Cai-Zi 11204939731 on November 13, 2023, the gains (losses) on disposal of unexpired debt instruments with the deduction of 20% of the tax rate should be appropriated as (recovered from) special reserve. The Company can reverse special reserve based on the amortization calculated with the residual periods to expiry dates. Debt instruments with uncertain expiration date could be amortized for 10 years.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6) Special reserve for bargain purchase gain

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10302153881 on February 10, 2015, the increase in retained earnings from bargain purchase gains, which is recognized due to mergers from self or subsidiaries, should recognize the same amount of special reserve and is barred from reversing within a year. After the expiration of one year, the special reserve can be used to cover the accumulated losses. If the value of the underlying asset after valuation is similar to that during the merger, yet to incur unexpected significant impairment, and being reviewed by the CPA, the special reserve can be recognized as capital.

In accordance with Bao Ju (Tsai) No.1120414605 on April 12, 2023, in order to maintain the sound and stability of financial structure, bargain purchase gains obtained through the equity method that has no cash inflow should follow the NO. Jin-Guan-Bao-Cai-Zi 10302153881 on February 10, 2015.

7) Special reserve for net reduction of other shareholder's equity

In accordance with NO. Jin-Guan-Bao-Cai-Zi 11004920441 on June 11, 2021, a portion of earnings shall be appropriated as special reserve during the earnings distribution. For the current debit balance on other equity interest, an equivalent amount of special reserve shall be appropriated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current period earnings. If the special reserve is insufficient, the Company should appropriate it from undistributed prior-period earnings. For the debit balance on other equity interest pertaining to prior periods, an equivalent amount of special reserve is appropriated from the undistributed prior-period earnings. If the Company has already appropriated a portion of earnings to special reserve under the preceding subparagraph, the Company shall make supplemental appropriation of special reserve for any difference between the amount it has already allocated and the amount mentioned above. The special reserve can be reversed due to net reduction of the debit balance of other shareholders' equity. In accordance with the regulations of NO. Jin-Guan-Bao-Cai-Zi 11104942741 on November 4, 2022, the Company reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The changes in the fair value should be included in the debit balance in other equity. The amount incurred in the current year shall be provided for in the special reserve, and the special reserve can be reversed due to net reduction (including disposals) of the debit balance of other shareholders' equity.

8) Special reserve for variable interest rate product segmented assets

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10804963711 on January 16, 2020, from July 1, 2020, if the life insurance industry still has surplus retained earnings for distribution after appropriating special reserves in accordance with other laws and regulations at the end of financial year, it should further appropriate special reserve in accordance with "Guidance for Product with Variable Interest Rate of Life Insurance Enterprises".

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9) Other special reserve

In accordance with the NO. Jin-Guan-Bao-Cai-Zi 10502066461 on July 13, 2016, the Company should appropriate special reserve, from 0.5% to 1% of net profit when distributing earnings from the year 2016 through 2018. From the following year of the special reserve appropriated, the Company can reverse the same amount of expenses for the purpose of providing transforming trainings and safeguarding rights and interests of employees within the remaining balance of appropriated special reserve. NO. Jin-Guan-Bao-Cai-Zi 10804932431 was published on July 30, 2019, prior to the replacement of said document, the rule stated that starting on or after 2019, special reserves cannot be appropriated. However, if there are the above aforementioned transforming trainings and safeguarding rights expenses, based on the above special reserve amount, the Company can reverse the same amount of expenses.

In accordance with the NO. Jin-Guan-Bao-Cai-Zi 11004908861 on March 26, 2021, life insurance industries should appropriate special reserve from all net profits after tax relating to disability insurance from 2020. If the net profit after tax of current year is insufficient to be appreciated, it shall be made up in the subsequent years. If there is a loss from disability insurance in the subsequent years, the special reverse can be reversed from initially recognition.

In accordance with NO. Jin-Guan-Bao-Cai-Zi 11304908291 on April 26, 2024, after the end of each fiscal year, to act in accordance with the "Table of Standard Premiums for Accident, Death and Disability Benefits under Individual Travel Accident Insurance" to take a prescribed share of premium income and set it aside to the special reserve account under owners' equity. This prescribed share is calculated as follows: (10% of total premium income) – (20% nominal tax).

(3) Distribution of earnings

Under 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. The Corporation may set aside or reverse an appropriate sum as special reserve according to the resolutions by the General Meeting of Shareholders or the applicable regulations of the competent authorities when deemed necessary and advisable. The remainder, together with the undistributed earnings in the previous year, constitutes the distributable profits. The Board shall present a proposal on the allocation of profits and submit it to the General Meeting of Shareholders for resolution.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Corporation will distribute dividends accordance with the principle of stability and balance. The distribution of dividends for Common Shares shall not be less than 20% of the distributable profits. And pursuant to the Company's operation planning, stock dividends may be declared to reserve for necessary funds, and the remainder may be distributed in cash, provided that cash dividend shall not be less than 10 % of the total dividend.

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, business needs, and capital planning. Subject to practical need, the principles of distribution of dividends may be adjusted by resolution at a General Meeting of Shareholders.

In addition, If the Company has profits, the Company should allocate an amount ranged from 0.01% to 0.05% of the profits as employee compensation. If there is any difference between the actual distribution and the estimated amount, the difference will be recognized in the profit or loss in the current period. Employee compensation has been estimated the amounts of \$57,000 thousand and \$17,000 thousand for the years of 2024 and 2023, respectively. There is no difference between the actual distribution and the estimated amount for the years of 2024 and 2023.

The information of the employee compensation approved by Board of Directors can be found on Market Observation Post System.

The Company executed the resolution approved by the board of directors on behalf of the shareholders' meeting on June 20, 2025 to distribute cash dividends which amounted to \$15,000,079 thousand from the undistributed retained earnings of 2024. The ex-dividend record date is July 1, 2025.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Other equity items (net — after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2025	\$ (9,480,592)	(41,663,543)	(152,721)	311,876	46,454,084	(4,530,896)
Foreign exchange translation difference	(2,842,357)	-	-	-	-	(2,842,357)
Foreign exchange translation differences in the share of associates accounted for using equity method	733	-	-	-	-	733
Changes in fair value of hedging instruments	-	-	10,640	-	-	10,640
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	(8,654)	-	-	(8,654)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	7,481,491	-	-	-	7,481,491
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	(105,399)	-	-	-	(105,399)
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	(27,753)	-	-	-	(27,753)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	(151,093)	-	-	-	(151,093)
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	18,782	-	-	-	18,782
Profit or loss reclassified using overlay approach	-	-	-	-	(113,465,251)	(113,465,251)
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	5,729	5,729
Balance, June 30, 2025	<u>\$ (12,322,216)</u>	<u>(34,447,515)</u>	<u>(150,735)</u>	<u>311,876</u>	<u>(67,005,438)</u>	<u>(113,614,028)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2024	\$ (10,300,312)	(35,676,468)	(133,263)	242,727	22,350,129	(23,517,187)
Foreign exchange translation difference	2,079,699	-	-	-	-	2,079,699
Foreign exchange translation differences in the share of associates accounted for using equity method	(24,591)	-	-	-	-	(24,591)
Changes in fair value of hedging instruments	-	-	49,285	-	-	49,285
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	(5,564)	-	-	(5,564)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(6,156,028)	-	-	-	(6,156,028)
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	(239,086)	-	-	-	(239,086)
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	(261,953)	-	-	-	(261,953)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	(12,130)	-	-	-	(12,130)
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	22,942	-	-	-	22,942
Gains on revaluation	-	-	-	66,073	-	66,073
Profit or loss reclassified using overlay approach	-	-	-	-	80,892,138	80,892,138
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	237	237
Balance, June 30, 2024	<u>\$ (8,245,204)</u>	<u>(42,322,723)</u>	<u>(89,542)</u>	<u>308,800</u>	<u>103,242,504</u>	<u>52,893,835</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(e) Non-controlling interests

	For the six months ended June 30,	
	2025	2024
Beginning balance	\$ 6,366,301	6,174,679
Increase (decrease) of non-controlling interests (Note)	-	1,000,985
Shares attributable to non-controlling interests		
Net income	(400,953)	(60,448)
Exchange differences on translation of foreign financial statements	(169,549)	(47,111)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income and other equity interest	515,594	(176,432)
Remeasurement of defined benefit plans	(975)	606
Ending balance	<u><u>\$ 6,310,418</u></u>	<u><u>6,892,279</u></u>

Note : For the six months ended June 30, 2024, the changes were respectively due to the increase of the non-controlling interests of the subsidiary, Fubon Green Power CO., LTD. in June 2024.

(U) Income taxes

(a) Income tax (expense) profit were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current tax profit (expense)				
Current period	\$ (5,070,211)	65,361	(5,131,429)	(1,948,780)
Adjustments for prior period	200,668	(10)	224,641	54,629
Foreign withholding tax	111,769	(331,435)	(120,700)	(533,824)
Subtotal	<u>(4,757,774)</u>	<u>(266,084)</u>	<u>(5,027,488)</u>	<u>(2,427,975)</u>
Deferred tax profit (expense)				
Reversal and recognition of temporary differences	10,840,016	(4,143,950)	6,309,705	(4,625,230)
Income tax profit (expense)	<u><u>\$ 6,082,242</u></u>	<u><u>(4,410,034)</u></u>	<u><u>1,282,217</u></u>	<u><u>(7,053,205)</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Items that may not be reclassified subsequently to profit or loss:				
Revaluation of real estate property	\$ -	-	-	(16,518)
Remeasurement of defined benefit plans	1,717	(1,223)	1,745	(1,085)
Valuation gains/ losses on equity instruments measured at fair value through other comprehensive income	(108,691)	(224,610)	(175,481)	(343,831)
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may not be reclassified into profit or loss	16,657	602	18,080	413
Items may be reclassified subsequently to profit or loss:				
Exchange differences on translation	657,089	(126,759)	252,873	(382,955)
Gains/ losses on hedging instruments	954	(4,893)	(2,493)	(15,596)
Valuation gains/ losses on debt instruments measured at fair value through other comprehensive income	(460,936)	(111,475)	(1,171,042)	483,493
Other comprehensive profits/ losses reclassified using overlay approach	1,117,450	(3,617,807)	4,039,248	(8,798,717)
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	(8,652)	4,546	1,980	7,539
	<u>\$ 1,215,588</u>	<u>(4,081,619)</u>	<u>2,964,910</u>	<u>(9,067,257)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (b) Fubon Financial Holding Company, the parent company of the Company, appointed to be the taxpayer itself; therefore, commencing from 2010, income tax return and undistributed retained earnings based on the income tax return has been filed a combined income tax return with Fubon Financial Holding Company and its qualifying subsidiaries.
- (c) In regard to all taxes filed for the year but not approved yet, the Group evaluated correlation factors which include relevant regulations and previous experiences, and determined that sufficient income tax liability is reliably estimated.
- (d) For the approved income tax filed by the Company up to the 2019, in regard to the adjustments determined by the tax authority, the Company has proposed administrative remedies for the adjustments determined by the tax authority for the years 2014, 2016 and 2017. Additionally, for the years 2019, the company will apply for administrative remedy or file for correction in accordance with the statutory time limit. The income tax returns of the subsidiary, Fubon Green Power, and the sub-subsidiaries, Sumray Power Company and Li Tong Management Consulting Co., Ltd., have all been assessed and approved by the tax authorities through the year 2023.

(V) Earnings per share

The Group's earnings per share calculated based on simple capital structure are as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Profit attributable to ordinary shareholders of the Company	\$ <u>(2,725,260)</u>	<u>34,102,613</u>	<u>24,591,140</u>	<u>51,565,399</u>
Weighted average number of ordinary shares (in thousand)	<u>11,842,045</u>	<u>11,842,045</u>	<u>11,842,045</u>	<u>11,842,045</u>
Basic earnings per share (dollar)	\$ <u>(0.23)</u>	<u>2.88</u>	<u>2.08</u>	<u>4.35</u>

The weighted average number of ordinary shares for basic earnings per share has been adjusted retrospectively to convert earnings into capital and issue new shares, based on a resolution decided during the shareholders' meeting held in 2024.

(W) Insurance liabilities

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Unearned premium reserves	\$ 17,049,430	12,410,046	11,610,396
Claim reserves	8,566,642	8,143,944	7,846,482
Liability reserves	4,519,215,033	4,630,668,215	4,606,091,841
Special reserves	30,343,918	29,949,579	25,053,889
Premium deficiency reserves	<u>2,000,054</u>	<u>2,586,379</u>	<u>3,905,895</u>
Total	\$ <u>4,577,175,077</u>	<u>4,683,758,163</u>	<u>4,654,508,503</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The details of provision for insurance contracts and financial instruments with discretionary participation feature for this account balance and reconciliation were as follows:

(a) The unearned premium reserves for these insurance products are as follows:

June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,681	-	6,681
Individual injury insurance	10,697,122	-	10,697,122
Individual health insurance	3,191,360	-	3,191,360
Group insurance	3,019,848	-	3,019,848
Investment-linked insurance	134,419	-	134,419
Gross reserve	17,049,430	-	17,049,430
Deduction of provision for reinsurance ceded			
Individual life insurance	707,024	-	707,024
Individual injury insurance	16,230	-	16,230
Individual health insurance	23,108	-	23,108
Group insurance	157,035	-	157,035
Investment-linked insurance	11,832	-	11,832
Total ceded reserve	915,229	-	915,229
Net reserve	<u><u>\$ 16,134,201</u></u>	<u><u>-</u></u>	<u><u>16,134,201</u></u>
December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,704	-	6,704
Individual injury insurance	6,776,171	-	6,776,171
Individual health insurance	2,971,476	-	2,971,476
Group insurance	2,526,174	-	2,526,174
Investment-linked insurance	129,521	-	129,521
Gross reserve	12,410,046	-	12,410,046
Deduction of provision for reinsurance ceded			
Individual life insurance	670,074	-	670,074
Individual injury insurance	17,517	-	17,517
Individual health insurance	21,147	-	21,147
Group insurance	138,214	-	138,214
Investment-linked insurance	10,805	-	10,805
Total ceded reserve	857,757	-	857,757
Net reserve	<u><u>\$ 11,552,289</u></u>	<u><u>-</u></u>	<u><u>11,552,289</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	June 30, 2024		
	Insurance	Financial	
	Contracts	instruments with	Total
		discretionary	
		participation	
Individual life insurance	\$ 6,724	-	6,724
Individual injury insurance	6,256,926	-	6,256,926
Individual health insurance	2,828,526	-	2,828,526
Group insurance	2,409,137	-	2,409,137
Investment-linked insurance	109,083	-	109,083
Gross reserve	<u>11,610,396</u>	<u>-</u>	<u>11,610,396</u>
Deduction of provision for reinsurance ceded			
Individual life insurance	669,964	-	669,964
Individual injury insurance	17,932	-	17,932
Individual health insurance	27,294	-	27,294
Group insurance	150,792	-	150,792
Investment-linked insurance	<u>11,101</u>	<u>-</u>	<u>11,101</u>
Total ceded reserve	<u>877,083</u>	<u>-</u>	<u>877,083</u>
Net reserve	<u><u>\$ 10,733,313</u></u>	<u><u>-</u></u>	<u><u>10,733,313</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes in unearned premium reserves for these insurance products are as follows:

For the six months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 12,410,046	-	12,410,046
Current provisions	17,100,704	-	17,100,704
Current recovery	(12,407,269)	-	(12,407,269)
Gain and loss on foreign exchange	(54,051)	-	(54,051)
Ending balance	<u>17,049,430</u>	<u>-</u>	<u>17,049,430</u>
Less: Provision for ceded reinsurance			
Beginning balance	857,757	-	857,757
Current provisions	916,253	-	916,253
Current recovery	(857,782)	-	(857,782)
Gain and loss on foreign exchange	(999)	-	(999)
Ending balance	<u>915,229</u>	<u>-</u>	<u>915,229</u>
Net ending balance	<u><u>\$ 16,134,201</u></u>	<u><u>-</u></u>	<u><u>16,134,201</u></u>

For the six months ended June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 11,197,067	-	11,197,067
Current provisions	11,605,036	-	11,605,036
Current recovery	(11,191,436)	-	(11,191,436)
Gain and loss on foreign exchange	(271)	-	(271)
Ending balance	<u>11,610,396</u>	<u>-</u>	<u>11,610,396</u>
Less: Provision for ceded reinsurance			
Beginning balance	929,473	-	929,473
Current provisions	876,604	-	876,604
Current recovery	(929,403)	-	(929,403)
Gain and loss on foreign exchange	409	-	409
Ending balance	<u>877,083</u>	<u>-</u>	<u>877,083</u>
Net ending balance	<u><u>\$ 10,733,313</u></u>	<u><u>-</u></u>	<u><u>10,733,313</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) The components of claim reserves are as follows:

	June 30, 2025		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— reported but not paid	\$ 3,728,975	10,803	3,739,778
— incurred but not reported	265,097	-	265,097
Individual injury insurance			
— reported but not paid	180,533	-	180,533
— incurred but not reported	845,072	-	845,072
Individual health insurance			
— reported but not paid	715,466	-	715,466
— incurred but not reported	1,410,722	-	1,410,722
Group insurance			
— reported but not paid	164,516	-	164,516
— incurred but not reported	738,211	-	738,211
Investment-linked insurance			
— reported but not paid	456,078	-	456,078
— incurred but not reported	51,169	-	51,169
Gross reserve	<u>8,555,839</u>	<u>10,803</u>	<u>8,566,642</u>
Deduction of provision for reinsurance ceded:			
Individual life insurance	92,342	-	92,342
Individual injury insurance	31,560	-	31,560
Individual health insurance	25,999	-	25,999
Group insurance	27,617	-	27,617
Investment-linked insurance	22,018	-	22,018
Total ceded reserve	<u>199,536</u>	<u>-</u>	<u>199,536</u>
Net reserve	<u><u>\$ 8,356,303</u></u>	<u><u>10,803</u></u>	<u><u>8,367,106</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— reported but not paid	\$ 3,369,776	6,564	3,376,340
— incurred but not reported	250,360	-	250,360
Individual injury insurance			
— reported but not paid	160,241	-	160,241
— incurred but not reported	887,377	-	887,377
Individual health insurance			
— reported but not paid	673,797	-	673,797
— incurred but not reported	1,433,747	-	1,433,747
Group insurance			
— reported but not paid	181,406	-	181,406
— incurred but not reported	779,245	-	779,245
Investment-linked insurance			
— reported but not paid	349,682	-	349,682
— incurred but not reported	51,749	-	51,749
Gross reserve	<u>8,137,380</u>	<u>6,564</u>	<u>8,143,944</u>
Deduction of provision for reinsurance ceded:			
Individual life insurance	23,712	-	23,712
Individual injury insurance	37,092	-	37,092
Individual health insurance	1,843	-	1,843
Group insurance	29,428	-	29,428
Investment-linked insurance	19,732	-	19,732
Total ceded reserve	<u>111,807</u>	<u>-</u>	<u>111,807</u>
Net reserve	<u><u>\$ 8,025,573</u></u>	<u><u>6,564</u></u>	<u><u>8,032,137</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	June 30, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— reported but not paid	\$ 3,525,999	5,327	3,531,326
— incurred but not reported	275,233	-	275,233
Individual injury insurance			
— reported but not paid	168,890	-	168,890
— incurred but not reported	779,140	-	779,140
Individual health insurance			
— reported but not paid	583,208	-	583,208
— incurred but not reported	1,358,205	-	1,358,205
Group insurance			
— reported but not paid	121,744	-	121,744
— incurred but not reported	682,959	-	682,959
Investment-linked insurance			
— reported but not paid	290,460	-	290,460
— incurred but not reported	55,317	-	55,317
Gross reserve	<u>7,841,155</u>	<u>5,327</u>	<u>7,846,482</u>
Deduction of provision for reinsurance ceded:			
Individual life insurance	120,791	-	120,791
Individual injury insurance	30,889	-	30,889
Individual health insurance	73,754	-	73,754
Group insurance	29,182	-	29,182
Investment-linked insurance	14,609	-	14,609
Total ceded reserve	<u>269,225</u>	<u>-</u>	<u>269,225</u>
Net reserve	<u><u>\$ 7,571,930</u></u>	<u><u>5,327</u></u>	<u><u>7,577,257</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in claim reserves are as follows:

For the six months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 8,137,380	6,564	8,143,944
Current provisions	8,601,369	10,803	8,612,172
Current recovery	(8,161,413)	(6,564)	(8,167,977)
Gain and loss on foreign exchange	(21,497)	-	(21,497)
Ending balance	<u>8,555,839</u>	<u>10,803</u>	<u>8,566,642</u>
Less: Provision for ceded reinsurance			
Beginning balance	111,807	-	111,807
Current provisions	200,203	-	200,203
Current recovery	(111,951)	-	(111,951)
Gain and loss on foreign exchange	(523)	-	(523)
Ending balance	<u>199,536</u>	<u>-</u>	<u>199,536</u>
Net ending balance	<u><u>\$ 8,356,303</u></u>	<u><u>10,803</u></u>	<u><u>8,367,106</u></u>

For the six months ended June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,045,204	5,327	7,050,531
Current provisions	7,842,386	5,327	7,847,713
Current recovery	(7,036,175)	(5,327)	(7,041,502)
Gain and loss on foreign exchange	(10,260)	-	(10,260)
Ending balance	<u>7,841,155</u>	<u>5,327</u>	<u>7,846,482</u>
Less: Provision for ceded reinsurance			
Beginning balance	274,609	-	274,609
Current provisions	269,473	-	269,473
Current recovery	(274,106)	-	(274,106)
Gain and loss on foreign exchange	(751)	-	(751)
Ending balance	<u>269,225</u>	<u>-</u>	<u>269,225</u>
Net ending balance	<u><u>\$ 7,571,930</u></u>	<u><u>5,327</u></u>	<u><u>7,577,257</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) The components of liability reserves are as follows:

	June 30, 2025		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,884,263,667	-	3,884,263,667
Injury insurance	1,776,002	-	1,776,002
Health insurance	433,660,973	-	433,660,973
Annuity insurance	84,459,229	114,526,769	198,985,998
Investment-linked insurance	294,392	-	294,392
Total (Note 1)	<u>4,404,454,263</u>	<u>114,526,769</u>	<u>4,518,981,032</u>
Less: Ceded liability reserve			
Life insurance	982	-	982
Net ending balance (Note 1)	<u><u>\$ 4,404,453,281</u></u>	<u><u>114,526,769</u></u>	<u><u>4,518,980,050</u></u>

Note 1: As of June 30, 2025, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,519,215,033 thousand, less ceded liability reserve, the total amounted to \$4,519,214,051 thousand.

	December 31, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 4,004,238,087	-	4,004,238,087
Injury insurance	772,027	-	772,027
Health insurance	421,221,146	-	421,221,146
Annuity insurance	83,185,155	120,736,586	203,921,741
Investment-linked insurance	281,829	-	281,829
Total (Note 2)	<u>4,509,698,244</u>	<u>120,736,586</u>	<u>4,630,434,830</u>
Less: Ceded liability reserve			
Life insurance	1,516	-	1,516
Net ending balance (Note 2)	<u><u>\$ 4,509,696,728</u></u>	<u><u>120,736,586</u></u>	<u><u>4,630,433,314</u></u>

Note 2: As of December 31, 2024, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,630,668,215 thousand, less ceded liability reserve, the total amounted to \$4,630,666,699 thousand.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	June 30, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	\$ 3,981,206,200	-	3,981,206,200
Injury insurance	791,193	-	791,193
Health insurance	409,999,421	-	409,999,421
Annuity insurance	85,659,906	127,905,277	213,565,183
Investment-linked insurance	273,474	-	273,474
Total (Note 3)	<u>4,477,930,194</u>	<u>127,905,277</u>	<u>4,605,835,471</u>
Less: Ceded liability reserve			
Life insurance	1,995	-	1,995
Net ending balance (Note 3)	<u><u>\$ 4,477,928,199</u></u>	<u><u>127,905,277</u></u>	<u><u>4,605,833,476</u></u>

Note 3: As of June 30, 2024, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,606,091,841 thousand, less ceded liability reserve, the total amounted to \$4,606,089,846 thousand.

The movements in the liability reserves are as follows:

	For the six months ended June 30, 2025		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,509,698,244	120,736,586	4,630,434,830
Current provisions	354,767,221	2,024,056	356,791,277
Current recovery (Note 1)	(370,824,442)	(7,380,715)	(378,205,157)
Gain and loss on foreign exchange	(81,833,255)	(853,158)	(82,686,413)
Other (Note 2)	(7,353,505)	-	(7,353,505)
Ending balance	<u>4,404,454,263</u>	<u>114,526,769</u>	<u>4,518,981,032</u>
Less: Ceded liability reserve			
Beginning balance	1,516	-	1,516
Current recovery	(426)	-	(426)
Gain and loss on foreign exchange	(108)	-	(108)
Ending balance	<u>982</u>	<u>-</u>	<u>982</u>
Net ending balance	<u><u>\$ 4,404,453,281</u></u>	<u><u>114,526,769</u></u>	<u><u>4,518,980,050</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note1: In accordance with No. Jin-Guan-Bao-Cai-Zi 11404924811 dated June 30, 2025, the Group released and provision its liability reserves of \$56,127,322 thousand to foreign exchange valuation reserve.

Note2: In accordance with the relevant policies and with the approval of competent authorities, the Group has reclassified its liability reserves as foreign exchange valuation reserve. For details, please refer to Note 6 (Y) "Foreign Exchange Valuation Reserve".

	For the six months ended June 30, 2024		
	Insurance	Financial	
	Contracts	instruments with	Total
		discretionary	
		participation	
Beginning balance	\$ 4,406,378,670	133,270,689	4,539,649,359
Current provisions	353,461,563	850,919	354,312,482
Current recovery	(329,237,947)	(6,925,209)	(336,163,156)
Gain and loss on foreign exchange	47,327,908	708,878	48,036,786
Ending balance	<u>4,477,930,194</u>	<u>127,905,277</u>	<u>4,605,835,471</u>
Less: Ceded liability reserve			
Beginning balance	2,282	-	2,282
Current recovery	(410)	-	(410)
Gain and loss on foreign exchange	123	-	123
Ending balance	<u>1,995</u>	<u>-</u>	<u>1,995</u>
Net ending balance	<u>\$ 4,477,928,199</u>	<u>127,905,277</u>	<u>4,605,833,476</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) The components of special reserves for these insurance products are as follows:

	June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 28,095,234	-	-	28,095,234
Dividend risk reserve	2,248,684	-	-	2,248,684
Total	<u><u>\$ 30,343,918</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>30,343,918</u></u>

	December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 26,386,196	-	-	26,386,196
Dividend risk reserve	2,911,116	-	-	2,911,116
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	<u><u>\$ 29,297,312</u></u>	<u><u>-</u></u>	<u><u>652,267</u></u>	<u><u>29,949,579</u></u>

	June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 19,760,706	-	-	19,760,706
Dividend risk reserve	4,640,916	-	-	4,640,916
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	<u><u>\$ 24,401,622</u></u>	<u><u>-</u></u>	<u><u>652,267</u></u>	<u><u>25,053,889</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in special reserves are as follows:

	For the six months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 29,297,312	-	652,267	29,949,579
Provision for participating policies dividend reserve	4,322,813	-	-	4,322,813
Recover for participating policies dividend reserve	(2,230,733)	-	-	(2,230,733)
Provision of dividend risk reserve	(397,068)	-	-	(397,068)
Valuation surplus gain for investment property(Note)			(652,267)	(652,267)
Gain and loss on foreign exchange	(648,406)	-	-	(648,406)
Ending balance	<u>\$ 30,343,918</u>	<u>-</u>	<u>-</u>	<u>30,343,918</u>

Note: In accordance with the relevant policies, the Group made a considered decision to reclassify its valuation surplus gained for investment property to foreign exchange valuation reserve. For details, please refer to Note 6 (Y) "Foreign Exchange Valuation Reserve".

	For the six months ended June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 19,669,471	-	652,267	20,321,738
Provision for participating policies dividend reserve	4,031,301	-	-	4,031,301
Recover for participating policies dividend reserve	(1,358,806)	-	-	(1,358,806)
Provision of dividend risk reserve	1,904,287	-	-	1,904,287
Gain and loss on foreign exchange	155,369	-	-	155,369
Ending balance	<u>\$ 24,401,622</u>	<u>-</u>	<u>652,267</u>	<u>25,053,889</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(e) The components of premium deficiency reserves are as follows:

June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 1,983,241	-	1,983,241
Individual health insurance	16,813	-	16,813
Total	<u>\$ 2,000,054</u>	<u>-</u>	<u>2,000,054</u>

December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 2,546,880	-	2,546,880
Individual health insurance	17,113	-	17,113
Investment-linked instruments	22,386	-	22,386
Total	<u>\$ 2,586,379</u>	<u>-</u>	<u>2,586,379</u>

June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 3,873,937	-	3,873,937
Individual health insurance	15,554	-	15,554
Investment-linked instruments	16,404	-	16,404
Total	<u>\$ 3,905,895</u>	<u>-</u>	<u>3,905,895</u>

The movements in premium deficiency reserve are as follows:

For the six months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 2,586,379	-	2,586,379
Current reversal, net	(575,389)	-	(575,389)
Gain and loss on foreign exchange	(10,936)	-	(10,936)
Ending balance	<u>\$ 2,000,054</u>	<u>-</u>	<u>2,000,054</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the six months ended June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,721,928	-	4,721,928
Current provision, net	(828,453)	-	(828,453)
Gain and loss on foreign exchange	12,420	-	12,420
Ending balance	<u>\$ 3,905,895</u>	<u>-</u>	<u>3,905,895</u>

(f) Liability adequacy reserve:

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

Insurance contracts and financial instruments with discretionary participation	June 30, 2025	December 31, 2024	June 30, 2024
Liability reserves	\$ 4,458,076,999	4,566,532,961	4,542,862,446
Unearned premium reserves	17,047,895	12,408,265	11,608,501
Premium deficiency reserves	1,933,510	2,503,519	3,814,676
Special reserves	22,813,641	23,868,235	20,417,593
Claim reserves	<u>5,492,683</u>	<u>5,159,412</u>	<u>4,568,222</u>
The carrying amount of the related insurance liabilities	4,505,364,728	4,610,472,392	4,583,271,438
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	<u>3,549,954</u>	<u>3,636,304</u>	<u>3,927,644</u>
Insurance liability at adjusted carrying value	<u>\$ 4,508,914,682</u>	<u>4,614,108,696</u>	<u>4,587,199,082</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,761,720,753</u>	<u>3,617,660,883</u>	<u>3,738,883,462</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>	<u>-</u>

The liability adequacy test method adopted by the Group for June 30, 2025, December 31 and June 30, 2024:

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 investment.

The liability adequacy test has included the results of Fubon Hyundai Life Insurance Co., Ltd. The provision of 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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):

June 30, 2025				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,392,015	-	-	5,392,015
Contingency risk reserve	2,530,103	-	-	2,530,103
Total	<u>\$ 7,922,118</u>	<u>-</u>	<u>-</u>	<u>7,922,118</u>

December 31, 2024				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,392,015	-	-	5,392,015
Contingency risk reserve	2,530,103	-	-	2,530,103
Total	<u>\$ 7,922,118</u>	<u>-</u>	<u>-</u>	<u>7,922,118</u>

June 30, 2024				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,087,507	-	-	5,087,507
Contingency risk reserve	2,546,707	-	-	2,546,707
Total	<u>\$ 7,634,214</u>	<u>-</u>	<u>-</u>	<u>7,634,214</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(X) Reserve for insurance with nature of financial instrument

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

	June 30, 2025	December 31, 2024	June 30, 2024
Life insurance	\$ 3,034,013	2,994,951	3,187,492
Investment-linked insurance	271,715	276,151	275,718
Total	<u><u>\$ 3,305,728</u></u>	<u><u>3,271,102</u></u>	<u><u>3,463,210</u></u>

	For the six months ended June 30,	
	2025	2024
Beginning balance	\$ 3,271,102	3,430,964
Current premiums collected	-	2
Current claims payment	(21,162)	(62,900)
Current net provision for legal reserve	55,788	95,144
Ending balance	<u><u>\$ 3,305,728</u></u>	<u><u>3,463,210</u></u>

(Y) Reserve for foreign exchange valuation

(a) Hedging strategy and risk exposure

The foreign exchange hedging strategy is the 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 dynamically adjusted. The interval of foreign exchange hedge ratio is determined by the bearing capability of foreign exchange risk.

(b) The movements in reserve for foreign exchange valuation are as follows:

	For the six months ended June 30, 2025					For the six months ended June 30, 2024
	Reserve for foreign exchange valuation	Valuation surplus for investment property	Provision for operating losses	Recovered liability reserve of catastrophe	Other reserves	Reserve for foreign exchange valuation
Beginning balance	\$ 21,480,601	652,267	1,651,295	2,210	5,700,000	9,176,335
Current provision:						
Compulsory provision	3,692,453	-	-	-	-	2,106,397
Additional provision	72,478,936	-	-	-	-	15,914,821
Subtotal	76,171,389	-	-	-	-	18,021,218
Current recovery	(54,077,180)	-	-	-	-	(5,925,425)
Total reserves reclassified this period	8,005,772	(652,267)	(1,651,295)	(2,210)	(5,700,000)	-
Ending balance	<u><u>\$ 51,580,582</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>21,272,128</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 1: In May 2025, the Group submitted an application to the Financial Supervisory Commission for approval to set aside \$10,000,000 thousand as foreign exchange valuation reserve, which was approved with Letter No. Jin-Guan-Bao-Shou-Zi 1140421006 dated May 29, 2025.

Note 2: In May 2025, the Group submitted an application to the Financial Supervisory Commission for approval to reclassify a designated reserve amounting to \$8,005,772 thousand from specific liabilities to foreign exchange valuation reserve. The reclassification was approved under Letter No. Jin-Guan-Bao-Zhou-Zi 1140421006 dated May 29, 2025.

Note 3: In accordance with Letter No. Jin-Guan-Bao-Cai-Zi 11404924811, the Group released and provisioned its policy reserves of \$56,127,322 thousand to foreign exchange valuation reserve on June 30, 2025. The provision was approved by Financial Supervisory Commission under Letter No. Jin-Guan-Bao-Zhou-Zi 1140424972 dated July 10, 2025.

(c) Effect of the reserve for foreign exchange valuation

<u>Item</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
June 30, 2025			
Foreign exchange valuation reserve	\$ -	51,580,582	(51,580,582)
Equity attributable to owners of parent	547,487,601	514,232,916	33,254,685
December 31, 2024			
Foreign exchange valuation reserve	-	21,480,601	(21,480,601)
Equity attributable to owners of parent	629,426,900	613,847,582	15,579,318
June 30, 2024			
Foreign exchange valuation reserve	-	21,272,128	(21,272,128)
Equity attributable to owners of parent	635,659,828	620,247,289	15,412,539

<u>Item</u>	<u>For the six months ended June 30, 2025</u>			<u>For the six months ended June 30, 2024</u>		
	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
Net profit attributable to owners of parent	\$ 42,266,507	24,591,140	17,675,367	61,242,033	51,565,399	9,676,634
Earnings per share	3.57	2.08	1.49	5.17	4.35	0.82

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(Z) Deferred acquisition cost and deferred handling fee

(a) 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 are as follows:

	For the six months ended June 30,	
	2025	2024
Beginning balance	\$ 2,511,210	2,323,228
Addition	158,255	124,727
Amortization	(51,693)	(46,458)
Ending balance	<u><u>\$ 2,617,772</u></u>	<u><u>2,401,497</u></u>

(b) Deferred handling fees

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

	For the six months ended June 30,	
	2025	2024
Beginning balance	\$ 4,240,691	3,631,309
Addition	438,678	336,476
Amortization	(86,722)	(74,951)
Ending balance	<u><u>\$ 4,592,647</u></u>	<u><u>3,892,834</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AA) Retained earned premium and retained claims payment

(a) Retained earned premium

For the three months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 93,090,295	1,082,872	94,173,167
Reinsurance premiums	-	-	-
Premium income	93,090,295	1,082,872	94,173,167
Less: Reinsurance premium ceded	(739,608)	-	(739,608)
Net change in unearned premium reserves	(3,679,812)	-	(3,679,812)
Subtotal	(4,419,420)	-	(4,419,420)
Retained earned premiums	<u>\$ 88,670,875</u>	<u>1,082,872</u>	<u>89,753,747</u>

For the three months ended June 30, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 77,232,870	758,744	77,991,614
Reinsurance premiums	-	-	-
Premium income	77,232,870	758,744	77,991,614
Less: Reinsurance premium ceded	(706,438)	-	(706,438)
Net change in unearned premium reserves	(191,680)	-	(191,680)
Subtotal	(898,118)	-	(898,118)
Retained earned premiums	<u>\$ 76,334,752</u>	<u>758,744</u>	<u>77,093,496</u>

For the six months ended June 30, 2025			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 185,249,361	2,342,335	187,591,696
Reinsurance premiums	-	-	-
Premium income	185,249,361	2,342,335	187,591,696
Less: Reinsurance premium ceded	(1,255,249)	-	(1,255,249)
Net change in unearned premium reserves	(4,634,964)	-	(4,634,964)
Subtotal	(5,890,213)	-	(5,890,213)
Retained earned premiums	<u>\$ 179,359,148</u>	<u>2,342,335</u>	<u>181,701,483</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the six months ended June 30, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 166,150,569	1,625,710	167,776,279
Reinsurance premiums	-	-	-
Premium income	166,150,569	1,625,710	167,776,279
Less: Reinsurance premium ceded	(1,239,307)	-	(1,239,307)
Net change in unearned premium reserves	(466,399)	-	(466,399)
Subtotal	(1,705,706)	-	(1,705,706)
Retained earned premiums	<u>\$ 164,444,863</u>	<u>1,625,710</u>	<u>166,070,573</u>

(b) Retained claims payment

	For the three months ended June 30, 2025		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 95,852,050	4,793,837	100,645,887
Reinsurance claims payment incurred	-	-	-
Insurance claims payment	95,852,050	4,793,837	100,645,887
Less: Claims payment recovered from reinsurers	(374,991)	-	(374,991)
Retained claims payment	<u>\$ 95,477,059</u>	<u>4,793,837</u>	<u>100,270,896</u>

	For the three months ended June 30, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 96,350,456	4,445,779	100,796,235
Reinsurance claims payment incurred	10	-	10
Insurance claims payment	96,350,466	4,445,779	100,796,245
Less: Claims payment recovered from reinsurers	(446,012)	-	(446,012)
Retained claims payment	<u>\$ 95,904,454</u>	<u>4,445,779</u>	<u>100,350,233</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the six months ended June 30, 2025		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 178,322,274	8,779,692	187,101,966
Reinsurance claims payment incurred	-	-	-
Insurance claims payment	178,322,274	8,779,692	187,101,966
Less: Claims payment recovered from reinsurers	(740,749)	-	(740,749)
Retained claims payment	<u>\$ 177,581,525</u>	<u>8,779,692</u>	<u>186,361,217</u>

	For the six months ended June 30, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 184,682,964	8,840,534	193,523,498
Reinsurance claims payment incurred	23	-	23
Insurance claims payment	184,682,987	8,840,534	193,523,521
Less: Claims payment recovered from reinsurers	(892,317)	-	(892,317)
Retained claims payment	<u>\$ 183,790,670</u>	<u>8,840,534</u>	<u>192,631,204</u>

(AB) Non-operating income and expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Losses on disposal of assets	\$ (36)	(80)	(862)	(81)
Other non-operating income and expenses	312,079	369,121	557,560	703,987
Total	<u>\$ 312,043</u>	<u>369,041</u>	<u>556,698</u>	<u>703,906</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AC) The nature and extent of risks arising from insurance contracts

- (a) The objectives, policies, processes and methods used for managing risks arising from insurance contracts.

(1) The organization of risk management

The Company sets up a Risk Management Committee, which is under the jurisdiction of the Board of Directors and is convened by independent directors, to supervise the overall risk control of the Company. The responsible department for the insurance risk shall cooperate with the planning or the requirements of the risk management department, and report the information on insurance risk management to the Risk Management Committee regularly. The risk management department should make the overall risk management report after summarizing the relevant information on the insurance risk management annually, and report to the Board of Directors regularly.

(2) Risk management strategy

The Company adopted the "Insurance Risk Management Policy of Fubon Life Insurance Co., Ltd." under the consent of the Board of Directors, which stipulates that the Company's insurance risk management responsible department shall, in addition to complying with laws and relevant regulations of the competent authorities, adhere to this policy as the principle of implementation of insurance risk management. In order to ensure the appropriateness of the Company's product risks, the integrity of the risk management systems related to various reserves, and the prevention of losses from other insurance risks, the responsible department may, also formulate relevant insurance risk management regulations, based on the nature of the business and needs. After meeting with the risk management department and other relevant departments, the relevant regulations will be submitted to the authorization level for approval and implementation.

When handling insurance risk management, the Company shall not only comply with the provisions of the "Insurance Risk Management Policy of Fubon Life Insurance Co., Ltd.", but also comply with the "Fubon Financial Holdings Co., Ltd. and Subsidiaries Insurance Risk Management Policy", "Fubon Financial Holdings Co., Ltd. and Subsidiaries Insurance Risk Management Regulation", and related laws and regulations to implement risk management.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Insurance risk management

(1) Underwriting risk management

Underwriting risk refers to the unexpected risk arising from soliciting new insurance policies, and relevant expenditures. In order to manage underwriting risk, the Company has classified underwriting risk into the following types:

- 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 business quality

Aside from establishing “Underwriting Systems and Procedures” based on the “Regulations Governing New Insurance Solicitation Policy, 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 propriety of underwriting assessment and to monitor the accuracy and timeliness of underwriting operation.

(2) Claim risk management

Claim risk refers to the risk arising from adopting inappropriate or negligent procedures on claims settlement procedure. In order to manage claim risks the Group abides by the “Regulations Governing new insurance policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises” and established a “Claim Settlement System and Procedures” and a standard operating procedure to decrease the risk of negligence when processing claims, in order to protect the financial consumers’ rights. The Company also monitors the accuracy, timeliness, by implementing levels of authority and by enhancing professional training for claims personnel.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Product design and pricing risk management

Product design and pricing risk refers 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 of new product is analyzed and an internal meeting is held before a new product is launched. 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. They also set assets allocation plans, which take into the characteristics of the requirement of asset and liabilities management, and conform to sales review meeting regularly after sales.

(4) 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 statutory compliance 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 control points are established within the framework to ensure the accuracy of the calculation.

(5) Catastrophic risk and reinsurance risk

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

1) Catastrophic risk

Based on the Company’s experience, the retention and reinsurance limits are set up and are annually reviewed. Scenario analysis are also applied to insurance for calamities like earthquakes, typhoons, flood, air-crash, terrorist attacks and infectious diseases, meanwhile, other losses arised from life and accident insurance are likewise considered in evaluation of catastrophic risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2) Reinsurance risk

According to the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, coordinated with the Company's yearly reinsurance policy. The reinsurance risk management plan is renewed annually. This plan includes retention risk management, ceded insurance risk management, assumed insurance risk management, intergroup reinsurance risk management.

The credit rating of the reinsurers is also monitored monthly. Such credit rating is based on Article 7 and Article 8 of “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”. Reinsurers’ credit rating above a certain level from an international credit rating agency (The credit rating should be BBB or higher from Standard & Poor’s Corporation or comparable rating assigned by other credit rating agencies authorized by the Authority) are eligible as reinsurers to whom an insurance enterprise may cede its business. For new reinsurance partner, the Company currently adopts Standard and Poor’s A- or above as its guideline.

(6) Assets and liabilities matching risk

- 1) To enhance the overall assets and liabilities allocation, maintain adequate liquidity, and improve the capital utilization efficiency with the goal of maximizing the overall risk-adjusted return, the Company not only complies with the relevant government regulations but also establishes the Assets and Liabilities Management Committee (ALCO) to keep track of the issues related to asset and liability cash flows and to formulate relevant assets and liabilities management guidelines which enable the Company to sustain adequate capital to cover the potential risk from business operation.
- 2) Under the Article of Organization Rules for the Assets and Liabilities Management Committee, the meeting must be held at least once per quarter and the responsible department in the Company performs the cash flow testing using the declared interest rate for the period and calculates the surplus at the end of each year to ensure the Company's solvency. Also, the Risk-Based Capital ratio is reviewed and sensitivity analysis is conducted by simulating key risk factors as the reference for capital adequacy decision-making. Furthermore, the change in the components of required capital and available capital from period to period is analyzed to identify the reason for such changes and liquidity risk is managed by periodically calculating the accumulated net cash flows in one year and the accumulated net cash flows in 5 years as the indicators for risk management.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) The subsidiaries comply with relevant local laws and regulations, the Company's capital adequacy risk management guideline and risk management regulations, to manage assets and liabilities matching risk, and to maintain appropriate solvency and sound operations.

(7) Risk management reporting

- 1) A Risk Management Committee is set up under the supervision of the Board of Directors. The independent directors act as the conveners and hold a meeting quarterly. According to its organization rules, the major duties of the committee are to

(I) Set up and modify policy and structure of risk management

(II) Set up and modify the quantitative and qualitative criteria for risk measurement.

(III) Adjust risk types as environment change

(IV) Set up risk limit allocation and the way of undertaking risk

(V) 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 the Company 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 subsidiaries manage the above-mentioned risks in accordance with relevant laws and regulations and the Company's risk management standards.

(c) Information of insurance risk

- (1) Sensitivity of insurance risk— Insurance contracts and financial instrument with discretionary feature

For the six months ended June 30, 2025				
	Change of assumption		Change of income before tax	Change of stockholder's equity
Mortality/Morbidity	Increase	10 %	(2,458,336)	(1,963,838)
Rate of return	Decrease	0.1 %	(2,683,960)	(2,143,452)
Expense (fixed expense)	Increase	5 %	(273,764)	(217,949)
Lapse and surrender rate	Increase	10 %	122,111	97,566

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the six months ended June 30, 2024				
	Change of assumption		Change of income before tax	Change of stockholder's equity
Mortality/Morbidity	Increase	10 %	(2,347,101)	(1,874,687)
Rate of return	Decrease	0.1 %	(2,642,942)	(2,110,397)
Expense (fixed expense)	Increase	5 %	(263,581)	(209,721)
Lapse and surrender rate	Increase	10 %	122,338	97,703

The sensitivity analysis requires evaluating the impact to income before tax/stockholders' equity in which only one element changes and the others remain constant. The change of stockholder's equity was calculated based on the assumption that the tax rate which the Company was 20% and the subsidiary Fubon Hyundai Life Insurance Co., Ltd. was 23.1%, the change factors considered include mortality, morbidity, rate of return, expense rate and lapse rate. The sensitivity analysis does not include the information of subsidiaries Fubon Life Insurance (Vietnam) Co., Ltd. and Fubon Life Insurance (Hong Kong) Company Limited, due to the fact that the percentage of retained earned premiums compared to the consolidated retained earned premiums is relatively small and is not expected to affect the result of the sensitivity analysis.

(2) Insurance risk concentration

Insurance contracts sold by the Group include life insurance, annuities, accident insurance and health insurance. As these insurance contracts are primarily issued in Taiwan, the insurance risk is mainly concentrated in Taiwan.

(3) Claim development trend

1) Development trend of claims payment incurred

Cumulative claims payment and adjustment to the consolidated balance sheet are as follows:

June 30, 2025 (The Company)								
Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2019	6,173,797	7,578,255	7,721,002	7,743,497	7,763,638	7,770,826	7,780,886	-
2020	6,426,045	7,924,896	8,086,839	8,117,517	8,135,478	8,138,846	-	-
2021	6,529,528	8,138,219	8,326,494	8,346,859	8,359,198	-	-	768
2022	7,759,860	9,677,450	9,870,560	9,895,333	-	-	-	10,874
2023	8,128,602	10,143,364	10,289,170	-	-	-	-	139,556
2024	8,810,059	10,549,343	-	-	-	-	-	1,463,735
2025	3,697,291	-	-	-	-	-	-	1,001,830
IBNR Reserve								2,616,763
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,859,719
The balance of claim reserve								5,476,482

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2025 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2021	1,337,786	1,673,396	1,727,924	1,752,694	1,769,138	-
2022	1,394,481	1,783,426	1,833,097	1,853,371	-	24,311
2023	1,402,677	1,768,158	1,815,175	-	-	25,326
2024	1,458,349	1,799,824	-	-	-	61,688
2025	1,388,497	-	-	-	-	563,191
IBNR Reserve						674,516
Plus: RBNA Reserve						2,396,652
The balance of claim reserve						3,071,168

December 31, 2024 (The Company)

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	7,222,376	7,228,629	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	7,763,638	7,770,826	-	-
2020	6,426,045	7,924,896	8,086,839	8,117,517	8,135,478	-	-	-
2021	6,529,528	8,138,219	8,326,494	8,346,859	-	-	-	1,544
2022	7,759,860	9,677,450	9,870,560	-	-	-	-	19,989
2023	8,128,602	10,143,364	-	-	-	-	-	255,629
2024	8,810,059	-	-	-	-	-	-	2,460,752
IBNR Reserve								2,737,914
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,406,146
The balance of claim reserve								5,144,060

December 31, 2024 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2020	1,316,778	1,668,611	1,710,608	1,732,412	1,745,075	-
2021	1,407,022	1,739,557	1,791,279	1,817,269	-	22,803
2022	1,432,259	1,821,333	1,866,263	-	-	26,732
2023	1,428,475	1,788,648	-	-	-	50,768
2024	1,383,398	-	-	-	-	545,571
IBNR Reserve						645,874
Plus: RBNA Reserve						2,335,320
The balance of claim reserve						2,981,194

June 30, 2024 (The Company)

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	7,222,376	7,225,126	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	7,763,638	7,766,626	-	-
2020	6,426,045	7,924,896	8,086,839	8,117,517	8,127,034	-	-	2,038
2021	6,529,528	8,138,219	8,326,494	8,341,648	-	-	-	12,685
2022	7,759,860	9,677,450	9,808,528	-	-	-	-	132,982
2023	8,128,602	9,828,761	-	-	-	-	-	1,347,663
2024	3,534,540	-	-	-	-	-	-	953,319
IBNR Reserve								2,448,687
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,102,355
The balance of claim reserve								4,551,042

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2024 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2020	1,438,179	1,816,083	1,861,180	1,887,134	1,896,136	-
2021	1,425,850	1,782,375	1,840,330	1,863,312	-	15,454
2022	1,486,302	1,900,701	1,953,230	-	-	29,672
2023	1,495,012	1,883,814	-	-	-	57,130
2024	1,534,549	-	-	-	-	581,435
IBNR Reserve						683,691
Plus: RBNA Reserve						2,593,273
The balance of claim reserve						3,276,964

Note 1 : Amount shown above excludes investment contracts.

Note 2 : As of June 30, 2025, December 31 and June 30, 2024, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary company (not included Fubon Hyundai Life Insurance), from claims payment incurred are not estimated based on claim development trend amounts to \$18,992 thousand, \$18,690 thousand and \$18,476 thousand, respectively.

2) Development trend of retention claims payments

Cumulative claims payments from prior years are as follows:

June 30, 2025 (The Company)

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2019	6,156,966	7,379,306	7,521,266	7,543,596	7,563,281	7,570,437	7,580,493	-
2020	6,423,414	7,747,404	7,904,904	7,935,224	7,953,023	7,956,371	-	-
2021	6,508,771	8,076,863	8,262,381	8,282,276	8,294,507	-	-	670
2022	7,594,099	9,445,772	9,634,283	9,658,861	-	-	-	10,742
2023	7,954,623	9,925,129	10,068,697	-	-	-	-	137,634
2024	8,681,126	10,386,280	-	-	-	-	-	1,444,072
2025	3,662,684	-	-	-	-	-	-	994,143
IBNR Reserve								2,587,261
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,735,787
The balance of claim reserve								5,323,048

June 30, 2025 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2021	994,658	1,251,509	1,294,308	1,309,730	1,324,835	-
2022	1,038,687	1,350,778	1,390,266	1,407,628	-	22,902
2023	1,034,202	1,317,970	1,358,996	-	-	23,858
2024	1,145,457	1,447,186	-	-	-	58,112
2025	1,042,346	-	-	-	-	530,553
IBNR Reserve						635,425
Plus: RBNA Reserve						2,391,773
The balance of claim reserve						3,027,198

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024 (The Company)								
Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	7,068,390	7,074,616	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	7,563,281	7,570,437	-	-
2020	6,423,414	7,747,404	7,904,904	7,935,224	7,953,023	-	-	-
2021	6,508,771	8,076,863	8,262,381	8,282,276	-	-	-	1,346
2022	7,594,099	9,445,772	9,634,283	-	-	-	-	19,847
2023	7,954,623	9,925,129	-	-	-	-	-	252,180
2024	8,681,126	-	-	-	-	-	-	2,428,809
IBNR Reserve								2,702,182
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,347,904
The balance of claim reserve								5,050,086

December 31, 2024 (Subsidiary — Fubon Hyundai Life Insurance)						
Occurrence	Development year					Claim Reserve
Year	1	2	3	4	5	
2020	973,638	1,255,411	1,288,951	1,305,849	1,316,519	-
2021	1,035,402	1,302,282	1,342,320	1,361,004	-	22,264
2022	1,048,822	1,349,091	1,386,342	-	-	26,100
2023	1,086,165	1,386,911	-	-	-	49,568
2024	959,101	-	-	-	-	532,676
IBNR Reserve						630,608
Plus: RBNA Reserve						2,334,867
The balance of claim reserve						2,965,475

June 30, 2024 (The Company)								
Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	7,068,390	7,071,136	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	7,563,281	7,566,250	-	-
2020	6,423,414	7,747,404	7,904,904	7,935,224	7,944,580	-	-	1,948
2021	6,508,771	8,076,863	8,262,381	8,277,391	-	-	-	12,529
2022	7,594,099	9,445,772	9,573,789	-	-	-	-	131,013
2023	7,954,623	9,616,539	-	-	-	-	-	1,323,329
2024	3,491,604	-	-	-	-	-	-	943,742
IBNR Reserve								2,412,561
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,054,366
The balance of claim reserve								4,466,927

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2024 (Subsidiary — Fubon Hyundai Life Insurance)						
Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2020	1,066,975	1,359,579	1,396,231	1,415,233	1,421,673	-
2021	1,060,134	1,333,657	1,379,112	1,394,967	-	12,471
2022	1,107,079	1,439,646	1,481,323	-	-	23,945
2023	1,102,275	1,404,055	-	-	-	46,102
2024	1,203,819	-	-	-	-	469,201
IBNR Reserve						551,719
Plus: RBNA Reserve						2,542,178
The balance of claim reserve						3,093,897

Note 1 : Amount shown above excludes investment contracts.

Note 2 : As of June 30, 2025, December 31 and June 30, 2024, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary company (not included Fubon Hyundai Life Insurance), from claims payment incurred are not estimated based on claim development trend amounts to \$16,860 thousand, \$16,576 thousand and \$16,433 thousand, respectively.

Claims 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 current gain or loss. For some claims, notifications to the Group 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 be 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.

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 the Group estimate the compensation amount of each year as time passes by. 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) The credit risk, liquidity risk and market risk of insurance contracts

(1) Credit risk

The credit risk of Insurance Contract arises mainly from the inability of reinsurers to fulfill the obligation of reinsurance contracts which result in financial losses. The Group monitors the credit rating of reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

(2) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability of the Group to obtain sufficient funds or liquidate assets in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of Insurance Contracts, the Group also reviews short-term and mid-term liquidity risk indicators through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching strategies. The Group sets in advance the response strategy for potential payments in order to enhance timely liquidity risk management and to avoid the situation of inadequate liquidity.

The maturity analysis of Insurance Contracts of the Group is shown below:

(Unit: NT\$ million)

June 30, 2025

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note2)	Total
Provision	40,459	63,555	14,246	4,200,650	261,571	4,580,481
Proportion	0.9 %	1.4 %	0.3 %	91.7 %	5.7 %	100.0 %

December 31, 2024

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note2)	Total
Provision	34,005	56,671	25,212	4,294,933	275,556	4,686,377
Proportion	0.7 %	1.2 %	0.5 %	91.7 %	5.9 %	100.0 %

June 30, 2024

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note2)	Total
Provision	34,403	33,080	53,853	4,248,465	287,518	4,657,319
Proportion	0.7 %	0.7 %	1.2 %	91.2 %	6.2 %	100.0 %

Note1: Reserves include reserve for insurance contract with the nature of financial instruments.

Note2: The "Unable to classify" includes reserve for interest sensitive product, and additional reserve set aside to strengthen reserve for insurance liabilities. The amounts above exclude reserves for separate account and foreign exchange valuation reserve.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) 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 product prices. The Group evaluates 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 results indicates the need to recognize liability adequacy reserve, the change in market risk factors don't have a significant effect on profits and losses and equity of the Group.

Guided by Assets and Liabilities Management Committee, the Group takes into account financial environment, various economic indicators and ALM to select appropriate investment target based on risk characteristics of liabilities through risk control mechanism. The decision is made in Assets and Liabilities Management Committee and is periodically reviewed. Under the constraints of regulatory framework and market environment, the Group appropriately selects and holds long-term assets, which allows assets and liabilities to match better in terms of durations and returns and pursues long-term financial stability and protects the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to the Group.

(AD) Fair value and fair value hierarchy

(a) Fair value information

(1) General description

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 instruments are 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 subsequent measurement. A quoted price in an active market is the best evidence of fair value. 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 finance information providers which are commonly used by market participants, or (c) quoted prices from counter parties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) The definition of fair value hierarchy

1) Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is one in which all the following conditions exist: a) the items traded within the market are homogeneous; b) willing buyers and sellers can normally be found at any time; and c) prices are available to the public. Taiwan government bonds, listed equities and debt instruments with active market prices are categorized in Level 1.

2) Level 2 inputs

Level 2 inputs are inputs other than quoted 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). Debt instruments without active market prices, and derivative instruments are categorized in Level 2.

3) Level 3 inputs

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted prices from counter parties. Equity, debt instruments, derivatives and investment properties without active market prices but based on quoted prices from counter parties or figures obtained from non-market indicators, are categorized in level 3.

If the market parameters which are directly relevant to the financial instruments are not accessible, the Group uses the market parameters accessed from other similar companies to evaluate the value of the financial instruments. Even though the market parameters of other similar companies can be accessed publicly, the market parameters are indirectly related to the financial instruments. As a result, the Group classified the financial instruments, such as non-public stocks, to Level 3.

(3) Valuation techniques

1) 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 equities and debt instruments with quoted prices in active markets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

If the quoted prices are timely and regularly available from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities, and those prices represent actual and regularly occurring market transactions, on an arm's length basis, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

Except for financial instruments with active markets, fair value of other financial instruments is determined by valuation techniques, valuation provided by the professional finance information providers which are commonly used by market participants, or quoted prices from counter parties. Necessary inputs for the fair value resulting from the use of discounted cash flow method or other valuation techniques include available market information such as yield curve of Taipei Exchange.

The Group uses the valuation techniques commonly accepted by market participants for nonstandard and less complicated financial instruments. Parameters of valuation models are usually the observable market information.

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

2) Non-financial instruments

The fair value of investment property is determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and evaluated by the professional appraisal agency with the support of market evidences. Please refer to Note 6(G) for details.

(4) Fair value adjustment

Limitations of valuation models and uncertain 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 additional parameters when necessary. There are validation processes for valuation models, and the adjustments are considered to be proper and essential. Price information and parameters for measurement are carefully used and adjusted based on the current market conditions.

For part of the financial assets measured at amortized cost, the fair value information was adjusted from the second quarter of 2024, due to the optimization of the valuation method.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Fair value measurement

(1) Fair value hierarchy

Information of fair value hierarchy is as follows:

June 30, 2025				
Assets and liabilities items	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 547,145,009	546,084,583	-	1,060,426
Bond investment	96,896,252	8,427,340	83,405,974	5,062,938
Other	826,709,577	643,800,124	8,045,634	174,863,819
Financial assets measured at fair value through other comprehensive income				
Security investment	18,713,124	7,051,530	-	11,661,594
Bond investment (Note 1)	264,833,054	166,200,764	88,721,225	9,911,065
Other	1,020	-	-	1,020
Investment property (Note 2)	260,401,061	-	-	260,401,061
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 40,673,434	-	40,303,058	370,376
Financial assets for hedging	789,030	-	789,030	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	15,456,576	-	15,456,576	-
Financial liabilities for hedging	1,377,848	-	1,377,848	-
December 31, 2024				
Assets and liabilities items	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 567,818,410	566,688,501	-	1,129,909
Bond investment	95,246,787	7,976,327	81,741,806	5,528,654
Other	913,606,020	703,866,757	41,166	209,698,097
Financial assets measured at fair value through other comprehensive income				
Security investment	13,482,096	2,719,350	-	10,762,746
Bond investment (Note1)	273,091,631	168,269,176	104,701,760	120,695
Other	2,069	-	-	2,069
Investment property (Note 2)	259,992,580	-	-	259,992,580
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 839,833	-	540,154	299,679
Financial assets for hedging	318,070	-	318,070	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	34,407,924	-	34,407,924	-
Financial liabilities for hedging	8,058,819	-	8,058,819	-

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

		June 30, 2024		
Assets and liabilities items	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 590,181,418	589,090,096	-	1,091,322
Bond investment	98,874,863	7,920,041	85,843,237	5,111,585
Other	900,888,822	663,079,738	5,264,493	232,544,591
Financial assets measured at fair value through other comprehensive income				
Security investment	12,735,097	3,643,063	-	9,092,034
Bond investment (Note 1)	272,353,952	159,284,042	112,955,950	113,960
Other	6,505	-	-	6,505
Investment property (Note 2)	261,712,849	-	-	261,712,849
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 530,847	-	201,397	329,450
Financial assets for hedging	180,251	-	180,251	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	19,230,016	-	19,230,016	-
Financial liabilities for hedging	3,848,958	-	3,848,958	-

Note 1: Government bonds provided as statutory deposits were included.

Note 2: Excluding investment properties not measured at fair value.

(2) Transfer between Level 1 and Level 2

There was no significant transfer between Level 1 and Level 2 for the six months ended June 30, 2025 and 2024.

(3) The movement details of Level 3

Movements of assets categorized in Level 3 are as follows:

For the six months ended June 30, 2025								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 216,656,339	(516,806)	(21,906,794)	14,946,422	-	27,821,602	-	181,357,559
Financial assets measured at fair value through other comprehensive income	10,885,510	(10,918)	899,745	271	9,800,514	1,443	-	21,573,679
Investment property	259,992,580	(8,935)	123,957	502,911	133	-	209,585	260,401,061
Total	\$ 487,534,429	(536,659)	(20,883,092)	15,449,604	9,800,647	27,823,045	209,585	463,332,299

For the six months ended June 30, 2024								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 216,888,582	325,943	14,216,727	13,502,022	-	5,782,215	74,111	239,076,948
Financial assets measured at fair value through other comprehensive income	13,383,424	(6,572)	1,239,738	121	-	9,610	5,394,602	9,212,499
Investment property	267,295,114	(6,723,469)	1,290,531	519,600	-	-	668,927	261,712,849
Total	\$ 497,567,120	(6,404,098)	16,746,996	14,021,743	-	5,791,825	6,137,640	510,002,296

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- (a) Transferred to Level 3 because of a lack of observable market data, resulting from a decrease in market activity for the securities.
- (b) The Group's policy is to recognize transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfers.
- (c) Transferred from Level 3 because observable market data became available for the securities.

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

		For the six months ended June 30,	
		2025	2024
The amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	\$	<u>(536,659)</u>	<u>(6,404,098)</u>
The amount of the total gains or losses for the period included in other comprehensive income that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	\$	<u>(9,540,098)</u>	<u>15,228,491</u>

(4) Quantitative information about the significant unobservable inputs used in the fair value measurement

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

Because of the inability to comprehensively manage the relationship of significant unobservable inputs to fair value, the undisclosed quantitative information about fair value are as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
	<u>\$ 188,373,550</u>	<u>213,937,636</u>	<u>236,475,044</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Quantitative information about the significant unobservable inputs are as follows:

Accounting classification	June 30, 2025				
	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 2,900,016	Asset-based Approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%~10% (5.56%)	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	1.7~1.8 (1.75)	The higher the P/B ratio, the higher the fair value
		Market Approach — Merton debt evaluation model	Discount for lack of marketability	17.18%	The higher the discount for lack of marketability, the lower the fair value
		Black-Scholes Model	Risk-free rate	6 months : 1.09%~1.33%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
				10 years : 3.82%~4.67%	
				6 years : 26.85%~32.82%	
			Volatility	39.78%~48.62%	The higher the volatility, the higher the fair value
			Underlying stock price	HK\$81,268,479~\$99,328,141 US\$1,391,648~\$1,700,903	
Financial assets measured at fair value through other comprehensive income	11,657,672	Asset-based Approach	Discount for lack of marketability	0%~10% (6.67%)	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	13.04%~50% (29.35%)	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	2.4~3.5 (2.95)	The higher the P/B ratio, the higher the fair value
		Discounted Cash Flow Method	Discount rate	2.82%~2.97%	The higher the discount rate, the lower the fair value
			Credit spread	0.86%~15.78%	The higher the credit spread, the lower the fair value
			Prepayment rate	0.04%~0.51%	The higher the prepayment rate, the higher the fair value
Investment property	260,401,061	Please refer to Note 6(G)			

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024					
Accounting classification	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 2,844,369	Asset-based Approach	Discount for lack of marketability	0%~5%(4.44%)	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	0%~10%(5.00%)	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	1.8~2.9(2.35)	The higher the P/B ratio, the higher the fair value
		Market Approach — Merton debt evaluation model	Discount for lack of marketability	16.16%	The higher the discount for lack of marketability, the lower the fair value
		Black-Scholes Model	Risk-free rate	1 years : 3.08%~3.76%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
				3 years : 2.99%~3.66%	
				10 years : 4.11%~5.03%	
			Volatility	6 years : 27.05%~33.06%	The higher the volatility, the higher the fair value
				36.52%~45.47%	
			Underlying stock price	HK\$56,923,280 ~\$78,948,779	The higher the underlying stock price, the higher the call warrant value but the lower the put option value
				US\$1,866,477 ~\$2,281,250	
Financial assets measured at fair value through other comprehensive income	10,759,844	Asset-based Approach	Discount for lack of marketability	0%~10% (6.67%)	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	12.86%~50% (29.29%)	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	2.0~3.2 (2.60)	The higher the P/B ratio, the higher the fair value
		Discounted Cash Flow Method	Discount rate	3.42%~3.84%	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
Investment property	259,992,580	Please refer to Note 6(G)			

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2024					
Accounting classification	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	Relationship between inputs and fair value
Financial assets measured at fair value through profit or loss	\$ 2,721,131	Asset-based Approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%~10%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	1.7~3.6(2.65)	The higher the P/B ratio, the higher the fair value
		Market Approach — Merton debt evaluation model	Discount for lack of marketability	11.68%	The higher the discount for lack of marketability, the lower the fair value
			Black-Scholes Model	Risk-free rate	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
				1 years : 3.76%~4.60%	
				3 years : 3.47%~4.24%	
				10 years : 3.90%~4.76%	
				Volatility	
				6 years : 26.08%~31.87%	
				39.78%~48.62%	
			Underlying stock price	HK\$66,240,958 ~\$80,961,171	The higher the underlying stock price, the higher the call warrant value but the lower the put option value
				US\$2,056,470 ~\$2,513,463	
Financial assets measured at fair value through other comprehensive income	9,093,272	Asset-based Approach	Discount for lack of marketability	0%~10% (6.67%)	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	10.89%~50% (28.63%)	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	2.2~3.9 (3.05)	The higher the P/B ratio, the higher the fair value
		Discounted Cash Flow Method	Discount rate	3.75%~3.96%	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
Investment property	261,712,849	Please refer to Note 6(G)			

(5) Valuation processes for fair value measurements categorized within Level 3

When the Group's fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the unobservable parameters, the asset or liability is categorized in Level 3. The inputs come from:

- (a) Prices referring from the professional finance information providers, which are not different for each acquirer and shall be acquired through specific facility.
- (b) Prices referring from quoted prices from counter parties or valuation institute. Price information is provided on a monthly or quarterly basis and shall be kept properly. Valuation shall be reviewed regularly to ensure the consistency with reference pricing source and the reasonability of the valuation.
- (c) Prices of equity investment referring from market approach and valuation model.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Prices of loans referring from discounted cash flow method.

(e) Prices of derivatives referring from the valuation model.

Investment property is evaluated by the professional appraisal agency in accordance with the valuation techniques announced by FSC.

- (6) Sensitivity and reasonableness of the fair value measurements categorized within Level 3

The fair value measurement of financial instruments and investment property are reasonable. Because of the inability to comprehensively manage the relationship of significant unobservable input to fair value, the Group does not perform alternative or sensitivity test for the items that are partially categorized within Level 3 and not valued by the Group. The following table summarizes the effects to profit or loss and other comprehensive income resulting from 10% changes in the valuation parameters of those financial instruments categorized within Level 3 valued by the Group and partially by the professional finance information providers:

June 30, 2025	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at fair value through profit or loss	\$ 43,762	(41,705)	3,688	(3,691)
Financial assets measured at fair value through other comprehensive income	-	-	157,575	(157,575)
Total	\$ 43,762	(41,705)	161,263	(161,266)

December 31, 2024	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at fair value through profit or loss	\$ 55,058	(49,405)	4,736	(4,740)
Financial assets measured at fair value through other comprehensive income	-	-	141,196	(142,027)
Total	\$ 55,058	(49,405)	145,932	(146,767)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2024	Profit or loss		Other comprehensive income (Note)	
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at fair value through profit or loss	\$ 55,669	(50,899)	3,522	(3,519)
Financial assets measured at fair value through other comprehensive income	-	-	95,246	(94,414)
Total	\$ 55,669	(50,899)	98,768	(97,933)

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

(c) Assets and liabilities not measured at fair value

(1) Fair value information

Other than the items stated in the table below, disclosures of fair value are not required for the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, receivables, other financial assets — cash in bank, loans, accounts payable, short-term liabilities and other financial liabilities — bank loans) and their carrying amount is a reasonable approximation of fair value, and lease liabilities.

Items	Carrying amount	Fair value
June 30, 2025		
Financial assets		
Financial assets measured at amortized cost (Note 1)	\$ 2,581,421,354	1,990,514,458
Financial liabilities		
Bonds payable	172,122,047	170,444,370
December 31, 2024		
Financial assets		
Financial assets measured at amortized cost (Note 1)	2,802,556,991	2,136,645,851
Financial liabilities		
Bonds payable	153,553,649	149,501,118
June 30, 2024		
Financial assets		
Financial assets measured at amortized cost (Note 1)	2,777,185,679	2,139,814,095
Financial liabilities		
Bonds payable	127,119,884	124,035,439

Note 1: Government bonds provided as statutory deposits were included.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 2: For fair value adjustments details, please refer to Note 6(AD)(a)(4).

(2) Fair value hierarchy

		June 30, 2025		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities items	Total			
Financial assets:				
Financial assets measured at amortized cost	\$ 1,990,514,458	1,234,737,153	673,491,510	82,285,795
Financial liabilities:				
Bonds payable	170,444,370	15,028,830	137,574,199	17,841,341
		December 31, 2024		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities items	Total			
Financial assets:				
Financial assets measured at amortized cost	\$ 2,136,645,851	1,309,139,440	711,206,104	116,300,307
Financial liabilities:				
Bonds payable	149,501,118	37,734,485	93,674,149	18,092,484
		June 30, 2024		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities items	Total			
Financial assets:				
Financial assets measured at amortized cost	\$ 2,139,814,095	1,333,451,657	708,074,840	98,287,598
Financial liabilities:				
Bonds payable	124,035,439	15,028,815	86,603,857	22,402,767

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AE) Financial risk management

(a) Risk management system

(1) The organization structure of risk management

The Company sets Risk Management Committee which is under the jurisdiction of the Board of Directors and was convened by independent directors. It is to supervise the overall risk control of the Company and report to the Board of Directors regularly. In order to effectively examine the Company's risk management operation, two special committees were established.

- 1) Assets and Liabilities Management Committee: The chairman of the Company or appointed personnel serves as the chairman of the committee. The committee is to consider the balance between assets and liabilities, set up the strategic target of assets and liabilities and supervise the execution progress.
- 2) Operational Risk Management Committee: It is convened by the president to supervise and manage the operational risk of the Company in order to assure the management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out the risk control and to facilitate the coordination of other risk control affairs, the Company's Board of Directors designates a chief risk officer to be in charge of a risk management department which is independent of all business units. The risk management department executes or assists to execute risk control duty following the regulation of risk management policy, organization rules governing the risk management committee and organization rules governing the risk related committee. The Company has established diverse risk management policies, risk limits and stop-loss prevention and assessment policy, hierarchical authorization, and risk assessment criteria in order to facilitate effective risk management.

The risk management mechanism of the subsidiaries is conducted per the relevant regulations of local authority and the risk management rules of the Company. It is to control certain risks such as market, credit and liquidity risk and measure and evaluate the overall investment position regularly. The risk management staff prepares management and evaluation internal monitoring reports for various risks.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Risk management policies

The Company pronounced Risk Management Policy under the consent of the Board of Directors. The policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is based on the regulation of overall operation target, management strategy and risk management. It is to establish appropriate risk management system and management procedure so as to identify, evaluate, measure, supervise, respond and report potential risk. Through the announcement of the risk management policies, the Company established clear management targets, controlling methods and the responsibilities for respective departments to ensure the operating capital is adequate and to create profit for shareholders.

The subsidiaries also set up risk management policies or rules as the basis of risk management.

(3) Risk management process

The process of the Company's risk management includes: Risk identification, risk measurement, risk monitoring and risk report.

- 1) Risk identification: Risk factors refer to the internal and external factors which may subject the Company to certain risks during the operating process; risk identification is to confirm various risk factors and the sources of the risks from investing activities.
- 2) Risk measurement: To set up quantitative and qualitative risk management methods, indices and models and generate relevant risk management reports to effectively identify, measure and monitor risk exposure and to adopt effective procedures to diminish, transfer and control the risks under an acceptable extent.
- 3) Risk monitoring: Through risk management methods, mechanism and reports to continuously monitor various risk exposure in order to control and respond in time.
- 4) Risk report: Except for the regular report during the monitoring process, the risk management staff shall report immediately when abnormal or other special situation occurs and take appropriate actions (including the diminishing, control, transfer and tolerating of risk) to minimize the possible impact to the Company.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In accordance with the internal risk management policies, the Company controls risks such as market risk, credit risk, liquidity risk, operation risk, insurance risk, assets and liabilities coordination risk. In addition to the arrangement regulated by the authorities, the Company also established measurement and evaluation management mechanism to regularly prepare management and evaluation monitoring report for various risks.

The subsidiaries set up appropriate management process and risk monitoring in accordance with their characteristics, development stage and regulations.

(4) Risk hedging and diminishing strategy

The Company takes capital scale and risk tolerance into consideration and review capital adequacy ratio regularly to ensure the capital is adequate. Furthermore, by combining several business aspects such as the understanding of the market status, the Company's operating strategy, product characteristics and risk control, the Company also analyzes the risk structure and risk level of the overall position and constrains the Company's risk within the pre-approved extent or adjusts the Company's risk to a tolerable extent. The execution of risk hedging and diminishing strategy is adjusted based on the risk tolerance of the Company.

The subsidiaries managed risk tolerance in accordance with their characteristics, development stage and local regulations.

(b) Credit risk analysis

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. The Group may suffer losses from these incidents.

(1) Analysis of credit risk concentration

The following are credit risk exposure of the Group's debt instruments and derivative instruments as well as loans distributed by industry and geographic area.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Credit risk exposure by industry

Financial assets	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
Industrial enterprise	\$ 176,460,989	5.46	188,197,388	5.54	183,816,974	5.44
Public business	137,568,288	4.25	150,725,007	4.44	133,204,290	3.95
Diversification	7,156,482	0.22	7,844,987	0.23	7,765,513	0.23
Mortgage backed securities	32,972,711	1.02	39,411,310	1.16	37,286,655	1.10
Financial sector	1,243,764,925	38.48	1,272,337,300	37.45	1,278,657,874	37.87
Consumer staples	284,944,740	8.82	306,808,979	9.03	301,443,604	8.93
Government	445,587,642	13.79	490,820,166	14.45	477,973,450	14.16
Technology	88,244,898	2.73	96,079,958	2.83	95,578,517	2.83
Raw material	101,217,879	3.13	99,513,166	2.93	109,903,052	3.25
Consumer discretionary	56,766,367	1.75	59,661,059	1.76	67,461,312	2.00
Energy	206,496,308	6.39	219,227,271	6.45	218,881,900	6.48
Assets backed securities	10,344,913	0.33	21,657,298	0.64	27,771,942	0.82
Telecommunication	225,868,585	6.99	244,696,219	7.20	245,007,052	7.26
Other	214,539,642	6.64	200,163,777	5.89	191,771,380	5.68
Subtotal	3,231,934,369	100.00	3,397,143,885	100.00	3,376,523,515	100.00
Fair value adjustment through business combination	(429,845)		(379,636)		(255,284)	
Total	<u>\$ 3,231,504,524</u>	<u>100.00</u>	<u>3,396,764,249</u>	<u>100.00</u>	<u>3,376,268,231</u>	<u>100.00</u>

Credit risk exposure by geographic area

Financial assets	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
Taiwan	\$ 479,456,690	14.83	446,536,522	13.14	441,211,791	13.07
Asia except Taiwan	402,888,948	12.47	409,236,471	12.05	427,381,760	12.66
North America	1,500,762,517	46.44	1,624,073,756	47.81	1,600,228,532	47.39
Middle and South America	105,800,397	3.27	116,414,130	3.43	115,627,273	3.42
Europe	525,293,933	16.25	563,602,176	16.59	558,920,035	16.55
Africa/Middle East	217,731,884	6.74	237,280,830	6.98	233,154,124	6.91
Subtotal	3,231,934,369	100.00	3,397,143,885	100.00	3,376,523,515	100.00
Fair value adjustment through business combination	(429,845)		(379,636)		(255,284)	
Total	<u>\$ 3,231,504,524</u>	<u>100.00</u>	<u>3,396,764,249</u>	<u>100.00</u>	<u>3,376,268,231</u>	<u>100.00</u>

Note: The Group operates credit business in the energy industry in Taiwan in 2025 and 2024. As of June 30, 2025, December 31 and June 30, 2024, loan commitment credit exposures of the off-balance sheet amount were \$3,963,346 thousand, \$5,283,147 thousand and \$8,000,000 thousand, respectively, which were not included in the above-mentioned industry and geographic area table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Categories for credit risk quality

The Group internally categories the credit risk into three levels, which are low risk, medium risk and high risk. The definition of each level is as follows:

- 1) 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 financially capable of dealing with the situations.
- 2) 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 the Group.
- 3) 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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The Group's credit analysis for debt instruments, loans, other financial assets and related accounts receivable are as follows:

	June 30, 2025												
	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 — interests receivable (including overdue receivable)	\$ 31,030,831	826,590	366	31,857,787	344	209	-	553	3,245,112	-	3,245,112	3,274,727	31,828,725
Financial assets measured at fair value through other comprehensive income — debt instruments (Note 2)	258,072,819	4,589,392	-	262,662,211	-	-	-	-	2,265,820	-	2,265,820	(Note1)	264,928,031
Financial assets measured at amortized costs (Note 2)	2,533,449,128	36,343,258	-	2,569,792,386	-	-	-	-	14,543,790	-	14,543,790	2,610,766	2,581,725,410
Other financial assets	4,000,385	1,044,086	-	5,044,471	-	-	-	-	-	-	-	3,405	5,041,066
Loans (Note 2, 3)	193,555,104	42,047,728	287,164	235,889,996	1,198,404	2,818,732	-	4,017,136	601,240	-	601,240	2,042,365	238,466,007
Total	<u>\$ 3,020,108,267</u>	<u>84,851,054</u>	<u>287,530</u>	<u>3,105,246,851</u>	<u>1,198,748</u>	<u>2,818,941</u>	<u>-</u>	<u>4,017,689</u>	<u>20,655,962</u>	<u>-</u>	<u>20,655,962</u>	<u>7,931,263</u>	<u>3,121,989,239</u>

	December 31, 2024												
	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 — interests receivable (including overdue receivable)	\$ 32,409,097	890,022	310	33,299,429	197	215	-	412	3,055,846	-	3,055,846	3,088,486	33,267,201
Financial assets measured at fair value through other comprehensive income - debt instruments (Note 2)	265,803,964	4,902,996	-	270,706,960	-	-	-	-	2,485,398	-	2,485,398	(Note 1)	273,192,358
Financial assets measured at amortized costs (Note 2)	2,750,908,675	38,907,840	-	2,789,816,515	-	-	-	-	15,980,883	-	15,980,883	2,994,035	2,802,803,363
Other financial assets	3,815,696	957,361	-	4,773,057	-	-	-	-	-	-	-	7,008	4,766,049
Loans (Note 2, 3)	183,029,988	37,281,392	247,374	220,558,754	1,179,120	3,831,647	-	5,010,767	604,370	-	604,370	1,942,980	224,230,911
Total	<u>\$ 3,235,967,420</u>	<u>82,939,611</u>	<u>247,684</u>	<u>3,319,154,715</u>	<u>1,179,317</u>	<u>3,831,862</u>	<u>-</u>	<u>5,011,179</u>	<u>22,126,497</u>	<u>-</u>	<u>22,126,497</u>	<u>8,032,509</u>	<u>3,338,259,882</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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	June 30, 2024												
	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 — interests receivable (including overdue receivable)	\$ 32,399,221	880,455	325	33,280,001	142	223	-	365	2,528,434	-	2,528,434	2,561,645	33,247,155
Financial assets measured at fair value through other comprehensive income — debt instruments (Note 2)	262,736,687	5,139,310	-	267,875,997	-	-	-	-	4,593,457	-	4,593,457	(Note1)	272,469,454
Financial assets measured at amortized costs (Note 2)	2,725,901,635	38,533,769	-	2,764,435,404	-	-	-	-	15,856,775	-	15,856,775	2,999,670	2,777,292,509
Other financial assets	3,961,226	506,317	-	4,467,543	-	-	-	-	-	-	-	2,509	4,465,034
Loans (Note 2, 3)	182,310,706	35,037,907	253,579	217,602,192	1,004,092	4,116,307	152	5,120,551	630,449	-	630,449	1,932,144	221,421,048
Total	<u>\$ 3,207,309,475</u>	<u>80,097,758</u>	<u>253,904</u>	<u>3,287,661,137</u>	<u>1,004,234</u>	<u>4,116,530</u>	<u>152</u>	<u>5,120,916</u>	<u>23,609,115</u>	<u>-</u>	<u>23,609,115</u>	<u>7,495,968</u>	<u>3,308,895,200</u>

Note 1: Please refer to Note 6(AE)(b)(8) for further information of the loss allowance of debt instruments measured at FVOCI.

Note 2: 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 for June 30, 2025, December 31 and June 30, 2024 were \$(93,957) thousand, \$(304,056) thousand and \$(31,832) thousand, \$(98,658) thousand, \$(246,372) thousand and \$(34,606) thousand, \$(108,997) thousand, \$(106,830) thousand and \$(39,457) thousand, respectively.

Note 3: The Group operates credit business in 2025 and 2024. As of June 30, 2025, December 31 and June 30, 2024, loan commitment credit exposures of the off-balance sheet were \$3,963,346 thousand, \$5,283,147 thousand and \$8,000,000 thousand, respectively, and the recognized loan commitments reserves were \$7,927 thousand, \$10,566 thousand and \$16,000 thousand, respectively, which were not included in the above-mentioned table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

(4) The definition of default and credit-impaired financial assets

The Group's 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 credible impairment procedure will be proceeded.

1) 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.

2) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

3) Debt restructuring:

Due to financial difficulties, the borrower negotiated with the creditor for debt relief, extension or re-planning. The debt instrument held by the Group has been impaired because of the borrower's application for debt restructuring.

4) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5) 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.

6) The company completely suspended its operations because of local government orders.

(5) Measurement of expected credit loss

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

2) Forward looking information considerations

The Probability of default and Loss given default which the debt instrument of Group used are based on the information released by Moody's, an international credit rating agency, and then to adjust the Probability of default to a forward-looking PD. The Probability of default is based on the future macroeconomic status with implied market data predictions. The Loss given default is based on the recovery rate of bonds by Moody's. The exposure at default is measured by the amortized cost of the financial assets (including accrued interest). The Probability of default and Loss given default used by the Group 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). The Exposure at default is measured by the amortized cost (including accrued interest).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Policies to hedge or mitigate credit risk

1) Collateral

The Group requires 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.

2) Enhancement of other credits

The Group 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 the Group considers to be incompetent to repay the loans, the Group would request one or more joint guarantors to enhance the guarantee for the creditor's right.

(7) The maximum credit risk exposure of the Group

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 arrangement and other credit enhancements is the carrying amount on the consolidated balance sheet.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Changes in the loss allowance

The reconciliation in loss allowance of loans for the six months ended June 30, 2025 and 2024 is 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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance of January 1, 2025	\$ 24,960	354,698	33	34,711	-	414,402	1,528,491	1,942,893
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime expected credit losses	(543)	1,193	-	(650)	-	-	-	-
— Transfer to credit-impaired financial assets	(21)	(557)	(1)	579	-	-	-	-
— Transfer to 12-month expected credit losses	2,823	(2,601)	(3)	(219)	-	-	-	-
— Financial assets that have been derecognized during the period	(2,516)	(123,317)	-	(703)	-	(126,536)	-	(126,536)
New financial assets originated or purchased	8,224	886	-	-	-	9,110	-	9,110
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	213,529	213,529
Write-off bad debts	-	-	-	(2,202)	-	(2,202)	-	(2,202)
Changes in models/risk parameters	(2,035)	5,371	126	3,845	-	7,307	-	7,307
Foreign exchange and other movements	(78)	(313)	-	(175)	-	(566)	(1,257)	(1,823)
Balance of June 30, 2025	<u>\$ 30,814</u>	<u>235,360</u>	<u>155</u>	<u>35,186</u>	<u>-</u>	<u>301,515</u>	<u>1,740,763</u>	<u>2,042,278</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance of January 1, 2024	\$ 20,737	256,378	120	55,059	-	332,294	1,502,278	1,834,572
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime expected credit losses	(401)	992	111	(702)	-	-	-	-
— Transfer to credit-impaired financial assets	(3)	(567)	(3)	573	-	-	-	-
— Transfer to 12-month expected credit losses	10,213	(10,208)	(5)	-	-	-	-	-
— Financial assets that have been derecognized during the period	(1,879)	(2,939)	(4)	(2,291)	-	(7,113)	-	(7,113)
New financial assets originated or purchased	1,765	17,136	-	-	-	18,901	-	18,901
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	(32,928)	(32,928)
Write-off bad debts	-	-	-	(6,616)	-	(6,616)	-	(6,616)
Changes in models/risk parameters	(8,587)	132,111	(191)	3,637	-	126,970	-	126,970
Foreign exchange and other movements	(91)	(1,302)	-	(189)	-	(1,582)	(147)	(1,729)
Balance of June 30, 2024	<u>\$ 21,754</u>	<u>391,601</u>	<u>28</u>	<u>49,471</u>	<u>-</u>	<u>462,854</u>	<u>1,469,203</u>	<u>1,932,057</u>

Note1: As of June 30, 2025 and 2024, loss allowance for loans with investment-linked insurance amounted at \$87 thousand and \$87 thousand were not included on the above-mentioned movement.

Note2: As of June 30, 2025 and 2024, the Group had recognized loan commitments reserve of \$7,927 thousand and \$16,000 thousand, respectively for irrevocable loan commitment related to the loans business, which was not included in the above mentioned table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in loss allowance of financial assets measured at fair value through other comprehensive income for the six months ended June 30, 2025 and 2024 is 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 of January 1, 2025	\$ 57,511	-	-	1,020,048	-	1,077,559
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(2,921)	-	-	(154)	-	(3,075)
New financial assets originated or purchased	3,607	-	-	-	-	3,607
Recoverable	-	-	-	(78)	-	(78)
Changes in model/risk parameter	(5,069)	-	-	11,340	-	6,271
Foreign exchange and other movements	(2,741)	-	-	(108,673)	-	(111,414)
Balance of June 30, 2025	<u>\$ 50,387</u>	<u>-</u>	<u>-</u>	<u>922,483</u>	<u>-</u>	<u>972,870</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2024	\$ 66,881	-	-	990,591	-	1,057,472
Changes due to financial instruments recognized as at beginning:						
— Transfer to 12-month expected credit losses	3,510	-	-	(3,510)	-	-
— Financial assets that have been derecognized during the period	(8,490)	-	-	(4,527)	-	(13,017)
New financial assets originated or purchased	5,651	-	-	-	-	5,651
Write-offs	-	-	-	(12,336)	-	(12,336)
Recoverable	-	-	-	644	-	644
Changes in model/risk parameter	(13,096)	-	-	11,377	-	(1,719)
Foreign exchange and other movements	1,358	-	-	35,039	-	36,397
Balance of June 30, 2024	<u>\$ 55,814</u>	<u>-</u>	<u>-</u>	<u>1,017,278</u>	<u>-</u>	<u>1,073,092</u>

Note: The sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of financial assets measured at amortized cost for the six months ended June 30, 2025 and 2024 is 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 of January 1, 2025	\$ 1,107,694	-	-	1,886,341	-	2,994,035
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(5,363)	-	-	-	-	(5,363)
New financial assets originated or purchased	5,780	-	-	-	-	5,780
Changes in model/risk parameter	(120,935)	-	-	28,282	-	(92,653)
Foreign exchange and other movements	(83,926)	-	-	(207,107)	-	(291,033)
Balance of June 30, 2025	<u>\$ 903,250</u>	<u>-</u>	<u>-</u>	<u>1,707,516</u>	<u>-</u>	<u>2,610,766</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2024	\$ 1,251,979	-	-	1,793,576	-	3,045,555
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(4,451)	-	-	-	-	(4,451)
Changes in model/risk parameter	(186,006)	-	-	26,376	-	(159,630)
Foreign exchange and other movements	57,703	-	-	60,493	-	118,196
Balance of June 30, 2024	<u>\$ 1,119,225</u>	<u>-</u>	<u>-</u>	<u>1,880,445</u>	<u>-</u>	<u>2,999,670</u>

Note: The sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of other financial assets for the six months ended June 30, 2025 and 2024 is 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 of January 1, 2025	\$ 7,008	-	-	-	-	7,008
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(11)	-	-	-	-	(11)
New financial assets originated or purchased	15	-	-	-	-	15
Changes in model/risk parameter	(3,140)	-	-	-	-	(3,140)
Foreign exchange and other movements	(467)	-	-	-	-	(467)
Balance of June 30, 2025	<u>\$ 3,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,405</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2024	\$ 4,565	-	-	-	-	4,565
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(40)	-	-	-	-	(40)
New financial assets originated or purchased	83	-	-	-	-	83
Changes in model/risk parameter	(2,133)	-	-	-	-	(2,133)
Foreign exchange and other movements	34	-	-	-	-	34
Balance of June 30, 2024	<u>\$ 2,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,509</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Liquidity risk analysis

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that the Group 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 the Group 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 the Group may suffer from losses.

In terms of capital liquidity risk, the Group manages it in two aspects, short term and mid-to-long term. In addition to setting the index of management of short-term liquidity risk, relevant departments have established prompt cash report mechanism and have applied proper currency market instruments for daily capital movement. Besides, the Group has established the index of mid-to-long term capital liquidity risk management reviewed by the Assets and Liabilities Management Committee. The Group applies cash flow analysis model to monitor the coordination of assets and liabilities in order to lower related risks.

Regarding the market liquidity risk, the risk management department of the Group established monitoring mechanism based on internal management policies and relevant regulations for stock concentration, the overall liquidity of investment positions and the evaluation of market liquidity risk performed by the investment department prior to transactions in order to mitigate the market liquidity risk.

In addition, the Group established complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

The Group possesses sufficient operating funds, including cash and cash equivalents and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of the Group is extremely low. In addition, the derivative financial instruments the Group engages in, such as 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The maturity structure of the non-derivative financial liabilities of the Group is listed below:

	June 30, 2025				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	\$ 82,647,606	284,403	-	-	82,932,009
Short-term liabilities (Note1)	208,502	-	-	-	208,502
Bonds payable (Note1)	6,685,076	46,618,533	11,057,729	166,476,113	230,837,451
Other financial liabilities (Note1)	1,535,674	2,224,224	291,541	437,373	4,488,812
Guarantee deposits (Note2)	162,132	245,017	231,537	792,380	1,431,066
Total	\$ 91,238,990	49,372,177	11,580,807	167,705,866	319,897,840

	December 31, 2024				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	\$ 76,440,203	282,598	-	-	76,722,801
Short-term liabilities (Note1)	1,206,026	-	-	-	1,206,026
Bonds payable (Note1)	5,987,937	45,805,219	9,647,714	144,358,863	205,799,733
Guarantee deposits (Note2)	198,242	222,632	187,433	820,329	1,428,636
Total	\$ 83,832,408	46,310,449	9,835,147	145,179,192	285,157,196

	June 30, 2024				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	\$ 70,803,768	291,823	-	-	71,095,591
Bonds payable (Note 1)	5,043,877	44,490,311	7,756,817	112,545,448	169,836,453
Guarantee deposits (Note2)	104,533	314,460	164,789	739,657	1,323,439
Total	\$ 75,952,178	45,096,594	7,921,606	113,285,105	242,255,483

Note 1: The disclosed amounts included estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, for bonds payable without maturity date, the contractual cash flows were calculated based on a remaining maturity of 10 years.

Note 2: The above amounts do not include margin deposits for derivative financial instruments.

Note 3: The Group operates credit business in 2025 and 2024. As of June 30, 2025, December 31 and June 30, 2024, loan commitment credit exposures of the off-balance sheet were \$3,963,346 thousand, \$5,283,147 thousand and \$8,000,000 thousand, respectively, and the recognized loan commitments reserves were \$7,927 thousand, \$10,566 thousand and \$16,000 thousand, respectively. Among the total amounts of the loan commitment, \$3,553,075 thousand, \$4,080,147 thousand and \$5,372,000 will be due within a year and \$410,272 thousand, \$1,203,000 thousand and \$2,628,000 will be due in 1 to 3 years.

As of June 30, 2025, December 31 and June 30, 2024 the Group's lease liability maturity analysis, please refer to Note 6(R).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The maturity structure of the derivative financial liabilities of the Group is listed below:

June 30, 2025					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Financial liabilities measured at fair value through profit or loss	\$ 15,489,495	-	-	-	15,489,495
Financial liabilities for hedging	828,077	218,340	-	-	1,046,417
Total	<u>\$ 16,317,572</u>	<u>218,340</u>	<u>-</u>	<u>-</u>	<u>16,535,912</u>

December 31, 2024					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Financial liabilities measured at fair value through profit or loss	\$ 34,470,390	-	-	-	34,470,390
Financial liabilities for hedging	5,707,331	2,115,252	-	-	7,822,583
Total	<u>\$ 40,177,721</u>	<u>2,115,252</u>	<u>-</u>	<u>-</u>	<u>42,292,973</u>

June 30, 2024					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Financial liabilities measured at fair value through profit or loss	\$ 19,332,043	-	-	-	19,332,043
Financial liabilities for hedging	1,887,584	1,517,144	-	-	3,404,728
Total	<u>\$ 21,219,627</u>	<u>1,517,144</u>	<u>-</u>	<u>-</u>	<u>22,736,771</u>

(d) Market risk analysis

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 the Group. 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 or related functional units, the Group 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 related functional units. 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 the Group.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group widely applies various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these instruments, the Group is able to measure, monitor and manage market risk completely and effectively.

(1) 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. The 99% of the confidence interval is applied to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure the ability of measuring the maximum potential risk of the portfolios reasonably, completely and accurately.

(2) Sensitivity analysis

Besides using VaR to manage market risk, the Group adopts 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 the Group to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (The Company)

Units: NT\$'000

June 30, 2025			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	88,607,184
	Price decline by 10%	-	(88,607,184)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	(9,402)	(28,989,979)
	Interest rate curve (NTD) incline by 50BPS	-	(6,473,458)
	Interest rate curve (Other currency) incline by 50BPS	(480)	(152,208)
	Interest rate curve (USD) decline by 50BPS	9,432	29,457,150
	Interest rate curve (NTD) decline by 50BPS	-	6,830,570
	Interest rate curve (Other currency) decline by 50BPS	482	154,388
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(14,263,976)	(12,287,888)
	NT\$ to all currency decline by 3%	14,263,976	12,287,888

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	96,243,403
	Price decline by 10%	-	(96,243,403)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	(10,491)	(33,214,324)
	Interest rate curve (NTD) incline by 50BPS	-	(6,744,216)
	Interest rate curve (Other currency) incline by 50BPS	(320)	(166,449)
	Interest rate curve (USD) decline by 50BPS	10,526	33,465,988
	Interest rate curve (NTD) decline by 50BPS	-	7,124,148
	Interest rate curve (Other currency) decline by 50BPS	320	169,290
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(19,576,217)	(14,386,749)
	NT\$ to all currency decline by 3%	19,576,217	14,386,749

June 30, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	95,687,669
	Price decline by 10%	-	(95,687,669)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	(9,989)	(32,035,843)
	Interest rate curve (NTD) incline by 50BPS	-	(7,004,141)
	Interest rate curve (Other currency) incline by 50BPS	(541)	(203,391)
	Interest rate curve (USD) decline by 50BPS	10,021	31,997,785
	Interest rate curve (NTD) decline by 50BPS	-	7,398,820
	Interest rate curve (Other currency) decline by 50BPS	543	206,801
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(18,456,466)	(14,568,438)
	NT\$ to all currency decline by 3%	18,456,466	14,568,438

Sensitivity analysis (Subsidiary - Fubon Hyundai Life Insurance)

Units: KRW'000

June 30, 2025			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	176,486,674
	Price decline by 10%	-	(176,486,674)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	-	(39,294,655)
	Interest rate curve (KRW) incline by 50BPS	-	(30,797,792)
	Interest rate curve (USD) decline by 50BPS	-	41,591,575
	Interest rate curve (KRW) decline by 50BPS	-	31,597,228
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	69,243	-
	KRW to all currency decline by 3%	(69,243)	-

December 31, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	110,588,721
	Price decline by 10%	-	(110,588,721)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	-	(44,565,735)
	Interest rate curve (KRW) incline by 50BPS	-	(33,065,089)
	Interest rate curve (USD) decline by 50BPS	-	47,254,274
	Interest rate curve (KRW) decline by 50BPS	-	33,968,553
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	11,182,016	-
	KRW to all currency decline by 3%	(11,182,016)	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

June 30, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	184,183,664
	Price decline by 10%	-	(184,183,664)
Interest rate risk (Yield curve)	Interest rate curve(USD) incline by 50BPS	-	(44,036,649)
	Interest rate curve(KRW) incline by 50BPS	-	(36,109,804)
	Interest rate curve(USD) decline by 50BPS	-	46,768,043
	Interest rate curve(KRW) decline by 50BPS	-	37,147,687
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	15,596,391	-
	KRW to all currency decline by 3%	(15,596,391)	-

Note1: 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 stock and fund but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The position of sensitivity analysis of exchange rate variation excludes foreign currency insurance policy, OIU assets and overseas funds denominated in NTD.

Note2: 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.

Note3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect \$(198) thousand, \$(217) thousand and \$(211) thousand in profit or loss and \$(722,257) thousand, \$(809,223) thousand and \$(788,368) thousand in equity on June 30, 2025, December 31 and June 30, 2024, respectively for the Company.

Note4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect KRW \$(1,432,193) thousand, \$(1,587,818) thousand and \$(1,639,868) thousand in equity on June 30, 2025, December 31 and June 30, 2024, respectively for the Subsidiary, Fubon Hyundai Life Insurance.

Hong Kong and Vietnam subsidiaries are considered nonsignificant to the consolidated disclosures after the Group's assessment, therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

(e) Transfers of financial assets

The transferred financial assets of the Group that are not qualified for de-recognition in the daily operation, are mainly 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, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. The Group is still exposed to market risks, and therefore do not completely derecognize the transferred assets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As of December 31 and June 30, 2024, no financial instruments transferred occurred in the Group. As of June 30, 2025, the information of financial assets that are not completely derecognized. The associated financial liabilities are shown in the table below:

Units: NT\$'000

June 30, 2025					
Type of financial assets	Carrying amount of the transferred financial assets	Carrying amount of associated financial liabilities	Fair value of the transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss — Securities lending agreements	8,875	-	8,875	-	8,875

(f) Offsetting financial assets and financial liabilities

Although the Group engages in transactions that do not meet the offsetting condition in IFRSs, the Group has signed enforceable master netting agreements or similar agreements with counterparties. When both parties choose net settlement, the transactions will be allowed to settle in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transactions will be settled in gross amount. However, if one party defaults, the other party could choose net settlement. Relevant information is shown as follows:

June 30, 2025						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	\$ 97,775,949	-	97,775,949	6,205,638	4,391,877	87,178,434
Reverse repurchase agreements	67,214,502	-	67,214,502	67,214,502	-	-
Total	<u>\$ 164,990,451</u>	<u>-</u>	<u>164,990,451</u>	<u>73,420,140</u>	<u>4,391,877</u>	<u>87,178,434</u>

June 30, 2025						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 16,834,424	-	16,834,424	6,953,219	64,176	9,817,029

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments and structured deposits	\$ 57,539,573	-	57,539,573	9,762,911	-	47,776,662
Reverse repurchase agreements	62,065,992	-	62,065,992	62,065,992	-	-
Total	<u>\$ 119,605,565</u>	<u>-</u>	<u>119,605,565</u>	<u>71,828,903</u>	<u>-</u>	<u>47,776,662</u>

December 31, 2024						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	<u>\$ 42,466,743</u>	<u>-</u>	<u>42,466,743</u>	<u>17,631,676</u>	<u>4,062,189</u>	<u>20,772,878</u>

June 30, 2024						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments and structured deposits	\$ 57,463,803	-	57,463,803	5,462,970	-	52,000,833
Reverse repurchase agreements	78,534,488	-	78,534,488	78,534,488	-	-
Total	<u>\$ 135,998,291</u>	<u>-</u>	<u>135,998,291</u>	<u>83,997,458</u>	<u>-</u>	<u>52,000,833</u>

June 30, 2024						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	<u>\$ 23,078,974</u>	<u>-</u>	<u>23,078,974</u>	<u>8,540,913</u>	<u>2,873,357</u>	<u>11,664,704</u>

(Note) Inclusive of master-netting arrangement and non-cash financial collateral.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AF) Structured entities

(a) Consolidated structured entities

The consolidated structured entities of the Group are real estate investment and management entities. The structured entities are consolidated because the Group is exposed, or has rights, to variable returns from its involvement with the entities and can affect those returns through its power over the entities. As of June 30, 2025, December 31 and June 30, 2024, the Group has provided a non-contractual obligation loan of \$19,248,403 thousand, \$19,276,234 thousand and \$24,517,843 thousand to the entities, respectively.

(b) Unconsolidated structured entities

- (1) The Group hold the following types equity of unconsolidated structured entities. The fund of unconsolidated structured entities is from the Group and an external third-party:

Type of structured entity	Nature and purpose	Rights of the Group
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Investment in the units issued by fund or limited partnership rights
Asset securitization product, real estate investment trust and secured loan	Invest in asset securitization product, real estate investment trust and secured loan to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities, principal and interest revenue

- (2) The carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

June 30, 2025	Private fund investment	Asset securitization product, real estate investment trust and secured loan
Assets held by the Group		
-Financial assets measured at fair value through profit or loss	\$ 172,128,441	52,299,896
-Financial assets measured at fair value through other comprehensive income	-	10,486,056
-Financial assets measured at amortized cost	-	33,122,718
-Loans	-	15,703,209
Total assets of the Group	<u>\$ 172,128,441</u>	<u>111,611,879</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024	Private fund investment	Asset securitization product, real estate investment trust and secured loan
Assets held by the Group		
-Financial assets measured at fair value through profit or loss	\$ 206,759,900	46,601,846
-Financial assets measured at fair value through other comprehensive income	-	11,846,504
-Financial assets measured at amortized cost	-	45,730,751
-Loans	-	16,698,427
Total assets of the Group	<u><u>\$ 206,759,900</u></u>	<u><u>120,877,528</u></u>

June 30, 2024	Private fund investment	Asset securitization product, real estate investment trust and secured loan
Assets held by the Group		
-Financial assets measured at fair value through profit or loss	\$ 229,992,983	46,543,758
-Financial assets measured at fair value through other comprehensive income	-	12,465,069
-Financial assets measured at amortized cost	-	52,893,694
-Loans	-	20,681,842
Total assets of the Group	<u><u>\$ 229,992,983</u></u>	<u><u>132,584,363</u></u>

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

- (3) No financial support is provided for those unconsolidated private fund investments, asset securitization products, real estate investment trust and asset-backed loans for the six months ended June 30, 2025 and 2024.

(AG) Capital management

The targets of capital management of the Company, per the regulations of Insurance Bureau, FSC, are to maintain minimum regulatory capital, monitor the adequacy of the ability of discharging, prevent possible risk from operation, protect the interests of the insured and realize the benefit of shareholders and other stakeholders.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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Meanwhile, the capital management of the Company is restricted to other domestic regulations such as the operating deposit paid to the National Treasury Administration, legal reserve and special reserve. Please refer to Note 6(M) and (T).

The Company manages capital through monitoring the annual and semi-annual capital adequacy reports in order to ensure that the Company is equipped with adequate ability of discharging and rate of return.

In accordance with “Regulations Governing Capital Adequacy of Insurance Companies”, the level of capital adequacy is differentiated as norms that considers capital adequacy and net worth ratio. Capital adequacy refers to the ratio of the adjusted net capital to the risk-based capital, the net worth ratio is based on shareholder’s equity from the audited financial statement divided by total asset (excluding investments in separate insurance account). The competent authority asks that capital adequacy ratio of an insurance company which equals or exceeds 200% and where the net worth ratio equals or exceeds 3% is classified as adequate capital. The capital adequacy ratio of an insurance company lower than 200% or where the net worth ratio is lower than 3% is divided into three categories by severity: inadequate capital, significantly inadequate capital, and seriously inadequate capital. If the capital adequacy ratio of an insurance company is lower than 200% or when the net worth ratio is lower than 3% and does not meet the minimum adequacy capital ratio, then the repurchase of shares is prohibited and distribution of earnings will not be allowed for the applicable year. The competent authorities have standard procedures in place base on actual scenarios in place, procedures include and are not limited to ordering the insurance industry and management to increase capital for a limited amount of time or provide a financial improvement plan, ordering a stop to the sale of insurance products or limiting the development of new insurance plans, limiting the use of capital, assigning insurance agents to supervise or formulating other necessary procedures, etc.

The capital adequacy of the Company is located over 200% for the last two years, and the net worth ratio is located over 3% for the last two periods and it complies with the minimum ratio requested by the competent authority.

As of June 30, 2025, the Group’s method of capital management for the year remains the same.

(AH) Investing and financing activities not affecting current cash flow

The Group obtained a right of use asset through non-cash financing activities for the six months ended June 30, 2025 and 2024. Please refer to Note 6(K) for more information.

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Reconciliation of liabilities arising from financing activities were as follows:

	<u>Bonds payable</u>	<u>Lease liabilities</u>
Balance of January 1, 2025	\$ 153,553,649	16,722,541
Cash flow used in financing activities		
Issuance of corporate bonds	19,000,000	-
Redemption of corporate bonds	(336,345)	-
Termination of lease liabilities	<u>-</u>	<u>(561,807)</u>
Subtotal	<u>18,663,655</u>	<u>(561,807)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement and others	-	324,332
Acquisitions through business combinations	-	33,813
Amortization on discounts / premiums	3,260	-
Adjustment of interest payment	-	65,600
Foreign exchange movement	<u>(98,517)</u>	<u>(10,428)</u>
Subtotal	<u>(95,257)</u>	<u>413,317</u>
Balance of June 30, 2025	<u>\$ 172,122,047</u>	<u>16,574,051</u>

	<u>Bonds payable</u>	<u>Lease liabilities</u>
Balance of January 1, 2024	\$ 98,210,506	15,597,960
Cash flow used in financing activities		
Issuance of corporate bonds	28,991,152	-
Termination of lease liabilities	<u>-</u>	<u>(576,253)</u>
Subtotal	<u>28,991,152</u>	<u>(576,253)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement	-	1,494,833
Amortization on discounts / premiums	2,975	-
Foreign exchange movement	<u>(84,749)</u>	<u>15,576</u>
Subtotal	<u>(81,774)</u>	<u>1,510,409</u>
Balance of June 30, 2024	<u>\$ 127,119,884</u>	<u>16,532,116</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AI) Other

(a) The Group's significant financial assets and liabilities denominated in foreign currencies are disclosed as follows:

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD
Financial Assets									
Monetary items (Note 1)									
USD	\$ 91,665,159	29.902/29.693 /29.907/29.960	2,741,111,855	88,895,705	32.781/32.497 /32.790/32.662	2,913,845,665	88,138,021	32.450/32.223 /32.464/32.705	2,860,665,575
Non-monetary items (Note 1)									
USD	13,727,402	29.902/29.907 /29.960	410,493,092	15,391,766	32.781/32.790 /32.662	504,545,125	15,667,929	32.450/32.464 /32.705	508,451,474
EUR	-		-	983,381	34.135	33,567,567	1,405,853	34.751	48,854,402
Derivatives Financial Instruments (Note 1)									
USD	-	29.902/29.907/29 .960	41,098,274	-	32.781/32.790 /32.662	556,443	-	32.450/32.464 /32.705	226,976
Investments accounted for using equity method (Note 1)									
HKD	2,071,881	3.808	7,890,700	2,210,377	4.223	9,335,024	2,313,081	4.157	9,616,227
KRW	382,418,058	0.022	8,446,850	384,084,284	0.022	8,533,969	375,013,497	0.024	8,828,568
Financial Liabilities									
Monetary items (Note 1)									
USD	663,358	29.902/29.907	19,990,765	274,407	32.781/32.790	8,965,692	340,765	32.450/32.464	11,033,550
EUR	446,885	35.060	15,669,552	-	-	-	-	-	-
Non-monetary items (Note 1)									
USD	64	29.907	1,902	64	32.790	2,085	64	32.464	2,064
Derivatives Financial Instruments (Note 1)									
USD	-	29.902/29.960	16,790,804	-	32.781/32.662	42,466,743	-	32.450/32.705	23,078,974

Note 1: Each balance listed is greater than 5% of total amounts of the item.

Note 2: The adopted currency is based on the nature of the asset and liability.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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- (b) The amounts of total assets and liabilities which will be recovered or settled within or more than 12 months of the balance sheet date are as follows:

Assets	June 30, 2025		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 396,383,931	-	396,383,931
Receivables	78,935,993	1,294,492	80,230,485
Current tax assets	184,458	17,396,754	17,581,212
Financial assets measured at fair value through profit or loss	576,706,075	934,718,197	1,511,424,272
Financial assets measured at fair value through other comprehensive income	23,207,708	250,704,208	273,911,916
Financial assets for hedging	627,837	161,193	789,030
Financial assets measured at amortized cost	15,454,105	2,558,390,801	2,573,844,906
Investments accounted for using equity method, net	-	24,707,365	24,707,365
Other financial assets, net	1,163,659	2,507,943	3,671,602
Investment property	-	304,096,181	304,096,181
Loans	7,810,822	230,623,353	238,434,175
Reinsurance assets	1,473,909	1,102,995	2,576,904
Property and equipment	-	28,858,498	28,858,498
Right of use assets	-	6,005,075	6,005,075
Intangible assets	-	4,694,930	4,694,930
Deferred tax assets	-	22,010,805	22,010,805
Other assets	976,255	28,324,016	29,300,271
Assets on insurance product, separate account	18,093,229	441,093,501	459,186,730
Total assets	\$ 1,121,017,981	4,856,690,307	5,977,708,288

Liabilities	June 30, 2025		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 82,647,606	284,403	82,932,009
Current tax liabilities	4,344,225	818,973	5,163,198
Short-term liabilities	208,502	-	208,502
Financial liabilities measured at fair value through profit or loss	15,456,576	-	15,456,576
Financial liabilities for hedging	1,067,323	310,525	1,377,848
Bonds payable	-	172,122,047	172,122,047
Other financial liabilities	1,466,436	2,737,705	4,204,141
Lease liabilities	791,513	15,782,538	16,574,051
Insurance liabilities	40,460,944	4,536,714,133	4,577,175,077
Reserve for insurance with nature of financial instrument	-	3,305,728	3,305,728
Reserve for foreign exchange valuation	-	51,580,582	51,580,582
Liabilities reserve	55,436	9,804,514	9,859,950
Deferred tax liabilities	-	18,203,525	18,203,525
Other liabilities	4,978,433	19,378,120	24,356,553
Liabilities on insurance product, separate account	113,139,626	361,505,541	474,645,167
Total liabilities	\$ 264,616,620	5,192,548,334	5,457,164,954

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Assets	December 31, 2024		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 297,637,981	-	297,637,981
Receivables	80,917,108	1,291,792	82,208,900
Current tax assets	363,517	13,843,122	14,206,639
Financial assets measured at fair value through profit or loss	591,231,062	986,279,988	1,577,511,050
Financial assets measured at fair value through other comprehensive income	26,747,117	250,327,404	277,074,521
Financial assets for hedging	318,070	-	318,070
Financial assets measured at amortized cost	8,699,441	2,786,282,504	2,794,981,945
Investments accounted for using equity method, net	-	26,502,083	26,502,083
Other financial assets, net	645,173	2,730,360	3,375,533
Investment property	-	299,713,892	299,713,892
Loans	7,871,661	216,324,644	224,196,305
Reinsurance assets	1,511,361	1,132,945	2,644,306
Property and equipment	-	24,449,870	24,449,870
Right of use assets	-	6,048,494	6,048,494
Intangible assets	-	4,895,425	4,895,425
Deferred tax assets	-	45,525,058	45,525,058
Other assets	5,334,243	27,198,762	32,533,005
Assets on insurance product, separate account	23,041,598	467,128,666	490,170,264
Total assets	<u>\$ 1,044,318,332</u>	<u>5,159,675,009</u>	<u>6,203,993,341</u>

Liabilities	December 31, 2024		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 76,440,203	282,598	76,722,801
Current tax liabilities	4,092,450	758,086	4,850,536
Short-term liabilities	1,200,000	-	1,200,000
Financial liabilities measured at fair value through profit or loss	34,407,924	-	34,407,924
Financial liabilities for hedging	5,778,264	2,280,555	8,058,819
Bonds payable	-	153,553,649	153,553,649
Lease liabilities	917,725	15,804,816	16,722,541
Insurance liabilities	34,007,128	4,649,751,035	4,683,758,163
Reserve for insurance with nature of financial instrument	-	3,271,102	3,271,102
Reserve for foreign exchange valuation	-	21,480,601	21,480,601
Liabilities reserve	422,368	9,960,374	10,382,742
Deferred tax liabilities	-	49,788,704	49,788,704
Other liabilities	5,210,812	6,178,714	11,389,526
Liabilities on insurance product, separate account	111,277,688	396,914,662	508,192,350
Total liabilities	<u>\$ 273,754,562</u>	<u>5,310,024,896</u>	<u>5,583,779,458</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Assets	June 30, 2024		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 252,968,965	-	252,968,965
Receivables	66,856,876	1,328,382	68,185,258
Current tax assets	166,047	14,005,045	14,171,092
Financial assets measured at fair value through profit or loss	598,993,491	991,482,459	1,590,475,950
Financial assets measured at fair value through other comprehensive income	23,301,779	252,389,459	275,691,238
Financial assets for hedging	179,765	486	180,251
Financial assets measured at amortized cost	6,612,113	2,764,127,834	2,770,739,947
Investments accounted for using equity method, net	-	27,019,269	27,019,269
Other financial assets, net	432,436	2,642,150	3,074,586
Investment property	-	300,063,600	300,063,600
Loans	10,420,226	210,961,365	221,381,591
Reinsurance assets	2,788,740	1,133,619	3,922,359
Property and equipment	-	22,750,289	22,750,289
Right of use assets	-	6,149,182	6,149,182
Intangible assets	-	5,287,108	5,287,108
Deferred tax assets	-	45,145,508	45,145,508
Other assets	4,710,006	25,704,597	30,414,603
Assets on insurance product, separate account	18,454,170	468,783,586	487,237,756
Total assets	\$ 985,884,614	5,138,973,938	6,124,858,552

Liabilities	June 30, 2024		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 70,803,768	291,823	71,095,591
Current tax liabilities	1,543,002	758,086	2,301,088
Financial liabilities measured at fair value through profit or loss	19,230,016	-	19,230,016
Financial liabilities for hedging	2,298,927	1,550,031	3,848,958
Bonds payable	-	127,119,884	127,119,884
Lease liabilities	750,877	15,781,239	16,532,116
Insurance liabilities	34,403,075	4,620,105,428	4,654,508,503
Reserve for insurance with nature of financial instrument	-	3,463,210	3,463,210
Reserve for foreign exchange valuation	-	21,272,128	21,272,128
Liabilities reserve	19,333	10,600,648	10,619,981
Deferred tax liabilities	-	49,455,037	49,455,037
Other liabilities	5,384,295	6,036,099	11,420,394
Liabilities on insurance product, separate account	80,086,098	426,765,980	506,852,078
Total liabilities	\$ 214,519,391	5,283,199,593	5,497,718,984

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. RELATED-PARTY TRANSACTIONS

(A) Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Fubon Financial Holding Co., Ltd.	Parent company
Fubon Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Taipei Fubon Commercial Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Securities Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Asset Management Company Limited	Company controlled by Fubon Financial Holdings
Fubon Financial Holding Venture Capital Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Insurance Agency Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Sports & Entertainment Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Hyundai Card Co., Ltd.	Investments accounted for using equity method
Taipei City Government	A major stockholder of Fubon Financial Holdings
Ming Dong Industrial Co., Ltd.	A major stockholder of Fubon Financial Holdings
Funds Managed by JihSun Securities Investment Trust	Related parties in substance (Note)
Fubon Land Development Co., Ltd.	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
Taiwan Fixed Network Co., Ltd.	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Kbro Co., Ltd.	Related parties in substance
Fubon Property Management Co., Ltd.	Related parties in substance
Momo.com Inc.	Related parties in substance
Sharehope Medicine Co., Ltd.	Related parties in substance
Taiwan Business Bank, Ltd.	Related parties in substance
Fubon Art Museum Foundation	Related parties in substance
LES ENPHANTS CO., LTD.	Related parties in substance
Century Development Corporation	Related parties in substance
Star Energy Storage Co., Ltd.	Related parties in substance
APPWORKS FUND II CO., LTD.	Related parties in substance
APPWORKS FUND III CO., LTD.	Related parties in substance
China United Insurance Group Co., Ltd.	Related parties in substance
Taiwan High Speed Rail Corporation	Related parties in substance

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Far Eastern International Bank Co., Ltd.	Related parties in substance
Funds Managed by Fubon Asset Management	Related parties in substance
HD Renewable Energy Co., Ltd.	Related parties in substance
Star Trade CO., LTD.	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Bluewalnut Co., Ltd.	Related parties in substance
H GREEN POWER INC.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Global Information Technology Co., Ltd.	Related parties in substance
MOTRAS	Related parties in substance
UNITUS CO., LTD	Related parties in substance
Others	Directors, supervisors, managers, their spouses and relatives up to the second degree, affiliates and the related parties in substance

Note: On April 1, 2025, Fubon Asset Management Co., Ltd.(Fubon Asset Management) completed its merger with JihSun Securities Investment Trust Co., Ltd.(JihSun Securities Investment Trust). After the mergers, Fubon Asset Management is the surviving company and JihSun Securities Investment Trust is the extinguished company. All rights and obligations of JihSun Securities Investment Trust have been generally assumed by Fubon Asset Management. The funds managed by JihSun Securities Investment Trust are now managed by Fubon Asset Management.

(B) Significant transactions with related parties

(a) Bank deposits and deposits

(1) Bank deposits

<u>Name of related party</u>	<u>June 30, 2025</u>		<u>December 31, 2024</u>		<u>June 30, 2024</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 39,802,964	0.00~1.62	29,425,184	0.00~1.69	23,758,628	0.00~1.50
Fubon Bank (Hong Kong) Limited	300,270	0.50~0.90	405,142	0.50~0.90	241,813	0.50~0.90
Taiwan Business Bank, Ltd.	3,918,350	0.50~1.70	6,271,484	0.71~1.71	5,258,496	0.71~1.59
Total	<u>\$ 44,021,584</u>		<u>36,101,810</u>		<u>29,258,937</u>	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Restricted bank deposits

Name of related party	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	Interest rate range %	Amount	Interest rate range %	Amount	Interest rate range %
Taipei Business Bank, Ltd.	\$ <u>100,965</u>	0.71	<u>-</u>		<u>-</u>	

(b) Financial instruments

(1) Transaction of derivative financial instruments

Name of related party	Name of derivative instrument contracts	Notional amount		
		June 30, 2025	December 31, 2024	June 30, 2024
Taipei Fubon Commercial Bank Co., Ltd.	Foreign exchange swap contracts	\$ <u>46,261,709</u>	<u>51,317,231</u>	<u>52,942,150</u>

(2) The details of the fund' s balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Funds Managed by Fubon Asset Management	\$ 59,566,874	51,931,741	39,494,381
Funds Managed by JihSun Securities Investment Trust	-	1,525,897	2,360,681
Total	\$ <u>59,566,874</u>	<u>53,457,638</u>	<u>41,855,062</u>

(3) The Company and its subsidiaries have acquired Fubon REIT I Fund and Fubon REIT II Fund as follows:

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Fubon REIT I Fund	\$ 718,924	762,082	816,029
Fubon REIT II Fund	846,543	853,105	915,813
Total	\$ <u>1,565,467</u>	<u>1,615,187</u>	<u>1,731,842</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Receivables

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taipei Fubon Commercial Bank Co., Ltd.	\$ 36,673	26,302	23,940
Fubon Insurance Co., Ltd.	614,754	587,903	331,639
Taiwan Business Bank, Ltd.	10,145	5,065	7,447
Taipei City Government	14,329	-	-
Star Trade CO., LTD.	25,198	-	-
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	9,646	16,409	19,083
Total	<u>\$ 710,745</u>	<u>635,679</u>	<u>382,109</u>

(d) Joint declaration of tax

The Group and its parent company as well as its subsidiaries adopted the policy of jointly declaration of tax for declaring income tax and undistributed earnings. (Joint declaration of tax payable includes estimates payable pending for verification.)

	June 30, 2025	December 31, 2024	June 30, 2024
Joint declaration of tax-receivables (current income tax assets)	\$ 15,447,740	11,813,310	11,475,317
Joint declaration of tax-payable (current income tax liabilities)	5,111,917	4,829,431	2,286,766

(e) Details of financing activities

(1) Secured loans:

June 30, 2025						
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
Residence mortgage loans	31 related parties in substance	\$ 201,755	195,766	Normal loans	Real estate	None
December 31, 2024						
Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Residence mortgage loans	30 related parties in substance	\$ 225,029	207,165	Normal loans	Real estate	None
June 30, 2024						
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
Residence mortgage loans	24 related parties in substance	\$ 147,329	142,597	Normal loans	Real estate	None

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The transaction terms for secured loans between related parties are identical to those of other market participants.

(2) Life insurance loans:

June 30, 2025						
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	76 related parties in substance	\$ 47,869	42,788	Normal loans	Policy value	None
December 31, 2024						
Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Life insurance loans	80 related parties in substance	\$ 63,079	43,125	Normal loans	Policy value	None
June 30, 2024						
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	70 related parties in substance	\$ 54,414	41,091	Normal loans	Policy value	None

The transaction terms for life insurance loans between related parties are identical to those of other market participants.

(f) Refundable deposits

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Fubon Insurance Co., Ltd.	\$ 22,836	22,836	24,950
Taipei City Government	1,116,249	1,149,578	1,150,406
Fubon REIT I Fund	33,939	33,923	29,207
Taipei Fubon Commercial Bank Co., Ltd.	30,268	8	8
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	14,672	15,425	15,425
Total	\$ 1,217,964	1,221,770	1,219,996

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(g) Prepayments

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taipei Fubon Commercial Bank Co., Ltd.	\$ -	-	31,863
Fubon Insurance Co., Ltd.	10,698	42,657	10,454
Fubon Insurance Agency Co., Ltd.	116,909	110,208	95,492
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	6,980	5,156	6,049
Total	<u>\$ 134,587</u>	<u>158,021</u>	<u>143,858</u>

(h) Payables

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taipei Fubon Commercial Bank Co., Ltd.	\$ 1,131,984	416,916	719,454
Fubon Bank (Hong Kong) Limited	50,493	7,255	48,382
Fubon Insurance Co., Ltd.	17,824	4,984	9,022
Fubon Insurance Agency Co., Ltd.	40,924	39,116	25,917
Fubon Securities Co., Ltd.	24,864	19,086	29,535
Fubon Financial Holding Co., Ltd.	15,192,166	553,801	190,868
Fubon Asset Management Company Limited	1,373	55,248	1,327
Fubon Financial Holding Venture Capital Co., Ltd.	-	10,590	548
HD Renewable Energy Co., Ltd.	4,937	141,287	-
Hyundai Commercial Inc.	13,285	13,233	14,160
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	19,617	27,424	8,207
Total	<u>\$ 16,497,467</u>	<u>1,288,940</u>	<u>1,047,420</u>

(i) Advance receipts

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taiwan Fixed Network Co., Ltd.	\$ 165	103	1,471
Kbro Co., Ltd.	2,077	2,077	1,977
Taiwan Mobile Co., Ltd.	1,016	1,321	2,388
LES ENPHANTS CO., LTD.	2,831	2,739	2,831
Fubon Art Museum Foundation	8,936	4,468	-
Momo.com Inc.	50	5,010	50
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	2,929	2,915	2,891
Total	<u>\$ 18,004</u>	<u>18,633</u>	<u>11,608</u>

(j) Bank loans

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taiwan Business Bank, Ltd.	<u>\$ 2,328,437</u>	<u>-</u>	<u>-</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(k) Guarantee deposit (Non-lease related)

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
HD Renewable Energy Co., Ltd.	\$ <u>22,000</u>	<u>-</u>	<u>-</u>

(l) Transaction for retirement pension savings

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Hyundai Mobis Co., Ltd.	\$ 4,754,711	5,388,531	7,812,059
Hyundai Commercial Inc.	1,193,668	1,244,060	1,263,709
Hyundai Card Co., Ltd.	2,937,262	2,904,751	2,868,399
Bluewalnut Co., Ltd.	33,618	35,684	27,929
H GREEN POWER INC.	59,498	58,227	60,133
MOTRAS	220,880	-	252,520
UNITUS CO., LTD	-	-	126,707
Global Information Technology Co., Ltd.	98,420	88,020	56,607
HYUNDAI IHL CORPORATION	240,150	237,422	96,946
Total	\$ <u>9,538,207</u>	<u>9,956,695</u>	<u>12,565,009</u>

(m) Discretionary investment from related parties

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Fubon Asset Management Company Limited	\$ <u>14,135,250</u>	<u>8,949,334</u>	<u>8,721,609</u>

(n) Income

(1) Service fees

<u>Name of related party</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Hyundai Mobis Co., Ltd.	\$ 2,763	4,465	5,777	9,030
Hyundai Commercial Inc.	1,277	1,349	2,591	2,746
Hyundai Card Co.Ltd.	3,155	3,123	6,358	6,302
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	261	400	523	800
Total	\$ <u>7,456</u>	<u>9,337</u>	<u>15,249</u>	<u>18,878</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Other revenues

Name of related party	Nature	For the three months ended June 30,		For the six months ended June 30,	
		2025	2024	2025	2024
Taipei Fubon Commercial Bank Co., Ltd.	Interest income, Marketing revenue, etc.	\$ 105,988	85,755	181,458	164,419
Far Eastern International Bank Co., Ltd.	Interest income	-	-	-	21,896
Taiwan Business Bank, Ltd.	Interest income	27,080	11,225	45,171	88,028
Fubon Insurance Co., Ltd.	Marketing revenue, other revenue, etc.	296,557	284,116	588,621	564,990
Fubon Securities Co., Ltd.	Marketing revenue, security lending handling fee income, etc.	690	9,792	995	15,270
Others (related company or person accounts for not more than \$10,000 thousand or 10%)		8,015	7,780	17,618	16,274
Total		<u>\$ 438,330</u>	<u>398,668</u>	<u>833,863</u>	<u>870,877</u>

(o) Expenses

(1) Donations

Name of related party	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Fubon Charity Foundation	\$ -	1,642	17,420	18,912
Fubon Art Foundation	-	19,000	-	19,000
Fubon Art Museum Foundation	250,000	150,000	250,000	150,000
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	-	-	-	5,000
Total	<u>\$ 250,000</u>	<u>170,642</u>	<u>267,420</u>	<u>192,912</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Other expenses

Name of related party	Nature	For the three months ended June 30,		For the six months ended June 30,	
		2025	2024	2025	2024
Taipei Fubon Commercial Bank Co., Ltd.	Bank charge, commission expenses, professional service fee, bank custody fee, etc.	\$ 2,613,273	2,078,276	5,424,505	4,440,474
Fubon Property Management Co., Ltd.	Management fee, investment property fee, etc.	39,073	51,287	93,471	103,445
Fubon Securities Co., Ltd.	Marketing expenses, consignment trading handling fees, entrusted with the sale of fee, security lending fee, professional service fee, etc.	68,547	66,100	139,947	140,045
Taiwan Fixed Network Co., Ltd.	Utilities expenses, telephone fee and communication service fee etc.	22,604	21,798	41,877	43,799
Fubon Sports & Entertainment Co., Ltd.	Advertisement, stationery and printing, etc.	63,197	72,072	129,255	149,779
Fubon Insurance Co., Ltd.	Marketing expenses, investment property fee, property insurance fee, etc.	39,664	26,522	70,095	57,435
Fubon Financial Holding Venture Capital Co., Ltd.	Dealing position management fee, professional service fee, etc.	10,535	6,628	27,109	11,783
Fubon Insurance Agency Co., Ltd.	Commission expenses	80,888	63,959	158,266	122,675
Fubon Bank (Hong Kong) Limited	Bank charge, commission expenses, etc.	190,901	141,572	317,287	337,710
Hyundai Card Co., Ltd.	Credit card processing fee	8,419	8,193	18,160	16,951
Taiwan Business Bank, Ltd.	Commission expenses	2,162	427	122,600	441
Others (related company or person accounts for not more than \$10,000 thousand or 10%)		26,057	18,523	47,140	40,810
Total		\$ 3,165,320	2,555,357	6,589,712	5,465,347

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(p) Insurance Revenue

Name of related party	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Taipei Fubon Commercial Bank Co., Ltd.	\$ 30,923	29,653	61,837	59,632
Taiwan High Speed Rail Corporation	13,628	9,730	28,057	20,151
Fubon Securities Co., Ltd.	11,463	11,260	23,049	22,802
Momo.com Inc.	7,652	3,659	13,366	9,035
Fubon Insurance Co., Ltd.	10,243	13,690	17,114	20,569
Related parties in substance (individual)	127,409	97,295	296,444	230,673
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	21,502	13,924	40,103	33,453
Total	\$ 222,820	179,211	479,970	396,315

Premium rates were calculated in accordance with the relevant provisions of the Insurance Act, and were not materially different from the general trading terms.

(q) Bonds payable and Interest Expense

(1) Bonds payable

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Fubon Financial Holding Co., Ltd.	\$ 20,000,000	20,000,000	20,000,000
Hyundai Commercial Inc. (Note)	2,208,800	2,221,900	2,354,200
Total	\$ 22,208,800	22,221,900	22,354,200

Note: Recognized as equity of the Group.

(2) Interest Expense

Name of related party	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Fubon Financial Holding Co., Ltd.	\$ 179,507	179,507	357,041	357,041
Hyundai Commercial Inc.	38,323	40,567	77,491	81,190
Total	\$ 217,830	220,074	434,532	438,231

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(r) Leasing

(1) The company rents from related parties

A. Right-of-use assets

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taipei City Government (Note)	\$ 30,352,306	30,690,953	30,674,445
Fubon REIT I Fund	204,310	257,499	321,274
Fubon REIT II Fund	24,688	34,057	40,605
Fubon Insurance Co., Ltd.	137,573	172,100	235,272
Ming Dong Industrial Co., Ltd.	18,336	-	2,236
Related parties in substance (individual)	136,257	-	16,613
Total	<u><u>\$ 30,873,470</u></u>	<u><u>31,154,609</u></u>	<u><u>31,290,445</u></u>

Note: Some recognized as investment properties.

B. Lease liability

Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Taipei City Government	\$ 7,996,883	8,219,799	8,089,272
Fubon REIT I Fund	203,525	254,995	314,863
Fubon REIT II Fund	23,779	32,707	40,459
Fubon Insurance Co., Ltd.	133,129	175,758	237,471
Ming Dong Industrial Co., Ltd.	18,097	-	2,362
Related parties in substance (individual)	134,516	-	17,560
Total	<u><u>\$ 8,509,929</u></u>	<u><u>8,683,259</u></u>	<u><u>8,701,987</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) The company leases to related parties

A. Guarantee deposits

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 11,991	14,533	14,533
Momo.com Inc.	62,587	62,587	62,345
Fubon Insurance Co., Ltd.	41,246	41,199	41,199
Sharehope Medicine Co., Ltd.	17,912	17,912	17,912
LES ENPHANTS CO., LTD.	10,506	10,506	10,506
Fubon Financial Holding Co., Ltd.	15,793	15,793	12,678
Fubon Art Museum Foundation	26,884	26,884	26,884
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	37,302	39,520	58,467
Total	<u>\$ 224,221</u>	<u>228,934</u>	<u>244,524</u>

B. Performance guarantee

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Sharehope Medicine Co., Ltd. (Note)	\$ 273,356	271,996	270,642
LES ENPHANTS CO., LTD.	<u>372,962</u>	<u>372,962</u>	<u>372,962</u>
Total	<u>\$ 646,318</u>	<u>644,958</u>	<u>643,604</u>

Note: Sharehope Medicine Co., Ltd. and Taoyuan Min Sheng General Hospital (nonrelated party) jointed for performance bond.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

C. Rental revenue

Name of related party	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Fubon Insurance Co., Ltd.	\$ 40,255	37,953	80,509	75,906
Taipei Fubon Commercial Bank Co., Ltd.	13,808	16,168	27,596	32,353
Momo.com Inc.	52,480	50,615	104,962	101,232
Taiwan Mobile Co., Ltd.	1,344	9,061	2,732	18,483
Taiwan Fixed Network Co., Ltd.	85	7,878	168	15,734
Kbro Co., Ltd.	6,141	5,857	12,282	11,715
Sharehope Medicine Co., Ltd.	10,053	10,002	20,080	19,980
Fubon Financial Holding Co., Ltd.	15,228	8,744	30,456	17,488
Ming Dong Industrial Co., Ltd.	6,246	6,065	12,493	10,732
LES ENPHANTS CO., LTD.	10,524	10,524	21,139	21,139
Fubon Art Museum Foundation	12,767	12,766	25,533	25,798
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	20,729	18,228	41,687	36,705
Total	<u>\$ 189,660</u>	<u>193,861</u>	<u>379,637</u>	<u>387,265</u>

All the above leases were operating leases. The leasing terms was not materially different from that with unrelated parties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(s) Acquisition of property and equipment

(1) Transaction of equity instruments:

A. Shares undertaken

<u>Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Century Development Corporation	\$ 564,609	567,536	507,368
China United Insurance Group Co., Ltd.	10,479,507	9,556,767	7,697,144
Star Energy Storage CO., Ltd.	221,581	295,254	316,437
APPWORKS FUND II CO., LTD.	69,498	69,795	-
APPWORKS FUND III CO., LTD.	242,878	258,974	-
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	3,154	4,939	6,671
Total	<u>\$ 11,581,227</u>	<u>10,753,265</u>	<u>8,527,620</u>

(2) Transaction of real estate and other assets

A. Purchase

<u>Name of related party</u>	<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>
Fubon Land Development Co., Ltd.	\$ -	30,263
Taipei City Government	-	57,354
HD Renewable Energy Co., Ltd. (Note)	3,021,858	-
Star Trade CO., LTD.	103,940	-
Total	<u>\$ 3,125,798</u>	<u>87,617</u>

Note: Prior to the acquisition of its sub-subsidiary, Sumray Power Company, the Company had purchased from related parties an aggregate amount of NT\$1,749,062 thousand.

(C) Major management remuneration information

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 122,268	103,977	236,062	209,054
Post-employment benefits	5,138	5,271	9,978	10,508
Other long-term employee benefits	1,207	926	2,356	1,313
Total	<u>\$ 128,613</u>	<u>110,174</u>	<u>248,396</u>	<u>220,875</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8. ASSETS PLEDGED AS SECURITY

Pledged assets are as follows:

Pledged assets	Purpose of pledge	June 30, 2025	December 31, 2024	June 30, 2024
Government bonds (recognized as financial assets measured at FVOCI)	Collaterals for derivatives transactions	\$ 747,013	1,888,297	699,937
Government bonds (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions, bank overdraft	1,119,642	3,947,997	2,158,794
Corporate bonds (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions	552,200	1,110,950	1,035,848
Checking account (recognized as other financial assets)	Other	30,260	-	143
Government bonds (recognized as guarantee — lawful guarantee) (Note 1)	Guarantee deposits for insurance business	17,211,730	17,076,321	15,850,048
Time deposits (recognized as guarantee — lawful guarantee) (Note 1)	Guarantee deposits for insurance business	17,190	19,305	19,140
Time deposits (recognized as guarantee — other)	Guarantee deposits for superficies, new construction guarantee deposit	1,352,274	1,371,211	1,371,451
Asset securitization products (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions	110,439	1,733,082	1,871,589
Demand deposits (recognized as other financial assets)	Bank loans	218,099	-	-
Demand deposits (recognized as guarantee — other)	Guarantee deposits	34,650	-	-
Stocks (recognized as investments accounted for using equity method) (Note 2)	Bank loans	1,294,616	-	-
Total		\$ 22,688,113	27,147,163	23,006,950

Note 1: The Company pursuant to the requirements of Articles 141 and 142 of the Insurance Law, government bonds were deposited in the Central Bank of the republic of China as guarantee for insurance business. Fubon Life Insurance (Vietnam) Co., Ltd. deposited saving deposit in the local bank which was authorized by the Vietnam government.

Note 2: The subsidiary, Fubon Green Power, pledged its shares held in its sub-subsidiary as collateral. This transaction had already been eliminated during the preparation of the consolidated financial statements.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9. COMMITMENTS AND CONTINGENCIES

(A) The Group have contingent liabilities of lawsuits arising from daily operating activities. Other than cases which have already made provision, several lawsuits are still in process and appointed to Group's legal affairs department or lawyers. The Group will recognize relevant losses when professional opinions and reasonable estimated loss are available.

(B) Significant unrecognized commitments

(a) The Group's signed but unrecognized new construction contracts of investment and owner-occupied properties and equipments are as follow:

	June 30, 2025	December 31, 2024	June 30, 2024
New construction contracts	\$ 45,436,044	45,872,224	37,059,925
Equipments	1,596,132	2,481,952	-
Total	<u>\$ 47,032,176</u>	<u>48,354,176</u>	<u>37,059,925</u>

(b) The Group's signed but unrecognized renovation and refurbishment contracts of foreign properties are as follow (in thousands):

	June 30, 2025	December 31, 2024	June 30, 2024
EUR	\$ <u>30,049</u>	<u>3,221</u>	<u>-</u>
GBP	\$ <u>10,095</u>	<u>-</u>	<u>-</u>

(C) The Group signed private fund contracts. The maximum amount of investment commitments that has not been funded is (in thousands):

	June 30, 2025	December 31, 2024	June 30, 2024
USD	\$ <u>3,827,722</u>	<u>3,690,247</u>	<u>3,483,339</u>
EUR	\$ <u>678,724</u>	<u>758,720</u>	<u>883,685</u>
KRW	\$ <u>77,843,311</u>	<u>100,511,957</u>	<u>118,440,302</u>
NTD	\$ <u>547,713</u>	<u>675,930</u>	<u>529,290</u>

Note: The unfunded commitments excluded unsettled trades.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (D) In the joint investment contract signed by the Group , the total amount of committed investment that has not yet been invested is capped at:

Investor Company	Investee Company	June 30, 2025	December 31, 2024	June 30, 2024
Fubon Life Insurance Co., Ltd.	Star Shining Energy Co., Ltd.	\$ -	-	300,000
Fubon Life Insurance Co., Ltd.	Aquastar Energy Corporation	232,020	232,020	232,020
Fubon Life Insurance Co., Ltd.	Whole Max Green Power Co., Ltd.	150,000	150,000	150,000
Fubon Life Insurance Co., Ltd.	Fubon Green Power CO., LTD.	5,250,000	5,250,000	5,250,000
		<u>\$ 5,632,020</u>	<u>5,632,020</u>	<u>5,932,020</u>

- (E) In the irrevocable loan contract signed by the Group for operating credit business, the undrawn loan commitment amount was as follows:

	June 30, 2025	June 30, 2024	June 30, 2024
The undrawn loan commitment amount	<u>\$ 3,963,346</u>	<u>5,283,147</u>	<u>8,000,000</u>

- (F) In June 2024, the subsidiary, Fubon Green Power, entered into a 10-year operation and management consulting agreement with HD Renewable Energy Co., Ltd. for the provision of consulting services related to operation and management of solar and energy storage power stations (plants). Since the service fees are based on the final installed capacity of the plants, the amount cannot be reliably measured at this time.
- (G) As of June 30, 2025, the subsidiary, Fubon Green Power, issued a letter of support to the financial institution in connection with the sub-subsidiary, Sumray Power Company' s application for a financing facility of \$2,590,000 thousand. The purpose of the support letter is to encourage Sumray Power Company to fulfill its financial obligations.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS

- (A) On April 29, 2025, the Board of Directors approved the incorporation of a wholly-owned special-purpose fundraising enterprise in Singapore. The incorporation was approved by the Financial Supervisory Commission pursuant to the letter NO. Jin-Guan-Bao-Shou-Zi 1140140302 dated June 12, 2025, and was completed on July 7, 2025 with an issued share capital of USD 40 million.
- (B) On July 23, 2025, the Company invested \$163.95 million in Aquastar Energy Corporation in exchange for 16,395 thousand shares.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (C) On March 17, 2025, the Company was approved to invest in Star Shining 2 Energy Corporation by the Financial Supervisory Commission. The investment amount shall not exceed \$1.1 billion and maximum shareholding ratio of 33%. On July 25, 2025, the Company invested \$280.5 million in exchange for 28,050 thousand shares.
- (D) To enhance operating capital, strengthen the financial structure and increase capital adequacy ratio, the Company planned to issue unsecured cumulative subordinated corporate bonds totaling \$20 billion, with a maturity of 10 years or above. The Company filed the bond issuance with the Taipei Exchange on August 4, 2025, and the bonds are scheduled to be issued on August 27, 2025.
- (E) On August 19, 2025, the Board of Directors approved the company's participation in the capital increase of Fubon Hyundai Life Insurance Co., Ltd. The total investment amount will not exceed KRW 700 billion. The Company will subsequently submit applications for approval to the Financial Supervisory Commission and the Department of Investment Review, Ministry of Economic Affairs.
- (F) On August 19, 2025, the Board of Directors approved the Company's acquisition of XING JU DIAN KTV in Taipei Datong District for \$2.8 billion as an investment property, accompanied by a leaseback agreement of this property with one of the sellers, XING JU DIAN FIRST CO.,LTD.

12. OTHER

- (A) Personnel expenses, depreciation and amortization for the periods ended June 30, 2025 and 2024 are categorized by function as follows:

Units: NT\$'000

Function Nature	For the three months ended June 30,					
	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	3,565,047	1,723,044	5,288,091	3,428,696	1,675,939	5,104,635
Labor and health insurance	-	471,453	471,453	-	436,826	436,826
Pension	29,573	235,365	264,938	35,798	219,344	255,142
Remuneration of directors	-	13,263	13,263	-	11,913	11,913
Other	-	741,776	741,776	-	706,539	706,539
Depreciation	17,701	346,312	364,013	-	340,216	340,216
Amortization	-	103,035	103,035	-	108,838	108,838

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the six months ended June 30,					
Function	2025			2024		
Nature	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	7,787,627	3,410,643	11,198,270	6,931,700	3,275,930	10,207,630
Labor and health insurance	-	934,376	934,376	-	873,023	873,023
Pension	57,734	464,451	522,185	70,942	429,412	500,354
Remuneration of directors	-	25,988	25,988	-	23,770	23,770
Other	-	1,279,692	1,279,692	-	1,318,724	1,318,724
Depreciation	19,795	691,957	711,752	-	676,986	676,986
Amortization	-	208,013	208,013	-	222,874	222,874

- (B) When conducting business or transaction, joint business promotion as well as information and facilities sharing with Fubon Financial Holdings Co., Ltd. and other associates, the Group is using a direct allocation method based on the business characteristic or other reasonable methods to allocate income, cost, expense and profit or loss to each counterparty.
- (C) The borrowing that meets cash flow arising from payment of major insurance claims: None.
- (D) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund, refer to Note 6(B)(b).
- (E) The information of discontinued operations: None.
- (F) The adjustment of significant units and significant reform of management regulation: None.
- (G) The significant impact due to variation of government rules: None.
- (H) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies downgraded the credit rating for Russian bonds. The Group is closely monitoring and evaluating the credit risk of Russian bonds, the relevant bonds' ability to pay interest and principal and will continuously evaluate the credit risk and recognize the expected credit loss associated to the risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

13. OTHER DISCLOSURES

(A) Information on Significant Transactions:

In accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the Group disclosed the information on significant transactions for the six months end June 30, 2025 as follows:

(a) Acquisition of real property over \$100,000 thousand or 20% of capital :

Units:\$'000													
Acquiring Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as counterparty is a related party.				Reference for price	Purpose and usage	other
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance Co., Ltd.	New-build program of the northern base of Chengde Building	2012.03.09~2025.02.21	2,897,969	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) of the southern base of Chengde Building	2012.03.09~2025.04.17	200,236	Payment based on construction progress	QlabArchitects, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program in Yucheng Section of Nangang District	2020.06.23~2025.06.03	15,045,288	Payment based on construction progress	Dehwa Construction Co., Ltd. SGM STONE CO., LTD., etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program of the superficies beside Aozihdi Station in Kaohsiung	2018.04.20~2025.05.16	38,215,462	Payment based on construction progress	Samsung C&T corporation Taiwan Branch-Korea, Formosa Builders,Inc., etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property and owner-occupied property	
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) in Dunhua Section of Songshan District	2021.03.11~2025.05.28	896,816	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program for development case of Hsinchu Hukou	2022.09.20~2025.05.05	176,195	Payment based on construction progress	Da-Ju Architects & Associates, etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property	
Fubon Ellipse(Belgium) S.A.	Ellipse Building	2024.07.05~2025.03.20	1,506,463 (EUR 42,955 thousand)	Request payment by installments as stipulated in the contract	Whitewood Capital NV, BERGER-TPF, CIT Blaton SA, SRL BUREAU D'ETUDES PS2, Allianz Benelux S.A., Baloise Belgium S.A., MS Amlin Insurance SE	Not related party	-	-	-	-	Negotiation	Refurbishment of foreign properties	
Bow Bells House(Jersey) Ltd.	Bow Bells House	2024.09.06~2025.02.21	436,755 (GBP 10,658 thousand)	Request payment by installments as stipulated in the contract	Fabrix London Limited, Castle Hayes Pursey LLP, IKON Group Limited	Not related party	-	-	-	-	Negotiation	Refurbishment of foreign properties	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (b) Disposal of real property over \$100,000 thousand or 20% of capital: None.
- (c) Sales and purchase with related party over \$100,000 thousand or 20% of capital : Please refer to Note 7 and 13(A)(f).
- (d) Accounts receivable with related party over \$100,000 thousand or 20% of capital: Please refer to Note 7.
- (e) Information on derivative transactions : Please refer to Note 6(C) and (AE).
- (f) Business relationship and significant transactions with the subsidiaries:

No	Company	Counterparty	Relationship	Transaction details			
				Accounts	Amount	Trading terms	Percentage ratio against total operating income or total assets
0	Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	1	Receivables	3,662	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	1	Non-operating income & expense	14,175	Same as non related-party transactions	0.01 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Loans	8,604,492	Same as non related-party transactions	0.14 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Receivables	83,771	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Interest income	172,057	Same as non related-party transactions	0.07 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Loans	10,643,911	Same as non related-party transactions	0.18 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Receivables	50,420	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Interest income	101,516	Same as non related-party transactions	0.04 %

Note1: Each number represents the following definitions:

- (1) Zero stands for the parent company
- (2) Subsidiaries are coded from No.1 per respective companies.

Note2: Transaction relationship is as follows:

- (1) Parent company to subsidiary company
- (2) Subsidiary company to parent company
- (3) Subsidiary company with subsidiary company

(B) Information on Investees:

- (a) Disclosure on business investments for the six months ended June 30, 2025 is as follows:

Units:NT\$'000											
Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Vietnam) Co., Ltd.	Hanoi Vietnam	Life insurance business	2,153,217	2,153,217	-	100.00 %	1,420,723	(6,819)	(6,819)	Subsidiary Note 1

Units:NTS'000

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	Hong Kong	Life insurance business	12,985,410	12,985,410	3,275,000,000	100.00 %	14,038,305	716,311	716,311	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Hyundai Life Insurance Co., Ltd.	Korea	Life insurance business	33,361,377	33,361,377	253,834,047	83.22 %	16,273,806	(2,314,446)	(1,992,842)	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Green Power CO., LTD.	ROC	Energy technology service	3,000,000	3,000,000	300,000,000	74.98 %	2,992,038	3,828	2,929	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	Guernsey	Rental property business	5,168,344	5,168,344	84,845,118	100.00 %	3,580,899	168,561	168,561	Subsidiary Note 1 Note 2
Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	Jersey	Rental property business	8,616,460	8,616,460	208,080,931	100.00 %	4,974,119	36,479	36,479	Subsidiary Note 1 Note 2
Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	Jersey	Rental property business	4,708,389	4,708,389	92,581,000	100.00 %	6,481,459	390,873	390,873	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	Brussels Belgium	Rental property business	8,985,260	5,849,025	14,571,493	100.00 %	6,983,998	(421,744)	(421,744)	Subsidiary Note 1 Note 3 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	Luxembourg	Rental property business	7,727,154	7,727,154	219,997	100.00 %	(2,652,345)	50,687	50,687	Subsidiary Note 1 Note 4 Note 5
Fubon Green Power CO., LTD.	Li Tong Management Consulting Co., Ltd.	ROC	Energy technology service	1,292,000	1,292,000	129,200,000	100.00 %	1,294,616	3,315	3,315	Subsidiary Note 1
Fubon Green Power CO., LTD.	Sumray Power Company	ROC	Energy technology service	776,587	-	75,000,000	100.00 %	770,555	18,515	10,934	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	CITIC Capital Holdings Limited	Hong Kong	Holding company	7,046,304	7,046,304	13,979,798	18.00 %	7,890,700	640,688	(581,126)	Affiliate company
Fubon Life Insurance Co., Ltd.	Hyundai Card Co., Ltd.	Korea	Credit Card Business	5,156,803	5,156,803	16,046,528	10.00 %	8,446,850	3,314,657	332,245	Affiliate company
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Venture Capital Co., Ltd.	ROC	Venture capital service	1,979,650	1,979,650	315,554,902	25.00 %	3,200,090	(518,928)	(129,732)	Affiliate company
Fubon Life Insurance Co., Ltd.	Star River Energy Co., Ltd.	ROC	Energy technology service	157,502	157,502	15,750,160	20.00 %	179,455	16,878	3,375	Affiliate company
Fubon Life Insurance Co., Ltd.	Star Shining Energy Co., Ltd.	ROC	Energy technology service	2,400,000	2,400,000	240,000,000	30.00 %	2,485,047	138,762	41,629	Affiliate company
Fubon Life Insurance Co., Ltd.	Whole Max Green Power Co., Ltd.	ROC	Energy technology service	477,000	477,000	47,700,000	30.00 %	489,411	10,738	3,438	Affiliate company
Fubon Life Insurance Co., Ltd.	Sinergy 1st Co., Ltd.	ROC	Energy technology service	300,000	300,000	30,000,000	30.00 %	303,755	11,156	3,816	Affiliate company
Fubon Life Insurance Co., Ltd.	Aquastar Energy Corporation	ROC	Energy technology service	909,480	909,480	90,948,000	30.00 %	923,075	18,129	5,439	Affiliate company

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance (Hong Kong) Company Limited	ZA Life Limited	Hong Kong	Life insurance business	574,065	574,065	150,000,000	15.00 %	269,482	14,093	2,114	Affiliate company

Note 1: Write off under consolidated financial statements.

Note 2: Investment properties are located in London, England.

Note 3: Investment property is located in Brussels, Belgium.

Note 4: Investee does not have external debts, act as guarantor or provide its assets as collateral for debts of external parties. Except being pledged as collateral for its shareholder loan, the ownership of its property is not subject to restrictions.

Note 5: Investment Property is located in Frankfurt, Germany.

(b) Loans to other parties:

Units:NT\$'000

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	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Whole Max Green Power Co., Ltd.	Mingxiang Energy Co., Ltd.	Other accounts receivable - related parties	Yes	40,000	40,000	40,000	-	2	-	Operating turnover	-	None	-	-	-
2	Sinergy 1st Co., Ltd.	X3 Energy Co., Ltd.	Temporary payments	Yes	16,000	16,000	16,000	2.00 %	2	-	Pay rental interest	-	None	-	-	-
2	Sinergy 1st Co., Ltd.	Bonya Co., Ltd.	Temporary payments	Yes	4,200	4,200	4,200	-	2	-	Pay rental interest	-	None	-	-	-
3	Star Shining Energy Co., Ltd.	Sheng LiEnergy Corporation	Other accounts receivable - related parties	Yes	350,000	350,000	230,000	1.43%~1.87%	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
3	Star Shining Energy Co., Ltd.	He Shuo Agricultural Biotech Corporation	Other accounts receivable - related parties	Yes	200,000	200,000	150,000	1.79%~1.87%	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
3	Star Shining Energy Co., Ltd.	Ri Ji Power Corporation	Other accounts receivable - related parties	Yes	200,000	200,000	-	Note 4	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
3	Star Shining Energy Co., Ltd.	ChampionGen Power Corporation	Other accounts receivable - related parties	Yes	200,000	200,000	-	Note 4	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
3	Star Shining Energy Co., Ltd.	Fargen Power Corporation	Other accounts receivable - related parties	Yes	200,000	200,000	150,000	1.85 %	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
3	Star Shining Energy Co., Ltd.	TronGen Power Corporation	Other accounts receivable - related parties	Yes	100,000	100,000	-	Note 4	2	-	Operating turnover	-	None	-	8,283,489	8,283,489

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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)	Transactio n amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
3	Star Shining Energy Co., Ltd.	Ri Jing Power Corporation	Other accounts receivable - related parties	Yes	100,000	100,000	-	Note 4	2	-	Operating turnover	-	None	-	8,283,489	8,283,489
4	Aquastar Energy Corporatio n	Ri Yun Green Co., Ltd.	Other accounts receivable - related parties	Yes	85,000	106,000	85,000	2.72 %	2	-	Operating turnover	-	None	-	305,245	1,220,979
5	Yunn Deng Green Co., Ltd.	Ri Yun Green Co., Ltd.	Other accounts receivable - related parties	Yes	-	28,000	-	2.72 %	2	-	Operating turnover	-	None	-	305,245	1,220,979

Note 1 : Serial number is determined as follows:

(1) 0 represents parent company.

(2) Subsidiaries are numbered in a sequence of Arabic numerals from 1 based on company category.

Note 2 : Those ending balances are effective credit/amount as of the reporting date.

Note 3 : The natures of loans are determined as follows:

(1) Please fill 1 if the category belongs to business relation.

(2) Please fill 2 if the category belongs to short-term loan.

Note 4 : Short-term funding costs have increased by 30 basis points.

(c) Guarantees and endorsements for other parties

Units:NT\$/'000

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 6 to 9)	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorseme nts as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 4)	Maximum amount for guarantees and endorsements (Note 6 to 9)	Parent company endorsements /guarantees to third parties on behalf of subsidiary (Note 5)	Subsidiary endorsements/ guarantees to third parties on behalf of parent company (Note 5)	Endorsements to third parties on behalf of companies in Mainland China (Note 5)
		Name	Relationship with the Company (Note 2)										
1	Fubon GreenPower CO.,LTD.	Li TongManagement Consulting Co.,Ltd.	2	3,990,304	1,294,616	1,294,616	1,294,616	1,294,616	32.44 %	15,961,215	N	N	N
2	Whole Max Green Power Co., Ltd.	Yuandeng Solar Energy Co., Ltd.	2	None	253,300	253,300	247,366	None	15.53 %	None	N	N	N
2	Whole Max Green Power Co., Ltd.	Tai Ling Energy Technology Corporation	2	None	109,930	109,930	83,310	None	6.74 %	None	N	N	N
2	Whole Max Green Power Co., Ltd.	Jin Ya Xing Optoelectroni cs Co., Ltd.	2	None	600,000	600,000	554,911	None	36.78 %	None	N	N	N
2	Whole Max Green Power Co., Ltd.	Mingxiang Energy Co., Ltd.	2	None	312,860	312,860	90,301	None	19.18 %	None	N	N	N
3	Star River Energy Co., Ltd.	Evergen Power Corporation	2	897,273	1,000	1,000	490	None	0.10 %	897,273	N	N	N
3	Star River Energy Co., Ltd.	Sungen Power Corporation	2	897,273	1,000	1,000	-	None	0.10 %	897,273	N	N	N

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 6 to 9)	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements (Note 4)	Maximum amount for guarantees and endorsements (Note 6 to 9)	Parent company endorsements /guarantees to third parties on behalf of subsidiary (Note 5)	Subsidiary endorsements /guarantees to third parties on behalf of parent company (Note 5)	Endorsements /guarantees to third parties on behalf of companies in Mainland China (Note 5)
		Name	Relationship with the Company (Note 2)										
4	Star Shining Energy Co., Ltd.	Fargen Power Corporation	2	16,566,978	1,000	1,000	264	None	0.01 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	TronGen Power Corporation	2	16,566,978	1,000	1,000	151	None	0.01 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	Sheng Li Energy Corporation	2	16,566,978	25,645	25,645	24,686	None	0.31 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	Ri Ji Power Corporation	2	16,566,978	40,479	40,479	39,704	None	0.49 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	ChampionGen Power Corporation	2	16,566,978	71,200	71,200	70,391	None	0.86 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	Sheng Feng Power Corporation	2	16,566,978	1,000	1,000	21	None	0.01 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	Mao Xin Energy Corporation	2	16,566,978	5,767,955	5,767,955	5,766,976	1,126,291	69.63 %	16,566,978	N	N	N
4	Star Shining Energy Co., Ltd.	Mao Zheng Energy Corporation	2	16,566,978	6,824,500	6,824,500	6,823,521	1,508,528	82.39 %	16,566,978	N	N	N
5	Aquastar Energy Corporation	Ri Yun Green Co., Ltd.	2	2,089,000	2,089,000	2,089,000	1,984,550	660,186	68.44 %	2,089,000	N	N	N
5	Aquastar Energy Corporation	Xin Sheng Energy Develop Co., Ltd.	2	7,000,000	7,000,000	7,000,000	5,251,000	1,887,869	229.32 %	7,000,000	N	N	N
5	Aquastar Energy Corporation	Yunn Deng Green Co., Ltd.	2	1,425,700	1,425,700	1,425,700	-	408,820	46.71 %	1,425,700	N	N	N

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 : Relationship with the endorsed/guaranteed is classified into the 7 categories below, denoted with numbers:

- (1) Business that the Company has business dealing with.
- (2) A company in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) The company directly or indirectly holds more than 50% of the voting shares of the company.
- (4) Between companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies that require mutual guarantees of companies in the same industry or co-builders in accordance with the contract for the needs of contracting projects.
- (6) A company to which all contributing shareholders endorse and guarantee in accordance with their shareholding ratios for joint investment.
- (7) Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3 : The balance is the maximum amount endorsed/guaranteed to others during the period.

Note 4 : The net worth of the latest financial statements has been audited by the accountant of Fubon Green Power; while the net worth of the latest financial statements, which amounts have been assessed by the investee companies, has not been audited by the accountants of Whole Max Green Power Co., Ltd., Star River Energy Co., Ltd., Star Shining Energy Co., Ltd., and Aquastar Energy Corporation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 5 : Parent company endorsements/guarantees to third parties on behalf of subsidiaries, subsidiary endorsements/guarantees to third parties on behalf of parent company, and endorsements/guarantees to third parties on behalf of companies in Mainland China should be Y.

Note 6 : The amount of endorsement and guarantee that Fubon Green Power may provide to a single entity shall not exceed 100% of its net worth. The aggregate amount of endorsement and guarantee provided by Fubon Green Power shall not exceed 400% of its net worth.

Note 7 : The cumulative amount of endorsements and guarantees that Star River Energy Co., Ltd. and its subsidiaries may provide to others is limited to the net worth of Star River Energy Co., Ltd. The amount of endorsements and guarantees that Star River Energy Co., Ltd. and its subsidiaries may provide to a single company is limited to the net worth of Star River Energy Co., Ltd.

Note 8 : The cumulative amount of endorsement guarantees that Star Shining Energy Co., Ltd. and its subsidiaries may provide to others shall not exceed twice the amount Star Shining Energy Co., Ltd.'s net worth. The total amount of endorsements and guarantees that Star Shining Energy Co., Ltd. and its subsidiaries may provide to a single company shall not exceed twice the amount of Star Shining Energy Co., Ltd.'s net worth.

Note 9 : The amount and maximum limit of endorsement and guarantee provided by Aquastar Energy Corporation to a single entity shall correspond to the financing amounts of Ri Yun Green Co., Ltd., Xin Sheng Energy Develop Co., Ltd. and Yunn Deng Green Co., Ltd.

(d) Marketable securities held as of June 30, 2025:

Units:NT\$/000

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
Fubon Green Power CO., LTD.	Stock							
	Li Tong Management Consulting Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	129,200,000	1,294,616	100.00 %	1,294,616	
	Sumray Power Company	Parent-subsidiary	Investments accounted for using equity method	75,000,000	770,555	100.00 %	770,555	
Whole Max Green Power Co., Ltd.	Stock							
	Yuangeng Solar Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	18,000,000	222,545	100.00 %	222,545	
	Giga Whole Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	1,889,000	32,435	100.00 %	32,435	
	Whole Wing Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	6,839,000	70,460	100.00 %	70,460	
	Whole Fund Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	1,460,000	18,223	100.00 %	18,223	
	Hunjin Enterprise Inc.	Parent-subsidiary	Investments accounted for using equity method	2,000,000	24,748	100.00 %	24,748	
	Ya Fei Solar Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	15,657,000	183,502	100.00 %	183,502	
	Huiquan Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	5,000,000	52,972	100.00 %	52,972	
	Yijia Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	7,340,000	83,149	100.00 %	83,149	
	Licheng Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	4,100,000	44,921	100.00 %	44,921	
	Tai Ling Energy Technology Corporation	Parent-subsidiary	Investments accounted for using equity method	3,625,000	36,115	100.00 %	36,115	
	Yunhui Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	7,000,000	69,949	99.71 %	69,949	
	Jin Ya Xing Optoelectronics Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	20,000,000	200,474	100.00 %	200,474	
	Mingxiang Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	8,100,000	80,474	100.00 %	80,474	
	Heju No. 1 Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	15,100,000	150,919	100.00 %	150,919	
	Dekang Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	10,410,000	104,383	100.00 %	104,383	
Sinergy 1st Co., Ltd.	Stock							
	X3 Energy Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	20,000,000	207,481	100.00 %	207,481	
	Bonya Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	300,000	2,667	100.00 %	2,667	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
Star River Energy Co., Ltd.	Stock							
	Sungen Power Corporation	Parent-subsidiary	Investments accounted for using equity method	47,810,859	625,805	100.00 %	625,805	
Star Shining Energy Co., Ltd.	Evergen Power Corporation	Parent-subsidiary	Investments accounted for using equity method	22,030,000	266,975	100.00 %	266,975	
	Stock							
	Fargen Power Corporation	Parent-subsidiary	Investments accounted for using equity method	48,200,000	561,477	100.00 %	561,477	
	TronGen Power Corporation	Parent-subsidiary	Investments accounted for using equity method	18,500,000	220,625	100.00 %	220,625	
	Sheng Li Energy Corporation	Parent-subsidiary	Investments accounted for using equity method	70,800,000	799,652	100.00 %	799,652	
	ChampionGen Power Corporation	Parent-subsidiary	Investments accounted for using equity method	52,250,000	579,511	100.00 %	579,511	
	Ri Ji Power Corporation	Parent-subsidiary	Investments accounted for using equity method	30,000,000	309,429	100.00 %	309,429	
	Ri Jing Power Corporation	Parent-subsidiary	Investments accounted for using equity method	3,000,000	30,992	100.00 %	30,992	
	Mao Zheng Energy Corporation	Parent-subsidiary	Investments accounted for using equity method	140,000,000	1,508,528	100.00 %	1,508,528	
	Mao Xin Energy Corporation	Parent-subsidiary	Investments accounted for using equity method	110,000,000	1,126,291	100.00 %	1,126,291	
	Sheng Yao Power Corporation	Parent-subsidiary	Investments accounted for using equity method	100,000	538	100.00 %	538	
	Sheng Da Power Corporation	Parent-subsidiary	Investments accounted for using equity method	100,000	537	100.00 %	537	
	He Shuo Agricultural Biotech Corporation	Parent-subsidiary	Investments accounted for using equity method	4,600,000	39,600	100.00 %	39,600	
	Shin Sheng Feng Investment Corp.	Parent-subsidiary	Investments accounted for using equity method	63,407,250	775,717	75.00 %	775,717	
Aquistar Energy Corporation	Stock							
	Ri Yun Green Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	64,100,000	660,186	100.00 %	660,186	
	Yunn Deng Green Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	40,900,000	408,820	100.00 %	408,820	
	Wen Deng Green Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	300,000	2,692	100.00 %	2,692	
	Xin Sheng Energy Develop Co., Ltd.	Parent-subsidiary	Investments accounted for using equity method	188,460,000	1,887,869	100.00 %	1,887,869	

(e) Cumulative purchase or sale of the same investee's marketable security up to \$100,000 thousand or 20% of paid-in capital :

Units:NTS'000

Name of Company	Category and name of security	Account	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Cost	Disposal gain or loss	Shares/Units	Amount
Fubon Green Power CO. LTD.	Stock													
	Sumray Power Company	Investments accounted for using equity method	AcBel Polytech Inc., Sumray Power Company	Non-related party (AcBel Polytech Inc.), Subsidiary company (Sumray Power)	-	-	75,000,000	770,555 (Note)	-	-	-	-	75,000,000	770,555
Whole Max Green Power Co., Ltd.	Stock													
	Dekang Energy Co., Ltd.	Investments accounted for using equity method	Dekang Energy Co., Ltd.	Parent-subsidiary	-	-	10,410,000	104,383	-	-	-	-	10,410,000	104,383

Note: On March 21, 2025, Fubon Green Power acquired the entire equity interest of Sumray Power Company for a cash consideration of \$326,587 thousand and subsequently injected additional capital of \$450,000 thousand. The remaining changes are attributable to the recognition of profit or loss under the equity method and dividends received.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Information on Investment in Mainland China :

(a) Information regarding investment in Mainland China as follows :

Units:\$'000

Investee company	Main business	Paid-in capital	Method of investment (Note 1)	Accumulated outward fund of investment from Taiwan at the beginning	Outward remittance or inward recovery		Accumulated outward fund of investment from Taiwan at the balance sheet date	Investee company gains/(losses) in current period	Directly or indirectly share holding percentage	Income(losses) recognized from investee company	Book value of investment at period end	Recovery investment profit
					Outward	Inward						
Fubon Property & Casualty Insurance Co., Ltd.	Property Insurance	CNY 4,675,421 1,120,000	(a)	2,155,322	-	-	2,155,322	CNY 698,226 159,052	40.00 %	279,290 Note2	519,500	-

Note 1: Investment types are as follows:

- (a) Direct investments in Mainland China.
- (b) Reinvestment in Mainland China through a third regional company. (Please specify the companies invested in the third region.)
- (c) Others.

Note 2: The recognition of investment gains or losses is based on the financial statements audited by certified public accountant.

Note 3: The NTD amounts in the table which were originally presented in foreign currencies are translated at the closing rate as of June 30, 2025, or the average exchange rate for the year ended June 30, 2025.

The Group and Fubon Insurance Co., Ltd. have jointly invested in the set-up of Fubon Property and Casualty Insurance Co., Ltd. in 2010 for its insurance business operation in Mainland China. In addition, the Group signed a joint venture contract with Fubon Insurance Co., Ltd., and Xiamen Port Holding Group in September 2012. The joint venture was approved by the Insurance Bureau, FSC, the Investment Commission, MOEA and CBRC. The proportionate share holding for The Group, Fubon Insurance Co., Ltd. and Xiamen Port Holding Group are 40%, 40% and 20% respectively. As of June 30, 2025, the accumulated investment of the Group amounted to CNY 448 million.

Fubon Property & Casualty Insurance Co., Ltd initially invested in Shenzhen Teng Fu Bo Investment Limited with 31.1% shareholding. Subsequently on July 16, 2020, Board of Directors has resolved to not participate in the capital increase for Shenzhen Teng Fu Bo Investment Limited, which resulted in the decrease in shareholdings from 31.1% to 16.667% and has been approved by local governing institutions on August 19, 2020. On August 13, 2021, Fubon Property & Casualty Insurance Co., Ltd shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. This disposal was approved by the competent authority on October 6, 2021 and the shareholding was sold 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 reducing from 16.667% to 8.167%. Fubon Property & Casualty Insurance Co., Ltd. approved the sale of its entire shares in Shenzhen Teng Fu Bo Investment Limited in the shareholders' meeting on December 3, 2024, and completed the share transfer upon approval by the local competent authorities on January 20, 2025.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Fubon Property & Casualty Insurance Co., Ltd. is a property insurance company, the information for its cash management and profitability is disclosed as follows:

- (1) Capital status and its profit and loss : No significant investment.
- (2) The Fubon Property & Casualty Insurance Co., Ltd. provides premium deficiency reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, NO. Jin-Guan-Bao-Cai-Zi 09802513192 on December 28, 2009. Non life insurance companies should evaluate the claim payments and expense which will be incurred in the future and compare the fore-mentioned expenditures to the premium based on insurance policy without expiration or the accepting risk which is not terminative. If the expenditures are lower than the premium, non life insurance companies should provide the differences as the premium deficiency reserve. The methodology for providing premium deficiency reserve is decided by actuaries and reported to the authority. If there is any change, it should adopt the same procedures as aforementioned.

	June 30, 2025	December 31, 2024	June 30, 2024
Unearned premium reserve	\$ 1,775,776	1,932,454	1,822,840
Claim reserve	1,728,126	1,941,303	2,081,631
Premium deficiency reserve	16,623	16,323	19,830
Total	<u><u>\$ 3,520,525</u></u>	<u><u>3,890,080</u></u>	<u><u>3,924,301</u></u>

- (3) Ratio accounted for the total premium revenue of the Group: 0.83%
- (4) Ratio accounted for the total claim payment of the Group: 0.35%
- (5) The pricing, payment condition, unrealized profit and loss of significant transactions with the investee in China:
 - 1) Amount, ratio and the ending balance of relevant receivables and payable of core business items such as the insurance policy which the policy holder is the investee: None.
 - 2) Amount and profit and loss of property transaction: None.
 - 3) The highest balance, ending balance, interest rate interval and current interest amount of financing: None.
 - 4) Other significant transactions which would influence current profit and loss and other financial condition, such as the provision or receipt of labor service: None.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) The name and premium revenue (expense) from the reinsurance business counterparties which are the branches of foreign insurance companies located in China or the branch of Chinese insurance companies: None.

(7) Name and premium revenue of significant insurance business with Chinese people, legal entities and groups located overseas: None.

(c) Limit of investment in China :

Unit:NTD\$'000

Name of Company	Accumulated amount transferred from Taiwan, end of the period	Investment amount approved by Ministry of Finance	Limit of investment regulated by Investment Audit Committee of Ministry of Finance.
Fubon Life Insurance Co., Ltd.	2,155,322	2,155,416	308,539,750

Note: Excluding investments accounted not for using the equity method.

(d) Significant transactions with the investee in China : None

14. SEGMENT INFORMATION

(A) General information

The Group runs its life insurance business and provides insurance contract product in accordance with local insurance laws, or operates other kinds of businesses according to local laws. Because the Group mainly runs insurance business and invests in real estates in Taiwan and overseas, the Group shall consider both regions and operating characteristics when determining reportable segments. The operating sectors of the Group report their profit or loss based on the net income before tax, the value of which is the foundation of performance evaluation and consistent with the report used by their decision makers. The accounting policies of the operating sectors are the same as significant accounting policies summary in Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(B) Segment information

	For the three months ended June 30, 2025				
	Taiwan Insurance Business and Others	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 53,057,685	18,505,037	828,031	6,523	72,397,276
(Losses) gains from internal segments	(94,511)	-	-	94,511	-
Total revenue	<u>\$ 52,963,174</u>	<u>18,505,037</u>	<u>828,031</u>	<u>101,034</u>	<u>72,397,276</u>
Net income	<u>\$ (2,717,219)</u>	<u>(1,053,487)</u>	<u>600,516</u>	<u>215,027</u>	<u>(2,955,163)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the three months ended June 30, 2024					
	Taiwan Insurance Business and Others	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 152,642,701	13,205,587	1,767,162	2,634	167,618,084
(Losses) gains from internal segments	1,513,461	-	-	(1,513,461)	-
Total revenue	<u>\$ 154,156,162</u>	<u>13,205,587</u>	<u>1,767,162</u>	<u>(1,510,827)</u>	<u>167,618,084</u>
Net income	<u>\$ 34,100,592</u>	<u>(271,515)</u>	<u>1,541,183</u>	<u>(1,350,716)</u>	<u>34,019,544</u>

For the six months ended June 30, 2025					
	Taiwan Insurance Business and Others	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 207,328,199	31,966,633	683,421	(53,243)	239,925,010
(Losses) gains from internal segments	(784,280)	-	-	784,280	-
Total revenue	<u>\$ 206,543,919</u>	<u>31,966,633</u>	<u>683,421</u>	<u>731,037</u>	<u>239,925,010</u>
Net income	<u>\$ 24,594,969</u>	<u>(1,604,955)</u>	<u>224,856</u>	<u>975,317</u>	<u>24,190,187</u>
Total assets	<u>\$5,523,546,507</u>	<u>484,936,723</u>	<u>39,864,542</u>	<u>(70,639,484)</u>	<u>5,977,708,288</u>

For the six months ended June 30, 2024					
	Taiwan Insurance Business and Others	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 301,409,845	35,949,958	(4,361,910)	5,282	333,003,175
(Losses) gains from internal segments	(4,385,072)	-	-	4,385,072	-
Total revenue	<u>\$ 297,024,773</u>	<u>35,949,958</u>	<u>(4,361,910)</u>	<u>4,390,354</u>	<u>333,003,175</u>
Net income	<u>\$ 51,563,378</u>	<u>52,467</u>	<u>(4,818,763)</u>	<u>4,707,869</u>	<u>51,504,951</u>
Total assets	<u>\$5,626,507,180</u>	<u>527,734,681</u>	<u>36,965,780</u>	<u>(66,349,089)</u>	<u>6,124,858,552</u>

Note1: Asia Insurance Business does not include Taiwan.

Note2: The adjustments and eliminations are eliminating entries used to adjust intercompany transactions when preparing the consolidated financial statements.

**FUBON LIFE INSURANCE CO., LTD. AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

ADDRESS: 8F., No. 77, Songgao Rd., Xinyi Dist., Taipei, Taiwan
TELEPHONE : 886-2-8771-6699

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 consolidated financial statements of the affiliates of Fubon Life Insurance Co., Ltd as of and for the year ended December 31, 2024, 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, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements of the affiliates is included in the consolidated financial statements. Consequently, Fubon Life Insurance Co., Ltd and its Subsidiaries do not prepare a separate set of consolidated financial statements of the affiliates.

Company Name: Fubon Life Insurance Co., Ltd.
Chairman of the Board: Lin, Fu-Sing
Date: March 12, 2025



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of
Fubon Life Insurance Co., Ltd.

Opinion

We have audited the consolidated financial statements of Fubon Life Insurance Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Regarding the valuation of investment property, please refer to Note 4(J) “Investment property” of the consolidated financial statements for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of the valuation of investment property, Note 6(H) for details on the information about the valuation of investment property.

Risk and description of the key audit matter:

According to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the fair value of the investment properties that are held by the Group was measured by the external independent appraisers using valuation methods and market evidences in accordance with Regulations on Real Estate Appraisal. The selection of valuation methods requires significant professional judgment. Therefore, the valuation of investment property has been identified as a key audit matter in our audit.

Procedures performed:

- Obtained an understanding of professional appraisal firms’ procedures for measuring fair value of investment properties in order to assess whether the professional appraisal firms selected appropriate valuation methods and check whether the firms adopted reasonable key assumptions;
- Confirmed the fair value measurement and disclosures of investment property were in accordance with IFRSs and Regulations Governing Preparation of Financial Reports by Insurance Enterprises;
- Assessed the appropriateness of the fair value of investment property measured by the management based on our understanding of public market information and review report issued by our engaged external appraisal firms.

2. The assessment of insurance liability

Regarding the valuation of insurance liability, please refer to Note 4(Q) “Insurance liability” of the consolidated financial statements for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of insurance liability, Note 6(X) for details on the information about the assessment of insurance liability.

Risk and description of the key audit matter:

The Group measured insurance liabilities in accordance with “ Regulations Governing the Provision of Various Reserves”and relevant administrative rules. Key assumptions and parameters of different types of reserves which involved the professional judgments in the reserve assessment processes, for instance, the life table and the interest rates used for calculating the provision of life insurance liability reserve, the claim development factors and the expected claim rates used in estimating the claim reserve, and mortality rate, lapse rate, morbidity rate, discount rate and other factors used in assessing adequacy of liability reserve, affect the amount of insurance liabilities and net change in insurance liabilities recognized in the financial statements. Therefore, the assessment of insurance liability has been identified as a key audit matter in our audit.



Procedures performed:

- Tested the effectiveness of internal control procedures related to insurance liability;
- Engaged our internal actuarial specialists to perform relevant audit procedures over insurance liability, including:
 - Inspected whether the methods and parameters of insurance liabilities were in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China;
 - Selected samples to check the completeness of data used in the calculation of reserves and independently established models to recalculate the amount of reserves;
 - Analyzed the movement in insurance liability, including assessing the reasonableness of the amount of reserves appropriated by the management based on their understanding of the industry and market;
 - Conducted liability adequacy test in order to assess the reasonableness of the testing scope and assumptions adopted by the management, including assessing the appropriateness of actuarial assumptions based on the internal data or industry experiences and the characteristics of insurance products.

Other Matter

Fubon Life Insurance Co., Ltd. has prepared its parent-company-only financial statement as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period 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 reviews resulting in this independent auditors' review report are Lee, Feng-Hui and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 12, 2025

Notes to Readers

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed In Thousands of New Taiwan Dollars)

Assets		December 31, 2024		December 31, 2023		Liabilities and equity		December 31, 2024		December 31, 2023	
		Amount	%	Amount	%			Amount	%	Amount	%
11000	Cash and cash equivalents (Notes 6(A))	\$ 297,637,981	5	229,178,820	4	21000	Accounts payable (Note 6(P))	\$ 76,722,801	1	53,050,204	1
12000	Receivables (Note 6(B))	82,208,900	1	45,520,223	1	21700	Current tax liabilities	4,850,536	-	773,493	-
12600	Current tax assets	14,206,639	-	15,426,885	-	23100	Short-term liabilities (Note 6(Q))	1,200,000	-	-	-
14110	Financial assets measured at fair value through profit or loss (Note 6(B))	1,577,511,050	25	1,479,533,828	26	23200	Financial liabilities measured at fair value through profit or loss (Note 6(B))	34,407,924	1	1,583,171	-
14190	Financial assets measured at fair value through other comprehensive income (Note 6(B))	277,074,521	5	274,877,549	5	23300	Financial liabilities for hedging (Note 6(B))	8,058,819	-	678,293	-
14130	Financial assets for hedging (Note 6(B))	318,070	-	1,700,227	-	23500	Bonds payable (Note 6(R))	153,553,649	2	98,210,506	2
14145	Financial assets measured at amortized cost (Note 6(B))	2,794,981,945	45	2,631,531,197	45	23800	Lease liabilities (Note 6(S))	16,722,541	-	15,597,960	-
14150	Investments accounted for using equity method, net (Note 6(D))	26,502,083	-	25,934,805	-	24000	Insurance liabilities (Note 6(X))	4,683,758,163	76	4,583,194,692	79
14180	Other financial assets, net (Note 6(B))	3,375,533	-	3,155,809	-	24800	Reserve for insurance with nature of financial instrument (Note 6(Y))	3,271,102	-	3,430,964	-
14200	Investment property (Note 6(H))	299,713,892	5	302,776,860	5	24900	Reserve for foreign exchange valuation (Note 6(Z))	21,480,601	-	9,176,335	-
14300	Loans (Note 6(B))	224,196,305	4	230,307,001	4	27000	Liabilities reserve (Note 6(T))	10,382,742	-	11,568,991	-
15000	Reinsurance assets (Note 6(J))	2,644,306	-	3,911,761	-	28000	Deferred tax liabilities(Note 6(V))	49,788,704	1	28,081,327	1
16000	Property and equipment (Note 6(K))	24,449,870	-	22,347,035	-	25000	Other liabilities	11,389,526	-	19,437,524	-
16700	Right-of-use assets (Note 6(L))	6,048,494	-	5,101,656	-	26000	Liabilities on insurance product, separated account (Note 6(O))	<u>508,192,350</u>	<u>8</u>	<u>489,097,634</u>	<u>8</u>
17000	Intangible assets (Note 6(M))	4,895,425	-	5,424,926	-		Total liabilities	<u>5,583,779,458</u>	<u>89</u>	<u>5,313,881,094</u>	<u>91</u>
17800	Deferred tax assets(Note 6(V))	45,525,058	1	37,136,841	1		Equity attributable to owners of parent				
18000	Other assets (Note 6(N))	32,533,005	1	27,149,442	1		Share capital (Note 6(U)):				
18900	Assets on insurance product, separated account (Note 6(O))	490,170,264	8	471,079,045	8	31100	Ordinary shares	118,420,450	2	110,831,140	2
						32000	Capital surplus (Note 6(U))	31,391,336	1	31,398,668	1
							Retained earnings (Note 6(U)):				
						33100	Legal reserve	99,590,113	2	92,537,470	1
						33200	Special reserve	266,449,382	4	245,848,132	4
						33300	Unappropriated retained earnings	<u>102,527,197</u>	<u>2</u>	<u>34,939,914</u>	<u>1</u>
							Total retained earnings	<u>468,566,692</u>	<u>8</u>	<u>373,325,516</u>	<u>6</u>
						34000	Other equity interest (Note 6(U))	<u>(4,530,896)</u>	<u>-</u>	<u>(23,517,187)</u>	<u>-</u>
							Total Equity attributable to owners of parent	<u>613,847,582</u>	<u>11</u>	<u>492,038,137</u>	<u>9</u>
						36000	Non-controlling interests (Note 6(E)&(U))	<u>6,366,301</u>	<u>-</u>	<u>6,174,679</u>	<u>-</u>
							Total equity	<u>620,213,883</u>	<u>11</u>	<u>498,212,816</u>	<u>9</u>
Total assets		<u><u>\$ 6,203,993,341</u></u>	<u><u>100</u></u>	<u><u>5,812,093,910</u></u>	<u><u>100</u></u>	Total liabilities and equity		<u><u>\$ 6,203,993,341</u></u>	<u><u>100</u></u>	<u><u>5,812,093,910</u></u>	<u><u>100</u></u>

(See accompany notes to the consolidated financial statements)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed In Thousands of New Taiwan Dollars, except earning per share)

		For the years ended December 31,				
		2024		2023		
		Amount	%	Amount	%	Change%
Operating Revenues:						
41110	Written premium	\$ 343,172,001	52	332,641,606	59	3
51100	Less: Reinsurance expense	2,499,949	-	2,614,315	-	(4)
51310	Net change in unearned premiums reserve	1,290,741	-	812,024	-	59
	Retained earned premium (Note 6(AB))	339,381,311	52	329,215,267	59	
41300	Reinsurance commission received	489,578	-	440,708	-	11
41400	Total fee income	3,077,101	-	2,963,703	1	4
	Net income (loss) from investments					
41510	Interest income	126,443,046	19	120,606,191	21	5
41521	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 6(B))	70,197,167	10	152,909,840	27	(54)
41526	Net gains (losses) from derecognition of financial assets measured at amortized cost	(1,239,510)	-	(689,669)	-	(80)
41527	Realized gains (losses) from financial assets measured at fair value through other comprehensive income	545,877	-	(568,562)	-	196
41540	Share of gain (loss) of associates and joint ventures accounted for using equity method	202,553	-	283,533	-	(29)
41550	Foreign exchange gains (losses), investments	128,083,362	19	269,591	-	47,410
41560	Net change in reserve for foreign exchange valuation (Note 6(Z))	(12,304,266)	(2)	27,955,058	5	(144)
41570	Gains (losses) on investment property	(1,544,949)	-	3,391,621	1	(146)
41585	(Expected credit loss) reversal of expected credit loss on investments (Note 6(B))	(1,419,482)	-	(2,153,875)	-	34
41590	Other net income (loss) from investments	(4,656,135)	(1)	(2,824,761)	(1)	(65)
41600	Profits (losses) reclassified to other comprehensive income using overlay approach (Note 6(B))	(29,816,041)	(4)	(111,983,087)	(20)	73
41800	Other operating income	2,267,788	-	1,630,280	-	39
41900	Income on insurance product, separated account (Note 6(O))	44,652,401	7	42,029,533	7	6
	Total operating revenue	664,359,801	100	563,475,371	100	
Operating Costs:						
51200	Insurance claim payment	386,348,283	58	393,504,221	70	(2)
41200	Less: Claims recovered from reinsurers	1,888,706	-	2,116,735	-	(11)
	Retained claim payment (Note 6(AB))	384,459,577	58	391,387,486	70	
51300	Net change in insurance liability	55,348,252	8	38,834,589	7	43
51380	Net change in reserve for insurance with nature of financial instrument	151,291	-	186,816	-	(19)
51400	Acquisition expense	47,584	-	112,499	-	(58)
51500	Commission expense	32,689,151	5	24,143,214	4	35
51700	Finance costs	5,288,035	1	3,611,024	1	46
51800	Other operating costs	3,325,617	1	7,201,681	1	(54)
51900	Disbursements on insurance product, separated account (Note 6(O))	44,652,401	7	42,029,533	7	6
	Total operating costs	525,961,908	80	507,506,842	90	
Operating expenses:						
58100	General expenses	15,076,477	2	12,608,329	2	20
58200	Administrative expenses	9,138,014	1	8,446,294	2	8
58300	Staff training expenses	110,809	-	82,312	-	35
58400	(Reversal of) expected credit impairment loss on non-investments	4,330	-	(147)	-	3,046
	Total Operating Expenses	24,329,630	3	21,136,788	4	
	Net Operating Income	114,068,263	17	34,831,741	6	227
59000	Total non-operating income and expenses (Note 6(AC))	1,500,163	-	1,005,110	-	49
	Profit from continuing operations before income tax	115,568,426	17	35,836,851	6	
63000	Income tax expense (Note 6(V))	(13,329,364)	(2)	(872,517)	-	
	Net profit	\$ 102,239,062	15	34,964,334	6	192
Other comprehensive (loss) income:						
83100	Items that may not be reclassified subsequently to profit or loss					
83110	Remeasurement of defined benefit plans	\$ (125,030)	-	(256,573)	-	51
83120	Revaluation of real estate property	86,287	-	15,906	-	442
83190	Valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	2,516,584	-	(576,769)	-	536
83130	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	(138,177)	-	(265,911)	-	48
83180	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(739,043)	-	443,956	-	(266)
	Total items that may not be reclassified subsequently to profit or loss	1,600,621	-	(639,391)	-	350
83200	Items may be reclassified subsequently to profit or loss					
83210	Exchange differences on translation	836,623	-	1,810,412	-	(54)
83290	Valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	(8,371,833)	(1)	103,280,017	18	(108)
83230	Gains (losses) on hedging instrument	52,876	-	38,455	-	38
83240	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	(160,399)	-	(343,779)	-	53
83295	Other comprehensive profits (losses) reclassified using overlay approach	29,816,041	4	111,983,087	20	(73)
83280	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(5,005,533)	(1)	(27,837,184)	(5)	82
	Total items may be reclassified subsequently to profit or loss	17,167,775	2	188,931,008	33	(91)
83000	Other comprehensive (loss) income	18,768,396	2	188,291,617	33	(90)
85000	Comprehensive (loss) income	\$ 121,007,458	17	223,255,951	39	(46)
Net profit attributable to:						
86100	Owners of parent	\$ 102,657,569	15	36,091,107	6	184
86200	Non-controlling interests	(418,507)	-	(1,126,773)	-	63
	Comprehensive (loss) income attributable to:	\$ 102,239,062	15	34,964,334	6	
87100	Owners of parent	\$ 121,816,821	17	222,369,514	39	(45)
87200	Non-controlling interests	(809,363)	-	886,437	-	(191)
		\$ 121,007,458	17	223,255,951	39	
97500	Basic earnings per share (NT dollars) (Note 6(W))	\$ 8.67		3.05		

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent													
	Retained earnings						Other equity items							
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profit (loss) reclassified using overlay approach	Total	Total equity attributable to owners of parent	Non-controlling interests
														Total equity
Balance on January 1, 2023	\$ 110,831,140	31,149,454	79,319,723	192,822,801	65,919,778	338,062,302	(11,366,525)	(115,789,494)	(77,295)	227,751	(82,119,539)	(209,125,102)	270,917,794	4,093,461
Net income	-	-	-	-	36,091,107	36,091,107	-	-	-	-	-	-	36,091,107	(1,126,773)
Other comprehensive (loss) income	-	-	-	-	(216,742)	(216,742)	1,272,882	80,809,584	(62,438)	14,976	104,460,145	186,495,149	186,278,407	2,013,210
Total comprehensive (loss) income	-	-	-	-	35,874,365	35,874,365	1,272,882	80,809,584	(62,438)	14,976	104,460,145	186,495,149	222,369,514	886,437
Appropriation and distribution:														
Legal reserve appropriated	-	-	13,217,747	-	(13,217,747)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	53,163,988	(53,163,988)	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(461,957)	461,957	-	-	-	-	-	-	-	-	-
Special reserve—catastrophic risk reserve and contingency risk reserve	-	-	-	308,176	(308,176)	-	-	-	-	-	-	-	-	-
Special reserve—travel insurance	-	-	-	15,124	(15,124)	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:														
Changes in investments in associates and joint ventures accounted for using equity method	-	2,021	-	-	-	-	-	-	-	-	-	-	2,021	2,021
Changes in ownership interests in subsidiaries	-	247,193	-	-	(5,761)	(5,761)	(206,669)	(1,301,948)	6,470	-	9,523	(1,492,624)	(1,251,192)	1,199,369
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(605,390)	(605,390)	-	605,390	-	-	-	605,390	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,588)
Balance on December 31, 2023	110,831,140	31,398,668	92,537,470	245,848,132	34,939,914	373,325,516	(10,300,312)	(35,676,468)	(133,263)	242,727	22,350,129	(23,517,187)	492,038,137	6,174,679
Net income	-	-	-	-	102,657,569	102,657,569	-	-	-	-	-	-	102,657,569	(418,507)
Other comprehensive (loss) income	-	-	-	-	(111,219)	(111,219)	819,720	(5,702,895)	(19,458)	69,149	24,103,955	19,270,471	19,159,252	(390,856)
Total comprehensive (loss) income	-	-	-	-	102,546,350	102,546,350	819,720	(5,702,895)	(19,458)	69,149	24,103,955	19,270,471	121,816,821	(809,363)
Appropriation and distribution:														
Legal reserve appropriated	-	-	7,052,643	-	(7,052,643)	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	22,785,999	(22,785,999)	-	-	-	-	-	-	-	-	-
Common stock dividend	7,589,310	-	-	-	(7,589,310)	(7,589,310)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(2,488,042)	2,488,042	-	-	-	-	-	-	-	-	-
Special reserve—catastrophic risk reserve and contingency risk reserve	-	-	-	287,904	(287,904)	-	-	-	-	-	-	-	-	-
Special reserve—travel insurance	-	-	-	15,389	(15,389)	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:														
Changes in investments in associates and joint ventures accounted for using equity method	-	(7,332)	-	-	-	-	-	-	-	-	-	-	(7,332)	-
Organizational restructuring	-	-	-	-	(44)	(44)	-	-	-	-	-	-	(44)	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	284,180	284,180	-	(284,180)	-	-	-	(284,180)	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000,985
Balance on December 31, 2024	\$ 118,420,450	31,391,336	99,590,113	266,449,382	102,527,197	468,566,692	(9,480,592)	(41,663,543)	(152,721)	311,876	46,454,084	(4,530,896)	613,847,582	6,366,301

(See accompany notes to the consolidated financial statements)

FUBON LIFE INSURANCE CO., LTD.AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed In Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 115,568,426	35,836,851
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,375,488	1,169,865
Amortization expense	437,730	438,182
Net gain on financial assets or liabilities measured at fair value through profit or loss	(110,228,720)	(207,582,117)
Net (gain) loss on financial assets or liabilities measured at fair value through other comprehensive income	(383,842)	1,037,253
Net loss on derecognition of financial assets measured at amortized cost	1,239,510	689,669
Interest expense	5,357,293	3,696,028
Interest income	(126,443,046)	(120,606,191)
Dividend income	(44,392,172)	(48,041,767)
Net change in insurance liabilities	56,638,993	39,646,613
Net change in reserve for insurance with nature of financial instrument	(159,862)	64,801
Net change in reserve for foreign exchange valuation	12,304,266	(27,955,058)
Expected credit loss of investment	1,419,482	2,153,875
Expected (Reversal of) credit loss of non-investment	4,330	(147)
Share of profit of associates and joint ventures accounted for using equity method	(202,553)	(283,533)
Loss reclassified to other comprehensive income by using overlay approach	29,816,041	111,983,087
Loss on disposal of property and equipment	524	4,222
Property and equipment transferred to revenues	(38,357)	(42,656)
Loss on disposal of investment property	117	43,020
Gains on disposal of investments accounted for using equity method	-	(472,096)
Impairment loss on non-financial assets	160	246
Unrealized foreign exchange gain	(124,343,774)	(1,449,590)
Loss on fair value adjustment of investment property	8,836,610	3,437,261
Other items	(490,207)	306,475
Total adjustments to reconcile profit (loss)	(289,251,989)	(241,762,558)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (Increase) in accounts receivable	(35,031,140)	12,501,361
Decrease (Increase) in financial assets or liabilities measured at fair value through profit or loss	53,757,369	(77,271,316)
Decrease (Increase) in financial assets measured at fair value through other comprehensive income	(1,840,079)	59,911,971
Decrease in financial assets measured at amortized cost	14,651,126	14,992,147
Decrease (Increase) in other financial assets	(287,765)	86,434
Decrease (Increase) in reinsurance assets	1,536,825	(474,632)
Decrease (Increase) in other assets	(4,590,853)	7,098,063
Total changes in operating assets	28,195,483	16,844,028
Changes in operating liabilities:		
Increase (Decrease) in other payable	23,429,415	(8,455,851)
Decrease in provisions	(951,279)	(343,396)
Increase (Decrease) in other liabilities	(8,047,998)	5,130,430
Total changes in operating liabilities	14,430,138	(3,668,817)
Total adjustments	(246,626,368)	(228,587,347)
Cash outflow generated from operations	(131,057,942)	(192,750,496)
Interest received	109,346,630	105,702,161
Dividends received	44,443,256	48,041,966
Interest paid	(4,662,028)	(3,514,708)
Income taxes paid	(840,364)	(3,506,158)
Net Cash flows from (used in) operating activities	17,229,552	(46,027,235)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(1,029,480)	(300,000)
Proceeds from disposal of investments accounted for using equity method	-	916,608
Net cash flow from acquisition of subsidiaries	(40,550)	-
Proceeds from capital reduction of investments in associates accounted for using the equity method	22,940	-
Acquisition of property and equipment	(1,181,286)	(649,084)
Proceeds from disposal of property and equipment	143	326
Acquisition of intangible assets	(189,891)	(243,348)
Net cash inflows from business combination	1,000,917	-
Decrease in loans	3,021,389	17,645,202
Acquisition of investment properties	(4,695,160)	(5,900,806)
Other investing activities	(22)	-
Net cash flows from (used in) investing activities	(3,091,000)	11,468,898
Cash flows from (used in) financing activities:		
Proceeds from issuing bonds	59,980,994	29,920,212
Repayments of bonds	(3,527,100)	(1,828,442)
Decrease in notes and bonds issued under repurchase agreement	-	(12,217,500)
Payments of lease liabilities	(726,744)	(718,881)
Change in non-controlling interests	-	(4,588)
Other financing activities	-	(51,650)
Net cash flows from financing activities	55,727,150	15,099,151
Effect of exchange rate changes on cash and cash equivalents	(1,406,541)	(596,112)
Net increase (decrease) in cash and cash equivalents	68,459,161	(20,055,298)
Cash and cash equivalents at beginning of period	229,178,820	249,234,118
Cash and cash equivalents at end of period	\$ 297,637,981	229,178,820

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. COMPANY HISTORY

Fubon Life Insurance Co., Ltd. (“Fubon Life Insurance” or “Company”), formerly ING Life Insurance Co., Ltd. (“ING Life Insurance”) was established in March 2006. The Company primarily conducts life insurance business.

Originally, the Company is one of the ING group members. On October 20, 2008, the Company’s former parent company, ING Group, announced that it has reached a cooperation agreement with Fubon Financial Holding Co., Ltd. (“Fubon Financial Holding”) to sell the Company effectively on February 11, 2009.

ING Life Insurance swapped shares with Fubon Life Assurance Co. Ltd (“Fubon Life Assurance”). Fubon Life Assurance ceased to legally exist, and the former ING Life Insurance, which was a surviving entity, changed its name to “Fubon Life Insurance Co., Ltd.”. The corporate restructuring was permitted by the Financial Supervisory Commission, Executive Yuan through its letter Gin Guan Bao Li No.09802091401 issued on June 1, 2009.

The consolidated financial statements as of December 31, 2024 and 2023 comprise the Company and its subsidiaries (together referred to as the “Group”). Please refer to Note 4(C) for further information. The parent and ultimate parent company of the Group is Fubon Financial Holding.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2025.

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, 2024:

- 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”

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

- (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, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS21 “Lack of Exchangeability”

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 17 “Insurance Contracts”	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: ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group becomes due; and - for a group of onerous contracts, when the group becomes onerous. ● 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. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.	January 1, 2023

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● 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.	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	The amendment adds a new transition option to IFRS 17 (the ‘classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	The new standard allows eligible subsidiaries to apply the reduced disclosure requirements in the new standard while applying the requirements in other IFRS Accounting Standards except for the disclosure requirements. Eligible subsidiaries may voluntarily choose to apply the new standard in its financial statements provided that, at the reporting date: ● it does not have public accountability; and ● its ultimate or intermediate parent produces consolidated financial statements under IFRS Accounting Standards. A subsidiary applying the new standard is required to clearly state that the new standard has been adopted.	January 1, 2027
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	The amendments set out: 1. The company generally derecognises its trade payable on the settlement date. However, the amendments provide an exception for the derecognition of financial liabilities. The exception allows the company to derecognise its trade payable before the settlement date, potentially, when it uses an electronic payment system that meets all of the following criteria: ● no practical ability to withdraw, stop or cancel the payment instruction; ● no practical ability to access the cash to be used for settlement as a result of the payment instruction; and ● the settlement risk associated with the electronic payment system is insignificant.	January 1, 2026

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
	2. An additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs – e.g. where the cash flows change depending on whether the borrower meets an ESG target specified in the loan contract. The amendments also include additional disclosures for all financial assets and financial liabilities that have certain contingent features that are: ● not related directly to a change in basic lending risks or costs; and ● are not measured at fair value through profit or loss.	
Annual Improvements to IFRS Accounting Standards	The amendments set out: 1. IFRS 1 “First-time Adoption of International Financial Reporting Standards”: The amendments address a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments. 2. IFRS 7 “Financial Instruments: Disclosures”: The amendments address a potential confusion in IFRS 7 arising from an obsolete reference to a paragraph that was deleted from the standard when IFRS 13 Fair Value Measurement was issued. 3. IFRS 9 “Financial Instruments”: ● Derecognition of a lease liability The IASB’s amendment states that if a lease liability is derecognized, then the derecognition will be accounted for under IFRS 9, (i.e. the difference between the carrying	January 1, 2026

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
	amount and the consideration paid is recognized in profit or loss). However, when a lease liability is modified, the modification will be accounted for under IFRS 16 Leases. • Transaction price The amendments require companies to initially measure a trade receivable without a significant financing component at the amount determined by applying IFRS 15 Revenue from Contracts with Customers. The amendments remove the conflict between IFRS 9 and IFRS 15 over the amount at which a trade receivable is initially measured. 4. IFRS 10 “Consolidated Financial Statements”: The amendments clarify the determination of a ‘de facto agent’. 5. IAS 7 “Statement of Cash Flows”: The amendments address a potential confusion in applying paragraph 37 of IAS 7 that arises from the use of the term ‘cost method’.	
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	Nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs), help entities to secure their electricity supply from sources such as wind and solar power. The amount of electricity generated under these contracts can vary based on uncontrollable factors such as weather conditions. Current accounting requirements in IFRS 9 may not adequately capture how these contracts affect an entity’s performance. To allow entities to better reflect these contracts in the financial statements, the IASB has made amendments to IFRS 9 Financial Instruments and IFRS 7	January 1, 2026

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	Financial Instruments: Disclosures.	
	The amendments set out:	
	● clarifying the application of the ‘own-use’ requirements: The amendments allow an entity to apply the own-use exemption to PPAs if the entity has been, and expects to be, a net-purchaser of electricity for the contract period; ● permitting hedge accounting if these contracts are used as hedging instruments in hedges of forecast electricity transactions; and ● adding new disclosure requirements to enable investors to understand the effect of these contracts on an entity’s financial performance and cash flows.	

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises (hereinafter referred to as “the Regulations”) and the international financial reporting standards, international accounting standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as “International financial reporting guidelines recognized by FSC”).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(B) Basis of preparation

The consolidated financial statements comprise consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows, and related notes.

The consolidated financial statements have been prepared on a historical cost basis, except for the financial instruments and investment property which are measured at fair value. The financial statements are presented in New Taiwan Dollar, the functional currency of the Company, and rounded to the nearest thousand, except where otherwise indicated.

(C) Basis of consolidation

(a) 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 'controls' 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 attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 equity of the parent.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) List of subsidiaries in the consolidated financial statements

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

Investor Company	Subsidiary	Business Type	Stockholder's equity (Holding %)	
			December 31, 2024	December 31, 2023
The Company	Fubon Life Insurance (Vietnam) Co., Ltd.	Life insurance	100 %	100 %
The Company	Fubon Life Insurance (Hong Kong) Company Limited	Life insurance	100 %	100 %
The Company	Fubon Hyundai Life Insurance Co., Ltd.	Life insurance	83.22 %	83.22 %
The Company	Carter Lane (Guernsey) Ltd. (Note 1)	Real estate investment and management	100 %	100 %
The Company	Bow Bells House (Jersey) Ltd. (Note 2)	Real estate investment and management	100 %	100 %
The Company	Fubon MTL Property (Jersey) Ltd.	Real estate investment and management	100 %	100 %
The Company	Fubon Ellipse (Belgium) S.A. (Note 3)	Real estate investment and management	100 %	100 %
The Company	Fubon Eurotower (Luxembourg) S. à r.l.	Real estate investment and management	100 %	100 %
The Company	Fubon Green Power CO., LTD. (Note 4)	Energy technology service	74.98 %	- %
Fubon Green Power	Li Tong Management Consulting Co., Ltd. (Note 5)	Energy technology service	100.00 %	- %

Note 1: The Group has completed its capital increase on September 13, 2024, with the principal of loan amounting to £ 43,330 thousand as consideration.

Note 2: The Group has completed the additional capital injection of £ 23,958 thousand on October 22, 2024.

Note 3: The Group has completed its capital increase on December 11, 2024, with the principal of loan amounting to €95,828 thousand as consideration. In addition, the Group was approved by the Investment Commission, MOEA to inject additional capital amount of €92,301 thousand on December 27, 2024, which was completed on February 18, 2025.

Note 4: The Group took June 5, 2024, as the reference date of the merger and acquired 74.98% of shares of the subsidiary, Fubon Green Power CO., LTD., which is also controlled by the ultimate parent company of the Group. It is an organizational restructuring of an entity under common control. In accordance with the IFRS Q&A "Doubts about the Accounting Treatment of Business Combinations under Common Control", issued by the Accounting Research and Development Foundation of the Republic of China (ARDF), the book value method should be applied.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 5: On July 19, 2024, the subsidiary, Fubon Green Power CO., LTD. (Fubon Green Power), acquired the entire equity of Li Tong Management Consulting Co., Ltd. (Li Tong) for a cash consideration of \$42,000 thousand. Subsequently, Li Tong conducted a cash capital increase on August 23, 2024, wherein Fubon Green Power subscribed the amount of \$1,250,000 thousand, resulting in its total investment up to \$1,292,000 thousand.

(D) Foreign exchange

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies 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 to the functional currency at the exchange rate at the date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated to the exchange rate at the date of the transaction.

Foreign translation differences arising from settlement or retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- Equity instruments measured at fair value through other comprehensive income;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent that the hedges are effective.

(b) Foreign operations

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

(E) Principles of classifying assets and liabilities as current and non-current

The Group primarily engages in the life insurance business. In the insurance industry, there is no clear standard distinction between the operating period and cycle as it depends on the nature of the insurance contracts and the different durations for which insurance claims are processed; therefore, the Group does not classify assets and liabilities as current or noncurrent.

(F) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to cash at the known amounts and subject to insignificant risk of value changes. Time deposits that fit the definition above and are used by the Group in the management of its short-term commitments are comprised in cash equivalents.

(G) Financial instruments

All financial assets possessed by the Group are recognized and derecognized using trade date accounting.

(a) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(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 financial assets in order 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.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at original cost, plus/minus accumulated amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

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

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

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments 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 of financial assets measured at FVOCI are recognized in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivables (except for those presented as accounts receivables but measured at FVTPL). 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.

A financial asset measured at FVTPL is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Net gains and losses (including dividend and interest income) are recognized in profit or loss.

(4) Loans and receivables

Loans include premium loans, life insurance loans, secured loans and unsecured loans. Premium loans refer to cash advances granted to the insured to settle unpaid premiums in accordance with the insurance contract. Life insurance loans are loans secured by insurance policies issued by the Group. Secured loans include loans collateralized by property and real estate and special project loans approved by the competent authority.

Loans and receivables are initially recognized at fair value, plus any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method, less any impairment loss.

(5) Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk of financial instruments has significantly increased since initial recognition. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. Lifetime ECL measurement of allowance for impairment of the financial asset applies if the credit risk at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

1) General approach to expected credit loss:

The Group applies the general approach for expected credit losses to debt instruments and loans classified as financial assets measured at amortized costs or at FVOCI and related receivables. At each reporting date, the Group assesses whether credit risk has significantly increased since initial recognition to recognize the allowance for impairment. Allowance for impairment measured at FVOCI should be adjusted for profit and loss and recognized in other comprehensive income, but should not decrease carrying amounts of financial assets on consolidated balance sheets.

2) Simplified approach to expected credit loss:

The Group applies simplified approach to lease receivables and to accounts receivables under IFRS 15. Recognition and measurement of the allowance for impairment of these financial assets are based on lifetime ECL. With reference to past experience, receivables that do not belong to what described above and loans with investment-linked insurance provided as pledged assets have extremely low loss ratios so the Group adopted the simplified approach.

3) The loan commitments shall apply to IFRS 9.

4) Loss allowance for loans and receivables should also be complied with the regulations under the “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”. The least standard of the loss allowance should be measured by the higher of expected credit loss described above and of ECL that are complied with the regulations.

(6) Derecognition of financial assets

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

(7) Reclassification of financial assets

According to IFRS 9, financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Overlay approach

The Group has applied IFRS 9 since 2018. To reduce the impact caused by different effective dates of IFRS 9 and the forthcoming IFRS 17, the Group simultaneously adopted overlay approach under IFRS 4 to present profit or loss of designated financial assets.

(b) Financial liabilities

(1) Short-term liabilities

Bonds issued under repurchase agreement in financing activities are recorded to short-term debts-notes and bonds issued under repurchase agreement at trading date. When the notes and bonds are repurchased, the difference between the repurchase price and original sale price is recognized as interest expenses.

(2) Financial liabilities measured at fair value through profit or loss

Financial liabilities including held-for-trading, derivative and designated upon initial recognition are classified as financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at FVTPL are recognized at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at fair value through profit or loss and those designated as such at initial recognition are recognized as "financial liabilities measured at fair value through profit or loss" in the consolidated balance sheets. The changes in fair value are recognized as "gains or losses on financial assets or liabilities measured at fair value through profit or loss" in the consolidated statements of comprehensive income. However, the amount of change in the fair value of the financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, except that the treatment would create or enlarge accounting mismatch or it is a financial guarantee contract, and in this case, the Group will present all gains or losses on that liability in profit or loss.

(3) Bonds payable

The initial recognition of financial liabilities measured at amortized cost is valued at fair value after deducting transaction costs. After initial recognition, bonds payable is measured at the effective interest method and the interest is recognized in profit or loss as the adjustment of "finance costs" during the outstanding period of bonds.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled, or expires. 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.

(c) Determination of fair value

Please refer to Note 6(AE) for the fair value of financial instruments and information of fair value hierarchy.

(d) Offsetting of financial instruments

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

(e) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its 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 designates part of its hedging instruments as fair value hedges, cash flow hedges, or hedges of net investments in a foreign operations.

At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, and the nature of the risk being hedged and how the Group's will assess whether the hedging relationship meets the hedge effectiveness requirements.

(1) Fair value hedges

The gain or loss on the qualifying hedging instrument shall be 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

If the hedged item is a debt instrument that is measured at fair value through other comprehensive income, the hedging gains or losses on the hedged item shall be recognized in profit or loss. However, if the hedged item is an equity instrument designated at FVOCI, the hedging gains or losses shall remain in other comprehensive income. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same lines 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. If the hedged item is measured at amortized cost, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss.

(2) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated under “other equity — gains (losses) on hedging instruments”. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period, and is presented in the same accounting item with the hedged item recognized in the consolidated statement of comprehensive income. 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. In addition, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in future periods, it shall immediately reclassify the amount in 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. 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Hedges of net investments in foreign operations

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 of the foreign operation.

(H) Investment in associates

An associate is an entity in which the Group has significant influence over its financial and operating policies but has no control over it. Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The cost of investment includes transaction cost. The carrying amount of investment in associates includes the goodwill identified in initial investment less any accumulated impairment loss. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is accounted as income in the acquisition date.

The consolidated financial statements include the profit or loss and other comprehensive income recognized based on the equity holding ratio of the invested associates from the date that the Group has significant influence over the investees until the date that the Group loses the significant influence. The accounting policies of the investees and the Group shall be reconciled before the amount is presented in the financial statements. The Group recognizes any changes, of its proportionate share in an associate within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, and such change does not affect the Group's ownership percentage of the associate.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors' interest in the associate.

When the Group's share of losses of the associates equals or exceeds its interest in the associates, the Group discontinues recognizing its share of further losses. The Group only recognizes additional losses and relevant liabilities to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

Since the goodwill that forms part of the carrying amount of investment in associates or joint venture is not separately recognized, it is not tested for impairment by applying the requirements for impairment testing goodwill in IAS 36. The Group has to determine whether there is any objective evidence that its net investment in the associate or joint venture is impaired at each reporting date in accordance with IAS 28. If there is an objective evidence of impairment, the investment is tested for impairment in accordance with IAS 36 by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. When recoverable amount is determined by the value in use of the net investment, the Group estimates:

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds from the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

(I) Joint venture

Jointly controlled entity is an entity which is established as a result of a contractual arrangement between the Group and other ventures to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from the ventures. The Group uses equity method to account for the jointly controlled entity.

Please refer to Note 4(H) for the assessment of impairment of the Group.

(J) Investment property

Investment property held by the Group is either to earn rental income or for capital appreciation or both owned either by the owner or by the lessee through possession of right-of-use assets, rather than for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purpose. Investment property is measured at cost on initial recognition, including transaction costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Costs of self-constructed investment property include the cost of raw materials and direct labor, and any other costs and capitalized costs directly attributable to bring the investment property to a working condition for its intended use. Investment property is subsequently measured at fair value, with any change in fair value shall be recognized in profit or loss. Except the property that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, investment property is accounted for in accordance with IAS 40 “Investment property”. If the fair value cannot be reliably determined, it should be measured at cost less accumulated depreciation and impairment. When fair value can be reliably determined, the valuation should be measured at fair value.

Investment property should be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal and recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in ‘other equity - revaluation surplus’ is transferred to retained earnings.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(K) Reinsurance assets

The Group arranges 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 Group cannot refuse to fulfill their obligations to 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. A reinsurance asset is impaired if, and only if there is objective evidence that the Group may not receive all amounts due them 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 recoverable amounts that the Group will receive from the reinsurer can be measured reliably. If the reinsurance asset is impaired, its carrying amount is reduced accordingly and is recognized as impairment loss.

In addition, for classification of reinsurance contracts, the Group assesses not only transfer of significant insurance risk, but also whether it has transferred underwriting risk, (probability of material loss) and timing risk (variation of occurrence timing of cash flows) to reinsurers. If reinsurance contracts only cede significant insurance risks (excluding the underwriter risk and timing risk), the reinsurance contract is accounted for using deposit accounting. Under this deposit accounting, the insurance premium minus the Group's retained reinsurance premium (or fee) is recognized as a deposit asset or liability.

Changes in amount of the deposit component are charged to profit or loss. Interests arising from the deposit component for the contracts which does not transfer any risk or transfers 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) Property and equipment

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment includes any cost directly attributable to the asset and the initial estimated of the cost of dismantlement, removal or restoration.

As the Group has obligations for dismantling, removing and restoring the site on which an item of property and equipment is located, the present value of the cost of the obligation should be recognized as provision.

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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Significant renewals and improvements meeting the recognition criteria are treated as capital expenditures, on-going repairs and maintenance are expensed as incurred.

Land is not depreciated. Other assets are depreciated on a straight line basis over the estimated useful lives. The estimated useful lives of property and equipment are as follows:

(a) Buildings	5-50 years
(b) Transportation and communication equipment	3-5 years
(c) Computer and other equipment	1-15 years

The residual values and useful lives of depreciable fixed assets are reviewed at each reporting date and adjusted if appropriate. The gain or loss arising from the derecognition of an item of property and equipment is determined on the difference between the net disposal proceeds, if any, and carrying amount of the item, and is recognized in profit or loss. If expectations of depreciation method, useful life and residual value differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property accordingly. Any resulting increase in the carrying amount due to the fair value at the date of transfer is recognized in profit or loss to the extent of previously accumulated impairment of that property and equipment. The remaining part of the increase is recognized in “Other comprehensive income— Revaluation of real estate property” and accumulated in “Other equity interest— Unrealized revaluation surplus.” Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(M) Leases

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

(i) As a lessee

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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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 Group applies fair value model to right-of-use assets that meet the condition of investment property and classifies these assets as investment property.

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

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

- fixed payments less any receivable lease incentives;
- 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;
- exercise price for purchase options; and
- penalty for lease termination.

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;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; and
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option.

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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

Any amortization of right-of-use assets and interest expense of lease liabilities during construction period should be recognized as costs of building.

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

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

- the rent concessions occurring as a direct consequence of the Covid-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in 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.

(ii) As a lessor

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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Variable lease payment unconnected to an index or to a ratio is recognized as revenue when the leasing adjustment is confirmed.

(N) Intangible assets

Intangible assets meeting the relevant recognition criteria are initially measured at cost. The cost of intangible assets acquired in business combinations is the fair value at the acquisition date. Goodwill resulting from acquisition has been included in intangible assets.

When the Group acquires intangible assets with finite useful lives, the carrying amount is measured at the cost less accumulated amortization and any impairment loss, and is amortized on a straight-line basis over their useful lives. The Group evaluates intangible assets on every reporting date and reviews indicator of impairment or changes on the estimated future economic benefits. Intangible assets and goodwill with indefinite useful life are not amortized, but assessed for impairment when they are reviewed annually or when there is an indication of impairment of an asset, and the carrying amount is determined using cost less accumulated impairment loss. In terms of investments accounted for using equity method, the carrying amount of goodwill is included in the carrying amount of the investments and the impairment losses of such investments are not distributed to goodwill and any other assets. The impairment losses are part of the carrying amount of the investments.

Most of the Group's identifiable intangible assets, excluding goodwill, are with finite useful lives and they are amortized using straight line basis ever since they are available for use. The amortization is recognized in profit and loss. The useful lives are as follows:

<u>Items</u>	<u>Useful lives</u>
Computer software	1-10 years
Business license	32 years
Development costs	5 years
Others	5-20 years

(O) Impairment – Non-financial assets

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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.

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.

(P) Separate account insurance product

The Group is 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 policyholder. The assets in this separate account are measured at market value on valuation date. Net asset value is determined in accordance with related government regulations and TIFRS.

Regardless of whether the assets and liabilities arise from insurance contracts or investment contracts, such assets and liabilities are recorded as "Assets on insurance product, separate account" and "Liabilities on insurance product, separate account", respectively.

The income and disbursements recorded in the separate account for the insurance product are the total income and expense amount of insurance product which conform to the definition of the insurance contract under IFRS 4 endorsed by the FSC and are recorded as "Income on insurance product, separate account" and "Disbursements on insurance product, separate account", respectively. Therefore, the net amount of premium of insurance product which is classified as insurance contract minus the front-end load and account management fee is recognized as income. The difference between the proceeds from the disposal and the original cost of financial assets or the change in the fair value thereof is recognized in profit or loss.

The financial assets and liabilities arising from the insurance products, separate account which are classified as investment contracts, are evaluated based on IFRS 9. Therefore, the amount collected or paid is recognized as financial liabilities and assets in separate account, instead of revenue or expense, respectively. The difference between the proceeds from the disposal and the original cost of investment contracts or the change in the fair value thereof is charged to "Reserve-Investment contract", instead of profit or loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group shall set up separate accounts for labor retirement insurance business and record the value of its investments. It shall also set up separate subledgers for related assets, liabilities, income and expenses and manage these accounts separately from other assets of life insurance business. The initiation, record and accounting treatments of the separate accounts shall follow the rules of local governing institutions of the Group.

(Q) Insurance liability

(a) The Company

The reserve for both the insurance contracts and the investment contracts with or without discretionary participation feature of the Company is determined reserves for insurance contracts in accordance with the Regulations Governing the Provision of Various Reserve. The methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission. Except for the reserve for short-term group insurance which shall be calculated on the actual premiums or the premiums conforming to the rule prescribed in NO. Jin-Guan-Bao-Cai-Zi 11004925801, whichever is higher, the bases for determining other reserves or provision for liabilities are as follows:

(1) Unearned Premiums Reserve

Unearned premium reserves for effective insurance contracts with a term below 1 year and injury insurance contracts with a term over 1 year are calculated based on the gross premiums of the insurance contracts which do not matured yet on the balance sheet date.

(2) Claim reserve

Claim reserve is provided based on the incurred but not reported claims and reported but unpaid claims. For reported but unpaid cases, the claim reserves are provided based on the actual claim case by case. For incurred but not reported cases, the reserves are provided as follows:

1) Health insurance and life insurance with a term below 1 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).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Liability reserve

The provision for future policy benefits is calculated on the basis of life table and assumed interest rate of each policy in accordance with both the modified method of Article 12 of the Regulations Governing the Provision of Various Reserves and the calculation prescribed by the competent authority.

Starting from 2003, for effective insurance contracts which adopt the dividend calculation formula prescribed under the NO. Jin-Guan-Bao-Cai-Zi 11004931041 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.

Starting from 2012, in accordance with the NO. Jin-Guan-Bao-Cai-Zi 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%. The company is allowed to recognize the aforementioned balance to liability reserve. Furthermore, based on Article 19 of the “Regulations Governing the Provision of Various Reserves”, the Company is allowed to recognize those written off Catastrophic risk reserve in “Life Insurance Liability Reserves-Catastrophic Risk Reserve.”

When the Company chooses to adopt the fair value model for investment property, the fair value measurement for insurance liability should also be adopted as well. If fair value of insurance liability exceeds carrying amount, the liability reserve should be provided by the difference and adjust retained earnings. The company in accordance with Article 9 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, insurance liability shall be subsequently measured based on the fair value measurement criteria designated by the FSC every year. When the measured fair value of insurance liability is greater than its carrying amount, an improvement plan shall be proposed. Where 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.

(4) Special reserve

- 1) The special reserve provided for retention business with a term within 1 year is divided into 2 categories, which are catastrophic risk reserve and contingency risk reserve. The methods for providing these reserves are as follows:

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

a) Catastrophic risk reserve

A catastrophic risk reserve covering all types of insurance is provided at a rate prescribed by the competent authority. For the actual catastrophic claim exceeding \$30 million, the excess amount is offset against catastrophic risk reserve. For catastrophic risk 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 above-mentioned new provision of catastrophic risk reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

b) Contingency risk reserve

If the net amount of actual claim minus the related catastrophic risk reserve is lower than the amount of expected claim, a contingency risk reserve is 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 catastrophic risk reserve of each insurance is higher than the expected claim amount, the difference is debited to contingency risk reserve. If the contingency risk reserve of the insurance is for offsetting, the Company can offset the reserve from other insurance policy. However, the amount and type of insurance shall be reported to the competent authority for inspection. If the total accumulated amount of the contingency risk reserve is over 30% of the matured retention premium of the year for Fubon Life Insurance, the excess is treated under reclaim rule. The aforementioned reclaim of the contingency risk reserve will be limited or redirected based on its usage if the competent authority deemed it will bring stable growth to the industry. The balance for write-down or reclaim, net of income tax, is offset against the contingency risk reserve under equity in accordance with IAS 12.

The above-mentioned new provision of contingency risk reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

- 2) The pre-tax (pre-bonus) income of participating life insurance policies sold by the Company is assessed separately at the end of the year, in accordance with the Rule Governing Management of the Financial and Operational Aspects of a Participating Life Insurance Policy. 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 LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) In accordance with subsequent measurement of investment properties from cost model to fair value model, the Group 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 NO. Jin-Guan-Bao-Cai-Zi 10102515285, could transfer to “liability reserve — Insurance contract liability measured at fair value” in accordance with November 30, 2012 NO. Jin-Guan-Bao-Cai-Zi 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.

(5) Premium deficiency reserve

For life insurance, health insurance, and annuities contracts with a coverage period exceeding one year, and issued commencing from January 1, 2001, 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.

In addition, for effective insurance contracts with a term below 1 year and injury insurance 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.

(6) 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 carrying amount 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 carrying amount is less than the estimated present value of future cash flow of the insurance contracts, then the difference is recognized as current loss.

- (b) Insurance liabilities of 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 are based on actuarial report issued by local government-certified actuaries.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(R) Reserve for insurance with nature of financial instrument

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.

(S) Reserve for foreign exchange valuation

Commencing from March 1, 2012, part of the catastrophic risk reserve and contingency risk reserve covering all types of insurance is transferred to serve as the initial balance of reserve for foreign exchange valuation. Subsequent provision or write off of this reserve is made in conformity with the “ Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”. Additional provision for special reserve in stockholders’ equity is made for the saved hedging cost annually. If the earnings of the year are insufficient to allow provision of special reserve, then it can be made in the subsequent years when there are sufficient earnings. The related special reserve is only used for capital increase or offset against accumulated deficit. In conformity with Article 9 of the “Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”, if life insurance enterprises have earnings after tax in the current year, 10% of which shall be set aside as a special reserve.

(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 Group defines significant insurance risk as the event which might lead to additional significant payment.

An insurance contract with financial instruments features means that the contract is able to transfer significant financial risk. Financial risk is the risk resulting 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 the variables do not belong to any specific side of 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 Group at inception, although they will transfer insurance risk at a later time. In those cases, the contract is not considered as an insurance contract until the risk transfer happens.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Insurance contracts and insurance contracts with financial instruments features can be further classified as to whether they are insurance with discretionary participation feature or not. Except for guaranteed benefits, a discretionary participation feature is a contractual right to receive an additional payment. This right also has the following features as shown below:

- (a) Likely to be a significant portion of the total contractual benefits;
- (b) The additional payments or timing of distribution belong to the Group's discretionary participation and
- (c) The additional payments are contractually based on:
 - (1) The performance of a specified pool of contracts or a specified type of contract;
 - (2) Return on investment of specific asset portfolio, or
 - (3) The profit or loss of the Group, fund or other entity.

An embedded derivative is accounted for separately from the host contract when the economic characteristics and risks of it are not closely related to the economic characteristics and risks of the host contract, and the embedded derivative is measured at fair value through profit or loss. If the embedded derivative conforms to definition of an insurance contract and when the entire contract is measured at fair value through profit or loss, the Group need not recognize it separately.

(U) Revenue recognition

(a) The Company

(1) Premium income and policy acquisition cost

For insurance contracts and financial products with discretionary participation feature, the first and the subsequent period premiums are recognized as revenue when receipts are collected and underwriting procedures are completed, and when receipts are collected on the due date.

Premiums on insurance contracts, which do not belong to separate account insurance product and which are classified as financial products without discretionary participation feature, are recognized as "provision for insurance contracts with financial product features". The insurance acquisition costs are offset against "provision for insurance contracts with financial product features" when the insurance contracts become effective.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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”.

- (2) Accounting for service charge on investment-linked insurance contracts classified as financial products without discretionary participation feature.

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 administrative charge, investment administrative charge, rescinding charge and others. These charges are recognized as revenue upon collection. When the Company receives certain service charge which makes them obligated to provide future service (e.g., front-end load), this service charge is initially treated as a deferred revenue and is recognized as revenue with the fulfillment of the obligations.

- (b) Subsidiary: Fubon Life Insurance (Vietnam) Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. When the insurance premium is received and the receipt is issued, the income should be recognized for the fiscal year. Relevant expenditure, such as commission expense and underwriting expense, should be recognized under the accrual basis of accounting.

- (c) Subsidiary: Fubon Life Insurance (Hong Kong) Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. The first installment premium is recognized at the moment that receipt of premium and completion of underwriting procedures have both occurred. Renewal premiums are recognized on receivable basis. Expenses for acquiring policy, such as commission expense, are recognized as current expenses along with the recognition of premiums.

- (d) Subsidiary: Fubon Hyundai Life Insurance Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. The first installment premium is recognized at the moment that receipt of premium and completion of underwriting procedures have both occurred. Renewal premiums are recognized once received. Deferred recognition of policy acquisition cost is required.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(V) Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Overseas subsidiaries have implemented defined benefit plans which are subject to local laws to make contributions on a regular basis and recognize as an employee benefit expense in the current period.

(b) Defined benefit plans

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. The discount rate should be reflected the estimated timing of benefit payments, and it also shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Other long-term employee benefits

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

(d) 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 recognizes costs for a restructuring.

(e) Short term employee benefits

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

(W) Income Taxes

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.

(a) Current income taxes

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

The 5% income taxes for undistributed earnings calculated in accordance with the Income Tax Act is recognized as income tax expense the year in which the distribution proposal is approved in the shareholders' meeting.

(b) Deferred Tax

Deferred taxes assets and liabilities 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. Deferred tax is recognized as the temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Temporary difference mainly occurs in the Group due to the valuation of financial instruments (including financial derivative instruments), for recognizing and delaying transfer of funds to the pension fund and other post-employment benefits. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than a business combination) in a transaction that neither affects the taxable profit nor accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary difference, and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which those deductible temporary difference 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.

Deferred tax liabilities are recognized for taxable temporary difference associated with investment in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

(c) Consolidated Tax Return

The Group and its parent company, under Article 49 Financial Holding Company Art, elect the financial holding company to be the tax payer and jointly declare and report consolidated profit-seeking enterprise income tax in accordance with the Income Tax Act.

(d) Global minimum top-up tax – Pillar Two

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.

(X) Business combination

Except as stated in Note4(C), the Group accounts 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 Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For each business combination, the Group measures 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 acquiree'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.

If the initial accounting for a business combination is not yet completed by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is not yet completed are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall be within one year from the acquisition date.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

In preparing these consolidated financial statements, management has made judgments and estimates about the future, 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. Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

The information below relates to the key sources of uncertainty in the assumptions and estimates underlying future projections, which may have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial reporting period. Those assumptions and estimation have been updated to reflect the impact of the Conflict of Ukraine:

- (A) The expected credit losses of the investments in debt instrument, loans classified as subsequently measured at amortized cost or fair value through other comprehensive income and related receivable.

The financial asset impairments of the Group, measuring the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses, are determined by whether the credit risk of the financial instruments have increased significantly since initial recognition. In order to measure expected credit losses, the Group consider the probability of default ("PD") of financial asset, issuer or counterparty, and include loss given default ("LGD") multiplied by exposure at default ("EAD"). Meanwhile, it also considers the impact of the time value of money to calculate the expected credit losses for 12-month and lifetime, respectively. At every reporting date the historical experience, current market situation and forward-looking estimates, etc. are considered by the Group to determine the adopted assumptions and parameters when calculating impairment.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For further explanation of the related assumptions and parameters, please refer to Note 6(AF).

(B) Fair value of financial instruments

The fair value of financial instruments without active markets or public markets is based on pricing models or quoted prices from counter parties. If pricing model was used to determine the fair value, to the extent possible, the data which is observable information without adjustments input into the model. The observable information is based on the market parameters with long-term stability to avoid differences caused by the changes in source data. Testing and verification has to be done repeatedly to ensure that the results reflect asset value adequately.

Please refer to Note 6(AF) for sensitivity analysis of financial instruments.

(C) Fair value of investment property

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

(D) Insurance liability and provision for investment-linked insurance contracts

The Group measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves”.

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

Reserve for unearned premium is calculated according to the risk 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 based on the historical claim experience and adjusted by the Group policy 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. When the Group assesses liability adequacy reserve, the estimated present value of the future cash flow of insurance contract is based on the reasonable estimate of future insurance payment, premium revenue and relevant expenses. Please refer to Note 6(X).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The professional judgment applied to the above-mentioned liability evaluation process will affect the amount recognized for net change in insurance liability, net change in investment-linked insurance contract, insurance liability and provision for investment-linked insurance contract.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(A) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 27,933	26,610
Demand deposits and check deposits	143,590,722	74,469,739
Time deposits	76,736,523	76,033,127
Cash equivalents	<u>77,282,803</u>	<u>78,649,344</u>
	<u>\$ 297,637,981</u>	<u>229,178,820</u>

(B) Financial assets and liabilities

(a) The details of the financial assets and liabilities are as follows:

(1) Receivables:

	December 31, 2024	December 31, 2023
Notes receivable	\$ 49,083	29,054
Interest receivable	34,334,324	32,646,980
Other accounts receivable	48,532,612	13,514,001
Overdue receivable	2,538,531	1,528,732
Less: Loss allowance	<u>(3,245,650)</u>	<u>(2,198,544)</u>
	<u>\$ 82,208,900</u>	<u>45,520,223</u>

Movements between the beginning balance and the ending balance for loss allowance for receivables are as follows:

	For the years ended December 31, 2024	2023
Beginning balance	\$ 2,198,544	1,193,627
Recognition of impairment losses	1,133,066	1,037,530
Less: Amounts written off	(85,442)	(32,367)
Effect of changes in foreign exchange rates and other	<u>(518)</u>	<u>(246)</u>
Ending Balance	<u>\$ 3,245,650</u>	<u>2,198,544</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The aging analyses of accounts receivable were determined as follows:

	December 31, 2024	December 31, 2023
Current / Past due within 3 months	\$ 82,916,208	46,190,293
Past due within 3-6 months	30,361	28,961
Past due within 6-12 months	507,828	471,683
Past due for over 12 months	<u>2,000,153</u>	<u>1,027,830</u>
Total	<u>\$ 85,454,550</u>	<u>47,718,767</u>

(2) Financial assets and liabilities measured at fair value through profit or loss:

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 540,154	4,265,543
Foreign exchange swaps	-	32,690,880
Option contracts	284,501	270,748
Others	15,178	40,370
Non-derivative financial assets		
Stocks	567,818,410	528,160,019
Government bonds	2,473,170	-
Corporate bonds	1,159,646	3,425,117
Financial bonds	38,172,880	45,267,024
Beneficiary certificates	913,606,020	813,885,480
Asset securitization products	2,322,693	2,116,883
Structured products	50,045,081	48,291,235
Others	<u>1,073,317</u>	<u>1,120,529</u>
Total	<u>\$ 1,577,511,050</u>	<u>1,479,533,828</u>
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 1,824,412	1,443,788
Foreign exchange swaps	<u>32,583,512</u>	<u>139,383</u>
Total	<u>\$ 34,407,924</u>	<u>1,583,171</u>

When adopting IFRS 9 since 2018, the Group simultaneously chooses to apply the overlay approach of IFRS 4 “Insurance contract” to present gains and losses on designated financial assets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The financial assets related to the investing activities of the issued insurance contracts to which the Group designates to apply the overlay approach are listed as follows:

	December 31, 2024	December 31, 2023
Financial assets measured at fair value through profit or loss:		
Stocks	\$ 567,818,410	528,160,019
Government bonds	2,473,170	-
Corporate bonds	1,159,646	1,083,148
Financial bonds	38,172,880	44,321,071
Beneficiary certificates	913,606,020	813,885,480
Asset securitization products	2,322,693	2,116,883
Structured products	50,045,081	48,291,235
Others	1,073,317	1,120,529
Total	<u>\$ 1,576,671,217</u>	<u>1,438,978,365</u>

The amount reclassified between profit or loss and other comprehensive income of these designated financial assets applying the overlay approach is as follows:

	For the years ended December 31, 2024	2023
Gains reported in profit or loss for applying IFRS 9	\$ 232,979,063	207,990,832
Less: Gains reported in profit or loss if applied IAS 39	(203,163,022)	(96,007,745)
Gains on reclassified under the overlay approach	<u>\$ 29,816,041</u>	<u>111,983,087</u>

Due to the overlay approach adjustments, changes of gains (losses) on financial assets measured at fair value through profit or loss are as follows:

	For the years ended December 31, 2024	2023
Gains before adjustments	<u>\$ 70,197,167</u>	<u>152,909,840</u>
Gains after adjustments	<u>\$ 40,381,126</u>	<u>40,926,753</u>

The Group did not designate financial asset which did not meet the condition to apply overlay approach previously but met the condition for the years ended December 31, 2024 and 2023, nor did the Group release the designation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Financial assets measured at fair value through other comprehensive income:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Debt instruments measured at fair value through other comprehensive income:		
Government bonds	\$ 128,125,203	120,842,105
Corporate bonds	106,806,739	95,678,379
Financial bonds	26,313,185	38,214,142
Asset securitization products	11,846,504	12,608,618
Loans	2,069	8,539
Others	<u>-</u>	<u>4,000,816</u>
Subtotal	<u>273,093,700</u>	<u>271,352,599</u>
Equity instruments measured at fair value through other comprehensive income:		
Stocks	13,482,096	13,157,215
Less: Statutory deposits	<u>(9,501,275)</u>	<u>(9,632,265)</u>
Total	<u>\$ 277,074,521</u>	<u>274,877,549</u>

1) Equity instruments measured at fair value through other comprehensive income

Part of equity instruments is not held for trading. Therefore, they have been designated as equity instruments measured at fair value through other comprehensive income.

The Group's dividend income related to equity instruments designated to be measured at fair value through other comprehensive income is recognized as follows:

	<u>For the years ended December 31,</u> <u>2024</u>	<u>2023</u>
Derecognized during the period	\$ 8,311	205,400
Held at the end of the period	<u>153,724</u>	<u>263,291</u>
Total	<u>\$ 162,035</u>	<u>468,691</u>

The Group has sold stocks designated to be measured at fair value through other comprehensive income as a result of managing and rearranging portfolio. Details are as follows:

	<u>For the years ended December 31,</u> <u>2024</u>	<u>2023</u>
Fair value at disposal	\$ <u>2,178,560</u>	<u>7,294,047</u>
Cumulative gains (losses) on disposal (after tax)	<u>\$ 307,110</u>	<u>(613,415)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 2) Please refer to Note 6(AF) for further information of credit risk and market risk.
 - 3) The guarantee of the financial assets measured at fair value through other comprehensive income provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
 - 4) The Group assesses the impairment of financial assets on December 31, 2024 and 2023. Please refer to Note 6(AF) for the movement in the loss allowance of debt instruments measured at FVOCI.
 - 5) The Group changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12(I).
- (4) Financial instruments used for hedging:

The details are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fair value hedge:		
Financial assets for hedging:		
Forward exchange contracts	\$ 3,176	4,365
Foreign exchange swaps	314,894	1,227,283
Financial liabilities for hedging:		
Forward exchange contracts	(28,808)	(56,275)
Foreign exchange swaps	(5,510,736)	(521,107)
Cash flow hedge:		
Financial assets for hedging:		
Interest rate swaps	-	1,432
Cross currency swaps	-	467,147
Financial liabilities for hedging:		
Interest rate swaps	(15,180)	(78,814)
Foreign exchange swaps	(139,770)	-
Cross currency swaps	(2,364,325)	(22,097)
Total	<u>\$ (7,740,749)</u>	<u>1,021,934</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Financial assets measured at amortized cost:

	December 31, 2024	December 31, 2023
Government bonds	\$ 343,874,438	326,320,891
Corporate bonds	1,410,522,435	1,330,299,929
Financial bonds	941,057,006	865,239,494
Asset securitization products	45,729,997	55,131,701
Structured products	57,810,950	57,882,250
Negotiable certificates of deposit	6,556,200	6,147,000
Less: Statutory deposits	<u>(7,575,046)</u>	<u>(6,444,513)</u>
Subtotal	<u>2,797,975,980</u>	<u>2,634,576,752</u>
Less: Loss allowance	<u>(2,994,035)</u>	<u>(3,045,555)</u>
Total	<u>\$ 2,794,981,945</u>	<u>2,631,531,197</u>

- 1) Please refer to Note 6(AF) for further information of credit risk.
- 2) The guarantee of financial assets measured at amortized cost provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
- 3) The Group assesses the impairment of financial asset on December 31, 2024 and 2023. Please refer to Note 6(AF) for the movements in the loss allowance of financial assets measured at amortized cost.
- 4) The gains/losses on sale of financial assets measured at amortized cost and the carrying amount at the date of derecognition are as follows:

	For the years ended December 31, 2024	2023
Carrying amount at the date of derecognition	<u>\$ 13,002,956</u>	<u>7,413,922</u>
Gains/Losses on sale	<u>\$ (1,264,956)</u>	<u>(689,643)</u>

The Group sold financial assets measured at amortized cost, primarily since the credit risk of bonds issuers increases, credit concentration risk management as well as other sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent).

In addition, the position sold in 2023 by the subsidiary, Fubon Life Insurance (Hong Kong) Co., Ltd., have been redesignated financial assets measured at fair value through other comprehensive income due to the adoption of IFRS17 and the changes in the local capital regulatory regime.

- 5) The Group changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12(I).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Other financial assets, net:

	December 31, 2024	December 31, 2023
Cash in bank	\$ 4,773,057	4,631,877
Less: Statutory deposits	<u>(1,390,516)</u>	<u>(1,471,503)</u>
Subtotal	<u>3,382,541</u>	<u>3,160,374</u>
Less: Loss allowance	<u>(7,008)</u>	<u>(4,565)</u>
Total	<u><u>\$ 3,375,533</u></u>	<u><u>3,155,809</u></u>

- 1) The guarantee of other financial assets provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.
- 2) Please refer to Note 6(AF) for the movement in the loss allowance of other financial assets for the years ended December 31, 2024 and 2023.

(7) Loans:

	December 31, 2024	December 31, 2023
Life insurance loans	\$ 79,190,650	74,716,498
Premium loans	13,727,652	13,301,648
Secured loans	126,427,441	137,741,819
Unsecured loans	6,792,254	6,375,390
Overdue receivables	1,288	6,316
Less: Loss allowance	<u>(1,942,980)</u>	<u>(1,834,670)</u>
Total	<u><u>\$ 224,196,305</u></u>	<u><u>230,307,001</u></u>

The reconciliations in loss allowance of loans for the years ended December 31, 2024 and 2023, please refer to Note 6(AF).

- (b) The carrying amounts of investments managed by the discretionary investment management companies are as follows:

	December 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 12,611,785	9,954,873
Stocks	24,339,198	18,374,488
Financial bonds	23,214,031	20,740,858
Corporate bonds	<u>178,523,320</u>	<u>162,714,916</u>
Total	<u><u>\$ 238,688,334</u></u>	<u><u>211,785,135</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The limits of discretionary investment management agreements are as follows:

(Unit: thousands dollar)

	December 31, 2024	December 31, 2023
NTD	<u>13,000,000</u>	<u>13,000,000</u>
USD	<u>3,500,000</u>	<u>3,500,000</u>

- (c) The Group details of the expected credit loss recognized and/or reversed of investments as follows:

	For the years ended December 31,	
	2024	2023
Receivable	\$ (1,129,038)	(1,039,364)
Financial assets measured at fair value through other comprehensive income	(75,415)	(14,954)
Financial assets measured at amortized cost	(39,005)	(1,101,025)
Other financial asset, net	(2,394)	(1,840)
Loans (including their interest receivable and provisions for financing commitment)	(173,630)	3,308
Total	<u>\$ (1,419,482)</u>	<u>(2,153,875)</u>

(C) Derivatives and hedging accounting

(a) Derivatives

- (1) The details of the derivatives are as follows:

	December 31, 2024		December 31, 2023	
	Book Value	Nominal amount	Book Value	Nominal amount
Financial assets (liabilities)				
Forward exchange contracts	\$ (1,309,890)	198,008,832	2,769,845	634,021,774
Foreign exchange swaps	(37,919,124)	1,213,827,456	33,257,673	1,185,408,963
Cross currency swaps	(2,364,325)	22,373,422	445,050	13,750,026
Option contracts	284,501	633,491	270,748	590,706
Interest rate swaps	(15,180)	2,491,356	(77,382)	12,264,481
Others	15,178	163,949	40,370	153,771
Total	<u>\$ (41,308,840)</u>	<u>1,437,498,506</u>	<u>36,706,304</u>	<u>1,846,189,721</u>

As of December 31, 2024 and 2023, the Group does not possess derivatives through discretionary investment management agreement.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (2) The Group enters into forward exchange contracts, foreign exchange swaps, interest rate swaps, and cross currency swaps primarily to hedge against exchange risk from foreign-currency denominated investments and interest rate fluctuation risk from bond investments.
- (3) The unrealized gain or loss resulting from changes in fair value of financial derivatives is recognized in gains (losses) on financial assets or liabilities measured at fair value through profit or loss:

<u>For the years ended December 31,</u>	
<u>2024</u>	<u>2023</u>
\$ <u>(78,534,303)</u>	<u>47,097,941</u>

(b) Hedge accounting

(1) Fair value hedge

The Group is exposed to fair value fluctuation risk of foreign-currency denominated assets which arises from variations in the exchange rates. The Group assessed that the risk might be significant, and therefore entered into cross currency swaps, forward exchange contracts and foreign exchange swaps to hedge such risk.

(2) Cash flow hedge

The Group is exposed to cash flow risk of floating-rate assets and fixed-rate assets held arising from variations in the market interest rates and exchange rates. The Group assessed that the risk might be significant, and therefore entered into interest rate swaps, foreign exchange swaps and cross currency swaps to hedge such risk.

(3) Hedges of net investments in foreign operations

Net investments in foreign operations held by the Group apply different functional currencies compared to the Group. This creates exchange rate risks due to the movement of the exchange rates. The Group assessed that the risk might be significant, and therefore entered into forward exchange contracts to hedge such risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The amount, timing and uncertainty of future cash flows:

		Maturity				
		< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
December 31, 2024						
Fair value hedge						
Forward exchange contracts						
Nominal amount	\$	-	398,476	-	-	-
Average exchange rate (KRW/USD)		-	1,364.58	-	-	-
Nominal amount	\$	-	107,784	-	-	-
Average exchange rate (NTD/USD)		-	32.15	-	-	-
Foreign exchange swaps						
Nominal amount	\$	4,231,686	23,804,051	20,277,377	9,324,425	-
Average exchange rate (KRW/USD)		1,295.34	1,346.24	1,316.36	1,244.61	-
Nominal amount	\$	875,317	7,023,764	1,639,629	-	-
Average exchange rate (NTD/USD)		32.21	31.45	31.51	-	-
Cash flow hedge						
Interest rate swaps						
Nominal amount	\$	-	-	2,491,356	-	-
Average fixed interest rate		-	-	2.97 %	-	-
Foreign exchange swaps						
Nominal amount	\$	342,138	747,015	1,182,786		-
Average exchange rate (KRW/USD)		1,376.27	1,398.28	1,354.06	-	-
Cross currency swaps						
Nominal amount	\$	-	-	10,353,832	12,019,590	-
Average interest rate		-	-	(1.54)%	(1.49)%	-
Average exchange rate (KRW/USD)		-	-	1,320.59	1,342.91	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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	Maturity				
	< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
December 31, 2023					
Fair value hedge					
Forward exchange contracts					
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 (NTD/USD)	30.40	-	31.48	-	-
Foreign exchange swaps					
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 (NTD/USD)	-	31.25	30.87	-	-
Cash flow hedge					
Interest rate swaps					
Nominal amount	\$ -	545,546	9,383,075	2,335,860	-
Average fixed interest rate	-	2.12 %	1.65 %	2.97 %	-
Cross currency swaps					
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	-

The hedging instruments used in hedging strategies are as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instruments	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2024
		Assets	Liabilities		
December 31, 2024					
Fair value hedge					
— Forward exchange contracts	\$ 506,260	3,176	28,808	Financial assets/liabilities for hedging	333,086
— Foreign exchange swaps	67,176,249	314,894	5,510,736	Financial assets/liabilities for hedging	(8,480,826)
Cash flow hedge					
— Interest rate swaps	\$ 2,491,356	-	15,180	Financial liabilities for hedging	(167,776)
— Foreign exchange swaps	2,271,939	-	139,770	Financial liabilities for hedging	(195,418)
— Cross currency swaps	22,373,422	-	2,364,325	Financial liabilities for hedging	(3,355,655)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

		Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2023
			Assets	Liabilities		
December 31, 2023						
Fair value hedge						
— Forward exchange contracts	\$	1,978,662	4,365	56,275	Financial assets/ liabilities for hedging	(17,228)
— Foreign exchange swaps		76,218,650	1,227,283	521,107	Financial assets/ liabilities for hedging	(1,055,055)
— Cross currency swaps		-	-	-		(984,465)
Cash flow hedge						
— Interest rate swaps	\$	12,264,481	1,432	78,814	Financial assets/ liabilities for hedging	(425,922)
— Cross currency swaps		13,750,026	467,147	22,097	Financial assets/ liabilities for hedging	(28,039)

The information of designated hedged items are as follows:

Fair value hedge:

						The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinues adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		The line item in Balance Sheet that includes the hedging instrument					
	Assets	Liabilities	Assets	Liabilities						
December 31, 2024										
Hedged items										
Stocks	\$	4,493,576	-	645,569	-	Financial assets measured at fair value through profit or loss	1,277,631	None	318,284	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds		18,972,896	-	1,905,367	-	Financial assets measured at fair value through other comprehensive income	2,048,247	None	(187,602)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss
Bonds and deposits		52,544,862	-	4,208,385	-	Financial assets measured at amortized cost	4,476,009	None	(476,535)	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the carrying amount of the hedged item		The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2023	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinues adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness
	Assets	Liabilities	Assets	Liabilities					
December 31, 2023									
Hedged items									
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

Cash flow hedge

	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2024		The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
		Cash flow hedge reserve						
December 31, 2024								
Hedged items								
Floating-rate bonds	\$ (174,786)	(15,180)	Not applicable	149,961	(70)	Financial costs	(87,689)	Interest income
Fixed-rate bonds	3,280,923	34,984	Not applicable	(2,922,262)	-	Not applicable	2,912,866	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss

	The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2023		The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
		Cash flow hedge reserve						
December 31, 2023								
Hedged items								
Floating-rate bonds	\$ (755,025)	(77,452)	Not applicable	371,565	(661)	Financial costs	(219,978)	Interest income
Fixed-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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation of each component of equity applying hedging accounting and an analysis of other comprehensive income are as follows:

	Cash flow hedge reserve		Foreign currency translation reserve from net investment in foreign operation	
	For the years ended December 31,		For the years ended December 31,	
	2024	2023	2024	2023
Opening balance	\$ (33,072)	(71,527)	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedge				
The change in value of hedging instruments that were recognized in other comprehensive income	(2,772,301)	443,341	-	-
The amount reclassified from cash flow hedge reserve to profit or loss	2,825,177	(404,886)	-	-
Ending balance	<u>\$ 19,804</u>	<u>(33,072)</u>	<u>(19,503)</u>	<u>(19,503)</u>

Note: The sheet is prepared on basis of overall changes of the Group (includes non-controlling interests) during the reporting period.

(D) Investments accounted for using equity method, net

The investment under equity method of the Group on the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Associates	\$ 26,079,407	25,553,585
Joint ventures	422,676	381,220
	<u>\$ 26,502,083</u>	<u>25,934,805</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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(a) Associates

Relevant information of associates of the Group is as follows:

Name of Associate	Book Value		Ownership interest and voting right percentage	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
CITIC Capital Holdings Limited	\$ 9,335,024	9,159,243	Percentage of ownership interests: 18.00%	Percentage of ownership interests: 18.00%
			Percentage of voting rights: 21.37%	Percentage of voting rights: 21.37%
Hyundai Card Co., Ltd.	8,533,969	8,875,359	10.00 %	10.00 %
Fubon Financial Holdings Venture Capital Co., Ltd.	3,478,521	3,763,871	25.00 %	25.00 %
Star River Energy Co., Ltd.	196,456	211,194	20.00 %	20.00 %
Star Shining Energy Co., Ltd.	2,523,768	2,269,904	30.00 %	30.00 %
Whole Max Green Power Co., Ltd.	496,896	499,717	30.00 %	30.00 %
Sinergy 1st Co., Ltd.	301,589	299,520	30.00 %	30.00 %
Aquastar Energy Corporation	917,636	175,727	30.00 %	30.00 %
ZA Life Limited	295,548	299,050	15.00 %	15.00 %
	<u>\$ 26,079,407</u>	<u>25,553,585</u>		

Summarized financial information of the individually immaterial associates accounted for using equity method was as follows. The financial information was included in the consolidated financial statements of the Group.

	For the years ended December 31,	
	2024	2023
Attributable to the Group:		
Profit or loss after tax from continuing operations	\$ 213,472	353,713
Other comprehensive (loss) income	(337,658)	(602,418)
Comprehensive (loss) income	<u>\$ (124,186)</u>	<u>(248,705)</u>

Group share of profit (loss) of associates and investments were recognized based on the financial report of the investee companies that have not been audited were as follows:

	For the years ended December 31,	
	2024	2023
Share of profit (loss) of associates accounted for using equity method	<u>\$ (29,705)</u>	<u>(125,487)</u>
	December 31, 2024	December 31, 2023
Investments accounted for using equity method	<u>\$ 597,137</u>	<u>598,570</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Joint venture interest:

The following summarized Fubon Property & Casualty Insurance Co., Ltd. financial adjustment information of the rights and the carrying amount within the financial report of the Group.

	December 31, 2024	December 31, 2023
Proportion of ownership interest	<u>40 %</u>	<u>40 %</u>
Assets	\$ <u>6,193,349</u>	<u>6,651,700</u>
Liabilities	\$ <u>5,136,660</u>	<u>5,698,649</u>
Net assets of the Group (carrying amount of joint venture)	\$ <u>422,676</u>	<u>381,220</u>

	For the years ended December 31, 2024	2023
Operating revenue	\$ <u>2,966,789</u>	<u>3,326,522</u>
Profit or loss after tax from continuing operations	\$ (27,299)	(175,450)
Other comprehensive (loss) income	<u>97,708</u>	<u>(18,179)</u>
Comprehensive income (loss)	\$ <u>70,409</u>	<u>(193,629)</u>

	For the years ended December 31, 2024	2023
Attributable to the Group:		
Profit or loss after tax from continuing operations	\$ (10,919)	(70,180)
Other comprehensive (loss) income	<u>39,082</u>	<u>(7,272)</u>
Comprehensive income (loss)	\$ <u>28,163</u>	<u>(77,452)</u>

(c) Guarantee

The Group does not pledge or guarantee any of its investments accounted for using equity method.

(E) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests	December 31, 2024	December 31, 2023
Fubon Hyundai Life Insurance Co., Ltd.	Korea		<u>16.78 %</u>	<u>16.78 %</u>

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The following information of Fubon Hyundai Life Insurance Co., Ltd. has been prepared in accordance with the “International financial reporting guidelines recognized by FSC”. The fair value adjustment made at the acquisition date and adjustments of relevant differences in accounting principles between the Group are included in this information. Intragroup transactions were not eliminated in this information.

	December 31, 2024	December 31, 2023
Total assets	\$ 442,341,260	460,260,492
Total liabilities	(420,476,377)	(434,244,497)
Equity that belongs to non-ordinary shares	(2,348,780)	(2,499,523)
Net assets	\$ 19,516,103	23,516,472
Non-controlling interests	\$ 5,368,934	6,174,679

	For the years ended December 31, 2024	2023
Operating revenue	\$ 52,346,380	62,933,272
Net profit	\$ (2,472,070)	(5,683,976)
Other comprehensive (loss) income	(1,679,041)	10,962,617
Comprehensive (loss) income	\$ (4,151,111)	5,278,641
Net profit, attributable to non-controlling interests	\$ (414,887)	(1,126,773)
Comprehensive (loss) income, attributable to non-controlling interests	\$ (805,744)	886,437

	For the years ended December 31, 2024	2023
Net cash flows from (used in) operating activities	\$ 2,635,410	(8,851,009)
Net cash flows from (used in) investing activities	\$ 4,213,583	(569,033)
Net cash flows from (used in) financing activities	\$ 379,074	417,734

(F) Acquisition of subsidiary

(a) Consideration transferred

On July 19, 2024, the subsidiary, Fubon Green Power CO., LTD., acquired the entire equity of Li Tong Management Consulting Co., Ltd., who mainly engages in energy storage-related businesses, for a cash consideration of \$42,000 thousand.

(b) The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date:

	Unit:NTD\$'000
Cash and cash equivalents	\$ 1,450
Current tax assets	40
Prepayments	63,963
Property, plant, and equipment	1,286,185
Other assets	41,250
Short-term borrowing	(1,200,000)
Accounts payable	(151,182)
Identifiable net assets acquired	\$ 41,706

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(G) Changes in ownership interests in subsidiaries

Fubon Hyundai Life Insurance Co., Ltd. early redeemed KRW \$60 billion unsecured hybrid bonds in February 2023, and issued KRW \$60 billion unsecured hybrid bonds by private placement in the same month, which were acquired by enterprises other than the Group. On August 31, 2023, the Group acquired additional shares of Fubon Hyundai Life Insurance Co., Ltd. through capital injection of \$9,451,007 thousand by cash, which resulted in the increase in shareholdings from 77.40% to 83.22%.

The effect of changes in the Group's ownership interest in the subsidiary listed above on the equity attributable to owners of parent is as follows:

	For the year ended December 31, 2023
Increase in ownership interests after capital increase of subsidiary	\$ 8,330,926
Less: Capital injection	(9,451,007)
Transaction costs	(40,039)
Changes in other equity interest	1,498,241
Others (Note)	(90,928)
Capital surplus, changes in ownership interest in subsidiary	<u><u>\$ 247,193</u></u>

Note: The Group recognizes changes in capital reserves of Fubon Hyundai Life Insurance Co., Ltd. arising from the early redemption of hybrid bonds by shareholding percentage.

(H) Investment property

	Land	Buildings and other facilities	Construction in progress	Prepayments for building, land and equipment	Right-of-use asset	Total
Balance of January 1, 2024	\$ 187,105,055	67,584,677	3,358,610	85,058	44,643,460	302,776,860
Addition	57,365	384,734	4,152,422	-	-	4,594,521
Subsequent expenditures	-	100,653	-	133	-	100,786
Remeasurement	-	-	-	-	476,963	476,963
Gains (losses) on fair value adjustments	684,634	(9,563,106)	-	-	41,862	(8,836,610)
Reclassification	2,894	(211,211)	148,417	(59,381)	(400,945)	(520,226)
Disposal	-	(117)	-	-	-	(117)
Effect of changes in foreign exchange rates	295,041	775,160	(1,027)	-	52,541	1,121,715
Balance of December 31, 2024	<u><u>\$ 188,144,989</u></u>	<u><u>59,070,790</u></u>	<u><u>7,658,422</u></u>	<u><u>25,810</u></u>	<u><u>44,813,881</u></u>	<u><u>299,713,892</u></u>

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				Prepayments for building, land and equipment	Right-of-use asset	Total
	Land	Buildings and other facilities	Construction in progress			
Balance of January 1, 2023	\$ 179,462,243	61,563,441	15,183,127	1,163,737	47,404,653	304,777,201
Addition	2,305,963	2,711,002	671,290	13,589	29,262	5,731,106
Subsequent expenditures	-	156,762	-	12,938	-	169,700
Gains (losses) on fair value adjustments	3,265,521	(7,987,840)	-	-	1,285,058	(3,437,261)
Reclassification	1,466,293	9,940,644	(12,495,807)	(1,105,206)	(4,152,702)	(6,346,778)
Disposal	-	(43,020)	-	-	-	(43,020)
Effect of changes in foreign exchange rates	605,035	1,243,688	-	-	77,189	1,925,912
Balance of December 31, 2023	<u>\$ 187,105,055</u>	<u>67,584,677</u>	<u>3,358,610</u>	<u>85,058</u>	<u>44,643,460</u>	<u>302,776,860</u>

For lease liabilities and interest expense due to possession of superficies by the Group, please refer to Note 6(S).

In accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Group engaged appraisers from professional valuation firms listing below to evaluate the fair value of investment properties based on the Regulations on Real Estate Appraisal, and the appraisal dates are December 31, 2024 and 2023:

- (a) DTZ Cushman & Wakefield Real Estate Appraiser Office: Lee Ken Yuan, Tsai Chia Ho, Hu Chun Chun and Yang Chang Da
- (b) Savills Valuation and Professional Services: Tai Kuang Ping, Chang Hung Kai, Chang Yi Chih, Yeh Yu Fen and Yeh Shih Yu
- (c) REPro International Appraisals: Tsai You Shiang and Hsu Hsiang I
- (d) Jin Han Real Estate Appraisers Joint Firm: Wu Yu Chun, Hung Chi Hsiang, Chen Yi Jun and Lai Sheng Feng
- (e) G-Beam Real Estate Appraisers Firm: Lai Jin Wei
- (f) Colliers International Valuation (Taiwan) Ltd.: Ke Fong Ru and Ku Chien Hui
- (g) Hong Bang Real Estate Appraisers Joint Firm: Li Qing Tang
- (h) CBRE Taiwan and CBRE Limited: Shi Fu Xue, Jonathan White, Edward Higgins and Luke Heracleous
- (i) Jones Lang LaSalle Taiwan and Jones Lang LaSalle Limited: Hsu Kuo Chun, You Shu Fen, Andrew Pirie, Elizabeth Levingston and Roger Meeds
- (j) Savills Valuation and Professional Services and Savills (U.K.) Limited: Chang Yi Chih, Matthew Salter, Oliver King, James Higham and Amanda Blythe-Smith

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (k) REPro International Appraisals and Knight Frank LLP: Hsu Hsiang I, Tsai You Shiang, Louise Fuller, Simon Gillespie, John Rushby and William Rankine
- (l) DTZ Cushman & Wakefield Real Estate Appraiser Office and Cushman & Wakefield Belgium SA: Charlie Yang, Emeric Inghels and Gregory Lamarche
- (m) Savills Valuation and Professional Services and Savills Belux Group sa: Chang Hung Kai, Melchior de La Pom é lie and David Poole
- (n) Colliers International Valuation (Taiwan) Ltd. and Colliers International Valuation GmbH: Ku Chien Hui, Kamill Georg Wipyewski, Robert Becker and Dmitry Stul
- (o) DTZ Cushman & Wakefield Real Estate Appraiser Office and C&W (U.K.) LLP German Branch: Charlie Yang, Martin Belik and Peter Fleischmann
- (p) Savills Valuation and Professional Services and C&W (U.K.) German Branch: Chang Yi Chih, Thomas Berger and Christian Glock
- (q) Colliers International Valuation (Taiwan) Ltd., Daeil Appraisal Board and Colliers International (Hong Kong) Limited: Ku Chien Hui, Hannah Jeong, Dorothy Chow and Kyoungdo Lee
- (r) CBRE Taiwan and CBRE Korea Co., Ltd.: Shi Fu Xue and Alex Chan
- (s) DTZ Cushman & Wakefield Real Estate Appraiser Office and W appraisal Company: Charlie Yang and Lee Ji Soo
- (t) Savills Valuation and Professional Services and Pacific Appraisal Co., Ltd: Chang Hung Kai, Min Kyung Oh, Soomin Park and Jongbeom Kang

The fair value of investment property is evaluated by the appraisers from market-based evidence and Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. Appraisal methods include Sales Comparison Method, Income Approach (including Direct Capitalization Method and Discounted Cash Flow Method), Cost Approach and Cost Approach - Land Development Analysis, and so on.

Commercial office buildings are appraised by Sales Comparison Method and Income Approach mostly because of the market liquidity, comparable sale and rental cases in the neighboring areas. Shopping malls, hotels and department stores, given its characteristics, terms of lease contracts and reference of similar investment properties, are appraised mainly by Sales Comparison Method as well as Cost Approach, Direct Capitalization Method or DCF method of Income Approach. Special properties such as complex properties of malls and hotels or hospitals are appraised mainly by Cost Approach, as well as Sales Comparison Method, Direct Capitalization Method and DCF Method of Income Approach.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Superficies are appraised by Sales Comparison Method, Price Ratio Method, Cost Approach - Land Development Analysis, and Discounted Cash Flow Method. Factories and buildings planned for urban renewal are appraised by Sales Comparison Method, Cost Approach and Land Development Analysis Approach. Vacant land and superficies after completion of construction are appraised by the methods mentioned above regarding the nature of completed buildings.

Parameters primarily used are as below:

	December 31, 2024	December 31, 2023
	approx	approx
Capitalization rate	0.27%~6.31%	0.23%~6.71%
Capitalization rate at the period end	1.70%~6.50%	1.70%~6.00%
Discount rate	2.97%~8.00%	2.85%~8.25%

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 the capitalization rate and discount rate. Decision of discount rate is according to “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” which is after amending when the Group acquired target on May 11, 2020.

Buildings that finished constructing within the year 2023, due to the change in the type of the subject from land superfic to combination compound of house and land, external appraisers used the cost method and the discounted cash flow analysis method instead to evaluate the compound as a whole, thus increasing the fair value compared to the developing period.

Due to the Group can not evaluate the fair value of the land obtained after May 11, 2020, using a method that complies with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the carrying amount is evaluated by cost. As of December 31, 2024 and 2023, the amounts are \$32,095,443 thousand and \$32,038,078 thousand, respectively.

The investment properties held by the Group are subsequently measured at fair value and are classified in the level 3 of the fair value hierarchy. The valuation techniques and significant inputs used by the professional appraisal firms are as follows:

- (a) The direct capitalization method of the income approach: When the direct capitalization rate increases, the fair value of investment properties will decrease, and vice versa.
- (b) The discounted cash flow analysis method of the income approach: When the discount rate and year-end income capitalization rate increase, the fair value of investment properties will decrease, and vice versa.

Investment properties are primarily held for lease under operating leases, and the main terms of these leases are the same as general lease contracts. Please refer to Note 6(I).

As of December 31, 2024 and 2023, investment properties owned by the Group were not pledged.

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(I) Operating lease

The Group leases out investment property as operating leases, please refer to Note 6(H).

	For the years ended December 31,	
	2024	2023
Rental income of investment property	\$ <u>8,653,221</u>	<u>8,234,132</u>
Direct operating expenses arising from the investment property	\$ <u>2,274,393</u>	<u>2,110,357</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ <u>384,809</u>	<u>294,160</u>

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

	December 31, 2024	December 31, 2023
Less than one year	\$ 7,914,510	8,396,749
One to two years	7,702,024	7,469,097
Two to three years	6,013,787	6,054,401
Three to four years	4,628,091	5,406,426
Four to five years	3,836,353	4,057,785
More than five years	<u>25,336,842</u>	<u>25,394,738</u>
Total undiscounted lease payments	\$ <u>55,431,607</u>	<u>56,779,196</u>

(J) Reinsurance assets

	December 31, 2024	December 31, 2023
Claims recoverable from reinsurers	\$ 1,064,441	1,482,447
Due from reinsurers and ceding companies	608,785	537,316
Overdue receivables	-	1,199,802
Less: Loss allowance	<u>-</u>	<u>(514,168)</u>
Subtotal	<u>1,673,226</u>	<u>2,705,397</u>
Reinsurance reserve assets:		
Ceded reinsurance unearned premiums reserve	857,757	929,473
Ceded reinsurance claim reserve	111,807	274,609
Ceded reinsurance liability reserve	<u>1,516</u>	<u>2,282</u>
Subtotal	<u>971,080</u>	<u>1,206,364</u>
Total	\$ <u>2,644,306</u>	<u>3,911,761</u>

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(K) Property and equipment — net

December 31, 2024				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,268,090	-	1,013,284	14,254,806
Buildings	8,614,290	1,748,136	45,259	6,820,895
Computer equipment	3,093,941	2,048,302	-	1,045,639
Other equipment	1,631,804	1,343,787	-	288,017
Leasehold improvements	878,840	849,543	-	29,297
Construction in progress	1,742,394	-	-	1,742,394
Prepayments for equipment	268,822	-	-	268,822
Total	\$ 31,498,181	5,989,768	1,058,543	24,449,870

December 31, 2023				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,275,861	-	1,013,284	14,262,577
Buildings	8,145,002	1,506,942	45,259	6,592,801
Computer equipment	2,736,099	1,775,560	-	960,539
Transportation equipment	19	19	-	-
Other equipment	1,500,596	1,346,674	-	153,922
Leasehold improvements	901,347	862,948	-	38,399
Construction in progress	204,445	-	-	204,445
Prepayments for equipment	134,352	-	-	134,352
Total	\$ 28,897,721	5,492,143	1,058,543	22,347,035

The changes in property and equipment of the Group are as follows:

	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress	Prepayments for equipment	Total
Cost									
Balance of January 1, 2024	\$ 15,275,861	8,145,002	2,736,099	19	1,500,596	901,347	204,445	134,352	28,897,721
Acquisitions through business combinations	-	-	-	-	-	-	1,286,185	-	1,286,185
Purchase and acquisition	-	131,008	336,075	-	176,579	8,313	219,801	309,510	1,181,286
Estimated cost of derecognition	-	-	-	-	-	226	-	-	226
Disposal	-	-	(21,236)	(19)	(46,672)	(33,657)	-	-	(101,584)
Reclassification	(4,961)	343,538	81,415	-	23,311	-	31,963	(175,895)	299,371
Effect of changes in foreign exchange rates	(2,810)	(5,258)	(38,412)	-	(22,010)	2,611	-	855	(65,024)
Balance of December 31, 2024	15,268,090	8,614,290	3,093,941	-	1,631,804	878,840	1,742,394	268,822	31,498,181
Accumulated depreciation									
Balance of January 1, 2024	\$ -	1,506,942	1,775,560	19	1,346,674	862,948	-	-	5,492,143
Depreciation	-	249,217	322,843	-	63,982	18,108	-	-	654,150
Disposal	-	-	(21,107)	(19)	(46,602)	(33,189)	-	-	(100,917)
Reclassification	-	(6,358)	-	-	337	-	-	-	(6,021)
Effect of changes in foreign exchange rates	-	(1,665)	(28,994)	-	(20,604)	1,676	-	-	(49,587)
Balance of December 31, 2024	-	1,748,136	2,048,302	-	1,343,787	849,543	-	-	5,989,768
Accumulated impairment loss									
Balance of January 1, 2024	\$ 1,013,284	45,259	-	-	-	-	-	-	1,058,543
Balance of December 31, 2024	\$ 1,013,284	45,259	-	-	-	-	-	-	1,058,543

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	<u>Land</u>	<u>Buildings</u>	<u>Computer equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress</u>	<u>Prepayments for equipment</u>	<u>Total</u>
Cost									
Balance of January 1, 2023	\$ 15,299,846	5,292,938	2,397,757	19	1,516,061	944,308	168,934	97,006	25,716,869
Purchase and acquisition	-	(868)	457,105	-	42,368	8,072	20,595	121,812	649,084
Disposal	-	-	(171,636)	-	(56,895)	(48,583)	-	-	(277,114)
Reclassification	(22,277)	2,855,971	75,108	-	11,397	(2,148)	14,916	(84,452)	2,848,515
Effect of changes in foreign exchange rates	(1,708)	(3,039)	(22,235)	-	(12,335)	(302)	-	(14)	(39,633)
Balance of December 31, 2023	<u>15,275,861</u>	<u>8,145,002</u>	<u>2,736,099</u>	<u>19</u>	<u>1,500,596</u>	<u>901,347</u>	<u>204,445</u>	<u>134,352</u>	<u>28,897,721</u>
Accumulated depreciation									
Balance of January 1, 2023	\$ -	1,354,411	1,684,407	19	1,337,803	877,084	-	-	5,253,724
Depreciation	-	155,408	277,751	-	76,168	33,662	-	-	542,989
Disposal	-	-	(170,761)	-	(55,704)	(47,448)	-	-	(273,913)
Reclassification	-	(2,034)	-	-	-	-	-	-	(2,034)
Effect of changes in foreign exchange rates	-	(843)	(15,837)	-	(11,593)	(350)	-	-	(28,623)
Balance of December 31, 2023	<u>-</u>	<u>1,506,942</u>	<u>1,775,560</u>	<u>19</u>	<u>1,346,674</u>	<u>862,948</u>	<u>-</u>	<u>-</u>	<u>5,492,143</u>
Accumulated impairment loss									
Balance of January 1, 2023	\$ <u>1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Balance of December 31, 2023	\$ <u>1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Net									
Balance of December 31, 2024	\$ <u>14,254,806</u>	<u>6,820,895</u>	<u>1,045,639</u>	<u>-</u>	<u>288,017</u>	<u>29,297</u>	<u>1,742,394</u>	<u>268,822</u>	<u>24,449,870</u>
Balance of December 31, 2023	\$ <u>14,262,577</u>	<u>6,592,801</u>	<u>960,539</u>	<u>-</u>	<u>153,922</u>	<u>38,399</u>	<u>204,445</u>	<u>134,352</u>	<u>22,347,035</u>

Significant components of buildings include architecture constructions, engineering constructions, elevator equipment constructions, air conditioner constructions, fire-prevention constructions, mechanical parking equipment, and solar power equipment. These are depreciated based on major useful lives of 50, 15, 10, 8 and 5 years, respectively or the remaining useful lives.

(L) Right-of-use assets

The Group leases many assets including land and buildings, IT equipment and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost					
Balance of January 1, 2024	\$ 4,569,782	1,744,999	16,305	40,796	6,371,882
Addition	-	1,226,492	8,494	2,994	1,237,980
Reassessment or modification of lease agreement	64,970	(1,158,625)	(4,772)	(1,197)	(1,099,624)
Reclassification	402,621	953	-	(337)	403,237
Effect of changes in foreign exchange rates	-	1,063	(186)	181	1,058
Balance of December 31, 2024	<u>\$ 5,037,373</u>	<u>1,814,882</u>	<u>19,841</u>	<u>42,437</u>	<u>6,914,533</u>
Balance of January 1, 2023	\$ 417,080	2,133,212	17,079	42,559	2,609,930
Addition	-	196,460	6,796	6,003	209,259
Reassessment or modification of lease agreement	-	(576,554)	(7,415)	(7,733)	(591,702)
Reclassification	4,152,702	-	-	-	4,152,702
Effect of changes in foreign exchange rates	-	(8,119)	(155)	(33)	(8,307)
Balance of December 31, 2023	<u>\$ 4,569,782</u>	<u>1,744,999</u>	<u>16,305</u>	<u>40,796</u>	<u>6,371,882</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Accumulated depreciation and impairment loss					
Balance of January 1, 2024	\$ 55,396	1,194,268	6,543	14,019	1,270,226
Depreciation (including assets capitalized)	114,363	620,393	5,666	6,871	747,293
Deduction	-	(1,144,670)	(4,823)	(1,268)	(1,150,761)
Reclassification	(5,307)	-	-	(337)	(5,644)
Effect of changes in foreign exchange rates	-	4,904	(69)	90	4,925
Balance of December 31, 2024	<u>\$ 164,452</u>	<u>674,895</u>	<u>7,317</u>	<u>19,375</u>	<u>866,039</u>
Balance of January 1, 2023	\$ 24,059	1,158,510	8,944	11,728	1,203,241
Depreciation (including assets capitalized)	31,337	609,417	5,175	6,815	652,744
Deduction	-	(569,135)	(7,480)	(4,508)	(581,123)
Reclassification	-	(88)	-	-	(88)
Effect of changes in foreign exchange rates	-	(4,436)	(96)	(16)	(4,548)
Balance of December 31, 2023	<u>\$ 55,396</u>	<u>1,194,268</u>	<u>6,543</u>	<u>14,019</u>	<u>1,270,226</u>
Carrying amount					
Balance of December 31, 2024	<u>\$ 4,872,921</u>	<u>1,139,987</u>	<u>12,524</u>	<u>23,062</u>	<u>6,048,494</u>
Balance of December 31, 2023	<u>\$ 4,514,386</u>	<u>550,731</u>	<u>9,762</u>	<u>26,777</u>	<u>5,101,656</u>

(M) Intangible assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Goodwill	\$ 1,520,783	1,618,385
Development costs	462,052	579,296
Computer software	403,520	455,138
Business license	2,463,358	2,723,424
Others	45,712	48,683
	<u>\$ 4,895,425</u>	<u>5,424,926</u>

The changes of the intangible assets are as follows:

	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Total</u>
Cost:			
Balance of January 1, 2024	\$ 1,618,385	7,684,746	9,303,131
Purchase and acquisition	-	189,891	189,891
Disposal	-	(6,817)	(6,817)
Reclassification	-	11,601	11,601
Effect of changes in foreign exchange rates	(97,602)	(354,112)	(451,714)
Balance of December 31, 2024	<u>\$ 1,520,783</u>	<u>7,525,309</u>	<u>9,046,092</u>
Balance of January 1, 2023	\$ 1,672,457	7,634,782	9,307,239
Purchase and acquisition	-	243,348	243,348
Disposal	-	(4,291)	(4,291)
Reclassification	-	7,538	7,538
Effect of changes in foreign exchange rates	(54,072)	(196,631)	(250,703)
Balance of December 31, 2023	<u>\$ 1,618,385</u>	<u>7,684,746</u>	<u>9,303,131</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Total</u>
Accumulated amortization and impairment:			
Balance of January 1, 2024	\$ -	3,878,205	3,878,205
Amortization	-	437,730	437,730
Disposal	-	(6,817)	(6,817)
Effect of changes in foreign exchange rates	-	(158,451)	(158,451)
Balance of December 31, 2024	<u>\$ -</u>	<u>4,150,667</u>	<u>4,150,667</u>
Balance of January 1, 2023	\$ -	3,518,826	3,518,826
Amortization	-	438,182	438,182
Disposal	-	(4,125)	(4,125)
Effect of changes in foreign exchange rates	-	(74,678)	(74,678)
Balance of December 31, 2023	<u>\$ -</u>	<u>3,878,205</u>	<u>3,878,205</u>
Carrying amount:			
Balance of December 31, 2024	<u>\$ 1,520,783</u>	<u>3,374,642</u>	<u>4,895,425</u>
Balance of December 31, 2023	<u>\$ 1,618,385</u>	<u>3,806,541</u>	<u>5,424,926</u>

The above stated goodwill of the Group was attributed to the acquisition of controlling power of subsidiary, Fubon Hyundai Life Insurance Co., Ltd. in September 2018.

Goodwill generated from a business combination should be tested for impairment on an annual basis. The Group regards Fubon Hyundai Life Insurance Co., Ltd. as a cash generating unit, uses appropriate discounting rates to estimate recoverable amount of Fubon Hyundai Life, and calculates the carrying value of net assets to evaluate whether to recognize impairment. The recoverable amount of Fubon Hyundai Life Insurance is determined with fair value less cost to sale, and the figures are based on expert's valuation report. The estimated recoverable amount is greater than the carrying amount, therefore there is no indication of impairment for goodwill.

(N) Other assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Prepayments	\$ 2,143,276	1,911,495
Deferred acquisition cost	2,511,210	2,323,228
Refundable deposits	23,135,500	18,078,802
Other assets - other	4,803,136	4,895,874
Less: Accumulated impairment	(60,117)	(59,957)
Total	<u>\$ 32,533,005</u>	<u>27,149,442</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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The Group periodically assesses whether there is any indication that a portion of the carry amount for other assets is impaired every year. Fair value less cost to sale is measured to determine the recoverable amount, the amounts determined is based on expert's valuation report, and the recognition of impairment focuses on recoverable amounts that are lower than the carrying amount. The aforementioned fair value is based on significant unobservable inputs, and is therefore classified under level 3.

In the consolidated statement of comprehensive income under non-operating income and loss the Group recognized an amount of impairment of \$160 thousand and \$246 thousand for the years ended December 31, 2024 and 2023, respectively.

Articles 141 and 142 of the Insurance Act require insurance industry to place a government statutory deposit equal to 15% of its paid-in capital. Such deposits will not be returned until cessation of business and liquidation has been completed. In accordance with the regulations of the competent authority in Vietnam, insurance companies shall deposit 2% of legal capital in local banks in Vietnam as operating guarantee deposits. The Group used government bonds and saving deposits for the operating guarantee deposits, the details of which were as follows:

	December 31, 2024	December 31, 2023
Government bonds (Book value)	<u><u>\$ 17,076,321</u></u>	<u><u>16,076,778</u></u>
Cash in bank	<u><u>\$ 19,305</u></u>	<u><u>19,005</u></u>

(O) Insurance product — separate account

Detailed account balances of the investment insurance products, separate accounts are as follows:

	December 31, 2024	December 31, 2023
Assets on insurance product, separate account:		
Cash in bank	\$ 10,342,215	10,463,260
Financial assets measured at fair value through profit or loss	308,752,556	279,315,381
Accounts receivable	<u>2,216,467</u>	<u>1,191,892</u>
Total	<u><u>\$ 321,311,238</u></u>	<u><u>290,970,533</u></u>
Liabilities on insurance product, separate account:		
Reserve — Insurance contract	\$ 142,915,200	138,416,517
Reserve — Investment contract	178,353,972	152,517,745
Accounts payable	<u>42,066</u>	<u>36,271</u>
Total	<u><u>\$ 321,311,238</u></u>	<u><u>290,970,533</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31,	
	2024	2023
Income on insurance product, separate account:		
Premiums income	\$ 11,889,049	11,873,767
Interest income	3,530,087	3,566,601
Gains or losses on financial assets and liabilities measured at fair value through profit or loss	12,144,048	10,948,235
Gains or losses on foreign exchange	1,131,313	492,218
Total	<u><u>\$ 28,694,497</u></u>	<u><u>26,880,821</u></u>
Disbursements on insurance product, separate account:		
Net changes in reserve, insurance contract	2,877,670	8,450,898
Insurance claims and payment	22,193,772	14,807,361
Administrative expenses	3,603,474	3,618,380
Other disbursements	19,581	4,182
Total	<u><u>28,694,497</u></u>	<u><u>26,880,821</u></u>

Sales rebate earned from counterparty for investment-linked insurance products are as follows (recognized in fee income):

	For the years ended December 31,	
	2024	2023
Sales rebate earned from counterparty for investment-linked insurance products	<u><u>\$ 947,448</u></u>	<u><u>743,704</u></u>

Detailed account balances of the business (individual) annuity insurance products of Fubon Hyundai Life Insurance - separate accounts are as follows:

	December 31, 2024	December 31, 2023
Assets on business (individual) annuity insurance products, separate accounts:		
Cash in bank	\$ 2,618,869	4,895,606
Financial assets measured at fair value through profit or loss	13,150,325	16,584,250
Financial assets measured at fair value through other comprehensive income	113,901,005	117,319,439
Financial assets for hedging	-	996,741
Loans	24,911,128	26,527,289
Interests receivable	1,130,187	1,140,019
Other accounts receivable	13,147,512	12,645,168
Total	<u><u>\$ 168,859,026</u></u>	<u><u>180,108,512</u></u>
Liabilities on business (individual) annuity insurance products, separate accounts:		
Financial liabilities for hedging	\$ 3,613,591	132,018
Other accounts payable	8,628,176	197,382
Reserve — Insurance contract	165,973,935	182,428,451
Short-term liabilities	8,665,410	15,369,250
Total	<u><u>\$ 186,881,112</u></u>	<u><u>198,127,101</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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	For the years ended December 31,	
	2024	2023
Income on business (individual) annuity insurance products, separate accounts:		
Interest income	\$ 5,773,668	6,526,273
Gains on financial assets and liabilities measured at fair value through profit or loss	522,913	1,324,473
Realized gains from financial assets measured at fair value through other comprehensive income	26	
Reversal of ECL on investments	76,013	1,674
Gains on foreign exchange	7,347,650	1,270,511
Other income	2,237,634	6,025,781
Total	\$ 15,957,904	15,148,712
Disbursements on business (individual) annuity insurance products, separate accounts:		
Insurance claims and payment	\$ 3,155	-
Current provisions of separate accounts	7,986,918	10,180,224
Losses on financial assets and liabilities measured at fair value through profit or loss	7,268,716	2,920,745
Realized losses from financial assets measured at fair value through other comprehensive income	8,485	756,916
Recognition of ECL on investments	1,048	180,211
Losses on foreign exchange	163,657	273,822
Administrative expenses	293,478	639,026
Other expenses	232,447	197,768
Total	\$ 15,957,904	15,148,712

The subsidiary, Fubon Hyundai Life Insurance Co., Ltd., provides government bonds and corporate bonds as collateral of trades of financial assets and repurchase agreements which is classified as financial assets measured at fair value through other comprehensive income. As of December 31, 2024 and 2023, the carrying amount of the collateral were \$13,538,118 thousand and \$16,283,482 thousand, respectively.

(P) Accounts payable

	December 31, 2024	December 31, 2023
Notes payable	\$ 137	254
Expense payable	10,605,820	8,523,557
Commissions payable	3,482,681	2,602,963
Insurance and reinsurance claims payable	12,964,910	11,945,970
Due to reinsurers and ceding companies	1,618,947	2,810,316
Insurance product — separate accounts payable	15,194,227	13,796,772
Investments payable	29,013,992	10,691,507
Other payable	3,842,087	2,678,865
Total	\$ 76,722,801	53,050,204

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(Q) Short-term liabilities

	December 31, 2024	December 31, 2023
Short-term borrowing	\$ <u>1,200,000</u>	<u>-</u>
Interest rate	<u>2.90%~2.96%</u>	<u>-</u>

To purchase equipment, the sub-subsidiaries, Li Tong Management Consulting Co., Ltd., entered into a short-term borrowing agreement, with interest rate approximately 2.90%~2.96%. According to the credit conditions, the equity shares were required being pledged to the bank by March 31, 2025. The pledge process is still in progress.

For the year ended December 31, 2024, the amount of interest capitalized on the borrowings of the Group was \$19,476 thousand, of which \$2,860 thousand was acquired through the merger, with a capitalization rate of 2.90%~2.96%. There was no such situation for the year ended December 31, 2023.

(R) Bonds payable

The information of bonds issued by the Group were as follows:

Name	Outstanding period		Rate %	Face Amount	(Discount) Premium	December 31, 2024	December 31, 2023	Note
	Date of Issuance	Maturity date						
The first issue of 2016 perpetual cumulative subordinated corporate bond	2016.12.07	No maturity date	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	Note2
The first issue of 2017 perpetual cumulative subordinated corporate bond	2017.04.21	No maturity date	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	Note2
The first issue of 2018 perpetual non-cumulative subordinated corporate bond (private placement)	2018.03.27	No maturity date	3.60 % (Note 3)	20,000,000	-	20,000,000	20,000,000	Note4
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.09.05	2033.09.05	3.70 %	13,570,000	-	13,570,000	13,570,000	
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.09.05	2038.09.05	3.85 %	8,930,000	-	8,930,000	8,930,000	Note5
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.11.07	2033.11.07	3.70 %	500,000	-	500,000	500,000	
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.11.07	2038.11.07	3.85 %	2,000,000	-	2,000,000	2,000,000	Note5
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2024	2024.06.12	2034.06.12	3.70 %	14,880,000	-	14,880,000	-	
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2024	2024.06.12	2039.06.12	3.85 %	10,120,000	-	10,120,000	-	Note5
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2024	2024.10.23	2034.10.23	3.70 %	22,730,000	-	22,730,000	-	

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Name	Outstanding period		Rate %	Face Amount	(Discount) Premium	December 31, 2024	December 31, 2023	Note
	Date of Issuance	Maturity						
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2024	2024.10.23	2039.10.23	3.85 %	\$ 8,270,000	-	8,270,000	-	Note5
FubonHyundai Insurance 13 (private placement)	2019.09.09	2029.09.09	4.30 % (Note 6)	1,110,950	-	-	1,180,325	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 6)	2,221,900	-	-	2,358,339	
FubonHyundai Insurance 15 (private placement)	2020.06.24	2030.06.24	4.30 % (Note 6)	333,285	(525)	332,760	354,028	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 6)	1,110,950	(2,965)	1,107,985	1,178,622	
FubonHyundai Insurance 17 (private placement)	2021.04.29	2031.04.29	4.60 % (Note 6)	1,210,936	(2,166)	1,208,770	1,286,042	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 6)	2,110,805	(5,674)	2,105,131	2,239,470	
FubonHyundai Insurance 19 (private placement)	2022.04.08	2032.04.08	5.10 % (Note 6)	1,110,950	(3,345)	1,107,605	1,178,297	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 6)	3,332,850	(9,720)	3,323,130	3,535,354	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 6)	1,777,520	(6,601)	1,770,919	1,883,985	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 6)	2,177,462	(7,324)	2,170,138	2,308,775	
FubonHyundai Insurance 25 (private placement)	2023.09.25	2033.09.25	7.40 % (Note 6)	666,570	(1,813)	664,757	707,269	
FubonHyundai Insurance 26	2024.03.15	2034.03.15	6.90 % (Note 6)	1,110,950	(4,401)	1,106,549	-	
FubonHyundai Insurance 27	2024.05.31	2034.05.31	7.00 % (Note 6)	2,666,280	(10,375)	2,655,905	-	
Total					\$ (54,909)	153,553,649	98,210,506	

Note1: Fixed rate from the date of issuance, plus 1% if the group does not redeem the bond in 10 years from the date of issuance.

Note2: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.

Note3: After 10 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year benchmark yield rate plus the spread at the time of issuance.

Note4: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed at face value plus accrued interest once a year.

Note5: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.

Note6: After 5 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year KTB rate plus the spread at the time of issuance.

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	For the years ended December 31,	
	2024	2023
Interest Expense	<u>\$ 4,707,077</u>	<u>3,043,658</u>

(S) Lease liabilities

The Group's undiscounted lease payments maturity analysis:

	December 31, 2024	December 31, 2023
Less than one year	\$ 1,052,044	857,909
One to three years	1,677,943	1,204,191
Three to five years	5,011,831	2,995,787
More than five years	<u>20,926,441</u>	<u>22,439,888</u>
	<u>\$ 28,668,259</u>	<u>27,497,775</u>

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 408,395</u>	<u>293,317</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 12,835</u>	<u>12,090</u>
Expenses relating to short-term leases	<u>\$ 12,670</u>	<u>10,356</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 16,927</u>	<u>12,218</u>

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

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 1,186,494</u>	<u>1,100,509</u>

The amounts recognized in the costs of the building were as follows:

	For the years ended December 31,	
	2024	2023
Capitalization of interest	<u>\$ 157,706</u>	<u>237,393</u>

(a) Office leases

As of December 31, 2024 and December 31, 2023, the Group leases buildings as offices with lease terms of one to five years.

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(b) Superficies leases

As of December 31, 2024 and 2023, the Group leases land for superficies with lease terms of fifty to one hundred and thirty three years for the purpose of commercial buildings, malls, hotels etc.

(c) Other leases

As of December 31, 2024 and 2023, the Group leases transportation and other equipments with lease terms of two to six years. If these leases are short-term or leases of low-value items, the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(T) Liabilities reserve

	December 31, 2024	December 31, 2023
Decommissioning liability	\$ 97,043	83,453
Employee benefits liabilities	6,397,982	7,072,039
Other liabilities reserve	3,887,717	4,413,499
	<u>\$ 10,382,742</u>	<u>11,568,991</u>

(a) Decommissioning liability

	Decommissioning liability
Balance of January 1, 2024	\$ 83,453
Increase of liabilities reserves	48,210
Reversal of liabilities reserves	(37,098)
Discounting and amortization of liabilities reserves	2,359
Reclassification to other income	(1,259)
Reclassification	953
Effect of changes in foreign exchange rates	425
Balance of December 31, 2024	<u>\$ 97,043</u>
Balance of January 1, 2023	\$ 116,606
Increase of liabilities reserves	7,904
Reversal of liabilities reserves	(41,836)
Discounting and amortization of liabilities reserves	1,929
Reclassification to other income	(820)
Effect of changes in foreign exchange rates	(330)
Balance of December 31, 2023	<u>\$ 83,453</u>

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(b) Employee benefit

(1) Defined benefit plan

Employee benefit liability reserves recognized by the Group in balance sheets were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit plan	\$ 6,237,567	6,915,470
Pension plan	132,233	131,282
Unpaid leave	28,182	25,287
Total	<u>\$ 6,397,982</u>	<u>7,072,039</u>

1) Defined benefit plan

The Group's reconciliations of the present value of defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 11,490,128	11,301,359
Plan assets at fair value	(5,252,561)	(4,431,342)
Net defined benefit liability	<u>\$ 6,237,567</u>	<u>6,870,017</u>
Defined benefit liability	<u>\$ 6,237,567</u>	<u>6,915,470</u>
Prepaid defined benefit asset (included in other assets)	<u>\$ -</u>	<u>(45,453)</u>

A. Components of plan assets

The Company makes a contribution to pension plan which is managed by Executive Yun Council of Labor Affairs Labor Pension Fund Supervisory Committee (hereinafter referred to as the Labor Pension Fund Supervisory Committee) in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The annual distributions shall be deposited into the restricted account of the Bank of Taiwan. If the restricted bank account is inadequate to cover projected benefit payments within the following year, the deficit will be covered by the end of March next year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Please refer to the website of Labor Pension Fund Supervisory Committee for information released by Council of Labor Affairs regarding the utilization of labor pension fund assets including allocation of fund assets and fund returns.

B. Changes in the present value of the defined benefit obligation

The Group's changes in present value of the defined benefit obligation for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Defined benefit obligation on January 1	\$ 11,301,359	11,346,232
Benefits paid	(288,721)	(340,603)
Payments by liabilities for defined obligations	(404,726)	(389,712)
Current service cost and interest cost	400,475	415,454
Net (gains) losses on remeasurements of defined benefit liability		
-Actuarial (gains) losses from experience adjustments	393,693	268,195
-Actuarial (gains) losses from changes in assumption	78,720	24,983
-Actuarial (gains) losses from demographic assumptions	-	(9,319)
Past service credit	44,888	-
Effect of movements in exchange rates	(35,560)	(13,871)
Defined benefit obligation on December 31	\$ 11,490,128	11,301,359

C. Changes in fair value of plan assets

The Group's changes in fair value of plan assets for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Plan assets, at fair value on January 1	\$ 4,431,342	4,525,287
Contribution from employer	687,027	155,111
Benefits paid	(257,105)	(339,335)
Interest income	75,788	79,668
Net gains (losses) on remeasurements of defined benefit asset		
-Expected return on plan assets, excluding current interest	347,383	27,286
Exchange rate difference from foreign plan	(31,874)	(16,675)
Plan assets, at fair value on December 31	\$ 5,252,561	4,431,342

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- D. The expenses recognized in profit or loss for the Group for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Current service costs	\$ 227,911	243,622
Net interest from net defined benefit liability	96,776	92,164
Past service credit	44,888	-
	\$ 369,575	335,786
Operating costs	\$ 142,298	163,629
Administrative expenses	227,277	172,157
	\$ 369,575	335,786

- E. Net remeasurements of defined benefit liability recognized in other comprehensive income

The Group's net remeasurements of defined benefit liability recognized in other comprehensive income as of December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Cumulative amount on January 1	\$ 1,307,883	1,051,310
Recognized during the period	125,030	256,573
Cumulative amount on December 31	\$ 1,432,913	1,307,883

- F. Primary actuarial assumptions

The Group's primary assumptions used in determining the present value of the defined benefit plan are shown below:

	December 31, 2024	December 31, 2023
Discount rate	1.5%~3.57%	1.50%-4.16%
Increases in future salary	3.00%	3.00%

The Group's projected payments for defined benefit obligation within a year from the reporting date is \$504,518 thousand.

The weighted average duration of the defined benefit obligation is 6.00~6.24 years.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

G. Sensitivity analysis

The Company

	The effect of changes in discount rate on defined benefit obligation	
	Increase 0.5%	Decrease 0.5%
As of December 31, 2024		
Discount rate	\$ (319,092)	336,416
Increases in future salary	201,885	(192,050)
As of December 31, 2023		
Discount rate	(340,663)	360,108
Increases in future salary	178,059	(168,620)

Subsidiary - Fubon Hyundai Life Insurance

	The effect of changes in discount rate on defined benefit obligation	
	Increase 1%	Decrease 1%
As of December 31, 2024		
Discount rate	\$ (27,031)	30,221
Increases in future salary	30,141	(27,464)
As of December 31, 2023		
Discount rate	(22,479)	25,102
Increases in future salary	25,188	(22,965)

The sensitivity analysis above allows for only one assumption change at a time. In real practice, a change in one assumption may lead to changes in other assumptions. The method used in sensitivity analysis is consistent with the method used in calculating net pension liability in the balance sheet.

2) Pension plan

The Group's reconciliations of liability (asset) of the pension plan were as follows:

	December 31, 2024	December 31, 2023
Present value of pension plan obligations	\$ 132,233	131,282
Fair value of plan assets	-	-
Net pension plan liability	<u>\$ 132,233</u>	<u>131,282</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

A. Changes in present value of the pension plan obligation

The Group's changes in present value of the pension plan obligation for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Pension plan obligation on January 1	\$ 131,282	127,727
Payments by liabilities for pension plan obligations	(839)	(4,961)
Current service cost and interest cost	7,742	7,631
Net (gains) losses on remeasurements of pension plan liability	(5,952)	885
Pension plan obligation on December 31	<u><u>\$ 132,233</u></u>	<u><u>131,282</u></u>

B. The expenses under the pension plan recognized in profit or loss

The Group's expenses under the pension plan recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Current service costs	\$ 5,840	5,777
Net interest from net pension plan liability	1,902	1,854
Net (gains) losses on remeasurements of pension plan liability	(5,952)	885
	<u><u>\$ 1,790</u></u>	<u><u>8,516</u></u>

C. Primary actuarial assumptions

The Group's primary assumptions used in determining the present value of the pension plan are shown below:

	December 31, 2024	December 31, 2023
Discount rate	1.50 %	1.50 %
Increases in future salary	3.00 %	3.00 %

The weighted average duration of the pension plan obligation is 7.60 years.

D. Sensitivity analysis

	The effect of changes in discount rate on pension plan obligation	
	Increase 0.5%	Decrease 0.5%
As of December 31, 2024		
Discount rate	\$ (4,818)	5,116
Increases in future salary	8,799	(8,171)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	The effect of changes in discount rate on pension plan obligation	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
As of December 31, 2023		
Discount rate	(4,928)	5,238
Increases in future salary	9,055	(8,420)

The sensitivity analysis above allows for only one assumption change at a time. In real practice, a change in one assumption may lead to changes in other assumptions. The method used in sensitivity analysis is consistent with the method used in calculating net pension liability in the balance sheet.

(2) Defined contribution plan

The Group's pension expenses under the defined contribution plan were as follows:

	For the years ended December 31,	
	<u>2024</u>	<u>2023</u>
Pension expenses	<u>\$ 712,088</u>	<u>613,397</u>

(U) Shareholders' equity

(a) Common stock

As of December 31, 2024 and 2023, the Company had authorized capital of \$150,000,000 thousand, and issued common stock of \$118,420,450 thousand and \$110,831,140 thousand, respectively, with a \$10 par value per share.

Resolved by the board of directors on behalf of the shareholders on June 4, 2024, the stock dividend of \$7,589,310 thousand was reinvested in the new rights issue of 758,931 thousand shares. The capital increase was approved by Financial Supervisory Commission and was effective on August 16, 2024. The record date for the capital increase was September 6, 2024. Registration of change in capital due to the capital increase was completed September 23, 2024.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Capital surplus

The capital surplus arising from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or transferred to capital (limited to 10% of the paid-in capital and once a year).

	December 31, 2024	December 31, 2023
Additional paid-in capital	\$ 7,463,192	7,463,192
Changes in ownership interests in subsidiaries	1,276,641	1,276,641
Changes in equity of associates and joint ventures accounted for using equity method	2,176,265	2,183,597
Consolidation excess	20,340,460	20,340,460
Other	134,778	134,778
Total	<u><u>\$ 31,391,336</u></u>	<u><u>31,398,668</u></u>

(c) Retained earnings and earnings appropriation

(1) Legal reserve

If the Company has no deficit and the legal reserve exceeds 25% of paid-in capital, the excess may be transferred to capital or distributed in cash pursuant to the resolution of the shareholders. If the Company intends to distribute in cash, NO. Jin-Guan-Bao-Cai-Zi 10202501991 shall be followed.

(2) Special reserve

	December 31, 2024	December 31, 2023
Recovered contingency risk reserve	\$ 10,298,044	9,915,778
Catastrophic risk reserve and contingency risk reserve	7,922,118	7,634,214
Foreign currency translation reserve	66,914,502	56,350,258
Real estate increment recovered	2,609,068	2,609,068
Gains from the fluctuation of subsequent fair value measurement of investment property	26,402,757	22,842,558
The gains or losses on disposal of unexpired debt instruments	23,669,338	26,147,206
Bargain purchase gain	2,845,001	2,845,001
Net reduction of other shareholder's equity	42,409,948	40,437,442
Variable interest rate product segmented assets	13,753,478	9,933,386
Other	69,625,128	67,133,221
Total	<u><u>\$ 266,449,382</u></u>	<u><u>245,848,132</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

1) Special reserve for catastrophic risk reserve and contingency risk reserve

In accordance with Tai Tsai Pao No.0920700594, recovered contingency risk reserve can be transferred to special reserve regardless of whether the Company has earnings next year or not, pursuant to the resolution of the shareholders. Under the “Regulations Governing the Provision of Various Reserves”, commencing from January 1, 2011, the special reserves for catastrophic risk reserve and contingency risk reserve for net of reinsurance business with the term below 1 year are provided annually. These reserves, net of income tax, are classified as special reserve under retained earnings. For more details, please refer to Note 4(Q).

2) Special reserve for foreign currency translation reserve

The special reserve appropriated according to the “Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”, please refer to Note 4(S).

3) Special reserve for real estate increment recovered

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10102515281 on November 30, 2012, special reserves for real estate increment due to the first-time adoption of IFRSs are allowed to recover 80% in the first year or in five years and transferred to special reserve under equity. The limitation of the recoverable amount is \$10 billion per year.

4) Special reserve for investment property subsequently measured at fair value

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10904917647, the Company should appropriate special reserve for investment property in restricting distributed earnings, based on the net after-tax effects of the first-time adoption of investment property measured at fair value model and the accumulated net after-tax gains on subsequent fair value measurements, respectively. The special reserve subsequently can only be used for effective contracts according to IFRS 17 “Insurance Contract”, life insurance industry effective insurance contract liability estimated at fair value and estimate method required by the competent authorities to fulfill liabilities from insurance contract. Subsequently when related assets are disposed, the special reserve could be reversed in the proportion of initial recognition and requires the approval from the competent authorities. The distribution of the reversed amount will need to be in accordance with NO. Jin-Guan-Bao-Cai-Zi 10202501992.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5) Special reserve for the gains or losses on disposal of unexpired debt instruments

From January 1, 2019, in accordance with NO. Jin-Guan-Bao-Cai-Zi 11204939731 on November 13, 2023, the gains (losses) on disposal of unexpired debt instruments with the deduction of 20% of the tax rate should be appropriated as (recovered from) special reserve. The Company can reverse special reserve based on the amortization calculated with the residual periods to expiry dates. Debt instruments with uncertain expiration date could be amortized for 10 years.

The movement of accumulated gains (losses) from disposal of debt instruments in the current year is as follows:

Gains (losses) from disposal of debt instruments	Amount
1. The accumulated amount of gains (losses) from disposal of debt instruments at the end of prior year (December 31, 2023)	23,669,338
2. Provision after tax with current year realized capital losses (the amount before income tax of \$(193,816) thousand, less income tax of \$(38,763) thousand)	(155,053)
3. Net recovery in the current year	1,940,649
4. The accumulated amount of gains (losses) from disposal of debt instruments at the end of the year	21,573,636

As of December 31, 2024, the amount of the special reserves the Company appropriated in accordance with regulation is \$23,669,338 thousand. Additionally, the current year movement of \$2,095,702 thousand will be appropriated to special reserves after a resolution has been decided in the shareholders' meeting (A board meeting will be held in place of the shareholders meeting). After the special reserve is appropriated, the accumulated amount of the special reserves will be \$21,573,636 thousand.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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The details of the prior year ending balance and the amount added in the current year for amortization in the future periods are as follows:

Year	The accumulated amount of gains (losses) from disposal apportioned for future periods at the end of the prior year (December 31, 2023) (1)	The amount of provision after tax on gains (losses) from disposal in the current year (2)	The accumulated amount of gains (losses) from disposal apportioned for future periods at the end of the year (1)+(2)
2024	1,949,019	(8,370)	1,940,649
2025	1,971,197	(8,370)	1,962,827
2026	2,167,564	(8,371)	2,159,193
2027	2,023,593	(7,361)	2,016,232
2028	2,022,807	(7,993)	2,014,814
2029	1,843,565	(10,302)	1,833,263
2030	1,506,403	(10,618)	1,495,785
2031	997,602	(10,618)	986,984
2032	788,115	(13,937)	774,178
2033	778,385	(14,525)	763,860
2034 to 2043	6,455,903	(54,840)	6,401,063
2044 to 2053	1,163,692	252	1,163,944
2054 to 2055	1,493	-	1,493
Total (Note)	23,669,338	(155,053)	21,573,636

Note: The year of 2024 is set as the evaluation year; the amount for the year of 2024 is not included in the total of column (1) + (2).

6) Special reserve for bargain purchase gain

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10302153881 on February 10, 2015, the increase in retained earnings from bargain purchase gains, which is recognized due to mergers from self or subsidiaries, should recognize the same amount of special reserve and is barred from reversing within a year. After the expiration of one year, the special reserve can be used to cover the accumulated losses. If the value of the underlying asset after valuation is similar to that during the merger, yet to incur unexpected significant impairment, and being reviewed by the CPA, the special reserve can be recognized as capital.

In accordance with Bao Ju (Tsai) No.1120414605 on April 12, 2023, in order to maintain the sound and stability of financial structure, bargain purchase gains obtained through the equity method that has no cash inflow should follow the NO. Jin-Guan-Bao-Cai-Zi 10302153881 on February 10, 2015.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7) Special reserve for net reduction of other shareholder's equity

In accordance with NO. Jin-Guan-Bao-Cai-Zi 11004920441 on June 11, 2021, a portion of earnings shall be appropriated as special reserve during the earnings distribution. For the current debit balance on other equity interest, an equivalent amount of special reserve shall be appropriated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current period earnings. If the special reserve is insufficient, the Company should appropriate it from undistributed prior-period earnings. For the debit balance on other equity interest pertaining to prior periods, an equivalent amount of special reserve is appropriated from the undistributed prior-period earnings. If the Company has already appropriated a portion of earnings to special reserve under the preceding subparagraph, the Company shall make supplemental appropriation of special reserve for any difference between the amount it has already allocated and the amount mentioned above. The special reserve can be reversed due to net reduction of the debit balance of other shareholders' equity. In accordance with the regulations of NO. Jin-Guan-Bao-Cai-Zi 11104942741 on November 4, 2022, the Company reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The changes in the fair value should be included in the debit balance in other equity. The amount incurred in the current year shall be provided for in the special reserve, and the special reserve can be reversed due to net reduction (including disposals) of the debit balance of other shareholders' equity.

8) Special reserve for variable interest rate product segmented assets

In accordance with NO. Jin-Guan-Bao-Cai-Zi 10804963711 on January 16, 2020, from July 1, 2020, if the life insurance industry still has surplus retained earnings for distribution after appropriating special reserves in accordance with other laws and regulations at the end of financial year, it should further appropriate special reserve in accordance with "Guidance for Product with Variable Interest Rate of Life Insurance Enterprises".

9) Other special reserve

In accordance with the NO. Jin-Guan-Bao-Cai-Zi 10502066461 on July 13, 2016, the Company should appropriate special reserve, from 0.5% to 1% of net profit when distributing earnings from the year 2016 through 2018. From the following year of the special reserve appropriated, the Company can reverse the same amount of expenses for the purpose of providing transforming trainings and safeguarding rights and interests of employees within the remaining balance of appropriated special reserve. NO. Jin-Guan-Bao-Cai-Zi 10804932431 was published on July 30, 2019, prior to the replacement of said document, the rule stated that starting on or after 2019, special reserves cannot be appropriated. However, if there are the above aforementioned transforming trainings and safeguarding rights expenses, based on the above special reserve amount, the Company can reverse the same amount of expenses.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In accordance with the NO. Jin-Guan-Bao-Cai-Zi 11004908861 on March 26, 2021, life insurance industries should appropriate special reserve from all net profits after tax relating to disability insurance from 2020. If the net profit after tax of current year is insufficient to be appreciated, it shall be made up in the subsequent years. If there is a loss from disability insurance in the subsequent years, the special reserve can be reversed from initially recognition.

In accordance with NO. Jin-Guan-Bao-Cai-Zi 11304908291 on April 26, 2024, after the end of each fiscal year, to act in accordance with the "Table of Standard Premiums for Accident, Death and Disability Benefits under Individual Travel Accident Insurance" to take a prescribed share of premium income and set it aside to the special reserve account under owners' equity. This prescribed share is calculated as follows: (10% of total premium income) – (20% nominal tax).

(3) Distribution of earnings

Under the Company's Article of Incorporation, the annual earnings are first used to pay taxes, cover prior years' losses, and in accordance with relevant laws, appropriate 20% of the above net amount as legal reserves until the legal reserves equals to the Company's paid-in capital. Appropriate special reserves in accordance with laws or with a resolution of shareholders if necessary. The remaining of earnings can be distributed with a resolution from the Board of Directors and shareholders' approval. If the Company has profits, the Company should allocate an amount ranged from 0.01% to 0.05% of the profits as employee compensation. If there is any difference between the actual distribution and the estimated amount, the difference will be recognized in the profit or loss in the current period.

Employee compensation has been estimated the amounts of \$57,000 thousand and \$17,000 thousand for the years of 2024 and 2023, respectively. There is no difference between the actual distribution and the estimated amount for the years of 2023.

The information of the employee compensation approved by Board of Directors can be found on Market Observation Post System.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Other equity items (net — after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2024	\$ (10,300,312)	(35,676,468)	(133,263)	242,727	22,350,129	(23,517,187)
Foreign exchange translation difference	921,501	-	-	-	-	921,501
Foreign exchange translation differences in the share of associates accounted for using equity method	(101,781)	-	-	-	-	(101,781)
Changes in fair value of hedging instruments	-	-	43,805	-	-	43,805
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	(63,263)	-	-	(63,263)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(5,220,745)	-	-	-	(5,220,745)
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	(370,236)	-	-	-	(370,236)
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	(307,110)	-	-	-	(307,110)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	(111,914)	-	-	-	(111,914)
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	22,930	-	-	-	22,930
Gains on revaluation	-	-	-	69,149	-	69,149
Profit or loss reclassified using overlay approach	-	-	-	-	24,064,857	24,064,857
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	39,098	39,098
Balance, December 31, 2024	<u>\$ (9,480,592)</u>	<u>(41,663,543)</u>	<u>(152,721)</u>	<u>311,876</u>	<u>46,454,084</u>	<u>(4,530,896)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2023	\$ (11,366,525)	(115,789,494)	(77,295)	227,751	(82,119,539)	(209,125,102)
Foreign exchange translation difference	1,452,280	-	-	-	-	1,452,280
Foreign exchange translation differences in the share of associates accounted for using equity method	(179,398)	-	-	-	-	(179,398)
Changes in fair value of hedging instruments	-	-	49,570	-	-	49,570
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	(112,008)	-	-	(112,008)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	79,991,557	-	-	-	79,991,557
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	1,037,257	-	-	-	1,037,257
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	613,415	-	-	-	613,415
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	(219,230)	-	-	-	(219,230)
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	(8,025)	-	-	-	(8,025)
Gains on revaluation	-	-	-	14,976	-	14,976
Profit or loss reclassified using overlay approach	-	-	-	-	104,466,981	104,466,981
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	(6,836)	(6,836)
Adjustment of equity from acquisition of additional shares in subsidiary	(206,669)	(1,301,948)	6,470	-	9,523	(1,492,624)
Balance, December 31, 2023	<u>\$ (10,300,312)</u>	<u>(35,676,468)</u>	<u>(133,263)</u>	<u>242,727</u>	<u>22,350,129</u>	<u>(23,517,187)</u>

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(e) Non-controlling interests

	For the years ended December 31,	
	2024	2023
Beginning balance	\$ 6,174,679	4,093,461
Increase (decrease) of non-controlling interests (Note)	1,000,985	(4,588)
Changes in ownership interests in subsidiaries	-	1,199,369
Shares attributable to non-controlling interests		
Net income	(418,507)	(1,126,773)
Exchange differences on translation of foreign financial statements	(374,869)	(16,835)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income and other equity interest	(12,431)	2,033,341
Remeasurement of defined benefit plans	(3,556)	(3,296)
Ending balance	<u><u>\$ 6,366,301</u></u>	<u><u>6,174,679</u></u>

Note 1: For the years ended December 31, 2024 and 2023, the changes were respectively due to the increase of the non-controlling interests of the subsidiary, Fubon Green Power CO., LTD. in June 2024, and the early redemption of KRW 60 billion of unsecured hybrid bonds by Fubon Hyundai Life Insurance Co., Ltd. in February 2023. Fubon Hyundai Life also issued KRW 60 billion of unsecured hybrid bonds by private placement in the same month, which were acquired by enterprises other than the Group.

Note 2: The change is mainly due to early redemption of hybrid bonds and issuance of new shares (as described in Note 6(g)) by Fubon Hyundai Life Insurance Co., Ltd., which resulted in a change in non-controlling interests.

(V) Income taxes

According to the amendment announced by local tax authorities on March 14, 2023, the subsidiary, Fubon Hyundai Life Insurance Co., Ltd. reduced the local income tax rate by 0.1% and adjusted its applicable tax rate range from 23.2% to 23.1%.

(a) Income tax (expense) profit were as follows:

	For the years ended December 31,	
	2024	2023
Current expense tax		
Current period	\$ (7,439,882)	(530,421)
Adjustments for prior period	7,783	(2,489)
Foreign withholding tax	(1,093,923)	(1,506,214)
Subtotal	<u>(8,526,022)</u>	<u>(2,039,124)</u>
Deferred expense tax		
Reversal and recognition of temporary differences	(4,803,342)	1,167,218
Income tax rate change	-	(611)
Income tax expense	<u><u>\$ (13,329,364)</u></u>	<u><u>(872,517)</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	For the years ended December 31,	
	2024	2023
Items that may not be reclassified subsequently to profit or loss:		
Revaluation of real estate property	\$ (16,518)	(930)
Remeasurement of defined benefit plans	25,861	52,046
Valuation gains/ losses on equity instruments measured at fair value through other comprehensive income	(752,235)	388,984
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may not be reclassified into profit or loss	3,849	3,856
Items may be reclassified subsequently to profit or loss:		
Exchange differences on translation	(289,991)	(374,967)
Gains/ losses on hedging instruments	(10,284)	(4,026)
Valuation gains/ losses on debt instruments measured at fair value through other comprehensive income	876,169	(20,545,088)
Other comprehensive profits/ losses reclassified using overlay approach	(5,622,688)	(6,985,954)
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	41,261	72,851
	\$ (5,744,576)	(27,393,228)

For the year ended December 31, 2023, the details of income tax (expense) profit recognized in other comprehensive profit or loss include the income tax rate change \$37,077 thousand from Fubon Hyundai Life Insurance Co., Ltd.

Reconciliation of income tax (expense) and profit before tax is as follows:

	For the years ended December 31,	
	2024	2023
Profit before tax	\$ 115,568,426	35,836,851
Income tax using the Company's domestic tax rate	(23,113,685)	(7,167,370)
Effects of tax rates in foreign jurisdiction	(98,999)	191,973
Permanent differences	17,102,557	6,183,736
Adjustment for prior period	7,783	(2,489)
Foreign withholding tax	(1,093,923)	(1,506,214)
Tax effects of investment property measured at fair value	(1,058,107)	(442,265)
Income basic tax	(7,017,507)	-
Income tax rate change	-	(611)
Others	1,942,517	1,870,723
Income tax expense	\$ (13,329,364)	(872,517)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Deferred income tax asset and liability

(1) Unrecognized defined tax asset

Unrecognized deferred tax asset for the Group as follow :

	December 31, 2024	December 31, 2023
Taxable temporary difference related to investment in subsidiaries	\$ 554,719	602,884
Tax losses	1,647,241	1,232,678
Others	<u>2,771,782</u>	<u>2,622,967</u>
	<u>\$ 4,973,742</u>	<u>4,458,529</u>

Tax losses which have not been recognized as deferred tax asset because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2024, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Company Name</u>	<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
Fubon Life Insurance (Vietnam) Co., Ltd.	2021	VND 7,727,457	2026
	2022	VND 31,616,699	2027
	2024	VND <u>7,053,724</u>	2029
		VND <u>46,397,880</u>	
Fubon Life Insurance (Hong Kong) Co., Ltd.	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 61,127	No expiry date
	2024	HKD <u>485,614</u>	No expiry date
		HKD <u>2,346,734</u>	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Recongnized deferred tax asset and liability

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

For the year ended December 31, 2024					
	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive income or loss	Others	Ending balance
Temporary difference					
Unrealized (gains) losses recognized on foreign exchange	\$ (12,801,781)	(23,322,358)	-	-	(36,124,139)
Unappropriated pension fund reserve	306,289	(106,091)	-	-	200,198
Valuation (gains) losses of financial assets and liabilities	(7,097,782)	13,848,193	-	-	6,750,411
Cumulative translation adjustments	1,588,947	-	(264,545)	-	1,324,402
Unrealized (gains) losses from changes in financial assets measured at fair value through other comprehensive income	9,541,505	-	123,934	(231,098)	9,434,341
Other comprehensive profits (losses) reclassified using overlay approach	(1,894,603)	-	(5,622,688)	16,410	(7,500,881)
Long-term employee benefit - pension funds - defined benefit plan	664,172	190	29,754	(1,791)	692,325
Investment property measured at fair values	800,901	589,396	(14,456)	(4,681)	1,371,160
Differences between financial and tax depreciation of properties	(3,289,949)	(508,869)	(2,062)	-	(3,800,880)
Land value increment tax on investment property	(2,349,797)	47,035	-	-	(2,302,762)
Loss carryforwards	22,269,451	2,956,384	-	(2,535,175)	22,690,660
Others	1,318,161	1,692,778	5,487	(14,907)	3,001,519
Deferred tax assets (liabilities) - net	\$ 9,055,514	(4,803,342)	(5,744,576)	(2,771,242)	(4,263,646)
Information presenting below the balance sheet was as follows:					
Deferred tax assets	\$ 37,136,841				45,525,058
Deferred tax liabilities	(28,081,327)				(49,788,704)
Total	\$ 9,055,514				(4,263,646)

For the year ended December 31, 2023					
	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive income or loss	Others	Ending balance
Temporary difference					
Unrealized (gains) losses recognized on foreign exchange	\$ (12,973,993)	172,212	-	-	(12,801,781)
Unappropriated pension fund reserve	346,623	(40,334)	-	-	306,289
Valuation (gains) losses of financial assets and liabilities	1,810,322	(8,908,104)	-	-	(7,097,782)
Cumulative translation adjustments	1,919,064	-	(330,117)	-	1,588,947
Unrealized (gains) losses from changes in financial assets measured at fair value through other comprehensive income	30,275,283	-	(20,156,104)	(577,674)	9,541,505
Other comprehensive profits (losses) reclassified using overlay approach	5,110,603	-	(6,985,954)	(19,252)	(1,894,603)
Long-term employee benefit - pension funds - defined benefit plan	608,180	711	55,906	(625)	664,172
Investment property measured at fair values	621,231	176,808	(580)	3,442	800,901
Differences between financial and tax depreciation of properties	(2,810,546)	(478,996)	(407)	-	(3,289,949)
Land value increment tax on investment property	(2,254,832)	(95,022)	57	-	(2,349,797)
Loss carryforwards	20,063,938	7,565,787	-	(5,360,274)	22,269,451
Others	(1,464,853)	2,773,545	23,971	(14,502)	1,318,161
Deferred tax assets (liabilities)-net	\$ 41,251,020	1,166,607	(27,393,228)	(5,968,885)	9,055,514
Information presenting below the balance sheet was as follows:					
Deferred tax assets	\$ 61,650,966				37,136,841
Deferred tax liabilities	(20,399,946)				(28,081,327)
Total	\$ 41,251,020				9,055,514

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (c) Fubon Financial Holding Company, the parent company of the Company, appointed to be the taxpayer itself; therefore, commencing from 2010, income tax return and undistributed retained earnings based on the income tax return has been filed a combined income tax return with Fubon Financial Holding Company and its qualifying subsidiaries.
- (d) In regard to all taxes filed for the year but not approved yet, the Group evaluated correlation factors which include relevant regulations and previous experiences, and determined that sufficient income tax liability is reliably estimated.
- (e) For the approved income tax filed by the Company up to the 2018, in regard to the adjustments determined by the tax authority, the Company has proposed administrative remedies for the adjustments determined by the tax authority for the years 2013, 2014, 2016 and 2017, the Company will apply for administrative remedy within the statutory time limit.

(W) Earnings per share

The Group's earnings per share calculated based on simple capital structure are as follows:

	For the years ended December 31,	
	2024	2023
Profit attributable to ordinary shareholders of the Company	<u>\$ 102,657,569</u>	<u>36,091,107</u>
Weighted average number of ordinary shares (thousand shares)	<u>11,842,045</u>	<u>11,842,045</u>
Basic earnings per share (dollar)	<u>\$ 8.67</u>	<u>3.05</u>

The weighted average number of ordinary shares for basic earnings per share has been adjusted retrospectively to convert earnings into capital and issue new shares, based on a resolution decided during the shareholders' meeting held in 2024.

(X) Insurance liabilities

	December 31, 2024	December 31, 2023
Unearned premium reserves	\$ 12,410,046	11,197,067
Claim reserves	8,143,944	7,050,531
Liability reserves	4,630,668,215	4,539,903,428
Special reserves	29,949,579	20,321,738
Premium deficiency reserves	<u>2,586,379</u>	<u>4,721,928</u>
Total	<u>\$ 4,683,758,163</u>	<u>4,583,194,692</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The details of provision for insurance contracts and financial instruments with discretionary participation feature for this account balance and reconciliation were as follows:

(a) The unearned premium reserves for these insurance products are as follows:

December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,704	-	6,704
Individual injury insurance	6,776,171	-	6,776,171
Individual health insurance	2,971,476	-	2,971,476
Group insurance	2,526,174	-	2,526,174
Investment-linked insurance	129,521	-	129,521
Gross reserve	12,410,046	-	12,410,046
Deduction of provision for reinsurance ceded			
Individual life insurance	670,074	-	670,074
Individual injury insurance	17,517	-	17,517
Individual health insurance	21,147	-	21,147
Group insurance	138,214	-	138,214
Investment-linked insurance	10,805	-	10,805
Total ceded reserve	857,757	-	857,757
Net reserve	<u><u>\$ 11,552,289</u></u>	<u><u>-</u></u>	<u><u>11,552,289</u></u>
December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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	11,197,067	-	11,197,067
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	929,473	-	929,473
Net reserve	<u><u>\$ 10,267,594</u></u>	<u><u>-</u></u>	<u><u>10,267,594</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes in unearned premium reserves for these insurance products are as follows:

For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 11,197,067	-	11,197,067
Current provisions	12,409,887	-	12,409,887
Current reclaims	(11,191,209)	-	(11,191,209)
Gain and loss on foreign exchange	(5,699)	-	(5,699)
Ending balance	<u>12,410,046</u>	<u>-</u>	<u>12,410,046</u>
Less: Provision for ceded reinsurance			
Beginning balance	929,473	-	929,473
Current provisions	857,281	-	857,281
Current reclaims	(929,344)	-	(929,344)
Gain and loss on foreign exchange	347	-	347
Ending balance	<u>857,757</u>	<u>-</u>	<u>857,757</u>
Net ending balance	<u><u>\$ 11,552,289</u></u>	<u><u>-</u></u>	<u><u>11,552,289</u></u>

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 10,267,594</u></u>	<u><u>-</u></u>	<u><u>10,267,594</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) The components of claim reserves are as follows:

	December 31, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
— reported but not paid	\$ 3,369,776	6,564	3,376,340
— incurred but not reported	250,360	-	250,360
Individual injury insurance			
— reported but not paid	160,241	-	160,241
— incurred but not reported	887,377	-	887,377
Individual health insurance			
— reported but not paid	673,797	-	673,797
— incurred but not reported	1,433,747	-	1,433,747
Group insurance			
— reported but not paid	181,406	-	181,406
— incurred but not reported	779,245	-	779,245
Investment-linked insurance			
— reported but not paid	349,682	-	349,682
— incurred but not reported	51,749	-	51,749
Gross reserve	<u>8,137,380</u>	<u>6,564</u>	<u>8,143,944</u>
Deduction of provision for reinsurance ceded:			
Individual life insurance	23,712	-	23,712
Individual injury insurance	37,092	-	37,092
Individual health insurance	1,843	-	1,843
Group insurance	29,428	-	29,428
Investment-linked insurance	19,732	-	19,732
Total ceded reserve	<u>111,807</u>	<u>-</u>	<u>111,807</u>
Net reserve	<u><u>\$ 8,025,573</u></u>	<u><u>6,564</u></u>	<u><u>8,032,137</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
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
Gross reserve	<u>7,045,204</u>	<u>5,327</u>	<u>7,050,531</u>
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
Total ceded reserve	<u>274,609</u>	<u>-</u>	<u>274,609</u>
Net reserve	<u><u>\$ 6,770,595</u></u>	<u><u>5,327</u></u>	<u><u>6,775,922</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in claim reserves are as follows:

For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 7,045,204	5,327	7,050,531
Current provisions	8,308,402	6,564	8,314,966
Current reclaims	(7,029,347)	(5,327)	(7,034,674)
Gain and loss on foreign exchange	(186,879)	-	(186,879)
Ending balance	<u>8,137,380</u>	<u>6,564</u>	<u>8,143,944</u>
Less: Provision for ceded reinsurance			
Beginning balance	274,609	-	274,609
Current provisions	112,723	-	112,723
Current reclaims	(273,682)	-	(273,682)
Gain and loss on foreign exchange	(1,843)	-	(1,843)
Ending balance	<u>111,807</u>	<u>-</u>	<u>111,807</u>
Net ending balance	<u><u>\$ 8,025,573</u></u>	<u><u>6,564</u></u>	<u><u>8,032,137</u></u>

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 6,770,595</u></u>	<u><u>5,327</u></u>	<u><u>6,775,922</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) The components of liability reserves are as follows:

	December 31, 2024		
	Insurance	Financial	
	Contracts	instruments with	
		discretionary	Total
		participation	
Life insurance	\$ 4,004,238,087	-	4,004,238,087
Injury insurance	772,027	-	772,027
Health insurance	421,221,146	-	421,221,146
Annuity insurance	83,185,155	120,736,586	203,921,741
Investment-linked insurance	281,829	-	281,829
Total (Note 1)	4,509,698,244	120,736,586	4,630,434,830
Less: Ceded liability reserve			
Life insurance	1,516	-	1,516
Net ending balance (Note 1)	<u>\$ 4,509,696,728</u>	<u>120,736,586</u>	<u>4,630,433,314</u>

Note 1: As of December 31, 2024, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,630,668,215 thousand, less ceded liability reserve, the total amounted to \$4,630,666,699 thousand.

	December 31, 2023		
	Insurance	Financial	
	Contracts	instruments with	
		discretionary	Total
		participation	
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 2)	4,406,378,670	133,270,689	4,539,649,359
Less: Ceded liability reserve			
Life insurance	2,282	-	2,282
Net ending balance (Note 2)	<u>\$ 4,406,376,388</u>	<u>133,270,689</u>	<u>4,539,647,077</u>

Note 2: As of December 31, 2023, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,539,903,428 thousand, less ceded liability reserve, the total amounted to \$4,539,901,146 thousand.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in the liability reserves are as follows:

For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,406,378,670	133,270,689	4,539,649,359
Current provisions	521,720,016	2,059,528	523,779,544
Current reclaims	(461,768,395)	(15,379,691)	(477,148,086)
Gain and loss on foreign exchange	43,367,953	786,060	44,154,013
Ending balance	<u>4,509,698,244</u>	<u>120,736,586</u>	<u>4,630,434,830</u>
Less: Ceded liability reserve			
Beginning balance	2,282	-	2,282
Current provisions	(901)	-	(901)
Gain and loss on foreign exchange	135	-	135
Ending balance	<u>1,516</u>	<u>-</u>	<u>1,516</u>
Net ending balance	<u><u>\$ 4,509,696,728</u></u>	<u><u>120,736,586</u></u>	<u><u>4,630,433,314</u></u>

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: Ceded liability reserve			
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><u>\$ 4,406,376,388</u></u>	<u><u>133,270,689</u></u>	<u><u>4,539,647,077</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) The components of special reserves for these insurance products are as follows:

	December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 26,386,196	-	-	26,386,196
Dividend risk reserve	2,911,116	-	-	2,911,116
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 29,297,312	-	652,267	29,949,579

	December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 17,101,910	-	-	17,101,910
Valuation surplus gain for investment property	2,567,561	-	-	2,567,561
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 19,669,471	-	652,267	20,321,738

The movements in special reserves are as follows:

	For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 19,669,471	-	652,267	20,321,738
Provision for participating policies dividend reserve	10,645,323	-	-	10,645,323
Recover for participating policies dividend reserve	(1,365,873)	-	-	(1,365,873)
Provision of dividend risk reserve	144,592	-	-	144,592
Gain and loss on foreign exchange	203,799	-	-	203,799
Ending balance	\$ 29,297,312	-	652,267	29,949,579

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 18,669,262	-	652,267	19,321,529
Provision for participating policies dividend reserve	(312,729)	-	-	(312,729)
Recover for participating policies dividend reserve	(1,307,945)	-	-	(1,307,945)
Provision of dividend risk reserve	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>

Note: In accordance with the regulations of local competent authorities, the subsidiary, Fubon Hyundai Life Insurance Co., Ltd., shall increase the special reserve and reduce the retained earnings.

(e) The components of premium deficiency reserves are as follows:

	December 31, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 2,546,880	-	2,546,880
Individual health insurance	17,113	-	17,113
Investment-linked products	22,386	-	22,386
Total	<u>\$ 2,586,379</u>	<u>-</u>	<u>2,586,379</u>

	December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 4,703,075	-	4,703,075
Individual health insurance	18,853	-	18,853
Total	<u>\$ 4,721,928</u>	<u>-</u>	<u>4,721,928</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in premium deficiency reserve are as follows:

For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 4,721,928	-	4,721,928
Current reversal, net	(2,149,400)	-	(2,149,400)
Gain and loss on foreign exchange	13,851	-	13,851
Ending balance	<u>\$ 2,586,379</u>	<u>-</u>	<u>2,586,379</u>

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 6,912,443	-	6,912,443
Current provision, 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>

(f) Liability adequacy reserve:

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

Insurance contracts and financial instruments with discretionary participation	December 31, 2024	December 31, 2023
Liability reserves	\$ 4,566,532,961	4,480,009,476
Unearned premium reserves	12,408,265	11,194,446
Premium deficiency reserves	2,503,519	4,627,022
Special reserves	23,868,235	17,664,514
Claim reserves	<u>5,159,412</u>	<u>4,358,528</u>
The carrying amount of the related insurance liabilities	4,610,472,392	4,517,853,986
Difference between the fair value of insurance obligation acquired from business combination and insurance liability measured through accounting policy	3,636,304	4,026,679
Insurance liability at adjusted carrying value	<u>\$ 4,614,108,696</u>	<u>4,521,880,665</u>
Current estimate of future cash flows under its insurance liabilities	<u>\$ 3,617,660,883</u>	<u>3,845,420,094</u>
Total liability adequacy reserve	<u>\$ -</u>	<u>-</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The liability adequacy test method adopted by the Group for December 31, 2024 and 2023:

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 investment.

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

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

(g) Special reserve (Catastrophic risk reserve and contingency risk reserve):

December 31, 2024				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,392,015	-	-	5,392,015
Contingency risk reserve	2,530,103	-	-	2,530,103
Total	<u>\$ 7,922,118</u>	<u>-</u>	<u>-</u>	<u>7,922,118</u>
December 31, 2023				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,087,507	-	-	5,087,507
Contingency risk reserve	2,546,707	-	-	2,546,707
Total	<u>\$ 7,634,214</u>	<u>-</u>	<u>-</u>	<u>7,634,214</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(Y) Reserve for insurance with nature of financial instrument

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

	December 31, 2024	December 31, 2023
Life insurance	\$ 2,994,951	3,188,770
Investment-linked insurance	276,151	242,194
Total	<u>\$ 3,271,102</u>	<u>3,430,964</u>

	For the years ended December 31, 2024	2023
Beginning balance	\$ 3,430,964	3,366,163
Current premiums collected	78	577
Current claims payment	(315,302)	(122,724)
Current net provision for legal reserve	155,362	186,948
Ending balance	<u>\$ 3,271,102</u>	<u>3,430,964</u>

(Z) Reserve for foreign exchange valuation

(a) Hedging strategy and risk exposure

The foreign exchange hedging strategy is the 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 dynamically adjusted. The interval of foreign exchange hedge ratio is determined by the bearing capability of foreign exchange risk.

(b) The movements in reserve for foreign exchange valuation are as follows:

	For the years ended December 31, 2024	2023
Beginning balance	\$ 9,176,335	37,131,393
Current provision:		
Compulsory provision	4,461,592	1,749,901
Additional provision	27,194,388	1,739,290
Subtotal	31,655,980	3,489,191
Current recovery	(19,351,714)	(31,444,249)
Ending balance	<u>\$ 21,480,601</u>	<u>9,176,335</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Effect of the reserve for foreign exchange valuation

<u>Item</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
December 31, 2024			
Foreign exchange valuation reserve	\$ -	21,480,601	(21,480,601)
Equity attributable to owners of parent	629,426,900	613,847,582	15,579,318
December 31, 2023			
Foreign exchange valuation reserve	-	9,176,335	(9,176,335)
Equity attributable to owners of parent	497,774,042	492,038,137	5,735,905

<u>Item</u>	<u>For the year ended December 31, 2024</u>			<u>For the year ended December 31, 2023</u>		
	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
Net profit attributable to owners of parent	\$ 112,500,982	102,657,569	9,843,413	13,727,061	36,091,107	(22,364,046)
Earnings per share	9.50	8.67	0.83	1.16	3.05	(1.89)

(AA) Deferred acquisition cost and deferred handling fee

(a) 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 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Beginning balance	\$ 2,323,228	2,158,159
Addition	283,214	252,194
Amortization	(95,232)	(87,125)
Ending balance	<u>\$ 2,511,210</u>	<u>2,323,228</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Deferred handling fees

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

	For the years ended December 31,	
	2024	2023
Beginning balance	\$ 3,631,309	3,080,908
Addition	756,964	681,064
Amortization	(147,582)	(130,663)
Ending balance	<u><u>\$ 4,240,691</u></u>	<u><u>3,631,309</u></u>

(AB) Retained earned premium and retained claims payment

(a) Retained earned premium

	For the year ended December 31, 2024		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 339,750,155	3,421,846	343,172,001
Reinsurance premiums	-	-	-
Premium income	339,750,155	3,421,846	343,172,001
Less: Reinsurance premium ceded	(2,499,949)	-	(2,499,949)
Net change in unearned premium reserves	(1,290,741)	-	(1,290,741)
Subtotal	(3,790,690)	-	(3,790,690)
Retained earned premiums	<u><u>\$ 335,959,465</u></u>	<u><u>3,421,846</u></u>	<u><u>339,381,311</u></u>

	For the year ended December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 328,715,392	3,926,214	332,641,606
Reinsurance premiums	-	-	-
Premium income	328,715,392	3,926,214	332,641,606
Less: Reinsurance premium ceded	(2,614,315)	-	(2,614,315)
Net change in unearned premium reserves	(812,024)	-	(812,024)
Subtotal	(3,426,339)	-	(3,426,339)
Retained earned premiums	<u><u>\$ 325,289,053</u></u>	<u><u>3,926,214</u></u>	<u><u>329,215,267</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Retained claims payment

For the year ended December 31, 2024			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	\$ 367,298,168	19,048,982	386,347,150
Reinsurance claims payment incurred	1,133	-	1,133
Insurance claims payment	367,299,301	19,048,982	386,348,283
Less: Claims payment recovered from reinsurers	(1,888,706)	-	(1,888,706)
Retained claims payment	<u><u>\$ 365,410,595</u></u>	<u><u>19,048,982</u></u>	<u><u>384,459,577</u></u>

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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 reinsurers	(2,116,735)	-	(2,116,735)
Retained claims payment	<u><u>\$ 372,300,384</u></u>	<u><u>19,087,102</u></u>	<u><u>391,387,486</u></u>

(AC) Non-operating income and expenses

For the years ended December 31,		
	2024	2023
Losses on disposal of assets	\$ (1,029)	(4,388)
Impairment loss on non-financial assets	(160)	(246)
Other non-operating income and expenses	1,501,352	1,009,744
Total	<u><u>\$ 1,500,163</u></u>	<u><u>1,005,110</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AD) The nature and extent of risks arising from insurance contracts

(a) The objectives, policies, processes and methods used for managing risks arising from insurance contracts.

(1) The organization of risk management

The Company sets up a Risk Management Committee, which is under the jurisdiction of the Board of Directors and is convened by independent directors, to supervise the overall risk control of the Company. The responsible department for the insurance risk shall cooperate with the planning or the requirements of the risk management department, and report the information on insurance risk management to the Risk Management Committee regularly. The risk management department should make the overall risk management report after summarizing the relevant information on the insurance risk management annually, and report to the Board of Directors regularly.

(2) Risk management strategy

The Company adopted the "Insurance Risk Management Policy of Fubon Life Insurance Co., Ltd." under the consent of the Board of Directors, which stipulates that the Company's insurance risk management responsible department shall, in addition to complying with laws and relevant regulations of the competent authorities, adhere to this policy as the principle of implementation of insurance risk management. In order to ensure the appropriateness of the Company's product risks, the integrity of the risk management systems related to various reserves, and the prevention of losses from other insurance risks, the responsible department may, also formulate relevant insurance risk management regulations, based on the nature of the business and needs. After meeting with the risk management department and other relevant departments, the relevant regulations will be submitted to the authorization level for approval and implementation.

When handling insurance risk management, the Company shall not only comply with the provisions of the "Insurance Risk Management Policy of Fubon Life Insurance Co., Ltd.", but also comply with the "Fubon Financial Holdings Co., Ltd. and Subsidiaries Insurance Risk Management Policy", "Fubon Financial Holdings Co., Ltd. and Subsidiaries Insurance Risk Management Regulation", and related laws and regulations to implement risk management.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Insurance risk management

(1) Underwriting risk management

Underwriting risk refers to the unexpected risk arising from soliciting new insurance policies, and relevant expenditures. In order to manage underwriting risk, the Company has classified underwriting risk into the following types:

- 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 business quality

Aside from establishing “Underwriting Systems and Procedures” based on the “Regulations Governing New Insurance Solicitation Policy, 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 propriety of underwriting assessment and to monitor the accuracy and timeliness of underwriting operation.

(2) Claim risk management

Claim risk refers to the risk arising from adopting inappropriate or negligent procedures on claims settlement procedure. In order to manage claim risks the Group abides by the “Regulations Governing new insurance policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises” and established a “Claim Settlement System and Procedures” and a standard operating procedure to decrease the risk of negligence when processing claims, in order to protect the financial consumers’ rights. The Company also monitors the accuracy, timeliness, by implementing levels of authority and by enhancing professional training for claims personnel.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Product design and pricing risk management

Product design and pricing risk refers 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 of new product is analyzed and an internal meeting is held before a new product is launched. 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. They also set assets allocation plans, which take into the characteristics of the requirement of asset and liabilities management, and conform to sales review meeting regularly after sales.

(4) 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 statutory compliance 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 control points are established within the framework to ensure the accuracy of the calculation.

(5) Catastrophic risk and reinsurance risk

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

1) Catastrophic risk

Based on the Company’s experience, the retention and reinsurance limits are set up and are annually reviewed. Scenario analysis are also applied to insurance for calamities like earthquakes, typhoons, flood, air-crash, terrorist attacks and infectious diseases, meanwhile, other losses arised from life and accident insurance are likewise considered in evaluation of catastrophic risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2) Reinsurance risk

According to the “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”, coordinated with the Company's yearly reinsurance policy. The reinsurance risk management plan is renewed annually. This plan includes retention risk management, ceded insurance risk management, assumed insurance risk management, intergroup reinsurance risk management.

The credit rating of the reinsurers is also monitored monthly. Such credit rating is based on Article 7 and Article 8 of “Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms”. Reinsurers’ credit rating above a certain level from an international credit rating agency (The credit rating should be BBB or higher from Standard & Poor’s Corporation or comparable rating assigned by other credit rating agencies authorized by the Authority) are eligible as reinsurers to whom an insurance enterprise may cede its business. For new reinsurance partner, the Company currently adopts Standard and Poor’s A- or above as its guideline.

(6) Assets and liabilities matching risk

- 1) To enhance the overall assets and liabilities allocation, maintain adequate liquidity, and improve the capital utilization efficiency with the goal of maximizing the overall risk-adjusted return, the Company not only complies with the relevant government regulations but also establishes the Assets and Liabilities Management Committee (ALCO) to keep track of the issues related to asset and liability cash flows and to formulate relevant assets and liabilities management guidelines which enable the Company to sustain adequate capital to cover the potential risk from business operation.
- 2) Under the Article of Organization Rules for the Assets and Liabilities Management Committee, the meeting must be held at least once per quarter and the responsible department in the Company performs the cash flow testing using the declared interest rate for the period and calculates the surplus at the end of each year to ensure the Company's solvency. Also, the Risk-Based Capital ratio is reviewed and sensitivity analysis is conducted by simulating key risk factors as the reference for capital adequacy decision-making. Furthermore, the change in the components of required capital and available capital from period to period is analyzed to identify the reason for such changes and liquidity risk is managed by periodically calculating the accumulated net cash flows in one year and the accumulated net cash flows in 5 years as the indicators for risk management.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) The subsidiaries comply with relevant local laws and regulations, the Company's capital adequacy risk management guideline and risk management regulations, to manage assets and liabilities matching risk, and to maintain appropriate solvency and sound operations.

(7) Risk management reporting

- 1) A Risk Management Committee is set up under the supervision of the Board of Directors. The independent directors act as the conveners and hold a meeting quarterly. According to its organization rules, the major duties of the committee are to

(I) Set up and modify policy and structure of risk management

(II) Set up and modify the quantitative and qualitative criteria for risk measurement.

(III) Adjust risk types as environment change

(IV) Set up risk limit allocation and the way of undertaking risk

(V) 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 the Company 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 subsidiaries manage the above-mentioned risks in accordance with relevant laws and regulations and the Company's risk management standards.

(c) Information of insurance risk

- (1) Sensitivity of insurance risk— Insurance contracts and financial instrument with discretionary feature

For the year ended December 31, 2024				
	Change of assumption		Change of income before tax	Change of stockholder's equity
Mortality/Morbidity	Increase	10 %	(4,818,450)	(3,848,980)
Rate of return	Decrease	0.1 %	(5,310,556)	(4,240,748)
Expense (fixed expense)	Increase	5 %	(642,681)	(511,712)
Lapse and surrender rate	Increase	10 %	240,169	191,908

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

For the year ended December 31, 2023				
	Change of assumption		Change of income before tax	Change of stockholder's equity
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

The sensitivity analysis requires evaluating the impact to income before tax/stockholders' equity in which only one element changes and the others remain constant. The change of stockholder's equity was calculated based on the assumption that the tax rate which the Company was 20% and the subsidiary Fubon Hyundai Life Insurance Co., Ltd. was 23.1% , the change factors considered include mortality, morbidity, rate of return, expense rate and lapse rate. The sensitivity analysis does not include the information of subsidiaries Fubon Life Insurance (Vietnam) Co., Ltd. and Fubon Life Insurance (Hong Kong) Company Limited, due to the fact that the percentage of retained earned premiums compared to the consolidated retained earned premiums is relatively small and is not expected to affect the result of the sensitivity analysis.

(2) Insurance risk concentration

Insurance contracts sold by the Group include life insurance, annuities, accident insurance and health insurance. As these insurance contracts are primarily issued in Taiwan, the insurance risk is mainly concentrated in Taiwan.

(3) Claim development trend

1) Development trend of claims payment incurred

Cumulative claims payment and adjustment to the consolidated balance sheet are as follows:

December 31, 2024 (The Company)								
Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,723,578	7,033,233	7,151,192	7,182,040	7,211,306	7,222,376	7,228,629	-
2019	6,173,797	7,578,255	7,721,002	7,743,497	7,763,638	7,770,826	-	-
2020	6,426,045	7,924,896	8,086,839	8,117,517	8,135,478	-	-	-
2021	6,529,528	8,138,219	8,326,494	8,346,859	-	-	-	1,544
2022	7,759,860	9,677,450	9,870,560	-	-	-	-	19,989
2023	8,128,602	10,143,364	-	-	-	-	-	255,629
2024	8,810,059	-	-	-	-	-	-	2,460,752
IBNR Reserve								2,737,914
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,406,146
The balance of claim reserve								5,144,060

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2024 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2020	1,316,778	1,668,611	1,710,608	1,732,412	1,745,075	-
2021	1,407,022	1,739,557	1,791,279	1,817,269	-	22,803
2022	1,432,259	1,821,333	1,866,263	-	-	26,732
2023	1,428,475	1,788,648	-	-	-	50,768
2024	1,383,398	-	-	-	-	545,571
IBNR Reserve						645,874
Plus: RBNA Reserve						2,335,320
The balance of claim reserve						2,981,194

December 31, 2023 (The Company)

Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,861,994
The balance of claim reserve								4,341,323

December 31, 2023 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	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

Note 1 : Amount shown above excludes investment contracts.

Note 2 : As of December 31, 2024 and 2023, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary company (not included Fubon Hyundai Life Insurance), from claims payment incurred are not estimated based on claim development trend amounts to \$18,690thousand and \$18,153 thousand, respectively.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2) Development trend of retention claims payments

Cumulative claims payments from prior years are as follows:

December 31, 2024 (The Company)								
Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2018	5,708,571	6,880,386	6,998,334	7,028,608	7,057,864	7,068,390	7,074,616	-
2019	6,156,966	7,379,306	7,521,266	7,543,596	7,563,281	7,570,437	-	-
2020	6,423,414	7,747,404	7,904,904	7,935,224	7,953,023	-	-	-
2021	6,508,771	8,076,863	8,262,381	8,282,276	-	-	-	1,346
2022	7,594,099	9,445,772	9,634,283	-	-	-	-	19,847
2023	7,954,623	9,925,129	-	-	-	-	-	252,180
2024	8,681,126	-	-	-	-	-	-	2,428,809
IBNR Reserve								2,702,182
Plus: RBNA Reserve (Including subsidiaries except for Fubon Hyundai Life Insurance)								2,347,904
The balance of claim reserve								5,050,086

December 31, 2024 (Subsidiary — Fubon Hyundai Life Insurance)						
Occurrence Year	Development year					Claim Reserve
	1	2	3	4	5	
2020	973,638	1,255,411	1,288,951	1,305,849	1,316,519	-
2021	1,035,402	1,302,282	1,342,320	1,361,004	-	22,264
2022	1,048,822	1,349,091	1,386,342	-	-	26,100
2023	1,086,165	1,386,911	-	-	-	49,568
2024	959,101	-	-	-	-	532,676
IBNR Reserve						630,608
Plus: RBNA Reserve						2,334,867
The balance of claim reserve						2,965,475

December 31, 2023 (The Company)								
Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,800,859
The balance of claim reserve								4,235,900

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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December 31, 2023 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	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

Note 1 : Amount shown above excludes investment contracts.

Note 2 : As of December 31, 2024 and 2023, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary company (not included Fubon Hyundai Life Insurance), from claims payment incurred are not estimated based on claim development trend amounts to \$16,576 thousand and \$16,194 thousand, respectively.

Claims 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 current gain or loss. For some claims, notifications to the Group 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 be 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.

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 the Group estimate the compensation amount of each year as time passes by. 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) The credit risk, liquidity risk and market risk of insurance contracts

(1) Credit risk

The credit risk of Insurance Contract arises mainly from the inability of reinsurers to fulfill the obligation of reinsurance contracts which result in financial losses. The Group monitors the credit rating of reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

(2) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability of the Group to obtain sufficient funds or liquidate assets in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of Insurance Contracts, the Group also reviews short-term and mid-term liquidity risk indicators through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching strategies. The Group sets in advance the response strategy for potential payments in order to enhance timely liquidity risk management and to avoid the situation of inadequate liquidity.

The maturity analysis of Insurance Contracts of the Group is shown below:

(Unit: NT\$ million)

December 31, 2024						
Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note2)	Total
Provision	34,005	56,671	25,212	4,294,933	275,556	4,686,377
Proportion	0.7 %	1.2 %	0.5 %	91.7 %	5.9 %	100.0 %

December 31, 2023						
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 %

Note1: Reserves include reserve for insurance contract with the nature of financial instruments.

Note2: The “Unable to classify” includes reserve for interest sensitive product, additional reserve set aside to strengthen reserve for insurance liabilities, and the reserve of allowance for doubtful accounts recognized by business tax saving benefits. The amounts above exclude reserves for separate account, foreign exchange valuation reserve and special reserve for real estate valuation gains recorded under liabilities.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) 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 product prices. The Group evaluates 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 results indicates the need to recognize liability adequacy reserve, the change in market risk factors don't have a significant effect on profits and losses and equity of the Group.

Guided by Assets and Liabilities Management Committee, the Group takes into account financial environment, various economic indicators and ALM to select appropriate investment target based on risk characteristics of liabilities through risk control mechanism. The decision is made in Assets and Liabilities Management Committee and is periodically reviewed. Under the constraints of regulatory framework and market environment, the Group appropriately selects and holds long-term assets, which allows assets and liabilities to match better in terms of durations and returns and pursues long-term financial stability and protects the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to the Group.

(AE) Fair value and fair value hierarchy

(a) Fair value information

(1) General description

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 instruments are 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 subsequent measurement. A quoted price in an active market is the best evidence of fair value. 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 finance information providers which are commonly used by market participants, or (c) quoted prices from counter parties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) The definition of fair value hierarchy

1) Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is one in which all the following conditions exist: a) the items traded within the market are homogeneous; b) willing buyers and sellers can normally be found at any time; and c) prices are available to the public. Taiwan government bonds, listed equities and debt instruments with active market prices are categorized in Level 1.

2) Level 2 inputs

Level 2 inputs are inputs other than quoted 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). Debt instruments without active market prices, and derivative instruments are categorized in Level 2.

3) Level 3 inputs

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted prices from counter parties. Equity, debt instruments, derivatives and investment properties without active market prices but based on quoted prices from counter parties or figures obtained from non-market indicators, are categorized in level 3.

If the market parameters which are directly relevant to the financial instruments are not accessible, the Group uses the market parameters accessed from other similar companies to evaluate the value of the financial instruments. Even though the market parameters of other similar companies can be accessed publicly, the market parameters are indirectly related to the financial instruments. As a result, the Group classified the financial instruments, such as non-public stocks, to Level 3.

(3) Valuation techniques

1) 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 equities and debt instruments with quoted prices in active markets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

If the quoted prices are timely and regularly available from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities, and those prices represent actual and regularly occurring market transactions, on an arm's length basis, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

Except for financial instruments with active markets, fair value of other financial instruments is determined by valuation techniques, valuation provided by the professional finance information providers which are commonly used by market participants, or quoted prices from counter parties. Necessary inputs for the fair value resulting from the use of discounted cash flow method or other valuation techniques include available market information such as yield curve of Taipei Exchange.

The Group uses the valuation techniques commonly accepted by market participants for nonstandard and less complicated financial instruments. Parameters of valuation models are usually the observable market information.

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

2) Non-financial instruments

The fair value of investment property is determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and evaluated by the professional appraisal agency with the support of market evidences. Please refer to Note 6(H) for details.

(4) Fair value adjustment

Limitations of valuation models and uncertain 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 additional parameters when necessary. There are validation processes for valuation models, and the adjustments are considered to be proper and essential. Price information and parameters for measurement are carefully used and adjusted based on the current market conditions.

For part of the financial assets measured at amortized cost, the fair value information was adjusted from the second quarter of 2024, due to the optimization of the valuation method.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Fair value measurement

(1) Fair value hierarchy

Information of fair value hierarchy is as follows:

Assets and liabilities items	December 31, 2024			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 567,818,410	566,688,501	-	1,129,909
Bond investment	95,246,787	7,976,327	81,741,806	5,528,654
Other	913,606,020	703,866,757	41,166	209,698,097
Financial assets measured at fair value through other comprehensive income				
Security investment	13,482,096	2,719,350	-	10,762,746
Bond investment (Note 1)	273,091,631	168,269,176	104,701,760	120,695
Other	2,069	-	-	2,069
Investment property (Note 2)	259,992,580	-	-	259,992,580
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 839,833	-	540,154	299,679
Financial assets for hedging	318,070	-	318,070	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	34,407,924	-	34,407,924	-
Financial liabilities for hedging	8,058,819	-	8,058,819	-

Assets and liabilities items	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)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 528,160,019	527,071,709	-	1,088,310
Bond investment	100,220,788	5,124,951	90,148,859	4,946,978
Other	813,885,480	603,300,357	42,947	210,542,176
Financial assets measured at fair value through other comprehensive income				
Security investment	13,157,215	5,286,430	-	7,870,785
Bond investment (Note 1)	271,344,060	152,522,265	113,317,695	5,504,100
Other	8,539	-	-	8,539
Investment property (Note 2)	267,295,114	-	-	267,295,114
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 37,267,541	-	36,956,423	311,118
Financial assets for hedging	1,700,227	-	1,700,227	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	1,583,171	-	1,583,171	-
Financial liabilities for hedging	678,293	-	678,293	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 1: Government bonds provided as statutory deposits were included.

Note 2: Excluding investment properties not measured at fair value.

(2) Transfer between Level 1 and Level 2

There was no significant transfer between Level 1 and Level 2 for the years ended December 31, 2024 and 2023.

(3) The movement details of Level 3

Movements of assets categorized in Level 3 are as follows:

For the year ended December 31, 2024								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 216,888,582	379,872	4,011,019	30,228,093	737,022	35,273,824	314,425	216,656,339
Financial assets measured at fair value through other comprehensive income	13,383,424	5,340	2,920,028	521	-	131,764	5,292,039	10,885,510
Investment property	267,295,114	(8,836,610)	1,121,715	1,021,740	9,351	117	618,613	259,992,580
Total	<u>\$ 497,567,120</u>	<u>(8,451,398)</u>	<u>8,052,762</u>	<u>31,250,354</u>	<u>746,373</u>	<u>35,405,705</u>	<u>6,225,077</u>	<u>487,534,429</u>

For the year ended December 31, 2023								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 191,757,315	7,702	3,180,910	31,965,333	4,455,936	14,478,614	-	216,888,582
Financial assets measured at fair value through other comprehensive income	10,268,868	(423)	(1,637,323)	494	5,409,943	63,146	594,989	13,383,424
Investment property	260,131,263	(3,437,261)	1,925,912	2,897,026	5,821,194	43,020	-	267,295,114
Total	<u>\$ 462,157,446</u>	<u>(3,429,982)</u>	<u>3,469,499</u>	<u>34,862,853</u>	<u>15,687,073</u>	<u>14,584,780</u>	<u>594,989</u>	<u>497,567,120</u>

- (a) Transferred to Level 3 because of a lack of observable market data, resulting from a decrease in market activity for the securities.
- (b) The Group's policy is to recognize transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfers.
- (c) Transferred from Level 3 because observable market data became available for the securities.

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

For the years ended December 31,		
	2024	2023
The amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	<u>\$ (8,462,031)</u>	<u>(3,429,982)</u>
The amount of the total gains or losses for the period included in other comprehensive income that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	<u>\$ 16,254,706</u>	<u>2,687,954</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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- (4) Quantitative information about the significant unobservable inputs used in the fair value measurement

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

Because of the inability to comprehensively manage the relationship of significant unobservable inputs to fair value, the undisclosed quantitative information about fair value are as follows:

December 31, 2024	December 31, 2023
<u>\$ 213,937,636</u>	<u>220,125,317</u>

Quantitative information about the significant unobservable inputs are as follows:

December 31, 2024						
Accounting classification	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	Relationship between inputs and fair value	
Financial assets measured at fair value through profit or loss	\$ 2,844,369	Asset-based Approach	Discount for lack of marketability	0%~5%(4.44%)	The higher the discount for lack of marketability, the lower the fair value	
			Non-controlling discount	0%~10%(5.00%)	The higher the non-controlling discount, the lower the fair value	
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value	
		Market Approach — comparable companies	P/B ratio	1.8~2.9(2.35)	The higher the P/B ratio, the higher the fair value	
			Discount for lack of marketability	16.16%	The higher the discount for lack of marketability, the lower the fair value	
		Market Approach — Merton debt evaluation model	Black-Scholes Model	Risk-free rate	1 years :	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
					3 years :	
					2.99%~3.66%	
					10 years :	
					4.11%~5.03%	
Volatility	6 years :	The higher the volatility, the higher the fair value				
	27.05%~33.06%					
	36.52%~45.47%					
Underlying stock price	HK\$56,923,280	The higher the underlying stock price, the higher the call warrant value but the lower the put option value				
	~\$78,948,779					
	US\$1,866,477					
	~\$2,281,250					
Financial assets measured at fair value through other comprehensive income	10,759,844	Asset-based Approach	Discount for lack of marketability	0%~10% (6.67%)	The higher the discount for lack of marketability, the lower the fair value	
			Non-controlling discount	5%	The higher the non-controlling discount, the lower the fair value	
		Market Approach — comparable companies	Discount for lack of marketability	12.86%~50% (29.29%)	The higher the discount for lack of marketability, the lower the fair value	
			P/B ratio	2.0~3.2 (2.60)	The higher the P/B ratio, the higher the fair value	
		Discounted Cash Flow Method	Discount rate	3.42%~3.84%	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	
Investment property	259,992,580	Please refer to Note 6(H)				

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December 31, 2023					
Accounting classification	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	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 discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	1.3~4.3(2.8)	The higher the P/B ratio, the higher the fair value
		Black-Scholes Model	Risk-free rate	1 years : 3.53%~4.31%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
				3 years : 2.97%~3.63%	
				10 years : 3.49%~4.27%	
			Volatility	6 years : 25.60%~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 discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	Discount for lack of marketability	11.79%~50% (28.93%)	The higher the discount for lack of marketability, the lower the fair value
			P/B ratio	1.7~3.6 (2.65)	The higher the P/B ratio, the higher the fair value
		Discounted Cash Flow Method	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
Investment property	267,295,114	Please refer to Note 6(H)			

(5) Valuation processes for fair value measurements categorized within Level 3

When the Group's fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the unobservable parameters, the asset or liability is categorized in Level 3. The inputs come from:

- (a) Prices referring from the professional finance information providers, which are not different for each acquirer and shall be acquired through specific facility.
- (b) Prices referring from quoted prices from counter parties or valuation institute. Price information is provided on a monthly or quarterly basis and shall be kept properly. Valuation shall be reviewed regularly to ensure the consistency with reference pricing source and the reasonability of the valuation.
- (c) Prices of equity investment referring from market approach and valuation model.

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(d) Prices of loans referring from discounted cash flow method.

(e) Prices of derivatives referring from the valuation model.

Investment property is evaluated by the professional appraisal agency in accordance with the valuation techniques announced by FSC.

- (6) Sensitivity and reasonableness of the fair value measurements categorized within Level 3

The fair value measurement of financial instruments and investment property are reasonable. Because of the inability to comprehensively manage the relationship of significant unobservable input to fair value, the Group does not perform alternative or sensitivity test for the items that are partially categorized within Level 3 and not valued by the Group. The following table summarizes the effects to profit or loss and other comprehensive income resulting from 10% changes in the valuation parameters of those financial instruments categorized within Level 3 valued by the Group and partially by the professional finance information providers:

December 31, 2024	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets measured at fair value through profit or loss	\$ 55,058	(49,405)	4,736	(4,740)
Financial assets measured at fair value through other comprehensive income	-	-	141,196	(142,027)
Total	\$ 55,058	(49,405)	145,932	(146,767)

December 31, 2023	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
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)
Total	\$ 58,643	(53,458)	89,110	(89,109)

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

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(c) Assets and liabilities not measured at fair value

(1) Fair value information

Other than the items stated in the table below, disclosures of fair value are not required for the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, receivables, other financial assets — cash in bank, loans, accounts payable and short-term liabilities) and their carrying amount is a reasonable approximation of fair value, and lease liabilities.

Items	Carrying amount	Fair value
December 31, 2024		
Financial assets		
Financial assets measured at amortized cost (Note 1)	\$ 2,802,556,991	2,136,645,851
Financial liabilities		
Bonds payable	153,553,649	149,501,118
December 31, 2023		
Financial assets		
Financial assets measured at amortized cost (Note 1)	2,637,975,710	2,190,813,195
Financial liabilities		
Bonds payable	98,210,506	97,136,021

Note 1: Government bonds provided as statutory deposits were included.

Note 2: For fair value adjustments details, please refer to Note 6(AE)(a)(4).

(2) Fair value hierarchy

Assets and liabilities items	Total	December 31, 2024		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Financial assets measured at amortized cost	\$ 2,136,645,851	1,309,139,440	711,206,104	116,300,307
Financial liabilities:				
Bonds payable	149,501,118	37,734,485	93,674,149	18,092,484

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

		December 31, 2023		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities items	Total			
Financial assets:				
Financial assets measured at amortized cost	\$ 2,190,813,195	1,335,252,146	666,128,567	189,432,482
Financial liabilities:				
Bonds payable	97,136,021	-	79,055,828	18,080,193

(AF) Financial risk management

(a) Risk management system

(1) The organization structure of risk management

The Company sets Risk Management Committee which is under the jurisdiction of the Board of Directors and was convened by independent directors. It is to supervise the overall risk control of the Company and report to the Board of Directors regularly. In order to effectively examine the Company's risk management operation, two special committees were established.

- 1) Assets and Liabilities Management Committee: The chairman of the Company or appointed personnel serves as the chairman of the committee. The committee is to consider the balance between assets and liabilities, set up the strategic target of assets and liabilities and supervise the execution progress.
- 2) Operational Risk Management Committee: It is convened by the president to supervise and manage the operational risk of the Company in order to assure the management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out the risk control and to facilitate the coordination of other risk control affairs, the Company's Board of Directors designates a chief risk officer to be in charge of a risk management department which is independent of all business units. The risk management department executes or assists to execute risk control duty following the regulation of risk management policy, organization rules governing the risk management committee and organization rules governing the risk related committee. The Company has established diverse risk management policies, risk limits and stop-loss prevention and assessment policy, hierarchical authorization, and risk assessment criteria in order to facilitate effective risk management.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The risk management mechanism of the subsidiaries is conducted per the relevant regulations of local authority and the risk management rules of the Company. It is to control certain risks such as market, credit and liquidity risk and measure and evaluate the overall investment position regularly. The risk management staff prepares management and evaluation internal monitoring reports for various risks.

(2) Risk management policies

The Company pronounced Risk Management Policy under the consent of the Board of Directors. The policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is based on the regulation of overall operation target, management strategy and risk management. It is to establish appropriate risk management system and management procedure so as to identify, evaluate, measure, supervise, respond and report potential risk. Through the announcement of the risk management policies, the Company established clear management targets, controlling methods and the responsibilities for respective departments to ensure the operating capital is adequate and to create profit for shareholders.

The subsidiaries also set up risk management policies or rules as the basis of risk management.

(3) Risk management process

The process of the Company's risk management includes: Risk identification, risk measurement, risk monitoring and risk report.

- 1) Risk identification: Risk factors refer to the internal and external factors which may subject the Company to certain risks during the operating process; risk identification is to confirm various risk factors and the sources of the risks from investing activities.
- 2) Risk measurement: To set up quantitative and qualitative risk management methods, indices and models and generate relevant risk management reports to effectively identify, measure and monitor risk exposure and to adopt effective procedures to diminish, transfer and control the risks under an acceptable extent.
- 3) Risk monitoring: Through risk management methods, mechanism and reports to continuously monitor various risk exposure in order to control and respond in time.
- 4) Risk report: Except for the regular report during the monitoring process, the risk management staff shall report immediately when abnormal or other special situation occurs and take appropriate actions (including the diminishing, control, transfer and tolerating of risk) to minimize the possible impact to the Company.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In accordance with the internal risk management policies, the Company controls risks such as market risk, credit risk, liquidity risk, operation risk, insurance risk, assets and liabilities coordination risk. In addition to the arrangement regulated by the authorities, the Company also established measurement and evaluation management mechanism to regularly prepare management and evaluation monitoring report for various risks.

The subsidiaries set up appropriate management process and risk monitoring in accordance with their characteristics, development stage and regulations.

(4) Risk hedging and diminishing strategy

The Company takes capital scale and risk tolerance into consideration and review capital adequacy ratio regularly to ensure the capital is adequate. Furthermore, by combining several business aspects such as the understanding of the market status, the Company's operating strategy, product characteristics and risk control, the Company also analyzes the risk structure and risk level of the overall position and constrains the Company's risk within the pre-approved extent or adjusts the Company's risk to a tolerable extent. The execution of risk hedging and diminishing strategy is adjusted based on the risk tolerance of the Company.

The subsidiaries managed risk tolerance in accordance with their characteristics, development stage and local regulations.

(b) Credit risk analysis

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. The Group may suffer losses from these incidents.

(1) Analysis of credit risk concentration

The following are credit risk exposure of the Group's debt instruments and derivative instruments as well as loans distributed by industry and geographic area.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Credit risk exposure by industry

Financial assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Industrial enterprise	\$ 188,197,388	5.54	171,155,980	5.22
Public business	150,725,007	4.44	135,313,177	4.13
Diversification	7,844,987	0.23	7,354,498	0.22
Mortgage backed securities	39,411,310	1.16	37,166,984	1.13
Financial sector	1,272,337,300	37.45	1,249,318,288	38.09
Consumer staples	306,808,979	9.03	296,742,087	9.05
Government	490,820,166	14.45	469,117,356	14.30
Technology	96,079,958	2.83	102,891,957	3.14
Raw material	99,513,166	2.93	76,136,685	2.32
Consumer discretionary	59,661,059	1.76	69,160,843	2.11
Energy	219,227,271	6.45	208,458,534	6.36
Assets backed securities	21,657,298	0.64	30,260,611	0.92
Telecommunication	244,696,219	7.20	225,966,540	6.89
Other	200,163,777	5.89	200,670,935	6.12
Subtotal	3,397,143,885	100.00	3,279,714,475	100.00
Fair value adjustment through business combination	(379,636)		(261,698)	
Total	<u>\$ 3,396,764,249</u>	<u>100.00</u>	<u>3,279,452,777</u>	<u>100.00</u>

Credit risk exposure by geographic area

Financial assets	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Taiwan	\$ 446,536,522	13.14	489,793,680	14.93
Asia except Taiwan	409,236,471	12.05	413,866,717	12.62
North America	1,624,073,756	47.81	1,514,412,635	46.18
Middle and South America	116,414,130	3.43	110,047,456	3.35
Europe	563,602,176	16.59	531,640,777	16.21
Africa/Middle East	237,280,830	6.98	219,953,210	6.71
Subtotal	3,397,143,885	100.00	3,279,714,475	100.00
Fair value adjustment through business combination	(379,636)		(261,698)	
Total	<u>\$ 3,396,764,249</u>	<u>100.00</u>	<u>3,279,452,777</u>	<u>100.00</u>

Note: The Group operates credit business in the energy industry in Taiwan in 2024 and 2023. As of December 31, 2024 and 2023, loan commitment credit exposures of the off-balance sheet amount were \$5,283,147thousand and \$8,000,000 thousand, respectively, which were not included in the above-mentioned industry and geographic area table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Categories for credit risk quality

The Group internally categories the credit risk into three levels, which are low risk, medium risk and high risk. The definition of each level is as follows:

- 1) 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 financially capable of dealing with the situations.
- 2) 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 the Group.
- 3) 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group's credit analysis for debt instruments, loans, other financial assets and related accounts receivable are as follows:

	December 31, 2024												
	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 — interests receivable (including overdue receivable)	\$ 32,409,097	890,022	310	33,299,429	197	215	-	412	3,055,846	-	3,055,846	3,088,486	33,267,201
Financial assets measured at fair value through other comprehensive income — debt instruments (Note 2)	265,803,964	4,902,996	-	270,706,960	-	-	-	-	2,485,398	-	2,485,398	(Note1)	273,192,358
Financial assets measured at amortized costs (Note 2)	2,750,908,675	38,907,840	-	2,789,816,515	-	-	-	-	15,980,883	-	15,980,883	2,994,035	2,802,803,363
Other financial assets	3,815,696	957,361	-	4,773,057	-	-	-	-	-	-	-	7,008	4,766,049
Loans (Note 2, 3)	183,029,988	37,281,392	247,374	220,558,754	1,179,120	3,831,647	-	5,010,767	604,370	-	604,370	1,942,980	224,230,911
Total	<u>\$ 3,235,967,420</u>	<u>82,939,611</u>	<u>247,684</u>	<u>3,319,154,715</u>	<u>1,179,317</u>	<u>3,831,862</u>	<u>-</u>	<u>5,011,179</u>	<u>22,126,497</u>	<u>-</u>	<u>22,126,497</u>	<u>8,032,509</u>	<u>3,338,259,882</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 — interests receivable (including overdue receivable)	\$ 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	(Note1)	271,466,506
Financial assets measured at amortized costs (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, 3)	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
Total	<u>\$ 3,077,579,861</u>	<u>79,338,597</u>	<u>294,861</u>	<u>3,157,213,319</u>	<u>951,490</u>	<u>4,598,893</u>	<u>568</u>	<u>5,550,951</u>	<u>20,116,584</u>	<u>-</u>	<u>20,116,584</u>	<u>6,843,018</u>	<u>3,176,037,836</u>

Note 1: Please refer to Note 6(AF)(b)(8) for further information of the loss allowance of debt instruments measured at FVOCI.

Note 2: 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 for December 31, 2024 and 2023 were \$(98,658) thousand and \$(246,372) thousand, \$(34,606) thousand and \$(113,907) thousand, \$(105,379) thousand and \$(42,412) thousand, respectively.

Note 3: The Group operates credit business in 2024 and 2023. As of December 31, 2024, and 2023, loan commitment credit exposures of the off-balance sheet were \$5,283,147 thousand and \$8,000,000 thousand, respectively, and the recognized loan commitments reserves were \$10,566 thousand and \$16,000 thousand, respectively, which were not included in the above-mentioned table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

(4) The definition of default and credit-impaired financial assets

The Group's 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 credible impairment procedure will be proceeded.

1) 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.

2) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

3) Debt restructuring:

Due to financial difficulties, the borrower negotiated with the creditor for debt relief, extension or re-planning. The debt instrument held by the Group has been impaired because of the borrower's application for debt restructuring.

4) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5) 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.

6) The company completely suspended its operations because of local government orders.

(5) Measurement of expected credit loss

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

2) Forward looking information considerations

The Probability of default and Loss given default which the debt instrument of Group used are based on the information released by Moody's, an international credit rating agency, and then to adjust the Probability of default to a forward-looking PD. The Probability of default is based on the future macroeconomic status with implied market data predictions. The previous forward-looking information was based on Moody's data. Starting from the second quarter of 2024, it was adjusted to be based on currently observable data and macroeconomic information to take forward-looking information into consideration. This adjustment can achieve the Group's cost-effectiveness and maintain appropriate forward-looking estimation methods. The Loss given default is based on the recovery rate of bonds by Moody's. The exposure at default is measured by the amortized cost of the financial assets (including accrued interest). The Probability of default and Loss given default used by the Group 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). The Exposure at default is measured by the amortized cost (including accrued interest).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Policies to hedge or mitigate credit risk

1) Collateral

The Group requires 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.

2) Enhancement of other credits

The Group 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 the Group considers to be incompetent to repay the loans, the Group would request one or more joint guarantors to enhance the guarantee for the creditor's right.

(7) The maximum credit risk exposure of the Group

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 arrangement and other credit enhancements is the carrying amount on the consolidated balance sheet.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Changes in the loss allowance

The reconciliation in loss allowance of loans for the years ended December 31, 2024 and 2023 is 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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance of January 1, 2024	\$ 20,737	256,378	120	55,059	-	332,294	1,502,278	1,834,572
Changes due to financial instruments recognized as at beginning:								
— Transfer to lifetime expected credit losses	(411)	1,012	103	(704)	-	-	-	-
— Transfer to credit-impaired financial assets	(27)	(970)	(5)	1,002	-	-	-	-
— Transfer to 12-month expected credit losses	9,823	(9,618)	(4)	(201)	-	-	-	-
— Financial assets that have been derecognized during the period	(2,169)	(131)	(7)	(10,677)	-	(12,984)	-	(12,984)
New financial assets originated or purchased	13,802	18,297	-	-	-	32,099	-	32,099
Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	-	-	-	-	-	-	32,444	32,444
Write-off bad debts	(6,168)	(5,778)	-	(1,788)	-	(13,734)	-	(13,734)
Changes in models/risk parameters	(9,708)	117,601	(174)	(6,105)	-	101,614	-	101,614
Foreign exchange and other movements	(919)	(22,093)	-	(1,875)	-	(24,887)	(6,231)	(31,118)
Balance of December 31, 2024	<u>\$ 24,960</u>	<u>354,698</u>	<u>33</u>	<u>34,711</u>	<u>-</u>	<u>414,402</u>	<u>1,528,491</u>	<u>1,942,893</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance 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 expected credit losses	(2,314)	3,474	265	(1,425)	-	-	-	-
— Transfer to credit-impaired financial assets	(36)	(874)	(19)	929	-	-	-	-
— Transfer to 12-month expected credit losses	3,653	(2,788)	(31)	(834)	-	-	-	-
— Financial assets that have been derecognized during the period	(2,558)	(4,086)	(18)	(10,485)	(31)	(17,178)	-	(17,178)
New financial assets originated or purchased	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 bad debts	-	-	-	(19,933)	-	(19,933)	-	(19,933)
Changes in models/risk parameters	(1,420)	182,131	(286)	34,975	-	215,400	-	215,400
Foreign exchange and other movements	(699)	(1,482)	-	(1,310)	-	(3,491)	-	(3,491)
Balance 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>

Note1: As of December 31, 2024 and 2023, loss allowance for loans with investment-linked insurance amounted at \$87 thousand and \$98 thousand were not included on the above-mentioned movement.

Note2: As of December 31, 2024 and 2023, the Group had recognized loan commitments reserve of \$10,566 thousand and \$16,000 thousand, respectively for irrevocable loan commitment related to the loans business, which was not included in the above mentioned table.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in loss allowance of financial assets measured at fair value through other comprehensive income for the years ended December 31, 2024 and 2023 is 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 of January 1, 2024	\$ 66,881	-	-	990,591	-	1,057,472
Changes due to financial instruments recognized as at beginning:						
— Transfer to 12-month expected credit losses	1,379	-	-	(1,379)	-	-
— Financial assets that have been derecognized during the period	(9,711)	-	-	(6,831)	-	(16,542)
New financial assets originated or purchased	8,431	-	-	-	-	8,431
Write-offs	-	-	-	(12,228)	-	(12,228)
Recoverable	-	-	-	627	-	627
Changes in model/risk parameter	(11,142)	-	-	22,955	-	11,813
Foreign exchange and other movements	1,673	-	-	26,313	-	27,986
Balance of December 31, 2024	<u>\$ 57,511</u>	<u>-</u>	<u>-</u>	<u>1,020,048</u>	<u>-</u>	<u>1,077,559</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 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 expected credit losses	2,436	(32)	-	(2,404)	-	-
— Financial assets that have been derecognized during the period	(13,792)	(42)	-	(22,547)	-	(36,381)
New financial assets originated or purchased	9,225	-	-	-	-	9,225
Write-offs	-	-	-	(1,858)	-	(1,858)
Changes in model/risk parameter	18,207	-	-	22,987	-	41,194
Foreign exchange and other movements	(81,333)	1	-	(33,974)	-	(115,306)
Balance of December 31, 2023	<u>\$ 66,881</u>	<u>-</u>	<u>-</u>	<u>990,591</u>	<u>-</u>	<u>1,057,472</u>

Note: The sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of financial assets measured at amortized cost for the years ended December 31, 2024 and 2023 is 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 of January 1, 2024	\$ 1,251,979	-	-	1,793,576	-	3,045,555
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(13,062)	-	-	-	-	(13,062)
New financial assets originated or purchased	3,118	-	-	-	-	3,118
Changes in model/risk parameter	(200,698)	-	-	53,360	-	(147,338)
Foreign exchange and other movements	66,357	-	-	39,405	-	105,762
Balance of December 31, 2024	<u>\$ 1,107,694</u>	<u>-</u>	<u>-</u>	<u>1,886,341</u>	<u>-</u>	<u>2,994,035</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2023	\$ 522,443	-	-	1,414,106	-	1,936,549
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(10,887)	-	-	-	-	(10,887)
New financial assets originated or purchased	3,531	-	-	-	-	3,531
Changes in model/risk parameter	654,846	-	-	450,780	-	1,105,626
Foreign exchange and other movements	82,046	-	-	(71,310)	-	10,736
Balance 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>

Note: The sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of other financial assets for the years ended December 31, 2024 and 2023 is 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 of January 1, 2024	\$ 4,565	-	-	-	-	4,565
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(226)	-	-	-	-	(226)
New financial assets originated or purchased	347	-	-	-	-	347
Changes in model/risk parameter	2,274	-	-	-	-	2,274
Foreign exchange and other movements	48	-	-	-	-	48
Balance of December 31, 2024	<u>\$ 7,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,008</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2023	\$ 2,847	-	-	-	-	2,847
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(30)	-	-	-	-	(30)
New financial assets originated or purchased	61	-	-	-	-	61
Changes in model/risk parameter	1,809	-	-	-	-	1,809
Foreign exchange and other movements	(122)	-	-	-	-	(122)
Balance of December 31, 2023	<u>\$ 4,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,565</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Liquidity risk analysis

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that the Group 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 the Group 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 the Group may suffer from losses.

In terms of capital liquidity risk, the Group manages it in two aspects, short term and mid-to-long term. In addition to setting the index of management of short-term liquidity risk, relevant departments have established prompt cash report mechanism and have applied proper currency market instruments for daily capital movement. Besides, the Group has established the index of mid-to-long term capital liquidity risk management reviewed by the Assets and Liabilities Management Committee. The Group applies cash flow analysis model to monitor the coordination of assets and liabilities in order to lower related risks.

Regarding the market liquidity risk, the risk management department of the Group established monitoring mechanism based on internal management policies and relevant regulations for stock concentration, the overall liquidity of investment positions and the evaluation of market liquidity risk performed by the investment department prior to transactions in order to mitigate the market liquidity risk.

In addition, the Group established complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

The Group possesses sufficient operating funds, including cash and cash equivalents and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of the Group is extremely low. In addition, the derivative financial instruments the Group engages in, such as 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The maturity structure of the non-derivative financial liabilities of the Group is listed below:

December 31, 2024					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Accounts payable	\$ 76,440,203	282,598	-	-	76,722,801
Short-term liabilities (Note1)	1,206,026	-	-	-	1,206,026
Bonds payable (Note1)	<u>5,987,937</u>	<u>45,805,219</u>	<u>9,647,714</u>	<u>144,358,863</u>	<u>205,799,733</u>
Total	<u>\$ 83,634,166</u>	<u>46,087,817</u>	<u>9,647,714</u>	<u>144,358,863</u>	<u>283,728,560</u>

December 31, 2023					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Accounts payable	\$ 52,761,527	288,677	-	-	53,050,204
Bonds payable (Note 1)	<u>3,812,647</u>	<u>36,061,853</u>	<u>11,908,438</u>	<u>76,632,265</u>	<u>128,415,203</u>
Total	<u>\$ 56,574,174</u>	<u>36,350,530</u>	<u>11,908,438</u>	<u>76,632,265</u>	<u>181,465,407</u>

Note 1: The disclosed amounts included estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, for bonds payable without maturity date, the contractual cash flows were calculated based on a remaining maturity of 10 years.

Note 2: The Group operates credit business in 2024 and 2023. As of December 31, 2024 and 2023, loan commitment credit exposures of the off-balance sheet were \$5,283,147 thousand and \$8,000,000 thousand, respectively, and the recognized loan commitments reserves were \$10,566 thousand and \$16,000 thousand, respectively. Among the total amounts of the loan commitment, \$4,080,147 thousand and \$3,592,000 thousand will be due within a year and \$1,203,000 thousand and \$4,408,000 thousand will be due in 1 to 3 years.

As of December 31, 2024 and 2023 the Group's lease liability maturity analysis, please refer to Note 6(S).

The maturity structure of the derivative financial liabilities of the Group is listed below:

December 31, 2024					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Financial liabilities measured at fair value through profit or loss	\$ 34,470,390	-	-	-	34,470,390
Financial liabilities for hedging	<u>5,707,331</u>	<u>2,115,252</u>	<u>-</u>	<u>-</u>	<u>7,822,583</u>
Total	<u>\$ 40,177,721</u>	<u>2,115,252</u>	<u>-</u>	<u>-</u>	<u>42,292,973</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2023				
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
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
Total	<u>\$ 1,849,975</u>	<u>454,568</u>	<u>-</u>	<u>-</u>	<u>2,304,543</u>

(d) Market risk analysis

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 the Group. 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 or related functional units, the Group 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 related functional units. 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 the Group.

The Group widely applies various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these instruments, the Group is able to measure, monitor and manage market risk completely and effectively.

(1) 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. The 99% of the confidence interval is applied to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure the ability of measuring the maximum potential risk of the portfolios reasonably, completely and accurately.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Sensitivity analysis

Besides using VaR to manage market risk, the Group adopts 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 the Group to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (The Company)

Units: NT\$'000

December 31, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	96,243,403
	Price decline by 10%	-	(96,243,403)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	(10,491)	(33,214,324)
	Interest rate curve (NTD) incline by 50BPS	-	(6,744,216)
	Interest rate curve (Other currency) incline by 50BPS	(320)	(166,449)
	Interest rate curve (USD) decline by 50BPS	10,526	33,465,988
	Interest rate curve (NTD) decline by 50BPS	-	7,124,148
	Interest rate curve (Other currency) decline by 50BPS	320	169,290
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(19,576,217)	(14,386,749)
	NT\$ to all currency decline by 3%	19,576,217	14,386,749

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)	Interest rate curve (USD) incline by 50BPS	(10,365)	(29,985,054)
	Interest rate curve (NTD) incline by 50BPS	-	(7,769,860)
	Interest rate curve (Other currency) incline by 50BPS	(352)	(212,838)
	Interest rate curve (USD) decline by 50BPS	10,403	29,878,158
	Interest rate curve (NTD) decline by 50BPS	-	8,088,430
	Interest rate curve (Other currency) decline by 50BPS	353	216,712
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(8,351,446)	(12,323,822)
	NT\$ to all currency decline by 3%	8,351,446	12,323,822

Sensitivity analysis (Subsidiary - Fubon Hyundai Life Insurance)

Units: KRW'000

December 31, 2024			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	110,588,721
	Price decline by 10%	-	(110,588,721)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	-	(44,565,735)
	Interest rate curve (KRW) incline by 50BPS	-	(33,065,089)
	Interest rate curve (USD) decline by 50BPS	-	47,254,274
	Interest rate curve (KRW) decline by 50BPS	-	33,968,553
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	11,182,016	-
	KRW to all currency decline by 3%	(11,182,016)	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2023			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	155,190,122
	Price decline by 10%	-	(155,190,122)
Interest rate risk (Yield curve)	Interest rate curve(USD) incline by 50BPS	-	(43,472,456)
	Interest rate curve(KRW) incline by 50BPS	-	(36,332,162)
	Interest rate curve(USD) decline by 50BPS	-	46,254,237
	Interest rate curve(KRW) decline by 50BPS	-	37,396,824
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	12,079,048	-
	KRW to all currency decline by 3%	(12,079,048)	-

Note1: 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 stock and fund but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The position of sensitivity analysis of exchange rate variation excludes foreign currency insurance policy, OIU assets and overseas funds denominated in NTD.

Note2: 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.

Note3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect \$(217) thousand and \$(215) thousand in profit or loss and \$(809,223) thousand and \$(763,750) thousand in equity on December 31, 2024 and 2023, respectively for the Company.

Note4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect KRW \$(1,587,818)thousand and \$(1,633,788) thousand in equity on December 31, 2024 and 2023, respectively for the Subsidiary, Fubon Hyundai Life Insurance.

Note5: Based on the consistency of the assets and liabilities, the Company has adjusted its methodology for the impact of the yield curve for interest rate risk from the fourth quarter of 2023. The new methodology takes the yield curve given by the Insurance Bureau (IB), applies the rate curve after parallel pressurization only from the beginning to the last observed term (LOT), and extrapolates it to long-term forward rates (LTFR) through the Smith-Wilson model to create a spot yield curve. In addition, the Company has also adjusted disclosed amount during the comparison period at the same time.

Hong Kong and Vietnam subsidiaries are considered nonsignificant to the consolidated disclosures after the Group's assessment, therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

(e) Transfers of financial assets

The transferred financial assets of the Group that are not qualified for de-recognition in the daily operation, are mainly 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, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. The Group is still exposed to market risks, and therefore do not completely derecognize the transferred assets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2024, no financial instruments transferred occurred in the Group. As of December 31, 2023, the information of financial assets that are not completely derecognized. The associated financial liabilities are shown in the table below:

Units: NT\$'000

December 31, 2023					
Type of financial assets	Carrying amount of the transferred financial assets	Carrying amount of associated financial liabilities	Fair value of the transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss — Securities lending agreements	500,600	-	500,600	-	500,600

(f) Offsetting financial assets and financial liabilities

Although the Group engages in transactions that do not meet the offsetting condition in IFRSs, the Group has signed enforceable master netting agreements or similar agreements with counterparties. When both parties choose net settlement, the transactions will be allowed to settle in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transactions will be settled in gross amount. However, if one party defaults, the other party could choose net settlement. Relevant information is shown as follows:

December 31, 2024						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	\$ 57,539,573	-	57,539,573	9,762,911	-	47,776,662
Reverse repurchase agreements	62,065,992	-	62,065,992	62,065,992	-	-
Total	<u>\$ 119,605,565</u>	<u>-</u>	<u>119,605,565</u>	<u>71,828,903</u>	<u>-</u>	<u>47,776,662</u>

December 31, 2024						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 42,466,743	-	42,466,743	17,631,676	4,062,189	20,772,878

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2023						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	\$ 95,737,046	-	95,737,046	2,788,624	6,290,521	86,657,901
Reverse repurchase agreements	52,212,075	-	52,212,075	52,212,075	-	-
Total	\$ 147,949,121	-	147,949,121	55,000,699	6,290,521	86,657,901

December 31, 2023						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 2,261,464	-	2,261,464	1,944,443	99,750	217,271

(Note) Inclusive of master-netting arrangement and non-cash financial collateral.

(AG) Structured entities

(a) Consolidated structured entities

The consolidated structured entities of the Group are real estate investment and management entities. The structured entities are consolidated because the Group is exposed, or has rights, to variable returns from its involvement with the entities and can affect those returns through its power over the entities. As of December 31, 2024 and 2023, the Group has provided a non-contractual obligation loan of \$19,276,234 thousand and \$24,014,751 thousand to the entities, respectively.

(b) Unconsolidated structured entities

- (1) The Group hold the following types equity of unconsolidated structured entities. The fund of unconsolidated structured entities is from the Group and an external third-party:

Type of structured entity	Nature and purpose	Rights of the Group
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Investment in the units issued by fund or limited partnership rights
Asset securitization product, real estate investment trust and secured loan	Invest in asset securitization product, real estate investment trust and secured loan to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities, principal and interest revenue

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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- (2) The carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

<u>December 31, 2024</u>	<u>Private fund investment</u>	<u>Asset securitization product, real estate investment trust and secured loan</u>
Assets held by the Group		
-Financial assets measured at fair value through profit or loss	\$ 206,759,900	46,601,846
-Financial assets measured at fair value through other comprehensive income	-	11,846,504
-Financial assets measured at amortized cost	-	45,730,751
-Loans	-	16,698,427
Total assets of the Group	<u>\$ 206,759,900</u>	<u>120,877,528</u>

<u>December 31, 2023</u>	<u>Private fund investment</u>	<u>Asset securitization product, real estate investment trust and secured loan</u>
Assets held by the Group		
-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
-Loans	-	21,037,921
Total assets of the Group	<u>\$ 199,977,518</u>	<u>131,480,428</u>

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

- (3) No financial support is provided for those unconsolidated private fund investments, asset securitization products and real estate investment trust for the years ended December 31, 2024 and 2023.

(AH) Capital management

The targets of capital management of the Company, per the regulations of Insurance Bureau, FSC, are to maintain minimum regulatory capital, monitor the adequacy of the ability of discharging, prevent possible risk from operation, protect the interests of the insured and realize the benefit of shareholders and other stakeholders.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Meanwhile, the capital management of the Company is restricted to other domestic regulations such as the operating deposit paid to the National Treasury Administration, legal reserve and special reserve. Please refer to Note 6(N) and (U).

The Company manages capital through monitoring the annual and semi-annual capital adequacy reports in order to ensure that the Company is equipped with adequate ability of discharging and rate of return.

In accordance with “Regulations Governing Capital Adequacy of Insurance Companies”, the level of capital adequacy is differentiated as norms that considers capital adequacy and net worth ratio. Capital adequacy refers to the ratio of the adjusted net capital to the risk-based capital, the net worth ratio is based on shareholder’s equity from the audited financial statement divided by total asset (excluding investments in separate insurance account). The competent authority asks that capital adequacy ratio of an insurance company which equals or exceeds 200% and where the net worth ratio equals or exceeds 3% is classified as adequate capital. The capital adequacy ratio of an insurance company lower than 200% or where the net worth ratio is lower than 3% is divided into three categories by severity: inadequate capital, significantly inadequate capital, and seriously inadequate capital. If the capital adequacy ratio of an insurance company is lower than 200% or when the net worth ratio is lower than 3% and does not meet the minimum adequacy capital ratio, then the repurchase of shares is prohibited and distribution of earnings will not be allowed for the applicable year. The competent authorities have standard procedures in place base on actual scenarios in place, procedures include and are not limited to ordering the insurance industry and management to increase capital for a limited amount of time or provide a financial improvement plan, ordering a stop to the sale of insurance products or limiting the development of new insurance plans, limiting the use of capital, assigning insurance agents to supervise or formulating other necessary procedures, etc.

The capital adequacy of the Company is located over 200% for the last two years, and the net worth ratio is located over 3% for the last two periods and it complies with the minimum ratio requested by the competent authority.

As of December 31, 2024, the Group’s method of capital management for the year remains the same.

(AI) Investing and financing activities not affecting current cash flow

The Group obtained a right of use asset through non-cash financing activities for the years ended December 31, 2024 and 2023. Please refer to Note 6(L) for more information.

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Reconciliation of liabilities arising from financing activities were as follows:

	<u>Bonds payable</u>	<u>Lease liabilities</u>
Balance of January 1, 2024	\$ 98,210,506	15,597,960
Cash flow used in financing activities		
Issuance of corporate bonds	59,980,994	-
Redemption of corporate bonds	(3,527,100)	-
Termination of lease liabilities	<u>-</u>	<u>(726,744)</u>
Subtotal	<u>56,453,894</u>	<u>(726,744)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement and others	-	1,716,305
Amortization on discounts / premiums	13,228	-
Adjustment of interest payment	-	128,836
Foreign exchange movement	<u>(1,123,979)</u>	<u>6,184</u>
Subtotal	<u>(1,110,751)</u>	<u>1,851,325</u>
Balance of December 31, 2024	<u>\$ 153,553,649</u>	<u>16,722,541</u>

	<u>Bonds payable</u>	<u>Lease liabilities</u>
Balance of January 1, 2023	\$ 70,636,657	15,995,344
Cash flow used in financing activities		
Issuance of corporate bonds	29,920,212	-
Redemption of corporate bonds	(1,828,442)	-
Termination of lease liabilities	<u>-</u>	<u>(718,881)</u>
Subtotal	<u>28,091,770</u>	<u>(718,881)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement	-	190,529
Amortization on discounts / premiums	776	-
Adjustment of interest payment	-	123,563
Foreign exchange movement	<u>(518,697)</u>	<u>7,405</u>
Subtotal	<u>(517,921)</u>	<u>321,497</u>
Balance of December 31, 2023	<u>\$ 98,210,506</u>	<u>15,597,960</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AJ) Other

(a) The Group's significant financial assets and liabilities denominated in foreign currencies are disclosed as follows:

	December 31, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD
Financial Assets						
Monetary items (Note 1)						
USD	\$ 88,895,705	32.781/32.497 /32.790/32.662	2,913,845,665	87,373,205	30.735/30.497 /30.754/30.488	2,684,897,187
Non-monetary items (Note 1)						
USD	15,391,766	32.781/32.790 /32.662	504,545,125	13,857,307	30.735/30.754 /30.488	425,892,298
EUR	983,381	34.135	33,567,567	1,321,122	34.008	44,929,074
Derivatives Financial Instruments (Note 1)						
USD	-	32.781/32.790 /32.662	556,443	-	30.735/30.754 /30.488	38,670,726
Investments accounted for using equity method (Note 1)						
HKD	2,210,377	4.223	9,335,024	2,325,838	3.938	9,159,243
KRW	384,084,284	0.022	8,533,969	375,358,815	0.024	8,875,359
Financial Liabilities						
Monetary items (Note 1)						
USD	274,407	32.781/32.790	8,965,692	682,192	30.735/30.754	21,010,919
Non-monetary items (Note 1)						
USD	64	32.790	2,085	64	30.754	1,956
Derivatives Financial Instruments (Note 1)						
USD	-	32.781/32.662	42,466,743	-	30.735/30.488	1,921,538

Note 1: Each balance listed is greater than 5% of total amounts of the item.

Note 2: The adopted currency is based on the nature of the asset and liability.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (b) The amounts of total assets and liabilities which will be recovered or settled within or more than 12 months of the balance sheet date are as follows:

Assets	December 31, 2024		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 297,637,981	-	297,637,981
Receivables	80,917,108	1,291,792	82,208,900
Current tax assets	363,517	13,843,122	14,206,639
Financial assets measured at fair value through profit or loss	591,231,062	986,279,988	1,577,511,050
Financial assets measured at fair value through other comprehensive income	26,747,117	250,327,404	277,074,521
Financial assets for hedging	318,070	-	318,070
Financial assets measured at amortized cost	8,699,441	2,786,282,504	2,794,981,945
Investments accounted for using equity method, net	-	26,502,083	26,502,083
Other financial assets, net	645,173	2,730,360	3,375,533
Investment property	-	299,713,892	299,713,892
Loans	7,871,661	216,324,644	224,196,305
Reinsurance assets	1,511,361	1,132,945	2,644,306
Property and equipment	-	24,449,870	24,449,870
Right of use assets	-	6,048,494	6,048,494
Intangible assets	-	4,895,425	4,895,425
Deferred tax assets	-	45,525,058	45,525,058
Other assets	5,334,243	27,198,762	32,533,005
Assets on insurance product, separate account	23,041,598	467,128,666	490,170,264
Total assets	\$ 1,044,318,332	5,159,675,009	6,203,993,341

Liabilities	December 31, 2024		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 76,440,203	282,598	76,722,801
Current tax liabilities	4,092,450	758,086	4,850,536
Short-term liabilities	1,200,000	-	1,200,000
Financial liabilities measured at fair value through profit or loss	34,407,924	-	34,407,924
Financial liabilities for hedging	5,778,264	2,280,555	8,058,819
Bonds payable	-	153,553,649	153,553,649
Lease liabilities	917,725	15,804,816	16,722,541
Insurance liabilities	34,007,128	4,649,751,035	4,683,758,163
Reserve for insurance with nature of financial instrument	-	3,271,102	3,271,102
Reserve for foreign exchange valuation	-	21,480,601	21,480,601
Liabilities reserve	422,368	9,960,374	10,382,742
Deferred tax liabilities	-	49,788,704	49,788,704
Other liabilities	5,061,800	6,327,726	11,389,526
Liabilities on insurance product, separate account	111,277,688	396,914,662	508,192,350
Total liabilities	\$ 273,605,550	5,310,173,908	5,583,779,458

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Assets	December 31, 2023		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 229,178,820	-	229,178,820
Receivables	44,192,413	1,327,810	45,520,223
Current tax assets	6,255,114	9,171,771	15,426,885
Financial assets measured at fair value through profit or loss	574,325,370	905,208,458	1,479,533,828
Financial assets measured at fair value through other comprehensive income	26,659,755	248,217,794	274,877,549
Financial assets for hedging	1,291,828	408,399	1,700,227
Financial assets measured at amortized cost	4,660,100	2,626,871,097	2,631,531,197
Investments accounted for using equity method, net	-	25,934,805	25,934,805
Other financial assets, net	514,781	2,641,028	3,155,809
Investment property	-	302,776,860	302,776,860
Loans	10,588,466	219,718,535	230,307,001
Reinsurance assets	2,669,553	1,242,208	3,911,761
Property and equipment	-	22,347,035	22,347,035
Right of use assets	-	5,101,656	5,101,656
Intangible assets	-	5,424,926	5,424,926
Deferred tax assets	-	37,136,841	37,136,841
Other assets	1,083,864	26,065,578	27,149,442
Assets on insurance product, separate account	25,116,801	445,962,244	471,079,045
Total assets	\$ 926,536,865	4,885,557,045	5,812,093,910

Liabilities	December 31, 2023		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 52,761,527	288,677	53,050,204
Current tax liabilities	4,200	769,293	773,493
Financial liabilities measured at fair value through profit or loss	1,448,019	135,152	1,583,171
Financial liabilities for hedging	409,339	268,954	678,293
Bonds payable	-	98,210,506	98,210,506
Lease liabilities	748,386	14,849,574	15,597,960
Insurance liabilities	35,613,645	4,547,581,047	4,583,194,692
Reserve for insurance with nature of financial instrument	-	3,430,964	3,430,964
Reserve for foreign exchange valuation	-	9,176,335	9,176,335
Liabilities reserve	725,079	10,843,912	11,568,991
Deferred tax liabilities	-	28,081,327	28,081,327
Other liabilities	5,113,886	14,323,638	19,437,524
Liabilities on insurance product, separate account	74,473,525	414,624,109	489,097,634
Total liabilities	\$ 171,297,606	5,142,583,488	5,313,881,094

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. RELATED-PARTY TRANSACTIONS

(A) Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Fubon Financial Holding Co., Ltd.	Parent company
Fubon Insurance Co., Ltd.	Company controlled by Fubon Financial Holdings
Taipei Fubon Commercial Bank Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Securities Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Asset Management Company Limited	Company controlled by Fubon Financial Holdings
Fubon Financial Holding Venture Capital Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Insurance Agency Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Sports & Entertainment Co., Ltd.	Company controlled by Fubon Financial Holdings
Fubon Bank (Hong Kong) Limited	Company controlled by Fubon Financial Holdings
Hyundai Card Co., Ltd.	Investments accounted for using equity method
ZA Life Limited	The investee company under equity method by subsidiary of the Group
Jih Sun Life Insurance Agent Co., Ltd.	The Sub-subsidary Company of Fubon Financial Holdings, merged with Taipei Fubon Commercial Bank and eliminated in 2023 Q2
Taipei City Government	A major stockholder of Fubon Financial Holdings
Ming Dong Industrial Co., Ltd.	A major stockholder of Fubon Financial Holdings
Fubon Land Development Co., Ltd.	Related parties in substance
Taiwan Mobile Co., Ltd.	Related parties in substance
TFN Media Co., Ltd.	Related parties in substance
Taiwan Fixed Network Co., Ltd.	Related parties in substance
Fubon Charity Foundation	Related parties in substance
Fubon Art Foundation	Related parties in substance
Kbro Co., Ltd.	Related parties in substance
Fubon Property Management Co., Ltd.	Related parties in substance
Momo.com Inc.	Related parties in substance
Taiwan High Speed Rail Corporation	Related parties in substance
Far Eastern International Bank Co., Ltd.	Related parties in substance
Century Development Corporation	Related parties in substance
China United Insurance Group Co., Ltd.	Related parties in substance
Sharehope Medicine Co., Ltd.	Related parties in substance
Taiwan Business Bank, Ltd.	Related parties in substance

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Fubon Art Museum Foundation	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
LES ENPHANTS CO., LTD.	Related parties in substance
Star Energy Storage Co., Ltd.	Related parties in substance
APPWORKS FUND II CO., LTD.	Related parties in substance
APPWORKS FUND III CO., LTD.	Related parties in substance
APPWORKS VENTURES CO., LTD.	Related parties in substance
BESTCOM Infotech Corp.	Related parties in substance
HD Renewable Energy Co., Ltd.	Related parties in substance
Hyundai Commercial Inc.	Related parties in substance
Hyundai Mobis Co., Ltd.	Related parties in substance
Bluewalnut Co., Ltd.	Related parties in substance
H GREEN POWER INC.	Related parties in substance
HYUNDAI IHL CORPORATION	Related parties in substance
Global Information Technology Co., Ltd.	Related parties in substance
MOTRAS	Related parties in substance
UNITUS CO., LTD	Related parties in substance
Other related parties	Directors, supervisors, managers, their spouses and relatives up to the second degree, affiliates and the related parties in substance

(B) Significant related party transactions

(a) Bank deposits

<u>Name of related party</u>	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Amount</u>	<u>Interest rate range %</u>	<u>Amount</u>	<u>Interest rate range %</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 29,425,184	0.00~1.69	22,354,369	0.00~1.41
Fubon Bank (Hong Kong) Limited	405,142	0.50~0.90	164,583	0.50~0.90
Far Eastern International Bank Co., Ltd.	-	-	4,502,432	0.60~1.55
Taiwan Business Bank, Ltd.	6,271,484	0.71~1.71	16,757,959	0.58~1.48
Total	<u>\$ 36,101,810</u>		<u>43,779,343</u>	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Financial instruments

(1) 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, 2024</u>	<u>December 31, 2023</u>
Taipei Fubon Commercial Bank Co., Ltd.	Foreign exchange swap contracts	\$ <u>51,317,231</u>	<u>42,646,582</u>

(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, 2024</u>	<u>December 31, 2023</u>
Funds Managed by Fubon Asset Management	\$ 51,931,741	33,515,146
Funds Managed by JihSun Securities Investment Trust	<u>1,525,897</u>	<u>2,647,256</u>
Total	\$ <u>53,457,638</u>	<u>36,162,402</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, 2024</u>	<u>December 31, 2023</u>
Fubon REIT I Fund	\$ 762,082	806,375
Fubon REIT II Fund	<u>853,105</u>	<u>962,478</u>
Total	\$ <u>1,615,187</u>	<u>1,768,853</u>

(c) Receivables

<u>Name of related party</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 26,302	35,641
Fubon Insurance Co., Ltd.	587,903	305,080
Taiwan Business Bank, Ltd.	5,065	43,424
Hyundai Mobis Co., Ltd.	6,496	15,673
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	<u>9,913</u>	<u>22,722</u>
Total	\$ <u>635,679</u>	<u>422,540</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Joint declaration of tax

The Group and its parent company as well as its subsidiaries adopted the policy of jointly declaration of tax for declaring income tax and undistributed earnings. (Joint declaration of tax payable includes estimates payable pending for verification.)

	December 31, 2024	December 31, 2023
Joint declaration of tax-receivables (current income tax assets)	\$ 11,813,310	12,954,812
Joint declaration of tax-payable (current income tax liabilities)	4,829,431	773,493

(e) Loans

(1) Secured loans:

December 31, 2024						
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
Residence mortgage loans	30 related parties in substance	\$ <u>225,029</u>	<u>207,165</u>	Normal loans	Real estate	None
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
Residence mortgage loans	24 related parties in substance	\$ <u>179,707</u>	<u>153,621</u>	Normal loans	Real estate	None

The transaction terms are identical to those of other market participants.

(2) Life insurance loans:

December 31, 2024						
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	80 related parties in substance	\$ <u>63,079</u>	<u>43,125</u>	Normal loans	Policy value	None
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	\$ <u>46,068</u>	<u>41,329</u>	Normal loans	Policy value	None

The transaction terms are identical to those of other market participants.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(f) Refundable deposits

Name of related party	December 31, 2024	December 31, 2023
Fubon Insurance Co., Ltd.	\$ 22,836	23,505
Taipei City Government	1,149,578	1,402,257
Taipei Fubon Commercial Bank Co., Ltd.	8	92,988
Fubon REIT I Fund	33,923	33,321
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	15,425	15,051
Total	\$ 1,221,770	1,567,122

(g) Prepayments

Name of related party	December 31, 2024	December 31, 2023
Taipei Fubon Commercial Bank Co., Ltd.	\$ -	15,996
Fubon Insurance Co., Ltd.	42,657	64,273
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	5,156	1,455
Total	\$ 47,813	81,724

(h) Payables

Name of related party	December 31, 2024	December 31, 2023
Taipei Fubon Commercial Bank Co., Ltd.	\$ 416,916	379,761
Fubon Bank (Hong Kong) Limited	7,255	16,090
Fubon Insurance Agency Co., Ltd.	39,116	30,017
Fubon Securities Co., Ltd.	19,086	27,759
Fubon Financial Holding Co., Ltd.	553,801	555,374
Fubon Asset Management Company Limited	55,248	43,323
Fubon Financial Holding Venture Capital Co., Ltd.	10,590	-
HD Renewable Energy Co., Ltd.	141,287	-
Hyundai Commercial Inc.	13,233	14,362
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	32,408	11,645
Total	\$ 1,288,940	1,078,331

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(i) Advance receipts

Name of related party	December 31, 2024	December 31, 2023
TFN Media Co., Ltd.	\$ 1,171	1,115
Taiwan Fixed Network Co., Ltd.	103	1,352
Kbro Co., Ltd.	2,077	1,977
Taiwan Mobile Co., Ltd.	1,321	2,705
LES ENPHANTS CO., LTD.	2,739	2,739
Fubon Art Museum Foundation	4,468	-
Momo.com Inc.	5,010	901
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	1,744	251
Total	<u>\$ 18,633</u>	<u>11,040</u>

(j) Transaction for retirement pension savings

Name of related party	December 31, 2024	December 31, 2023
Hyundai Mobis Co., Ltd.	\$ 5,388,531	8,280,439
Hyundai Commercial Inc.	1,244,060	1,311,608
Hyundai Card Co., Ltd.	2,904,751	2,940,820
Bluewalnut Co., Ltd.	35,684	23,559
H GREEN POWER INC.	58,227	58,756
MOTRAS	-	248,548
UNITUS CO., LTD	-	132,559
Global Information Technology Co., Ltd.	88,020	58,174
HYUNDAI IHL CORPORATION	237,422	95,614
Total	<u>\$ 9,956,695</u>	<u>13,150,077</u>

(k) Discretionary investment from related parties

Name of related party	December 31, 2024	December 31, 2023
Fubon Asset Management Company Limited	<u>\$ 8,949,334</u>	<u>7,160,860</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(l) Income

(1) Service fees

Name of related party	For the years ended December 31,	
	2024	2023
Hyundai Mobis Co., Ltd.	\$ 18,017	20,220
Hyundai Commercial Inc.	5,498	5,595
Hyundai Card Co.Ltd.	12,617	12,794
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	1,603	660
Total	<u>\$ 37,735</u>	<u>39,269</u>

(2) Other revenues

Name of related party	Nature	For the years ended December 31,	
		2024	2023
Taipei Fubon Commercial Bank Co., Ltd.	Interest income, Marketing revenue, etc.	\$ 384,564	383,300
Far Eastern International Bank Co., Ltd.	Interest income	21,896	118,891
Taiwan Business Bank, Ltd.	Interest income	157,465	107,570
Fubon Insurance Co., Ltd.	Marketing revenue, other revenue, etc.	1,167,608	1,110,903
Fubon Securities Co., Ltd.	Marketing revenue, security lending handling fee income, etc.	17,067	21,602
ZA Life Limited	Transferal income and service fee income, etc.	18,241	16,188
Others (related company or person accounts for not more than \$10,000 thousand or 10%)		10,435	8,873
Total		<u>\$ 1,777,276</u>	<u>1,767,327</u>

(m) Expenses

(1) Donations

Name of related party	For the years ended December 31,	
	2024	2023
Fubon Charity Foundation	\$ 19,122	18,022
Fubon Art Foundation	25,000	28,000
Fubon Art Museum Foundation	150,000	480,000
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	5,000	2,500
Total	<u>\$ 199,122</u>	<u>528,522</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Other expenses

Name of related party	Nature	For the years ended December 31,	
		2024	2023
Taipei Fubon Commercial Bank Co., Ltd.	Bank charge, commission expenses, professional service fee, bank custody fee, etc.	\$ 8,348,559	7,041,478
Taiwan Business Bank, Ltd.	Commission expenses	26,916	1,306
Jih Sun Life Insurance Agent Co., Ltd.	Commission expenses	-	168,689
Fubon Property Management Co., Ltd.	Management fee, utilities expenses, investment property fee, etc.	207,615	159,843
Fubon Securities Co., Ltd.	Marketing expenses, consignment trading handling fees, entrusted with the sale of fee, security lending fee, professional service fee, etc.	269,006	212,670
Taiwan Fixed Network Co., Ltd.	Utilities expenses, telephone fee and communication service fee etc.	93,928	91,810
Fubon Sports & Entertainment Co., Ltd.	Advertisement, stationery and printing, etc.	229,206	251,978
Fubon Insurance Co., Ltd.	Marketing expenses, investment property fee, property insurance fee, etc.	128,174	88,893
Fubon Financial Holding Venture Capital Co., Ltd.	Dealing position management fee, professional service fee, etc.	43,735	18,513
Fubon Insurance Agency Co., Ltd.	Commission expenses	300,670	232,365
Fubon REIT I Fund	Management fee, miscellaneous expenses, etc.	15,025	17,914
Fubon Bank (Hong Kong) Limited	Bank charge, commission expenses, etc.	511,152	338,808
Hyundai Card Co., Ltd.	Credit card processing fee	38,417	24,673
Momo.com Inc.	Advertisement, stationery and printing, etc.	9,892	14,045
Taiwan Mobile Co., Ltd.	Telephone fee and communication service fee, etc.	10,795	12,474
Fubon Asset Management Co., Ltd.	Dealing position management fee	69,905	54,903
APPWORKS VENTURES CO., LTD.	Dealing position management fee and investment fee, etc.	16,567	-
Others (related company or person accounts for not more than \$10,000 thousand or 10%)		45,516	31,122
Total		<u>\$ 10,365,078</u>	<u>8,761,484</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(n) Insurance Revenue

Name of related party	For the years ended December 31,	
	2024	2023
Taipei Fubon Commercial Bank Co., Ltd.	\$ 120,970	114,351
Taiwan High Speed Rail Corporation	40,280	38,992
Fubon Securities Co., Ltd.	45,627	42,361
Momo.com Inc.	21,904	23,334
Fubon Insurance Co., Ltd.	41,154	45,023
Related parties in substance (individual)	432,074	470,248
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	87,567	83,745
Total	<u><u>\$ 789,576</u></u>	<u><u>818,054</u></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.

(o) Bonds payable and Interest Expense

(1) Bonds payable

Name of related party	December 31, 2024	December 31, 2023
Fubon Financial Holding Co., Ltd.	\$ 20,000,000	20,000,000
Hyundai Commercial Inc. (Note)	2,221,900	2,364,500
Total	<u><u>\$ 22,221,900</u></u>	<u><u>22,364,500</u></u>

Note: Recognized as equity of the Group.

(2) Interest Expense

Name of related party	For the years ended December 31,	
	2024	2023
Fubon Financial Holding Co., Ltd.	\$ 720,000	720,000
Hyundai Commercial Inc.	161,968	170,496
Total	<u><u>\$ 881,968</u></u>	<u><u>890,496</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(p) Leasing

(1) The company rents from related parties

A. Right-of-use assets

Name of related party	December 31, 2024	December 31, 2023
Taipei City Government (Note)	\$ 30,690,953	30,699,434
Fubon REIT I Fund	257,499	76,629
Fubon REIT II Fund	34,057	13,826
Fubon Insurance Co., Ltd.	172,100	-
Related parties in substance (individual)	-	33,050
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	-	5,375
Total	<u><u>\$ 31,154,609</u></u>	<u><u>30,828,314</u></u>

Note: Some recognized as investment properties.

B. Lease liability

Name of related party	December 31, 2024	December 31, 2023
Taipei City Government	\$ 8,219,799	7,909,145
Fubon REIT I Fund	254,995	76,498
Fubon REIT II Fund	32,707	13,380
Fubon Insurance Co., Ltd.	175,758	-
Related parties in substance (individual)	-	34,811
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	-	5,558
Total	<u><u>\$ 8,683,259</u></u>	<u><u>8,039,392</u></u>

(2) The company leases to related parties

A. Guarantee deposits

Name of related party	December 31, 2024	December 31, 2023
Taipei Fubon Commercial Bank Co., Ltd.	\$ 14,533	14,527
Momo.com Inc.	62,587	62,345
Fubon Insurance Co., Ltd.	41,199	39,747
Sharehope Medicine Co., Ltd.	17,912	17,912
LES ENPHANTS CO., LTD.	10,506	10,506
Fubon Financial Holding Co., Ltd.	15,793	9,181
Fubon Art Museum Foundation	26,884	26,884
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	39,520	52,699
Total	<u><u>\$ 228,934</u></u>	<u><u>233,801</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B. Performance guarantee

<u>Name of related party</u>	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Sharehope Medicine Co., Ltd. (Note)	\$ 271,996	270,642
LES ENPHANTS CO., LTD.	<u>372,962</u>	<u>372,962</u>
Total	<u><u>\$ 644,958</u></u>	<u><u>643,604</u></u>

Note: Sharehope Medicine Co., Ltd. and Taoyuan Min Sheng General Hospital (nonrelated party) jointed for performance bond.

C. Rental revenue

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2024</u>	<u>2023</u>
Fubon Insurance Co., Ltd.	\$ 155,583	151,917
Taipei Fubon Commercial Bank Co., Ltd.	64,900	52,850
Fubon Securities Co., Ltd.	13,665	13,384
Momo.com Inc.	205,562	191,134
Taiwan Mobile Co., Ltd.	27,892	36,639
Taiwan Fixed Network Co., Ltd.	22,435	31,368
TFN Media Co., Ltd.	13,010	12,743
Kbro Co., Ltd.	23,903	23,431
Sharehope Medicine Co., Ltd.	40,035	39,836
Fubon Financial Holding Co., Ltd.	41,899	34,856
Ming Dong Industrial Co., Ltd.	23,043	18,669
Fubon Art Foundation	9,228	11,044
LES ENPHANTS CO., LTD.	42,461	21,322
Fubon Art Museum Foundation	51,331	18,244
Hyundai Commercial Inc.	7,471	13,567
Hyundai Card Co., Ltd.	16,906	30,626
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	20,482	14,476
Total	<u><u>\$ 779,806</u></u>	<u><u>716,106</u></u>

All the above leases were operating leases. The leasing terms was not materially different from that with unrelated parties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(q) Acquisition of property and equipment

(1) Transaction of debt instrument

A. Sold / Matured

Name of related party	For the years ended December 31,	
	2024	2023
Taipei Fubon Commercial Bank Co., Ltd.	\$ -	199,161
Far Eastern International Bank Co., Ltd.	-	1,000,000
Total	<u>\$ -</u>	<u>1,199,161</u>

There was no the above-mentioned gains and losses on disposal related to Taipei Fubon Commerical Bank Co., Ltd. for the year ended December 31, 2024, and there was \$(1,905) thousand of disposal loss for the year ended December 31, 2023.

(2) Transaction of equity instruments:

A. Shares undertaken

Name of related party	December 31, 2024	December 31, 2023
Century Development Corporation	\$ 567,536	398,088
China United Insurance Group Co., Ltd.	9,556,767	6,609,824
Star Energy Storage CO., Ltd.	295,254	-
APPWORKS FUND II CO., LTD.	69,795	-
APPWORKS FUND III CO., LTD.	258,974	-
Others (related company or person accounts for not more than \$10,000 thousand or 10%)	4,939	6,009
Total	<u>\$ 10,753,265</u>	<u>7,013,921</u>

(3) Transaction of real estate and other assets

A. Purchase

Name of related party	For the years ended December 31,	
	2024	2023
Fubon Land Development Co., Ltd.	\$ 39,959	24,175
Taipei City Government	57,355	67,624
BESTCOM Infotech Corp.	-	216,866
HD Renewable Energy Co., Ltd.	1,272,796	-
Total	<u>\$ 1,370,110</u>	<u>308,665</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Major management remuneration information

	For the years ended December 31,	
	2024	2023
Short-term employee benefits	\$ 978,674	692,099
Post-employment benefits	21,020	19,314
Other long-term employee benefits	2,135	1,685
Total	<u><u>\$ 1,001,829</u></u>	<u><u>713,098</u></u>

8. ASSETS PLEDGED AS SECURITY

Pledged assets are as follows:

Pledged assets	Purpose of pledge	December 31, 2024	December 31, 2023
Government bonds (recognized as financial assets measured at FVOCI)	Collaterals for derivatives transactions	\$ 1,888,297	28,297
Government bonds (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions, bank overdraft	3,947,997	1,164,093
Corporate bonds (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions	1,110,950	-
Checking account (recognized as other financial assets)	Other	-	143
Government bonds (recognized as guarantee — lawful guarantee)	Guarantee deposits for insurance business	17,076,321	16,076,778
Time deposits (recognized as guarantee — lawful guarantee)	Guarantee deposits for insurance business	19,305	19,005
Time deposits (recognized as guarantee — other)	Guarantee deposits for superficies, new construction guarantee deposit	1,371,211	1,452,498
Asset securitization products (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions	1,733,082	-
Total		<u><u>\$ 27,147,163</u></u>	<u><u>18,740,814</u></u>

Pursuant to the requirements of Articles 141 and 142 of the Insurance Law, government bonds were deposited in the Central Bank of the republic of China as guarantee for Fubon Life Insurance's insurance business. Fubon Life Insurance (Vietnam) Co., Ltd. deposited saving deposit in the local bank which was authorized by the Vietnam government.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

9. COMMITMENTS AND CONTINGENCIES

(A) The Group have contingent liabilities of lawsuits arising from daily operating activities. Other than cases which have already made provision, several lawsuits are still in process and appointed to Group's legal affairs department or lawyers. The Group will recognize relevant losses when professional opinions and reasonable estimated loss are available.

(B) Significant unrecognized commitments

(a) The Group's signed but unrecognized new construction contracts of investment and owner-occupied properties and equipments are as follow:

	December 31, 2024	December 31, 2023
New construction contracts	\$ 45,872,224	28,775,851
Equipments	2,481,952	-
Total	<u><u>\$ 48,354,176</u></u>	<u><u>28,775,851</u></u>

(b) The Group's signed but unrecognized refurbishment contracts of foreign properties as follow (in thousands):

	December 31, 2024	December 31, 2023
EUR	<u><u>\$ 3,221</u></u>	<u><u>-</u></u>

(C) The Group signed private fund contracts. The maximum amount of investment commitments that has not been funded is (in thousands):

	December 31, 2024	December 31, 2023
USD	<u><u>\$ 3,690,247</u></u>	<u><u>3,105,602</u></u>
EUR	<u><u>\$ 758,720</u></u>	<u><u>873,299</u></u>
KRW	<u><u>\$ 100,511,957</u></u>	<u><u>149,127,135</u></u>
NTD	<u><u>\$ 675,930</u></u>	<u><u>632,800</u></u>

Note: The unfunded commitments excluded unsettled trades.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (D) In the joint investment contract signed by the Group , the total amount of committed investment that has not yet been invested is capped at:

<u>Investor Company</u>	<u>Investee Company</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Fubon Life Insurance Co., Ltd.	Star Shining Energy Co., Ltd.	\$ -	300,000
Fubon Life Insurance Co., Ltd.	Aquastar Energy Corporation	232,020	961,500
Fubon Life Insurance Co., Ltd.	Whole Max Green Power Co., Ltd.	150,000	150,000
Fubon Life Insurance Co., Ltd.	Fubon Green Power CO., LTD.	5,250,000	-
		<u>\$ 5,632,020</u>	<u>1,411,500</u>

- (E) In the irrevocable loan contract signed by the Group for operating credit business, the undrawn loan commitment amount was as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
The undrawn loan commitment amount	<u>\$ 5,283,147</u>	<u>8,000,000</u>

- (F) In June 2024, the subsidiary, Fubon Green Power CO., LTD. (Fubon Green Power) entered into an investment advisory management agreement with Fubon Financial Holding Venture Capital Co., Ltd., which will provide investment management services related to renewable energy power generation and energy storage investment projects to Fubon Green Power. The contract period will be at least five years. Since the contract period and management consulting fees depend on the actual situation of the investment project, their amounts cannot be reliably measured.
- (G) In June 2024, the subsidiary, Fubon Green Power CO., LTD. (Fubon Green Power) entered into a 10-year operation management consulting agreement with HD Renewable Energy Co., Ltd., which will provide operation management consulting services for solar or energy storage power stations (plants) to Fubon Green Power. Since the fee will be based on the final installation of the plants, the amount cannot be reliably measured at this time.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS

- (A) On August 20, 2024, the Company was approved to inject the additional capital amount of € 92,301 thousand to Fubon Ellipse (Belgium) S.A., by the Board of Directors, with the approval from the Investment Commission, MOEA on December 27, 2024. The above transaction was completed on February 18, 2025.
- (B) The subsidiary, Fubon Ellipse (Belgium) S.A., signed a refurbishment contract with CIT Blaton SA, at the amount of € 37,592 thousand, on January 24, 2025.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (C) The subsidiary, Bow Bells House (Jersey) Ltd., signed a renovation contract with IKON Group Limited, at the amount of £ 10,057 thousand, on February 21, 2025.
- (D) On March 10, 2025, the subsidiary, Fubon Green Power CO. LTD., was approved by the Board of Directors to acquire 100% equity of Sumray Power Company, which operates energy storage-related businesses, at a maximum price of \$330 million in cash. The subsequent capital injection will be made in the future, totaling approximately \$820 million.
- (E) On March 10, 2025, the subsidiary, Fubon Green Power CO., LTD., was approved by the Board of Directors, to pledging its 100% shares in the sub-subsidiary, Li Tong Management Consulting Co., Ltd. (Li Tong), to allow Li Tong enter a syndicated loan with Bank SinoPac Co., Ltd. for a total credit line of approximately \$3.25 billion from the bank group to fund the construction of energy storage project sites.

12. OTHER

- (A) Personnel expenses, depreciation and amortization for the periods ended December 31, 2024 and 2023 are categorized by function as follows:

Units: NT\$'000

Function Nature	For the years ended December 31,					
	2024			2023		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	13,720,117	8,021,959	21,742,076	10,616,335	6,814,362	17,430,697
Labor and health insurance	-	1,870,001	1,870,001	-	1,675,108	1,675,108
Pension	142,298	963,041	1,105,339	163,629	802,804	966,433
Remuneration of directors	-	389,176	389,176	-	241,754	241,754
Other	-	2,526,692	2,526,692	-	1,752,726	1,752,726
Depreciation	-	1,375,488	1,375,488	-	1,169,865	1,169,865
Amortization	-	437,730	437,730	-	438,182	438,182

For the years ended December 31, 2024 and 2023 the average numbers of employees are 22,740 and 23,269, of which the numbers of directors who are not employees are 35 and 34, respectively.

- (B) When conducting business or transaction, joint business promotion as well as information and facilities sharing with Fubon Financial Holdings Co., Ltd. and other associates, the Group is using a direct allocation method based on the business characteristic or other reasonable methods to allocate income, cost, expense and profit or loss to each counterparty.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (C) The borrowing that meets cash flow arising from payment of major insurance claims: None.
- (D) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund, refer to Note 6(B)(b).
- (E) The information of discontinued operations: None.
- (F) The adjustment of significant units and significant reform of management regulation: None.
- (G) The significant impact due to variation of government rules: None.
- (H) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies downgraded the credit rating for Russian bonds. The Group is closely monitoring and evaluating the credit risk of Russian bonds, the relevant bonds' ability to pay interest and principal and will continuously evaluate the credit risk and recognize the expected credit loss associated to the risk.
- (I) Reclassifications of 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 turmoil. Then, the interest rates have risen to the extreme level defined by the International Insurance Capital Standards (ICS). Therefore, in accordance with 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 Company adjusted the business model of related managed activities and oversea bonds investment based on the major changes from the external financial environment. The Company reclassified part of the financial assets which measured at fair value through other comprehensive income to measured at amortized cost on January 1, 2023.

After the reclassification of financial assets by the Company on January 1, 2023, other equity interest 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.

The major management of the subsidiary, Fubon Hyundai Life Insurance Co., Ltd., decided to change the business model due to the new capital regulation. The top management of the Company approved on December 15, 2022 that the reclassification date would be January 1, 2023 according to the Regulation of IFRS 9 "Financial Instruments".

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The subsidiary, 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 required capital for Korean bonds and asset-liability management, the subsidiary planned to hold domestic bonds by collecting the contractual cash flow. Therefore, the subsidiary reclassified part of Korean bonds from financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost.

After the reclassification of financial assets by the subsidiary, Fubon Hyundai Life Insurance Co., Ltd., on January 1, 2023, the Group's other equity interest 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.

The above financial assets of the Group which measured at fair value through other comprehensive income were reclassified to measured at amortized cost. As of December 31, 2024 and 2023, the fair value of the above reclassified financial assets that have not been derecognized amounted to \$313,200,449 thousand and \$318,570,919 thousand. Without reclassification on January 1, 2023, the pro forma information on December 31, 2024 and 2023, other equity interest decreased by \$81,078,959 thousand and \$59,251,073 thousand, non-controlling interests decreased by \$86,510 thousand and \$145,571 thousand. Then, for the year ended December 31, 2024, the fair value loss (after tax) to be recognized in other comprehensive income would have been \$21,817,865 thousand (including the derecognized parts at the end of the period). Of which, equity attributable to owners of the parent company and non-controlling interests were \$(21,871,078) thousand and \$53,213 thousand, respectively. For the year ended December 31, 2023, the fair value gain (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). Of which, equity attributable to owners of the parent company and non-controlling interests were 11,875,049 thousand and \$126,152 thousand, respectively.

13. OTHER DISCLOSURES

(A) Information on Significant Transactions:

In accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the Group disclosed the information on significant transactions for the year end December 31, 2024 as follows:

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(a) Acquisition of real property over \$100,000 thousand or 20% of capital :

Units:\$'000

Acquiring Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as counterparty is a related party.				Reference for price	Purpose and usage	other
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance Co., Ltd.	New-build program of the northern base of Chengde Building	2012.03.09~2024.11.19	2,897,841	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) of the southern base of Chengde Building	2012.03.09~2024.04.15	200,113	Payment based on construction progress	QlabArchitects, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program in Yucheng Section of Nangang District	2020.06.23~2024.12.03	14,867,551	Payment based on construction progress	Dehwa Construction Co., Ltd., etc. SGM STONE CO., LTD.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program of the superficies beside Aozihdi Station in Kaohsiung	2018.04.20~2024.12.13	38,163,253	Payment based on construction progress	Samsung C&T corporation Taiwan Branch-Korea, Formosa Builders, Inc., etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property and owner-occupied property	
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) in Dunhua Section of Songshan District	2021.03.11~2024.05.02	886,686	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program for development case of Hsinchu Hukou	2022.09.20~2024.12.23	174,493	Payment based on construction progress	Da-Ju Architects & Associates, etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property	
Fubon Ellipse(Belgium) SA	Ellipse Building	2024.07.05~2024.10.14	178,929 (EUR 5,239 thousand)	Request payment by installments as stipulated in the contract	Whitewood Capital NV, BERGER-TPF	Not related party	-	-	-	-	Negotiation	Refurbishment of foreign properties	

(b) Disposal of real property over \$100,000 thousand or 20% of capital: None.

(c) Sales and purchase with related party over \$100,000 thousand or 20% of capital : Note 7 and 13(A)(f).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (d) Accounts receivable with related party over \$100,000 thousand or 20% of capital: Please refer to Note 7.
- (e) Information on derivative transactions : Please refer to Note 6(C) and (AE).
- (f) Business relationship and significant transactions with the subsidiaries:

No	Company	Counterparty	Relationship	Transaction details			
				Accounts	Amount	Trading terms	Percentage ratio against total operating income or total assets
0	Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	1	Receivables	5,425	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	1	Non-operating income & expense	22,370	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Interest income	33,693	Same as non related-party transactions	0.01 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Loans	8,910,800	Same as non related-party transactions	0.14 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Receivables	86,472	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Interest income	348,586	Same as non related-party transactions	0.05 %
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Interest income	110,128	Same as non related-party transactions	0.02 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Loans	10,365,434	Same as non related-party transactions	0.17 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Receivables	49,640	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Interest income	200,676	Same as non related-party transactions	0.03 %

Note1: Each number represents the following definitions:

- (1) Zero stands for the parent company
- (2) Subsidiaries are coded from No.1 per respective companies.

Note2: Transaction relationship is as follows:

- (1) Parent company to subsidiary company
- (2) Subsidiary company to parent company
- (3) Subsidiary company with subsidiary company

(B) Information on Investees:

- (a) Disclosure on business investments for the year ended December 31, 2024 is as follows:

Units:NT\$'000											
Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Vietnam) Co., Ltd.	Hanoi Vietnam	Life insurance business	2,153,217	2,153,217	-	100.00 %	1,602,625	(35,618)	(35,618)	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Company Limited	Hong Kong	Life insurance business	12,985,410	12,985,410	3,275,000,000	100.00 %	14,233,846	287,365	287,365	Subsidiary Note1

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Hyundai Life Insurance Co., Ltd.	Korea	Life insurance business	33,361,377	33,361,377	253,834,047	83.22 %	16,495,949	(2,294,859)	(2,057,183)	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Green Power CO., LTD.	ROC	Energy technology service	3,000,000	-	300,000,000	74.98 %	2,989,109	(14,481)	(10,846)	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	Guernsey	Rental property business	5,168,344	3,348,784	84,845,118	100.00 %	3,430,011	(366,326)	(366,326)	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	Jersey	Rental property business	8,616,460	7,608,715	208,080,931	100.00 %	4,960,373	(504,727)	(504,727)	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	Jersey	Rental property business	4,708,389	4,708,389	92,581,000	100.00 %	6,123,361	912,556	912,556	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	Brussels Belgium	Rental property business	5,849,025	2,579,463	7,978,538	100.00 %	4,060,643	(786,939)	(786,939)	Subsidiary Note 1 Note 3 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	Luxembourg	Rental property business	7,727,154	7,727,154	219,997	100.00 %	(2,632,437)	(5,228,228)	(5,228,228)	Subsidiary Note 1 Note 4 Note 5
Fubon Green Power CO., LTD.	Li Tong Management Consulting Co., Ltd.	ROC	Energy technology service	1,292,000	-	129,200,000	100.00 %	1,291,301	(576)	(406)	Sub-subsidiary Note 1
Fubon Life Insurance Co., Ltd.	CITIC Capital Holdings Limited	Hong Kong	Holding company	7,046,304	7,046,304	13,979,798	18.00 %	9,335,024	(3,477,391)	(341,078)	Affiliate company
Fubon Life Insurance Co., Ltd.	Hyundai Card Co., Ltd.	Korea	Credit Card Business	5,156,803	5,156,803	16,046,528	10.00 %	8,533,969	7,046,486	619,528	Affiliate company
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Venture Capital Co., Ltd.	ROC	Venture capital service	1,979,650	1,979,650	315,554,902	25.00 %	3,478,521	(698,270)	(171,291)	Affiliate company
Fubon Life Insurance Co., Ltd.	Star River Energy Co., Ltd.	ROC	Energy technology service	157,502	180,442	15,750,160	20.00 %	196,456	113,205	22,641	Affiliate company
Fubon Life Insurance Co., Ltd.	Star Shining Energy Co., Ltd.	ROC	Energy technology service	2,400,000	2,100,000	240,000,000	30.00 %	2,523,768	297,593	89,278	Affiliate company
Fubon Life Insurance Co., Ltd.	Whole Max Green Power Co., Ltd.	ROC	Energy technology service	477,000	477,000	47,700,000	30.00 %	496,896	40,467	11,670	Affiliate company
Fubon Life Insurance Co., Ltd.	Sinergy 1st Co., Ltd.	ROC	Energy technology service	300,000	300,000	30,000,000	30.00 %	301,589	6,898	2,069	Affiliate company
Fubon Life Insurance Co., Ltd.	Aquastar Energy Corporation	ROC	Energy technology service	909,480	180,000	90,948,000	30.00 %	917,636	41,429	12,429	Affiliate company

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance (Hong Kong) Company Limited	ZA Life Limited	Hong Kong	Life insurance business	574,065	574,065	150,000,000	15.00 %	295,548	(211,827)	(31,774)	Affiliate company

Note 1: Write off under consolidated financial statements.

Note 2: Investment properties are located in London, England.

Note 3: Investment property is located in Brussels, Belgium.

Note 4: Investee does not have external debts, act as guarantor or provide its assets as collateral for debts of external parties. Except being pledged as collateral for its shareholder loan, the ownership of its property is not subject to restrictions.

Note 5: Investment Property is located in Frankfurt, Germany.

(b) Loans to other parties:

Units:NT\$'000

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	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Whole Max Green Power Co., Ltd.	Mingxiang Energy Co., Ltd.	Other accounts receivable - related parties	Yes	40,000	40,000	40,000	-	2	-	Operating turnover	-	None	-	-	-
2	Sinergy 1st Co., Ltd.	X3 Energy Co., Ltd.	Temporary payments	Yes	6,000	6,000	6,000	3.24 %	2	-	Pay rental interest	-	None	-	-	-
3	Star Shining Energy Co., Ltd.	Sheng Li Energy Corporation	Other accounts receivable - related parties	Yes	350,000	350,000	250,000	1.43 %	2	-	Operating turnover	-	None	-	8,000,000	8,000,000
3	Star Shining Energy Co., Ltd.	He Shuo Agricultural Biotech Corporation	Other accounts receivable - related parties	Yes	200,000	200,000	140,000	1.43 %	2	-	Operating turnover	-	None	-	8,000,000	8,000,000
4	Aquastar Energy Corporation	Ri Yun Green Co., Ltd.	Other accounts receivable - related parties	Yes	50,000	80,000	50,000	2.72 %	2	-	Operating turnover	-	None	-	305,879	1,223,514

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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Guarantees and endorsements for other parties

Units:NT\$/'000

No. (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements /guarantees to third parties on behalf of subsidiary (Note 4)	Subsidiary endorsements /guarantees to third parties on behalf of parent company (Note 4)	Endorsements /guarantees to third parties on behalf of companies in Mainland China (Note 4)
		Name	Relationship with the Company (Note 2)										
1	Whole Max Green Power Co., Ltd.	Yuandeng Solar Energy Co., Ltd.	2	None	253,300	253,300	197,537	None	15.29 %	None	Y	N	N
1	Whole Max Green Power Co., Ltd.	Tai Ling Energy Technology Corporation	2	None	109,930	109,930	65,940	None	6.64 %	None	Y	N	N
1	Whole Max Green Power Co., Ltd.	Jin Ya Xing Optoelectronic Co., Ltd.	2	None	600,000	600,000	554,911	None	36.22 %	None	Y	N	N
1	Whole Max Green Power Co., Ltd.	Mingxiang Energy Co., Ltd.	2	None	312,860	312,860	93,077	None	18.89 %	None	Y	N	N
2	Star Shining Energy Co., Ltd.	Fargen Power Corporation	2	16,825,121	1,000	1,000	264	None	0.01 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	TronGen Power Corporation	2	16,825,121	1,000	1,000	151	None	0.01 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	Sheng Li Energy Corporation	2	16,825,121	25,645	25,645	24,686	None	0.30 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	Ri Ji Power Corporation	2	16,825,121	40,479	40,479	39,704	None	0.48 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	ChampionGen Power Corporation	2	16,825,121	71,200	71,200	70,391	None	0.85 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	Sheng Feng Power Corporation	2	16,825,121	1,000	1,000	21	None	0.01 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	Mao Xin Energy Corporation	2	16,825,121	5,767,955	5,767,955	5,766,976	None	68.56 %	16,825,121	Y	N	N
2	Star Shining Energy Co., Ltd.	Mao Zheng Energy Corporation	2	16,825,121	6,824,500	6,824,500	6,823,521	None	81.12 %	16,825,121	Y	N	N
3	Aquastar Energy Corporation	Ri Yun Green Co., Ltd.	2	2,089,000	2,089,000	2,089,000	1,984,550	None	68.30 %	2,089,000	Y	N	N
3	Aquastar Energy Corporation	Xin Sheng Energy Develop Co., Ltd.	2	7,000,000	7,000,000	7,000,000	4,899,000	None	228.85 %	7,000,000	Y	N	N
3	Aquastar Energy Corporation	Yunn Deng Green Co., Ltd.	2	1,425,700	1,425,700	1,425,700	-	None	46.61 %	1,425,700	Y	N	N

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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note 2 : Relationship with the endorsed/guaranteed is classified into the 7 categories below, denoted with numbers:

- (1) Business that the Company has business dealing with.
- (2) A company in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- (3) The company directly or indirectly holds more than 50% of the voting shares of the company.
- (4) Between companies in which the Company directly or indirectly holds more than 90% of the voting shares.
- (5) Companies that require mutual guarantees of companies in the same industry or co-builders in accordance with the contract for the needs of contracting projects.
- (6) A company to which all contributing shareholders endorse and guarantee in accordance with their shareholding ratios for joint investment.
- (7) Peer of a property pre-sale contract for which the Company has issued performance guarantee in accordance with the Consumer Protection Act.

Note 3 : The balance is the maximum amount endorsed/guaranteed to others during the period.

Note 4 : Parent company endorsements/guarantees to third parties on behalf of subsidiaries, subsidiary endorsements/guarantees to third parties on behalf of parent company, and endorsements/guarantees to third parties on behalf of companies in Mainland China should be Y.

(d) Marketable securities held as of December 31, 2024:

Units:NT\$/000

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
Fubon Green Power CO., LTD.	Stock							
	Li Tong Management Consulting Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	129,200,000	1,291,301	100.00 %	1,291,301	
Whole Max Green Power Co., Ltd.	Stock							
	Yuangeng Solar Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	18,000,000	225,585	100.00 %	225,585	
	Giga Whole Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	1,889,000	33,324	100.00 %	33,324	
	Whole Wing Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	6,839,000	74,194	100.00 %	74,194	
	Whole Fund Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	1,460,000	18,683	100.00 %	18,683	
	Hunjin Enterprise Inc.	Parent-subsiary	Investments accounted for using equity method	2,000,000	25,395	100.00 %	25,395	
	Ya Fei Solar Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	15,657,000	188,078	100.00 %	188,078	
	Huiqun Energy Co., Ltd	Parent-subsiary	Investments accounted for using equity method	5,000,000	56,089	100.00 %	56,089	
	Yijia Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	7,340,000	88,125	100.00 %	88,125	
	Licheng Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	4,100,000	46,924	100.00 %	46,924	
	Tai Ling Energy Technology Corporation	Parent-subsiary	Investments accounted for using equity method	3,625,000	37,167	100.00 %	37,167	
	Yunhui Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	7,000,000	69,728	99.71 %	69,728	
	Jin Ya Xing Optoelectronics Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	20,000,000	200,740	100.00 %	200,740	
	Mingxiang Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	8,100,000	80,419	100.00 %	80,419	
	Heju No. 1 Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	15,100,000	150,860	100.00 %	150,860	
Sinergy 1st Co., Ltd.	Stock							
	X3 Energy Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	20,000,000	194,491	100.00 %	194,491	
Star River Energy Co., Ltd.	Stock							
	Sungen Power Corporation	Parent-subsiary	Investments accounted for using equity method	47,810,859	642,792	100.00 %	642,792	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
Star Shining Energy Co., Ltd.	Evergen Power Corporation Stock	Parent-subsiary	Investments accounted for using equity method	22,030,000	320,821	100.00 %	320,821	
	Fargen Power Corporation	Parent-subsiary	Investments accounted for using equity method	48,200,000	583,043	100.00 %	583,043	
	TronGen Power Corporation	Parent-subsiary	Investments accounted for using equity method	18,500,000	228,615	100.00 %	228,615	
	Sheng Li Energy Corporation	Parent-subsiary	Investments accounted for using equity method	70,800,000	794,047	100.00 %	794,047	
	ChampionGen Power Corporation	Parent-subsiary	Investments accounted for using equity method	52,250,000	636,262	100.00 %	636,262	
	Ri Ji Power Corporation	Parent-subsiary	Investments accounted for using equity method	30,000,000	315,289	100.00 %	315,289	
	Ri Jing Power Corporation	Parent-subsiary	Investments accounted for using equity method	3,000,000	32,840	100.00 %	32,840	
	Mao Zheng Energy Corporation	Parent-subsiary	Investments accounted for using equity method	140,000,000	1,551,745	100.00 %	1,551,745	
	Mao Xin Energy Corporation	Parent-subsiary	Investments accounted for using equity method	110,000,000	1,107,754	100.00 %	1,107,754	
	Sheng Yao Power Corporation	Parent-subsiary	Investments accounted for using equity method	100,000	594	100.00 %	594	
Aquistar Energy Corporation	Sheng Da Power Corporation	Parent-subsiary	Investments accounted for using equity method	100,000	599	100.00 %	599	
	He Shuo Agricultural Biotech Corporation	Parent-subsiary	Investments accounted for using equity method	4,600,000	41,013	100.00 %	41,013	
	Shin Sheng Feng Investment Corp. Stock	Parent-subsiary	Investments accounted for using equity method	63,407,250	837,822	75.00 %	837,822	
	Ri Yun Green Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	64,100,000	663,205	100.00 %	663,205	
	Yunn Deng Green Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	40,900,000	408,775	100.00 %	408,775	
	Wen Deng Green Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	300,000	2,777	100.00 %	2,777	
	Xin Sheng Energy Develop Co., Ltd.	Parent-subsiary	Investments accounted for using equity method	188,460,000	1,890,868	100.00 %	1,890,868	

(e) Cumulative purchase or sale of the same investee's marketable security up to \$100,000 thousand or 20% of paid-in capital :

Units:NT\$'000

Name of Company	Category and name of security	Account	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Cost	Disposal gain or loss	Shares/Units	Amount
Fubon Green Power CO. LTD.	Stock													
	Li Tong Management Consulting Co., Ltd.	Investments accounted for using equity method	HD Renewable Energy Co., Ltd., Li Tong Management Consulting Co., Ltd.	Affiliates(HD Renewable Energy), Subsidiary company(Li Tong)	-	-	129,200,000	1,291,301 (Note)	-	-	-	-	129,200,000	1,291,301
Whole Max Green Power Co., Ltd.	Stock													
	Heju No. 1 Energy Co., Ltd.	Investments accounted for using equity method	Heju No. 1 Energy Co., Ltd.	Parent-subsiary	-	-	15,100,000	150,860	-	-	-	-	15,100,000	150,860
Star Shining Energy Co., Ltd.	Stock													
	Ri Ji Power Corporation	Investments accounted for using equity method	Ri Ji Power Corporation	Parent-subsiary	10,000,000	113,893	20,000,000	201,396	-	-	-	-	30,000,000	315,289
Aquistar Energy Corporation	Stock													

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Name of Company	Category and name of security	Account	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Cost	Disposal gain or loss	Shares/Units	Amount
	Ri Yun Green Co., Ltd.	Investments accounted for using equity method	Ri Yun Green Co., Ltd.	Parent-subsiary	56,000,000	545,408	8,100,000	117,797	-	-	-	-	64,100,000	663,205
	Yunn Deng Green Co., Ltd.	Investments accounted for using equity method	Yunn Deng Green Co., Ltd.	Parent-subsiary	1,500,000	14,869	39,400,000	393,906	-	-	-	-	40,900,000	408,775
	Xin Sheng Energy Develop Co., Ltd.	Investments accounted for using equity method	Xin Sheng Energy Develop Co., Ltd.	Parent-subsiary	200,000	2,995	188,260,000	1,887,873	-	-	-	-	188,460,000	1,890,868

Note: Including Fubon Green Power CO., LTD. acquired the entire equity of Li Tong Management Consulting Co., Ltd. for a cash consideration of \$42,000 thousand on July 19, 2024, and injected a cash capital of \$1,250,000 thousand. The remainder consists of profits and losses recognized using the equity method and other components.

(C) Information on Investment in Mainland China :

(a) Information regarding investment in Mainland China as follows :

Units:\$'000												
Investee company	Main business	Paid-in capital	Method of investment (Note 1)	Accumulated outward fund of investment from Taiwan at the beginning	Outward remittance or inward recovery		Accumulated outward fund of investment from Taiwan at the balance sheet date	Investee company gains/(losses) in current period	Directly or indirectly share holding percentage	Income(losses) recognized from investee company	Book value of investment at period end	Recovery investment profit
					Outward	Inward						
Fubon Property & Casualty Insurance Co., Ltd.	Property Insurance	CNY 5,006,827 1,120,000	(a)	2,155,322	-	-	2,155,322	CNY (27,299) (6,117)	40.00 %	(10,919) Note2	422,676	-
Shenzhen Teng Fu Bo Investment Limited (Note 4 and Note 5)	Investment Consultancy	CNY 3,336,692 746,400	(c)	-	-	-	-	CNY 297,846 66,737	3.27 %	9,819	45,156	-

Note 1: Investment types are as follows:

- (a) Direct investments in Mainland China.
- (b) Reinvestment in Mainland China through a third regional company. (Please specify the companies invested in the third region.)
- (c) Others.

Note 2: The recognition of investment gains or losses is based on the financial statements audited by certified public accountant.

Note 3: The NTD amounts in the table which were originally presented in foreign currencies are translated at the closing rate as of December 31, 2024, or the average exchange rate for the year ended December 31, 2024.

Note 4: The Group indirectly invested in WeSure Insurance Ltd. through Shenzhen Teng Fu Bo Investment Ltd.

Note 5: Fubon Property & Casualty Insurance Co., Ltd. approved the disposal of the equity of Shenzhen Teng Fu Bo Investment Limited during the shareholders' meeting on December 3, 2024, and reclassified it as an asset held for sale, in which the equity method for accounting was discontinued.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group and Fubon Insurance Co., Ltd. have jointly invested in the set-up of Fubon Property and Casualty Insurance Co., Ltd. in 2010 for its insurance business operation in Mainland China. In addition, the Group signed a joint venture contract with Fubon Insurance Co., Ltd., and Xiamen Port Holding Group in September 2012. The joint venture was approved by the Insurance Bureau, FSC, the Investment Commission, MOEA and CBRC. The proportionate share holding for The Group, Fubon Insurance Co., Ltd. and Xiamen Port Holding Group are 40%, 40% and 20% respectively. As of December 31, 2024, the accumulated investment of the Group amounted to CNY 448 million.

Fubon Property & Casualty Insurance Co., Ltd initially invested in Shenzhen Teng Fu Bo Investment Limited with 31.1% shareholding. Subsequently on July 16, 2020, Board of Directors has resolved to not participate in the capital increase for Shenzhen Teng Fu Bo Investment Limited, which resulted in the decrease in shareholdings from 31.1% to 16.667% and has been approved by local governing institutions on August 19, 2020. On August 13, 2021, Fubon Property & Casualty Insurance Co., Ltd shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. This disposal was approved by the competent authority on October 6, 2021 and the shareholding was sold 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 reducing from 16.667% to 8.167%. Fubon Property & Casualty Insurance Co., Ltd. approved the sale of its entire shares in Shenzhen Teng Fu Bo Investment Limited in the shareholders' meeting on December 3, 2024, and completed the share transfer upon approval by the local competent authorities on January 20, 2025. As of December 31, 2024, Funbon Property & Casualty Insurance Co., Ltd. invested an accumulated amount of CNY 60,956 thousand.

(b) Fubon Property & Casualty Insurance Co., Ltd. is a property insurance company, the information for its cash management and profitability is disclosed as follows:

- (1) Capital status and its profit and loss : No significant investment.
- (2) The Fubon Property & Casualty Insurance Co., Ltd. provides premium deficiency reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, NO. Jin-Guan-Bao-Cai-Zi 09802513192 on December 28, 2009. Non life insurance companies should evaluate the claim payments and expense which will be incurred in the future and compare the fore-mentioned expenditures to the premium based on insurance policy without expiration or the accepting risk which is not terminative. If the expenditures are lower than the premium, non life insurance companies should provide the differences as the premium deficiency reserve. The methodology for providing premium deficiency reserve is decided by actuaries and reported to the authority. If there is any change, it should adopt the same procedures as aforementioned.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2024	December 31, 2023
Unearned premium reserve	\$ 1,932,454	1,727,074
Claim reserve	1,941,303	2,077,269
Premium deficiency reserve	16,323	35,090
Total	<u>\$ 3,890,080</u>	<u>3,839,433</u>

- (3) Ratio accounted for the total premium revenue of the Group: 0.76%
- (4) Ratio accounted for the total claim payment of the Group: 0.35%
- (5) The pricing, payment condition, unrealized profit and loss of significant transactions with the investee in China:
- 1) Amount, ratio and the ending balance of relevant receivables and payable of core business items such as the insurance policy which the policy holder is the investee: None.
 - 2) Amount and profit and loss of property transaction: None.
 - 3) The highest balance, ending balance, interest rate interval and current interest amount of financing: None.
 - 4) Other significant transactions which would influence current profit and loss and other financial condition, such as the provision or receipt of labor service: None.
- (6) The name and premium revenue (expense) from the reinsurance business counterparties which are the branches of foreign insurance companies located in China or the branch of Chinese insurance companies: None.
- (7) Name and premium revenue of significant insurance business with Chinese people, legal entities and groups located overseas: None.

(c) Limit of investment in China :

Unit:NTD\$'000			
Name of Company	Accumulated amount transferred from Taiwan, end of the period	Investment amount approved by Ministry of Finance	Limit of investment regulated by Investment Audit Committee of Ministry of Finance.
Fubon Life Insurance Co., Ltd.	2,155,322	2,155,416	368,308,549

Note: Excluding investments accounted not for using the equity method.

(d) Significant transactions with the investee in China : None

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14. SEGMENT INFORMATION

(A) General information

The Group runs its life insurance business and provides insurance contract product in accordance with local insurance laws, or operates other kinds of businesses according to local laws. Because the Group mainly runs insurance business and invests in real estates in Taiwan and overseas, the Group shall consider both regions and operating characteristics when determining reportable segments. The operating sectors of the Group report their profit or loss based on the net income before tax, the value of which is the foundation of performance evaluation and consistent with the report used by their decision makers. The accounting policies of the operating sectors are the same as significant accounting policies summary in Note 4.

(B) Segment information

For the year ended December 31, 2024					
	Taiwan Insurance Business and Others	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 605,183,186	64,284,734	(4,966,605)	(141,514)	664,359,801
(Losses) gains from internal segments	(7,097,569)	-	-	7,097,569	-
Total revenue	<u>\$ 598,085,617</u>	<u>64,284,734</u>	<u>(4,966,605)</u>	<u>6,956,055</u>	<u>664,359,801</u>
Net income	<u>\$ 102,643,103</u>	<u>(2,043,112)</u>	<u>(5,973,664)</u>	<u>7,612,735</u>	<u>102,239,062</u>
Total assets	<u>\$5,716,641,579</u>	<u>518,584,865</u>	<u>36,363,889</u>	<u>(67,596,992)</u>	<u>6,203,993,341</u>
For the year ended December 31, 2023					
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 492,596,766	75,944,498	(4,905,830)	(160,063)	563,475,371
(Losses) gains from internal segments	(9,403,152)	-	-	9,403,152	-
Total revenue	<u>\$ 483,193,614</u>	<u>75,944,498</u>	<u>(4,905,830)</u>	<u>9,243,089</u>	<u>563,475,371</u>
Net income	<u>\$ 36,091,107</u>	<u>(5,126,114)</u>	<u>(6,045,782)</u>	<u>10,045,123</u>	<u>34,964,334</u>
Total assets	<u>\$5,312,703,399</u>	<u>525,275,932</u>	<u>40,787,770</u>	<u>(66,673,191)</u>	<u>5,812,093,910</u>

Note1: Asia Insurance Business does not include Taiwan.

Note2: The adjustments and eliminations are eliminating entries used to adjust intercompany transactions when preparing the consolidated financial statements.

**FUBON LIFE INSURANCE 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 Life Insurance 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, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Fubon Life Insurance Co., Ltd and its Subsidiaries do not prepare a separate set of combined financial statements.

Company Name: Fubon Life Insurance Co., Ltd.
Chairman of the Board: Lin, Fu-Sing
Date: March 8, 2024



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of
Fubon Life Insurance Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Regarding the valuation of financial instruments, please refer to Note 4(G) “Financial instruments” of the consolidated financial statements for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of the valuation of financial instruments, Note 6(AD) for details on the information about fair value and fair value hierarchy.

Risk and description of the key audit matter:

Financial instruments that are held by the Group, some of them are valued through models. The valuation methods and important parameters require significant professional judgment. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

Procedures performed:

- Tested the effectiveness internal control procedures applied by management for fair value measurement of financial instruments;
- For financial assets without quoted prices in an active market and measured the fair value by valuation techniques, engaged our internal valuation specialists, selected samples to test valuation models and check the reasonableness of the valuation methodology and the underlying parameters in order to assess whether the valuation techniques were properly adopted in accordance with IFRS13 “Fair Value Measurement”;
- Assessed the presentation and disclosures of financial instruments were in accordance with IFRSs.

2. The valuation of investment property

Regarding the valuation of investment property, please refer to Note 4(J) “Investment property” of the consolidated financial statements for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of the valuation of investment property, Note 6(G) for details on the information about the valuation of investment property.

Risk and description of the key audit matter:

According to Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the fair value of the investment properties that are held by the Group was measured by the external independent appraisers using valuation methods and market evidences in accordance with Regulations on Real Estate Appraisal. The selection of valuation methods requires significant professional judgment. Therefore, the valuation of investment property has been identified as a key audit matter in our audit.

Procedures performed:

- Obtained an understanding of professional appraisal firms’ procedures for measuring fair value of investment properties in order to assess whether the professional appraisal firms selected appropriate valuation methods and check whether the firms adopted reasonable key assumptions;
- Confirmed the fair value measurement and disclosures of investment property were in accordance with IFRSs and Regulations Governing Preparation of Financial Reports by Insurance Enterprises;



- Assessed the appropriateness of the fair value of investment property measured by the management based on our understanding of public market information and review report issued by our engaged external appraisal firms.

3. The assessment of insurance liability

Regarding the valuation of insurance liability, please refer to Note 4(Q) “Insurance liability” of the consolidated financial statements for related accounting policy, Note 5 for accounting assumptions and estimation uncertainty of insurance liability, Note 6(W) for details on the information about the assessment of insurance liability.

Risk and description of the key audit matter:

The Group measured insurance liabilities in accordance with “ Regulations Governing the Provision of Various Reserves”and relevant administrative rules. Key assumptions and parameters of different types of reserves which involved the professional judgments in the reserve assessment processes, for instance, the life table and the interest rates used for calculating the provision of life insurance liability reserve, the claim development factors and the expected claim rates used in estimating the claim reserve, and mortality rate, lapse rate, morbidity rate, discount rate and other factors used in assessing adequacy of liability reserve, affect the amount of insurance liabilities and net change in insurance liabilities recognized in the financial statements. Therefore, the assessment of insurance liability has been identified as a key audit matter in our audit.

Procedures performed:

- Tested the effectiveness of internal control procedures related to insurance liability;
- Engaged our internal actuarial specialists to perform relevant audit procedures over insurance liability, including:
 - Inspected whether the methods and parameters of insurance liabilities were in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China;
 - Selected samples to check the completeness of data used in the calculation of reserves and independently established models to recalculate the amount of reserves;
 - Analyzed the movement in insurance liability, including assessing the reasonableness of the amount of reserves appropriated by the management based on their understanding of the industry and market;
 - Conducted liability adequacy test in order to assess the reasonableness of the testing scope and assumptions adopted by the management, including assessing the appropriateness of actuarial assumptions based on the internal data or industry experiences and the characteristics of insurance products.

Other Matter

Fubon Life Insurance Co., Ltd. has prepared its parent-company-only financial statement as of and for the years ended December 31,2023 and 2022, on which we have issued an unmodified opinion.



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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises 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 management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period 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 reviews resulting in this independent auditors' review report are Lee, Feng-Hui and Wu, Lin.

KPMG

Taipei, Taiwan (Republic of China)

March 8, 2024

Notes to Readers

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

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

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

FUBON LIFE INSURANCE 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 (Notes 6(A))	\$ 229,178,820	4	249,234,118	5	21000	Accounts payable (Note 6(O))	\$ 53,050,204	1	62,071,931	1
12000	Receivables (Note 6(B))	45,520,223	1	57,863,541	1	21700	Current tax liabilities	773,493	-	810,779	-
12600	Current tax assets	15,426,885	-	8,513,885	-	23100	Short-term liabilities (Note 6(P))	-	-	12,217,500	-
14110	Financial assets measured at fair value through profit or loss (Note 6(B))	1,479,533,828	26	1,228,330,623	22	23200	Financial liabilities measured at fair value through profit or loss (Note 6(B))	1,583,171	-	29,234,427	1
14190	Financial assets measured at fair value through other comprehensive income (Note 6(B))	274,877,549	5	616,941,928	11	23300	Financial liabilities for hedging (Note 6(B))	678,293	-	3,954,452	-
14130	Financial assets for hedging (Note 6(B))	1,700,227	-	2,602,646	-	23500	Bonds payable (Note 6(Q))	98,210,506	2	70,636,657	1
14145	Financial assets measured at amortized cost (Note 6(B))	2,631,531,197	45	2,258,170,804	40	23800	Lease liabilities (Note 6(R))	15,597,960	-	15,995,344	-
14150	Investments accounted for using equity method, net (Note 6(D))	25,934,805	-	26,928,118	1	24000	Insurance liabilities (Note 6(W))	4,583,194,692	79	4,548,381,769	81
14180	Other financial assets, net (Note 6(B))	3,155,809	-	3,349,551	-	24800	Reserve for insurance with nature of financial instrument (Note 6(X))	3,430,964	-	3,366,163	-
14200	Investment property (Note 6(G))	302,776,860	5	304,777,201	5	24900	Reserve for foreign exchange valuation (Note 6(Y))	9,176,335	-	37,131,393	1
14300	Loans (Note 6(B))	230,307,001	4	249,683,929	5	27000	Liabilities reserve (Note 6(S))	11,568,991	-	11,822,552	-
15000	Reinsurance assets (Note 6(I))	3,911,761	-	3,709,333	-	28000	Deferred tax liabilities(Note 6(U))	28,081,327	1	20,399,946	1
16000	Property and equipment (Note 6(J))	22,347,035	-	19,404,602	-	25000	Other liabilities	19,437,524	-	14,307,094	-
16700	Right-of-use assets (Note 6(K))	5,101,656	-	1,406,689	-	26000	Liabilities on insurance product, separated account (Note 6(N))	<u>489,097,634</u>	<u>8</u>	<u>497,489,045</u>	<u>9</u>
17000	Intangible assets (Note 6(L))	5,424,926	-	5,788,413	-		Total liabilities	<u>5,313,881,094</u>	<u>91</u>	<u>5,327,819,052</u>	<u>95</u>
17800	Deferred tax assets(Note 6(U))	37,136,841	1	61,650,966	1		Equity attributable to owners of parent				
18000	Other assets (Note 6(M))	27,149,442	1	34,668,956	1	31100	Ordinary shares (Note 6(T))	110,831,140	2	110,831,140	2
18900	Assets on insurance product, separated account (Note 6(N))	471,079,045	8	469,805,004	8	32000	Capital surplus (Note 6(T))	31,398,668	1	31,149,454	1
							Retained earnings (Note 6(T)):				
						33100	Legal reserve	92,537,470	1	79,319,723	1
						33200	Special reserve	245,848,132	4	192,822,801	4
						33300	Unappropriated retained earnings	<u>34,939,914</u>	<u>1</u>	<u>65,919,778</u>	<u>1</u>
							Total retained earnings	<u>373,325,516</u>	<u>6</u>	<u>338,062,302</u>	<u>6</u>
						34000	Other equity interest (Note 6(T))	<u>(23,517,187)</u>	<u>-</u>	<u>(209,125,102)</u>	<u>(4)</u>
							Total Equity attributable to owners of parent	<u>492,038,137</u>	<u>9</u>	<u>270,917,794</u>	<u>5</u>
						36000	Non-controlling interests (Note 6(E)&(T))	<u>6,174,679</u>	<u>-</u>	<u>4,093,461</u>	<u>-</u>
							Total equity	<u>498,212,816</u>	<u>9</u>	<u>275,011,255</u>	<u>5</u>
Total assets		<u><u>\$ 5,812,093,910</u></u>	<u><u>100</u></u>	<u><u>5,602,830,307</u></u>	<u><u>100</u></u>		Total liabilities and equity	<u><u>\$ 5,812,093,910</u></u>	<u><u>100</u></u>	<u><u>5,602,830,307</u></u>	<u><u>100</u></u>

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE 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 earning per share)

		For the years ended December 31,				
		2023		2022		
		Amount	%	Amount	%	Change%
Operating Revenues:						
41110	Written premium	\$ 332,641,606	59	344,721,571	60	(4)
51100	Less: Reinsurance expense	2,614,315	-	2,674,902	1	(2)
51310	Net change in unearned premiums reserve	812,024	-	822,481	-	(1)
	Retained earned premium (Note 6(AA))	329,215,267	59	341,224,188	59	
41300	Reinsurance commission received	440,708	-	590,816	-	(25)
41400	Total fee income	2,963,703	1	3,359,364	1	(12)
	Net income (loss) from investments					
41510	Interest income	120,606,191	21	115,801,796	20	4
41521	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 6(B))	152,909,840	27	(309,384,202)	(54)	149
41526	Net gains (losses) from derecognition of financial assets measured at amortized cost (Note 6(B))	(689,669)	-	3,633,864	1	(119)
41527	Realized gains (losses) from financial assets measured at fair value through other comprehensive income	(568,562)	-	140,242	-	(505)
41540	Share of gain (loss) of associates and joint ventures accounted for using equity method	283,533	-	(814,902)	-	135
41550	Foreign exchange gains (losses), investments	269,591	-	172,518,478	30	(100)
41560	Net change in reserve for foreign exchange valuation (Note 6(Y))	27,955,058	5	(26,741,926)	(5)	205
41570	Gains (losses) on investment property	3,391,621	1	1,306,212	-	160
41585	(Reversal of) expected credit impairment loss on investments (Note 6(B))	(2,153,875)	-	(2,235,040)	-	4
41590	Other net income (loss) from investments	(2,824,761)	(1)	(4,480,543)	(1)	37
41600	Profits (losses) reclassified to other comprehensive income using overlay approach (Note 6(B))	(111,983,087)	(20)	264,056,269	46	(142)
41800	Other operating income	1,630,280	-	1,872,474	-	(13)
41900	Income on insurance product, separated account (Note 6(N))	42,029,533	7	15,452,279	3	172
	Total operating revenue	563,475,371	100	576,299,369	100	
Operating Costs:						
51200	Insurance claim payment	393,504,221	70	363,407,672	63	8
41200	Less: Claims recovered from reinsurers	2,116,735	-	1,866,638	-	13
	Retained claim payment (Note 6(AA))	391,387,486	70	361,541,034	63	
51300	Net change in insurance liability	38,834,589	7	88,098,900	15	(56)
51380	Net change in reserve for insurance with nature of financial instrument	186,816	-	159,333	-	17
51400	Acquisition expense	112,499	-	37,066	-	204
51500	Commission expense	24,143,214	4	18,004,683	3	34
51700	Finance costs	3,611,024	1	2,912,481	1	24
51800	Other operating costs	7,201,681	1	1,843,945	-	291
51900	Disbursements on insurance product, separated account (Note 6(N))	42,029,533	7	15,452,279	3	172
	Total operating costs	507,506,842	90	488,049,721	85	
Operating expenses:						
58100	General expenses	12,608,329	2	11,006,432	2	15
58200	Administrative expenses	8,446,294	2	7,628,646	1	11
58300	Staff training expenses	82,312	-	69,986	-	18
58400	(Reversal of) expected credit impairment loss on non-investments	(147)	-	13,831	-	(101)
	Total Operating Expenses	21,136,788	4	18,718,895	3	
	Net Operating Income	34,831,741	6	69,530,753	12	(50)
59000	Total non-operating income and expenses (Note 6(AB))	1,005,110	-	4,563,565	1	(78)
	Profit from continuing operations before income tax	35,836,851	6	74,094,318	13	
63000	Income tax expense (Note 6(U))	(872,517)	-	(8,411,906)	(1)	
	Net profit	\$ 34,964,334	6	65,682,412	12	(47)
Other comprehensive (loss) income:						
83100	Items that may not be reclassified subsequently to profit or loss					
83110	Remeasurement of defined benefit plans	\$ (256,573)	-	888,529	-	(129)
83120	Revaluation of real estate property	15,906	-	-	-	-
83190	Valuation gains (losses) on equity instruments measured at fair value through other comprehensive income	(576,769)	-	(5,320,268)	(1)	89
83130	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	(265,911)	-	492,930	-	(154)
83180	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	443,956	-	379,806	-	17
	Total items that may not be reclassified subsequently to profit or loss	(639,391)	-	(3,559,003)	(1)	82
83200	Items may be reclassified subsequently to profit or loss					
83210	Exchange differences on translation	1,810,412	-	3,998,736	1	(55)
83290	Valuation gains (losses) on debt instruments measured at fair value through other comprehensive income	103,280,017	18	(160,578,931)	(28)	164
83230	Gains (losses) on hedging instrument	38,455	-	(503,811)	-	108
83240	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	(343,779)	-	(687,012)	-	50
83295	Other comprehensive profits (losses) reclassified using overlay approach	111,983,087	20	(264,056,269)	(46)	142
83280	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(27,837,184)	(5)	40,829,237	7	(168)
	Total items may be reclassified subsequently to profit or loss	188,931,008	33	(380,998,050)	(66)	150
83000	Other comprehensive (loss) income	188,291,617	33	(384,557,053)	(67)	149
85000	Comprehensive (loss) income	\$ 223,255,951	39	(318,874,641)	(55)	170
Net profit attributable to:						
86100	Owners of parent	\$ 36,091,107	6	65,537,415	12	(45)
86200	Non-controlling interests	(1,126,773)	-	144,997	-	(877)
		\$ 34,964,334	6	65,682,412	12	
Comprehensive (loss) income attributable to:						
87100	Owners of parent	\$ 222,369,514	39	(312,605,600)	(54)	171
87200	Non-controlling interests	886,437	-	(6,269,041)	(1)	114
		\$ 223,255,951	39	(318,874,641)	(55)	
97500	Basic earnings per share (NT dollars) (Note 6(V))	\$ 3.26		5.91		

(See accompany notes to the consolidated financial statements)

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

FUBON LIFE INSURANCE 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														
	Retained earnings						Other equity items								
	Ordinary Shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profit (loss) reclassified using overlay approach	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance on January 1, 2022	\$ 110,831,140	31,195,960	59,441,192	128,982,016	99,128,673	287,551,881	(14,218,363)	13,338,208	322,364	227,751	169,899,274	169,569,234	599,148,215	10,362,502	609,510,717
Net income	-	-	-	-	65,537,415	65,537,415	-	-	-	-	-	-	65,537,415	144,997	65,682,412
Other comprehensive (loss) income	-	-	-	-	699,174	699,174	2,851,838	(129,275,555)	(399,659)	-	(252,018,813)	(378,842,189)	(378,143,015)	(6,414,038)	(384,557,053)
Total comprehensive (loss) income	-	-	-	-	66,236,589	66,236,589	2,851,838	(129,275,555)	(399,659)	-	(252,018,813)	(378,842,189)	(312,605,600)	(6,269,041)	(318,874,641)
Appropriation and distribution:															
Legal reserve appropriated	-	-	19,878,531	-	(19,878,531)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	63,748,199	(63,748,199)	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(76,372)	76,372	-	-	-	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(15,578,315)	(15,578,315)	-	-	-	-	-	-	(15,578,315)	-	(15,578,315)
Special reserve—catastrophic risk reserve and contingency risk reserve	-	-	-	161,933	(161,933)	-	-	-	-	-	-	-	-	-	-
Special reserve—travel insurance	-	-	-	7,025	(7,025)	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:															
Changes in investments in associates and joint ventures accounted for using equity method	-	(46,506)	-	-	-	-	-	-	-	-	-	-	(46,506)	-	(46,506)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(147,853)	(147,853)	-	147,853	-	-	-	147,853	-	-	-
Balance on December 31, 2022	110,831,140	31,149,454	79,319,723	192,822,801	65,919,778	338,062,302	(11,366,525)	(115,789,494)	(77,295)	227,751	(82,119,539)	(209,125,102)	270,917,794	4,093,461	275,011,255
Net income	-	-	-	-	36,091,107	36,091,107	-	-	-	-	-	-	36,091,107	(1,126,773)	34,964,334
Other comprehensive (loss) income	-	-	-	-	(216,742)	(216,742)	1,272,882	80,809,584	(62,438)	14,976	104,460,145	186,495,149	186,278,407	2,013,210	188,291,617
Total comprehensive (loss) income	-	-	-	-	35,874,365	35,874,365	1,272,882	80,809,584	(62,438)	14,976	104,460,145	186,495,149	222,369,514	886,437	223,255,951
Appropriation and distribution:															
Legal reserve appropriated	-	-	13,217,747	-	(13,217,747)	-	-	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	53,163,988	(53,163,988)	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(461,957)	461,957	-	-	-	-	-	-	-	-	-	-
Special reserve—catastrophic risk reserve and contingency risk reserve	-	-	-	308,176	(308,176)	-	-	-	-	-	-	-	-	-	-
Special reserve—travel insurance	-	-	-	15,124	(15,124)	-	-	-	-	-	-	-	-	-	-
Other changes in capital surplus:															
Changes in investments in associates and joint ventures accounted for using equity method	-	2,021	-	-	-	-	-	-	-	-	-	-	2,021	-	2,021
Changes in ownership interests in subsidiaries	-	247,193	-	-	(5,761)	(5,761)	(206,669)	(1,301,948)	6,470	-	9,523	(1,492,624)	(1,251,192)	1,199,369	(51,823)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	(605,390)	(605,390)	-	605,390	-	-	-	605,390	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,588)	(4,588)
Balance on December 31, 2023	\$ 110,831,140	31,398,668	92,537,470	245,848,132	34,939,914	373,325,516	(10,300,312)	(35,676,468)	(133,263)	242,727	22,350,129	(23,517,187)	492,038,137	6,174,679	498,212,816

(See accompany notes to the consolidated financial statements)

FUBON LIFE INSURANCE 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)

	For the years ended December 31,	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 35,836,851	74,094,318
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,169,865	1,136,254
Amortization expense	438,182	326,034
Net (gain) loss on financial assets or liabilities measured at fair value through profit or loss	(207,582,117)	221,603,449
Net loss on financial assets or liabilities measured at fair value through other comprehensive income	1,037,253	808,919
Net loss (gain) on derecognition of financial assets measured at amortized cost	689,669	(3,633,864)
Interest expense	3,696,028	2,979,274
Interest income	(120,606,191)	(115,801,796)
Dividend income	(48,041,767)	(43,267,625)
Net change in insurance liabilities	39,646,613	88,921,381
Net change in reserve for insurance with nature of financial instrument	64,801	(191,590)
Net change in reserve for foreign exchange valuation	(27,955,058)	26,741,926
Expected credit loss of investment	2,153,875	2,235,040
(Reversal of) expected credit loss of non-investment	(147)	13,831
Share of (profit) loss of associates and joint ventures accounted for using equity method	(283,533)	814,902
Loss (Gain) reclassified to other comprehensive income by using overlay approach	111,983,087	(264,056,269)
Loss on disposal of property and equipment	4,222	8,590
Property and equipment transferred to revenues	(42,656)	(19,021)
Loss on disposal of investment property	43,020	-
Gains on disposal of investments accounted for using equity method	(472,096)	-
Impairment loss on non-financial assets	246	4,717
Unrealized foreign exchange gain	(1,449,590)	(175,699,992)
Loss on fair value adjustment of investment property	3,437,261	5,327,618
Other items	306,475	(3,120,214)
Total adjustments to reconcile profit (loss)	(241,762,558)	(254,868,436)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in accounts receivable	12,501,361	2,616,907
Decrease (Increase) in financial assets or liabilities measured at fair value through profit or loss	(77,271,316)	386,319
Decrease in financial assets measured at fair value through other comprehensive income	59,911,971	2,049,396
Decrease in financial assets measured at amortized cost	14,992,147	86,915,341
Decrease (Increase) in other financial assets	86,434	(434,773)
Increase in reinsurance assets	(474,632)	(492,953)
Decrease (Increase) in other assets	7,098,063	(8,851,629)
Total changes in operating assets	16,844,028	82,188,608
Changes in operating liabilities:		
Decrease in other payable	(8,455,851)	(23,011,675)
Decrease in provisions	(343,396)	(139,054)
Increase (Decrease) in other liabilities	5,130,430	(3,672,775)
Total changes in operating liabilities	(3,668,817)	(26,823,504)
Total adjustments	(228,587,347)	(199,503,332)
Cash outflow generated from operations	(192,750,496)	(125,409,014)
Interest received	105,702,161	101,505,647
Dividends received	48,041,966	42,865,622
Interest paid	(3,514,708)	(3,169,215)
Dividends paid	-	(15,578,315)
Income taxes paid	(3,506,158)	(12,625,349)
Net Cash flows used in operating activities	(46,027,235)	(12,410,624)
Cash flows (used in) from investing activities:		
Acquisition of investments accounted for using equity method	(300,000)	(5,336,803)
Proceeds from disposal of investments accounted for using equity method	916,608	-
Acquisition of property and equipment	(649,084)	(519,090)
Proceeds from disposal of property and equipment	326	194
Acquisition of intangible assets	(243,348)	(308,910)
Decrease in loans	17,645,202	22,841,170
Acquisition of investment properties	(5,900,806)	(6,203,327)
Other investing activities	-	(20)
Net cash flows from investing activities	11,468,898	10,473,214
Cash flows from (used in) financing activities:		
Proceeds from issuing bonds	29,920,212	4,616,301
Repayments of bonds	(1,828,442)	(1,158,350)
Increase (Decrease) in notes and bonds issued under repurchase agreement	(12,217,500)	12,217,500
Payments of lease liabilities	(718,881)	(708,670)
Change in non-controlling interests	(4,588)	-
Other financing activities	(51,650)	-
Net cash flows from financing activities	15,099,151	14,966,781
Effect of exchange rate changes on cash and cash equivalents	(596,112)	782,353
Net (decrease) increase in cash and cash equivalents	(20,055,298)	13,811,724
Cash and cash equivalents at beginning of period	249,234,118	235,422,394
Cash and cash equivalents at end of period	\$ 229,178,820	249,234,118

(See accompany notes to the consolidated financial statements)

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

Fubon Life Insurance Co., Ltd. (“Fubon Life Insurance” or “Company”), formerly ING Life Insurance Co., Ltd. (“ING Life Insurance”) was established in March 2006. The Company primarily conducts life insurance business.

Originally, the Company is one of the ING group members. On October 20, 2008, the Company’s former parent company, ING Group, announced that it has reached a cooperation agreement with Fubon Financial Holding Co., Ltd. (“Fubon Financial Holding”) to sell the Company effectively on February 11, 2009.

ING Life Insurance swapped shares with Fubon Life Assurance Co. Ltd (“Fubon Life Assurance”). Fubon Life Assurance ceased to legally exist, and the former ING Life Insurance, which was a surviving entity, changed its name to “Fubon Life Insurance Co., Ltd.”. The corporate restructuring was permitted by the Financial Supervisory Commission, Executive Yuan through its letter Gin Guan Bao Li No.09802091401 issued on June 1, 2009.

The consolidated financial statements as of December 31, 2023, December 31 and 2022 comprise the Company and its subsidiaries (together referred to as the “Group”). Please refer to Note 4(C) for further information. The parent and ultimate parent company of the Group is Fubon Financial Holding.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

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”

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

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

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

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

- 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”

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 17 “Insurance Contracts”	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: ● Recognition: an entity recognizes a group of insurance contracts that it issues from the earliest of : - the beginning of the coverage period of the group of contracts; - the date when the first payment from a policyholder in the group because due; and - for a group of onerous contracts, when the group becomes onerous, if facts and circumstances indicate that there is such a group. ● 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. ● Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.	January 1, 2023

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IFRS 17 “Insurance Contracts”	The fundamental principles introduced when the Board first issued IFRS 17 in May 2017 remain unaffected. The amendments are designed to: ● reduce costs by simplifying some requirements in the Standard; ● make financial performance easier to explain; and ● 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.	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	The amendment adds a new transition option to IFRS 17 (the ‘classification overlay’) to alleviate accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of IFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with IFRS 9 Financial Instruments.	January 1, 2023
Amendments to IAS21 “Lack of Exchangeability”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2025

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises (hereinafter referred to as “the Regulations”) and the international financial reporting standards, international accounting standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as “International financial reporting guidelines recognized by FSC”).

(B) Basis of preparation

The consolidated financial statements comprise consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows, and related notes.

The consolidated financial statements have been prepared on a historical cost basis, except for the financial instruments and investment property which are measured at fair value. The financial statements are presented in New Taiwan Dollar, the functional currency of the Company, and rounded to the nearest thousand, except where otherwise indicated.

(C) Basis of consolidation

(a) 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 ‘controls’ 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 attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 equity of the parent.

(b) List of subsidiaries in the consolidated financial statements

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

Investor Company	Subsidiary	Business Type	Stockholder's equity (Holding %)	
			December 31, 2023	December 31, 2022
The Company	Fubon Life Insurance (Vietnam) Co., Ltd.	Life insurance	100 %	100 %
The Company	Fubon Life Insurance (Hong Kong) Co., Ltd.	Life insurance	100 %	100 %
The Company	Fubon Hyundai Life Insurance Co., Ltd.	Life insurance	83.22 %	77.40 %
The Company	Carter Lane (Guernsey) Ltd.	Real estate investment and management	100 %	100 %
The Company	Bow Bells House (Jersey) Ltd.	Real estate investment and management	100 %	100 %
The Company	Fubon MTL Property (Jersey) Ltd.	Real estate investment and management	100 %	100 %
The Company	Fubon Ellipse (Belgium) S.A.	Real estate investment and management	100 %	100 %
The Company	Fubon Eurotower (Luxembourg) S. à r.l.	Real estate investment and management	100 %	100 %

(D) Foreign exchange

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies 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 to the functional currency at the exchange rate at the date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated to the exchange rate at the date of the transaction.

Foreign translation differences arising from settlement or retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- Equity instruments measured at fair value through other comprehensive income;

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent that the hedges are effective.

(b) Foreign operations

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

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

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

(E) Principles of classifying assets and liabilities as current and non-current

The Group primarily engages in the life insurance business. In the insurance industry, there is no clear standard distinction between the operating period and cycle as it depends on the nature of the insurance contracts and the different durations for which insurance claims are processed; therefore, the Group does not classify assets and liabilities as current or noncurrent.

(F) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to cash at the known amounts and subject to insignificant risk of value changes. Time deposits that fit the definition above and are used by the Group in the management of its short-term commitments are comprised in cash equivalents.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(G) Financial instruments

All financial assets possessed by the Group are recognized and derecognized using trade date accounting.

(a) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

(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 financial assets in order 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.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at original cost, plus/minus accumulated amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments 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 of financial assets measured at FVOCI are recognized in unrealized gains (losses) on financial assets measured at fair value through other comprehensive income. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retained earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Financial assets measured at fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivables (except for those presented as accounts receivables but measured at FVTPL). 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.

A financial asset measured at FVTPL is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Net gains and losses (including dividend and interest income) are recognized in profit or loss.

(4) Loans and receivables

Loans include premium loans, life insurance loans, secured loans and unsecured loans. Premium loans refer to cash advances granted to the insured to settle unpaid premiums in accordance with the insurance contract. Life insurance loans are loans secured by insurance policies issued by the Group. Secured loans include loans collateralized by property and real estate and special project loans approved by the competent authority.

Loans and receivables are initially recognized at fair value, plus any directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method, less any impairment loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk of financial instruments has significantly increased since initial recognition. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. Lifetime ECL measurement of allowance for impairment of the financial asset applies if the credit risk at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not.

1) General approach to expected credit loss:

The Group applies the general approach for expected credit losses to debt instruments and loans classified as financial assets measured at amortized costs or at FVOCI and related receivables. At each reporting date, the Group assesses whether credit risk has significantly increased since initial recognition to recognize the allowance for impairment. Allowance for impairment measured at FVOCI should be adjusted for profit and loss and recognized in other comprehensive income, but should not decrease carrying amounts of financial assets on consolidated balance sheets.

2) Simplified approach to expected credit loss:

The Group applies simplified approach to lease receivables and to accounts receivables under IFRS 15. Recognition and measurement of the allowance for impairment of these financial assets are based on lifetime ECL. With reference to past experience, receivables that do not belong to what described above and loans with investment-linked insurance provided as pledged assets have extremely low loss ratios so the Group adopted the simplified approach.

3) Loss allowance for loans and receivables should also be complied with the regulations under the “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”. The least standard of the loss allowance should be measured by the higher of expected credit loss described above and of ECL that are complied with the regulations.

(6) Derecognition of financial assets

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Reclassification of financial assets

According to IFRS 9, financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(8) Overlay approach

The Group has applied IFRS 9 since 2018. To reduce the impact caused by different effective dates of IFRS 9 and the forthcoming IFRS 17, the Group simultaneously adopted overlay approach under IFRS 4 to present profit or loss of designated financial assets.

(b) Financial liabilities

(1) Short-term liabilities

Bonds issued under repurchase agreement in financing activities are recorded to short-term debts-notes and bonds issued under repurchase agreement at trading date. When the notes and bonds are repurchased, the difference between the repurchase price and original sale price is recognized as interest expenses.

(2) Financial liabilities measured at fair value through profit or loss

Financial liabilities including held-for-trading, derivative and designated upon initial recognition are classified as financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at FVTPL are recognized at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Financial liabilities measured at fair value through profit or loss and those designated as such at initial recognition are recognized as "financial liabilities measured at fair value through profit or loss" in the consolidated balance sheets. The changes in fair value are recognized as "gains or losses on financial assets or liabilities measured at fair value through profit or loss" in the consolidated statements of comprehensive income. However, the amount of change in the fair value of the financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, except that the treatment would create or enlarge accounting mismatch or it is a financial guarantee contract, and in this case, the Group will present all gains or losses on that liability in profit or loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Bonds payable

The initial recognition of financial liabilities measured at amortized cost is valued at fair value after deducting transaction costs. After initial recognition, bonds payable is measured at the effective interest method and the interest is recognized in profit or loss as the adjustment of "finance costs" during the outstanding period of bonds.

(4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled, or expires. 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.

(c) Determination of fair value

Please refer to Note 6(AD) for the fair value of financial instruments and information of fair value hierarchy.

(d) Offsetting of financial instruments

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

(e) Interest rate benchmark reform

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(f) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its 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 designates part of its hedging instruments as fair value hedges, cash flow hedges, or hedges of net investments in a foreign operations.

At the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, and the nature of the risk being hedged and how the Group's will assess whether the hedging relationship meets the hedge effectiveness requirements.

(1) Fair value hedges

The gain or loss on the qualifying hedging instrument shall be 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.

If the hedged item is a debt instrument that is measured at fair value through other comprehensive income, the hedging gains or losses on the hedged item shall be recognized in profit or loss. However, if the hedged item is an equity instrument designated at FVOCI, the hedging gains or losses shall remain in other comprehensive income. Where hedging gains or losses are recognized in profit or loss, they are recognized in the same lines 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. If the hedged item is measured at amortized cost, the fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated under “other equity — gains (losses) on hedging instruments”. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged item is recognized in profit or loss, the amount accumulated in equity and retained in other comprehensive income is reclassified to profit or loss in the same period, and is presented in the same accounting item with the hedged item recognized in the consolidated statement of comprehensive income. 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. In addition, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in future periods, it shall immediately reclassify the amount in 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. 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) Hedges of net investments in foreign operations

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 of the foreign operation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

1) Interest rate benchmark reform —Phase 1

a) Prospective assessments

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

b) The ‘highly probable’ assessments for forecast transactions

For a cash flow hedge of a forecast transaction, the Group assumes 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 Group 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.

2) Interest rate benchmark reform —Phase 2

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 Group 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group amends 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 Group amends 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.

If changes are made in addition to those changes required by IBOR reform described above, then the Group 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 Group will amend the formal hedge documentation for changes required by IBOR reform as mentioned above.

If the Group reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it designates the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

(H) Investment in associates

An associate is an entity in which the Group has significant influence over its financial and operating policies but has no control over it. Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The cost of investment includes transaction cost. The carrying amount of investment in associates includes the goodwill identified in initial investment less any accumulated impairment loss. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is accounted as income in the acquisition date.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The consolidated financial statements include the profit or loss and other comprehensive income recognized based on the equity holding ratio of the invested associates from the date that the Group has significant influence over the investees until the date that the Group loses the significant influence. The accounting policies of the investees and the Group shall be reconciled before the amount is presented in the financial statements. The Group recognizes any changes, of its proportionate share in an associate within capital surplus, when the associate's equity changes due to reasons other than profit and loss or comprehensive income, and such change does not affect the Group's ownership percentage of the associate.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated investors' interest in the associate.

When the Group's share of losses of the associates equals or exceeds its interest in the associates, the Group discontinues recognizing its share of further losses. The Group only recognizes additional losses and relevant liabilities to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

Since the goodwill that forms part of the carrying amount of investment in associates or joint venture is not separately recognized, it is not tested for impairment by applying the requirements for impairment testing goodwill in IAS 36. The Group has to determine whether there is any objective evidence that its net investment in the associate or joint venture is impaired at each reporting date in accordance with IAS 28. If there is an objective evidence of impairment, the investment is tested for impairment in accordance with IAS 36 by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. When recoverable amount is determined by the value in use of the net investment, the Group estimates:

- (a) its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds from the ultimate disposal of the investment; or
- (b) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

(I) Joint venture

Jointly controlled entity is an entity which is established as a result of a contractual arrangement between the Group and other ventures to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from the ventures. The Group uses equity method to account for the jointly controlled entity.

Please refer to Note 4(H) for the assessment of impairment of the Group.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(J) Investment property

Investment property held by the Group is either to earn rental income or for capital appreciation or both owned either by the owner or by the lessee through possession of right-of-use assets, rather than for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purpose. Investment property is measured at cost on initial recognition, including transaction costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Costs of self-constructed investment property include the cost of raw materials and direct labor, and any other costs and capitalized costs directly attributable to bring the investment property to a working condition for its intended use. Investment property is subsequently measured at fair value, with any change in fair value shall be recognized in profit or loss. Except the property that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, investment property is accounted for in accordance with IAS 40 “Investment property”. If the fair value cannot be reliably determined, it should be measured at cost less accumulated depreciation and impairment. When fair value can be reliably determined, the valuation should be measured at fair value.

Investment property should be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal and recognized in profit or loss. When investment property that was previously classified as property and equipment is sold, any related amount included in ‘other equity - revaluation surplus’ is transferred to retained earnings.

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

(K) Reinsurance assets

The Group arranges 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 Group cannot refuse to fulfill their obligations to 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. A reinsurance asset is impaired if, and only if there is objective evidence that the Group may not receive all amounts due them 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 recoverable amounts that the Group will receive from the reinsurer can be measured reliably. If the reinsurance asset is impaired, its carrying amount is reduced accordingly and is recognized as impairment loss.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

In addition, for classification of reinsurance contracts, the Group assesses not only transfer of significant insurance risk, but also whether it has transferred underwriting risk, (probability of material loss) and timing risk (variation of occurrence timing of cash flows) to reinsurers. If reinsurance contracts only cede significant insurance risks (excluding the underwriter risk and timing risk), the reinsurance contract is accounted for using deposit accounting. Under this deposit accounting, the insurance premium minus the Group's retained reinsurance premium (or fee) is recognized as a deposit asset or liability.

Changes in amount of the deposit component are charged to profit or loss. Interests arising from the deposit component for the contracts which does not transfer any risk or transfers 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) Property and equipment

Items of property and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of property and equipment includes any cost directly attributable to the asset and the initial estimated of the cost of dismantlement, removal or restoration.

As the Group has obligations for dismantling, removing and restoring the site on which an item of property and equipment is located, the present value of the cost of the obligation should be recognized as provision.

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.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Significant renewals and improvements meeting the recognition criteria are treated as capital expenditures, on-going repairs and maintenance are expensed as incurred.

Land is not depreciated. Other assets are depreciated on a straight line basis over the estimated useful lives. The estimated useful lives of property and equipment are as follows:

(a) Buildings	5-50 years
(b) Transportation and communication equipment	3-5 years
(c) Computer and other equipment	3-15 years

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The residual values and useful lives of depreciable fixed assets are reviewed at each reporting date and adjusted if appropriate. The gain or loss arising from the derecognition of an item of property and equipment is determined on the difference between the net disposal proceeds, if any, and carrying amount of the item, and is recognized in profit or loss. If expectations of depreciation method, useful life and residual value differ from the previous estimates, the change is accounted for as a change in an accounting estimate.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property accordingly. Any resulting increase in the carrying amount due to the fair value at the date of transfer is recognized in profit or loss to the extent of previously accumulated impairment of that property and equipment. The remaining part of the increase is recognized in “Other comprehensive income—Revaluation of real estate property” and accumulated in “Other equity interest—Unrealized revaluation surplus.” Any loss is recognized in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognized in other comprehensive income and reduces the revaluation surplus within equity.

(M) Leases

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

(i) As a lessee

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

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

The Group applies fair value model to right-of-use assets that meet the condition of investment property and classifies these assets as investment property.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

- fixed payments less any receivable lease incentives;
- 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;
- exercise price for purchase options; and
- penalty for lease termination.

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;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; and
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option.

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

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

Any amortization of right-of-use assets and interest expense of lease liabilities during construction period should be recognized as costs of building.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

- the rent concessions occurring as a direct consequence of the Covid-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in 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.

(ii) As a lessor

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

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

Variable lease payment unconnected to an index or to a ratio is recognized as revenue when the leasing adjustment is confirmed.

(N) Intangible assets

Intangible assets meeting the relevant recognition criteria are initially measured at cost. The cost of intangible assets acquired in business combinations is the fair value at the acquisition date. Goodwill resulting from acquisition has been included in intangible assets.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

When the Group acquires intangible assets with finite useful lives, the carrying amount is measured at the cost less accumulated amortization and any impairment loss, and is amortized on a straight-line basis over their useful lives. The Group evaluates intangible assets on every reporting date and reviews indicator of impairment or changes on the estimated future economic benefits. Intangible assets and goodwill with indefinite useful life are not amortized, but assessed for impairment when they are reviewed annually or when there is an indication of impairment of an asset, and the carrying amount is determined using cost less accumulated impairment loss. In terms of investments accounted for using equity method, the carrying amount of goodwill is included in the carrying amount of the investments and the impairment losses of such investments are not distributed to goodwill and any other assets. The impairment losses are part of the carrying amount of the investments.

Most of the Group's identifiable intangible assets, excluding goodwill, are with finite useful lives and they are amortized using straight line basis ever since they are available for use. The amortization is recognized in profit and loss. The useful lives are as follows:

<u>Items</u>	<u>Useful lives</u>
Computer software	3-10 years
Business license	32 years
Others	5-20 years

(O) Impairment – Non-financial assets

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

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

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

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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.

(P) Separate account insurance product

The Group is 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 policyholder. The assets in this separate account are measured at market value on valuation date. Net asset value is determined in accordance with related government regulations and TIFRS.

Regardless of whether the assets and liabilities arise from insurance contracts or investment contracts, such assets and liabilities are recorded as "Assets on insurance product, separate account" and "Liabilities on insurance product, separate account", respectively.

The income and disbursements recorded in the separate account for the insurance product are the total income and expense amount of insurance product which conform to the definition of the insurance contract under IFRS 4 endorsed by the FSC and are recorded as "Income on insurance product, separate account" and "Disbursements on insurance product, separate account", respectively. Therefore, the net amount of premium of insurance product which is classified as insurance contract minus the preliminary charge and account management fee is recognized as income. The difference between the proceeds from the disposal and the original cost of financial assets or the change in the fair value thereof is recognized in profit or loss.

The financial assets and liabilities arising from the insurance products, separate account which are classified as investment contracts, are evaluated based on IFRS 9. Therefore, the amount collected or paid is recognized as financial liabilities and assets in separate account, instead of revenue or expense, respectively. The difference between the proceeds from the disposal and the original cost of investment contracts or the change in the fair value thereof is charged to "Reserve-Investment contract", instead of profit or loss.

The Group shall set up separate accounts for labor retirement insurance business and record the value of its investments. It shall also set up separate subledgers for related assets, liabilities, income and expenses and manage these accounts separately from other assets of life insurance business. The initiation, record and accounting treatments of the separate accounts shall follow the rules of local governing institutions of the Group.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(Q) Insurance liability

(a) The Company

The reserve for both the insurance contracts and the investment contracts with or without discretionary participation feature of the Company is determined reserves for insurance contracts in accordance with the Regulations Governing the Provision of Various Reserve. The methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission. Except for the reserve for short-term group insurance which shall be calculated on the actual premiums or the premiums conforming to the rule prescribed in Gin Guan Bao Tsai No.11004925801, whichever is higher, the bases for determining other reserves or provision for liabilities are as follows:

(1) Unearned Premiums Reserve

Unearned premium reserves for effective insurance contracts with a term below 1 year and injury insurance contracts with a term over 1 year are calculated based on the gross premiums of the insurance contracts which do not matured yet on the balance sheet date.

(2) Claim reserve

Claim reserve is provided based on the incurred but not reported claims and reported but unpaid claims. For reported but unpaid cases, the claim reserves are provided based on the actual claim case by case. For incurred but not reported cases, the reserves are provided as follows:

1) Health insurance and life insurance with a term below 1 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).

(3) Liability reserve

The provision for future policy benefits is calculated on the basis of life table and assumed interest rate of each policy in accordance with both the modified method of Article 12 of the Regulations Governing the Provision of Various Reserves and the calculation prescribed by the competent authority.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Starting 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.

Starting 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%. The company is allowed to recognize the aforementioned balance to liability reserve. Furthermore, based on Article 19 of the “Regulations Governing the Provision of Various Reserves”, the Company is allowed to recognize those written off Catastrophic risk reserve in “Life Insurance Liability Reserves-Catastrophic Risk Reserve.”

When the Company chooses to adopt the fair value model for investment property, the fair value measurement for insurance liability should also be adopted as well. If fair value of insurance liability exceeds carrying amount, the liability reserve should be provided by the difference and adjust retained earnings. The company in accordance with Article 9 of the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, insurance liability shall be subsequently measured based on the fair value measurement criteria designated by the FSC every year. When the measured fair value of insurance liability is greater than its carrying amount, an improvement plan shall be proposed. Where 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.

(4) Special reserve

- 1) The special reserve provided for retention business with a term within 1 year is divided into 2 categories, which are catastrophic risk reserve and contingency risk reserve. The methods for providing these reserves are as follows:

- a) Catastrophic risk reserve

A catastrophic risk reserve covering all types of insurance is provided at a rate prescribed by the competent authority. For the actual catastrophic claim exceeding \$30 million, the excess amount is offset against catastrophic risk reserve. For catastrophic risk 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 above-mentioned new provision of catastrophic risk reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

b) Contingency risk reserve

If the net amount of actual claim minus the related catastrophic risk reserve is lower than the amount of expected claim, a contingency risk reserve is 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 catastrophic risk reserve of each insurance is higher than the expected claim amount, the difference is debited to contingency risk reserve. If the contingency risk reserve of the insurance is for offsetting, the Company can offset the reserve from other insurance policy. However, the amount and type of insurance shall be reported to the competent authority for inspection. If the total accumulated amount of the contingency risk reserve is over 30% of the matured retention premium of the year for Fubon Life Insurance, the excess is treated under reclaim rule. The aforementioned reclaim of the contingency risk reserve will be limited or redirected based on its usage if the competent authority deemed it will bring stable growth to the industry. The balance for write-down or reclaim, net of income tax, is offset against the contingency risk reserve under equity in accordance with IAS 12.

The above-mentioned new provision of contingency risk reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

- 2) The pre-tax (pre-bonus) income of participating life insurance policies sold by the Company is assessed separately at the end of the year, in accordance with the Rule Governing Management of the Financial and Operational Aspects of a Participating Life Insurance Policy. 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 LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) In accordance with subsequent measurement of investment properties from cost model to fair value model, the Group 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.

(5) Premium deficiency reserve

For life insurance, health insurance, and annuities contracts with a coverage period exceeding one year, and issued commencing from January 1, 2001, 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.

In addition, for effective insurance contracts with a term below 1 year and injury insurance 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.

(6) 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 carrying amount 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 carrying amount is less than the estimated present value of future cash flow of the insurance contracts, then the difference is recognized as current loss.

- (b) Insurance liabilities of 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 are based on actuarial report issued by local government-certified actuaries.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(R) Reserve for insurance with nature of financial instrument

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.

(S) Reserve for foreign exchange valuation

Commencing from March 1, 2012, part of the catastrophic risk reserve and contingency risk reserve covering all types of insurance is transferred to serve as the initial balance of reserve for foreign exchange valuation. Subsequent provision or write off of this reserve is made in conformity with the “ Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”. Additional provision for special reserve in stockholders’ equity is made for the saved hedging cost annually. If the earnings of the year are insufficient to allow provision of special reserve, then it can be made in the subsequent years when there are sufficient earnings. The related special reserve is only used for capital increase or offset against accumulated deficit. In conformity with Article 9 of the “Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”, if life insurance enterprises have earnings after tax in the current year, 10% of which shall be set aside as a special reserve.

(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 Group defines significant insurance risk as the event which might lead to additional significant payment.

An insurance contract with financial instruments features means that the contract is able to transfer significant financial risk. Financial risk is the risk resulting 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 the variables do not belong to any specific side of 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 Group at inception, although they will transfer insurance risk at a later time. In those cases, the contract is not considered as an insurance contract until the risk transfer happens.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Insurance contracts and insurance contracts with financial instruments features can be further classified as to whether they are insurance with discretionary participation feature or not. Except for guaranteed benefits, a discretionary participation feature is a contractual right to receive an additional payment. This right also has the following features as shown below:

- (a) Likely to be a significant portion of the total contractual benefits;
- (b) The additional payments or timing of distribution belong to the Group's discretionary participation and
- (c) The additional payments are contractually based on:
 - (1) The performance of a specified pool of contracts or a specified type of contract;
 - (2) Return on investment of specific asset portfolio, or
 - (3) The profit or loss of the Group, fund or other entity.

An embedded derivative is accounted for separately from the host contract when it is not closely related to the host contract, and the contract is measured at fair value through profit or loss. If the embedded derivative conforms to definition of an insurance contract and when the entire contract is measured at fair value through profit or loss, the Group need not recognize it separately.

(U) Revenue recognition

(a) The Company

(1) Premium income and policy acquisition cost

For insurance contracts and financial products with discretionary participation feature, the first and the subsequent period premiums are recognized as revenue when receipts are collected and underwriting procedures are completed, and when receipts are collected on the due date.

Premiums on insurance contracts, which do not belong to separate account insurance product and which are classified as financial products without discretionary participation feature, are recognized as "provision for insurance contracts with financial product features". The insurance acquisition costs are offset against "provision for insurance contracts with financial product features" when the insurance contracts become effective.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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”.

- (2) Accounting for service charge on investment-linked insurance contracts classified as financial products without discretionary participation feature.

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 administrative charge, investment administrative charge, rescinding charge and others. These charges are recognized as revenue upon collection. When the Company receives certain service charge which makes them obligated to provide future service (e.g., front-end load), this service charge is initially treated as a deferred revenue and is recognized as revenue with the fulfillment of the obligations.

- (b) Subsidiary: Fubon Life Insurance (Vietnam) Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. When the insurance premium is received and the receipt is issued, the income should be recognized for the fiscal year. Relevant expenditure, such as commission expense and underwriting expense, should be recognized under the accrual basis of accounting.

- (c) Subsidiary: Fubon Life Insurance (Hong Kong) Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. The first installment premium is recognized at the moment that receipt of premium and completion of underwriting procedures have both occurred. Renewal premiums are recognized on receivable basis. Expenses for acquiring policy, such as commission expense, are recognized as current expenses along with the recognition of premiums.

- (d) Subsidiary: Fubon Hyundai Life Insurance Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. The first installment premium is recognized at the moment that receipt of premium and completion of underwriting procedures have both occurred. Renewal premiums are recognized once received. Deferred recognition of policy acquisition cost is required.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(V) Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Overseas subsidiaries have implemented defined benefit plans which are subject to local laws to make contributions on a regular basis and recognize as an employee benefit expense in the current period.

(b) Defined benefit plans

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

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

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. The discount rate should be reflected the estimated timing of benefit payments, and it also shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Other long-term employee benefits

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

(d) 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 recognizes costs for a restructuring.

(e) Short term employee benefits

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

(W) Income Taxes

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.

(a) Current income taxes

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

The 5% income taxes for undistributed earnings calculated in accordance with the Income Tax Act is recognized as income tax expense the year in which the distribution proposal is approved in the shareholders' meeting.

(b) Deferred Tax

Deferred taxes assets and liabilities 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. Deferred tax is recognized as the temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Temporary difference mainly occurs in the Group due to the valuation of financial instruments (including financial derivative instruments), for recognizing and delaying transfer of funds to the pension fund and other post-employment benefits. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or other assets and liabilities (other than a business combination) in a transaction that neither affects the taxable profit nor accounting profit.

Deferred tax liabilities are generally recognized for all taxable temporary difference, and deferred tax assets are recognized to the extent that it is probable that the taxable profits will be available against which those deductible temporary difference 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.

Deferred tax liabilities are recognized for taxable temporary difference associated with investment in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

(c) Consolidated Tax Return

The Group and its parent company, under Article 49 Financial Holding Company Art, elect the financial holding company to be the tax payer and jointly declare and report consolidated profit-seeking enterprise income tax in accordance with the Income Tax Act.

(d) Global minimum top-up tax – Pillar Two

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.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management will continue to monitor the accounting assessing estimates and assumptions and recognize the change in accounting estimates in the period and affected future periods.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The information below relates to the key sources of uncertainty in the assumptions and estimates underlying future projections, which may have a significant risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial reporting period. Those assumptions and estimation have been updated to reflect the impact of the Conflict of Ukraine:

- (A) The expected credit losses of the investments in debt instrument, loans classified as subsequently measured at amortized cost or fair value through other comprehensive income and related receivable.

The financial asset impairments of the Group, measuring the loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses, are determined by whether the credit risk of the financial instruments have increased significantly since initial recognition. In order to measure expected credit losses, the Group consider the probability of default (“PD”) of financial asset, issuer or counterparty, and include loss given default (“LGD”) multiplied by exposure at default (“EAD”). Meanwhile, it also considers the impact of the time value of money to calculate the expected credit losses for 12-month and lifetime, respectively. At every reporting date the historical experience, current market situation and forward-looking estimates, etc. are considered by the Group to determine the adopted assumptions and parameters when calculating impairment.

For further explanation of the related assumptions and parameters, please refer to Note 6(AE).

- (B) Fair value of financial instruments

The fair value of financial instruments without active markets or public markets is based on pricing models or quoted prices from counter parties. If pricing model was used to determine the fair value, to the extent possible, the data which is observable information without adjustments input into the model. The observable information is based on the market parameters with long-term stability to avoid differences caused by the changes in source data. Testing and verification has to be done repeatedly to ensure that the results reflect asset value adequately.

Please refer to Note 6(AE) for sensitivity analysis of financial instruments.

- (C) Fair value of investment property

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

- (D) Insurance liability and provision for investment-linked insurance contracts

The Group measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves”.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

Reserve for unearned premium is calculated according to the risk 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 based on the historical claim experience and adjusted by the Group policy 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. When the Group assesses liability adequacy reserve, the estimated present value of the future cash flow of insurance contract is based on the reasonable estimate of future insurance payment, premium revenue and relevant expenses. Please refer to Note 6(W).

The professional judgment applied to the above-mentioned liability evaluation process will affect the amount recognized for net change in insurance liability, net change in investment-linked insurance contract, insurance liability and provision for investment-linked insurance contract.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(A) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 26,610	26,515
Demand deposits and check deposits	74,469,739	89,958,060
Time deposits	76,033,127	56,584,764
Cash equivalents	<u>78,649,344</u>	<u>102,664,779</u>
	<u>\$ 229,178,820</u>	<u>249,234,118</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(B) Financial assets and liabilities

(a) The details of the financial assets and liabilities are as follows:

(1) Receivables:

	December 31, 2023	December 31, 2022
Notes receivable	\$ 29,054	56,907
Interest receivable	32,646,980	32,231,743
Other accounts receivable	13,514,001	26,160,252
Overdue receivable	1,528,732	608,266
Less: Loss allowance	<u>(2,198,544)</u>	<u>(1,193,627)</u>
	<u>\$ 45,520,223</u>	<u>57,863,541</u>

Movements between the beginning balance and the ending balance for loss allowance for receivables are as follows:

	For the years ended December 31, 2023	2022
Beginning balance	\$ 1,193,627	292,445
Recognition of impairment losses	1,037,530	959,902
Less: Amounts written off	(32,367)	(63,436)
Effect of changes in foreign exchange rates and other	<u>(246)</u>	<u>4,716</u>
Ending Balance	<u>\$ 2,198,544</u>	<u>1,193,627</u>

The aging analyses of accounts receivable were determined as follows:

	December 31, 2023	December 31, 2022
Current / Past due within 3 months	\$ 46,190,293	58,451,998
Past due within 3-6 months	28,961	64,437
Past due within 6-12 months	471,683	379,941
Past due for over 12 months	<u>1,027,830</u>	<u>160,792</u>
Total	<u>\$ 47,718,767</u>	<u>59,057,168</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Financial assets and liabilities measured at fair value through profit or loss:

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 4,265,543	2,651,678
Foreign exchange swaps	32,690,880	17,416,269
Option contracts	270,748	488,195
Others	40,370	67,078
Non-derivative financial assets		
Stocks	528,160,019	448,345,848
Corporate bonds	3,425,117	1,050,834
Financial bonds	45,267,024	45,646,078
Beneficiary certificates	813,885,480	664,050,182
Asset securitization products	2,116,883	1,982,954
Structured products	48,291,235	45,522,531
Others	<u>1,120,529</u>	<u>1,108,976</u>
Total	<u>\$ 1,479,533,828</u>	<u>1,228,330,623</u>
Financial liabilities held-for-trading:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 1,443,788	3,490,779
Foreign exchange swaps	<u>139,383</u>	<u>25,743,648</u>
Total	<u>\$ 1,583,171</u>	<u>29,234,427</u>

When adopting IFRS 9 since 2018, the Group simultaneously chooses to apply the overlay approach of IFRS 4 “Insurance contract” to present gains and losses on designated financial assets.

The financial assets related to the investing activities of the issued insurance contracts to which the Group designates to apply the overlay approach are listed as follows:

	December 31, 2023	December 31, 2022
Financial assets measured at fair value through profit or loss:		
Stocks	\$ 528,160,019	448,345,848
Corporate bonds	1,083,148	1,050,834
Financial bonds	44,321,071	45,646,078
Beneficiary certificates	813,885,480	664,050,182
Asset securitization products	2,116,883	1,982,954
Structured products	48,291,235	45,522,531
Others	<u>1,120,529</u>	<u>1,108,976</u>
Total	<u>\$ 1,438,978,365</u>	<u>1,207,707,403</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The amount reclassified between profit or loss and other comprehensive income of these designated financial assets applying the overlay approach is as follows:

	For the years ended December 31,	
	2023	2022
Gains (losses) reported in profit or loss for applying IFRS 9	\$ 207,990,832	(164,494,864)
Less: Gains reported in profit or loss if applied IAS 39	(96,007,745)	(99,561,405)
Gains (losses) on reclassified under the overlay approach	<u>\$ 111,983,087</u>	<u>(264,056,269)</u>

Due to the overlay approach adjustments, changes of gains (losses) on financial assets measured at fair value through profit or loss are as follows:

	For the years ended December 31,	
	2023	2022
Gains (losses) before adjustments	<u>\$ 152,909,840</u>	<u>(309,384,202)</u>
Gains (losses) after adjustments	<u>\$ 40,926,753</u>	<u>(45,327,933)</u>

The Group did not designate 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 Group release the designation.

(3) Financial assets measured at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Debt instruments measured at fair value through other comprehensive income:		
Government bonds	\$ 120,842,105	207,738,433
Corporate bonds	95,678,379	264,486,511
Financial bonds	38,214,142	98,409,237
Asset securitization products	12,608,618	23,282,895
Loans	8,539	26,623
Others	<u>4,000,816</u>	<u>11,504,685</u>
Subtotal	<u>271,352,599</u>	<u>605,448,384</u>
Equity instruments measured at fair value through other comprehensive income:		
Stocks	13,157,215	21,029,174
Less: Statutory deposits	<u>(9,632,265)</u>	<u>(9,535,630)</u>
Total	<u>\$ 274,877,549</u>	<u>616,941,928</u>

1) Equity instruments measured at fair value through other comprehensive income

Part of equity instruments is not held for trading. Therefore, they have been designated as equity instruments measured at fair value through other comprehensive income.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The Group's dividend income related to equity instruments designated to be measured at fair value through other comprehensive income is recognized as follows:

	For the years ended December 31,	
	2023	2022
Derecognized during the period	\$ 205,400	90,000
Held at the end of the period	263,291	859,161
Total	<u><u>\$ 468,691</u></u>	<u><u>949,161</u></u>

The Group has sold stocks designated to be measured at fair value through other comprehensive income as a result of managing and rearranging portfolio. Details are as follows:

	For the years ended December 31,	
	2023	2022
Fair value at disposal	<u><u>\$ 7,294,047</u></u>	<u><u>7,726,877</u></u>
Cumulative losses on disposal (after tax)	<u><u>\$ (613,415)</u></u>	<u><u>(146,570)</u></u>

- 2) Please refer to Note 6(AE) for further information of credit risk and market risk.
- 3) The guarantee of the financial assets measured at fair value through other comprehensive income provided as pledged assets, please refer to Note 8 "Assets Pledged as Security".
- 4) As of December 31, 2022, the Group's provided repurchase agreement on financial assets measured at fair value through other comprehensive income which carrying amount was \$5,879,628 thousand. There is no repurchase agreement on financial assets measured at fair value through other comprehensive income on December 31, 2023.
- 5) The Group assesses the impairment of financial assets on December 31, 2023 and 2022. Please refer to Note 6(AE) for the movement in the loss allowance of debt instruments measured at FVOCI.
- 6) The Group changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12(I).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(4) Financial instruments used for hedging:

The details are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair Value hedge:		
Financial assets for hedging:		
Forward exchange contracts	\$ 4,365	4,920
Foreign exchange swaps	1,227,283	2,226,971
Financial liabilities for hedging:		
Forward exchange contracts	(56,275)	(98,784)
Foreign exchange swaps	(521,107)	(1,355,157)
Cross currency swaps		(2,008,993)
Cash flow hedge:		
Financial assets for hedging:		
Interest rate swaps	1,432	38,781
Cross currency swaps	467,147	331,974
Financial liabilities for hedging:		
Interest rate swaps	(78,814)	(267,089)
Cross currency swaps	(22,097)	(224,429)
Total	<u><u>\$ 1,021,934</u></u>	<u><u>(1,351,806)</u></u>

(5) Financial assets measured at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Government bonds	\$ 326,320,891	277,286,319
Corporate bonds	1,330,299,929	1,100,246,103
Financial bonds	865,239,494	779,953,215
Asset securitization products	55,131,701	45,000,453
Structured products	57,882,250	57,921,750
Negotiable certificates of deposit	6,147,000	6,141,600
Less: Statutory deposits	(6,444,513)	(6,442,087)
Subtotal	<u>2,634,576,752</u>	<u>2,260,107,353</u>
Less: Loss allowance	(3,045,555)	(1,936,549)
Total	<u><u>\$ 2,631,531,197</u></u>	<u><u>2,258,170,804</u></u>

- 1) Please refer to Note 6(AE) for further information of credit risk.
- 2) The guarantee of financial assets measured at amortized cost provided as pledged assets, please refer to Note 8 “Assets Pledged as Security”.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) As of December 31, 2022, the Group's provided repurchase agreement on financial assets measured at amortized cost which carrying amount was \$8,836,429 thousand. There is no repurchase agreement on financial assets measured at amortized cost on December 31, 2023.
- 4) The Group assesses the impairment of financial asset on December 31, 2023 and 2022. Please refer to Note 6(AE) for the movements in the loss allowance of financial assets measured at amortized cost.
- 5) The gains/losses on sale of financial assets measured at amortized cost and the carrying amount at the date of derecognition are as follows:

	For the years ended December 31,	
	2023	2022
Carrying amount at the date of derecognition	\$ <u>7,413,922</u>	<u>110,999,308</u>
Gains on sale	\$ <u>(689,643)</u>	<u>3,629,118</u>

The Group sold financial assets measured at amortized cost, primarily since the credit risk of bonds issuers increases as well as other sales are infrequent (even if significant in value) or insignificant in value both individually and in aggregate (even if frequent). In addition, the parts sold by the subsidiary, Fubon Life Insurance (Hong Kong) Co., Ltd., have been redesignated to financial assets measured at fair value through other comprehensive income because of the application of IFRS17 and the changes in the local capital regulatory regime.

- 6) The Group changed its business model, and reclassified the financial assets on January 1, 2023, please refer to Note 12(I).

(6) Other financial assets, net:

	December 31, 2023	December 31, 2022
Cash in bank	\$ 4,631,877	4,820,527
Less: Statutory deposits	<u>(1,471,503)</u>	<u>(1,468,129)</u>
Subtotal	<u>3,160,374</u>	<u>3,352,398</u>
Less: Loss allowance	<u>(4,565)</u>	<u>(2,847)</u>
Total	<u>\$ 3,155,809</u>	<u>3,349,551</u>

- 1) The guarantee of other financial assets provided as pledged assets, please refer to Note 8 "Assets Pledged as Security".
- 2) Please refer to Note 6(AE) for the movement in the loss allowance of other financial assets for the years ended December 31, 2023 and 2022.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(7) Loans:

	December 31, 2023	December 31, 2022
Life insurance loans	\$ 74,716,498	73,429,784
Premium loans	13,301,648	13,255,621
Secured loans	137,741,819	159,825,224
Unsecured loans	6,375,390	5,043,120
Overdue receivables	6,316	16,402
Less: Loss allowance	<u>(1,834,670)</u>	<u>(1,886,222)</u>
Total	<u>\$ 230,307,001</u>	<u>249,683,929</u>

The reconciliations in loss allowance of loans for the years ended December 31, 2023 and 2022, please refer to Note 6(AE).

- (b) The carrying amounts of investments managed by the discretionary investment management companies are as follows:

	December 31, 2023	December 31, 2022
Cash and cash equivalents	\$ 9,954,873	15,385,202
Stocks	18,374,488	8,088,528
Financial bonds	20,740,858	17,748,950
Corporate bonds	<u>162,714,916</u>	<u>147,747,149</u>
Total	<u>\$ 211,785,135</u>	<u>188,969,829</u>

The limits of discretionary investment management agreements are as follows:

(Unit: thousands dollar)

	December 31, 2023	December 31, 2022
NTD	<u>13,000,000</u>	<u>13,000,000</u>
USD	<u>3,500,000</u>	<u>3,500,000</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (c) The Group details of the expected credit loss recognized and/or reversed of investments as follows.

	For the years ended December 31,	
	2023	2022
Receivable	\$ (1,039,364)	(895,574)
Financial assets measured at fair value through other comprehensive income	(14,954)	(785,465)
Financial assets measured at amortized cost	(1,101,025)	(718,162)
Other financial asset, net	(1,840)	471
Loans (including their interest receivable and provisions for financing commitment)	3,308	163,690
Total	<u><u>\$ (2,153,875)</u></u>	<u><u>(2,235,040)</u></u>

(C) Derivatives and hedging accounting

(a) Derivatives

- (1) The details of the derivatives are as follows:

	December 31, 2023		December 31, 2022	
	Book Value	Nominal amount	Book Value	Nominal amount
Financial assets (liabilities)				
Forward exchange contracts	\$ 2,769,845	634,021,774	(932,965)	445,549,562
Foreign exchange swaps	33,257,673	1,185,408,963	(7,455,565)	1,180,219,538
Cross currency swaps	445,050	13,750,026	(1,901,448)	26,635,841
Option contracts	270,748	590,706	488,195	1,378,842
Interest rate swaps	(77,382)	12,264,481	(228,308)	18,516,864
Others	40,370	153,771	67,078	153,616
Total	<u><u>\$ 36,706,304</u></u>	<u><u>1,846,189,721</u></u>	<u><u>(9,963,013)</u></u>	<u><u>1,672,454,263</u></u>

As of December 31, 2023, and 2022, the Group does not possess derivatives through discretionary investment management agreement.

- (2) The Group enters into forward exchange contracts, foreign exchange swaps, interest rate swaps, and cross currency swaps primarily to hedge against exchange risk from foreign-currency denominated investments and interest rate fluctuation risk from bond investments.
- (3) The unrealized gain or loss resulting from changes in fair value of financial derivatives is recognized in gains (losses) on financial assets or liabilities measured at fair value through profit or loss:

For the years ended December 31,	
2023	2022
<u><u>\$ 47,097,941</u></u>	<u><u>(14,965,588)</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Hedge accounting

(1) Fair value hedge

The Group is exposed to fair value fluctuation risk of foreign-currency denominated assets which arises from variations in the exchange rates. The Group assessed that the risk might be significant, and therefore entered into cross currency swaps, forward exchange contracts and foreign exchange swaps to hedge such risk.

(2) Cash flow hedge

The Group is exposed to cash flow risk of floating-rate assets and fixed-rate assets held arising from variations in the market interest rates and exchange rates. The Group assessed that the risk might be significant, and therefore entered into interest rate swaps and cross currency swaps to hedge such risk.

(3) Hedges of net investments in foreign operations

Net investments in foreign operations held by the Group apply different functional currencies compared to the Group. This creates exchange rate risks due to the movement of the exchange rates. The Group assessed that the risk might be significant, and therefore entered into forward exchange contracts to hedge such risk.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The amount, timing and uncertainty of future cash flows:

		Maturity				
		< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
December 31, 2023						
Fair value hedge						
Forward exchange contracts						
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 (NTD/USD)		30.40	-	31.48	-	-
Foreign exchange swaps						
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 (NTD/USD)		-	31.25	30.87	-	-
Cash flow hedge						
Interest rate swaps						
Nominal amount	\$	-	545,546	9,383,075	2,335,860	-
Average fixed interest rate		-	2.12 %	1.65 %	2.97 %	-
Cross currency swaps						
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	-

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Maturity				
	< 1 month	1~3 months	3 months ~ 1 year	1~5 years	>5 years
December 31, 2022					
Fair value hedge					
Forward exchange contracts					
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 swaps					
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 (NTD/USD)	29.75	-	29.55	-	-
Cross currency swaps					
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	-	-
Cash flow hedge					
Interest rate swaps					
Nominal amount	\$ -	-	6,256,129	12,260,735	-
Average fixed interest rate	-	-	1.39 %	1.92 %	-
Cross currency swaps					
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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The hedging instruments used in hedging strategies are as follows:

	Nominal amount of hedging instruments	Carrying amount of hedging instruments		The line item in Balance Sheet that includes the hedging instruments	The change in fair value of the hedging instrument used as the basis for recognizing hedge ineffectiveness for 2023
		Assets	Liabilities		
December 31, 2023					
Fair value hedge					
— Forward exchange contracts	\$ 1,978,662	4,365	56,275	Financial assets/ liabilities for hedging	(17,228)
— Foreign exchange swaps	76,218,650	1,227,283	521,107	Financial assets/ liabilities for hedging	(1,055,055)
— Cross currency swaps	-	-	-		(984,465)
Cash flow hedge					
— Interest rate swaps	\$ 12,264,481	1,432	78,814	Financial assets/ liabilities for hedging	(425,922)
— Cross currency swaps	13,750,026	467,147	22,097	Financial assets/ liabilities for hedging	(28,039)

	Nominal amount of hedging instruments	<u>Carrying amount of hedging instruments</u>		The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedging instrument used as the basis for recognizing the hedge ineffectiveness for 2022
		Assets	Liabilities		
December 31, 2022					
Fair value hedge					
— Forward exchange contracts	\$ 3,084,654	4,920	98,784	Financial assets/ liabilities for hedging	(104,955)
— Foreign exchange swaps	58,440,944	2,226,971	1,355,157	Financial assets/ liabilities for hedging	(2,275,962)
— Cross currency swaps	18,141,348	-	2,008,993	Financial liabilities for hedging	(1,679,084)
Cash flow hedge					
— Interest rate swaps	\$ 18,516,864	38,781	267,089	Financial assets/ liabilities for hedging	309,471
— Cross currency swaps	8,494,493	331,974	224,429	Financial assets/ liabilities for hedging	(14,391)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The information of designated hedged items are as follows:

Fair value hedge:

					The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2023	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinues adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item							
	Assets	Liabilities	Assets	Liabilities						
December 31, 2023										
Hedged items										
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
					The line item in Balance Sheet that includes the hedging instrument	The change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2022	Accumulated amount of fair value adjustments that are still recognized on balance sheet but discontinues adjusting gains and losses on hedged items	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	
	Carrying amount of hedged items		The accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item							
	Assets	Liabilities	Assets	Liabilities						
December 31, 2022										
Hedged items										
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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Cash flow hedge

		The change in value of the hedged item used as the basis for recognizing hedge ineffectiveness for 2023	Cash flow hedge reserve	The amount remained in the cash flow hedge reserve from discontinued hedge accounting	The change in value of the hedging instrument that were recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	The line item in the statement of comprehensive income that includes the recognized hedge ineffectiveness	The amount reclassified from the cash flow hedge reserve to profit or loss	The line item in the statement of comprehensive income that includes the reclassification adjustment
December 31, 2023									
Hedged items									
Floating-rate bonds	\$	(755,025)	(77,452)	Not applicable	371,565	(661)	Financial costs	(219,978)	Interest income
Fixed-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
December 31, 2022									
Hedged items									
Floating-rate bonds	\$	528,182	(229,039)	Not applicable	(718,927)	330	Financial costs	87,144	Interest income
Fixed-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

The reconciliation of each component of equity applying hedging accounting and an analysis of other comprehensive income are as follows:

	Cash flow hedge reserve		Foreign currency translation reserve from net investment in foreign operation	
	For the years ended December 31,		For the years ended December 31,	
	2023	2022	2023	2022
Opening balance	\$ (71,527)	432,284	(19,503)	(19,503)
Total amount recognized in other comprehensive income:				
Cash flow hedge				
The change in value of hedging instruments that were recognized in other comprehensive income		443,341	(578,160)	-
The amount reclassified from cash flow hedge reserve to profit or loss		(404,886)	74,349	-
Ending balance	\$ (33,072)	(71,527)	(19,503)	(19,503)

Note: The sheet is prepared on basis of overall changes of the Group (includes non-controlling interests) during the reporting period.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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(D) Investments accounted for using equity method, net

The investment under equity method of the Group on the balance sheet date is as follows:

	December 31, 2023	December 31, 2022
Associates	\$ 25,553,585	26,460,655
Joint ventures	381,220	467,463
	<u>\$ 25,934,805</u>	<u>26,928,118</u>

(a) Associates

Relevant information of associates of the Group is as follows:

Name of Associate	Book Value		Ownership interest and voting right percentage	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
CITIC Capital Holdings Limited	\$ 9,159,243	9,566,427	Percentage of ownership interests: 18.00%	Percentage of ownership interests: 18.00%
			Percentage of voting rights: 21.37%	Percentage of voting rights: 21.37%
Hyundai Card Co., Ltd.	8,875,359	9,101,131	10.00 %	10.00 %
Fubon Financial Holdings Venture Capital Co., Ltd.	3,763,871	3,897,241	25.00 %	25.00 %
Star River Energy Co., Ltd.	211,194	210,435	20.00 %	20.00 %
Star Shining Energy Co., Ltd.	2,269,904	2,173,122	30.00 %	30.00 %
Whole Max Green Power Co., Ltd.	499,717	347,793	30.00 %	30.00 %
Sinergy 1st Co., Ltd	299,520	149,773	30.00 %	30.00 %
Aquastar Energy Corporation	175,727	179,852	30.00 %	30.00 %
ZA Life Limited	299,050	834,881	15.00 %	35.00 %
	<u>\$ 25,553,585</u>	<u>26,460,655</u>		

Summarized financial information of the individually immaterial associates accounted for using equity method was as follows. The financial information was included in the consolidated financial statements of the Group.

	For the years ended December 31, 2023	2022
Attributable to the Group:		
Profit or loss after tax from continuing operations	\$ 353,713	(824,894)
Other comprehensive (loss) income	(602,418)	(153,006)
Comprehensive (loss) income	<u>\$ (248,705)</u>	<u>(977,900)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Group share of profit (loss) of associates and investments were recognized based on the financial report of the investee companies that have not been audited were as follows:

	For the years ended December 31,	
	2023	2022
Share of profit (loss) of associates accounted for using equity method	\$ <u>(125,487)</u>	<u>(153,155)</u>
	December 31, 2023	December 31, 2022
Investments accounted for using equity method	\$ <u>598,570</u>	<u>984,654</u>

In May 2022, the Group subscribed for Hyundai Card Co., Ltd. for \$5,156,803 thousand in cash, holding 10% of the equity interest, and the bargain purchase gain of \$3,556,251 thousand was recognized in the consolidated statement of comprehensive income as the non-operating income and expense.

(b) Joint venture interest:

The following summarized Fubon Property & Casualty Insurance Co., Ltd. financial adjustment information of the rights and the carrying amount within the financial report of the Group.

	December 31, 2023	December 31, 2022
	40 %	40 %
Proportion of ownership interest		
Assets	\$ <u>6,651,700</u>	<u>8,889,700</u>
Liabilities	\$ <u>5,698,649</u>	<u>7,721,042</u>
Net assets of the Group (carrying amount of joint venture)	\$ <u>381,220</u>	<u>467,463</u>

	For the years ended December 31,	
	2023	2022
Operating revenue	\$ <u>3,326,522</u>	<u>3,556,209</u>
Profit or loss after tax from continuing operations	\$ (175,450)	24,980
Other comprehensive (loss) income	(18,179)	(102,691)
Comprehensive income (loss)	\$ <u>(193,629)</u>	<u>(77,711)</u>

	For the years ended December 31,	
	2023	2022
Attributable to the Group:		
Profit or loss after tax from continuing operations	\$ (70,180)	9,992
Other comprehensive (loss) income	(7,272)	(41,076)
Comprehensive income (loss)	\$ <u>(77,452)</u>	<u>(31,084)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Guarantee

The Group does not pledge or guarantee any of its investments accounted for using equity method.

(E) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2023	December 31, 2022
Fubon Hyundai Life Insurance Co., Ltd.	Korea	<u>16.78 %</u>	<u>22.60 %</u>

The following information of the aforementioned subsidiaries have been prepared in accordance with the “International financial reporting guidelines recognized by FSC”. The fair value adjustment made at the acquisition date and adjustments of relevant differences in accounting principles between the Group are included in this information. Intragroup transactions were not eliminated in this information.

	December 31, 2023	December 31, 2022
Total assets	\$ 460,260,492	511,577,972
Total liabilities	(434,244,497)	(500,237,727)
Equity that belongs to non-ordinary shares	(2,499,523)	(2,465,815)
Net assets	<u>\$ 23,516,472</u>	<u>8,874,430</u>
Non-controlling interests	<u>\$ 6,174,679</u>	<u>4,093,461</u>

	For the years ended December 31,	
	2023	2022
Operating revenue	<u>\$ 62,933,272</u>	<u>71,123,525</u>
Net profit	\$ (5,683,976)	641,577
Other comprehensive (loss) income	10,962,617	(28,697,773)
Comprehensive (loss) income	<u>\$ 5,278,641</u>	<u>(28,056,196)</u>
Net profit, attributable to non-controlling interests	<u>\$ (1,126,773)</u>	<u>144,997</u>
Comprehensive (loss) income, attributable to non-controlling interests	<u>\$ 886,437</u>	<u>(6,269,041)</u>

	For the years ended December 31,	
	2023	2022
Net cash flows from (used in) operating activities	<u>\$ (8,851,009)</u>	<u>(15,793,376)</u>
Net cash flows from (used in) investing activities	<u>\$ (569,033)</u>	<u>1,032,921</u>
Net cash flows from (used in) financing activities	<u>\$ 417,734</u>	<u>14,972,862</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(F) Changes in ownership interests in subsidiaries

Fubon Hyundai Life Insurance Co., Ltd. early redeemed KRW \$60 billion unsecured hybrid bonds in February 2023, and issued KRW \$60 billion unsecured hybrid bonds by private placement in the same month, which were acquired by enterprises other than the Group. On August 31, 2023, the Group acquired additional shares of Fubon Hyundai Life Insurance Co., Ltd. through capital injection of \$9,451,007 thousand by cash, which resulted in the increase in shareholdings from 77.40% to 83.22%.

The effect of changes in the Group's ownership interest in the subsidiary listed above on the equity attributable to owners of parent is as follows:

	For the year ended December 31, 2023
Increase in ownership interests after capital increase of subsidiary	\$ 8,330,926
Less: Capital injection	(9,451,007)
Transaction costs	(40,039)
Changes in other equity interest	1,498,241
Others (Note)	(90,928)
Capital surplus, changes in ownership interest in subsidiary	<u><u>\$ 247,193</u></u>

Note: The Group recognizes changes in capital reserves of Fubon Hyundai Life Insurance Co., Ltd. arising from the early redemption of hybrid bonds by shareholding percentage.

(G) Investment property

	Land	Buildings and other facilities	Construction in progress	Prepayments for building, land and equipment	Right-of-use asset	Total
Balance of January 1, 2023	\$ 179,462,243	61,563,441	15,183,127	1,163,737	47,404,653	304,777,201
Addition (Note)	2,305,963	2,711,002	671,290	13,589	29,262	5,731,106
Subsequent expenditures	-	156,762	-	12,938	-	169,700
Gains (losses) on fair value adjustments	3,265,521	(7,987,840)	-	-	1,285,058	(3,437,261)
Reclassification	1,466,293	9,940,644	(12,495,807)	(1,105,206)	(4,152,702)	(6,346,778)
Disposal	-	(43,020)	-	-	-	(43,020)
Effect of changes in foreign exchange rates	605,035	1,243,688	-	-	77,189	1,925,912
Balance of December 31, 2023	<u><u>\$ 187,105,055</u></u>	<u><u>67,584,677</u></u>	<u><u>3,358,610</u></u>	<u><u>85,058</u></u>	<u><u>44,643,460</u></u>	<u><u>302,776,860</u></u>
Balance of January 1, 2022	\$ 183,363,660	60,291,969	9,775,163	72,969	48,850,609	302,354,370
Addition (Note)	85,854	(28,841)	5,062,911	1,004,549	-	6,124,473
Subsequent expenditures	-	44,326	-	34,528	-	78,854
Remeasurement	-	-	-	-	321,006	321,006
Gains (losses) on fair value adjustments	(4,246,155)	673,022	-	-	(1,754,485)	(5,327,618)
Reclassification	(85,854)	34,163	345,053	51,691	-	345,053
Effect of changes in foreign exchange rates	344,738	548,802	-	-	(12,477)	881,063
Balance of December 31, 2022	<u><u>\$ 179,462,243</u></u>	<u><u>61,563,441</u></u>	<u><u>15,183,127</u></u>	<u><u>1,163,737</u></u>	<u><u>47,404,653</u></u>	<u><u>304,777,201</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note: Settlement adjustments for cost were included.

For lease liabilities and interest expense due to possession of superficies by the Group, please refer to Note 6(R).

In accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Group engaged appraisers from professional valuation firms listing below to evaluate the fair value of investment properties based on the Regulations on Real Estate Appraisal, and the appraisal dates are December 31, 2023 and 2022:

- (a) DTZ Cushman & Wakefield Real Estate Appraiser Office: Lee Ken Yuan, Tsai Chia Ho, Hu Chun Chun and Yang Chang Da
- (b) Savills Valuation and Professional Services: Tai Kuang Ping, Chang Hung Kai, Chang Yi Chih, Yeh Yu Fen and Yeh Shih Yu
- (c) REPro International Appraisals: Tsai You Shiang and Hsu Hsiang I
- (d) Jin Han Real Estate Appraisers Joint Firm: Wu Yu Chun, Hung Chi Hsiang and Chen Yi Jun
- (e) G-Beam Real Estate Appraisers Firm: Lai Jin Wei
- (f) Colliers International Valuation (Taiwan) Ltd.: Ke Fong Ru and Ku Chien Hui
- (g) Hong Bang Real Estate Appraisers Joint Firm: Li Qing Tang
- (h) CBRE Taiwan and CBRE Limited: Shi Fu Xue, Li Zhi Wei, Jonathan White, Edward Higgins and Luke Heracleous
- (i) Jones Lang LaSalle Taiwan and Jones Lang LaSalle Limited: Hsu Kuo Chun, You Shu Fen, Andrew Pirie, Elizabeth Levingston and Roger Meeds
- (j) Colliers International Valuation (Taiwan) Ltd., Daeil Appraisal Board and Colliers International (Hong Kong) Limited: Ku Chien Hui, Hannah Jeong and Kyoungdo Lee
- (k) CBRE Taiwan and CBRE Korea Co., Ltd.: Shi Fu Xue, Li Zhi Wei and Alex Chan
- (l) DTZ Cushman & Wakefield Real Estate Appraiser Office and Cushman & Wakefield Belgium SA: Charlie Yang, Emeric Inghels and Gregory Lamarche
- (m) Savills Valuation and Professional Services and Savills Belux Group sa: Chang Hung Kai, Melchior de La Pom é lie and David Poole
- (n) Colliers International Valuation (Taiwan) Ltd. and Colliers International Valuation GmbH: Ku Chien Hui, Kamill Georg Wipyewski, Robert Becker and Dmitry Stul

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (o) DTZ Cushman & Wakefield Real Estate Appraiser Office and C&W (U.K.) LLP
 German Branch: Charlie Yang, Martin Belik and Peter Fleischmann

The fair value of investment property is evaluated by the appraisers from market-based evidence and Regulations Governing the Preparation of Financial Reports by Insurance Enterprises. Appraisal methods include Sales Comparison Method, Income Approach (including Direct Capitalization Method and Discounted Cash Flow Method), Cost Approach and Cost Approach - Land Development Analysis, and so on.

Commercial office buildings are appraised by Sales Comparison Method and Income Approach mostly because of the market liquidity, comparable sale and rental cases in the neighboring areas. Shopping malls, hotels and department stores, given its characteristics, terms of lease contracts and reference of similar investment properties, are appraised mainly by Sales Comparison Method as well as Cost Approach, Direct Capitalization Method or DCF method of Income Approach. Special properties such as complex properties of malls and hotels or hospitals are appraised mainly by Cost Approach, as well as Sales Comparison Method, Direct Capitalization Method and DCF Method of Income Approach.

Superficies are appraised by Sales Comparison Method, Price Ratio Method, Cost Approach - Land Development Analysis, and Discounted Cash Flow Method. Factories and buildings planned for urban renewal are appraised by Sales Comparison Method, Cost Approach and Land Development Analysis Approach. Vacant land and superficies after completion of construction are appraised by the methods mentioned above regarding the nature of completed buildings.

Parameters primarily used are as below:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	approx	approx
Capitalization rate	0.23%~6.71%	0.25%~5.75%
Capitalization rate at the period end	1.70%~6.00%	1.70%~5.90%
Discount rate	2.85%~8.25%	2.82%~8.25%

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 the capitalization rate and discount rate. Decision of discount rate is according to “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises” which is after amending when the Group acquired target on May 11, 2020.

Buildings that finished constructing within the year 2023, due to the change in the type of the subject from land superficie to combination compound of house and land, external appraisers used the cost method and the discounted cash flow analysis method instead to evaluate the compound as a whole, thus increasing the fair value compared to the developing period.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Due to the Group can not evaluate the fair value of the land obtained after May 11, 2020, using a method that complies with 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 the Group are subsequently measured at fair value and are classified in the level 3 of the fair value hierarchy. The valuation techniques and significant inputs used by the professional appraisal firms are as follows:

- (a) The direct capitalization method of the income approach: When the direct capitalization rate increases, the fair value of investment properties will decrease, and vice versa.
- (b) The discounted cash flow analysis method of the income approach: When the discount rate and year-end income capitalization rate increase, the fair value of investment properties will decrease, and vice versa.

Investment properties are primarily held for lease under operating leases, and the main terms of these leases are the same as general lease contracts. Please refer to Note 6(H).

As of December 31, 2023 and 2022, investment properties owned by the Group were not pledged.

(H) Operating lease

The Group leases out investment property as operating leases, please refer to Note 6(G).

	For the years ended December 31,	
	2023	2022
Rental income of investment property	<u>\$ 8,234,132</u>	<u>7,682,110</u>
Direct operating expenses arising from the investment property	<u>\$ 2,110,357</u>	<u>1,783,234</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ 294,160</u>	<u>164,931</u>

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

	December 31, 2023	December 31, 2022
Less than one year	\$ 8,396,749	7,819,191
One to two years	7,469,097	7,421,322
Two to three years	6,054,401	6,546,490
Three to four years	5,406,426	5,226,846
Four to five years	4,057,785	4,642,037
More than five years	25,394,738	24,658,673
Total undiscounted lease payments	<u>\$ 56,779,196</u>	<u>56,314,559</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(I) Reinsurance assets

	December 31, 2023	December 31, 2022
Claims recoverable from reinsurers	\$ 1,482,447	1,233,460
Due from reinsurers and ceding companies	537,316	635,404
Overdue receivables	1,199,802	1,158,281
Less: Loss allowance	<u>(514,168)</u>	<u>(507,517)</u>
Subtotal	<u>2,705,397</u>	<u>2,519,628</u>
Reinsurance reserve assets:		
Ceded reinsurance unearned premiums reserve	929,473	908,957
Ceded reinsurance claim reserve	274,609	277,721
Ceded reinsurance liability reserve	<u>2,282</u>	<u>3,027</u>
Subtotal	<u>1,206,364</u>	<u>1,189,705</u>
Total	<u><u>\$ 3,911,761</u></u>	<u><u>3,709,333</u></u>

(J) Property and equipment — net

December 31, 2023				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,275,861	-	1,013,284	14,262,577
Buildings	8,145,002	1,506,942	45,259	6,592,801
Computer equipment	2,736,099	1,775,560	-	960,539
Transportation equipment	19	19	-	-
Other equipment	1,500,596	1,346,674	-	153,922
Leasehold improvements	901,347	862,948	-	38,399
Construction in progress	204,445	-	-	204,445
Prepayments for equipment	<u>134,352</u>	<u>-</u>	<u>-</u>	<u>134,352</u>
Total	<u><u>\$ 28,897,721</u></u>	<u><u>5,492,143</u></u>	<u><u>1,058,543</u></u>	<u><u>22,347,035</u></u>

December 31, 2022				
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Carrying Amount
Land	\$ 15,299,846	-	1,013,284	14,286,562
Buildings	5,292,938	1,354,411	45,259	3,893,268
Computer equipment	2,397,757	1,684,407	-	713,350
Transportation equipment	19	19	-	-
Other equipment	1,516,061	1,337,803	-	178,258
Leasehold improvements	944,308	877,084	-	67,224
Construction in progress	168,934	-	-	168,934
Prepayments for equipment	<u>97,006</u>	<u>-</u>	<u>-</u>	<u>97,006</u>
Total	<u><u>\$ 25,716,869</u></u>	<u><u>5,253,724</u></u>	<u><u>1,058,543</u></u>	<u><u>19,404,602</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes in property and equipment of the Group are as follows:

	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress	Prepayments for equipment	Total
Cost									
Balance of January 1, 2023	\$ 15,299,846	5,292,938	2,397,757	19	1,516,061	944,308	168,934	97,006	25,716,869
Purchase and acquisition	-	(868)	457,105	-	42,368	8,072	20,595	121,812	649,084
Disposal	-	-	(171,636)	-	(56,895)	(48,583)	-	-	(277,114)
Reclassification	(22,277)	2,855,971	75,108	-	11,397	(2,148)	14,916	(84,452)	2,848,515
Effect of changes in foreign exchange rates	(1,708)	(3,039)	(22,235)	-	(12,335)	(302)	-	(14)	(39,633)
Balance of December 31, 2023	<u>15,275,861</u>	<u>8,145,002</u>	<u>2,736,099</u>	<u>19</u>	<u>1,500,596</u>	<u>901,347</u>	<u>204,445</u>	<u>134,352</u>	<u>28,897,721</u>
Accumulated depreciation									
Balance of January 1, 2023	\$ -	1,354,411	1,684,407	19	1,337,803	877,084	-	-	5,253,724
Depreciation	-	155,408	277,751	-	76,168	33,662	-	-	542,989
Disposal	-	-	(170,761)	-	(55,704)	(47,448)	-	-	(273,913)
Reclassification	-	(2,034)	-	-	-	-	-	-	(2,034)
Effect of changes in foreign exchange rates	-	(843)	(15,837)	-	(11,593)	(350)	-	-	(28,623)
Balance of December 31, 2023	<u>-</u>	<u>1,506,942</u>	<u>1,775,560</u>	<u>19</u>	<u>1,346,674</u>	<u>862,948</u>	<u>-</u>	<u>-</u>	<u>5,492,143</u>
Accumulated impairment loss									
Balance of January 1, 2023	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Balance of December 31, 2023	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Cost									
Balance of January 1, 2022	\$ 15,297,373	5,283,893	2,156,615	19	1,503,378	950,693	48,150	38,506	25,278,627
Purchase and acquisition	-	4,645	242,548	-	35,056	40,029	106,141	90,671	519,090
Estimated cost of derecognition	-	-	-	-	-	498	-	-	498
Disposal	-	-	(69,175)	-	(43,591)	(50,134)	-	-	(162,900)
Written down decommission cost	-	-	-	-	-	(284)	-	-	(284)
Reclassification	-	-	32,059	-	2,680	54	14,643	(32,362)	17,074
Effect of changes in foreign exchange rates	2,473	4,400	35,710	-	18,538	3,452	-	191	64,764
Balance of December 31, 2022	<u>15,299,846</u>	<u>5,292,938</u>	<u>2,397,757</u>	<u>19</u>	<u>1,516,061</u>	<u>944,308</u>	<u>168,934</u>	<u>97,006</u>	<u>25,716,869</u>
Accumulated depreciation									
Balance of January 1, 2022	\$ -	1,222,659	1,498,725	19	1,269,924	872,269	-	-	4,863,596
Depreciation	-	130,532	229,206	-	91,685	50,578	-	-	502,001
Disposal	-	-	(69,095)	-	(40,993)	(48,095)	-	-	(158,183)
Written down decommission cost	-	-	-	-	-	(284)	-	-	(284)
Effect of changes in foreign exchange rates	-	1,220	25,571	-	17,187	2,616	-	-	46,594
Balance of December 31, 2022	<u>-</u>	<u>1,354,411</u>	<u>1,684,407</u>	<u>19</u>	<u>1,337,803</u>	<u>877,084</u>	<u>-</u>	<u>-</u>	<u>5,253,724</u>
Accumulated impairment loss									
Balance of January 1, 2022	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Balance of December 31, 2022	<u>\$ 1,013,284</u>	<u>45,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,058,543</u>
Net									
Balance of December 31, 2023	<u>\$ 14,262,577</u>	<u>6,592,801</u>	<u>960,539</u>	<u>-</u>	<u>153,922</u>	<u>38,399</u>	<u>204,445</u>	<u>134,352</u>	<u>22,347,035</u>
Balance of December 31, 2022	<u>\$ 14,286,562</u>	<u>3,893,268</u>	<u>713,350</u>	<u>-</u>	<u>178,258</u>	<u>67,224</u>	<u>168,934</u>	<u>97,006</u>	<u>19,404,602</u>

Significant components of buildings include architecture constructions, engineering constructions, elevator equipment constructions, air conditioner constructions, fire-prevention constructions, mechanical parking equipment, and solar power equipment. These are depreciated based on major useful lives of 50, 15, 10, 8 and 5 years, respectively or the remaining useful lives.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(K) Right-of-use assets

The Group leases many assets including land and buildings, IT equipment and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost					
Balance of January 1, 2023	\$ 417,080	2,133,212	17,079	42,559	2,609,930
Addition	-	196,460	6,796	6,003	209,259
Reassessment or modification of lease agreement	-	(576,554)	(7,415)	(7,733)	(591,702)
Reclassification	4,152,702	-	-	-	4,152,702
Effect of changes in foreign exchange rates	-	(8,119)	(155)	(33)	(8,307)
Balance of December 31, 2023	<u>\$ 4,569,782</u>	<u>1,744,999</u>	<u>16,305</u>	<u>40,796</u>	<u>6,371,882</u>
Balance of January 1, 2022	\$ 417,080	2,151,950	20,004	7,331	2,596,365
Addition	-	408,253	6,671	35,340	450,264
Reassessment or modification of lease agreement	-	(452,169)	(9,867)	(230)	(462,266)
Effect of changes in foreign exchange rates	-	25,178	271	118	25,567
Balance of December 31, 2022	<u>\$ 417,080</u>	<u>2,133,212</u>	<u>17,079</u>	<u>42,559</u>	<u>2,609,930</u>
Accumulated Depreciation and impairment loss					
Balance of January 1, 2023	\$ 24,059	1,158,510	8,944	11,728	1,203,241
Depreciation (including assets capitalized)	31,337	609,417	5,175	6,815	652,744
Deduction	-	(569,135)	(7,480)	(4,508)	(581,123)
Reclassification	-	(88)	-	-	(88)
Effect of changes in foreign exchange rates	-	(4,436)	(96)	(16)	(4,548)
Balance of December 31, 2023	<u>\$ 55,396</u>	<u>1,194,268</u>	<u>6,543</u>	<u>14,019</u>	<u>1,270,226</u>
Balance of January 1, 2022	\$ 18,044	893,238	12,263	4,528	928,073
Depreciation (including assets capitalized)	6,015	639,694	5,241	7,306	658,256
Deduction	-	(387,743)	(8,770)	(190)	(396,703)
Effect of changes in foreign exchange rates	-	13,321	210	84	13,615
Balance of December 31, 2022	<u>\$ 24,059</u>	<u>1,158,510</u>	<u>8,944</u>	<u>11,728</u>	<u>1,203,241</u>
Carrying amount					
Balance of December 31, 2023	<u>\$ 4,514,386</u>	<u>550,731</u>	<u>9,762</u>	<u>26,777</u>	<u>5,101,656</u>
Balance of December 31, 2022	<u>\$ 393,021</u>	<u>974,702</u>	<u>8,135</u>	<u>30,831</u>	<u>1,406,689</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(L) Intangible assets

	December 31, 2023	December 31, 2022
Goodwill	\$ 1,618,385	1,672,457
Development costs	579,296	700,355
Computer software	455,138	445,517
Business license	2,723,424	2,919,792
Others	<u>48,683</u>	<u>50,292</u>
	<u>\$ 5,424,926</u>	<u>5,788,413</u>

The changes of the intangible assets are as follows:

	Goodwill	Other intangible assets	Total
Cost:			
Balance of January 1, 2023	\$ 1,672,457	7,634,782	9,307,239
Purchase and acquisition	-	243,348	243,348
Disposal	-	(4,291)	(4,291)
Reclassification	-	7,538	7,538
Effect of changes in foreign exchange rates	<u>(54,072)</u>	<u>(196,631)</u>	<u>(250,703)</u>
Balance of December 31, 2023	<u>\$ 1,618,385</u>	<u>7,684,746</u>	<u>9,303,131</u>
Balance of January 1, 2022	\$ 1,594,156	7,030,193	8,624,349
Purchase and acquisition	-	308,910	308,910
Disposal	-	(4,507)	(4,507)
Reclassification	-	8,388	8,388
Effect of changes in foreign exchange rates	<u>78,301</u>	<u>291,798</u>	<u>370,099</u>
Balance of December 31, 2022	<u>\$ 1,672,457</u>	<u>7,634,782</u>	<u>9,307,239</u>
Accumulated amortization and impairment:			
Balance of January 1, 2023	\$ -	3,518,826	3,518,826
Amortization	-	438,182	438,182
Disposal	-	(4,125)	(4,125)
Effect of changes in foreign exchange rates	<u>-</u>	<u>(74,678)</u>	<u>(74,678)</u>
Balance of December 31, 2023	<u>\$ -</u>	<u>3,878,205</u>	<u>3,878,205</u>
Balance of January 1, 2022	\$ -	3,084,675	3,084,675
Amortization	-	326,034	326,034
Disposal	-	(4,497)	(4,497)
Effect of changes in foreign exchange rates	<u>-</u>	<u>112,614</u>	<u>112,614</u>
Balance of December 31, 2022	<u>\$ -</u>	<u>3,518,826</u>	<u>3,518,826</u>
Carrying amount:			
Balance of December 31, 2023	<u>\$ 1,618,385</u>	<u>3,806,541</u>	<u>5,424,926</u>
Balance of December 31, 2022	<u>\$ 1,672,457</u>	<u>4,115,956</u>	<u>5,788,413</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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The above stated goodwill of the Group was attributed to the acquisition of controlling power of subsidiary, Fubon Hyundai Life Insurance Co., Ltd. in September 2018.

Goodwill generated from a business combination should be tested for impairment on an annual basis. The Group regards Fubon Hyundai Life Insurance Co., Ltd. as a cash generating unit, uses appropriate discounting rates to estimate recoverable amount of Fubon Hyundai Life, and calculates the carrying value of net assets to evaluate whether to recognize impairment. The recoverable amount of Fubon Hyundai Life Insurance is determined with fair value less cost to sale, and the figures are based on expert's valuation report. The estimated recoverable amount is greater than the carrying amount, therefore there is no indication of impairment for goodwill.

(M) Other assets

	December 31, 2023	December 31, 2022
Prepayments	\$ 1,911,495	1,344,699
Deferred acquisition cost	2,323,228	2,158,159
Refundable deposits	18,078,802	26,245,180
Other assets - other	4,895,874	4,980,629
Less: Accumulated impairment	<u>(59,957)</u>	<u>(59,711)</u>
Total	<u><u>\$ 27,149,442</u></u>	<u><u>34,668,956</u></u>

As of December 2023, the Group has assessed other assets for impairment and have found indications that the carrying amount of a portion of other assets may be impaired. Fair value less cost to sale is measured to determine the recoverable amount, the amounts determined is based on expert's valuation report, and the recognition of impairment focuses on recoverable amounts that are lower than the carrying amount. The aforementioned fair value is based on significant unobservable inputs, and is therefore classified under level 3.

In the consolidated statement of comprehensive income under non-operating income and loss the Group recognized an amount of impairment of \$246 thousand and \$4,717 thousand for the years ended December 31, 2023 and 2022, respectively.

Articles 141 and 142 of the Insurance Act require insurance industry to place a government statutory deposit equal to 15% of its paid-in capital. Such deposits will not be returned until cessation of business and liquidation has been completed. In accordance with the regulations of the competent authority in Vietnam, insurance companies shall deposit 2% of legal capital in local banks in Vietnam as operating guarantee deposits. The Group used government bonds and saving deposits for the operating guarantee deposits, the details of which were as follows:

	December 31, 2023	December 31, 2022
Government bonds (Book value)	<u><u>\$ 16,076,778</u></u>	<u><u>15,977,717</u></u>
Cash in bank	<u><u>\$ 19,005</u></u>	<u><u>15,612</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(N) Insurance product — separate account

Detailed account balances of the investment insurance products, separate accounts are as follows:

	December 31, 2023	December 31, 2022
Assets on insurance product, separate account:		
Cash in bank	\$ 10,463,260	12,043,010
Financial assets measured at fair value through profit or loss	279,315,381	246,518,822
Accounts receivable	<u>1,191,892</u>	<u>1,319,530</u>
Total	<u>\$ 290,970,533</u>	<u>259,881,362</u>
Liabilities on insurance product, separate account:		
Reserve — Insurance contract	\$ 138,416,517	129,837,793
Reserve — Investment contract	152,517,745	130,010,488
Accounts payable	<u>36,271</u>	<u>33,081</u>
Total	<u>\$ 290,970,533</u>	<u>259,881,362</u>
	<u>For the years ended December 31,</u>	<u>2023</u>
Income on insurance product, separate account:		
Premiums income	\$ 11,873,767	16,275,503
Interest income	3,566,601	3,332,767
Gains or losses on financial assets and liabilities measured at fair value through profit or loss	10,948,235	(18,465,739)
Gains or losses on foreign exchange	<u>492,218</u>	<u>180,510</u>
Total	<u>\$ 26,880,821</u>	<u>1,323,041</u>
Disbursements on insurance product, separate account:		
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	<u>4,182</u>	<u>4,667</u>
Total	<u>\$ 26,880,821</u>	<u>1,323,041</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Sales rebate earned from counterparty for investment-linked insurance products are as follows (recognized in fee income):

	For the years ended December 31,	
	2023	2022
Sales rebate earned from counterparty for investment-linked insurance products	\$ <u><u>743,704</u></u>	<u><u>657,721</u></u>

Detailed account balances of the business (individual) annuity insurance products of Fubon Hyundai Life Insurance - separate accounts are as follows:

	December 31, 2023	December 31, 2022
Assets on business (individual) annuity insurance products, separate accounts:		
Cash in bank	\$ 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
Loans	26,527,289	33,641,356
Interests receivable	1,140,019	1,217,800
Other accounts receivable	<u>12,645,168</u>	<u>27,545,731</u>
Total	\$ <u><u>180,108,512</u></u>	<u><u>209,923,642</u></u>
Liabilities on business (individual) annuity insurance products, separate accounts:		
Financial liabilities for hedging	\$ 132,018	2,129,372
Other accounts payable	197,382	13,653,153
Reserve — Insurance contract	182,428,451	201,055,408
Short-term liabilities	<u>15,369,250</u>	<u>20,769,750</u>
Total	\$ <u><u>198,127,101</u></u>	<u><u>237,607,683</u></u>

	For the years ended December 31,	
	2023	2022
Income on business (individual) annuity insurance products, separate accounts:		
Interest income	\$ 6,526,273	6,305,225
Gains on financial assets and liabilities measured at fair value through profit or loss	1,324,473	2,777,282
Realized gains from financial assets measured at fair value through other comprehensive income		87,462
Reversal of ECL on investments	1,674	73,570
Gains on foreign exchange	1,270,511	4,187,037
Other income	<u>6,025,781</u>	<u>698,662</u>
Total	\$ <u><u>15,148,712</u></u>	<u><u>14,129,238</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the years ended December 31,	
	2023	2022
Disbursements on business (individual) annuity insurance products, separate accounts:		
Insurance claims and payment	\$ -	3,007
Current provisions of separate accounts	10,180,224	4,468,527
Losses on financial assets and liabilities measured at fair value through profit or loss	2,920,745	8,421,193
Realized losses from financial assets measured at fair value through other comprehensive income	756,916	584,841
Recognition of ECL on investments	180,211	1,077
Losses on foreign exchange	273,822	312,008
Administrative expenses	639,026	255,170
Other expenses	197,768	83,415
Total	\$ 15,148,712	14,129,238

The subsidiary, Fubon Hyundai Life Insurance Co., Ltd., provides government bonds and corporate bonds as collateral of trades of financial assets and repurchase agreements which is classified as financial assets measured at fair value through other comprehensive income. As of December 31, 2023 and 2022, the carrying amount of the collateral were \$16,283,482 thousand and \$24,036,047 thousand, respectively.

(O) Accounts payable

	December 31, 2023	December 31, 2022
Notes payable	\$ 254	128
Expense payable	8,523,557	7,599,094
Commissions payable	2,602,963	1,861,580
Insurance and reinsurance claims payable	11,945,970	10,931,905
Due to reinsurers and ceding companies	2,810,316	2,543,504
Insurance product — separate accounts payable	13,796,772	28,548,234
Investments payable	10,691,507	7,758,403
Other payable	2,678,865	2,829,083
Total	\$ 53,050,204	62,071,931

(P) Short-term liabilities

	December 31, 2023	December 31, 2022
Notes and bonds issued under repurchase agreement	\$ -	12,217,500
Repurchase price	\$ -	12,238,956
Repurchase interest	-	4.3%~4.9%

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(Q) Bonds payable

The information of bonds issued by the Group were as follows:

Name	Outstanding period		Rate %	Face Amount	(Discount) Premium	December 31, 2023	December 31, 2022	Note
	Date of Issuance	Maturity date						
The first issue of 2016 perpetual cumulative subordinated corporate bond	2016.12.07	No maturity date	3.25 % (Note 1)	\$ 28,500,000	-	28,500,000	28,500,000	Note2
The first issue of 2017 perpetual cumulative subordinated corporate bond	2017.04.21	No maturity date	3.30 % (Note 1)	6,500,000	-	6,500,000	6,500,000	Note2
The first issue of 2018 perpetual non-cumulative subordinated corporate bond (private placement)	2018.03.27	No maturity date	3.60 % (Note 3)	20,000,000	-	20,000,000	20,000,000	Note4
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.09.05	2033.09.05	3.70 %	13,570,000	-	13,570,000	-	
Fubon Life Insurance Co., Ltd. 1st issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.09.05	2038.09.05	3.85 %	8,930,000	-	8,930,000	-	Note5
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds A in 2023	2023.11.07	2033.11.07	3.70 %	500,000	-	500,000	-	
Fubon Life Insurance Co., Ltd. 2nd issue of Unsecured Cumulative Subordinated Corporate Bonds B in 2023	2023.11.07	2038.11.07	3.85 %	2,000,000	-	2,000,000	-	Note5
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 6)	1,182,250	(1,925)	1,180,325	1,219,460	
FubonHyundai Insurance 14	2019.10.02	2029.10.02	4.25 % (Note 6)	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 6)	354,675	(647)	354,028	365,768	
FubonHyundai Insurance 16	2020.09.21	2030.09.21	4.49 % (Note 6)	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 6)	1,288,653	(2,611)	1,286,042	1,328,707	
FubonHyundai Insurance 18	2021.09.14	2031.09.14	4.10 % (Note 6)	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 6)	1,182,250	(3,953)	1,178,297	1,217,278	
FubonHyundai Insurance 20	2022.06.28	2032.06.28	6.20 % (Note 6)	3,546,750	(11,396)	3,535,354	3,652,452	
FubonHyundai Insurance 23	2023.04.26	2033.04.26	7.30 % (Note 6)	1,891,600	(7,615)	1,883,985	-	
FubonHyundai Insurance 24	2023.06.16	2033.06.16	7.28 % (Note 6)	2,317,210	(8,435)	2,308,775	-	
FubonHyundai Insurance 25 (private placement)	2023.09.25	2033.09.25	7.40 % (Note 6)	709,350	(2,081)	707,269	-	
Total					\$ (55,257)	98,210,506	70,636,657	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- Note1: Fixed rate from the date of issuance, plus 1% if the group does not redeem the bond in 10 years from the date of issuance.
- Note2: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.
- Note3: After 10 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year benchmark yield rate plus the spread at the time of issuance.
- Note4: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed at face value plus accrued interest once a year.
- Note5: After 10 years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.
- Note6: After 5 years of issuance, if the bond is not redeemed, the coupon rate will be readjusted to 10 year KTB rate plus the spread at the time of issuance.

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest Expense	<u>\$ 3,043,658</u>	<u>2,488,476</u>

(R) Lease liabilities

The Group's undiscounted lease payments maturity analysis:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Less than one year	\$ 857,909	1,080,160
One to three years	1,204,191	1,360,580
Three to five years	2,995,787	1,087,733
More than five years	<u>22,439,888</u>	<u>24,826,705</u>
	<u>\$ 27,497,775</u>	<u>28,355,178</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	\$ <u>293,317</u>	<u>184,582</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>12,090</u>	<u>11,450</u>
Expenses relating to short-term leases	\$ <u>10,356</u>	<u>13,838</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>12,218</u>	<u>7,568</u>

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

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ <u>1,100,509</u>	<u>1,110,389</u>

The amounts recognized in the costs of the building were as follows:

	For the years ended December 31,	
	2023	2022
Capitalization of interest	\$ <u>237,393</u>	<u>353,681</u>

(a) Office leases

For the year ended December 31, 2023, the Group leases buildings as offices with lease terms of one to five years. For the year ended December 31, 2022, the Group leases buildings as offices with lease terms of two to six years.

(b) Superficies leases

As of December 31, 2023 and 2022, the Group leases land for superficies with lease terms of fifty to one hundred and thirty three years for the purpose of commercial buildings, malls, hotels etc.

The Group elected to apply the amendments made to IFRS 16 “Covid-19-Related Rent Concessions” as a practical expedient. The amounts recognized in profit or loss were \$0 thousand and \$1,323 thousand for the years ended December 31, 2023 and 2022, respectively.

(c) Other leases

The Group leases transportation and other equipments with lease terms of two to six years. If these leases are short-term or leases of low-value items, the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(S) Liabilities reserve

	December 31, 2023	December 31, 2022
Decommissioning liability	\$ 83,453	116,606
Employee benefits liabilities	7,072,039	7,067,117
Other liabilities reserve	4,413,499	4,638,829
	<u>\$ 11,568,991</u>	<u>11,822,552</u>

(a) Decommissioning liability

	Decommissioning liability
Balance of January 1, 2023	\$ 116,606
Increase of liabilities reserves	7,904
Reversal of liabilities reserves	(41,836)
Discounting and amortization of liabilities reserves	1,929
Reclassification to other income	(820)
Effect of changes in foreign exchange rates	(330)
Balance of December 31, 2023	<u>\$ 83,453</u>
Balance of January 1, 2022	\$ 101,294
Increase of liabilities reserves	31,519
Reversal of liabilities reserves	(18,606)
Discounting and amortization of liabilities reserves	1,159
Reclassification to other income	(415)
Effect of changes in foreign exchange rates	1,655
Balance of December 31, 2022	<u>\$ 116,606</u>

(b) Employee benefit

(1) Defined benefit plan

Employee benefit liability reserves recognized by the Group in balance sheets were as follows:

	For the years ended December 31, 2023	2022
Defined benefit plan	\$ 6,915,470	6,913,435
Pension plan	131,282	127,727
Unpaid leave	25,287	25,955
Total	<u>\$ 7,072,039</u>	<u>7,067,117</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

1) Defined benefit plan

The Group's reconciliations of the present value of defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 11,301,359	11,346,232
Plan assets at fair value	(4,431,342)	(4,525,287)
Net defined benefit liability (asset)	<u>\$ 6,870,017</u>	<u>6,820,945</u>
Defined benefit liability	<u>\$ 6,915,470</u>	<u>6,913,435</u>
Prepaid defined benefit asset (included in other assets)	<u>\$ (45,453)</u>	<u>(92,490)</u>

A. Components of plan assets

The Company makes a contribution to pension plan which is managed by Executive Yun Council of Labor Affairs Labor Pension Fund Supervisory Committee (hereinafter referred to as the Labor Pension Fund Supervisory Committee) in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The annual distributions shall be deposited into the restricted account of the Bank of Taiwan. If the restricted bank account is inadequate to cover projected benefit payments within the following year, the deficit will be covered by the end of March next year.

Please refer to the website of Labor Pension Fund Supervisory Committee for information released by Council of Labor Affairs regarding the utilization of labor pension fund assets including allocation of fund assets and fund returns.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B. Changes in the present value of the defined benefit obligation

The Group's changes in present value of the defined benefit obligation for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation on January 1	\$ 11,346,232	12,527,345
Benefits paid	(340,603)	(929,514)
Payments by liabilities for defined obligations	(389,712)	(22,746)
Current service cost and interest cost	415,454	376,752
Net (gains) losses on remeasurements of defined benefit liability		
-Actuarial (gains) losses from experience adjustments	268,195	42,315
-Actuarial (gains) losses from changes in assumption	24,983	(707,255)
-Actuarial (gains) losses from demographic assumptions	(9,319)	39,685
Effect of movements in exchange rates	(13,871)	19,650
Defined benefit obligation on December 31	<u><u>\$ 11,301,359</u></u>	<u><u>11,346,232</u></u>

C. Changes in fair value of plan assets

The Group's changes in fair value of plan assets for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Plan assets, at fair value on January 1	\$ 4,525,287	4,646,320
Contribution from employer	155,111	477,034
Benefits paid	(339,335)	(923,733)
Interest income	79,668	38,004
Net gains (losses) on remeasurements of defined benefit asset		
-Expected return on plan assets, excluding current interest	27,286	263,274
Exchange rate difference from foreign plan	(16,675)	24,388
Plan assets, at fair value on December 31	<u><u>\$ 4,431,342</u></u>	<u><u>4,525,287</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- D. The expenses recognized in profit or loss for the Group for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 243,622	287,380
Net interest from net defined benefit liability	92,164	51,368
	\$ 335,786	338,748
Operating costs	\$ 163,629	162,251
Administrative expenses	172,157	176,497
	\$ 335,786	338,748

- E. Net remeasurements of defined benefit liability recognized in other comprehensive income

The Group's net remeasurements of defined benefit liability recognized in other comprehensive income as of December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Cumulative amount on January 1	\$ 1,051,310	1,939,839
Recognized during the period	256,573	(888,529)
Cumulative amount on December 31	\$ 1,307,883	1,051,310

- F. Primary actuarial assumptions

The Group's primary assumptions used in determining the present value of the defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.50%-4.16%	1.50%~5.17%
Increases in future salary	3.00%	3.00%

The Group's projected payments for defined benefit obligation within a year from the reporting date is \$762,144 thousand.

The weighted average duration of the defined benefit obligation is 6.30~6.50 years.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

G. Sensitivity analysis

The Company

	The effect of changes in discount rate on defined benefit obligation	
	Increase 0.5%	Decrease 0.5%
As of December 31, 2023		
Discount rate	\$ (340,663)	360,108
Increases in future salary	178,059	(168,620)
As of December 31, 2022		
Discount rate	(366,071)	387,984
Increases in future salary	190,294	(179,623)

Subsidiary - Fubon Hyundai Life Insurance

	The effect of changes in discount rate on defined benefit obligation	
	Increase 1%	Decrease 1%
As of December 31, 2023		
Discount rate	\$ (22,479)	25,102
Increases in future salary	25,188	(22,965)
As of December 31, 2022		
Discount rate	(24,400)	27,679
Increases in future salary	28,039	(25,132)

The sensitivity analysis above allows for only one assumption change at a time. In real practice, a change in one assumption may lead to changes in other assumptions. The method used in sensitivity analysis is consistent with the method used in calculating net pension liability in the balance sheet.

2) Pension plan

The Group's reconciliations of liability (asset) of the pension plan were as follows:

	December 31, 2023	December 31, 2022
Present value of pension plan obligations	\$ 131,282	127,727
Fair value of plan assets	-	-
Net pension plan liability	<u>\$ 131,282</u>	<u>127,727</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

A. Changes in present value of the pension plan obligation

The Group's changes in present value of the pension plan obligation for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Pension plan obligation on January 1	\$ 127,727	129,950
Payments by liabilities for pension plan obligations	(4,961)	-
Current service cost and interest cost	7,631	7,043
Net (gains) losses on remeasurements of pension plan liability	885	(9,266)
Pension plan obligation on December 31	<u><u>\$ 131,282</u></u>	<u><u>127,727</u></u>

B. The expenses under the pension plan recognized in profit or loss

The Group's expenses under the pension plan recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 5,777	6,161
Net interest from net pension plan liability	1,854	882
Net (gains) losses on remeasurements of pension plan liability	885	(9,266)
	<u><u>\$ 8,516</u></u>	<u><u>(2,223)</u></u>

C. Primary actuarial assumptions

The Group's primary assumptions used in determining the present value of the pension plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.50 %	1.50 %
Increases in future salary	3.00 %	3.00 %

The weighted average duration of the pension plan obligation is 7.80 years.

D. Sensitivity analysis

	The effect of changes in discount rate on pension plan obligation	
	Increase 0.5%	Decrease 0.5%
As of December 31, 2023		
Discount rate	\$ (4,928)	5,238
Increases in future salary	9,055	(8,420)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	The effect of changes in discount rate on pension plan obligation	
	Increase 0.5%	Decrease 0.5%
As of December 31, 2022		
Discount rate	(4,961)	5,280
Increases in future salary	9,252	(8,607)

The sensitivity analysis above allows for only one assumption change at a time. In real practice, a change in one assumption may lead to changes in other assumptions. The method used in sensitivity analysis is consistent with the method used in calculating net pension liability in the balance sheet.

(2) Defined contribution plan

The Group's pension expenses under the defined contribution plan were as follows:

	For the years ended December 31,	
	2023	2022
Pension expenses	\$ 613,397	553,266

(T) Shareholders' equity

(a) Common stock

As of December 31, 2023 and 2022, the Company had authorized capital of \$150,000,000 thousand, and issued common stock of \$110,831,140 thousand, with a \$10 par value per share.

(b) Capital surplus

The capital surplus arising from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends, or transferred to capital (limited to 10% of the paid-in capital and once a year).

	December 31, 2023	December 31, 2022
Additional paid-in capital	\$ 7,463,192	7,463,192
Changes in ownership interests in subsidiaries	1,276,641	1,029,448
Changes in equity of associates and joint ventures accounted for using equity method	2,183,597	2,181,576
Consolidation excess	20,340,460	20,340,460
Other	134,778	134,778
Total	\$ 31,398,668	31,149,454

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Retained earnings and earnings appropriation

(1) Legal reserve

If the Company has no deficit and the legal reserve exceeds 25% of paid-in capital, the excess may be transferred to capital or distributed in cash pursuant to the resolution of the shareholders. If the Company intends to distribute in cash, Gin Guan Bao Tsai No.10202501991 shall be followed.

(2) Special reserve

	December 31, 2023	December 31, 2022
Recovered contingency risk reserve	\$ 9,915,778	9,517,079
Catastrophic risk reserve and contingency risk reserve	7,634,214	7,326,037
Foreign currency translation reserve	56,350,258	49,016,432
Real estate increment recovered	2,609,068	2,609,068
Gains from the fluctuation of subsequent fair value measurement of investment property	22,842,558	23,295,317
The gains or losses on disposal of unexpired debt instruments	26,147,206	25,330,288
Bargain purchase gain	2,845,001	-
Net reduction of other shareholder's equity	40,437,442	-
Variable interest rate product segmented assets	9,933,386	9,933,386
Other	<u>67,133,221</u>	<u>65,795,194</u>
Total	<u>\$ 245,848,132</u>	<u>192,822,801</u>

1) Special reserve for catastrophic risk reserve and contingency risk reserve

In accordance with Tai Tsai Pao No.0920700594, recovered contingency risk reserve can be transferred to special reserve regardless of whether the Company has earnings next year or not, pursuant to the resolution of the shareholders. Under the “ Regulations Governing the Provision of Various Reserves” , commencing from January 1, 2011, the special reserves for catastrophic risk reserve and contingency risk reserve for net of reinsurance business with the term below 1 year are provided annually. These reserves, net of income tax, are classified as special reserve under retained earnings. For more details, please refer to Note 4(Q).

2) Special reserve for foreign currency translation reserve

The special reserve appropriated according to the “Guidance for Reserve for Foreign Exchange Valuation of Life Insurance Enterprises”, please refer to Note 4(S).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

3) Special reserve for real estate increment recovered

In accordance with Jin Guan Bao Tsai No. 10102515281 on November 30, 2012, special reserves for real estate increment due to the first-time adoption of IFRSs are allowed to recover 80% in the first year or in five years and transferred to special reserve under equity. The limitation of the recoverable amount is \$10 billion per year.

4) Special reserve for investment property subsequently measured at fair value

In accordance with Gin Guan Bao Tsai No.10904917647, the Company should appropriate special reserve for investment property in restricting distributed earnings, based on the net after-tax effects of the first-time adoption of investment property measured at fair value model and the accumulated net after-tax gains on subsequent fair value measurements, respectively. The special reserve subsequently can only be used for effective contracts according to IFRS 17 “Insurance Contract”, life insurance industry effective insurance contract liability estimated at fair value and estimate method required by the competent authorities to fulfill liabilities from insurance contract. Subsequently when related assets are disposed, the special reserve could be reversed in the proportion of initial recognition and requires the approval from the competent authorities. The distribution of the reversed amount will need to be in accordance with Gin Guan Bao Tsai No.10202501992.

5) Special reserve for the gains or losses on disposal of unexpired debt instruments

From January 1, 2019, in accordance with Gin Guan Bao Tsai No. 11204939731 on November 13, 2023 (the former regulation Gin Guan Bao Tsai No. 10804501381 on June 25, 2019 is abolished with immediate effect), the gains (losses) on disposal of unexpired debt instruments with the deduction of 20% of the tax rate should be appropriated as (recovered from) special reserve. The Company can reverse special reserve based on the amortization calculated with the residual periods to expiry dates. Debt instruments with uncertain expiration date could be amortized for 10 years. Based on relevant regulations, the financial report should disclose the aforementioned special reserve's current year movement, the prior year ending balance, and the amount added in the current year for amortization in future periods, are as follows:

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movement of accumulated gains (losses) from disposal of debt instruments in the current year is as follows:

Gains (losses) from disposal of debt instruments	Amount
1. The accumulated amount of gains (losses) from disposal of debt instruments at the end of prior year (December 31, 2022)	26,147,206
2. Provision after tax with current year realized capital losses (the amount before income tax of \$(644,421) thousand, less income tax of \$(128,884) thousand)	(515,537)
3. Net recovery in the current year	1,962,331
4. The accumulated amount of gains (losses) from disposal of debt instruments at the end of the year	23,669,338

As of December 31, 2023, the amount of the special reserves the Company appropriated in accordance with regulation is \$26,147,206 thousand. Additionally, the current year movement of \$2,477,868 thousand will be appropriated to special reserves after a resolution has been decided in the shareholders' meeting (A board meeting will be held in place of the shareholders meeting). After the special reserve is appropriated, the accumulated amount of the special reserves will be \$23,669,338 thousand.

The details of the prior year ending balance and the amount added in the current year for amortization in the future periods are as follows:

Year	The accumulated amount of gains (losses) from disposal apportioned for future periods at the end of the prior year (December 31, 2022) (1)	The amount of provision after tax on gains (losses) from disposal in the current year (2)	The accumulated amount of gains (losses) from disposal apportioned for future periods at the end of the year (1)+(2)
2023	2,134,839	(172,508)	1,962,331
2024	2,121,526	(172,507)	1,949,019
2025	2,112,054	(140,857)	1,971,197
2026	2,185,471	(17,907)	2,167,564
2027	2,040,870	(17,277)	2,023,593
2028	2,039,754	(16,947)	2,022,807
2029	1,860,028	(16,463)	1,843,565
2030	1,523,486	(17,083)	1,506,403
2031	996,229	1,373	997,602
2032	785,714	2,401	788,115
2033 to 2042	6,691,293	40,274	6,731,567
2043 to 2052	1,653,487	11,964	1,665,451
2053 to 2055	2,455	-	2,455
Total (Note)	26,147,206	(515,537)	23,669,338

Note: The year of 2023 is set as the evaluation year; the amount for the year of 2023 is not included in the total of column (1) + (2).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

6) Special reserve for bargain purchase gain

In accordance with Jin Guan Bao Tsai No.10302153881 on February 10, 2015, the increase in retained earnings from bargain purchase gains, which is recognized due to mergers from self or subsidiaries, should recognize the same amount of special reserve and is barred from reversing within a year. After the expiration of one year, the special reserve can be used to cover the accumulated losses. If the value of the underlying asset after valuation is similar to that during the merger, yet to incur unexpected significant impairment, and being reviewed by the CPA, the special reserve can be recognized as capital.

In accordance with Bao Ju (Tsai) No.1120414605 on April 12, 2023, in order to maintain the sound and stability of financial structure, bargain purchase gains obtained through the equity method that has no cash inflow should follow the Jin Guan Bao Tsai No.10302153881 on February 10, 2015.

7) Special reserve for net reduction of other shareholder's equity

In accordance with Jin Guan Bao Tsai No.11004920441 on June 11, 2021, a portion of earnings shall be appropriated as special reserve during the earnings distribution. For the current debit balance on other equity interest, an equivalent amount of special reserve shall be appropriated from the after-tax net profit in the period, plus items other than the after-tax net profit in the period, that are included in the undistributed current period earnings. If the special reserve is insufficient, the Company should appropriate it from undistributed prior-period earnings. For the debit balance on other equity interest pertaining to prior periods, an equivalent amount of special reserve is appropriated from the undistributed prior-period earnings. If the Company has already appropriated a portion of earnings to special reserve under the preceding subparagraph, the Company shall make supplemental appropriation of special reserve for any difference between the amount it has already allocated and the amount mentioned above. The special reserve can be reversed due to net reduction of the debit balance of other shareholders' equity. In accordance with the regulations of Gin Guan Bao Tsai No.11104942741 on November 4, 2022, the Company reclassified the financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost. The changes in the fair value should be included in the debit balance in other equity. The amount incurred in the current year shall be provided for in the special reserve, and the special reserve can be reversed due to net reduction (including disposals) of the debit balance of other shareholders' equity.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8) Special reserve for variable interest rate product segmented assets

In accordance with Gin Guan Bao Tsai No.10804963711 on January 16, 2020, from July 1, 2020, if the life insurance industry still has surplus retained earnings for distribution after appropriating special reserves in accordance with other laws and regulations at the end of financial year, it should further appropriate special reserve in accordance with “Guidance for Product with Variable Interest Rate of Life Insurance Enterprises”.

9) Other special reserve

In accordance with the Gin Guan Bao Tsai No.10502066461 on July 13, 2016, the Company should appropriate special reserve, from 0.5% to 1% of net profit when distributing earnings from the year 2016 through 2018. From the following year of the special reserve appropriated, the Company can reverse the same amount of expenses for the purpose of providing transforming trainings and safeguarding rights and interests of employees within the remaining balance of appropriated special reserve. Gin Guan Bao Tsai No.10804932431 was published on July 30, 2019, prior to the replacement of said document, the rule stated that starting on or after 2019, special reserves cannot be appropriated. However, if there are the above aforementioned transforming trainings and safeguarding rights expenses, based on the above special reserve amount, the Company can reverse the same amount of expenses.

In accordance with the Gin Guan Bao Tsai No.11004908861 on March 26, 2021, life insurance industries should appropriate special reserve from all net profits after tax relating to disability insurance from 2020. If the net profit after tax of current year is insufficient to be appreciated, it shall be made up in the subsequent years. If there is a loss from disability insurance in the subsequent years, the special reverse can be reversed from initially recognition.

In accordance with Gin Guan Bao Tsai No. 10904939031 on October 29, 2020, beginning from 2021 the life insurance industry is required, after the end of each fiscal year, to act in accordance with the "Table of Standard Premiums for Accident, Death and Disability Benefits under Individual Travel Accident Insurance" to take a prescribed share of premium income and set it aside to the special reserve account under owners' equity. This prescribed share is calculated as follows: (10% of total premium income) – (20% nominal tax).

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Distribution of earnings

Under the Company's Article of Incorporation, the annual earnings are first used to pay taxes, cover prior years' losses, and in accordance with relevant laws, appropriate 20% of the above net amount as legal reserves until the legal reserves equals to the Company's paid-in capital. Appropriate special reserves in accordance with laws or with a resolution of shareholders if necessary. The remaining of earnings can be distributed with a resolution from the board of directors and shareholders' approval. If the Company has profits, the Company should allocate an amount ranged from 0.01% to 0.05% of the profits as employee compensation. If there is any difference between the actual distribution and the estimated amount, the difference will be recognized in the profit or loss in the current period.

Employee compensation has been estimated an amount of \$17,000 thousand and \$7,480 thousand for the years of 2023 and 2022, respectively. There is no difference between the actual distribution and the estimated amount for the year of 2022.

The information of the employee compensation approved by board of directors can be found on Market Observation Post System.

The Company executed the resolution approved by the board of directors on behalf of the shareholders' meeting on June 15, 2022 to distribute cash dividends which amounted to \$15,578,315 thousand from the undistributed retained earnings of 2021. The ex-dividend record date is June 22, 2022.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Other equity items (net — after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2023	\$ (11,366,525)	(115,789,494)	(77,295)	227,751	(82,119,539)	(209,125,102)
Foreign exchange translation difference	1,452,280	-	-	-	-	1,452,280
Foreign exchange translation differences in the share of associates accounted for using equity method	(179,398)	-	-	-	-	(179,398)
Changes in fair value of hedging instruments	-	-	49,570	-	-	49,570
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	(112,008)	-	-	(112,008)
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	79,991,557	-	-	-	79,991,557
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	1,037,257	-	-	-	1,037,257
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	613,415	-	-	-	613,415
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	(219,230)	-	-	-	(219,230)
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	(8,025)	-	-	-	(8,025)
Gains on revaluation	-	-	-	14,976	-	14,976
Profit or loss reclassified using overlay approach	-	-	-	-	104,466,981	104,466,981
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	(6,836)	(6,836)
Adjustment of equity from acquisition of additional shares in subsidiary	(206,669)	(1,301,948)	6,470	-	9,523	(1,492,624)
Balance, December 31, 2023	<u>\$ (10,300,312)</u>	<u>(35,676,468)</u>	<u>(133,263)</u>	<u>242,727</u>	<u>22,350,129</u>	<u>(23,517,187)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	Unrealized revaluation surplus	Other comprehensive profits (losses) reclassified using overlay approach	Total
Balance, January 1, 2022	\$ (14,218,363)	13,338,208	322,364	227,751	169,899,274	169,569,234
Foreign exchange translation difference	3,368,284	-	-	-	-	3,368,284
Foreign exchange translation differences in the share of associates accounted for using equity method	(516,446)	-	-	-	-	(516,446)
Changes in fair value of hedging instruments	-	-	(429,128)	-	-	(429,128)
Changes in fair value of hedging instruments in the share of associates accounted for using equity method	-	-	29,469	-	-	29,469
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	-	(130,351,335)	-	-	-	(130,351,335)
Accumulated (gains) losses reclassified to profit or loss on disposal of debt instruments measured at fair value through other comprehensive income	-	617,921	-	-	-	617,921
Disposal of equity instruments measured at fair value through other comprehensive income reclassified to unappropriated earnings	-	146,570	-	-	-	146,570
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income in the share of associates and joint ventures accounted for using equity method	-	457,859	-	-	-	457,859
Disposal of equity instruments measured at fair value through other comprehensive income in the share of associates accounted for using equity method	-	1,283	-	-	-	1,283
Profit or loss reclassified using overlay approach	-	-	-	-	(251,983,048)	(251,983,048)
Profit or loss reclassified using overlay approach in the share of joint ventures accounted for using equity method	-	-	-	-	(35,765)	(35,765)
Balance, December 31, 2022	<u>\$ (11,366,525)</u>	<u>(115,789,494)</u>	<u>(77,295)</u>	<u>227,751</u>	<u>(82,119,539)</u>	<u>(209,125,102)</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(e) Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 4,093,461	10,362,502
Increase (decrease) of non-controlling interests (Note1)	(4,588)	-
Changes in ownership interests in subsidiaries (Note2)	1,199,369	-
Shares attributable to non-controlling interests		
Net income	(1,126,773)	144,997
Exchange differences on translation of foreign financial statements	(16,835)	146,730
Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income and other equity interest	2,033,341	(6,564,528)
Remeasurement of defined benefit plans	(3,296)	3,760
Ending balance	<u><u>\$ 6,174,679</u></u>	<u><u>4,093,461</u></u>

Note 1: The change includes that Fubon Hyundai Life Insurance Co., Ltd. early redeemed KRW \$60 billion and KRW \$40 billion unsecured hybrid bonds in February 2023 and November 2022, respectively, and issued KRW \$60 billion and KRW \$40 billion unsecured hybrid bonds by private placement in the same month, which were acquired by enterprises other than the Group.

Note 2: The change is mainly due to early redemption of hybrid bonds and issuance of new shares (as described in Note 6(f)) by Fubon Hyundai Life Insurance Co., Ltd., which resulted in a change in non-controlling interests.

(U) Income taxes

According to the amendment announced by local tax authorities on March 14, 2023, the subsidiary, Fubon Hyundai Life Insurance Co., Ltd. reduced the local income tax rate by 0.1% and adjusted its applicable tax rate range from 23.2% to 23.1%.

(a) Income tax (expense) profit were as follows:

	For the years ended December 31,	
	2023	2022
Current expense tax		
Current period	\$ (530,421)	(328,352)
Adjustments for prior period	(2,489)	499,595
Foreign withholding tax	(1,506,214)	(1,017,170)
Subtotal	<u>(2,039,124)</u>	<u>(845,927)</u>
Deferred expense tax		
Reversal and recognition of temporary differences	1,167,218	(7,570,153)
Income tax rate change	(611)	4,174
Income tax expense	<u><u>\$ (872,517)</u></u>	<u><u>(8,411,906)</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

	For the years ended December 31,	
	2023	2022
Items that may not be reclassified subsequently to profit or loss:		
Revaluation of real estate property	\$ (930)	-
Remeasurement of defined benefit plans	52,046	(179,429)
Valuation gains/ losses on equity instruments measured at fair value through other comprehensive income	388,984	557,947
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may not be reclassified into profit or loss	3,856	1,288
Items may be reclassified subsequently to profit or loss:		
Exchange differences on translation	(374,967)	(483,722)
Gains/ losses on hedging instruments	(4,026)	96,963
Valuation gains/ losses on debt instruments measured at fair value through other comprehensive income	(20,545,088)	30,056,650
Other comprehensive profits/ losses reclassified using overlay approach	(6,985,954)	11,037,603
Share of other comprehensive income of associates and joint ventures accounted for using equity method - Items may be reclassified into profit or loss	72,851	121,743
	\$ (27,393,228)	41,209,043

For the year ended December 31, 2023, the details of income tax (expense) profit recognized in other comprehensive profit or loss include the income tax rate change \$37,077 thousand from Fubon Hyundai Life Insurance Co., Ltd.

Reconciliation of income tax (expense) and profit before tax is as follows:

	For the years ended December 31,	
	2023	2022
Profit before tax	\$ 35,836,851	74,094,318
Income tax using the Company's domestic tax rate	(7,167,370)	(14,818,864)
Effects of tax rates in foreign jurisdiction	191,973	(82,671)
Permanent differences	6,183,736	7,723,907
Adjustment for prior period	(2,489)	499,595
Foreign withholding tax	(1,506,214)	(1,017,170)
Tax effects of investment property measured at fair value	(442,265)	(928,718)
Income tax rate change	(611)	4,174
Others	1,870,723	207,841
Income tax expense	\$ (872,517)	(8,411,906)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Deferred income tax asset and liability

(1) Unrecognized defined tax asset

Unrecognized deferred tax asset for the Group as follow :

	December 31, 2023	December 31, 2022
Taxable temporary difference related to investment in subsidiaries	\$ 602,884	659,345
Tax losses	1,232,678	1,397,077
Others	2,622,967	1,390,691
	\$ 4,458,529	3,447,113

Tax losses which have not been recognized as deferred tax asset because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

<u>Company Name</u>	<u>Year of loss</u>	<u>Unused tax loss</u>	<u>Expiry date</u>
Fubon Life Insurance (Vietnam) Co., Ltd.	2021	VND 19,092,638	2026
	2022	VND 31,696,002	2027
		VND 50,788,640	
Fubon Life Insurance (Hong Kong) Co., Ltd.	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 61,127	No expiry date
		HKD 1,861,120	
Fubon Eurotower (Luxembourg) S. à r.l.	2020	EUR 384	2037
	2021	EUR 486	2038
	2022	EUR 484	2039
		EUR 1,354	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Recongnized deferred tax asset and liability

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

For the year ended December 31, 2023					
	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive income or loss	Others	Ending balance
Temporary difference					
Unrealized (gains) losses recognized on foreign exchange	\$ (12,973,993)	172,212	-	-	(12,801,781)
Unappropriated pension fund reserve	346,623	(40,334)	-	-	306,289
Valuation (gains) losses of financial assets and liabilities	1,810,322	(8,908,104)	-	-	(7,097,782)
Cumulative translation adjustments	1,919,064	-	(330,117)	-	1,588,947
Unrealized (gains) losses from changes in financial assets measured at fair value through other comprehensive income	30,275,283	-	(20,156,104)	(577,674)	9,541,505
Other comprehensive profits (losses) reclassified using overlay approach	5,110,603	-	(6,985,954)	(19,252)	(1,894,603)
Long-term employee benefit - pension funds - defined benefit plan	608,180	711	55,906	(625)	664,172
Investment property measured at fair values	621,231	176,808	(580)	3,442	800,901
Differences between financial and tax depreciation of properties	(2,810,546)	(478,996)	(407)	-	(3,289,949)
Land value increment tax on investment property	(2,254,832)	(95,022)	57	-	(2,349,797)
Loss carryforwards	20,063,938	7,565,787	-	(5,360,274)	22,269,451
Others	(1,464,853)	2,773,545	23,971	(14,502)	1,318,161
Deferred tax assets (liabilities) - net	\$ 41,251,020	1,166,607	(27,393,228)	(5,968,885)	9,055,514
Information presenting below the balance sheet was as follows:					
Deferred tax assets	\$ 61,650,966				37,136,841
Deferred tax liabilities	(20,399,946)				(28,081,327)
Total	\$ 41,251,020				9,055,514

For the year ended December 31, 2022					
	Beginning balance	Recognized in profit and loss	Recognized in other comprehensive income or loss	Others	Ending balance
Temporary difference					
Unrealized (gains) losses recognized on foreign exchange	\$ 22,076,806	(35,050,799)	-	-	(12,973,993)
Unappropriated pension fund reserve	438,432	(91,809)	-	-	346,623
Valuation (gains) losses of financial assets and liabilities	(1,489,948)	3,300,270	-	-	1,810,322
Cumulative translation adjustments	2,273,675	-	(354,611)	-	1,919,064
Unrealized (gains) losses from changes in financial assets measured at fair value through other comprehensive income	(753,492)	-	30,614,597	414,178	30,275,283
Other comprehensive profits (losses) reclassified using overlay approach	(5,967,036)	-	11,037,602	40,037	5,110,603
Long-term employee benefit - pension funds - defined benefit plan	785,666	(445)	(177,876)	835	608,180
Investment property measured at fair values	234,755	385,134	-	1,342	621,231
Differences between financial and tax depreciation of properties	(2,369,687)	(440,859)	-	-	(2,810,546)
Land value increment tax on investment property	(2,208,236)	(46,596)	-	-	(2,254,832)
Loss carryforwards	600,083	24,269,726	-	(4,805,871)	20,063,938
Others	(2,386,892)	109,399	89,331	723,309	(1,464,853)
Deferred tax assets (liabilities)-net	\$ 11,234,126	(7,565,979)	41,209,043	(3,626,170)	41,251,020
Information presenting below the balance sheet was as follows:					
Deferred tax assets	\$ 28,627,289				61,650,966
Deferred tax liabilities	(17,393,163)				(20,399,946)
Total	\$ 11,234,126				41,251,020

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (c) Fubon Financial Holding Company, the parent company of the Company, appointed to be the taxpayer itself; therefore, commencing from 2010, income tax return and undistributed retained earnings based on the income tax return has been filed a combined income tax return with Fubon Financial Holding Company and its qualifying subsidiaries.
- (d) In regard to all taxes filed for the year but not approved yet, the Group evaluated correlation factors which include relevant regulations and previous experiences, and determined that sufficient income tax liability is reliably estimated.
- (e) For the approved income tax filed by the Company up to the 2017, in regard to the adjustments determined by the tax authority, the Company has proposed administrative remedies for the adjustments determined by the tax authority for the years 2013, 2014, 2016 and 2017, the Company will apply for administrative remedy within the statutory time limit.

(V) Earnings per share

The Group's earnings per share calculated based on simple capital structure are as follows:

	For the years ended December 31,	
	2023	2022
Profit attributable to ordinary shareholders of the Company	<u>\$ 36,091,107</u>	<u>65,537,415</u>
Weighted average number of ordinary shares (thousand shares)	<u>11,083,114</u>	<u>11,083,114</u>
Basic earnings per share (dollar)	<u>\$ 3.26</u>	<u>5.91</u>

(W) Insurance liabilities

	December 31, 2023	December 31, 2022
Unearned premium reserves	\$ 11,197,067	10,367,322
Claim reserves	7,050,531	7,183,374
Liability reserves	4,539,903,428	4,504,597,101
Special reserves	20,321,738	19,321,529
Premium deficiency reserves	<u>4,721,928</u>	<u>6,912,443</u>
Total	<u>\$ 4,583,194,692</u>	<u>4,548,381,769</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The details of provision for insurance contracts and financial instruments with discretionary participation feature for this account balance and reconciliation were as follows:

(a) The unearned premium reserves for these insurance products are as follows:

December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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	11,197,067	-	11,197,067
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	929,473	-	929,473
Net reserve	<u>\$ 10,267,594</u>	<u>-</u>	<u>10,267,594</u>

December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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	10,367,322	-	10,367,322
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	908,957	-	908,957
Net reserve	<u>\$ 9,458,365</u>	<u>-</u>	<u>9,458,365</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The changes in unearned premium reserves for these insurance products are as follows:

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 10,267,594</u></u>	<u><u>-</u></u>	<u><u>10,267,594</u></u>

For the year ended December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 9,458,365</u></u>	<u><u>-</u></u>	<u><u>9,458,365</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) The components of claim reserves are as follows:

	December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
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
Gross reserve	<u>7,045,204</u>	<u>5,327</u>	<u>7,050,531</u>
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
Total ceded reserve	<u>274,609</u>	<u>-</u>	<u>274,609</u>
Net reserve	<u><u>\$ 6,770,595</u></u>	<u><u>5,327</u></u>	<u><u>6,775,922</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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
Gross 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><u>\$ 6,847,672</u></u>	<u><u>57,981</u></u>	<u><u>6,905,653</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in claim reserves are as follows:

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 6,770,595</u></u>	<u><u>5,327</u></u>	<u><u>6,775,922</u></u>

For the year ended December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: 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><u>\$ 6,847,672</u></u>	<u><u>57,981</u></u>	<u><u>6,905,653</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) The components of liability reserves are as follows:

	December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
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	<u>244,688</u>	<u>-</u>	<u>244,688</u>
Total (Note 1)	<u>4,406,378,670</u>	<u>133,270,689</u>	<u>4,539,649,359</u>
Less: Ceded liability reserve			
Life insurance	<u>2,282</u>	<u>-</u>	<u>2,282</u>
Net ending balance (Note 1)	<u><u>\$ 4,406,376,388</u></u>	<u><u>133,270,689</u></u>	<u><u>4,539,647,077</u></u>

Note 1: As of December 31, 2023, after adding the “liability reserve — pending payment for policyholders”, liability reserve amounted to \$4,539,903,428 thousand, less ceded liability reserve, the total amounted to \$4,539,901,146 thousand.

	December 31, 2022		
	Insurance Contracts	Financial instruments with discretionary participation	Total
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	<u>212,414</u>	<u>-</u>	<u>212,414</u>
Total (Note 2)	<u>4,358,777,993</u>	<u>145,575,777</u>	<u>4,504,353,770</u>
Less: Ceded liability reserve			
Life insurance	<u>3,027</u>	<u>-</u>	<u>3,027</u>
Net ending balance (Note 2)	<u><u>\$ 4,358,774,966</u></u>	<u><u>145,575,777</u></u>	<u><u>4,504,350,743</u></u>

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in the liability reserves are as follows:

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>
Less: Ceded liability reserve			
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><u>\$ 4,406,376,388</u></u>	<u><u>133,270,689</u></u>	<u><u>4,539,647,077</u></u>

For the year ended December 31, 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>
Less: Ceded liability reserve			
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><u>\$ 4,358,774,966</u></u>	<u><u>145,575,777</u></u>	<u><u>4,504,350,743</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) The components of special reserves for these insurance products are as follows:

	December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Dividend provision for participating policies	\$ 17,101,910	-	-	17,101,910
Dividend risk reserve	2,567,561	-	-	2,567,561
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	\$ 19,669,471	-	652,267	20,321,738

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

The movements in special reserves are as follows:

	For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 18,669,262	-	652,267	19,321,529
Provision for participating policies dividend reserve	(312,729)	-	-	(312,729)
Recover for participating policies dividend reserve	(1,307,945)	-	-	(1,307,945)
Provision of dividend risk reserve	2,640,831	-	-	2,640,831
Gain and loss on foreign exchange	(20,122)	-	-	(20,122)
Other (Note)	174	-	-	174
Ending balance	\$ 19,669,471	-	652,267	20,321,738

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	For the year ended December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	\$ 14,572,038	-	652,267	15,224,305
Provision for participating policies dividend reserve	5,267,386	-	-	5,267,386
Recover for participating policies dividend reserve	(1,282,867)	-	-	(1,282,867)
Gain and loss on foreign exchange	112,705	-	-	112,705
Ending balance	<u><u>\$ 18,669,262</u></u>	<u><u>-</u></u>	<u><u>652,267</u></u>	<u><u>19,321,529</u></u>

Note: In accordance with the regulations of local competent authorities, the subsidiary, Fubon Hyundai Life Insurance Co., Ltd., shall increase the special reserve and reduce the retained earnings.

(e) The components of premium deficiency reserves are as follows:

	December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 4,703,075	-	4,703,075
Individual health insurance	18,853	-	18,853
Total	<u><u>\$ 4,721,928</u></u>	<u><u>-</u></u>	<u><u>4,721,928</u></u>

	December 31, 2022		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	\$ 6,854,454	-	6,854,454
Individual health insurance	57,989	-	57,989
Total	<u><u>\$ 6,912,443</u></u>	<u><u>-</u></u>	<u><u>6,912,443</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The movements in premium deficiency reserve are as follows:

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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>

For the year ended December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	\$ 8,172,613	-	8,172,613
Current provision, 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>

(f) Liability adequacy reserve:

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

Insurance contracts and financial instruments with discretionary participation	December 31, 2023	December 31, 2022
Liability reserves	\$ 4,480,009,476	4,448,386,611
Unearned premium reserves	11,194,446	10,364,407
Premium deficiency reserves	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>
The carrying amount of the related 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
Insurance liability at adjusted carrying value	<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>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The liability adequacy test method adopted by the Group for December 31, 2023, December 31 and 2022:

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 investment.

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

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

(g) Special reserve (Catastrophic risk reserve and contingency risk reserve):

December 31, 2023				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 5,087,507	-	-	5,087,507
Contingency risk reserve	2,546,707	-	-	2,546,707
Total	<u>\$ 7,634,214</u>	<u>-</u>	<u>-</u>	<u>7,634,214</u>
December 31, 2022				
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Catastrophic risk reserve	\$ 4,773,944	-	-	4,773,944
Contingency risk reserve	2,552,093	-	-	2,552,093
Total	<u>\$ 7,326,037</u>	<u>-</u>	<u>-</u>	<u>7,326,037</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(X) Reserve for insurance with nature of financial instrument

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

	December 31, 2023	December 31, 2022
Life insurance	\$ 3,188,770	3,184,863
Investment-linked insurance	242,194	181,300
Total	<u>\$ 3,430,964</u>	<u>3,366,163</u>

	For the years ended December 31, 2023	2022
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	186,948	163,079
Ending balance	<u>\$ 3,430,964</u>	<u>3,366,163</u>

(Y) Reserve for foreign exchange valuation

(a) Hedging strategy and risk exposure

The foreign exchange hedging strategy is the 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 dynamically adjusted. The interval of foreign exchange hedge ratio is determined by the bearing capability of foreign exchange risk.

(b) The movements in reserve for foreign exchange valuation are as follows:

	For the years ended December 31, 2023	2022
Beginning balance	\$ 37,131,393	10,389,467
Current provision:		
Compulsory provision	1,749,901	5,045,984
Additional provision	1,739,290	35,838,807
Subtotal	<u>3,489,191</u>	<u>40,884,791</u>
Current recovery	<u>(31,444,249)</u>	<u>(14,142,865)</u>
Ending balance	<u>\$ 9,176,335</u>	<u>37,131,393</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Effect of the reserve for foreign exchange valuation

<u>Item</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
December 31, 2023			
Foreign exchange valuation reserve	\$ -	9,176,335	(9,176,335)
Equity attributable to owners of parent	497,774,042	492,038,137	5,735,905
December 31, 2022			
Foreign exchange valuation reserve	-	37,131,393	(37,131,393)
Equity attributable to owners of parent	299,017,745	270,917,794	28,099,951

<u>Item</u>	<u>For the year ended December 31, 2023</u>			<u>For the year ended December 31, 2022</u>		
	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>	<u>Not applied amount</u>	<u>Applied amount</u>	<u>Effect</u>
Net profit 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

(Z) Deferred acquisition cost and deferred handling fee

(a) 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 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
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>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Deferred handling fees

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

	For the years ended December 31,	
	2023	2022
Beginning balance	\$ 3,080,908	2,604,828
Addition	681,064	585,369
Amortization	(130,663)	(109,289)
Ending balance	<u><u>\$ 3,631,309</u></u>	<u><u>3,080,908</u></u>

(AA) Retained earned premium and retained claims payment

(a) Retained earned premium

	For the year ended December 31, 2023		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 328,715,392	3,926,214	332,641,606
Reinsurance premiums	-	-	-
Premium income	328,715,392	3,926,214	332,641,606
Less: Reinsurance premium ceded	(2,614,315)	-	(2,614,315)
Net change in unearned premium reserves	(812,024)	-	(812,024)
Subtotal	(3,426,339)	-	(3,426,339)
Retained earned premiums	<u><u>\$ 325,289,053</u></u>	<u><u>3,926,214</u></u>	<u><u>329,215,267</u></u>

	For the year ended December 31, 2022		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	\$ 339,575,484	5,146,087	344,721,571
Reinsurance premiums	-	-	-
Premium income	339,575,484	5,146,087	344,721,571
Less: Reinsurance premium ceded	(2,674,902)	-	(2,674,902)
Net change in unearned premium reserves	(822,481)	-	(822,481)
Subtotal	(3,497,383)	-	(3,497,383)
Retained earned premiums	<u><u>\$ 336,078,101</u></u>	<u><u>5,146,087</u></u>	<u><u>341,224,188</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Retained claims payment

For the year ended December 31, 2023			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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 reinsurers	(2,116,735)	-	(2,116,735)
Retained claims payment	<u><u>\$ 372,300,384</u></u>	<u><u>19,087,102</u></u>	<u><u>391,387,486</u></u>

For the year ended December 31, 2022			
	Insurance Contracts	Financial instruments with discretionary participation	Total
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 reinsurers	(1,866,638)	-	(1,866,638)
Retained claims payment	<u><u>\$ 344,909,540</u></u>	<u><u>16,631,494</u></u>	<u><u>361,541,034</u></u>

(AB) Non-operating income and expenses

For the years ended December 31,		
	2023	2022
Losses on disposal of assets	\$ (4,388)	(8,600)
Impairment loss on non-financial assets	(246)	(4,717)
The bargain purchase gain	-	3,556,251
Other non-operating income and expenses	1,009,744	1,020,631
Total	<u><u>\$ 1,005,110</u></u>	<u><u>4,563,565</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AC) The nature and extent of risks arising from insurance contracts

- (a) The objectives, policies, processes and methods used for managing risks arising from insurance contracts.

(1) The organization of risk management

Please refer to Note 6(AE)(a) for further explanation.

(2) Risk management strategy

Please refer to Note 6(AE)(a) for further explanation.

(b) Insurance risk management

(1) Underwriting risk management

Underwriting risk refers to the unexpected risk arising from soliciting new insurance policies, and relevant expenditures. In order to manage underwriting risk, the Company has classified underwriting risk into the following types:

- 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 Solicitation Policy, 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 propriety of underwriting assessment and to monitor the accuracy and timeliness of underwriting operation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Claim risk management

Claim risk refers to the risk arising from adopting inappropriate or negligent procedures on claims settlement procedure. In order to manage claim risks the Group abides by the “ Regulations Governing new insurance policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises” and established a “ Claim Settlement System and Procedures” and a standard operating procedure to decrease the risk of negligence when processing claims, in order to protect the financial consumers’ rights. The Company also monitors the accuracy, timeliness, by implementing levels of authority and by enhancing professional training for claims personnel.

(3) Product design and pricing risk management

Product design and pricing risk refers 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 of new product is analyzed and an internal meeting is held before a new product is launched. 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. They also set assets allocation plans, which take into the characteristics of the requirement of asset and liabilities management, and conform to sales review meeting regularly after sales.

(4) 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 statutory compliance 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 control points are established within the framework to ensure the accuracy of the calculation.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(5) Catastrophic risk and reinsurance risk

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

1) Catastrophic risk

Based on the Company'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. The catastrophic losses that may arise from life insurance and accident insurance are likewise considered in evaluation of catastrophic risk. 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 the Company's annual reinsurance policy. This plan includes retention risk management, ceded insurance risk management, assumed insurance risk management, intergroup reinsurance risk management.

The credit rating of the reinsurers is also monitored monthly. Such credit rating is based on Article 7 and Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". Under this Article, reinsurers or insurance organizations with a credit rating above a certain level from an international credit rating agency (The credit rating should be BBB or higher from Standard & Poor's Corporation or comparable rating assigned by other credit rating agencies authorized by the Authority) are eligible as reinsurers to whom an insurance enterprise may cede its business. The Company currently adopts Standard and Poor's A- or above as its guideline.

(6) Assets and liabilities combination risk

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

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 2) Under the Article of Organization Rules for the Assets and Liabilities Management Committee, the meeting must be held at least once per quarter and the responsible department in the Company performs the cash flow test using the spot interest rate and estimates the earnings at the end of each year to ensure the ability of discharging of the Company. Also, 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 periodically 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 subsidiaries comply with relevant local laws and regulations, the Company's capital adequacy management measures and risk management regulations, to manage assets and liabilities by controlling risk, and to maintain appropriate solvency and sound operations.

(7) Risk management report

- 1) A Risk Management Committee is set up under the supervision of the Board of Directors. The independent directors act as the conveners and hold a meeting quarterly. According to its organization rules, the major duties of the committee are to
 - (I) Set up and modify policy and structure of risk management
 - (II) Set up and modify the quantitative and qualitative criteria for risk measurement.
 - (III) Adjust risk types as environment change
 - (IV) Set up risk limit allocation and the way of undertaking risk
 - (V) 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 the Company 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 subsidiaries manage the above-mentioned risks in accordance with relevant laws and regulations and the Company's risk management standards.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Information of insurance risk

(1) Sensitivity of insurance risk— Insurance contracts and financial instrument with discretionary feature

For the year ended December 31, 2023				
	Change of assumption		Change of income before tax	Change of stockholder's equity
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

For the year ended December 31, 2022				
	Change of assumption		Change of income before tax	Change of stockholder's equity
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 income before tax/stockholders' equity in which only one element changes and the others remain constant. The change of stockholder's equity was calculated based on the assumption that the tax rate which the Company was 20% and the subsidiary Fubon Hyundai Life Insurance Co., Ltd. was 23.1% (It was calculated by 24.2% in 2022.), the change factors considered include mortality, morbidity, rate of return, expense rate and lapse rate. The sensitivity analysis does not include the information of subsidiaries Fubon Life Insurance (Vietnam) Co., Ltd. and Fubon Life Insurance (Hong Kong) Co., Ltd., due to the fact that the percentage of retained earned premiums compared to the consolidated retained earned premiums is relatively small and is not expected to affect the result of the sensitivity analysis.

(2) Insurance risk concentration

Insurance contracts sold by the Group include life insurance, annuities, accident insurance and health insurance. As these insurance contracts are primarily issued in Taiwan, the insurance risk is mainly concentrated in Taiwan.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(3) Claim development trend

1) Development trend of claims payment incurred

Cumulative claims payment and adjustment to the consolidated balance sheet are as follows:

December 31, 2023 (The Company)								
Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,861,994
The balance of claim reserve								4,341,323

December 31, 2023 (Subsidiary — Fubon Hyundai Life Insurance)						
Occurrence Year	Development year					Claim Reserve
	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 (The Company)								
Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,828,574
The balance of claim reserve								4,041,994

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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December 31, 2022 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	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 and the IBNR of the subsidiary company (not included Fubon Hyundai Life Insurance), from claims payment incurred are not estimated based on claim development trend amounts to \$18,153 thousand and \$17,580 thousand, respectively.

2) Development trend of retention claims payments

Cumulative claims payments from prior years are as follows:

December 31, 2023 (The Company)

Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,800,859
The balance of claim reserve								4,235,900

December 31, 2023 (Subsidiary — Fubon Hyundai Life Insurance)

Occurrence Year	Development year					Claim Reserve
	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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

December 31, 2022 (The Company)								
Occurrence Year	Development year							Claim Reserve
	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 subsidiaries except for Fubon Hyundai Life Insurance)								1,777,159
The balance of claim reserve								3,952,273

December 31, 2022 (Subsidiary — Fubon Hyundai Life Insurance)						
Occurrence Year	Development year					Claim Reserve
	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 and the IBNR of the subsidiary company, from claims payment incurred are not estimated based on claim development trend amounts to \$16,194 thousand and \$15,505 thousand, respectively.

Claims 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 current gain or loss. For some claims, notifications to the Group 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 be 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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 the Group estimate the compensation amount of each year as time passes by. 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

(1) Credit risk

The credit risk from Insurance Contract arises mainly from the inability of reinsurers to fulfill the obligation of reinsurance contracts which result in financial losses. The Group monitors the credit rating of reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

(2) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability of the Group 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, the Group also reviews 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 sets in advance the response strategy for potential payments in order to enhance timely liquidity risk management and to avoid the situation of inadequate liquidity.

The maturity analysis of Insurance Contracts of the Group is shown below:

(Unit: NT\$ million)

December 31, 2023						
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						
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 %

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Note1: Reserve containing preparation having an insurance contract nature of financial instruments.

Note2: The “Unable to classify” includes interest-linked product, authorized additional provision, and the reserve of allowance for doubtful accounts recognized by business tax saving benefits. The amounts above exclude provision for separate account, foreign exchange valuation reserve and revaluation surplus of fixed assets.

(3) 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. The Group measures 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, management is not expecting that the change in market risk factors would have a significant effect on income and equity of the Group.

Guided by Assets and Liabilities Management Committee, the Group takes into account financial environment, all the 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 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 the Group.

(AD) Fair value and fair value hierarchy

(a) Fair value information

(1) General description

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 instruments are 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 subsequent measurement. A quoted price in an active market is the best evidence of fair value. 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 finance information providers which are commonly used by market participants, or (c) quoted prices from counter parties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) The definition of fair value hierarchy

1) Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is one in which all the following conditions exist: a) the items traded within the market are homogeneous; b) willing buyers and sellers can normally be found at any time; and c) prices are available to the public. Taiwan government bonds, listed equities and debt instruments with active market prices are categorized in Level 1.

2) Level 2 inputs

Level 2 inputs are inputs other than quoted 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). Debt instruments without active market prices, and derivative instruments are categorized in Level 2.

3) Level 3 inputs

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted prices from counter parties. Equity, debt instruments, derivatives and investment properties without active market prices but based on quoted prices from counter parties or figures obtained from non-market indicators, are categorized in level 3.

If the market parameters which are directly relevant to the financial instruments are not accessible, the Group uses the market parameters accessed from other similar companies to evaluate the value of the financial instruments. Even though the market parameters of other similar companies can be accessed publicly, the market parameters are indirectly related to the financial instruments. As a result, the Group classified the financial instruments, such as non-public stocks, to Level 3.

(3) Valuation techniques

1) 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 equities and debt instruments with quoted prices in active markets.

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If the quoted prices are timely and regularly available from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities, and those prices represent actual and regularly occurring market transactions, on an arm's length basis, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

Except for financial instruments with active markets, fair value of other financial instruments is determined by valuation techniques, valuation provided by the professional finance information providers which are commonly used by market participants, or quoted prices from counter parties. Necessary inputs for the fair value resulting from the use of discounted cash flow method or other valuation techniques include available market information such as yield curve of Taipei Exchange.

The Group uses the valuation techniques commonly accepted by market participants for nonstandard and less complicated financial instruments. Parameters of valuation models are usually the observable market information.

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

2) Non-financial instruments

The fair value of investment property is determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and evaluated by the professional appraisal agency with the support of market evidences. Please refer to Note 6(G) for details.

(4) Fair value adjustment

Limitations of valuation models and uncertain 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 additional parameters when necessary. There are validation processes for valuation models, and the adjustments are considered to be proper and essential. Price information and parameters for measurement are carefully used and adjusted based on the current market conditions.

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(b) Fair value measurement

(1) Fair value hierarchy

Information of fair value hierarchy is as follows:

Assets and liabilities items	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)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 528,160,019	527,071,709	-	1,088,310
Bond investment	100,220,788	5,124,951	90,148,859	4,946,978
Other	813,885,480	603,300,357	42,947	210,542,176
Financial assets measured at fair value through other comprehensive income				
Security investment	13,157,215	5,286,430	-	7,870,785
Bond investment (Note 1)	271,344,060	152,522,265	113,317,695	5,504,100
Other	8,539	-	-	8,539
Investment property (Note 2)	267,295,114	-	-	267,295,114
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 37,267,541	-	36,956,423	311,118
Financial assets for hedging	1,700,227	-	1,700,227	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	1,583,171	-	1,583,171	-
Financial liabilities for hedging	678,293	-	678,293	-

Assets and liabilities items	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)
Recurring fair value measurements				
Non-derivative assets and liabilities				
Assets:				
Financial assets measured at fair value on through profit or loss				
Security investment	\$ 448,345,848	447,748,975	-	596,873
Bond investment	95,311,373	4,908,472	89,314,454	1,088,447
Other	664,050,182	474,486,874	46,586	189,516,722
Financial assets measured at fair value through other comprehensive income				
Security investment	21,029,174	11,475,769	-	9,553,405
Bond investment (Note 1)	605,421,761	462,081,374	142,651,547	688,840
Other	26,623	-	-	26,623
Investment property (Note 2)	260,131,263	-	-	260,131,263
Derivative assets and liabilities				
Assets:				
Financial assets measured at fair value through profit or loss	\$ 20,623,220	-	20,067,947	555,273
Financial assets for hedging	2,602,646	-	2,602,646	-
Liabilities:				
Financial liabilities measured at fair value through profit or loss	29,234,427	-	29,234,427	-
Financial liabilities for hedging	3,954,452	-	3,954,452	-

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Note 1: Government bonds provided as statutory deposits were included.

Note 2: Excluding investment properties not measured at fair value.

(2) Transfer between Level 1 and Level 2

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

(3) The movement details of Level 3

Movements of assets categorized in Level 3 are as follows:

For the year ended December 31, 2023								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 191,757,315	7,702	3,180,910	31,965,333	4,455,936	14,478,614	-	216,888,582
Financial assets measured at fair value through other comprehensive income	10,268,868	(423)	(1,637,323)	494	5,409,943	63,146	594,989	13,383,424
Investment property	260,131,263	(3,437,261)	1,925,912	2,897,026	5,821,194	43,020	-	267,295,114
Total	<u>\$ 462,157,446</u>	<u>(3,429,982)</u>	<u>3,469,499</u>	<u>34,862,853</u>	<u>15,687,073</u>	<u>14,584,780</u>	<u>594,989</u>	<u>497,567,120</u>

For the year ended December 31, 2022								
Name	Beginning balance	Valuation profit or loss		Increase		Decrease		Ending balance
		Recognized in profit or loss	Recognized in other comprehensive income (Note)	Purchase or issue	Transfer into Level 3 (a)(b)	Sale, disposal or settlement	Transfer out of Level 3 (b)(c)	
Financial assets measured at fair value through profit or loss	\$ 176,556,944	19,990	2,179,386	44,198,042	-	31,197,047	-	191,757,315
Financial assets measured at fair value through other comprehensive income	27,379,738	37,436	(1,843,674)	848,969	-	279,515	15,874,086	10,268,868
Investment property	264,207,164	(5,327,618)	881,063	336,491	34,163	-	-	260,131,263
Total	<u>\$ 468,143,846</u>	<u>(5,270,192)</u>	<u>1,216,775</u>	<u>45,383,502</u>	<u>34,163</u>	<u>31,476,562</u>	<u>15,874,086</u>	<u>462,157,446</u>

- (a) Transferred to Level 3 because of a lack of observable market data, resulting from a decrease in market activity for the securities.
- (b) The Group's policy is to recognize transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfers.
- (c) Transferred from Level 3 because observable market data became available for the securities.

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

	For the years ended December 31,	
	2023	2022
The amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	<u>\$ (3,429,982)</u>	<u>(5,277,639)</u>
The amount of the total gains or losses for the period included in other comprehensive income that is attributable to the change in unrealized gains or losses relating to these assets and liabilities held at the end of the reporting period	<u>\$ 2,687,954</u>	<u>1,187,930</u>

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(4) Quantitative information about the significant unobservable inputs used in the fair value measurement

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

Because of the inability to comprehensively manage the relationship of significant unobservable inputs to fair value, the undisclosed quantitative information about fair value are as follows :

December 31, 2023	December 31, 2022
<u>\$ 220,125,317</u>	<u>190,464,372</u>

Quantitative information about the significant unobservable inputs are as follows:

Accounting classification	December 31, 2023					Relationship between inputs and fair value	
	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)			
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 discount	5%	The higher the non-controlling discount, the lower the fair value		
			Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value		
		Market Approach — comparable companies	P/B ratio	1.3~4.3(2.8)	The higher the P/B ratio, the higher the fair value		
			Black-Scholes Model	Risk-free rate	1 years : 3.53%~4.31% 3 years : 2.97%~3.63% 10 years : 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 years : 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 discount	5%	The higher the non-controlling discount, the lower the fair value
Market Approach — comparable companies	Discount for lack of marketability			11.79%~50% (28.93%) 1.7~3.6 (2.65)	The higher the discount for lack of marketability, the lower the fair value The higher the P/B ratio, the higher the fair value		
	Discounted Cash Flow Method			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			
Investment property	267,295,114	Please refer to Note 6(G)					

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Accounting classification	December 31, 2022				
	Fair value	Valuation techniques	Significant unobservable input	Range (weighted-average)	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 discount	5%	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	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 years : 3.52%~4.31%	The higher the risk-free rate, the higher the call warrant value but the lower the put option value
				5 years : 3.33%~4.07%	
				10 years : 3.49%~4.26%	
			Volatility	3 years : 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\$3,789,85 ~\$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	0%~20% (10.56%)	The higher the discount for lack of marketability, the lower the fair value
			Non-controlling discount	5%~20% (11.11%)	The higher the non-controlling discount, the lower the fair value
		Market Approach — comparable companies	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 Method	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
Investment property	260,131,263	Please refer to Note 6(G)			

(5) Valuation processes for fair value measurements categorized within Level 3

When the Group's fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the unobservable parameters, the asset or liability is categorized in Level 3. The inputs come from:

- (a) Prices referring from the professional finance information providers, which are not different for each acquirer and shall be acquired through specific facility.
- (b) Prices referring from quoted prices from counter parties or valuation institute. Price information is provided on a monthly or quarterly basis and shall be kept properly. Valuation shall be reviewed regularly to ensure the consistency with reference pricing source and the reasonability of the valuation.
- (c) Prices of equity investment referring from market approach and valuation model.

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(d) Prices of loans referring from discounted cash flow method.

(e) Prices of derivatives referring from the valuation model.

Investment property is evaluated by the professional appraisal agency in accordance with the valuation techniques announced by FSC.

- (6) Sensitivity and reasonableness of the fair value measurements categorized within Level 3

The fair value measurement of financial instruments and investment property are reasonable. Because of the inability to comprehensively manage the relationship of significant unobservable input to fair value, the Group does not perform alternative or sensitivity test for the items that are partially categorized within Level 3 and not valued by the Group. The following table summarizes the effects to profit or loss and other comprehensive income resulting from 10% changes in the valuation parameters of those financial instruments categorized within Level 3 valued by the Group and partially by the professional finance information providers:

December 31, 2023	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
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)
Total	\$ 58,643	(53,458)	89,110	(89,109)

December 31, 2022	Profit or loss		Other comprehensive income	
	(Note)			
Items	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
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)
Total	\$ 65,509	(65,023)	109,262	(110,063)

Note: Gains or losses on financial assets measured at fair value through profit or loss was reclassified to other comprehensive income by applying the overlay approach.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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(c) Assets and liabilities not measured at fair value

(1) Fair value information

Other than the items stated in the table below, disclosures of fair value are not required for the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, receivables, other financial assets — cash in bank, loans, accounts payable and short-term liabilities) and their carrying amount is a reasonable approximation of fair value, and lease liabilities.

Items	Carrying amount	Fair value
December 31, 2023		
Financial assets		
Financial assets measured at amortized cost (Note 1)	\$ 2,637,975,710	2,190,813,195
Financial liabilities		
Bonds payable	98,210,506	97,136,021
December 31, 2022		
Financial assets		
Financial assets measured at amortized cost (Note 1)	2,264,612,891	1,890,407,223
Financial liabilities		
Bonds payable	70,636,657	68,986,321

Note 1: Government bonds provided as statutory deposits were included.

Note 2: For fair value adjustments details, please refer to Note 6(AD)(a)(4).

(2) Fair value hierarchy

Assets and liabilities items	Total	December 31, 2023		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Financial assets measured at amortized cost	\$ 2,190,813,195	1,335,252,146	666,128,567	189,432,482
Financial liabilities:				
Bonds payable	97,136,021	-	79,055,828	18,080,193

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		December 31, 2022		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets and liabilities items	Total			
Financial assets:				
Financial assets measured at amortized cost	\$ 1,890,407,223	948,782,437	765,892,033	175,732,753
Financial liabilities:				
Bonds payable	68,986,321	-	54,073,140	14,913,181

(AE) Financial risk management

(a) Risk management system

(1) The organization structure of risk management

The Company sets Risk Management Committee which is under the jurisdiction of the board of directors and was convened by independent directors. It is to supervise the overall risk control of the Company and report to the board of directors regularly. In order to effectively examine the Company's risk management operation, two special committees were established.

- 1) Assets and Liabilities Management Committee: The chairman of the Company or appointed personnel serves as the chairman of the committee. The committee is to consider the balance between assets and liabilities, set up the strategic target of assets and liabilities and supervise the execution progress.
- 2) Operational Risk Management Committee: It is convened by the president to supervise and manage the operational risk of the Company in order to assure the management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out the risk control and to facilitate the coordination of other risk control affairs, the Company's board of directors designates a chief risk officer to be in charge of a risk management department which is independent of all business units. The risk management department executes or assists to execute risk control duty following the regulation of risk management policy, organization rules governing the risk management committee and organization rules governing the risk related committee. The Company has established diverse risk management policies, risk limits and stop-loss prevention and assessment policy, hierarchical authorization, and risk assessment criteria in order to facilitate effective risk management.

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The risk management mechanism of the subsidiaries is conducted per the relevant regulations of local authority and the risk management rules of the Company. It is to control certain risks such as market, credit and liquidity risk and measure and evaluate the overall investment position regularly. The risk management staff prepares management and evaluation internal monitoring reports for various risks.

(2) Risk management policies

The Company pronounced Risk Management Policy under the consent of the board of directors. The policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is based on the regulation of overall operation target, management strategy and risk management. It is to establish appropriate risk management system and management procedure so as to identify, evaluate, measure, supervise, respond and report potential risk. Through the announcement of the risk management policies, the Company established clear management targets, controlling methods and the responsibilities for respective departments to ensure the operating capital is adequate and to create profit for shareholders.

The subsidiaries also set up risk management policies or rules as the basis of risk management.

(3) Risk management process

The process of the Company's risk management includes: Risk identification, risk measurement, risk monitoring and risk report.

- 1) Risk identification: Risk factors refer to the internal and external factors which may subject the Company to certain risks during the operating process; risk identification is to confirm various risk factors and the sources of the risks from investing activities.
- 2) Risk measurement: To set up quantitative and qualitative risk management methods, indices and models and generate relevant risk management reports to effectively identify, measure and monitor risk exposure and to adopt effective procedures to diminish, transfer and control the risks under an acceptable extent.
- 3) Risk monitoring: Through risk management methods, mechanism and reports to continuously monitor various risk exposure in order to control and respond in time.
- 4) Risk report: Except for the regular report during the monitoring process, the risk management staff shall report immediately when abnormal or other special situation occurs and take appropriate actions (including the diminishing, control, transfer and tolerating of risk) to minimize the possible impact to the Company.

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In accordance with the internal risk management policies, the Company controls risks such as market risk, credit risk, liquidity risk, operation risk, insurance risk, assets and liabilities coordination risk. In addition to the arrangement regulated by the authorities, the Company also established measurement and evaluation management mechanism to regularly prepare management and evaluation monitoring report for various risks.

The subsidiaries set up appropriate management process and risk monitoring in accordance with their characteristics, development stage and regulations.

(4) Risk hedging and diminishing strategy

The Company takes capital scale and risk tolerance into consideration and review capital adequacy ratio regularly to ensure the capital is adequate. Furthermore, by combining several business aspects such as the understanding of the market status, the Company's operating strategy, product characteristics and risk control, the Company also analyzes the risk structure and risk level of the overall position and constrains the Company's risk within the pre-approved extent or adjusts the Company's risk to a tolerable extent. The execution of risk hedging and diminishing strategy is adjusted based on the risk tolerance of the Company.

The subsidiaries managed risk tolerance in accordance with their characteristics, development stage and local regulations.

(b) Credit risk analysis

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. The Group may suffer losses from these incidents.

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(1) Analysis of credit risk concentration

The following are credit risk exposure of the Group's debt instruments and derivative instruments as well as 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
Assets backed securities	30,260,611	0.92	30,235,763	0.93
Telecommunication	225,966,540	6.89	219,539,422	6.78
Other	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 through business combination	(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>

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 through business combination	(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: The Group operates 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.

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(2) Categories for credit risk quality

The Group internally categories the credit risk into three levels, which are low risk, medium risk and high risk. The definition of each level is as follows:

- 1) 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 financially capable of dealing with the situations.
- 2) 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 the Group.
- 3) 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.

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The Group's credit analysis for debt instruments, loans, other financial assets and related accounts receivable are as follows:

	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 — interests receivable(inclueing overdue receivable)	\$ 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	(Note1)	271,466,506
Financial assets measured at amortized costs (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
Total	<u>\$ 3,077,579,861</u>	<u>79,338,597</u>	<u>294,861</u>	<u>3,157,213,319</u>	<u>951,490</u>	<u>4,598,893</u>	<u>568</u>	<u>5,550,951</u>	<u>20,116,584</u>	<u>-</u>	<u>20,116,584</u>	<u>6,843,018</u>	<u>3,176,037,836</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2022												
	stage1				stage2				stage3				
	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total	Credit-impaired financial assets	Purchased or originated credit-impaired financial assets	Total	Loss allowance	Total
Accounts receivable — interests receivable(inclueing overdue receivable)	\$ 30,398,739	869,714	386	31,268,839	181	105	1	287	982,986	1	982,987	931,986	31,320,127
Financial assets measured at fair value through other comprehensive income — debt instruments (Note 2)	593,343,810	8,983,605	-	602,327,415	-	3,919	-	3,919	3,117,050	-	3,117,050	(Note1)	605,448,384
Financial assets measured at amortized costs (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
Total	<u>\$ 3,041,777,554</u>	<u>95,943,105</u>	<u>373,935</u>	<u>3,138,094,594</u>	<u>1,910,262</u>	<u>788,385</u>	<u>652</u>	<u>2,699,299</u>	<u>19,951,583</u>	<u>800</u>	<u>19,952,383</u>	<u>4,757,604</u>	<u>3,155,988,672</u>

Note 1: Please refer to Note 6(AD)(b)(8) for further information of the loss allowance of debt instruments measured at FVOCI.

Note 2: 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 for December 31, 2023 and 2022 were \$(113,907) thousand and \$(105,379) thousand, \$(42,412) thousand and \$0 thousand, \$(56,094) thousand and \$(49,640) thousand, respectively.

Note 3: The Group operates 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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

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

(4) The definition of default and credit-impaired financial assets

The Group's 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 credible impairment procedure will be proceeded.

1) 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.

2) Failure to pay:

After the expiration of the grace period, the principal or interest could not be paid on contract.

3) Debt restructuring:

Due to financial difficulties, the borrower negotiated with the creditor for debt relief, extension or re-planning. The debt instrument held by the Group has been impaired because of the borrower's application for debt restructuring.

4) Repudiation or moratorium:

Unilaterally refuses or denies any legality or validity of debt, and refuses or defers payment.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5) 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.

6) The company completely suspended its operations because of local government orders.

(5) Measurement of expected credit loss

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

2) Forward looking information considerations

The Probability of default and Loss given default, the Group used in debt instruments, are based on the information released by Moody's, an international credit rating agency. The Probability of default is based on the future macroeconomic status with implied market data predictions to adjust the forward looking PD, the Loss given default is based on the recovery rate of bonds by Moody's. The Exposure at default is measured by the amortized cost of the financial assets (including accrued interest). The Probability of default and Loss given default used by the Group 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). The Exposure at default is measured by the amortized cost (including accrued interest).

The estimation techniques or material assumptions made by the Group to assess expected credit losses have no significant changes during the year.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(6) Policies to hedge or mitigate credit risk

1) Collateral

The Group requires 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.

2) Enhancement of other credits

The Group 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 the Group considers to be incompetent to repay the loans, the Group would request one or more joint guarantors to enhance the guarantee for the creditor's right.

(7) The maximum credit risk exposure of the Group

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 arrangement and other credit enhancements is the carrying amount on the consolidated balance sheet.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(8) Changes in the loss allowance

The reconciliation in loss allowance of loans for the years ended December 31, 2023 and 2022 is 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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance 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 expected credit losses	(2,314)	3,474	265	(1,425)	-	-	-	-
— Transfer to credit-impaired financial assets	(36)	(874)	(19)	929	-	-	-	-
— Transfer to 12-month expected credit losses	3,653	(2,788)	(31)	(834)	-	-	-	-
— Financial assets that have been derecognized during the period	(2,558)	(4,086)	(18)	(10,485)	(31)	(17,178)	-	(17,178)
New financial assets originated or purchased	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 bad debts	-	-	-	(19,933)	-	(19,933)	-	(19,933)
Changes in models/risk parameters	(1,420)	182,131	(286)	34,975	-	215,400	-	215,400
Foreign exchange and other movements	(699)	(1,482)	-	(1,310)	-	(3,491)	-	(3,491)
Balance 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>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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	Impairment difference recognized in accordance with “Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises”	Total
Balance 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 expected credit losses	(508)	869	16	(377)	-	-	-	-
— Transfer to credit-impaired financial assets	(34)	(901)	(177)	1,112	-	-	-	-
— Transfer to 12-month expected credit losses	4,338	(3,985)	(106)	(247)	-	-	-	-
— Financial assets that have been derecognized during the period	(22,588)	(1,372)	(132)	(2,186)	(2)	(26,280)	-	(26,280)
New financial assets originated or purchased	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 bad debts	-	-	-	(5,793)	-	(5,793)	-	(5,793)
Changes in models/risk parameters	(10,877)	4,819	(185)	2,746	-	(3,497)	-	(3,497)
Foreign exchange and other movements	963	646	-	1,844	-	3,453	-	3,453
Balance 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>

Note1: As of December 31, 2023 and 2022, loss allowance for loans with investment-linked insurance amounted at \$98 thousand and \$12 thousand were not included on the above-mentioned movement.

Note2: As of December 31, 2023, the Group had recognized loan commitments reserve of \$16,000 thousand for irrevocable loan commitment related to the loans business, which was not included in the above mentioned table. There was no such transaction as of December 31, 2022.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in loss allowance of financial assets measured at fair value through other comprehensive income for the years ended December 31, 2023 and 2022 is 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 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 expected credit losses	2,436	(32)	-	(2,404)	-	-
— Financial assets that have been derecognized during the period	(13,792)	(42)	-	(22,547)	-	(36,381)
New financial assets originated or purchased	9,225	-	-	-	-	9,225
Write-offs	-	-	-	(1,858)	-	(1,858)
Changes in model/risk parameter	18,207	-	-	22,987	-	41,194
Foreign exchange and other movements	(81,333)	1	-	(33,974)	-	(115,306)
Balance of December 31, 2023	<u>\$ 66,881</u>	<u>-</u>	<u>-</u>	<u>990,591</u>	<u>-</u>	<u>1,057,472</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2022	\$ 320,062	1,502	-	143,623	-	465,187
Changes due to financial instruments recognized as at beginning:						
— Transfer to lifetime expected credit losses	-	1,493	-	(1,493)	-	-
— Transfer to credit-impaired financial assets	(9,010)	(201)	-	9,211	-	-
— Transfer to 12-month expected credit losses	2,841	(21)	-	(2,820)	-	-
— Financial assets that have been derecognized during the period	(71,252)	(1,176)	-	(28,182)	-	(100,610)
New financial assets originated or purchased	28,011	-	-	-	-	28,011
Write-offs	-	-	-	(56,130)	-	(56,130)
Changes in model/risk parameter	(145,770)	(1,448)	-	898,849	-	751,631
Foreign exchange and other movements	7,339	(76)	-	65,246	-	72,509
Balance 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 sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of financial assets measured at amortized cost for the years ended December 31, 2023 and 2022 is 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 of January 1, 2023	\$ 522,443	-	-	1,414,106	-	1,936,549
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(10,887)	-	-	-	-	(10,887)
New financial assets originated or purchased	3,531	-	-	-	-	3,531
Changes in model/risk parameter	654,846	-	-	450,780	-	1,105,626
Foreign exchange and other movements	82,046	-	-	(71,310)	-	10,736
Balance 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>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 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	-	-
— Financial assets that have been derecognized during the period	(153,288)	-	-	-	-	(153,288)
New financial assets originated or purchased	14,886	-	-	-	-	14,886
Changes in model/risk parameter	(630,959)	-	-	1,298,361	-	667,402
Foreign exchange and other movements	49,079	-	-	101,624	-	150,703
Balance 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 sheet is prepared on basis of overall changes of the Group during the reporting period. As a result, the sheet includes accumulated impairment loss of the subsidiary upon business combination.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The reconciliation in expected credit losses of other financial assets for the years ended December 31, 2023 and 2022 is 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 of January 1, 2023	\$ 2,847	-	-	-	-	2,847
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(30)	-	-	-	-	(30)
New financial assets originated or purchased	61	-	-	-	-	61
Changes in model/risk parameter	1,809	-	-	-	-	1,809
Foreign exchange and other movements	(122)	-	-	-	-	(122)
Balance of December 31, 2023	<u>\$ 4,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,565</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	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 of January 1, 2022	\$ 3,136	-	-	-	-	3,136
Changes due to financial instruments recognized as at beginning:						
— Financial assets that have been derecognized during the period	(231)	-	-	-	-	(231)
New financial assets originated or purchased	220	-	-	-	-	220
Changes in model/risk parameter	(460)	-	-	-	-	(460)
Foreign exchange and other movements	182	-	-	-	-	182
Balance of December 31, 2022	<u>\$ 2,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,847</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(c) Liquidity risk analysis

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that the Group 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 the Group 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 the Group may suffer from losses.

In terms of capital liquidity risk, the Group manages it in two aspects, short term and mid-to-long term. In addition to setting the index of management of short-term liquidity risk, relevant departments have established prompt cash report mechanism and have applied proper currency market instruments for daily capital movement. Besides, the Group has established the index of mid-to-long term capital liquidity risk management reviewed by the Assets and Liabilities Management Committee. The Group applies cash flow analysis model to monitor the coordination of assets and liabilities in order to lower related risks.

Regarding the market liquidity risk, the risk management department of the Group established monitoring mechanism based on internal management policies and relevant regulations for stock concentration, the overall liquidity of investment positions and the evaluation of market liquidity risk performed by the investment department prior to transactions in order to mitigate the market liquidity risk.

In addition, the Group established complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

The Group possesses sufficient operating funds, including cash and cash equivalents and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of the Group is extremely low. In addition, the derivative financial instruments the Group engages in, such as 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The maturity structure of the non-derivative financial liabilities of the Group is listed below:

December 31, 2023					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Accounts payable	\$ 52,761,527	288,677	-	-	53,050,204
Bonds payable (Note1)	3,812,647	36,061,853	11,908,438	76,632,265	128,415,203
Total	<u>\$ 56,574,174</u>	<u>36,350,530</u>	<u>11,908,438</u>	<u>76,632,265</u>	<u>181,465,407</u>

December 31, 2022					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Accounts payable	\$ 61,814,967	256,964	-	-	62,071,931
Short-term liabilities	12,217,500	-	-	-	12,217,500
Bonds payable (Note 1)	4,243,366	5,067,478	38,927,930	39,757,754	87,996,528
Total	<u>\$ 78,275,833</u>	<u>5,324,442</u>	<u>38,927,930</u>	<u>39,757,754</u>	<u>162,285,959</u>

Note 1: The disclosed amounts included estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, for bonds payable without maturity date, the contractual cash flows were calculated based on a remaining maturity of 10 years.

Note 2: The Group operates credit business in 2023. As of December 31, 2023, loan commitment credit exposures of the off-balance sheet were \$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 and \$4,408,000 thousand will be due in 1 to 3 years.

As of December 31, 2023 and 2022 the Group's lease liability maturity analysis, please refer to Note 6(R).

The maturity structure of the derivative financial liabilities of the Group is listed below:

December 31, 2023					
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
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
Total	<u>\$ 1,849,975</u>	<u>454,568</u>	<u>-</u>	<u>-</u>	<u>2,304,543</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

	December 31, 2022				
	<u><1 year</u>	<u>1~3 years</u>	<u>3~5 years</u>	<u>>5 years</u>	<u>Total</u>
Financial liabilities measured at fair value through profit or loss	\$ 29,332,636	-	-	-	29,332,636
Financial liabilities for hedging	<u>3,794,583</u>	<u>171,124</u>	<u>-</u>	<u>-</u>	<u>3,965,707</u>
Total	<u>\$ 33,127,219</u>	<u>171,124</u>	<u>-</u>	<u>-</u>	<u>33,298,343</u>

(d) Market risk analysis

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 the Group. 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 or related functional units, the Group 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 related functional units. 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 the Group.

The Group widely applies various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these instruments, the Group is able to measure, monitor and manage market risk completely and effectively.

(1) 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. The 99% of the confidence interval is applied to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure the ability of measuring the maximum potential risk of the portfolios reasonably, completely and accurately.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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(2) Sensitivity analysis

Besides using VaR to manage market risk, the Group adopts 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 the Group to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis (The Company)

Units: NT\$'000

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)	Interest rate curve (USD) incline by 50BPS	(10,365)	(29,985,054)
	Interest rate curve (NTD) incline by 50BPS	-	(7,769,860)
	Interest rate curve (Other currency) incline by 50BPS	(352)	(212,838)
	Interest rate curve (USD) decline by 50BPS	10,403	29,878,158
	Interest rate curve (NTD) decline by 50BPS	-	8,088,430
	Interest rate curve (Other currency) decline by 50BPS	353	216,712
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(8,351,446)	(12,323,822)
	NT\$ to all currency decline by 3%	8,351,446	12,323,822

December 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	66,468,482
	Price decline by 10%	-	(66,468,482)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	(6,905)	(40,453,537)
	Interest rate curve (NTD) incline by 50BPS	-	(8,953,128)
	Interest rate curve (Other currency) incline by 50BPS	(320)	(358,804)
	Interest rate curve (USD) decline by 50BPS	6,928	42,393,727
	Interest rate curve (NTD) decline by 50BPS	-	9,300,540
	Interest rate curve (Other currency) decline by 50BPS	321	371,254
Exchange rate risk (Foreign exchange rate)	NT\$ to all currency incline by 3%	(12,280,352)	(10,281,863)
	NT\$ to all currency decline by 3%	12,280,352	10,281,863

Sensitivity analysis (Subsidiary - Fubon Hyundai Life Insurance)

Units: KRW'000

December 31, 2023			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	155,190,122
	Price decline by 10%	-	(155,190,122)
Interest rate risk (Yield curve)	Interest rate curve (USD) incline by 50BPS	-	(43,472,456)
	Interest rate curve (KRW) incline by 50BPS	-	(36,332,162)
	Interest rate curve (USD) decline by 50BPS	-	46,254,237
	Interest rate curve (KRW) decline by 50BPS	-	37,396,824
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	12,079,048	-
	KRW to all currency decline by 3%	(12,079,048)	-

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December 31, 2022			
Risk factor	Variation	Change in profit or loss	Change in Equity
Equity risk (Price index)	Price incline by 10%	-	125,434,910
	Price decline by 10%	-	(125,434,910)
Interest rate risk (Yield curve)	Interest rate curve(KRW) incline by 50BPS	-	(52,211,254)
	Interest rate curve(KRW) decline by 50BPS	-	54,095,718
Exchange rate risk (Foreign exchange rate)	KRW to all currency incline by 3%	4,511,659	-
	KRW to all currency decline by 3%	(4,511,659)	-

Note1: 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 stock and fund but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The position of sensitivity analysis of exchange rate variation excludes foreign currency insurance policy, OIU assets and overseas funds denominated in NTD.

Note2: 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.

Note3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect \$(215) thousand and \$(145) thousand in profit or loss and \$(763,750) thousand and \$(1,017,516) thousand in equity on December 31, 2023 and 2022, respectively.

Note4: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bp will affect KRW \$(1,633,788) thousand and \$(1,062,692) thousand in equity on December 31, 2023 and 2022, respectively.

Note5: Based on the consistency of the assets and liabilities, the Company has adjusted its methodology for the impact of the yield curve for interest rate risk from the fourth quarter of 2023. The new methodology takes the yield curve given by the Insurance Bureau (IB), applies the rate curve after parallel pressurization only from the beginning to the last observed term (LOT), and extrapolates it to long-term forward rates (LTFR) through the Smith-Wilson model to create a spot yield curve. In addition, the Company has also adjusted disclosed amount during the comparison period at the same time.

Hong Kong and Vietnam subsidiaries are considered nonsignificant to the consolidated disclosures after the Group's assessment, therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

(3) Interest Rate Benchmark Reform

The Group completed its transition to alternative benchmark rates under interest rate benchmark reform (IBOR reform). The Group's remaining IBOR exposures at June 30, 2023 are financial assets indexed to US dollar LIBOR, which have been automatically switched to the Secured Overnight Financing Rate (SOFR) in accordance with fallback clauses. The amount includes \$31,385,914 thousand bonds which transfer interest rate benchmark one year before maturity and does not affect significantly to contract cash flow.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(e) Transfers of financial assets

The transferred financial assets of the Group that are not qualified for de-recognition in the daily operation, are mainly equity securities under lending agreements and bonds with 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, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. The Group is still exposed to market risks, and therefore 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: NT\$'000

December 31, 2023					
Type of financial assets	Carrying amount of the transferred financial assets	Carrying amount of associated financial liabilities	Fair value of the transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss — Securities lending agreements	500,600	-	500,600	-	500,600

Units: NT\$'000

December 31, 2022					
Type of financial assets	Carrying amount of the transferred financial assets	Carrying amount of associated financial liabilities	Fair value of the transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Financial assets measured at fair value through profit or loss — Securities lending agreements	858,140	-	858,140	-	858,140
Financial assets measured at fair value through other comprehensive income - Securities lending agreements	5,879,628	5,168,385	5,879,628	5,168,385	711,243
Financial assets measured at amortized cost - Repurchase agreements	8,836,429	7,049,115	7,142,855	7,049,115	93,740

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(f) Offsetting financial assets and financial liabilities

Although the Group engages in transactions that do not meet the offsetting condition in IFRSs, the Group has signed enforceable master netting agreements or similar agreements with counterparties. When both parties choose net settlement, the transactions will be allowed to settle in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transactions will be settled in gross amount. However, if one party defaults, the other party could choose net settlement. Relevant information is shown as follows:

December 31, 2023						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	\$ 95,737,046	-	95,737,046	2,788,624	6,290,521	86,657,901
Reverse repurchase agreements	52,212,075	-	52,212,075	52,212,075	-	-
Total	<u>\$ 147,949,121</u>	<u>-</u>	<u>147,949,121</u>	<u>55,000,699</u>	<u>6,290,521</u>	<u>86,657,901</u>

December 31, 2023						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 2,261,464	-	2,261,464	1,944,443	99,750	217,271

December 31, 2022						
Financial assets subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	\$ 80,363,755	-	80,363,755	19,443,116	-	60,920,639
Reverse repurchase agreements	69,629,996	-	69,629,996	69,629,996	-	-
Total	<u>\$ 149,993,751</u>	<u>-</u>	<u>149,993,751</u>	<u>89,073,112</u>	<u>-</u>	<u>60,920,639</u>

December 31, 2022						
Financial liabilities subject to enforceable master netting agreements and similar agreements						
	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d)		
				Financial instruments (Note)	Cash collateral pledged	Net amount (e)=(c)-(d)
Derivative financial instruments	\$ 33,188,879	-	33,188,879	20,997,053	8,102,359	4,089,467
Repurchase agreements	12,217,500	-	12,217,500	12,217,500	-	-
Total	<u>\$ 45,406,379</u>	<u>-</u>	<u>45,406,379</u>	<u>33,214,553</u>	<u>8,102,359</u>	<u>4,089,467</u>

(Note) Inclusive of master-netting arrangement and non-cash financial collateral.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(AF) Structured entities

(a) Consolidated structured entities

The consolidated structured entities of the Group are real estate investment and management entities. The structured entities are consolidated because the Group is exposed, or has rights, to variable returns from its involvement with the entities and can affect those returns through its power over the entities. As of December 31, 2023 and 2022, the Group has provided a non-contractual obligation loan of \$24,014,751 thousand and \$28,431,649 thousand to the entities, respectively.

(b) Unconsolidated structured entities

- (1) The Group hold the following types equity of unconsolidated structured entities. The fund of unconsolidated structured entities is from the Group and an external third-party:

Type of structured entity	Nature and purpose	Rights of the Group
Private fund investment	Invest in private fund issued by outside fund manager to gain profit.	Investment in the units issued by fund or limited partnership rights.
Asset securitization product, real estate investment trust and secured loan	Invest in asset securitization product, real estate investment trust and secured loan to gain profit.	Investment in asset-backed securities issued by unconsolidated structured entities, principal and interest revenue

- (2) The carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

December 31, 2023	Private fund investment	Asset securitization product, real estate investment trust and secured loan
Assets held by the Group		
-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
-Loans	-	21,037,921
Total assets of the Group	<u>\$ 199,977,518</u>	<u>131,480,428</u>

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December 31, 2022	Private fund investment	Asset securitization product, real estate investment trust and secured loan
Assets held by the Group		
-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
-Loans	-	22,693,445
Total assets of the Group	<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.

- (3) No financial support is provided for those unconsolidated private fund investments, asset securitization products and real estate investment trust for the years ended December 31, 2023 and 2022.

(AG) Capital management

The targets of capital management of the Company, per the regulations of Insurance Bureau, FSC, are to maintain minimum regulatory capital, monitor the adequacy of the ability of discharging, prevent possible risk from operation, protect the interests of the insured and realize the benefit of shareholders and other stakeholders.

Meanwhile, the capital management of the Company is restricted to other domestic regulations such as the operating deposit paid to the National Treasury Administration, legal reserve and special reserve. Please refer to Note 6(M) and (T).

The Company manages capital through monitoring the annual and semi-annual capital adequacy reports in order to ensure that the Company is equipped with adequate ability of discharging and rate of return.

In accordance with “Regulations Governing Capital Adequacy of Insurance Companies”, the level of capital adequacy is differentiated as norms that considers capital adequacy and net worth ratio. Capital adequacy refers to the ratio of the adjusted net capital to the risk-based capital, the net worth ratio is based on shareholder’s equity from the audited financial statement divided by total asset (excluding investments in separate insurance account). The competent authority asks that capital adequacy ratio of an insurance company which equals or exceeds 200% and where the net worth ratio equals or exceeds 3% is classified as adequate capital. The capital adequacy ratio of an insurance company lower than 200% or where the net worth ratio is lower than 3% is divided into three categories by severity: inadequate capital, significantly inadequate capital, and seriously inadequate capital. If the capital adequacy ratio of an insurance company is lower than 200% or when the net worth ratio is lower than 3% and does not meet the minimum adequacy capital ratio, then the

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
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repurchase of shares is prohibited and distribution of earnings will not be allowed for the applicable year. The competent authorities have standard procedures in place base on actual scenarios in place, procedures include and are not limited to ordering the insurance industry and management to increase capital for a limited amount of time or provide a financial improvement plan, ordering a stop to the sale of insurance products or limiting the development of new insurance plans, limiting the use of capital, assigning insurance agents to supervise or formulating other necessary procedures, etc.

The capital adequacy of the Company is located over 200% for the last two years, and the net worth ratio is located over 3% for the last two periods and it complies with the minimum ratio requested by the competent authority.

As of December 31, 2023, the Group's method of capital management for the year remains the same.

(AH) Investing and financing activities not affecting current cash flow

The Group obtained a right of use asset through non-cash financing activities for the years ended December 31, 2023 and 2022. Please refer to Note 6(K) for more information.

Reconciliation of liabilities arising from financing activities were as follows:

	<u>Bonds payable</u>	<u>Lease liabilities</u>
Balance of January 1, 2023	\$ 70,636,657	15,995,344
Cash flow used in financing activities		
Issuance of corporate bonds	29,920,212	-
Redemption of corporate bonds	(1,828,442)	-
Termination of lease liabilities	<u>-</u>	<u>(718,881)</u>
Subtotal	<u>28,091,770</u>	<u>(718,881)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement and others	-	314,092
Amortization on discounts / premiums	776	-
Foreign exchange movement	<u>(518,697)</u>	<u>7,405</u>
Subtotal	<u>(517,921)</u>	<u>321,497</u>
Balance of December 31, 2023	<u>\$ 98,210,506</u>	<u>15,597,960</u>

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	Bonds payable	Lease liabilities
Balance of January 1, 2022	\$ 66,436,709	15,911,554
Cash flow used in financing activities		
Issuance of corporate bonds	4,616,301	-
Redemption of corporate bonds	(1,158,350)	-
Termination of lease liabilities	-	(708,670)
Subtotal	<u>3,457,951</u>	<u>(708,670)</u>
Items not affecting current cash flow		
Signing / renewing lease agreement	-	781,133
Amortization on discounts / premiums	(8,544)	-
Foreign exchange movement	<u>750,541</u>	<u>11,327</u>
Subtotal	<u>741,997</u>	<u>792,460</u>
Balance of December 31, 2022	<u><u>\$ 70,636,657</u></u>	<u><u>15,995,344</u></u>

(AI) Other

(a) The Group's significant financial assets and liabilities denominated in foreign currencies are disclosed as follows:

	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD
Financial Assets						
Monetary items (Note 1)						
USD	\$ 87,373,205	30.735/30.497 /30.754/30.488	2,684,897,187	84,170,221	30.708/30.522 /30.723/30.966	2,585,315,544
Non-monetary items (Note 1)						
USD	13,857,307	30.735/30.754 /30.488	425,892,298	11,212,669	30.708/30.723 /30.966	344,343,122
EUR	1,321,122	34.008	44,929,074	1,467,643	32.765/32.755	48,087,961
Derivatives Financial Instruments (Note 1)						
USD	-	30.735/30.754 /30.488	38,670,726	-	30.708/30.723 /30.966	22,698,890
Investments accounted for using equity method (Note 1)						
HKD	2,325,838	3.938	9,159,243	2,428,305	3.940	9,566,427
KRW	375,358,815	0.024	8,875,359	372,462,901	0.024	9,101,131
Financial Liabilities						
Monetary items (Note 1)						
USD	682,192	30.735/30.754	21,010,919	431,359	30.708/30.723	13,270,936
EUR	-	-	-	27,395	32.765	896,339
Non-monetary items (Note 1)						
USD	64	30.754	1,956	64	30.723	1,954
Derivatives Financial Instruments (Note 1)						
USD	-	30.735/30.488	1,921,538	-	30.708/30.966	33,188,879

Note 1: Each balance listed is greater than 5% of total amounts of the item.

Note 2: The adopted currency is based on the nature of the asset and liability.

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- (b) The amounts of total assets and liabilities which will be recovered or settled within or more than 12 months of the balance sheet date are as follows:

Assets	December 31, 2023		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 229,178,820	-	229,178,820
Receivables	44,192,413	1,327,810	45,520,223
Current tax assets	6,255,114	9,171,771	15,426,885
Financial assets measured at fair value through profit or loss	574,325,370	905,208,458	1,479,533,828
Financial assets measured at fair value through other comprehensive income	26,659,755	248,217,794	274,877,549
Financial assets for hedging	1,291,828	408,399	1,700,227
Financial assets measured at amortized cost	4,660,100	2,626,871,097	2,631,531,197
Investments accounted for using equity method, net	-	25,934,805	25,934,805
Other financial assets, net	514,781	2,641,028	3,155,809
Investment property	-	302,776,860	302,776,860
Loans	10,588,466	219,718,535	230,307,001
Reinsurance assets	2,669,553	1,242,208	3,911,761
Property and equipment	-	22,347,035	22,347,035
Right of use assets	-	5,101,656	5,101,656
Intangible assets	-	5,424,926	5,424,926
Deferred tax assets	-	37,136,841	37,136,841
Other assets	1,083,864	26,065,578	27,149,442
Assets on insurance product, separate account	25,116,801	445,962,244	471,079,045
Total assets	\$ 926,536,865	4,885,557,045	5,812,093,910

Liabilities	December 31, 2023		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 52,761,527	288,677	53,050,204
Current tax liabilities	4,200	769,293	773,493
Financial liabilities measured at fair value through profit or loss	1,448,019	135,152	1,583,171
Financial liabilities for hedging	409,339	268,954	678,293
Bonds payable	-	98,210,506	98,210,506
Lease liabilities	748,386	14,849,574	15,597,960
Insurance liabilities	35,613,645	4,547,581,047	4,583,194,692
Reserve for insurance with nature of financial instrument	-	3,430,964	3,430,964
Reserve for foreign exchange valuation	-	9,176,335	9,176,335
Liabilities reserve	725,079	10,843,912	11,568,991
Deferred tax liabilities	-	28,081,327	28,081,327
Other liabilities	5,113,886	14,323,638	19,437,524
Liabilities on insurance product, separate account	74,473,525	414,624,109	489,097,634
Total liabilities	\$ 171,297,606	5,142,583,488	5,313,881,094

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Assets	December 31, 2022		
	Recovery within 12 months	Recovery beyond 12 months	Total
Cash and cash equivalents	\$ 249,234,118	-	249,234,118
Receivables	56,571,101	1,292,440	57,863,541
Current tax assets	5,366,602	3,147,283	8,513,885
Financial assets measured at fair value through profit or loss	447,283,873	781,046,750	1,228,330,623
Financial assets measured at fair value through other comprehensive income	15,843,063	601,098,865	616,941,928
Financial assets for hedging	1,602,461	1,000,185	2,602,646
Financial assets measured at amortized cost	2,661,710	2,255,509,094	2,258,170,804
Investments accounted for using equity method, net	-	26,928,118	26,928,118
Other financial assets, net	489,046	2,860,505	3,349,551
Investment property	-	304,777,201	304,777,201
Loans	8,976,631	240,707,298	249,683,929
Reinsurance assets	2,458,803	1,250,530	3,709,333
Property and equipment	-	19,404,602	19,404,602
Right of use assets	-	1,406,689	1,406,689
Intangible assets	-	5,788,413	5,788,413
Deferred tax assets	-	61,650,966	61,650,966
Other assets	9,876,681	24,792,275	34,668,956
Assets on insurance product, separate account	39,306,689	430,498,315	469,805,004
Total assets	\$ 839,670,778	4,763,159,529	5,602,830,307

Liabilities	December 31, 2022		
	Settlement within 12 months	Settlement beyond 12 months	Total
Accounts payable	\$ 61,814,967	256,964	62,071,931
Current tax liabilities	169,010	641,769	810,779
Short-term liabilities	12,217,500	-	12,217,500
Financial liabilities measured at fair value through profit or loss	29,234,427	-	29,234,427
Financial liabilities for hedging	3,790,282	164,170	3,954,452
Bonds payable	1,885,746	68,750,911	70,636,657
Lease liabilities	959,523	15,035,821	15,995,344
Insurance liabilities	35,753,653	4,512,628,116	4,548,381,769
Reserve for insurance with nature of financial instrument	-	3,366,163	3,366,163
Reserve for foreign exchange valuation	-	37,131,393	37,131,393
Liabilities reserve	168,766	11,653,786	11,822,552
Deferred tax liabilities	-	20,399,946	20,399,946
Other liabilities	9,066,107	5,240,987	14,307,094
Liabilities on insurance product, separate account	136,860,330	360,628,715	497,489,045
Total liabilities	\$ 291,920,311	5,035,898,741	5,327,819,052

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

7. RELATED-PARTY TRANSACTIONS

(A) Names and relationships of related parties

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Fubon Financial Holding Co., Ltd.	Parent company
Fubon Insurance Co., Ltd.	The same parent company
Taipei Fubon Commercial Bank Co., Ltd.	The same parent company
Fubon Securities Co., Ltd.	The same parent company
Fubon Bank (Hong Kong) Limited	The same parent company
Fubon Asset Management Co., Ltd.	The same parent company
Fubon Financial Holdings Venture Capital Co., Ltd.	The same parent company
Jih Sun International Commercial Bank Co., Ltd.	The Subsidiary Company of Fubon Financial Holdings, merged with Taipei Fubon Commercial Bank and eliminated in 2023 Q2
Fubon Sports & Entertainment Co., Ltd.	Parent company's second-tier subsidiary
Fubon Insurance Agency Co., Ltd.	The same parent company
Jih Sun Life Insurance Agent Co., Ltd.	The Sub-subsidiary Company of Fubon Financial Holdings, merged with Taipei Fubon Commercial Bank and eliminated in 2023 Q2
ZA Life Limited	The investee company under equity method by subsidiary of the Group
Hyundai Card Co., Ltd.	The investee company under equity method by the Group
Fubon Land Development Co., Ltd.	Affiliates
Taiwan Mobile Co., Ltd.	Affiliates
Taiwan Fixed Network Co., Ltd.	Affiliates
Fubon Culture and Education Foundation	Affiliates
Fubon Charity Foundation	Affiliates
Fubon Art Foundation	Affiliates
Kbro Media Co., Ltd.	Affiliates
Kbro Co., Ltd.	Affiliates
Fubon Property Management Co., Ltd.	Affiliates
Momo.com Inc.	Affiliates
Taipei City Government	Affiliates
Convoy Financial Service Ltd.	Affiliates
Taiwan High Speed Rail Corporation	Affiliates
Hyundai Commercial Inc.	Affiliates

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Names of related parties	Relationship with the Group
Hyundai Mobis Co., Ltd.	Affiliates
Bluewalnut Co., Ltd.	Affiliates
H GREEN POWER INC.	Affiliates
HYUNDAI IHL CORPORATION	Affiliates
Global Information Technology Co., Ltd.	Affiliates
Ming Dong Industrial Co., Ltd.	Affiliates
Far Eastern International Bank Co., Ltd.	Affiliates
Century Development Corporation	Affiliates
China United Insurance Group Company Limited	Affiliates
Sharehope Medicine Co., Ltd.	Affiliates
TFN Media Co., Ltd.	Affiliates
Taiwan Business Bank, Ltd.	Affiliates
Fubon Art Museum Foundation	Affiliates
Funds Managed by Fubon Asset Management	Affiliates
Funds Managed by Jih Sun Securities Investment Trust	Affiliates
les enfants Co., Ltd.	Affiliates
BESTCOM Infotech Corp.	Affiliates
MOTRAS	Affiliates
UNITUS CO., LTD.	Affiliates
Other related parties	Directors, supervisors, managers and their close relatives, etc.

(B) Significant related party transactions

(a) Bank deposits

Name of related party	December 31, 2023		December 31, 2022	
	Amount	Interest rate range %	Amount	Interest rate range %
Taipei Fubon Commercial Bank Co., Ltd.	22,354,369	0~1.41	30,643,918	0.385~1.4
Far Eastern International Bank Co., Ltd.	4,502,432	0.6~1.55	7,501,870	0.475~1.5
Taiwan Business Bank, Ltd.	16,757,959	0.58~1.48	1,260,837	0.455~1.25
Fubon Bank (Hong Kong) Limited	164,583	0.5~0.9	105,879	0~0.75
Jih Sun International Commercial Bank Co., Ltd.	-	-	33,391	0~0.7
Total	<u><u>\$ 43,779,343</u></u>		<u><u>39,545,895</u></u>	

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(b) Financial instruments

(1) Transaction of derivative financial instruments

Name of related party	Derivative instruments	Principal Value	
		December 31, 2023	December 31, 2022
Taipei Fubon Commercial Bank Co., Ltd.	Foreign Exchange SWAP	\$ <u>42,646,582</u>	<u>21,495,600</u>

(2) The details of the fund's balance from related parties Fubon Asset Management and JihSun Securities Investment Trust Co., Ltd. were as follows:

Name of related party	December 31, 2023	December 31, 2022
Funds Managed by Fubon Asset Management	\$ 33,515,146	16,406,561
Funds Managed by Jih Sun Securities Investment Trust	<u>2,647,256</u>	<u>4,316,601</u>
Total	<u>\$ 36,162,402</u>	<u>20,723,162</u>

(3) 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
Fubon REIT I Fund	\$ 806,375	897,235
Fubon REIT II Fund	<u>962,478</u>	<u>1,108,308</u>
Total	<u>\$ 1,768,853</u>	<u>2,005,543</u>

(c) Receivables

Name of related party	December 31, 2023	December 31, 2022
Taipei Fubon Commercial Bank Co., Ltd.	\$ 35,641	27,540
Fubon Insurance Co., Ltd.	305,080	280,438
Far East International Commercial Bank Co., Ltd.	9,198	15,158
Taiwan Business Bank, Ltd.	43,424	1,347
Hyundai Mobis Co., Ltd.	15,673	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	13,524	9,622
Total	<u>\$ 422,540</u>	<u>334,105</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(d) Joint declaration of tax

The Group and its parent company as well as its subsidiaries adopted the policy of jointly declaration of tax for declaring income tax and undistributed earnings. (Joint declaration of tax payable includes estimates payable pending for verification.)

	December 31, 2023	December 31, 2022
Joint declaration of tax-receivables (current income tax assets)	\$ 12,954,812	6,867,487
Joint declaration of tax-payable (current income tax liabilities)	773,493	641,769

(e) Loans

(1) 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
Residence mortgage loans	24 related parties in substance	\$ <u>179,707</u>	<u>153,621</u>	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
Residence mortgage loans	31 related parties in substance	\$ <u>203,608</u>	<u>174,138</u>	Normal loans	Real estate	None

The transaction terms between related parties are identical to those of other market participants.

(2) 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	\$ <u>46,068</u>	<u>41,329</u>	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	\$ <u>47,232</u>	<u>37,148</u>	Normal loans	Policy value	None

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The transaction terms between related parties are identical to those of other market participants.

(f) Refundable deposits

Name of related party	December 31, 2023	December 31, 2022
Fubon Insurance Co., Ltd.	\$ 23,505	23,760
Taipei City Government	1,402,257	1,305,586
Fubon REIT I Fund	33,321	32,020
Taipei Fubon Commercial Bank Co., Ltd.	92,988	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	15,051	13,774
Total	<u><u>\$ 1,567,122</u></u>	<u><u>1,375,140</u></u>

(g) Prepayments

Name of related party	December 31, 2023	December 31, 2022
Fubon Insurance Co., Ltd.	\$ 64,273	27,382
Taipei Fubon Commercial Bank Co., Ltd.	15,996	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,455	2,768
Total	<u><u>\$ 81,724</u></u>	<u><u>30,150</u></u>

(h) Payables

Name of related party	December 31, 2023	December 31, 2022
Taipei Fubon Commercial Bank Co., Ltd.	\$ 379,761	222,072
Fubon Bank (Hong Kong) Limited	16,090	750
Fubon Insurance Agency Co., Ltd.	30,017	31,344
Fubon Securities Co., Ltd.	27,759	9,273
Fubon Financial Holding Co., Ltd.	555,374	554,161
Jih Sun Life Insurance Agent Co., Ltd.	-	19,524
Hyundai Commercial Inc.	14,362	14,956
Fubon Asset Management Co., Ltd.	43,323	930
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	11,645	10,665
Total	<u><u>\$ 1,078,331</u></u>	<u><u>863,675</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(i) Advance receipts

Name of related party	December 31, 2023	December 31, 2022
TFN Media Co., Ltd.	\$ 1,115	1,115
Taiwan Fixed Network Co., Ltd.	1,352	1,350
Kbro Co., Ltd.	1,977	1,977
Taiwan Mobile Co., Ltd.	2,705	2,534
Les enphants Co., Ltd.	2,739	-
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	1,152	293
Total	<u>\$ 11,040</u>	<u>7,269</u>

(j) 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 Commercial Inc.	1,311,608	1,298,868
Hyundai Card Co., Ltd.	2,940,820	2,990,213
Bluewalnut Co., Ltd.	23,559	-
H GREEN POWER INC.	58,756	-
MOTRAS	248,548	-
UNITUS CO., LTD.	132,559	-
Global Information Technology Co., Ltd.	58,174	-
HYUNDAI IHL CORPORATION	95,614	-
Total	<u>\$ 13,150,077</u>	<u>13,938,670</u>

(k) Discretionary investment from related parties

Name of related party	December 31, 2023	December 31, 2022
Fubon Asset Management Co., Ltd.	<u>\$ 7,160,860</u>	<u>5,592,184</u>

(l) Income

(1) Service fees

Name of related party	For the years ended December 31, 2023	2022
Hyundai Mobis Co., Ltd.	\$ 20,220	16,013
Hyundai Commercial Inc.	5,595	4,922
Hyundai Card Co.Ltd	12,794	11,246
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	660	-
Total	<u>\$ 39,269</u>	<u>32,181</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Other revenues

<u>Name of related party</u>	<u>Nature</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Taipei Fubon Commercial Bank Co., Ltd.	Interest income, Marketing revenue, etc.	\$ 383,300	153,267
Far Eastern International Bank Co., Ltd.	Interest income	118,891	73,611
Taiwan Business Bank, Ltd.	Interest income	107,570	24,253
Fubon Insurance Co., Ltd.	Marketing revenue, other revenue, etc.	1,110,903	1,160,137
Fubon Securities Co., Ltd.	Marketing revenue, security lending handling fee income, etc.	21,602	8,910
ZA Life Limited	Transferal income and service fee income, etc.	16,188	21,358
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		8,873	16,946
Total		<u>\$ 1,767,327</u>	<u>1,458,482</u>

(m) Expenses

(1) Donations

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fubon Charity Foundation	\$ 18,022	44,893
Fubon Art Foundation	28,000	44,476
Fubon Art Museum Foundation	480,000	-
Fubon Culture and Education Foundation	-	36,838
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	2,500	5,000
Total	<u>\$ 528,522</u>	<u>131,207</u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Other expenses

<u>Name of related party</u>	<u>Nature</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Taipei Fubon Commercial Bank Co., Ltd.	Bank charge, commission expenses, professional service fee, bank custody fee, etc.	\$ 7,041,478	4,710,530
Jih Sun Life Insurance Agent Co., Ltd.	Commission expenses	168,689	126,221
Fubon Property Management Co., Ltd.	Management fee, utilities expenses, investment property fee, etc.	159,843	127,715
Fubon Securities Co., Ltd.	Marketing expenses, consignment trading handling fees, entrusted with the sale of fee, security lending fee, professional service fee, etc.	212,670	161,495
Taiwan Fixed Network Co., Ltd.	Utilities expenses, telephone fee and communication service fee etc.	91,810	84,862
Fubon Sports & Entertainment Co., Ltd.	Advertisement, stationery and printing, etc.	251,978	182,349
Fubon Insurance Co., Ltd.	Marketing expenses, investment property fee, property insurance fee, etc.	88,893	74,783
Fubon Financial Holding Venture Capital Co., Ltd.	Dealing position management fee, professional service fee, etc.	18,513	17,206
Fubon Insurance Agency Co., Ltd.	Commission expenses	232,365	237,130

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

<u>Name of related party</u>	<u>Nature</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Fubon REIT I Fund	Management fee, transportation expenses, etc.	17,914	17,895
Fubon Bank (Hong Kong) Limited	Bank charge, commission expenses, etc.	338,808	245,666
Hyundai Card Co., Ltd.	Credit card processing fee	24,673	20,335
Convoy Financial Service Ltd.	Commission expenses, sales fee, etc.	118	16,371
Momo.com Inc.	Advertisement, stationery and printing, etc.	14,045	2,935
Taiwan Mobile Co., Ltd.	Telephone fee and communication service fee etc.	12,474	11,500
Fubon Asset Management Co., Ltd.	Outsourced management fee	54,903	12,001
Others (not related company or person accounts for more than \$10,000 thousand or 10%)		32,310	48,671
Total		<u>\$ 8,761,484</u>	<u>6,097,665</u>

(n) Insurance Revenue

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 114,351	103,814
Taiwan High Speed Rail Corporation	38,992	27,141
Fubon Securities Co., Ltd.	42,361	34,134
Momo.com Inc.	23,334	19,253
Fubon Insurance Co., Ltd.	45,023	35,688
Affiliates (individual)	470,248	606,838
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	83,745	90,804
Total	<u>\$ 818,054</u>	<u>917,672</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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(o) Bonds payable and Interest Expense

(1) Bonds payable

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fubon Financial Holding Co., Ltd.	\$ 20,000,000	20,000,000
Hyundai Commercial Inc.	-	244,350
Hyundai Commercial Inc. (Note)	<u>2,364,500</u>	<u>2,443,500</u>
Total	<u><u>\$ 22,364,500</u></u>	<u><u>22,687,850</u></u>

Note: Recognized as equity of the Group.

(2) Interest Expense

<u>Name of related party</u>	<u>For the years ended December 31, 2023</u>	<u>2022</u>
Fubon Financial Holding Co., Ltd.	\$ 720,000	720,000
Hyundai Commercial Inc.	<u>170,496</u>	<u>159,370</u>
Total	<u><u>\$ 890,496</u></u>	<u><u>879,370</u></u>

(p) Leasing

(1) The company rents from related parties

A. Right-of-use assets

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei City Government (Note)	\$ 30,699,434	28,656,799
Fubon REIT I Fund	76,629	140,096
Fubon REIT II Fund	13,826	19,383
Fubon Insurance Co., Ltd.	-	95,855
Affiliates (individual)	33,050	66,010
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	5,375	10,528
Total	<u><u>\$ 30,828,314</u></u>	<u><u>28,988,671</u></u>

Note: Some recognized as investment properties.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

B. Lease liability

<u>Name of related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taipei City Government	\$ 7,909,145	7,992,975
Fubon REIT I Fund	76,498	139,917
Fubon REIT II Fund	13,380	18,796
Fubon Insurance Co., Ltd.	-	92,491
Affiliates (individual)	34,811	68,398
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	5,558	10,744
Total	<u>\$ 8,039,392</u>	<u>8,323,321</u>

(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>
Taipei Fubon Commercial Bank Co., Ltd.	\$ 14,527	10,318
Momo.com Inc.	62,345	46,649
Fubon Insurance Co., Ltd.	39,747	39,874
Sharehope Medicine Co., Ltd.	17,912	17,912
Les enphants Co., Ltd.	10,506	-
Fubon Art Museum Foundation	26,884	-
Hyundai Card Co., Ltd.	6,792	20,987
Fubon Art Foundation	2,835	29,719
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	52,253	54,742
Total	<u>\$ 233,801</u>	<u>220,201</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 Co., Ltd. and Taoyuan Min Sheng General Hospital (nonrelated party) jointed for performance bond.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

C. Rental revenue

Name of related party	For the years ended December 31,	
	2023	2022
Fubon Insurance Co., Ltd.	\$ 151,917	152,151
Taipei Fubon Commercial Bank Co., Ltd.	52,850	48,591
Fubon Securities Co., Ltd.	13,384	13,251
Momo.com Inc.	191,134	185,404
Taiwan Mobile Co., Ltd.	36,639	41,443
Taiwan Fixed Network Co., Ltd.	31,368	31,300
TFN Media Co., Ltd.	12,743	12,743
Kbro Co., Ltd.	23,431	23,391
Sharehope Medicine Co., Ltd.	39,836	39,638
Fubon Financial Holding Co., Ltd.	34,856	31,660
Ming Dong Industrial Co., Ltd.	18,669	15,225
Fubon Art Foundation	11,044	7,118
Les enfants Co., Ltd.	21,322	-
Fubon Art Museum Foundation	18,244	-
Kbro Media Co., Ltd.	466	38,801
Hyundai Commercial Inc.	13,567	18,149
Hyundai Card Co., Ltd.	30,626	51,113
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	14,010	12,381
Total	<u>\$ 716,106</u>	<u>722,359</u>

The above-mentioned leases were operating leases and the terms of transactions were similar to those with non-related parties.

(q) Acquisition of property and equipment

(1) Transaction of debt instrument

A. Sold / Matured

Name of related party	For the years ended December 31,	
	2023	2022
Taipei Fubon Commercial 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 gains and losses on disposal related to Taipei Fubon Commercial Bank Co., Ltd. for the years ended December 31, 2023 and 2022-were \$(1,905) thousand and \$40 thousand.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(2) Transaction of equity instruments:

A. 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 Company Limited	6,609,824	8,281,059
Others (not related company or person accounts for more than \$10,000 thousand or 10%)	6,009	7,581
Total	<u><u>\$ 7,013,921</u></u>	<u><u>8,504,922</u></u>

(3) Transaction of real estate and other assets

A. Purchase

<u>Name of related party</u>	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fubon Land Development Co., Ltd.	\$ 24,175	36,799
Taipei City Government	67,624	1,053,937
BESTCOM Infotech Corp.	216,866	-
Total	<u><u>\$ 308,665</u></u>	<u><u>1,090,736</u></u>

(C) Major management remuneration information

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 692,099	786,217
Post-employment benefits	19,314	17,571
Other long-term employee benefits	1,685	1,557
Total	<u><u>\$ 713,098</u></u>	<u><u>805,345</u></u>

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

8. ASSETS PLEDGED AS SECURITY

Pledged assets are as follows:

Pledged assets	Purpose of pledge	December 31, 2023	December 31, 2022
Government bonds (recognized as financial assets measured at FVOCI)	Collaterals for derivatives transactions	\$ 28,297	472,820
Government bonds (recognized as financial assets measured at amortized costs)	Collaterals for derivatives transactions, bank overdraft	1,164,093	2,945,813
Checking account (recognized as other financial assets)	Other	143	73
Government bonds (recognized as guarantee — lawful guarantee)	Guarantee deposits for insurance business	16,076,778	15,977,717
Time deposits (recognized as guarantee — lawful guarantee)	Guarantee deposits for insurance business	19,005	15,612
Time deposits (recognized as guarantee — other)	Guarantee deposits for insurance business, new construction guarantee deposit	1,452,498	1,452,517
Total		\$ 18,740,814	20,864,552

Pursuant to the requirements of Articles 141 and 142 of the Insurance Law, government bonds were deposited in the Central Bank of the republic of China as guarantee for Fubon Life Insurance's insurance business. Fubon Life Insurance (Vietnam) Co., Ltd. deposited saving deposit in the local bank which was authorized by the Vietnam government.

9. COMMITMENTS AND CONTINGENCIES

- (A) The Group have contingent liabilities of lawsuits arising from daily operating activities. Other than cases which have already made provision, several lawsuits are still in process and appointed to Group's legal affairs department or lawyers. Group will recognize relevant losses when professional opinions and reasonable estimated loss are available.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(B) Significant unrecognized commitments

The Group's signed but unrecognized new construction contract and acquisitions amount of investment and owner-occupied properties are as follow:

	December 31, 2023	December 31, 2022
New construction contracts	\$ 28,775,851	3,908,441
Purchased investment properties	-	2,251,093
Total	<u>\$ 28,775,851</u>	<u>6,159,534</u>

(C) The Group signed private fund contracts. The maximum amount of investment commitments that has not been funded is (in thousands):

	December 31, 2023	December 31, 2022
USD	<u>\$ 3,105,602</u>	<u>3,379,453</u>
EUR	<u>\$ 873,299</u>	<u>665,749</u>
KRW	<u>\$ 149,127,135</u>	<u>182,756,598</u>
NTD	<u>\$ 632,800</u>	<u>470,333</u>

Note: The unfunded commitments excluded unsettled trades.

- (D) On March 31, 2020, the Group signed a joint investment contract to invest in Star Shining Energy Co., Ltd. by phases. Total investment amount should not exceed NTD 2.4 billion. As of December 31, 2023, the Group has not yet invested NTD 300 million as per the agreement above.
- (E) On December 27, 2023, the Group signed a joint investment contract to invest in Aquastar Energy Corporation by phases. Total investment amount should not exceed NTD 1.1415 billion. As of December 31, 2023, the Group has not yet invested NTD 961.5 million as per the agreement above.
- (F) On June 9, 2023, the Group signed a joint venture agreement to invest in Whole Max Green Power Co., Ltd. by phases. The investment amount will not exceed NTD 627 million. As of December 31, 2023, the Group has not yet invested NTD 150 million as per the agreement above.
- (G) As of December 31, 2023, in the irrevocable loan contract signed by the Group for operating credit business in 2023, the undrawn loan commitment amount was approximately \$8,000,000 thousand.

10. LOSSES DUE TO MAJOR DISASTERS: None.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

11. SUBSEQUENT EVENTS: None.

12. OTHER

- (A) Personnel expenses, depreciation and amortization for the periods ended December 31, 2023 and 2022 are categorized by function as follows:

Units: NT\$'000

Function Nature	For the years ended December 31,					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	10,616,335	6,814,362	17,430,697	8,689,009	6,841,044	15,530,053
Labor and health insurance	-	1,675,108	1,675,108	-	1,541,738	1,541,738
Pension	163,629	802,804	966,433	162,251	750,910	913,161
Remuneration of directors	-	241,754	241,754	-	349,692	349,692
Other	-	1,752,726	1,752,726	-	1,218,482	1,218,482
Depreciation	-	1,169,865	1,169,865	-	1,136,254	1,136,254
Amortization	-	438,182	438,182	-	326,034	326,034

For the years ended December 31, 2023 and 2022 the average numbers of employees are 23,269 and 23,484, of which the numbers of directors who are not employees are 34 and 33, respectively.

- (B) When conducting business or transaction, joint business promotion as well as information and facilities sharing with Fubon Financial Holdings Co., Ltd. and other associates, the Group is using a direct allocation method based on the business characteristic or other reasonable methods to allocate income, cost, expense and profit or loss to each counterparty.
- (C) The borrowing that meets cash flow arising from payment of major insurance claims: None.
- (D) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund, refer to Note 6(B)(b).
- (E) The information of discontinued operations: None.
- (F) The adjustment of significant units and significant reform of management regulation: None.
- (G) The significant impact due to variation of government rules: None.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- (H) Since Russia launched an invasion of Ukraine in February 2022, Russia was subject to severe international sanctions, and international credit rating agencies downgraded the credit rating for Russian bonds. The Group is closely monitoring and evaluating the credit risk of Russian bonds, the relevant bonds' ability to pay interest and principal and will continuously evaluate the credit risk and recognize the expected credit loss associated to the risk.
- (I) Reclassifications of 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 turmoil. Then, the interest rates have risen to the extreme level defined by the International Insurance Capital Standards (ICS). Therefore, in accordance with 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 Company adjusted the business model of related managed activities and oversea bonds investment based on the major changes from the external financial environment. The Company reclassified part of the financial assets which measured at fair value through other comprehensive income to measured at amortized cost on January 1, 2023.

After the reclassification of financial assets by the Company on January 1, 2023, other equity interest 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.

The subsidiary, 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 requestments. At the same time, considering the relatively low cost of required capital for Korean bonds and asset-liability management, the subsidiary planned to hold domestic bonds by collecting the contractual cash flow. Therefore, the subsidiary reclassified part of Korean bonds from financial assets measured at fair value through other comprehensive income to financial assets measured at amortized cost.

After the reclassification of financial assets by the subsidiary, Fubon Hyundai Life Insurance Co., Ltd., on January 1, 2023, the Group's other equity interest 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.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

The above financial assets of the Group which measured at fair value through other comprehensive income were reclassified to measured at amortized cost. As of December 31, 2023, the fair value of the above reclassified financial assets that have not been derecognized amounted to \$318,570,919 thousand. Without reclassification on January 1, 2023, the pro forma information on December 31, 2023, other equity interest decreased by \$59,251,073 thousand and non-controlling interests decreased by \$145,571 thousand. Then, for the year ended December 31, 2023, the fair value gain (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 considered changes in shareholders' equity adjustment). Of which, equity attributable to owners of the parent company and non-controlling interests were \$11,875,049 thousand and \$126,152 thousand, respectively.

13. OTHER DISCLOSURES

(A) Information on Significant Transactions:

In accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the Group disclosed the information on significant transactions for the year end December 31, 2023 as follows:

(a) Acquisition of real property over \$100,000 thousand or 20% of capital :

Acquiring Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as counterparty is a related party.				Reference for price	Purpose and usage	other
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance Co., Ltd.	Land: Land No. 1, Fenghuang Lane, Jianxing Lane, Hukou Township, Hsinchu County	2022.04.27	2,648,345 (Note1)	Paid in full	TA SAN SHANG International Container Terminal Co., Ltd.	Not related party	-	-	-	-	Referred to market price and appraisal reports	Investment Property	Transfer completed on April 27, 2023.
Fubon Life Insurance Co., Ltd.	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 (Note2)	Paid in full	Taipei City Government	Related party	Not applicable	Not applicable	Not applicable	-	Not applicable	Apply capacity transfer for development case	Acquired the permit certificate of urban building capacity transfer from the Taipei City Government on April 20, 2023.

Units:\$'000

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Acquiring Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as counterparty is a related party.				Reference for price	Purpose and usage	other
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance Co., Ltd.	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., etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	1. The case had acquired the user license in January 2023. 2. The acceptance and improvements are ongoing, and the total program costs have not yet been finalized. 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.
Fubon Life Insurance Co., Ltd.	New-build superfacies program in Xinmin Section of Beitou	2014.05.30~2023.12.08	1,650,140	Payment based on construction progress	Dehwa Construction Co., Ltd., etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	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 Co., Ltd.	New-build program of the northern base of Chengde Building	2012.03.09~2023.12.19	2,865,182	Payment based on construction progress	Dehwa Construction Co., Ltd., Da-Link Architects and Associates, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) of the southern base of Chengde Building	2012.03.09~2023.11.17	192,539	Payment based on construction progress	QlabArchitects, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program in Nangang District	2020.06.23~2023.12.08	900,819	Payment based on construction progress	Dehwa Construction Co., Ltd., etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Acquiring Company	Property Name	Occurrence Date	Amount	Amount Paid	Counterparty	Relationship	Previous transfer information, as counterparty is a related party.				Reference for price	Purpose and usage	other
							Owner	Relations with the issuer	Transfer Date	Amount			
Fubon Life Insurance Co., Ltd.	New-build program of the superficies 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., etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property and owner-occupied property	
Fubon Life Insurance Co., Ltd.	New-build program (urban renewal) in Dunhua Section of Songshan District	2021.03.11~2023.12.20	886,232	Payment based on construction progress	HCCH & Associates Architects Planners & Engineers, etc.	Including related party and unrelated party	Not applicable	Not applicable	Not applicable	-	Comparison, negotiation, and administrative tax and fee	Investment Property	Transactions including the administrative tax and fee from related party Taipei City Government
Fubon Life Insurance Co., Ltd.	New-build program for development case of Hsinchu Hukou	2022.09.20~2023.10.31	173,618	Payment based on construction progress	Da-Ju Architects & Associates, etc.	Not related party	-	-	-	-	Comparison, negotiation, and administrative tax and fee	Investment Property	

Note1: It is the total purchase price of the contract (VAT included). Transaction cost is separately counted.

Note2: The book value of capacity transfer land road and capacity deposit were \$1,085,207 thousand in total.

- (b) Disposal of real property over \$100,000 thousand or 20% of capital: None.
- (c) Sales and purchase with related party over \$100,000 thousand or 20% of capital : Note 7 and 13(A)(f).
- (d) Accounts receivable with related party over \$100,000 thousand or 20% of capital: Please refer to Note 7.
- (e) Information on derivative transactions : Please refer to Note 6(C) and (AD).
- (f) Business relationship and significant transactions with the subsidiaries:

No	Company	Counterparty	Relationship	Transaction details				Percentage ratio against total operating income or total assets
				Accounts	Amount	Trading terms		
0	Fubon Life Insurance Co., Ltd.	Fubon (Hong Kong) Co., Ltd.	1	Receivables	4,958	Same as non related-party transactions	-	%
0	Fubon Life Insurance Co., Ltd.	Fubon (Hong Kong) Co., Ltd.	1	Non-operating income & expense	22,335	Same as non related-party transactions	-	%
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Loans	1,697,722	Same as non related-party transactions	0.03	%
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Receivables	11,554	Same as non related-party transactions	-	%
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Interest income	46,950	Same as non related-party transactions	0.01	%
0	Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	1	Interest income	156,846	Same as non related-party transactions	0.03	%
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Loans	8,736,353	Same as non related-party transactions	0.15	%
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Receivables	84,779	Same as non related-party transactions	-	%
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Interest income	337,132	Same as non related-party transactions	0.06	%
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Loans	3,258,984	Same as non related-party transactions	0.06	%

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

No	Company	Counterparty	Relationship	Transaction details			
				Accounts	Amount	Trading terms	Percentage ratio against total operating income or total assets
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Receivables	28,750	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Interest income	113,099	Same as non related-party transactions	0.02 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Loans	10,321,692	Same as non related-party transactions	0.18 %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Receivables	49,431	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	1	Interest income	194,452	Same as non related-party transactions	0.03 %

Note1: Each number represents the following definitions:

- (1) Zero stands for the parent company
- (2) Subsidiaries are coded from No.1 per respective companies.

Note2: Transaction relationship is as follows:

- (1) Parent company to subsidiary company
- (2) Subsidiary company to parent company
- (3) Subsidiary company with subsidiary company

(B) Information on Investees:

Disclosure on business investments for the year ended December 31, 2023 is as follows:

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Vietnam) Co., Ltd.	Hanoi Vietnam	Life insurance business	2,153,217	2,153,217	-	100.00 %	1,612,894	32,701	32,701	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Co., Ltd.	Hong Kong	Life insurance business	12,985,410	10,532,054	3,275,000,000	100.00 %	12,323,030	319,782	319,782	Subsidiary Note1
Fubon Life Insurance Co., Ltd.	Fubon Hyundai Life Insurance Co., Ltd.	Korea	Life insurance business	33,361,377	23,910,370	253,834,047	83.22 %	19,841,316	(5,478,597)	(4,557,203)	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	Guernsey	Rental property business	3,348,784	3,348,784	41,514,743	100.00 %	1,915,700	(536,729)	(536,729)	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	Jersey	Rental property business	7,608,715	2,186,556	184,122,931	100.00 %	4,263,091	(1,117,402)	(1,117,402)	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	Jersey	Rental property business	4,708,389	4,708,389	92,581,000	100.00 %	4,960,099	174,109	174,109	Subsidiary Note 1 Note 2 Note 4

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

Investor Company	Investee Company	Location	Major Business	Original Investment		Held by the Company			Income (losses) of investee company	Income (losses) recognized from investee company	Note
				Period-end	End of prior year	Shares	Percentage (%)	Book Value			
Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	Brussels Belgium	Rental property business	2,579,463	2,579,463	1,133,718	100.00 %	1,554,594	(433,599)	(433,599)	Subsidiary Note 1 Note 3 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Eurotower (Luxembourg) S. à r.l.	Luxembourg	Rental property business	7,727,154	7,727,154	219,997	100.00 %	2,494,832	(4,132,161)	(4,132,161)	Subsidiary Note 1 Note 4 Note 5
Fubon Life Insurance Co., Ltd.	CITIC Capital Holdings Limited	Hong Kong	Holding company	7,046,304	7,046,304	13,979,798	18.00 %	9,159,243	19,099	(188,467)	Affiliate company
Fubon Life Insurance Co., Ltd.	Hyundai Card Co., Ltd.	Korea	Credit Card Business	5,156,803	5,156,803	16,046,528	10.00 %	8,875,359	6,106,704	376,188	Affiliate company
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Venture Capital Co., Ltd.	ROC	Venture capital service	1,979,650	1,979,650	315,554,902	25.00 %	3,763,871	464,128	112,755	Affiliate company
Fubon Life Insurance Co., Ltd.	Star River Energy Co., Ltd.	ROC	Energy technology service	180,442	180,442	18,044,160	20.00 %	211,194	80,217	16,044	Affiliate company
Fubon Life Insurance Co., Ltd.	Star Shining Energy Co., Ltd.	ROC	Energy technology service	2,100,000	2,100,000	210,000,000	30.00 %	2,269,904	501,534	150,460	Affiliate company
Fubon Life Insurance Co., Ltd.	Whole Max Green Power Co., Ltd.	ROC	Energy technology service	477,000	327,000	47,700,000	30.00 %	499,717	53,641	16,345	Affiliate company
Fubon Life Insurance Co., Ltd.	Sinergy 1st Co., Ltd.	ROC	Energy technology service	300,000	150,000	30,000,000	30.00 %	299,520	(285)	(253)	Affiliate company
Fubon Life Insurance Co., Ltd.	Aquastar Energy Corporation	ROC	Energy technology service	180,000	180,000	18,000,000	30.00 %	175,727	(13,749)	(4,125)	Affiliate company
Fubon (Hong Kong) Co., Ltd.	ZA Life Limited	Hong Kong	Life insurance business	574,065	1,339,485	150,000,000	15.00 %	299,050	(436,444)	(125,234)	Affiliate company

Note 1: Write off under consolidated financial statements.

Note 2: Investment properties are located in London, England.

Note 3: Investment property is located in Brussels, Belgium.

Note 4: Investee does not have external debts, act as guarantor or provide its assets as collateral for debts of external parties. Except being pledged as collateral for its shareholder loan, the ownership of its property is not subject to restrictions.

Note 5: Investment Property is located in Frankfurt, Germany.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(C) Information on Investment in Mainland China :

(a) Information regarding investment in Mainland China as follows :

Units:\$'000

Investee company	Main business	Paid-in capital	Method of investment (Note 1)	Accumulated outward fund of investment from Taiwan at the beginning	Outward remittance or inward recovery		Accumulated outward fund of investment from Taiwan at the balance sheet date	Investee company gains/(losses) in current period	Directly or indirectly share holding percentage	Income(losses) recognized from investee company	Book value of investment at period end	Recovery investment profit
					Outward	Inward						
Fubon Property & Casualty Insurance Co., Ltd.	Property Insurance	CNY 4,838,710 1,120,000	(a)	2,155,322	-	-	2,155,322	CNY (175,450) (40,047)	40.00 %	(70,180) Note2	381,220	-
Shenzhen Teng Fu Bo Investment Limited (Note 4)	Investment Consultancy	CNY 3,224,655 746,400	(c)	-	-	-	-	CNY (356,461) (81,362)	3.27 %	(11,644)	34,135	-

Note 1: Investment types are as follows:

- (a) Direct investments in Mainland China.
- (b) Reinvestment in Mainland China through a third regional company. (Please specify the companies invested in the third region.)
- (c) Others.

Note 2: The recognition of investment gains or losses is based on the financial statements audited by certified public accountant.

Note 3: The NTD amounts in the table which were originally presented in foreign currencies are translated at the closing rate as of December 31, 2023, or the average exchange rate for the year ended December 31, 2023.

Note 4: The Group indirectly invested in WeSure Insurance Ltd. through Shenzhen Teng Fu Bo Investment Ltd.

Note 5: As of December 31, 2023, Fubon Property & Casualty Insurance Co., Ltd. has completed the disposal of the shareholding of Xiamen KingSpring Insurance Surveyors & Loss-Adjusters Co., Ltd., and the Group no longer has any direct or indirect investment in Xiamen KingSpring Insurance Surveyors & Loss-Adjusters Co., Ltd. The income (losses) from investments recognized by the Group for the period is \$470 thousand, including the gain on disposal.

The Group and Fubon Insurance Co., Ltd. have jointly invested in the set-up of Fubon Property and Casualty Insurance Co., Ltd. in 2010 for its insurance business operation in Mainland China. In addition, the Group signed a joint venture contract with Fubon Insurance Co., Ltd., and Xiamen Port Holding Group in September 2012. The joint venture was approved by the Insurance Bureau, FSC, the Investment Commission, MOEA and CBRC. The proportionate share holding for The Group, Fubon Insurance Co., Ltd. and Xiamen Port Holding Group are 40%, 40% and 20% respectively. As of December 31, 2023, the accumulated investment of the Group amounted to CNY 448 million.

Fubon Property & Casualty Insurance Co., Ltd initially invested in Shenzhen Teng Fu Bo Investment Limited with 31.1% shareholding. Subsequently on July 16, 2020, board of directors has resolved to not participate in the capital increase for Shenzhen Teng Fu Bo Investment Limited, which resulted in the decrease in shareholdings from 31.1% to 16.667% and has been approved by local governing institutions on August 19, 2020. On August 13, 2021, Fubon Property & Casualty Insurance Co., Ltd shareholders' meeting has passed a resolution to dispose of 8.5% shareholding in Shenzhen Teng Fu Bo Investment Limited. This disposal was approved by the competent authority on October 6, 2021 and the shareholding was sold 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 reducing from 16.667% to 8.167%. As of December 31, 2023, Funbon Property & Casualty Insurance Co. Ltd. invested an accumulated amount of CNY 60,956 thousand.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

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.

(b) Fubon Property & Casualty Insurance Co., Ltd. is a property insurance company, the information for its cash management and profitability is disclosed as follows:

(1) Capital status and its profit and loss : No significant investment.

(2) The Fubon Property & Casualty Insurance Co., Ltd. provides premium deficiency reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Gin Guan Bao Tsai No.09802513192 on December 28, 2009. Non life insurance companies should evaluate the claim payments and expense which will be incurred in the future and compare the fore-mentioned expenditures to the premium based on insurance policy without expiration or the accepting risk which is not terminative. If the expenditures are lower than the premium, non life insurance companies should provide the differences as the premium deficiency reserve. The methodology for providing premium deficiency reserve is decided by actuaries and reported to the authority. If there is any change, it should adopt the same procedures as aforementioned.

	December 31, 2023	December 31, 2022
Unearned premium reserve	\$ 1,727,074	2,196,667
Claim reserve	2,077,269	2,766,605
Premium deficiency reserve	<u>35,090</u>	<u>84,814</u>
Total	<u><u>\$ 3,839,433</u></u>	<u><u>5,048,086</u></u>

(3) Ratio accounted for the total premium revenue of the Group: 0.68%

(4) Ratio accounted for the total claim payment of the Group: 0.32%

(5) The pricing, payment condition, unrealized profit and loss of significant transactions with the investee in China:

1) Amount, ratio and the ending balance of relevant receivables and payable of core business items such as the insurance policy which the policy holder is the investee: None.

2) Amount and profit and loss of property transaction: None.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

- 3) The highest balance, ending balance, interest rate interval and current interest amount of financing: None.
- 4) Other significant transactions which would influence current profit and loss and other financial condition, such as the provision or receipt of labor service: None.
- (6) The name and premium revenue (expense) from the reinsurance business counterparties which are the branches of foreign insurance companies located in China or the branch of Chinese insurance companies: None.
- (7) Name and premium revenue of significant insurance business with Chinese people, legal entities and groups located overseas: None.

(c) Limit of investment in China :

Unit:NTD\$'000

Name of Company	Accumulated amount transferred from Taiwan, end of the period	Investment amount approved by Ministry of Finance	Limit of investment regulated by Investment Audit Committee of Ministry of Finance.
Fubon Life Insurance Co., Ltd.	2,155,322	2,155,416	295,222,882

Note: Excluding investments accounted not for using the equity method.

(d) Significant transactions with the investee in China : None

14. SEGMENT INFORMATION

(A) General information

The Group runs its life insurance business and provides insurance contract product in accordance with local insurance laws, or operates other kinds of businesses according to local laws. Because the Group mainly runs insurance business and invests in real estates in Taiwan and overseas, the Group shall consider both regions and operating characteristics when determining reportable segments. The operating sectors of the Group report their profit or loss based on the net income before tax, the value of which is the foundation of performance evaluation and consistent with the report used by their decision makers. The accounting policies of the operating sectors are the same as significant accounting policies summary in Note 4.

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

(B) Segment information

For the year ended December 31, 2023					
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 492,596,766	75,944,498	(4,905,830)	(160,063)	563,475,371
(Losses) gains from internal segments	(9,403,152)	-	-	9,403,152	-
Total revenue	<u>\$ 483,193,614</u>	<u>75,944,498</u>	<u>(4,905,830)</u>	<u>9,243,089</u>	<u>563,475,371</u>
Net income	<u>\$ 36,091,107</u>	<u>(5,126,114)</u>	<u>(6,045,782)</u>	<u>10,045,123</u>	<u>34,964,334</u>
Total assets	<u>\$5,312,703,399</u>	<u>525,275,932</u>	<u>40,787,770</u>	<u>(66,673,191)</u>	<u>5,812,093,910</u>

For the year ended December 31, 2022					
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	\$ 491,169,420	86,729,414	(1,570,056)	(29,409)	576,299,369
(Losses) gains from internal segments	(1,274,371)	-	-	1,274,371	-
Total revenue	<u>\$ 489,895,049</u>	<u>86,729,414</u>	<u>(1,570,056)</u>	<u>1,244,962</u>	<u>576,299,369</u>
Net income	<u>\$ 65,537,415</u>	<u>828,132</u>	<u>(2,738,742)</u>	<u>2,055,607</u>	<u>65,682,412</u>
Total assets	<u>\$5,040,875,040</u>	<u>570,444,338</u>	<u>45,173,735</u>	<u>(53,662,806)</u>	<u>5,602,830,307</u>

Note1: Asia Insurance Business does not include Taiwan.

Note2: The adjustments and eliminations are eliminating entries used to adjust intercompany transactions when preparing the consolidated financial statements.

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