China Man-Made Fiber Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditor's Audit Report

To CHINA MAN-MADE FIBER CORPORATION:

Auditor's opinions

We have audited the accompanying consolidated balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2022 and 2021, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion based on our audit results and the audit reports offered by other accountants (please refer to other sections), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Man-Made Fiber and subsidiaries as of December 31, 2022 and 2021, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission with the effective dates.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Chinese Gamer International Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of China Man-Made Fiber Co., Ltd. and its subsidiaries in 2022. These matters were addressed in the content 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 those matters.

Key audit procedures of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and subsidiary in 2022 included:

<u>Authenticity of specific sales revenue</u>

Notes to key audit matters

China Man-made Fibers Co., Ltd. and its subsidiaries recognize sales income after the client obtains product control and assumes product risks. The accountant analyzed the sales income in 2022, taking into account sales amounts, gross profits, and other factors, to identify specific clients whose sales incomes are highlighted as key authenticity inspection items.

Please refer to Note 4 (17) of the consolidated financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control system related to the recognition of sales revenues for China Man-made Fiber Corporation and its subsidiaries.
2. The efforts to obtain details of the sales revenues account for specific customers of China Man-Made Fiber Corporation and Subsidiaries and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
3. Verify the reasonableness of sales income recognition by mailing to specific clients to inquire about their sales transactions and by reviewing payment collection after the balance sheet date.

<u>Assessment of the expected credit loss from discounting and advances.</u>

Notes to key audit matters

As indicated in Notes 14 and 32(6) of the consolidated financial statements, for the net discounts and loans of China Man-made Fiber Corporation and its subsidiaries at the end of Year 2022, the anticipated credit loss amortized in Year 2022 amounted to NT$514,112,826 thousand and NT$969,901 thousand, respectively, accounting for 62% of the total assets and 58% of comprehensive profit and/or loss, respectively, deemed as quite significant toward the overall consolidated financial statement. In addition, China Man-Made Fiber Corporation and its subsidiaries consider major estimates and judgments of the management level including probability of default and loss given default when determining expected credit losses pursuant to decrees and ordinances of the competent authority. For these reasons, expected credit loss of discounts and loans to the customers are determined as key audit matters.

Regarding the accounting policies related to discounts and loans, the estimated credit loss, information linked up with accounting estimate and uncertainties in hypotheses, please refer to Notes 4 (14), 5, 14 and 32 (6) of the consolidated financial statements for details.

Audit response

1. Understand the internal control system adopted by the Company and its subsidiaries for assessing the expected credit loss from discounting and advances. The appropriated amount was inspected to check if it meets the requirements of related laws and regulations of the competent authority.
2. For the comprehensive evaluation of the expected credit loss adopted by China Man-Made Fiber Corporation, understand and re-calculated key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness.

Other information

The financial statements of investees included in the consolidated financial statements of the Company and its subsidiaries adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the consolidated statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2022 and 2021 are NT$1,076,723 thousand and NT$1,128,072 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2022 and 2021 are NT$(51,348) thousand and NT$24,638 thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 48 of the consolidated financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

China Man-made Fiber Corporation has duly prepared and compiled individual financial statements for the years 2022 and 2021 for which, we, the certified public accountant, have issued audit reports with unqualified opinion plus other matters ready for reference.

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

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, and applicable IFRS, IAS, SIC and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether or not due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. and its subsidiaries or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd. and its subsidiaries.

Auditor's 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. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered materials, 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.

Upon auditing in accordance with the auditing regulations, we exercised professional judgment and professional skepticism. We also perform the following works:

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 risks and obtain evidence that is sufficient and appropriate to provide a basis of 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 internal control effective in China Man-Made Fiber Co., Ltd. and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether or not a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Co., Ltd. and its subsidiaries and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated statements, including related notes, whether the consolidated statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information or the entities or business activities with China Man-Made Fiber Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd. and its subsidiaries.

We communicate with those in charge of 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 in charge of 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 in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries of 2022 and are therefore the key audit matters. We describe these matters in our auditor's 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 communications.

Deloitte and Touche

CPA: Su-Huan You	Owen-P Wang, CPA
Securities and Futures Commission Approval Nc Tai-Cai-Zheng (6) No. 0920123784	To Financial Supervisory Commission Approval No. Ching-Kuan-Cheng-Shen-Tze No. 1100356048

March 8, 2023

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2022 and 2021

Unit: NTD thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 4, 6 and 37)	$ 28,216,965	3	$ 20,670,197	3
1110	Due from Central Bank and lend to Banks (Note 7 and 38)	40,921,600	5	38,193,986	5
1120	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	29,219,088	4	34,039,013	4
1180	Bonds and securities sold under repurchase agreements (Note 4 and 9)	11,643,340	1	11,258,439	1
1201	Notes receivable (Note 4, 10 and 38)	5,922,212	1	5,461,813	1
1202	Accounts receivable (Note 4 and 10)	8,660,643	1	8,763,123	1
1203	Other receivable (Note 4 and 10)	1,627,393	-	2,837,994	-
1260	Current income tax asset (Notes 4 and 33)	6,966	-	10,742	-
1270	Inventory (Note 4 and 11)	1,824,464	-	1,732,447	-
1280	Prepaid (Note 12 and 37)	1,512,572	-	1,003,060	-
1320	Other current assets (Note 13 and 38)	717,064	-	547,245	-
1330	Notes discounted and loans – net (Note 4, 14 and 37)	514,112,826	62	479,806,373	60
11XX	Total current assets	644,385,133	77	604,324,432	75
	Non-Current assets				
1415	Financial assets at fair value through other comprehensive income- non-current (Note 4, 15 and 38)	49,607,665	6	52,523,487	7
1435	Financial assets on the basis of cost after amortization- non-current (Note 4, 16 and 38)	104,757,966	13	109,181,808	14
1470	Investment by equity method (Note 4, 18 and 38)	1,084,375	-	1,139,593	-
1500	Real estates, plant and equipment - net (Notes 4, 19 and 38)	27,015,984	3	24,907,282	3
1595	Right-of-use assets (Note 4 and 20)	1,038,871	-	1,069,882	-
1600	Real estate investments - net (Note 4, 21 and 38)	3,483,974	1	2,570,573	-
1700	Intangible assets – net (Note 4 and 22)	266,612	-	253,813	-
1800	Deferred income tax assets – net (Notes 4 and 33)	1,344,012	-	1,519,692	-
1900	Other assets (Note 23 and 38)	2,717,369	-	3,647,693	1
14XX	Total non-current assets	191,316,828	23	196,813,823	25
1XXX	Total assets	$ 835,701,961	100	$ 801,138,255	100
Code	**Liabilities and equity**				
	Current liabilities				
2110	Short-term loans (Note 24 and 38)	$ 19,057,710	2	$ 19,113,118	3
2120	Short-term bills payable (Note 24)	4,871,403	1	4,290,840	1
2130	Bills and bonds sold under repurchase agreements (Note 4 and 25)	-	-	1,205,559	-
2140	Financial liabilities through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	1,630,985	-	512,399	-
2190	Due to Central Bank and other banks (Note 26)	8,703,740	1	3,953,700	1
2201	Payable notes	8,571	-	59,886	-
2202	Accounts payable (Note 37)	1,251,095	-	1,485,218	-
2204	Other accounts payable (Note 27)	9,774,804	1	10,727,435	1
2310	Current income tax liability (Notes 4 and 33)	578,622	-	448,682	-
2330	Long-term liability due in one year or one business cycle (Note 24 and 38)	1,445,539	-	2,610,828	-
2335	Lease liabilities – current (Note 4 and 20)	198,587	-	188,630	-
2350	Other current liabilities	694,384	-	1,356,279	-
2360	Customer deposits and remittances (Note 28 and 37)	682,831,623	82	658,823,829	82
21XX	Total of current liabilities	731,047,063	87	704,776,403	88
	Non-current liabilities				
2540	Bonds payable (Note 29 and 37)	14,990,000	2	14,990,000	2
2550	Long-term loans (Note 24 and 38)	6,772,764	1	4,912,200	1
2600	Liability reserve (Note 4 and 30)	1,461,472	-	1,641,199	-
2620	Deposits received	637,475	-	659,702	-
2625	Lease liabilities – non-current (Note 4 and 20)	750,813	-	773,292	-
2630	Deferred tax liabilities (Note 4 and 33)	1,020,032	-	1,020,032	-
2660	Other liabilities	4,059,548	1	589,399	-
25XX	Total non-current liability	29,692,104	4	24,585,824	3
2XXX	Total liabilities	760,739,167	91	729,362,227	91
	Equity of the parent company (Note 31)				
3110	Common stock capital	16,862,097	2	16,862,097	2
3210	Capital surplus	1,715,804	-	1,656,687	-
	Retained earnings				
3310	Legal reserve	949,064	-	946,448	-
3320	Special reserve	1,934,645	1	1,934,645	-
3330	Undistributed earnings	910,638	-	2,256,427	1
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(96,538)	-	(112,220)	-
3425	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	816,865	-	919,802	-
3500	Treasury stock (Note 4)	(1,136,802)	-	(1,136,802)	-
31XX	Total equity of the parent company	21,955,773	3	23,327,084	3
32XX	Non-controlling interest (Note 31)	53,007,021	6	48,448,944	6
3XXX	Total equity	74,962,794	9	71,776,028	9
4XXX	Total Liabilities and Equity	$ 835,701,961	100	$ 801,138,255	100

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang　　Manager: Chieh-Yi Wang　　Accounting Supervisor: Tzu Wei Huang

China Man-Made Fiber Corporation and subsidiary
Consolidated Income Statement
January 1 to December 31, 2022 and 2021

Unit: NTD Thousand, except for earnings (losses) per share in NTD

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Revenue (Note 4)				
4010	Interest revenues (Note 32 and 37)	$ 15,593,383	46	$ 12,256,134	37
4050	Income from handling fees (Note 32)	3,596,797	10	3,638,217	11
4060	Shareholding in the affiliated companies and joint ventures under the equity method (Note 18)	-	-	24,959	-
4090	Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 32)	882,737	3	819,390	3
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	-	-	4,635	-
4160	Net sales revenue (Note 37)	13,402,140	39	15,551,039	47
4255	Expected credit reversal benefit (Note 10, 15, 16 and 32)	7,924	-	-	-
4260	Exchange gain	-	-	110,940	-
4270	Other income (Note 32)	635,167	2	641,210	2
4XXX	Total revenue	34,118,148	100	33,046,524	100
	Expenses				
5010	Interest expenses (Note 32 and 37)	5,021,216	15	3,117,854	10
5060	Service charges (Note 32)	279,988	1	263,506	1
5080	Loss of affiliated companies and joint ventures under the equity method (Note 18)	57,914	-	-	-
5090	Bad debt expense, commitment and guaranty reserve (Note 10, 14, 30 and 32)	$ 1,252,450	4	$ 1,368,511	4
5125	Already realized losses of financial losses measured at fair value through other comprehensive profit and/or loss.	5,126	-	-	-
5190	Cost of goods sold (Note 11 and 37)	14,491,218	42	15,259,299	46
5230	Operating expenses (Note 30 and 32)	8,731,954	26	8,296,690	25
5280	Impairment (Note 19, 22 and 32)	28,272	-	44,244	-
5285	Expected credit impairment loss (Note 32)	-	-	4,064	-
5290	Exchange loss	128,505	-	-	-
5320	Other expenses (Note 32)	15,040	-	20,928	-
5XXX	Total expenses	30,011,683	88	28,375,096	86
6100	Net profit before taxation	4,106,465	12	4,671,428	14
6200	Income tax expenses (Note 4 and 33)	1,309,639	4	820,647	2
6500	Net income	2,796,826	8	3,850,781	12
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
6611	Determined Benefit Plan Reevaluation (Note 4 and 30)	86,243	-	5,979	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	99,192	1	854,046	3
6625	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	$ 2,507	-	($ 1,142)	-
6649	Income tax related to titles without reclassification (Notes 4 and 33)	(17,016)	-	(1,524)	-
6610		170,926	1	857,359	3
	Items that may be re-classified subsequently under profit or loss				
6651	Exchange differences from the translation of financial statements of foreign operations	106,524	-	17,273	-
6659	Capital gain/loss of debts instrument at fair value through comprehensive income statement as other comprehensive income	(1,389,473)	(4)	(248,985)	(1)
6689	Income tax related to items possibly be reclassified (Notes 4 and 33)	-	-	-	-
6650		(1,282,949)	(4)	(231,712)	(1)
6600	Other comprehensive income (post-tax profit or loss)	(1,112,023)	(3)	625,647	2
6700	Total amount of comprehensive income of the current year	$ 1,684,803	5	$ 4,476,428	14
	Profit attributable to:				
6810	Owners of parent	($ 1,352,253)	(4)	$ 5,699	-
6820	Non-controlling interest	4,149,079	12	3,845,082	12
6800		$ 2,796,826	8	$ 3,850,781	12
	The total comprehensive income belongs to				
6910	Owners of parent	($ 1,431,407)	(4)	$ 500,302	2
6920	Non-controlling interest	3,116,210	9	3,976,126	12
6900		$ 1,684,803	5	$ 4,476,428	14
	Earnings (losses) per share (Note 34)				
7000	Basic earnings per share (losses)	($ 1.01)		$ -	
7100	Diluted earnings per share (losses)	($ 1.01)		$ -	

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang Manager: Chieh-Yi Wang Accounting Supervisor: Tzu Wei Huang

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		Equity of the company										
		Capital stock		Retained earnings			Other equity					
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Treasury stock	Total	Non-controlling interest	Total equity
A1	Balance as of January 1, 2021	$ 16,213,672	$ 1,663,531	$ 855,476	$ 1,940,822	$ 3,125,590	($ 116,241)	$ 451,962	($ 1,136,802)	$ 22,998,010	$ 43,402,141	$ 66,400,151
	The 2020 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(162,106)	-	-	-	(162,106)	-	(162,106)
B9	Stock dividends	648,425	-	-	-	(648,425)	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(6,177)	6,177	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	606	-	(463)	-	143	-	143
D1	110 Profit	-	-	-	-	5,699	-	-	-	5,699	3,845,082	3,850,781
D3	Other comprehensive profit and loss after tax in 2021	-	-	-	-	(3,187)	4,021	493,769	-	494,603	131,044	625,647
D5	Total comprehensive profit and loss in 2021	-	-	-	-	2,512	4,021	493,769	-	500,302	3,976,126	4,476,428
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826	17,274	33,100
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)	25,091	-
O1	Increase/ decrease in Non-controlling interest (Note 31)	-	-	-	-	-	-	-	-	-	1,028,312	1,028,312
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	25,466	-	(25,466)	-	-	-	-
Z1	Balance as of December 31, 2021	16,862,097	1,656,687	946,448	1,934,645	2,256,427	(112,220)	919,802	(1,136,802)	23,327,084	48,448,944	71,776,028
	The 2021 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	2,616	-	(2,616)	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	(305)	-	3,532	-	3,227	-	3,227
D1	Net income (loss) in 2022	-	-	-	-	(1,352,253)	-	-	-	(1,352,253)	4,149,079	2,796,826
D3	Other comprehensive profit and loss after tax in 2022	-	-	-	-	20,649	15,682	(115,485)	-	(79,154)	(1,032,869)	(1,112,023)
D5	Total comprehensive profit and loss in 2022	-	-	-	-	(1,331,604)	15,682	(115,485)	-	(1,431,407)	3,116,210	1,684,803
M7	Changes in the ownership equity on a subsidiary	-	59,117	-	-	(2,248)	-	-	-	56,869	(56,869)	-
O1	Increase/ decrease in Non-controlling interest (Note 31)	-	-	-	-	-	-	-	-	-	1,498,736	1,498,736
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	(9,016)	-	9,016	-	-	-	-
Z1	Balance as of December 31, 2022	$ 16,862,097	$ 1,715,804	$ 949,064	$ 1,934,645	$ 910,638	($ 96,538)	$ 816,865	($ 1,136,802)	$ 21,955,773	$ 53,007,021	$ 74,962,794

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang | Manager: Chieh-Yi Wang | Accounting Supervisor: Tzu Wei Huang

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	$ 4,106,465	$ 4,671,428
	Profits and loss		
A20100	Depreciation expenses	1,091,990	1,181,999
A20200	Amortization expenses	72,486	65,581
A20300	Expected credit impairment loss	1,244,526	1,372,575
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(882,737)	(819,390)
A20900	Interest expenses	5,021,216	3,117,854
A21200	Interest revenue	(15,593,383)	(12,256,134)
A21300	Dividend income	(335,068)	(208,149)
A22300	Loss (gain) of affiliated companies and joint ventures under the equity method	57,914	(24,959)
A22500	Gain on disposal and scrapping of property, plant and equipment	(761)	(13,629)
A22700	Capital gain from disposition of investment property	(70,820)	-
A23100	Capital loss (gain) of instrument investments measured at fair value through other comprehensive income	5,126	(4,635)
A23200	Loss (gain) from disposition of subsidiaries	788	(937)
A23700	Loss in impairment of non-financial assets	28,272	44,244
A24100	Unrealized foreign currency exchange loss (gain)	(1,521,835)	439,109
A29900	Termination of lease profits	(3,153)	(5,797)
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	(2,378,335)	(1,445,572)
A91120	Financial assets at fair value through profit and loss	7,923,247	(946,746)
A91190	Accounts receivable	1,176,595	(2,042,272)
A91250	Inventory	(92,017)	(583,633)
A91260	Prepayments	(509,512)	(143,528)
A91280	Other current assets	(26,897)	51,448
A91290	Discounts and loans	(35,356,530)	(24,293,453)
A91320	Other financial assets	150,956	(534,192)
A92110	Bills and bonds sold under repurchase agreements	($ 1,205,559)	($ 1,094,518)
A92120	Financial liabilities at fair value through profit and loss	(1,101,999)	(1,121,323)
A92150	Due to Central Bank and other banks	4,750,040	(3,083,638)
A92160	Payables	(1,560,688)	3,283,428
A92280	Other current liabilities	(596,741)	538,160
A92290	Customer deposits and remittances	24,007,794	22,635,138
A92330	Other financial liabilities	3,404,995	477,248
A92310	Employee benefit liabilities reserve	(123,452)	(126,016)
A33000	Cash outflow from operating activities	(8,317,077)	(10,870,309)
A33100	Interest received	15,091,792	12,381,038
A33200	Dividends received	335,068	208,149
A33300	Interest payment	(4,684,807)	(3,155,429)
A33500	Income tax payment	(1,003,686)	(604,708)
AAAA	Net cash inflow (outflow) from operating activities	1,421,290	(2,041,259)
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(2,852,064)	(11,764,197)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	4,659,467	3,779,522
B00040	Financial assets acquired on the basis of cost after amortization	(783,723,829)	(907,585,588)
B00060	Held-to-maturity financial assets based on cost after amortization	789,824,504	910,515,784

(Continued on next page)

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B02300	Net cash inflow (outflow) from disposition of subsidiaries	(6,148)	1,058
B02700	Acquisition of property, plant and equipment	(3,033,814)	(2,024,667)
B02800	Disposal of property, plant and equipment	4,545	115,755
B03700	Decrease (increase) in Refundable deposits	(255,618)	21,616
B04500	Acquisition of Intangible assets	(86,158)	(69,760)
B05400	Acquisition of investment property	(987,383)	(425,618)
B05500	Disposition of investment property	140,161	-
B06800	Decrease (increase) in other assets	720,330	(548,508)
B09900	Decrease (increase) in restricted assets	(142,922)	1,526
BBBB	Net cash inflow (outflow) from investing activities	4,261,071	(7,983,077)
	Cash flow from financing activities		
C00100	Increase of short-term loans	-	4,443,778
C00200	Decrease in short-term loans	(55,408)	-
C00500	Increase in short-term notes payable	580,563	704,087
C01400	Issuance of financial bonds	$ -	$ 5,000,000
C01600	Proceeds from long-term loan	6,048,540	3,335,000
C01700	Re-payments of long-term borrowings	(5,353,265)	(3,354,634)
C03000	Increase in deposits received	-	74,353
C03100	Decrease in guarantee deposits	(22,227)	-
C04020	Payment of principal element of lease liabilities	(168,929)	(249,054)
C04500	Cash dividend released	-	(129,006)
C05800	Change in non-controlling interest	1,498,736	1,028,312
CCCC	Net cash inflow from financing activities	2,528,010	10,852,836
DDDD	Impact of changes in exchange rate on cash and cash equivalents	70,577	18,464
EEEE	Current cash and cash equivalents increase	8,280,948	846,964
E00100	Balance of cash and cash equivalents, beginning of period	50,072,311	49,225,347
E00200	Balance of cash and cash equivalent, end of period	$ 58,353,259	$ 50,072,311

Ending cash and cash equivalents adjustment

Code		December 31, 2022	December 31, 2021
E00210	Cash and cash equivalents on the balance sheet	$ 28,216,965	$ 20,670,197
E00220	The "Due from Central Bank and Banks" in compliance with the definition of cash and cash equivalents under IAS 7	18,492,954	18,143,675
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	11,643,340	11,258,439
E00200	Balance of cash and cash equivalent, end of period	$ 58,353,259	$ 50,072,311

The notes attached shall constitute an integral part of this consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated March 8, 2023)

Chairman Kuei-Shiang Wang　　Manager: Chieh-Yi Wang　　Accounting Supervisor: Tzu Wei Huang

Notes to consolidated financial statement

January 1 to December 31, 2022 and 2021
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

1. Company Profile
   (1) China Man-made Fiber Corporation (hereinafter referred to as the Company or CMFC) was founded on May 11, 1955 in accordance with the Company Act and other related regulations. The Company was approved to be traded on the TWSE on December 2, 1963. Over the years after several rounds of increase and decrease in cash capital, the paid-in capital as of December 31, 2022 is NT$16,862,097 thousand.
   (2) CMFC's main businesses are:
      1. Manufacture, processing and trading of artificial fiber, glass paper, polyamine fiber, polyester fiber, chemical products and raw materials thereof;
      2. Development, manufacture and trading of the machines referred to in the preceding paragraph;
      3. Manufacture and trading of ethylene glycol, eto ethylene oxide, nonylphenol, ethylene, LGP and petrochemical industry-related products;
      4. Lease and sale of national housing and commercial buildings constructed by commissioned contractors;
      5. Distribution, sorting, handling and storage of various products;
      6. Management of supermarkets, trading of fresh foods, vegetables, fish, dried merchandise and various seasonings;
      7. Production and sale of steam and industrial power generated by cogeneration (no power may be sold to energy users);
      8. Agency and distribution of cogeneration and pollution-prevention equipment, and contract of installation work;
      9. Manufacture and trading of oxygen, liquid oxygen, nitrogen, argon, liquid argon, CO_>2 and compressed air;
      10. Gas station.
   (3) The consolidated financial statements are presented in the Company's functional currency – New Taiwan Dollar.
2. Financial reporting date and procedures

   The Board of Directors approved the consolidated financial statements for publication on March 8, 2023.
3. Application of new and revised standards and interpretation
   (1) The Company has applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC) and Standing Interpretations Committee (SIC) Interpretations (hereinafter referred to collectively as "IFRSs") endorsed and published by the Financial Supervisory Commission (hereinafter referred to as "the FSC" in the following context) for the first time.

       The applicable amended IFRSs recognized and promulgated by the Financial Supervisory Commission shall not result in significant changes to the company's (henceforth the consolidated company) and its subsidiaries' accounting policy.
   (2) Applicable FSC-approved IFRSs as of 2023

The new / amended / revised standards or interpretation	Effective Date per IASB
IAS 1 amended "Disclosure of accounting policies."	January 1, 2023 (Note 1)
IAS 8 amended "Definition of accounting estimations."	January 1, 2023 (Note 2)
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023 (Note 3)

Note 1: This amendment will be applicable for annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning after January 1, 2023.

Note 3: Except for temporary differences recognized under deferred income taxes between leases and ex-service obligations as of January 1, 2022, this amendment applies to transactions occurred after January 1, 2022.

1. IAS 1 amended "Disclosure of accounting policies."

The amendment stipulates that the consolidated company decide major accounting policy information to be disclosed in accordance with major definitions. If the accounting policy information can be reasonably expected to affect the main users of financial statements for general purpose who use the said financial statements as the basis for making decisions. Amendment and Clarification:

- Policy accounting information not related to major transactions or other matters or situations, the said information is considered not major. If that is the case, the consolidated company needs not disclose such information.
- The consolidated company may determine related accounting policy information as major due to the nature of transactions or other matters or situations. The same shall apply even if the amount is insignificant.
- All accounting policy information not related to major transactions, other matters, or situations is considered major.

In addition, the amendment also cites examples to explain if the accounting policy information is related to major transactions or others matters or situations and that the following situations occur, the said information may be considered major:

(1) The consolidated company has changed its accounting policy during the reporting period, and the change will lead to major changes in information in the financial statement.

(2) The consolidated company shall select a suitable accounting policy among the options allowed in the standards.

(3) Due to a lack of regulations in the specific standards, the consolidated company shall establish accounting policies in accordance with IAS8 "Accounting Policy, Accounting Estimated Changes and Errors."

(4) The consolidated company discloses its need for relevant accounting policies to make major judgements and assumptions; or

(5) Involves complex accounting disposal regulations and financial statement users' dependence on information on the said information to understand major transactions, or other matters or situations.

2. IAS 8 amended "Definition of accounting estimations."

The said amendment expressly specifies that the accounting estimate refers to the monetary amount affected by measurement uncertainty amidst the financial statements. Where the Considered Company is subject to the accounting policies, it might possibly be required to measure financial statement items with monetary amounts that cannot be directly observed and must be estimated instead. Accordingly, it is necessary to use measurement techniques and input values to establish accounting estimates to accomplish such purpose. Where the impact of changes in measurement technology or input values on accounting estimates is not a correction toward a preceding error, these changes are attributed to changes in accounting estimates.

Further to the above effects, the assessment of consolidated company on other IFRSs as of the day this consolidated financial statement was approved for release did not cause significant influence on the consolidated financial position and consolidated financial performance.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and Investment in Associates."	Undefined
Amendments to IFRS 16, "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, the aforementioned newly corrected/amended standards or interpretations come to effect during the annual reporting period starting after respective dates.

Note 2: The seller and lessee shall apply the amendments to IFRS 16 retrospectively to the sale and leaseback carried out after the date of initial application of IFRS 16.

As of the release date of the consolidated financial report, the consolidated company continues to evaluate the impact on the financial position and performance from the other standards and interpretations, and the relevant impacts will be disclosed when the evaluation is completed.

4. Summary of important accounting policies

(1) Statement of Compliance

This consolidated financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms and the IFRSs recognized by and declared effective by the FSC.

(2) Basis of Preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this consolidated financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets including:

1. Assets held mainly for trading purpose;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

However, CMFC is engaged in construction projects through Taichung Commercial Bank and Taichung Bank Leasing, and the business cycle is longer than one year. Therefore, the assets and liabilities related to the business adopt the business cycle as the standard to be classified as current or non-current.

(4) Basis of consolidation

The principles for preparing the consolidated financial report are consistent with those of the consolidated financial report for 2021. Please refer to Note 17, Schedule 8 and 9 for the details, shareholdings ratio, and business operation of the subsidiaries.

The non-controlling interests of the subsidiaries are expressed separately from the interests of the owners of the Company.

The comprehensive income was proportioned to the non-controlling interest.

The total comprehensive incomes of the subsidiaries were non-controlling interest attributed to the Company's owners and the non-controlling interest, to become the balance of loss even as the non-controlling interest.

Changes in the ownership equity on a subsidiary

When the changes of interest of the subsidiaries' ownership by the Consolidated Company do not lead to the loss of control, it is disposed of as interest transactions. The book value of the Consolidated Company and non-controlling interest has been adjusted to reflect the changes of the relative interest of subsidiaries. The differential between the adjustment amount of non-controlling interest and the fair value of consideration received is directly recognized as interest and belongs to the owner of the Company.

When the consolidated company loses its control of the subsidiary, the profit or loss from the disposal is the difference between the following two items: (1) The fair value of the consideration received and the total remaining investment at fair value of the former subsidiary at the date of control loss and (2) The assets (including goodwill) and liabilities and the total carrying amount of the non-controlling interest at the date of control loss of the former subsidiary. With respect to all amounts related to the subsidiary recognized by the consolidated company in other comprehensive profit loss, the accounting treatment is the same basis on which the consolidated company directly disposes of assets or liabilities.

The fair value of the remaining investment to a former subsidiary at the date of control loss is the amount of investment in an associate company and joint venture on initial recognition.

Please refer to Note 17 for the details, shareholdings ratio, and business operation of the subsidiaries.

(5) Foreign currencies

When preparing the financial statements of each business entity of the consolidated company, the transactions in currencies other than the functional currency (the currency of the primary economic environment in which the entity operates) of the respective business entity (foreign currency) should be translated into the functional currency in accordance with the exchange rate on the transaction day.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. Non-monetary items carried at fair value should be reported at the rate that existed when the fair values were determined. The foreign non-currency items measured at historic cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Exchange differences arising when monetary items are settled or when monetary items are translated at different rates are reported in profit or loss in the period, with the following exceptions.

With respect to the monetary items receivable or payable for foreign operations, the settlement is currently not planned for the foreseeable future (thus forming part of the reporting entity's net investment in a foreign operation). The exchange differences originally are recognized as other comprehensive income, and the disposal of net investment is re-classified from equity to income.

The exchange difference arising from the non-monetary assets or liabilities (such as, equity instruments) in foreign currency measured at fair value that are translated in accordance with the spot exchange rate at the balance sheet date is booked as a profit or loss. However, the exchange difference arising from the changes in fair value recognized as other comprehensive profit or loss should be booked in the "Other comprehensive profit or loss."

When preparing the consolidated financial statements, the assets and liabilities of the consolidated company's foreign operations should be translated into New Taiwan dollars in accordance with the exchange rate on the balance sheet date. Except for the translations at the exchange rate on the transaction date during a period which has sharp fluctuations, the other income and loss are translated at the the average exchange rate for the current period. The resulting exchange differences are recognized as other comprehensive income and are attributed to the owner of the Company and non-controlling interest.

(6) Bonds Purchased under Resell/Notes Issued under Repurchase Agreements

For underwritten bonds and securities that are sold under RP and RS agreements, recognize interest expense and interest income on the accrual basis between the purchase and sale dates and agreed RP and RS date; also, recognize RP (Debt) and bonds and securities sold under resell agreements between the sale and purchase dates.

(7) Inventories

Inventories include raw materials, supplies, work-in-progress, products contracted to be processed, finished goods and products. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. Inventory cost is determined by the weighted-average method.

The construction inventories were stated at the cost invested actually. The cost for available-for-sale housing and land was amortized based on weighted-average building coverage method, and stated at the lower of cost or net realizable value at the end of period.

(8) Investments in the affiliated company

The term "associate" as set forth herein denotes an enterprise, which has significant effect upon the Consolidated Company, but is not a subsidiary or a joint venture.

The Consolidated Company' adopts equity method for investment in associates. Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss by the consolidated company. Additionally, the change in the interests the Consolidated Company' holds in the associates was recognized pro rata to the shareholding percentages.

The consolidated company may choose to use the treasury stock method to determine the investment's gains or losses of the related enterprise if the consolidated company and the invested company are related.

When associates issue new shares, if the Consolidated Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of associates under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the associate, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the associate. The accounting management was on the grounds same as the grounds the associate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Consolidated Company's shares of loss in the associates equal to or exceed its equity in the associates (including the book value of investment in the associates in equity method and other long-term interest of the Consolidated Company' in the investment composition of the associates), the Consolidated Company' discontinued recognition of the further losses. The Consolidated Company' recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Consolidated Company' had made payment on behalf of the associate.

When assessing impairment, the consolidated company has the overall book value (including goodwill) of the investment deemed as a single asset when comparing the recoverable amount and the book amount in order to conduct impairment testing. The recognized impairment loss is an integral part of the book amount of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

Besides, all relevant amounts relevant to the associates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the associates directly disposed the relevant assets or liabilities.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the consolidated company and the affiliated company is recognized in the consolidated financial statement within the range that is irrelevant to the consolidated company's interest in the affiliated company.

(9) Property, plant and equipment

Real property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment afterwards.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Except for self-owned land, the property, plant, and equipment are depreciated by significant parts over their useful lives on a straight-line basis. The Consolidated Company shall at least inspect the estimated service life, residual value and depreciation method by the day of the end of each fiscal year and postpone the effect of applying estimated accounting changes.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(10) Investment property

Investment property is the real property held for purpose of earning of rental income or appreciation or both. Investment property includes lands held at present without determination of future use.

Investment property is measured on the basis of initial cost (including transaction cost) and subsequent measurement shall be based on the subtraction of accumulated depreciations and accumulated impairment from cost.

The Consolidated Company has depreciation appropriated in accordance with the straight-line method

In removing investment property, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(11) Goodwill

Goodwill from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arisen from company combination in the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU, and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period. Subsequent reversal of impairment loss is not allowed.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

(12) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Intangible assets shall be subject to amortization under the straight-line method during its life span, and the estimation of life span, residual value and depreciation method shall be subject to review at least once a year and extend the effect of changes in applicable accounting policy. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. de-recognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(13) The impairment of real estate, plants and equipment, right-of-use assts, and intangible assets (except goodwill)

The consolidated company shall evaluate on each asset balance sheet date whether there are any signs showing possible impairment of real estate, plants and equipment, right-of-use assets, and intangible assets (except goodwill). If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company is to estimate the recoverable amount of the respective cash-generating unit. The common asset is amortized to each cash-generating unit in accordance with a consistent and reasonable sharing basis.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(14) Financial instruments

When the consolidated company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial Assets

The customary transaction of financial assets is recognized and de-recognized in accordance with the trade date accounting. A customary transaction refers to the purchase or sale of financial assets and the delivery period is within the period prescribed by the regulations or customary market practice.

(1) Classification of measurement

The financial assets held by the consolidated company are financial assets at fair value through income statements, financial assets on the basis of cost after amortization, investment of debt instruments at fair value through other comprehensive income statements, and equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets measured at fair value through profits or losses are financial assets that are mandatorily measured at fair value through profits or losses. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

Through the measurement of profit and loss according to the fair value, the financial assets are measured according to the fair value. The remeasured dividends and interests generated from profit or loss shall be recognized as other income and interest income. The profit or loss remeasured is recognized as other profit and loss. Please refer to Note 41 for the determination of fair value.

B. Financial assets on the basis of cost after amortization

If the financial assets of the consolidated company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents and accounts receivable on the basis of cost after amortization) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

The term "credit-impaired financial assets" refers to financial assets whose active market has disappeared due to significant financial difficulty or breach of contract of the issuer or borrower, possible declaration of bankruptcy or other financial reorganization of the borrower, or any other financial difficulty.

Cash equivalents are time deposits within 3 months from the date of acquisition, with high liquidity, can be converted into cash with marginal risk on the change in value, and are used for the fulfillment of short-term commitment in cash settlement.

C. Debt instrument investments measured at fair value through other comprehensive income

if the investment of debt instruments by the consolidated company met both the two conditions below, classify as financial instruments at fair value through comprehensive income:

a. Financial assets held under the particular mode of operation and the purpose of holding being for collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Other investment of debt instruments at fair value through comprehensive income should be measured at fair value. Changes in the book value shall be recognized as income under the calculation of interest income under the effective interest rate method, and exchange gain and loss and impairment or reversal benefits shall be recognized as income. Other changes shall be recognized as other comprehensive income and reclassified as income at the disposition of investment.

D. Equity instrument investments measured at fair value through other comprehensive income

The consolidated company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the consolidated company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The consolidated company shall, on each balance sheet day, evaluate the financial assets on the basis of cost after amortization on the basis of anticipated credit loss (including accounts receivable), the investment of debt instruments at fair value through other comprehensive income, and loss from receivable rents and impairment of contract assets.

Discounts and loans, accounts receivable and receivable rents shall be recognized for provisions for loss on the basis of anticipated credit loss within the perpetuity of the assets. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

For internal credit risk management purpose, the Considered Company, without considering the collateral, determines the following circumstances indicating that a default has occurred on the financial instrument:

A. There is internal or external information indicating that the debtor is no longer able to pay off a debt.
B. Payments are overdue for more than 90 days, unless there are reasonable and supporting information showing that the delayed default benchmark is more appropriate.

Further to the aforementioned evaluation, refer to the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” for information on loan assets and consider the financial position of the borrowers and any overdue accounts in principal or interest payments. In addition, evaluate the collaterals pledged for the security of the debts and the possibility of recovery of loan assets. As per the aforementioned requirements, non-performing assets shall be classified as loss, doubtful, substandard, special mentioned and normal by the status of the collaterals and the duration of delinquency. Appropriation of 100%, 50%, 10%, 2% and 1 % of the balances of the aforementioned loans as provision for loss shall be necessary. The aforementioned provision for loss shall be recognized in accordance with Letter Jin-Guan-Yin-Fa-Zi. No. 10010006830, which accounted for approximately 1% of the total loans. The appropriation for provision of property for loss shall be made at a ratio not falling below 1.5% as stated in Letter Jin-Guan-Yin-Guo-Zi. No. 10300329440, and appropriated at the higher amount of the aforementioned evaluation result and the ratio.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The de-recognition of financial assets

The consolidated company has financial assets de-recognized only when the contractual rights from the cash flows of a financial asset becomes invalid or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When financial assets measured at amortized cost are derecognized, the carrying amounts and collected considerations plus the difference between the sums of any cumulative gains or losses already recognized as other comprehensive income will be recognized as profit or loss. When particular debt instruments measured at fair value through comprehensive income is entirely removed, the total sum of any other accumulated gains or loss of the difference between book value and consideration recognized as other comprehensive income shall be recognized as income. When particular equity instruments measured at fair value through comprehensive income are entirely removed, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as income.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the consolidated company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial Liabilities

(1) Subsequent measurement

All financial assets shall be measured under the effective interest rate method on the cost after amortization except under the following circumstances:

A. Financial liabilities at fair value through profit and loss

Financial liabilities measured at fair value through profit or loss includes held-for-sale.

Financial liabilities measured at fair value through profit or loss (FVTPL) are evaluated at fair value. Generated interest is recognized as financial costs. Other profits or losses generated by remeasurement are recognized as other gains and losses. Please refer to Note 41 for the determination of fair value.

B. Financial guarantee contract

The consolidated company issued financial guarantee contracts not at fair value through income statement with initial recognition to reflect provision for loss for anticipated credit impairment and the amount after amortization, whichever is higher.

(2) De-recognition of financial liabilities

When de-recognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Derivatives

Derivatives signed by the consolidated company include forward foreign exchange contracts, foreign exchange swap contracts, foreign exchange option contracts, interest rate structured commodities, non-deliverable forward foreign exchange contracts, as well as asset exchange contracts. These derivative are intended to manage the consolidated company's interest rate and foreign exchange risks.

Upon signing the contracts, derivatives are recognized at fair value initially and then subsequently measured at fair value on the balance sheet date. The profit or loss resulting from the subsequent measurement is directly booked under the profit or loss. Then, the timing of recognizing the designated and effective hedging derivatives depends on the nature of the hedging relationship. When the fair value of the derivatives is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

Derivatives embedded in the master contract of the assets within the scope of IFRS 9 shall be classified on the basis of the overall contracts of the financial assets. If the derivatives are not embedded in the master contract of the assets within the scope of IFRS 9 (such as embedded in financial liabilities master contracts), and the embedded derivatives meet the definition of derivatives and the risks and characteristics of which are not closely associated with the risks and characteristics of the master contract and the omnibus contracts are not measured at fair value through income statement, such derivatives shall be construed as a unitary derivative.

5. Modifications to financial instruments

   For changes in contractual cash flow basis that determine financial assets or financial liabilities as a direct result of changes in interest rate benchmarks, the consolidated company shall adopt a practical and expedient approach if the new basis is equivalent to the economic basis prior to the changes. At the time of calculating the change of basis, it shall be deemed an effective interest rate change. If changes are made to the contractual cash flow basis in accordance with the requirements of changes to interest rate benchmarks, and changes are also made to financial assets or financial liabilities, the practical and expedient approaches to changes to interest rate benchmarks shall apply to the consolidated company. Inapplicable practical and expedient approaches to any additional changes included in amending financial instruments shall also apply to the consolidated company.

(15) Provision for liabilities

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(16) Treasury stock

Treasury stock was stated at cost and shown as a deduction in shareholders' equity when the Company repurchased the stock, while it was stated at fair value if it was donation accepted by the Company.

The gains resulting from disposal of the treasury stock, if any, were higher than the book value, the difference thereof was stated under "capital surplus - treasury stock". If gains were lower than the book value, the difference should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, should be debited to retained earnings.

When the Company retired treasury stock, the treasury stock was written off, and against the "capital surplus – stock premium" and "capital stock" on a pro rata basis. When the book value of the treasury stock exceeded the total of the "capital stock" and "capital surplus-capital stock premium", the difference was charged to capital surplus generated from the same class of treasury stock transactions and to retained earnings for any remaining amount. When the book value was lower than the total, the difference was credited to capital surplus arising from the same class of treasury stock transactions.

(17) Recognition of revenue

The consolidated company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

Contracts of which the time interval between the transfer of goods or services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

1. Sales of products

   The revenue from product sales is recognized as revenue and accounts receivable by the consolidated company at the time when the customer have set the prices and the right-of-use and are responsible for the resales and bear the risks of obsolete products.

   When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Interest revenue

   The interest income generated from financial assets is recognized when the economic benefit is likely to flow to the consolidated company and the amount of income can be reliably measured. Dividend revenues are recognized by the outstanding capital by the passage of time and the applicable effective interest rate on an accrual basis.

For a single or a group of similar financial asset that is reduced due to impairment losses, the subsequently recognized interest income is calculated in accordance with the interest rate that is used for the discounting of future cash flow when measuring the impairment loss.

3. Labor service provided

Labor service income is recognized at the time the service is provided.

Revenues yielded by the labor services rendered in accordance with the contract were recognized based on the progress degrees set forth under the contract.

4. Service fees and commission income

After identifying the performance obligations in the client's contract, the consolidated company shall allocate the transaction price to respective performance obligations. When the respective contract obligations are met, the income (handling fee and commission income incurred when offering loans or services) is generated. Contracts of which the time interval between the services and the consideration is less than one year shall not have its major financial components, such as transaction price, adjusted.

5. Dividend income

Dividend income from investments is recognized when the shareholders' right to receive payment is established; however, it is under the preconditions that the economic benefits associated with the transaction system are likely to flow into the consolidated company and the amount of revenues can be measured reliably.

(18) Leasing

The Consolidated Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The consolidated company is the lessor

When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments associated with finance leases include fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates, guaranteed residual value, exercise price of purchase options exercised with reasonable assurance, lease termination penalties reflected in the lease period, deducted payable lease incentives. Net investment in a lease is measured based on the sum of the present values of receivable lease payments and unguaranteed residual value plus initial direct costs and shall be expressed as finance lease receivables. Financial revenue is amortized into each accounting period to reflect the consolidated company's fixed rate of return available for each respective period from the outstanding net lease investment.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The consolidated company is the lessee

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any received, any incurred by the lessee, and an estimate of costs to be incurred by the restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any . Right-of-use assets are separately presented on the Consolidated Balance Sheet.

The right-of-use assets were depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

Lease liabilities are measured initially based on the present value of lease payments (incl. fixed payments, in-substance fixed lease payments, and variable lease payments determined by indices or rates). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortized cost using effective interest method and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the merged company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. Lease liabilities are separately presented on the Consolidated Balance Sheet.

(19) Borrowing cost

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(20) Governmental subsidies

The government subsidies shall only be recognized, provided that it can be reasonably convicted the Considered Company will comply with the supplementary terms for government subsidies and that the subsidies can be received.

If the government subsidies are used for compensating expenses or losses that have already incurred, or if the purpose is to provide the Considered Company with immediate financial support and if there are no related costs in the future, they shall be recognized as profit or loss during the collection period.

(21) Employee benefits

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Retirement benefits

The retirement benefit for the retirement plan is determined by the amount of the pension that should be paid during the period in which the employee provides the service, and is recognized as expenses for that period.

The determined cost of benefit for determined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interest arising from the cost of services (including current service costs and net defined benefit liabilities) is recognized as an employee benefits expense when incurred. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net determined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

3. Employees preferential deposit benefit

The companies of the consolidated financial statements provide preferred deposit for the employees, including the offering of fixed amount preferred deposit at special rate for the employees currently in employment and for the payment to the retired employees and current employees at their retirement. The difference between the interest rate for the aforementioned preferred deposits and market rate shall fall within the scope of employee welfare.

According to the “Regulations Governing the Preparation of Financial Reports by Public Banks”, the interest from the preferred deposit for employees prearranged after retirement in excess of the interest under regular market rate shall be subject to actuarial calculation at the time of the retirement of the employees pursuant to IAS 19, “Employee Benefits” as recognized by FSC. However, the parameters for the assumptions in the actuarial calculation may be regulated by the competent authority, comply accordingly, if applicable.

4. Other long-term employee benefits

   The accounting of long-term employee benefit and benefit after retirement is the same but related value under reevaluation shall be recognized as income.

(22) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

   The consolidated company shall determine the current income (loss) based on the regulations set by the respective tax income declaration jurisdictions. The payable (recoverable) income tax shall be calculated accordingly.

   Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

   The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

   Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when there is a likelihood to have taxable income available for income tax credit resulting from the expenses of deductible temporary differences and tax loss carryforwards.

   The taxable temporary differences related to the investment in the equities of the subsidiaries, affiliates, and joint ventures are recognized as deferred income tax liabilities, except for those that the Consolidated Company can control the timing of reversing the temporary difference and the temporary difference is unlikely reversible in the foreseeable future. The deferred income tax asset arising from deductible temporary differences associated with such investment and equity is recognized as deferred income tax assets within the range of earnings that are with sufficient taxable income to realize temporary differences and are expected to be reversed in the foreseeable future.

   The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

   Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

   Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity. If the current income tax or deferred income tax is resulting from a business consolidation, the income tax effect is included in the accounting process for consolidated company.

5. Major sources leading to major accounting judgments and uncertainties in estimate

When adopting accounting policy, the management of the Considered Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from the estimates.

The management will continue to review the estimates and basic assumptions. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

Estimates and assumptions with regard to the main source of uncertainty

(1) Estimated impairment of financial assets

Estimated impairment of loans, discounts, bills purchased, receivables, debt instrument investments, and financial guarantee contracts is based on assumptions by the merged company with regard to default rate and loss ratio. Taking into account the consolidated company's past experience, current market situation and future prediction, the consolidated company shall prepare a pro forma report and select appropriate inputs for impairment. For adopted key assumptions and entered values please refer to Note 41 and 42. If the actual future cash flows are less than expected, a material impairment loss may have resulted.

(2) Impairment of real property, plant and equipment

The evaluation of real-estate, plant, and equipment impairment is based on the recoverable amount of the said equipment (i.e. the fair value of the said assets deducted by sales costs and higher value of use). The market price or changes in future cash flow or lease liabilities will affect the recoverable amount of the said assets, which may result in the company's need to recognize impairment costs or reverse recognized impairment losses.

6. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand	$ 7,589,895	$ 4,370,075
Bank deposits	2,452,568	2,701,103
Notes and checks for clearing	4,276,016	4,589,463
Due to Central Bank and other banks	13,898,486	9,009,556
	$ 28,216,965	$ 20,670,197

(1) With regard to the aforementioned cash and cash equivalent balances, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2022 and 2021.

(2) For cash and cash equivalent balances on the Consolidated Statement of Cash Flows and relevant items on the consolidated balance sheet as of December 31, 2022 and 2021, please refer to the Consolidated Statement of Cash Flows.

(3) The amounts of certificate of deposit at other banks from the consolidated company used as the operation bond of Taichung Commercial Bank Securities Brokerage as of December 31, 2022 and 2021 are both NT$200,000 thousand, and they are trasnferred to the refundable deposit, as described in Note 23.

7. Due from Central Bank and lend to Banks

	December 31, 2022	December 31, 2021
Reserve for deposits		
Reserve for deposits – checking account	$ 12,018,774	$ 11,580,438
Reserve for deposits – demand account	22,270,486	19,903,431
Financial Information Service Co., Ltd. – liquidated account	4,515,145	5,015,409
Reserve for deposits in foreign currency	95,201	74,739
Call loans to banks	1,951,994	1,559,969
Reserve for trust funds compensation	70,000	60,000
	$ 40,921,600	$ 38,193,986

(1) With regard to the aforementioned Due from the Central Bank & Call Loans to Banks, it has been determined based on past experience and foresight that no loss allowances are appropriated for expected credit losses over 12 months as of December 31, 2022 and 2021.
(2) The deposit reserve is the average balance of various deposits that are required to be deposited as reserve on a monthly basis, and it is deposited to the reserve account at the Central Bank in accordance with the required deposit reserve ratio. The demand account reserve can be used only for the monthly adjustment of the deposit reserve. The consolidated company paid the Central Bank's project financing deposit through the deposit reserve account B in the amount of NT$5,000,000,000 on December 31, 2021. See Note 38.
(3) The Reserve for trust funds compensation by Government bonds on the basis of cost after amortization on December 31, 2022 and 2021 are stated at the par value of NT$ 70,000 thousand and NT$ 60,000 thousand, respectively. Please refer to Note 38 for details.

8. Financial instrument at fair value through profit and loss

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit and loss		
Commercial papers	$ 18,158,908	$ 26,680,732
Listed stocks – domestic and emerging stock	682,949	919,508
Non listed (OTC) domestic stock	87,095	81,611
PEM Group Insurance policy assets	875,684	806,522
Beneficiary certificate	500,313	1,121,186
Domestic corporate bonds	587,037	422,471
Assets swap agreement	6,609,438	3,555,430
Foreign exchange contracts	617,521	44,915
Forward contract	105,601	96,335
FX options contracts	544,909	266,875
Interest rate derivatives	449,633	43,428
	$ 29,219,088	$ 34,039,013
Financial liabilities at fair value through profit and loss		
Foreign exchange contracts	$ 564,281	$ 166,970
Forward contract	67,728	32,840
FX options contracts	549,343	269,161
Interest rate derivatives	449,633	43,428
	$ 1,630,985	$ 512,399

(1) The consolidated company financial derivative contract related to a foreign exchange rate is a non-trading operation performed for the purpose of providing customers with a hedging tool for the foreign exchange position generated from import/export and foreign exchange and hedging the risk from business and meeting the need for foreign exchange funds.
(2) As of December 31, 2022 and 2021, the amounts (notional amounts) in the agreement of derivative financial instruments that have not matured are as follows:

	December 31, 2022		December 31, 2021	
	Contract amount	Interest Rate Collars	Contract amount	Interest Rate Collars
Assets swap agreement	$ 6,577,200	0.80%~5.00%	$ 3,549,800	0.80%~4.25%
Foreign exchange contracts	44,882,911	-	11,403,926	-
Forward contract	4,304,938	-	9,905,735	-
FX options contracts	43,191,197	-	34,792,260	-
Interest rate derivatives contract	3,989,488	1.50%~10.20%	584,493	4.50%~7.00%

9. Bonds and securities sold under repurchase agreements

As of December 31, 2022 and 2021, the consolidated company's repurchase of coupons and bonds amounted NT$11,643,340 thousand and NT$11,258,439 thousand, with the interest rate range of 1.28% and 0.32%, and the re-sell amounts after the contract were NT$11,646,960 thousand and NT$11,259,518 thousand, respectively.

10. *Notes receivable, accounts receivable and other receivables*

	December 31, 2022	December 31, 2021
Notes receivable		
Notes receivable - Taichung Commercial Bank	$ 6,212,834	$ 5,627,820
Notes receivable	94,754	180,881
Less: Unrealized interest income	(266,734)	(240,503)
Less: Loss allowance - Taichung Commercial Bank	(118,642)	(106,385)
	$ 5,922,212	$ 5,461,813

Please refer to Note 38 for the status on notes receivable as short-term loan guarantee.

	December 31, 2022	December 31, 2021
Accounts receivable		
Accounts receivable	$ 1,720,852	$ 2,625,843
Accounts receivable - Taichung Commercial Bank	791,791	738,121
Rent receivables	4,651,334	3,893,833
Interest receivables- Taichung Commercial Bank	1,677,420	1,089,421
Receivable transfers	504,214	918,556
Receivable factoring	148,925	271,434
Less: Unrealized interest income	(567,622)	(515,651)
Less: Allowance for losses	(129,541)	(148,418)
Less: Loss allowance - Taichung Commercial Bank	(136,730)	(110,016)
	$ 8,660,643	$ 8,763,123

	December 31, 2022	December 31, 2021
Other receivables		
Receivable spot exchange settlement payment	$ 4,094	$ 1,559
Acceptances receivable	544,239	975,287
Receivable proceeds for delivery of securities	808,484	1,545,956
Others	387,474	461,044
	1,744,291	2,983,846
Less: Allowance for losses	(1,932)	(1,932)
Less: Loss allowance - Taichung Commercial Bank	(114,966)	(143,920)
	$ 1,627,393	$ 2,837,994

(1) Accounts receivable

The consolidated company's average credit period for product sales was 30–90 days. Interests for accounts receivables were not calculated. If the credit term of 30 days is exceeded, the interest rate of 3% per annum will be calculated for the remaining balance of some customers whose payment has not been rendered. The consolidated company only conducts transactions with the parties which have passed the internal credit check, and if necessary, shipment may be stopped and guarantee notes may be needed to mitigate the potential risk of financial losses caused by default. The consolidated company will use other publicly available financial information and historical transaction records to rate major customers. The consolidated company continuously monitors the credit risk exposure and the credit rating of the counterparty, and the total transaction amount is distributed to various customers with qualifying credit ratings. Every year, the management reviews and approves, based on their level of authorization, the credit limit of counterparties to manage the credit risk exposure.

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Under the circumstance, the Company's management believes that the consolidated company's credit risk is significantly reduced.

Except for Taichung Commercial Bank and its subsidiary, the consolidated company adopts the simplified approach of the IFRS 9 to recognize the loss allowance of receivables based on the expected credit loss of the duration. The full-lifetime expected credit losses are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. Due to the historical experience of credit losses of the consolidated companies, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the consolidated company cannot reasonably expect the recoverable amount back, the consolidated company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The consolidated company (excluding Taichung Commercial Bank and its subsidiary) measures the notes receivable and the loss allowance of accounts in accordance with the provision matrix:

December 31, 2022

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~100%	75%~100%	100%	
Total Book Value	$ 1,345,536	$ 393,170	$ 64,320	$ 1,794	$ 10,786	$ 1,815,606
Allowance for loss (expected credit loss of the given duration)	(17,793)	(67,456)	(32,160)	(1,346)	(10,786)	(129,541)
Cost after amortization	$ 1,327,743	$ 325,714	$ 32,160	$ 448	$ -	$ 1,686,065

December 31, 2021

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 120 days	Overdue over 120 days	Total
Expected credit loss rate	0%~7%	13%~50%	50%~100%	75%~100%	100%	
Total Book Value	$ 2,160,377	$ 583,347	$ 52,381	$ -	$ 10,619	$ 2,806,724
Allowance for loss (expected credit loss of the given duration)	(35,773)	(75,835)	(26,191)	-	(10,619)	(148,418)
Cost after amortization	$ 2,124,604	$ 507,512	$ 26,190	$ -	$ -	$ 2,658,306

Changed information on receivables allowance loss (including bad debt expense withdrawal and deposit allowance loss) is as follows:

	2022	2021
Balance - beginning	$ 614,275	$ 479,514
Add: Recover the bad debts that have been written off	27,476	23,587
Added: provisioned bad debt expense withdrawal and deposit impairment loss.	273,804	273,220
Less: actual write-off	(277,737)	(160,528)
Reduced: Inversed expected credit impairment loss	(18,956)	(1,896)
Foreign currency translation differences	2,066	378
Balance - ending	$ 620,928	$ 614,275

The loss allowance of the above-mentioned receivables include notes receivable, accounts receivable, other receivables and the loss allowance from non-loans transferred to collection.

(2) Changes in carrying amount of accounts receivable of Taichung Commercial Bank and its subsidiary:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$ 74,748,439	$ 334,490	$ 801,948	$ 75,884,877
Converted as anticipated credit loss within the perpetuity of the financial assets	(283,946)	284,024	(78)	-
Converted as financial assets with credit impairment	(20,718)	(214,881)	23[illegible]	-
Converted as anticipated credit loss in 12 months	58,288	(7,751)	(50,537)	-
Initiated or procured receivables	17,166,456	28,143	72,415	17,267,014
Write-off bad debts	-	(7,607)	(270,057)	(277,664)
de-recognition	(9,287,883)	(39,513)	(31,590)	(9,358,986)
Foreign exchange settlement and other changes	370,150	19,770	20,807	410,727
Balance - ending	$ 82,750,786	$ 396,675	$ 778,507	$ 83,925,968

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$73,430,829	$ 371,436	$ 313,418	$74,115,683
Converted as anticipated credit loss within the perpetuity of the financial assets	(139,893)	140,190	(297)	-
Converted as financial assets with credit impairment	(612,409)	(35,290)	647,699	-
Converted as anticipated credit loss in 12 months	35,338	(35,127)	(211)	-
Initiated or procured receivables	12,436,131	5,566	29,029	12,470,726
Write-off bad debts	-	(33,311)	(127,217)	(160,528)
de-recognition	(10,000,439)	(83,894)	(79,665)	(10,163,998)
Foreign exchange settlement and other changes	(401,118)	4,920	19,192	(377,006)
Balance - ending	$74,748,439	$ 334,490	$ 801,948	$75,884,877

The receivables of the Taichung Commercial Bank Co., Ltd. and its subsidiaries include: due from banks, due from CBC and lend to banks, bills and bonds purchased under resell agreements, bills receivable, credit card payments receivable, accounts receivable, bank acceptance bills, interest receivable, lease payments receivable, accounts receivable factoring, securities settlement receivable, other receivables, other financial assets-total (including non-loan listing collection), refundable deposits, etc.

(3) Statement of Changes in Loss Allowance for Accounts Receivable of Taichung Bank and its subsidiaries:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$108,467	$ 7,900	$239,926	$356,293	$104,485	$460,778

Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(3,099)	3,144	(45)	-	-	-
Converted as financial assets with credit impairment	(114)	(3,310)	3,424	-	-	-
Converted as anticipated credit loss in 12 months	23,532	(1,239)	(22,293)	-	-	-
Financial assets removed in current period	(88,588)	(1,827)	(31,057)	(121,472)	-	(121,472)
Procured or initiated new financial assets	108,823	2,116	10,442	121,381	-	121,381
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	212,795	212,795
Write-off bad debts	-	(7,607)	(77,977)	(85,584)	(192,080)	(277,664)
Recovered amount after write-off bad debts	-	-	-	-	27,476	27,476
Foreign exchange settlement and other changes	(21,531)	10,427	74,116	63,012	-	63,012
Balance - ending	$127,490	$ 9,604	$196,536	$333,630	$152,676	$486,306

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 91,312	$ 9,199	$174,311	$274,822	$ 49,220	$324,042
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(2,161)	2,250	(89)	-	-	-
Converted as financial assets with credit impairment	(63,716)	(854)	64,570	-	-	-
Converted as anticipated credit loss in 12 months	2,354	(2,236)	(118)	-	-	-
Financial assets removed in current period	(48,882)	(2,532)	(35,435)	(86,849)	-	(86,849)
Procured or initiated new financial assets	154,653	778	21,809	177,240	-	177,240
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	92,367	92,367
Write-off bad debts	(8,086)	(35,211)	(64,708)	(108,005)	(52,523)	(160,528)
Recovered amount after write-off bad debts	-	435	7,731	8,166	15,421	23,587
Foreign exchange settlement and other changes	(17,007)	36,071	71,855	90,919	-	90,919
Balance - ending	$108,467	$ 7,900	$239,926	$356,293	$104,485	$460,778

Allowance loss for above-mentioned receivables includes allowance for bad debts for delinquent loans other than loans transferred from loans. Please refer to Note 23 for details.

11. Inventory

	December 31, 2022	December 31, 2021
Merchandise	$ 413,416	$ 546,822
Finished goods	829,667	663,963
Work in process	51,479	114,859
Raw materials	426,580	310,675
Supplies	103,322	96,128
	$ 1,824,464	$ 1,732,447

(1) The inventories of finished goods included the finished goods, by-products, supplies in transit by the consolidated company, primarily the finished goods produced by Kaohsiung petrifaction plant, ethylene glycol, and the finished goods of the polyester plant, polyester silk, et al.
(2) The consolidated company's cost of goods sold related to inventory in 2022 and 2021 was NT$14,491,218 thousand and NT$15,259,299 thousand, respectively. Cost of goods sold include inventory losses of NT$91,049 thousand and NT$13,705 thousand, respectively, and the loss from work stoppage were NT$1,069,203 thousand and NT$773,740 thousand, respectively.
(3) By December 31, 2022 and 2021, allowance to reduce inventory to market amounted to NT$ 402,115 thousand and NT$ 324,664 thousand, respectively.

12. Prepayments

	December 31, 2022	December 31, 2021
Pre-paid expenses	$ 600,516	$ 678,430
Pre-paid material purchases	657,082	124,431
Tax credit	254,974	200,199

	December 31, 2022	December 31, 2021
	$ 1,512,572	$ 1,003,060

Prepayments are typically used to purchase catalyst and coal.

13. Other current assets

	December 31, 2022	December 31, 2021
Restricted assets – bank deposits	$ 685,191	$ 542,269
Others	31,873	4,976
	$ 717,064	$ 547,245

Restricted current assets- bank deposits are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 38.

14. Discounting and advances - Net

	December 31, 2022	December 31, 2021
Bills negotiated and discounts	$ 163,189	$ 704,340
Overdraft	-	1,559
Secured overdraft	7,220	11,066
Accounts receivable financing	63,668	78,137
Securities receivable financing	1,234,183	1,365,546
Short-term loan	45,405,871	42,802,949
Short-term secured loans	100,085,561	98,958,147
Mid-term loans	77,330,088	60,207,188
Mid-term secured loans	123,575,879	119,015,102
Long-term loans	11,048,117	9,202,678
Long-term secured loans	161,228,409	153,535,754
Delinquent Accounts	601,847	574,674
	520,744,032	486,457,140
Add: Adjustment of premium/discount	23,690	30,683
Less: Allowance for losses	(6,654,896)	(6,681,450)
	$ 514,112,826	$ 479,806,373

(1) As of December 31, 2022 and 2021, the balance of loans and other credits with frozen interest rates at Taichung Commercial Bank were NT$ 601,847 thousand and NT$574,674 thousand, respectively. The interest receivables not recorded were NT$14,619 thousand and NT$13,887 thousand, respectively.

(2) In 2022 and 2021, Taichung Commercial Bank did not have the cases of translation of creditor's rights without prosecution.

(3) The changes in the total book value of discounting and advances of Taichung Commercial Bank and its subsidiary are shown as follows:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$465,545,307	$12,243,822	$ 8,698,694	$486,487,823
Converted as anticipated credit loss within the perpetuity of the financial assets	(4,683,712)	4,711,081	(27,369)	-
Converted as financial assets with credit impairment	(767,134)	(618,324)	1,385,458	-
Converted as anticipated credit loss in 12 months	2,514,847	(2,470,294)	(44,553)	-
Initiated or procured discount and loans	262,169,573	3,926,130	98,131	266,193,834
Write-off bad debts	-	-	(2,303,517)	(2,303,517)
de-recognition	(203,790,387)	(3,074,377)	(538,339)	(207,403,103)
Foreign exchange settlement and other changes	(21,452,739)	(673,989)	(80,587)	(22,207,315)

Balance - ending	$499,535,755	$14,044,049	$ 7,187,918	$520,767,722

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$439,608,628	$14,857,468	$ 8,410,617	$462,876,713
Converted as anticipated credit loss within the perpetuity of the financial assets	(4,982,303)	5,027,179	(44,876)	-
Converted as financial assets with credit impairment	(1,689,406)	(1,752,054)	3,441,460	-
Converted as anticipated credit loss in 12 months	2,691,249	(2,667,827)	(23,422)	-
Initiated or procured discount and loans	245,927,708	1,426,322	207,855	247,561,885
Write-off bad debts	-	-	(1,392,778)	(1,392,778)
de-recognition	(194,237,690)	(3,886,855)	(1,471,421)	(199,595,966)
Foreign exchange settlement and other changes	(21,772,879)	(760,411)	(428,741)	(22,962,031)
Balance - ending	$465,545,307	$12,243,822	$ 8,698,694	$486,487,823

(4) Changes in allowance loss of 2018 discounting and advances of Taichung Commercial Bank and its subsidiary:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Balance - beginning	$ 1,465,291	$ 608,655	$ 1,857,339	$ 3,931,285	$ 2,750,165	$ 6,681,450
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(7,906)	10,493	(2,587)	-	-	-
Converted as financial assets with credit impairment	(4,945)	(32,486)	37,431	-	-	-
Converted as anticipated credit loss in 12 months	87,883	(82,908)	(4,975)	-	-	-
Financial assets removed in current period	(777,648)	(117,874)	(72,084)	(967,606)	-	(967,606)
Procured or initiated new financial assets	1,285,136	428,742	42,936	1,756,814	-	1,756,814
Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	-	(268,609)	(268,609)
Write-off bad debts	-	-	(421,822)	(421,822)	(1,881,695)	(2,303,517)
Recovered amount after write-off bad debts	-	-	-	-	1,208,787	1,208,787

Foreign exchange settlement and other changes	8,155	341,534	197,888	547,577	-	547,577
Balance - ending	$ 2,055,966	$ 1,156,156	$ 1,634,126	$ 4,846,248	$ 1,808,648	$ 6,654,896

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$1,725,305	$925,826	$1,856,155	$4,507,286	$1,828,105	$6,335,391
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(8,771)	12,448	(3,677)	-	-	-
Converted as financial assets with credit impairment	(6,230)	(189,407)	195,637	-	-	-
Converted as anticipated credit loss in 12 months	110,495	(108,205)	(2,290)	-	-	-
Financial assets removed in current period	(971,123)	(160,890)	(281,228)	(1,413,241)	-	(1,413,241)
Procured or initiated new financial assets	959,821	55,188	51,057	1,066,066	-	1,066,066
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,289,596	1,289,596
Write-off bad debts	-	-	(314,807)	(314,807)	(1,077,971)	(1,392,778)
Recovered amount after write-off bad debts	-	-	-	-	710,435	710,435
Foreign exchange settlement and other changes	(344,206)	73,695	356,492	85,981	-	85,981
Balance - ending	$1,465,291	$608,655	$1,857,339	$3,931,285	$2,750,165	$6,681,450

15. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2022	December 31, 2021
Equity instrument investments measured at fair value through other comprehensive income		
Equity investment	$ 9,531,682	$ 8,230,972
Debt instrument	40,075,983	44,292,515
	$ 49,607,665	$ 52,523,487

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

	December 31, 2022	December 31, 2021
Domestic publicly listed, OTC and Emerging Stock Board companies	$ 7,708,799	$ 6,556,272
Non listed (OTC) domestic stock	1,486,822	1,358,409

Overseas listed, OTC and non-listed companies	336,061	316,291
	$ 9,531,682	$ 8,230,972

1. The consolidated company invested in the aforementioned common shares and preference shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the consolidated company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.
2. For circumstances of equity instruments posting for mortgaging guarantee under other general loss or gain measured by fair value, please refer to Note 38.

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

	December 31, 2022	December 31, 2021
Corporate bond	$ 29,822,548	$ 34,101,503
Government bonds	5,228,275	4,865,736
Overseas bond	3,362,115	3,121,222
Financial bonds	1,663,045	2,204,054
	$ 40,075,983	$ 44,292,515

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2022	December 31, 2021
USD	$ 55,300	$ 39,000
RMB	380,000	445,000
AUD	6,000	6,000

1. The consolidated company assessed the expected credit loss of debt instruments measured at fair value through other comprehensive income in 2022 and 2021 and recognized assets impairment gain (loss) at NT$ 2,868 thousand and NT$(9,198) thousand.
2. With respect to the credit risk management of debt instruments measured at fair value through comprehensive income and the assessment of impairment, please refer to Note 42.

16. Investment of debt instruments on the basis of cost after amortization

	December 31, 2022	December 31, 2021
Overseas bond	$ 28,442,213	$ 24,252,423
Government bonds	11,070,175	11,580,851
Negotiable certificate of deposits issued by Central Bank	49,350,000	63,790,000
Corporate bond	16,314,020	10,505,597
Bank debentures	100,000	-
Treasury bills	148,280	-
	105,424,688	110,128,871
Less: Allowance for losses	(46,222)	(30,663)
Less: Deduction of provision for trust compensation reserve and refundable security deposits.	(620,500)	(916,400)
	$ 104,757,966	$ 109,181,808

(1) Overseas bonds denominated in foreign currencies:

	December 31, 2022	December 31, 2021
USD	$ 725,297	$ 683,197
RMB	920,000	740,000
AUD	68,500	67,000
ZAR	480,000	450,000

(2) As of December 31, 2021, the amortized cost of the consolidated company's government bonds and foreign bonds subject to repurchase criteria is NT$1,200,000 thousand. Refer to Note 43 for the carrying amount.
(3) The consolidated company recognized asset impairment (loss) reversal benefits in the amounts of NT$(13,900) thousand and NT$3,238 thousand in 2022 and 2021 after evaluating the liability tool expected credit loss cost measurement after amortization.
(4) With respect to the credit risk management of financial assets carried at cost after amortization and the assessment of impairment, please refer to Note 42.

17. Subsidiaries

(1) Subsidiaries included in the consolidated financial statements

The business entities of the consolidated financial statements are as follows:

			Percentage of shareholdings (Note)	
Investor	Name of Subsidiary	Nature of the operations	December 31, 2022	December 31, 2021
CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	General investment business	100%	100%
	Chou Chin Industrial Co., Ltd.	Manufacturing and trading	50%	50%
	Pan Asia Chemical Corporation	Petrochemical business	44%	44%
	Taichung Securities Investment Trust Co., Ltd.	Securities investment trust business	50%	50%
	Taichung Commercial Bank	Banking business	28%	28%
	Ruei Chia Investment Company	General investment business	-	-
	Melasse	Cosmetics and cleaning appliances manufacturing	-	-
Deh Hsing Investment Co., Ltd.	Hsiang Fong Development Company	General investment business	-	100%
	IOLITE COMPANY LIMITED	General investment business	100%	100%
IOLITE COMPANY LIMITED	Hammock (Hong Kong) Company Limited	General investment business	100%	100%
	Precious Wealth International Limited	General investment business	100%	100%
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	-	100%
Hsiang Fong Development Company	Tou-Ming Industry Co., Ltd.	Real estate development and leasing industry	-	99%
Tou-Ming Industry Co., Ltd.	Jin Bang Ge Industrial Company Limited.	Real estate development and leasing industry	-	99%
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Food manufacturing, and distribution and warehousing of beverages	96%	96%
	Chou Chang Corporation	Distribution and warehousing of beverages	64%	64%
	Peng Fong Industrial Co., Ltd.	Restaurant industry	-	-
	Bomy Enterprise	General investment business	62%	62%
	Yuju Universal Corporation	General investment	90%	90%

Investor	Name of Subsidiary	Nature of the operations	Percentage of shareholdings (Note) December 31, 2022	December 31, 2021
		business		
Yuju Universal Corporation	Noble House Glory	Short-term accommodation service	100%	100%
Bomy Enterprise	Bomy Shanghai	Manufacturing and trading	99%	99%
Bomy Shanghai	Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service	100%	100%
	Shanghai Bangyi International Trading Co., Ltd.	International trade	100%	100%
	Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	100%	-
Taichung Commercial Bank	Taichung Bank Insurance Agency Co., Ltd.	Taichung Commercial Bank Co., Ltd.	100%	100%
	Taichung Commercial Bank Lease Enterprise	Leasing	100%	100%
	Taichung Commercial Bank Consolidated Securities Co., Ltd.	Securities Brokerage	100%	100%
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.	General investment business	100%	100%
TCCBL Co., Ltd.	Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	100%	100%
Taichung Commercial Bank Consolidated Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Venture Investment	100%	100%

Note The consolidated shareholding ratio.

1. The consolidated company has substantial control over Taichung Commercial Bank, so the Bank and its subsidiaries are included in the consolidated financial statements.
2. The board of directors resolved for the liquidation of Eureka Investment Company Limited on March 10, 2021 and the company was officially dissolved on March 23, 2021.
3. In April 2021, October 2021, and May 2022, the consolidated company invested in Xiangfeng Development Co., Ltd. 's cash capital increase by purchasing 4,000 thousand, 25,000 thousand and 15,000 thousand shares, respectively, at costs of NT$40,000 thousand, NT$250,000 thousand and NT$150,000 thousand. Additionally, in June 2022, it was resolved to decrease the capital and return the payment of shares, decrease the investment by 18,000 thousand shares and decrease the investment cost by NT$180,000 thousand. Additionally, on December 26, 2022, through a resolution of the board of directors, China Man-Made Fiber Corporation and Xiangfeng Development Company completed a parent-subsidiary merger proposal upon resolution by the board of directors. After the merger, China Man-made Fiber Corporation is the remainder enterprise and Xiangfeng Development Company is the elimination enterprise.
4. The consolidated company participated in the cash capital increase of Touming Industries Co., Ltd. in April 2021, with 4,600,000 shares of new investment and the investment cost of NT$46,000 thousand. In addition, at a shareholders meeting held on June 21, 2022, the sale of all of the company's shares in order to reduce the capital by 26,000 thousand was resolved. Therefore, as of June 2022, it was no longer included in preparation entity of the consolidated statement. Refer to Note 35.
5. In the context of the subscription by the merged company to common stock issued for cash byJin Bang Ge Industrial Company Limited. in May 2021, a total of 41,000 thousand new shares were acquired at a cost of NT$ 41,000 thousand. In addition, due to adjustments to the organizational structure, China Man-made Fiber Corporation, as resolved by the board of directors on June 13, 2022, underwent a parent-subsidiary merger with Jin-Bang-Ge Industry Co., Ltd. After the merger, China Man-made Fiber Corporation was the remaining enterprise, and Jin-Bang-Ge Industry Co., Ltd. was the eliminated enterprise. Refer to Note 36.
6. The consolidated companies increased investments on Shanghai Bangyi International Trading Co., Ltd. in August 2021 for NTD 4,305 thousands (CNY 1,000 thousands).

7. The consolidated companies sold Pan-Feng Industry in August 2021 for 100% of its shares, and the sale transaction has been completed. Since September 2021, it is not included in the Company's consolidated statements and preparation of individual information. Please refer to Note 35.
8. The consolidated company invested 25,000 thousand shares at a cost of NT$250,000 thousand in the September 2021 cash capital increase of Technic Investment (International) Limited. Additionally, in May 2022, July 2022, and August 2022, it was resolved to reduce the capital and return the payment for shares by decreasing 25,000 thousand shares, 26,000 thousand shares, and 50,000 thousand shares, respectively and by reducing NT$250,000 thousand, NT$260,000 thousand and NT$500,000 thousand in investment costs.
9. The consolidated company participated in the 2022 and 2021 capital increase of Taichung Commercial Bank Co., Ltd., with 51,823 thousand shares and 41,920 thousand shares of new investment and the investment cost of NT$608,917 thousand and NT$467,408 thousand, respectively. Due to non-subscription in accordance with the shareholding ratio, the shareholding ratio changed. The reduction of Additional Paid-In Capital was adjusted-the equity method is adopted to recognize changes in the net worth of the associated company's equity in the amount of NT$22,470 thousand and NT$22,670 thousand, respectively, and reserved earnings in the amount of NT$2,248 thousand and NT$2,421 thousand.
10. On December 6, 2021, a resolution was passed at a shareholders meeting regarding the liquidation of Mélasse Co., Ltd. the dissolution was finalized on December 14, 2021.
11. Shanghai Bomy Foodstuffs Co., Ltd. and Hammock (Hong Kong Company Limited) signed an agreement on the requisition of the equity of Hammock Contact Lens Co., Ltd. Hebei Hammock Contact Lens Co., Ltd. as a result of the consolidated company's restructuring of its group organizational structure. Hammock (Hong Kong Company Limited transferred all the equity of Hebei Hammock Contact Lens Co., Ltd. to Shanghai Bomy Foodstuffs Co., Ltd. It was agreed that the management right would be transferred upon completion of the shareholders' and statutory representatives' change of industrial and commercial registration and receipt of the full payment. The transfer transaction was completed in January 2022. Refer to Note 36 and Attachment 4.
12. IOLITE COMPANY Ltd. resolved to reduce capital and return the payment of shares in the amount of NT$442,897 thousand (approximately US$16,005 thousand) in January of 2022. March 15, 2022 is the base date for capital reduction.
13. The shareholders resolved to conduct liquidation of Hammock (Hong Kong) Co., Ltd. in January 2022. On January 28, 2022, the payment of shares in the amount of NT$439,106 thousand (approximately US$15,868 thousand) was returned. The process of liquidation is ongoing at this time.

(2) Information of the significant but non-controlling equity in subsidiaries

		Non-controlling equity shareholding and voting right ratio	
Name of Subsidiary	Main places of business operations	December 31, 2022	December 31, 2021
Taichung Commercial Bank Co.	Taichung City	72%	72%

	Profit and loss distributed to the non-controlling equity		Non-controlling interest	
Name of Subsidiary	2022	2021	December 31, 2022	December 31, 2021
Taichung Commercial Bank Co.	$ 4,037,547	$ 3,609,196	$ 49,976,867	$ 45,589,653
Others	111,532	235,886	3,030,154	2,859,291
Total	$ 4,149,079	$ 3,845,082	$ 53,007,021	$ 48,448,944

The following summary of financial information of subsidiaries with significant non-controlling interests is prepared based on the amount before the inter-company cancelled transaction:

Taichung Commercial Bank and its subsidiaries

	December 31, 2022	December 31, 2021
Assets	$ 807,962,828	$ 772,678,393

Liabilities	(738,733,202)	(709,218,408)
Equity	$ 69,229,626	$ 63,459,985
Equity attributable to:		
Owners of the Company	$ 19,252,759	$ 17,870,332
Non-controlling interests of Taichung Commercial Bank	49,976,867	45,589,653
	$ 69,229,626	$ 63,459,985

	2022	2021
Net revenue	$ 15,017,164	$ 13,721,874
Net income	$ 5,344,205	$ 4,796,274
Other comprehensive income	(1,414,184)	87,965
Total comprehensive income	$ 3,930,021	$ 4,884,239
Profit attributable to:		
Owners of the Company	$ 1,306,658	$ 1,187,078
Non-controlling interests of Taichung Commercial Bank	4,037,547	3,609,196
	$ 5,344,205	$ 4,796,274

	2022	2021
The total comprehensive income belongs to:		
Owners of the Company	$ 960,890	$ 1,208,849
Non-controlling interests of Taichung Commercial Bank	2,969,131	3,675,390
	$ 3,930,021	$ 4,884,239
Cash flows		
Operating activities	$ 3,555,522	($ 1,118,532)
Investing activities	4,236,770	(6,317,406)
finance activities	690,420	8,517,784
Impact of changes in exchange rate on cash and cash equivalents	47,212	36,023
Net cash inflow	$ 8,529,924	$ 1,117,869

18. Investment under the equity method

	December 31, 2022	December 31, 2021
Investments in the affiliated company	$ 1,084,375	$ 1,139,593

Investments in the affiliated company

(1) The balance of the consolidated company's investments in associate companies:

	December 31, 2022	December 31, 2021
A major affiliated company		
Nan Chung Petrochemical Corp.	$ 1,076,723	$ 1,128,072
Individual non-dominant associates		
Wei-Kang International	1,675	4,756
Storm Model Management	5,345	6,132
BONWELL	632	633
	$ 1,084,375	$ 1,139,593

(2) A major affiliated company

Company name	Nature of the operations	Main places of business operations	Shareholding and voting right ratio December 31, 2022	Shareholding and voting right ratio December 31, 2021
Nan Chung Petrochemical Corp.	Petrochemical business	Yunlin County	50%	50%

Summary financial information of Nan-Chung Petrochemical:

	December 31, 2022	December 31, 2021
Total assets	$ 3,098,812	$ 3,157,477
Total Liabilities	(945,366)	(901,334)
Equity	2,153,446	2,256,143
The consolidated company's shareholding ratio	50%	50%
Book value of investment	$ 1,076,723	$ 1,128,072

	2022	2021
Operating income - current	$ 4,055,325	$ 6,326,062
Net income (loss) for current period	($ 107,710)	$ 51,560
Current period other comprehensive profit or loss	$ 5,014	($ 2,285)

(3) Summarized information of individually immaterial associates.

	2022	2021
Share of the Consolidated Company		
Net loss of current period	($ 4,059)	($ 821)
Current period other comprehensive income	-	-
Total comprehensive loss	($ 4,059)	($ 821)

With respect to investments adopting the equity method and the consolidated company's share of profit or loss and the other comprehensive income, Wei-Kang International, Storm Model Management and Bonwell did not have audited financial reports, while the rest did offer audited financial reports. The management of the consolidated company believed that the un-audited companies should not have significant impact to the overall financial report.

(4) In May of 2022, Stormy Model Management Co., Ltd. engaged in capital increase. Since the consolidated company did not take part in the subscription, the shareholding ratio was changed, and the company's additional paid-in capital of 177 thousand was adjusted and listed.

(5) Please see Note 38 for the status on investments adopting the equity method provided as pledge collaterals.

19. Property, plant and equipment

	December 31, 2022	December 31, 2021
The book amount of each category		
Proprietary land	$ 11,299,099	$ 11,299,268
House and Building	2,079,022	2,108,010
Machine and Equipment	5,365,737	5,810,935
Transportation Equipment	41,726	43,569
Machinery and equipment	165,360	161,360
Other equipment	253,409	295,309
Construction in process and prepayment for machinery purchase	7,811,631	5,188,831
	$ 27,015,984	$ 24,907,282

2022	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance - beginning	$11,383,981	$ 5,107,368	$14,044,613	$ 163,735	$ 499,287	$ 1,535,018	$ 5,188,831	$37,922,833
Increase in current period	-	83,857	123,571	14,604	23,191	50,849	2,737,742	3,033,814
Decrease in current period	-	-	(188,464)	(7,527)	(4,707)	(37,609)	-	(238,307)
Reclassification	-	7,320	77,727	-	2,988	6,350	(121,578)	(27,193)
Foreign exchange impact amount	(169)	(1,010)	109	(173)	-	777	6,636	6,170
Balance - ending	11,383,812	5,197,535	14,057,556	170,639	520,759	1,555,385	7,811,631	40,697,317
Accumulated depreciation								
Balance - beginning	-	2,599,719	7,590,958	118,910	331,496	1,210,275	-	11,851,358
Increase in current period	-	118,092	646,040	15,392	22,033	95,796	-	897,353
Decrease in current period	-	-	(187,516)	(6,713)	(4,561	(30,833)	-	(229,623)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	920	79	68	-	1,478	-	2,545
Balance - ending	-	2,718,731	8,049,561	127,657	348,968	1,276,716	-	12,521,633
Accumulated impairment								
Balance - beginning	84,713	399,639	642,720	1,256	6,431	29,434	-	1,164,193
Increase in current period	-	-	-	-	-	-	-	-
Decrease in current period	-	-	(707)	-	-	(4,193)	-	(4,900)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	143	245	-	-	19	-	407
Balance -	84,713	399,782	642,258	1,256	6,431	25,260	-	1,159,700

ending								
Net - ending	$11,299,099	$2,079,022	$5,365,737	$ 41,726	$ 165,360	$ 253,409	$7,811,631	$27,015,984

	2021							
	Land	House and Building	Machine and Equipment	Transportation and communication equipment	Machinery and equipment	Miscellaneous equipment	Uncompleted construction and equipment pending inspection	Total
Cost								
Balance - beginning	$11,426,391	$5,088,784	$14,206,968	$157,317	$477,135	$1,537,394	$3,630,534	$36,524,523
Increase in current period	227	17,762	204,386	11,428	21,710	70,041	1,699,113	2,024,667
Decrease in current period	(4,468)	(61,401)	(486,384)	(12,024)	(2,556	(65,662)	-	(632,495)
Reclassification	(37,423)	68,795	123,096	7,057	2,998	(6,254)	(139,694)	18,575
Foreign exchange impact amount	(746)	(6,572)	(3,453)	(43)	-	(501)	(1,122)	(12,437)
Balance - ending	11,383,981	5,107,368	14,044,613	163,735	499,287	1,535,018	5,188,831	37,922,833
Accumulated depreciation								
Balance - beginning	-	2,529,711	7,349,357	112,716	317,643	1,162,333	-	11,471,760
Increase in current period	-	114,256	652,776	15,098	16,381	111,250	-	909,761
Decrease in current period	-	(47,187)	(408,294)	(11,187)	(2,528	(60,902)	-	(530,098)
Reclassification	-	3,832	-	2,277	-	(2,277)	-	3,832
Foreign exchange impact amount	-	(893)	(2,881)	6	-	(129)	-	(3,897)
Balance - ending	-	2,599,719	7,590,958	118,910	331,496	1,210,275	-	11,851,358
Accumulated impairment								
Balance - beginning	84,713	399,537	599,377	866	6,431	29,444	-	1,120,368
Increase in current period	-	175	43,679	390	-	-	-	44,244
Decrease in current period	-	-	(210)	-	-	-	-	(210)
Reclassification	-	-	-	-	-	-	-	-
Foreign exchange impact amount	-	(73)	(126)	-	-	(10)	-	(209)
Balance - ending	84,713	399,639	642,720	1,256	6,431	29,434	-	1,164,193
Net - ending	$11,299,268	$2,108,010	$5,810,935	$43,569	$161,360	$ 295,309	$5,188,831	$24,907,282

(1) As mentioned in Note 40, the consolidated company adjusted the 2022 and 2021 capacity based on market conditions. The consolidated company anticipates reduced future economic benefits from plants and equipment. As a result, the recoverable amount will fall below the book value. The 2021recognized impairment loss amounted to NT$44,244 thousand. The impairment loss has been included under other income and expenses in the consolidated income statement.

The company determines the recoverable amount of plants and equipment in the chemical industry sector after deducting the fair value from cost of disposal. Relevant fair values are determined through comprehensive evaluation using the cost method and market approach. The main assumptions include replacement cost under cost method, market approach functionality, economic loss, and other necessary adjustments, which fall under Level 3 fair value measurement.

(2) Property and equipment of the consolidated company are appreciated in accordance with the straight line method over the useful years as follows:

House and Building	
Buildings	20 to 60 years
Renovation engineering	8 to 30 years
Machine and Equipment	2 to 47 years
Transportation and communication equipment	3 to 10 years
Miscellaneous equipment	2 to 30 years
Machinery and equipment	5 years

(3) Uncompleted projects and pre-payments for business facilities by the merged company as of December 31, 2022 and 2021 are mainly related to the office building of the merged company which is currently under construction.

(4) In 2022 and 2021, the consolidated company's capitalization costs for real estate, factories, and equipment totaled NT$6,226 thousand and NT$5,448 thousand, respectively. The annual interest rates on capitalization were 1.27%~1.95% and 1.27%~1.52%, respectively.

(5) Buildings leased out by the merged company as operating leases for a period of 1–6 years The lessee has no preferential purchase option with regard to the asset when the lease period ends. Total receivable lease payments for operating leases are as follows:

	December 31, 2022	December 31, 2021
First year	$ 814	$ 910
Second year	491	419
Third year	369	-
Fourth year	369	-
Fifth year	310	-
sixth year	22	-
	$ 2,375	$ 1,329

(6) Please see Note 38 for the status on property, plant and equipment provided as pledge collaterals.

20. Lease contract

(1) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of the right-of-use asset		
Land and house	$ 959,348	$ 1,003,596
Transportation Equipment	49,841	29,620
Machine and Equipment	29,682	36,666
	$ 1,038,871	$ 1,069,882

	2022	2021
Addition of right-of-use assets	$ 217,472	$ 271,562
Depreciation expense of the right-of-use asset		
Land and house	$ 156,411	$ 149,985
Transportation Equipment	26,601	110,105
Machine and Equipment	6,984	9,332
	$ 189,996	$ 269,422

The consolidated company terminated leases on certain land, buildings and transportation assets in 2022 and 2021. The above-mentioned right-of-use assets were delisted NT$59,921 thousand and NT$189,098 thousand, respectively. Benefits of NT$3,152 thousand and NT $5,797 thousand were recognized as benefits from lease termination.

There was no significant sub-leasing or impairment of the consolidated company's right-of-use assets in 2022 or 2021, with the exception of the termination in advance and addition and recognition of depreciation expenses mentioned above.

(2) Lease liabilities

	December 31, 2022	December 31, 2021
Carrying amount of the lease liabilities		
Current	$ 198,587	$ 188,630
Non-current	$ 750,813	$ 773,292

The range of discount rates for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land and house	1.01%~5.95%	1.01%~5.95%
Transportation Equipment	1.01%~5.96%	1.01%~5.96%
Machine and Equipment	1.82%	1.82%

(3) Main lease activities and provisions

The merged company has leased several machines and transportation equipment for production and operations for a period of 1–8 years. The lease agreement does not stipulate renewal of the lease or purchase options at the time of expiry of the lease.

A number of bank branches, ATM locations, and transportation equipment have been leased by the merged firm. The lease term is between one and fifteen years and the monthly rentals are paid according to market rental rates. The merged company has no preferential purchase option with regard to the leased land and buildings at the time of expiry of the lease.

(4) Other lease-related information

For more details on operating lease agreements for self-owned buildings and investment property of the merged company, please refer to Note 19 and 21.

	2022	2021
Short-term lease expense	$ 20,473	$ 41,560
Low-value asset lease expense	$ 11,651	$ 10,650
Total cash of leases outflow	($ 232,686)	($ 340,554)

The merged company chooses to apply recognition exemption as applicable to office and transportation equipment leased for short periods and computer and office equipment that meets low-value asset criteria. Right-of-use assets and lease liabilities for said equipment is not recognized.

21. Investment property

	2022			
	Land	Buildings	Investment property in construction	Total
Cost				
Balance - beginning	$ 1,899,069	$ 713,095	$ -	$ 2,612,164
Increase in current period	756,388	192,375	38,620	987,383
Decrease in current period	(69,341)	-	-	(69,341
Balance - ending	2,586,116	905,470	38,620	3,530,206
Accumulated depreciation				

	2022			
	Land	Buildings	Investment property in construction	Total
Balance - beginning	-	22,497	-	22,497
Increase in current period	-	4,641	-	4,641
Balance - ending	-	27,138	-	27,138
Accumulated impairment				
Balance - beginning	18,094	1,000	-	19,094
Balance - ending	18,094	1,000	-	19,094
Net - ending	$ 2,568,022	$ 877,332	$ 38,620	$ 3,483,974

	2021			
	Land	Buildings	Investment property in construction	Total
Cost				
Balance - beginning	$ 1,684,049	$ 524,270	$ -	$ 2,208,319
Increase in current period	230,821	194,797	-	425,618
Reclassification	(15,801)	(5,972)	-	(21,773)
Balance - ending	1,899,069	713,095	-	2,612,164
Accumulated depreciation				
Balance - beginning	-	23,513	-	23,513
Increase in current period	-	2,816	-	2,816
Reclassification	-	(3,832)	-	(3,832)
Balance - ending	-	22,497	-	22,497
Accumulated impairment				
Balance - beginning	18,094	1,000	-	19,094
Balance - ending	18,094	1,000	-	19,094
Net - ending	$ 1,880,975	$ 689,598	$ -	$ 2,570,573

Investment property is leased out for a period of 5–17 years. Upon closure of the leasehold duration, the lessee was not entitled to preferential leasehold power over the real estate.

As of December 31, 2022 and 2021, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2022	December 31, 2021
First year	$ 26,497	$ 84
Second year	30,533	-
Third year	30,154	-
Fourth year	30,241	-
Fifth year	20,345	-
More than 5 year	85,234	-
	$ 223,004	$ 84

The merged company has adopted general risk management policies to reduce residual asset risks of leased out investment property at the time of lease expiry.

Investment property of the appreciated in accordance with the straight line method over the useful years as follows:

House and Building

Buildings	30 to 60 years
Renovation engineering	2 to 29 years

(1) The investment real-estate property situated in Sanmin District, Kaohsiung City was purchased by the consolidated company on July 11, 2022. The independent valuer determined that the fair value is NT$560,439 thousand; management determined that the fair value of the investment real-estate approximates the carrying amount.

(2) The consolidated company concluded the sale of a number of parcels of land in the Sanchong District, New Taipei City in September 2021. In January 2022, the transaction was completed. The sale amounted to NT$140,192 thousand and the net benefit from the sale was NT$70,820 thousand after deducting $31 thousand in related costs.

(3) The assessed fair value of the investment property as of December 31, 2022 and 2021 was NT$ 4,430,942 thousand and NT$ 3,228,898 thousand, respectively NT$ 1,633,332 thousand and NT$ 755,074 thousand were not valuated by independent appraisers; the remaining value was classified by an independent appraisal company as Level 3 inputs on December 31, 2022 and 2021, respectively; valuations were carried out with reference to market evidence of similar real property transaction prices). Key assumptions and valuated fair values are as follows:

	December 31, 2022	December 31, 2021
Asset earning power	10%~20%	15%~22%
The overall capital interest rate during development	1.81%	1.17%

(4) All investment in real estate owned by the Consolidated Company' was in its own interests. Please see Note 38 for the status on investment property provided as pledge collaterals.

22. Intangible assets

	December 31, 2022	December 31, 2021
Goodwill	$ 369,837	$ 426,381
Business right	28,000	28,000
Royalties for waterway facilities	218	242
Computer software	238,394	197,299
Shell Royalty	159,052	159,052
	795,501	810,974
Less: accumulated impairment	(528,889)	(557,161)
	$ 266,612	$ 253,813

(1) Goodwill is the equity of the acquired subsidiaries by the merged company. If the net difference between the cost of acquisition and the net value of acquisition is positive, it is by definition goodwill. As of December 31, 2021, a total of NT$341,565 thousand in impairment losses have been provisioned. A provision of NT$28,272 thousand has been made for the current period, and as of December 31, 2022, all impairment losses have been provisioned for.

(2) The intangible assets of the consolidated company is the assigned right of operation from Feng Sing Securities. The right of operation is intangible assets that the life span cannot be determined and no amortization is made. As of December 31, 2022, no impairment of such right of operation has been declared in the evaluation.

	2022		
	Royalties	Computer software	Total
Cost			
Balance - beginning	$ 159,294	$ 197,299	$ 356,593
Increase in current period	-	86,158	86,158
Amortization in the current period	-	(72,486)	(72,486)
Reclassification	-	27,193	27,193
Net exchange	(24)	230	206

differences			
Balance - ending	159,270	238,394	397,664
Accumulated impairment			
Balance - beginning	159,052	-	159,052
Balance - ending	159,052	-	159,052
Net - ending	$ 218	$ 238,394	$ 238,612

	2021		
	Royalties	Computer software	Total
Cost			
Balance - beginning	$ 159,329	$ 189,942	$ 349,271
Increase in current period	-	69,760	69,760
Amortization in the current period	-	(65,581)	(65,581)
Reclassification	-	3,198	3,198
Net exchange differences	(35)	(20)	(55)
Balance - ending	159,294	197,299	356,593
Accumulated impairment			
Balance - beginning	159,052	-	159,052
Balance - ending	159,052	-	159,052
Net - ending	$ 242	$ 197,299	$ 197,541

The Shell Royalty, was incurred because the Company entered into the patent license agreement for Shell EO/EG Method with Shell Research Limited to acquire the relevant patented technology to build the ethylene glycol plant. The patent license period was valid from the date of agreement and expired after five years. Notwithstanding, in consideration of the environment protection issue about the construction site, the progress of the ethylene glycol plant project was behind the schedule badly. Though Shell Research Limited agreed to continue licensing the patent, the Company still stated the royalty as impairment in whole upon evaluation.

23. Other assets

	December 31, 2022	December 31, 2021
Refundable deposit	$ 2,314,699	$ 2,354,991
Non-delinquent loans restated from loans-net	271,035	437,502
Collected payment of shares underwritten and pending payments to be delivered	95,912	733,990
Others	35,723	121,210
	$ 2,717,369	$ 3,647,693

(1) The time deposits and government bonds held to maturity deposited by the consolidated company as the security bond at court and for business guarantee on December 31, 2022 and 2021 were NT$ 750,500 thousand and NT$ 1,056,400 thousand, respectively, which are stated as refundable deposits. Please refer to Note 38 for details.

(2) Non-loans transferred to collection - Breakdown of net:

	December 31, 2022	December 31, 2021
Non-delinquent loans restated from loans	$ 387,003	$ 537,959
Less: Loss allowance - Taichung Commercial Bank (Note 10)	(115,968)	(100,457)
	$ 271,035	$ 437,502

(3) Details of delinquent accounts, net are summarized as follows:

	December 31, 2022	December 31, 2021
Delinquent Accounts	$ 3,149	$ 3,147
Less: loss reserve – collection (Note 10)	(3,149)	(3,147)
	$ -	$ -

24. Borrowing

(1) Shot-term borrowings

	December 31, 2022	December 31, 2021
Secured loans		
- Secured loan	$ 12,648,102	$ 13,024,156
Unsecured loans		
- Credit loan	4,280,000	3,305,000
- Material procurement loan	2,129,608	2,783,962
	6,409,608	6,088,962
	$ 19,057,710	$ 19,113,118

1. The interest rates of bank borrowings as of December 31, 2022 and 2021 were 1.54% to 6.77% and 0.10% to 5.66%, respectively.
2. For the foresaid loan collateral information, please refer to Note 38

(2) Short-term notes payable

	December 31, 2022	December 31, 2021
Short-term notes payable	$ 4,880,000	$ 4,295,000
Less: Discount of short-term notes and bills payable	(8,597)	(4,160)
	$ 4,871,403	$ 4,290,840

(3) Long-term borrowings

	December 31, 2022	December 31, 2021
Secured loans		
- Bank loans	$ 8,218,303	$ 7,523,028
Less: Amount due in one year	(1,445,539)	(2,610,828)
Long-term borrowings	$ 6,772,764	$ 4,912,200

1. China Man-made Fiber Corporation’s syndicated long-term loan from the Taiwan Cooperative Bank on December 31, 2021 amounted to NT$1,721,500 thousand. The interest rate for the loan was between 1.80% and 1.85%, and the loan was paid in full in June 2022. China Man-made Fiber Corporation’s land and buildings in Kaohsiung were pledged as collateral for the loan.
2. As of December 31, 2022 and 2021, CMFC had medium and long-term borrowings from Taiwan Business Bank at NT$181,200 thousand and NT$198,400 thousand, respectively, with the borrowing rate currently at 1.74%. CMFC has repaid the borrowings periodically based on the loan agreement and a total of $181,200 thousand will be due in the next year. The land and buildings are used as the collateral for the borrowing.
3. As of December 31, 2022 and 2021, CMFC had long-term borrowings from Land Bank of Taiwan at NT$175,000 thousand, with the borrowing interest rate currently at 1.70%, paid by monthly. The contract is renewed every three months. The land and buildings of headquarters in Taipei are used as the collateral for the borrowing.

4. China Man-Made Fiber Corporation ’s long-term loan from Union Bank of Taiwan on December 31, 2021 and December 31, 2022 amounted to NT$700,000 thousand and NT$450,000 thousand, respectively. The interest rate for the loan was between 1.89% and 1.93%. Term-based payments were made every year according to the contract. Due the following year was a total of NT$162,500 thousand. 97,000 thousand shares of Taichung Bank were pledged as collateral for the loan.
5. The long-term borrowing of China Man-Made Fiber Corporation from the Bank of Panhsin as of December 31, 2022 and 2021 amounted to NT$728,828 thousand and NT$728,828 thousand. The borrowing rate of interest is currently 1.70%–1.52%. The borrowing is to be repaid on schedule every year. NT$498,828 thousand will mature within one year. China Man-Made Fiber Corporation’s land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
6. The long-term borrowing of China Man-Made Fiber Corporation from the Sunny Bank as of December 31, 2022 and 2021 amounted to NT$600,000 thousand . The borrowing rate of interest is currently 1.82%, paid by monthly. The contract is renewed every year. 95,000,000 shares of the Taichung Commercial Bank Co., Ltd. shall be provided as borrowing collateral.
7. Man-Made Fiber Corporation ’s long-term loan on December 31, 2022 and December 31, 2021 from JihSun International Commercial Bank Co., Ltd. amounted to NT$1,025,000 thousand. The interest rate for the loan was1.76%, and payments were made monthly. The contract was renewed every year. 130,000 thousand shares of Taichung Bank and 15,000 thousand shares of Taiwan Tea Corporation were pledged as collateral for the loan.
8. The borrowing of China Man-Made Fiber Corporation from the Shanghai Commercial Bank as of December 31, 2022 and 2021 amounted to NT$677,500 thousand and NT$392,500 thousand. The borrowing rates of interest currently stand at 1.88%–1.93%, with repayment by period per the loan contact in each year. NT$115,000 thousand will mature within one year. China Man-Made Fiber Corporation’s 55,550 thousand shares from the Taichung Commercial Bank Co., Ltd. and the land and building premises in Xiaogang District, Kaohsiung City are provided as borrowing collateral.
9. China Man-Made Fiber Corporation’s long term loan from the Bank of Kaohsiung on December 31, 2022, and December 31, 2021 amounted to NT$600,000 thousand and NT$100,000 thousand. The interest rate for the loan was between 1.59% and 1.88 %, payments were made monthly and the contract was renewed every three months to one year. 67,800 thousand shares of Taichung Bank were pledged as collateral for the loan.
10. China Man-made Fiber Corporation’s long-term loan from Shin Kong Commercial Bank on December 31, 2022 amounted to $1,575,000 thousand. The interest rate for the loan was between 1.73% and 1.77%, interest was paid monthly and term-based payments were made beginning December 2022. Due the following year was a total of NT$50,000 thousand. made. The land and buildings in Dashe, Kaohsiung were pledged as collateral for the loan.
11. China Man-made Fiber Corporation’s long-term loan from Taiwan Cooperative Bank on December 31, 2022 amounted to NT$650,000 thousand. The interest rate for the loan was between 1.70% and 1.85%. Interest was paid monthly and the contract was renewed annually. Due the following year was a total of NT$40,000 thousand. The land and buildings in Dashe, Kaohsiung were pledged as collateral for the loan.
12. As of December 31, 2022 and 2021, PACC had long-term borrowings from Taiwan Cooperative Bank at NT$244,000 thousand and NT$412,000 thousand, respectively, with the borrowing rate currently at 1.85%. PACC will repay the borrowings periodically based on the loan agreement. The land and buildings of PACC's Kaohsiung plant are used as the collateral for the borrowing.
13. As of December 31, 2022 and 2021, Pan Asia’s long-term loans with Union Bank of Taiwan amounted to NT$ 75,000 thousand, with a borrowing rate of interest of 1.92%. Loan payments are made in a timely manner as prescribed in the loan agreements. In the upcoming year, a loan of NT$ 50,000 thousand will reach maturity. Said loans serve as collateral for China Man-Made Fiber Corporation stocks held by Pan Asia Chemical Corporation.

14. As of December 31, 2022 and 2021, PACC had long-term borrowings from Bank of Panhsin at NT$50,000 thousand and NT$70,000 thousand, respectively, with the borrowing rate currently at 1.88%. PACC has repaid the borrowings periodically based on the loan agreement.
15. The long-term borrowing of Pan Asia Chemical Corporation from the JihSun Bank as of December 31, 2022 and 2021 amounted to NT$110,000 thousand and NT$140,000 thousand respectively. The borrowing rate of interest is currently 1.89%, paid by monthly. The contract is renewed every year and a total of NT$110,000 thousand will be due in the next year. Shares of the China Man-Made Fiber Corporation shall be provided as borrowing collateral.
16. Pan Asia Chemical Corporation's long-term loan from the Taiwanese Business Bank Co., Ltd. on December 31, 2021 amounted to NT$ 475,000 thousand. The interest rate for the loan was 1.25%, which was repaid in full by March 2022.
17. Chou Chin Industrial Co., Ltd.'s long-term loans from Union Bank of Taiwan amounted to NT$120,000 thousand and NT$130,000 thousand on December 31, 2021 and December 31, 2022, respectively. The interest rate for the loan was 2.18% and term-based payments were made in accordance with the contract. Due the following year was a total of $10,000 thousand. The shares of Hua Nan Financial Holdings Co., Ltd. and the bonds issued by Taichung Bank were pledged as collateral for the loan.
18. Chou Chin Industrial Co., Ltd.'s long-term loan from JihSun International Commercial Bank Co., Ltd. amounted to NT$100,000 thousand on December 31, 2022, and NT$108,000 thousand on December 31, 2021. The loan interest rate was 1.96% and term-based payments were made in accordance with the contract. Due the following year was a total of NT$92,000 thousand. The shares of Hua Nan Financial Holdings Co., Ltd. were pledged as collateral for the loan.
19. As of December 31, 2022 and 2021, Chou Chin Industrial Co., Ltd.'s long-term loans with First Commercial Bank amounted to NT$ 201,000 thousand and NT$ 150,000 thousand respectively, with a borrowing rate of interest of 2.18%~2.26%. Loan payments are made in a timely manner as prescribed in the agreements. In the upcoming year, a loan amount of NT$ 14,236 thousand will reach maturity. Said loans serve as collateral for the land and buildings.
20. As of December 31, 2022, Chou Chin Industrial Co., Ltd.'s long-term loans with Taiwan Business Bank amounted to NT$ 66,000 thousand, with a borrowing rate of interest of 2.18%. Loan payments are made in a timely manner as prescribed in the agreements. In the upcoming year, a loan amount of NT$ 5,000 thousand will reach maturity. Said loans serve as collateral for the machine & equipment.
21. As of December 31, 2022 and 2021, Chou Chang Co., Ltd.'s long-term loans with Sunny Bank amounted to NT$ 153,000 thousand, with a borrowing rate of interest of 2.29%, with repayment by period per the loan contact in each year. Said loans serve as collateral for financial bonds of Taichung Bank.
22. The long-term borrowing of the Chou Chang Co., Ltd. from the Far Eastern Int'l bank (Business Department) on December 31, 2022 and December 31, 2021 amounted to NT$116,775 thousand and NT$118,800 thousand. The borrowing rates of interest are currently 2.45%, with repayment by period per the loan contact in each year. NT$116,775 thousand will mature within one year. The financial debentures of the Taichung Commercial Bank Co., Ltd. are provided as borrowing collateral.
23. Please refer to Note 38 for the collateral of the long-term borrowings:

25. Bills and bonds sold under repurchase agreements

	December 31, 2022	December 31, 2021
Government bonds	$ -	$ 1,205,559

Post-period re-purchase amount and interest rate are as follows:

	December 31, 2022	December 31, 2021
Government bonds	$ -	$ 1,205,924
Government bonds	-	0.19%~0.21%

26. Due to Central Bank and other banks

	December 31, 2022	December 31, 2021
Call loans to banks	$ 8,650,000	$ 3,900,000
Due to Chunghwa Post Co., Ltd.	53,687	53,687
Deposits of other banks	53	13
	$ 8,703,740	$ 3,953,700

27. Other payables

	December 31, 2022	December 31, 2021
Notes and checks in clearing	$ 4,276,016	$ 4,589,463
Payable expenses	2,716,529	2,575,893
Receivable accounts for settlement	791,988	1,614,594
Acceptances payable	544,899	975,865
Payable interest	622,229	290,820
Account payable for underwriting	14,994	34,642
Payable spot exchange settlement payment	5,227	1,210
Others	802,922	644,948
	$ 9,774,804	$ 10,727,435

28. Deposits and remittances

	December 31, 2022	December 31, 2021
Check deposits	$ 11,528,669	$ 11,427,263
Demand deposits	195,545,032	192,556,156
Current saving deposits	162,103,208	160,450,666
Time deposits	135,408,103	140,435,316
Time saving deposits	178,202,610	153,899,040
Remittances	44,001	55,388
	$ 682,831,623	$ 658,823,829

29. Bonds payable

	December 31, 2022	December 31, 2021
Subordinate financial bonds	$ 16,500,000	$ 16,500,000
Less: Part owned by the consolidated company	(1,510,000)	(1,510,000)
	$ 14,990,000	$ 14,990,000

(1) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10400200460 dated August 26, 2015 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2015 on December 28 2015. The terms and conditions for issuance are shown below:
   1. Amount approved for issuance: NT$1,500,000 thousand.
   2. Amount issued: NT$1,500,000 thousand.
   3. Face value: NT$10,000 thousand, issued at face value.
   4. Maturity: no maturity date.
   5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
   6. Repayment Methods: executed in accordance with the regulations of issuance.
   7. Interest payment: once annually from the issuing date.

(2) The Taichung Bank has been approved by Financial Supervisory Commission under Letter Jin-Kuan-Yin-Piao-Zi No. 10500210950 dated September 2, 2016 for the issuance of no maturity non-

cumulative subordinated financial debentures 1st term and 2nd term and 3rd term for 2017 and 1st term for 2016 on March 28, May 18, August 28, 2017 and December 28, 2016. The terms and conditions for issuance are shown below:

1. Amount approved for issuance: NT$3,500,000 thousand.
2. Issued:
   (1) 1st term 2016: 1,500,000 thousand.
   (2) 1st term 2017: 1,000,000 thousand.
   (3) 2nd term 2017: 500,000 thousand.
   (4) 3rd term 2017: 500,000 thousand.
3. (3) Denomination:
   (1) 1st term 2016: NTD 10,000 thousand, issued at par value.
   (2) 106 年第一期：新台幣 10,000 仟元，依面額發行。
   (3) 2nd term 2017: NTD 10,000 thousand, issued at par value.
   (4) 2rd term 2017: NTD 10,000 thousand, issued at par value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(3) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10600229120 dated September 22, 2017 for the issuance of no maturity non-cumulative subordinated financial debentures 1st term for 2018 and 4th, 5th term for 2017 on April 25, 2018 and December 5, December 27, 2017. The terms and conditions for issuance are shown below:

1. Approved: NTD5,000,000 thousand.
2. Issued:
   (1) 4th term 2017: 1,350,000 thousand.
   (2) 5th term 2017: 2,650,000 thousand.
   (3) 1st term 2018: 1,000,000 thousand.
3. Denomination:
   (1) 4th term 2017: NTD 10,000 thousand, issued at par value.
   (2) 5th term 2017: NTD 10,000 thousand, issued at par value.
   (3) 1st term 2018: NTD 10,000 thousand, issued at par value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(4) The company has been approved by Financial Supervisory Commission under Letter Jin-Guan-Yin-Piao-Zi No. 10702156550 dated August 23, 2018 for the issuance of no maturity non-cumulative subordinated financial debentures 2nd term for 2018 on December 18, 2018. The terms and conditions for issuance are shown below:

1. Amount approved for issuance: NT$1,500,000 thousand.
2. Amount issued: NT$1,500,000 thousand.
3. Face value: NT$10,000 thousand, issued at face value.
4. Maturity: no maturity date.
5. Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 3.08%.
6. Repayment Methods: executed in accordance with the regulations of issuance.
7. Interest payment: once annually from the issuing date.

(5) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 1100226929 dated October 12, 2021, the Taichung Bank issued 1st term subordinate financial bonds December 27, 2021 upon the following terms and conditions:

1. (1) Approved: NTD5,000,000 thousand.
2. Amount issued: NT$5,000,000 thousand.

3. Face value: NT$10,000 thousand, issued at face value.
4. Duration: 7 years, matured on December 27, 2028.
5. Coupon rate: Fixed annual interest rate 1.2%.
6. (6) Repayment Methods: repayment in lump sum upon maturity.
7. Interest payment: once annually from the issuing date.

30. Provision for liabilities

	December 31, 2022	December 31, 2021
Employee benefit liabilities reserve	$ 996,291	$ 1,181,236
Reserve for guarantee liability	275,963	297,963
Provision for commitment of financing	93,388	65,147
Pending litigation reserves	78,006	83,998
Other reserves	17,824	12,855
	$ 1,461,472	$ 1,641,199

(1) Employee benefit liabilities reserve is detailed as follows:

	December 31, 2022	December 31, 2021
Defined benefit liabilities	$ 801,581	$ 996,970
Employees preferential deposit plan	154,244	147,633
Other long-term employee benefit liabilities	40,466	36,633
	$ 996,291	$ 1,181,236

1. Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company and its subsidiaries of the consolidated company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

In 2022 and 2021, the consolidated company allocated NT$161,955 thousand and NT$146,759 thousand, respectively, for recognition in the Consolidated Profit and Loss Statement in accordance with the proportion specified in the confirmed allocation plan.

2. Defined benefit plan

The consolidated company's pension system under the "Labor Standards Act" of the R.O.C. is a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The consolidated company has contributed to the employee pension fund monthly based on the total salaries to Labor Pension Reserve Supervisory Committee for deposit at the special account in the Bank of Taiwan bearing the title of the committee. If the balance of the special account before the end of the fiscal year is insufficient to settle the payment for employees qualified for retirement in the next fiscal year, the company shall make up the difference in lump sum by the end of March of the next fiscal year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The company contained in the consolidated financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of determined benefit plan recognized in the consolidated balance sheet is shown below:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 2,023,646	$ 2,161,805
The fair value of plan assets	(1,222,065)	(1,164,835)
Appropriation shortage	801,581	996,970
Net determined benefit liability	$ 801,581	$ 996,970

Change in net determined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2021	$ 2,249,380	($ 1,113,538)	$ 1,135,842
Service cost			
Current service cost	10,787	-	10,787
Interest expenses (revenues)	10,425	(5,289)	5,136
Recognized in the profit or loss	21,212	(5,289)	15,923
Reevaluation			
Planned ROE (except the amount of net interest)	-	(14,548)	(14,548)
Actuarial loss – change in the assumption of the census	15,436	-	15,436
Actuarial gain – change in financial assumptions	(33,409)	-	(33,409)
Actuarial loss – adjustment through experience	4,418	-	4,418
Recognized in the other comprehensive profit of loss	(13,555)	(14,548)	(28,103)
Employer appropriation	-	(103,485)	(103,485)
Planned asset payment	(63,489)	72,025	8,536
Company account payment	(31,743)	-	(31,743)
December 31, 2021	2,161,805	(1,164,835)	996,970
Service cost			
Current service cost	8,807	-	8,807
Interest expenses (revenues)	13,656	(7,438)	6,218
Recognized in the profit or loss	22,463	(7,438)	15,025
Reevaluation			
Planned ROE (except the amount of net interest)	-	(88,006)	(88,006)
Actuarial gain – change in financial assumptions	(155,645)	-	(155,645)
Actuarial loss – adjustment through experience	134,900	-	134,900
Recognized in the other comprehensive profit of loss	(20,745)	(88,006)	(108,751)
Employer appropriation	-	(87,250)	(87,250)
Planned asset payment	(88,946)	125,464	36,518
Company account payment	(50,931)	-	(50,931)
December 31, 2022	$ 2,023,646	($ 1,222,065)	$ 801,581

The recognized loss of determined benefit plans by function is summarized below:

	2022	2021
Operating expenses	$ 11,811	$ 13,264
Operating cost	3,214	2,659
	$ 15,025	$ 15,923

The pension fund system of the company contained in the consolidated financial statements is exposed to the following risks due to the "Labor Standards Act":

(1) Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the consolidated company shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.

(2) Interest risk: the decline of the interest rate for government/corporate bonds will cause an increase in the present value of determined benefit obligation. However, the ROI of the debt of the planned assets will also increase accordingly. The effect of the two on net determined benefit liability is mutually offsetting.

(3) Salary risk: the calculation of the present value of determined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of determined benefit obligation.

The determined benefit obligation of the company contained in the consolidated financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	2022	2021
Discount rate	1.29%~1.50%	0.47%~0.75%
The expected rate of increase in salaries	1.50%~2.75%	1.50%~2.75%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of determined benefit obligation will be:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 43,448)	($ 50,839)
Decrease by 0.25%	$ 44,794	$ 52,528
The expected rate of increase in salaries		
Increase by 0.25%	$ 42,058	$ 51,012
Decrease by 0.25%	($ 40,991)	($ 49,716)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of determined benefit obligation.

	December 31, 2022	December 31, 2021
Prepaid amount for 1 year	$ 88,121	$ 40,400
Average maturity of determined benefit obligation	8 to 13 years	8 to 14 years

3. Employees preferential deposit plan

With effect on December 21, 2014, Taichung Bank in the financial statements adjusted the interest rate for the deposit of the banking staff. According to Order Jin-Guan-Yin-Fa-Zi No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks, the employee preferred deposit plan liabilities shall be subject to the actuarial calculation of a qualified actuary professional.

Contingent liabilities included in the consolidated balance sheet due to employees' preferential deposit plan at Taichung Commercial Bank are shown as follows:

	December 31, 2022	December 31, 2021
Present value of preferred deposit plan	$ 154,244	$ 147,633
The fair value of plan assets	-	-
Appropriation shortage	154,244	147,633
Employees preferential deposit plan liability	$ 154,244	$ 147,633

Change in employee preferred deposit plan liability is shown below:

	Present value of the defined benefit obligations	The fair value of plan assets	Net determined benefit liability
January 1, 2021	$ 139,406	$ -	$ 139,406
Service cost			
Service costs from previous period	11,077	-	11,077
Interest expenses	4,995	-	4,995
Recognized in the profit or loss	16,072	-	16,072
Reevaluation			
Actuarial loss – adjustment through experience	22,124	-	22,124
Recognized in the other comprehensive profit of loss	22,124	-	22,124
Company account payment	(29,969)	-	(29,969)
December 31, 2021	147,633	-	147,633
Service cost			
Service costs from previous period	11,114	-	11,114
Interest expenses	5,306	-	5,306
Recognized in the profit or loss	16,420	-	16,420
Reevaluation			
Actuarial loss – adjustment through experience	22,508	-	22,508
Recognized in the other comprehensive profit of loss	22,508	-	22,508
Company account payment	(32,317)	-	(32,317
December 31, 2022	$ 154,244	$ -	$ 154,244

The amount of employee preferred deposit plan recognized as profit and loss by function is summarized below:

	2022	2021
Operating expenses	$ 16,420	$ 16,072

The employee preferred deposit obligation of the Taichung Commercial Bank is based on the actuarial calculation of professional actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2022	December 31, 2021
Discount rate	4.00%	4.00%
Return on deposited fund	2.00%	2.00%
Excessive interest rate	2.00%	2.00%
The withdrawal rate of preferred deposits	3.50%	3.50%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of employee preferred deposit obligation will be:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 3,720)	($ 3,573)
Decrease by 0.25%	$ 3,882	$ 3,729
The withdrawal rate of preferred deposits		
Increase by 0.25%	$ 4,013	$ 3,855
Decrease by 0.25%	($ 4,179)	($ 4,015)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of employee preferred deposit obligation.

	December 31, 2022	December 31, 2021
Amount projected for appropriation in 1 year	$ -	$ -
The average maturity of employee preferred deposit obligation	10.2 years	10.3 years

4. Other long-term employee benefits

The other long-term employee benefits of the Taichung Commercial Bank meant for the long-term disability benefits. The Company will issue pensions to the employees who die of sickness or accidents at work for reasons other than occupational hazards.

The consolidated company recognized long-term employee benefits in the consolidated comprehensive income statement for an amount of NT$4,851 thousand and NT$ 1,632 thousand in 2022 and 2021, respectively. The other long-term employee benefit liabilities reserve amounted to NT$ 40,466 thousand and NT$ 36,633 thousand as of December 31, 2022 and 2021, respectively.

(2) The table of changes in reserves against liability on guarantees set aside by a bank is as follows:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 171,880	$ 7,782	$ 33,375	$ 213,037	$ 84,926	$ 297,963
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(40)	40	-	-	-	-
Converted as anticipated credit loss in 12 months	495	(495)	-	-	-	-
Financial assets removed in current period	(115,154)	(3,631)	-	(118,785)	-	(118,785)
Procured or initiated new financial assets	134,724	16,140	-	150,864	-	150,864
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(58,335)	(58,335)
Foreign exchange settlement and other changes	1,883	752	1,621	4,256	-	4,256
Balance - ending	$ 193,788	$ 20,588	$ 34,996	$ 249,372	$ 26,591	$ 275,963

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 168,958	$ 4,799	$ 36,355	$ 210,112	$ 25,851	$ 235,963
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(447)	447	-	-	-	-
Converted as financial assets with credit impairment	(5)	-	5	-	-	-
Converted as anticipated credit loss in 12 months	117	(117)	-	-	-	-
Financial assets removed in current period	(112,752)	(4,176)	(269)	(117,197)	-	(117,197)
Procured or initiated new financial assets	131,253	3,047	-	134,300	-	134,300
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	59,075	59,075
Foreign exchange settlement and other changes	(15,244)	3,782	(2,716)	(14,178)	-	(14,178)
Balance - ending	$ 171,880	$ 7,782	$ 33,375	$ 213,037	$ 84,926	$ 297,963

Bad debt expense, commitment and guarantee liability provisions recognized in 2022 and 2021.

(3) The table of changes in other reserves is as follows:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 8,629	$ -	$ -	$ 8,629	$ 4,226	$ 12,855
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(8,552)	-	-	(8,552)	-	(8,552)
Procured or initiated new financial assets	8,261	9,214	-	17,475	-	17,475
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(3,883)	(3,883)
Foreign exchange settlement and other changes	(71)	-	-	(71)	-	(71)
Balance - ending	$ 8,267	$ 9,214	$ -	$ 17,481	$ 343	$ 17,824

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 9,157	$ 3,263	$ -	$ 12,420	$ 677	$ 13,097
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	-	-	-	-	-	-
Converted as financial assets with credit impairment	-	-	-	-	-	-
Converted as anticipated credit loss in 12 months	-	-	-	-	-	-
Financial assets removed in current period	(9,113)	(3,263)	-	(12,376)	-	(12,376)
Procured or initiated new financial assets	8,629	-	-	8,629	-	8,629
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	3,549	3,549
Foreign exchange settlement and other changes	(44)	-	-	(44)	-	(44)
Balance - ending	$ 8,629	$ -	$ -	$ 8,629	$ 4,226	$ 12,855

Bad debt expense, commitment and guarantee liability provisions recognized in 2022 and 2021.

(4) Statement of changes for commitment of financing by item are shown below:

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 45,923	$ 2,576	$ 12,005	$ 60,504	$ 4,643	$ 65,147
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(6)	6	-	-	-	-
Converted as financial assets with credit impairment	(1)	(18)	19	-	-	-
Converted as anticipated credit loss in 12 months	1,798	(1,798)	-	-	-	-
Financial assets removed in current period	(9,148)	(702)	(108)	(9,958)	-	(9,958)
Procured or initiated new financial assets	41,259	774	-	42,033	-	42,033
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	(2,587)	(2,587)
Foreign exchange settlement and other changes	(2,038)	810	(19)	(1,247)	-	(1,247)
Balance - ending	$ 77,787	$ 1,648	$ 11,897	$ 91,332	$ 2,056	$ 93,388

2021

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment recognized in accordance with IFRS 9	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Balance - beginning	$ 58,968	$ 7,205	$ 2,555	$ 68,728	$ 3,332	$ 72,060
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(6)	6	-	-	-	-
Converted as financial assets with credit impairment	(646)	630	16	-	-	-
Converted as anticipated credit loss in 12 months	1,769	(1,769)	-	-	-	-
Financial assets removed in current period	(33,456)	(5,398)	(692)	(39,546)	-	(39,546)
Procured or initiated new financial assets	20,436	1,488	10,142	32,066	-	32,066
Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-	1,311	1,311
Foreign exchange settlement and other changes	(1,142)	414	(16)	(744)	-	(744)

Balance - ending	$ 45,923	$ 2,576	$ 12,005	$ 60,504	$ 4,643	$ 65,147

As of December 31, 2022 and 2021, bad debt expense allowances and commitment/guarantee reserve allowances.

(5) The pending compensation reserve of the consolidated companies for December 31, 2022 and 2021 are NT$78,006 thousands and NT$83,998 thousands, respectively. Please refer to Note 39.

31. Equity

(1) Capital stock

	December 31, 2022	December 31, 2021
Authorized number of shares (thousand shares)	2,100,000	2,100,000
Authorized capital	$ 21,000,000	$ 21,000,000
Number of shares issued with fully paid-in capital (thousand shares)	1,686,210	1,686,210
Outstanding capital	$ 16,862,097	$ 16,862,097

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

On July 29, 2021, the shareholders of China Man-made Fiber Corporation approved a resolution to transfer and increase the capital by issuing 64,843 thousand ordinary shares with a par value of NT$10 each, from the company's undistributed surplus of NT$648,425 thousand. China Man-Made Fiber Corporation has 1,686,210 thousand ordinary shares with a par value of NT$10 as of December 31, 2022 and 2021, for a total paid-in capital of 16,862,097 thousand.

(2) Capital surplus

	December 31, 2022	December 31, 2021
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	$ 590,001	$ 590,001
Assets received	2,129	2,129
Treasury stock transactions	772,194	772,194
Invalid ESO	2,600	2,600
For covering loss carried forward only.		
Changes in the ownership equity on a subsidiary	179,678	120,561
Transaction of treasury stock (cash dividends paid to subsidiaries)	169,202	169,202
	$ 1,715,804	$ 1,656,687

Note: Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation of China Man-Made Fiber Corporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividends under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. For information on the policy of remuneration to employees, Directors, and Shareholders to the Articles of Incorporation, refer to Note 32 (11) remunerations for employees, directors and supervisors.

The Company's dividends policy shall be drafted subject to the Company's future investment environment and long-term financial planning and also takes the shareholders' equity into consideration. The dividends shall be allocated in the form of cash dividend as the first priority per year, and may be allocated in the form of stock dividend, provided that the ratio of allocation of stock dividends shall be no more than 95% of the total dividends.

China Man-Made Fiber Corporation has a special reserve appropriated and reversed in accordance with FSC.Certificate.Issue.Tzi No. 1010012865 Letter, FSC.Certificate.Issue.Tzi No. 1010047490 Letter and "Special reserve appropriation Q&A after the adoption of International Financial Reporting Standards (IFRSs)." If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

The legal reserve should be contributed until its balance reaches the Company's total paid-in capital. The legal reserve may be applied to make up loss. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

China Man-Made Fiber Corporation held General Shareholders Meetings on June 16, 2022 and July 29, 2021, which adopted resolutions with regard to the 2021 and 2020 surplus distribution proposals as follows:

	Earnings Distribution Proposal		Dividends Per Share (NTD)	
	2021	2020	2021	2020
Legal reserve	$ 2,616	$ 90,972		
Special reserve	-	(6,177)		
Cash dividends	-	162,106	$ -	$ 0.1
Stock dividends	-	648,425	-	0.4

The Company had resolved in the board meeting the earnings distribution of 2022 on March 8, 2023 as follows:

	Earnings Distribution Proposal	Dividends Per Share (NTD)
Legal reserve	$ 2,721	$ -

The proposal for the distribution of earnings in 2022 is pending on the resolution of the General Meeting of shareholders scheduled to be held in June 2023.

For more information on the proposal approved by the board of directors of China Man-Made Fiber Corporation and the surplus distribution proposal adopted by resolution of the General Shareholders Meeting, please refer to the TWSE Market Observation Post System.

(4) Other equity

1. Exchange differences from the translation of financial statements of foreign operations

	2022	2021
Balance - beginning	($ 112,220)	($ 116,241)
The exchange differences yielded by net assets of overseas operating institutions	15,682	4,021
Balance - ending	($ 96,538)	($ 112,220)

2. Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss

	2022	2021
Balance - beginning	$ 919,802	$ 451,962
Accrued in current year		
Unrealized gain or loss		
Debt instruments	(336,814)	(63,126)
Equity instruments	221,329	556,895
Recognized share of the subsidiary adopting the equity method.	3,532	(463)
The accumulated gain/loss from the disposition of equity	9,016	(25,466)

instruments will be transferred to retained earnings.		
Balance - ending	$ 816,865	$ 919,802

(5) Treasury stock

The details and changes of the treasury stocks of CMFC in 2022 and 2021 are shown as follows:

Cause	Transfer of shares to employees (Thousand shares)	Shares of parent company held by subsidiaries (in thousand shares)	Total (thousand shares)
Number of shares as of January 1, 2022	304	344,226	344,530
Increase in current period	-	-	-
Decrease in current period	-	-	-
Number of shares as of December 31, 2022	304	344,226	344,530
Number of shares on January 1, 2021	304	330,985	331,289
Increase in current period	-	13,241	13,241
Decrease in current period	-	-	-
Number of shares as of December 31, 2020	304	344,226	344,530

1. As of December 31, 2022 and 2021, CMFC shares held by the subsidiaries are as follows:

Name of Subsidiary	Ratio of Shareholdings %	Number of shares held (thousand shares)	Book Value	Market Value
December 31, 2022				
Pan Asia Chemical Corporation	44%	261,501	$ 879,074	$ 999,676
Deh Hsing Investment Co., Ltd.	100%	11,619	25,787	100,044
Chou Chin Industrial Co., Ltd.	50%	61,488	195,060	251,099
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	38%	9,618	35,136	31,129
		$ 344,226	$ 1,135,057	$ 1,381,948
December 31, 2021				
Pan Asia Chemical Corporation	44%	261,501	$ 879,074	$ 1,178,479
Deh Hsing Investment Co., Ltd.	100%	11,619	25,787	117,938
Chou Chin Industrial Co., Ltd.	50%	61,488	195,060	307,744
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	38%	9,618	35,136	36,697

$ 344,226	$ 1,135,057	$ 1,640,858

2. According to the Securities and Exchange Act, the treasury stocks held by CMFC shall not be pledged, nor shall they be entitled to dividends distribution and voting rights. Shares of CMFC held by its subsidiaries shall be considered as treasury stocks, and except for the provisions of Article 167 and 179 of the Company Act, the rest share the same rights as the general shareholders.

(6) Non-controlling interest

	2022	2021
Balance - beginning	$ 48,448,944	$ 43,402,141
Adjusted non-controlling interest of dividends distributed to subsidiaries	-	17,274
The number of shares attributed to non-controlling interests		
Net income	4,149,079	3,845,082
Reevaluation of determined benefit plan	54,343	7,205
Financial assets at fair value through other comprehensive profit or loss	(1,178,054)	110,587
Exchange differences from the translation of financial statements of foreign operations	90,842	13,252
Changes in the ownership equity on a subsidiary	(56,869)	25,091
Cash dividends paid by subsidiaries	(866,596)	(754,657)
Change in non-controlling interest	2,365,332	1,782,969
Balance - ending	$ 53,007,021	$ 48,448,944

32. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Interest income and expense

	2022	2021
Interest revenue		
Discount and loan interest income	$ 12,524,076	$ 9,927,507
Due from bank and interbank offered interest income	391,980	135,962
Security investment interest income	1,883,674	1,468,181
Others	793,653	724,484
	$ 15,593,383	$ 12,256,134
Interest expenses		
Deposits Interest expenses	$ 3,865,827	$ 2,242,551
Central Bank and interbank interest expense	274,599	197,982
Bond issuance interest expense	462,175	397,214
Interest expense on borrowings	276,434	212,812
Lease liability interest expenses	31,633	39,290
Central Bank and other banks interest expense	1,008	2,332
Other Interest expenses	115,766	31,121
	5,027,442	3,123,302
Less: classified real estate, plant and equipment (Note 19)	(6,226)	(5,448)
	$ 5,021,216	$ 3,117,854

(2) Fee income and expense

	2022	2021
Income from handling fees		
Insurance brokerage fee revenue	$ 802,715	$ 715,091
Securities brokerage fee revenue	262,679	428,523
Trust business income	938,378	1,218,880
Loan service fee income	935,503	695,138
Commission income for bank guarantee	244,788	212,100
Other service fee revenue	412,734	368,485
	$ 3,596,797	$ 3,638,217
Service charges		
Insurance brokerage commission expense	$ 87,242	$ 71,515
Inter-bank service fee	37,164	38,015
Other service fee expenses	155,582	153,976
	$ 279,988	$ 263,506

The consolidated company provides custody, trust, investment management and advisory services to third parties; therefore, the consolidated company engages in the planning, management and trading decision of financial instruments. For a trust fund or investment portfolio that is commissioned for management and utilization, a separate bookkeeping is arranged and financial statements are prepared for internal management purposes, excluding the financial statements of the consolidated company.

(3) Gain (loss) on financial assets and liabilities at fair value through profit and loss

	2022	2021
The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	$ 181,327	$ 65,813
Stock	89,777	155,023
Beneficiary certificate	(35,340)	50,325
Bonds	975	2,356
Derivatives	898,485	21,101
Others	7,897	-
	1,143,121	294,618

	2022	2021
The valuation gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	$ 14,098	$ 5,640
Stock	(193,575)	257,023
Beneficiary certificate	(257,318)	167,540
PEM Group Insurance policy assets	(20,112)	19,134
Bonds	(3,461)	3,416
Derivatives	199,984	72,019
	(260,384)	524,772
	$ 882,737	$ 819,390

(4) Loss in impairment of non-financial assets

	2022	2021
Impairment loss of property, plant and equipment	$ -	$ 44,244
Intangible assets impairment loss	28,272	-
	$ 28,272	$ 44,244

(5) Impairment reversal gain (loss)

	2022	2021
Expected credit reversal benefit (loss)		
Capital gain (loss) on reversal of debts instrument at fair value through comprehensive income statement as other comprehensive income	$ 2,868	($ 9,198)
Debt of instruments measured on the basis of cost after amortization impairment loss reversal gain (loss)	(13,900)	3,238
Accounts receivable	18,956	1,896
	$ 7,924	($ 4,064)

(6) Bad debt expense, commitment and guaranty reserve

	2022	2021
Lodgment of the expenses of doubtful	$ 273,804	$ 273,220

account receivables		
Lodging of the expenses of doubtful accounts for discount and loans	969,901	1,040,130
Withdrawal and deposit of guarantee responsibility reserve (reversal)	(22,000)	62,000
Provision for commitment of financing (reverse)	25,938	(6,616)
Other (reversal) provision	4,807	(223)
	$ 1,252,450	$ 1,368,511

(7) Other income

	2022	2021
Dividend income	$ 335,068	$ 208,149
Net gains on relocation compensation	-	194,379
Gain in disposal of real estate, plant buildings, equipment & facilities	761	13,629
Capital gain from disposition of investment property	70,820	-
Management fee income	48,922	45,920
Rental revenue	36,718	33,958
Government grants	-	29,045
Income derived from sales of substandard goods and scraps	924	13,727
Gain from disposition of subsidiaries	-	937
Others	141,954	101,466
	$ 635,167	$ 641,210

(8) Other expenses

	2022	2021
Loss from disposition of subsidiaries	$ 788	$ -
Others	14,252	20,928
	$ 15,040	$ 20,928

(9) Depreciation and amortization

	2022	2021
Property, plant, and equipment expenses	$ 897,353	$ 909,761
Depreciations of Investment Property	4,641	2,816
Intangible assets amortization expenses	72,486	65,581
Right-of-use assets	189,996	269,422
Total	$ 1,164,476	$ 1,247,580
Consolidation of depreciation expenses based on functions		
Operating cost	$ 688,775	$ 699,768
Operating expenses	403,215	482,231
	$ 1,091,990	$ 1,181,999
Consolidation of amortization expenses based on functions		
Operating cost	$ -	$ 55

Operating expenses	72,486	65,526
	$ 72,486	$ 65,581

(10) Employee benefits expenses

2022

	Operating cost	Operating expenses	Total
Salary & wage	$ 621,872	$ 4,203,010	$ 4,824,882
Labor insurance and national health insurance	64,241	285,789	350,030
	686,113	4,488,799	5,174,912
Pension expenses (Note 30)			
Defined contribution pension plan	25,684	136,271	161,955
Defined benefit plan	3,214	11,811	15,025
	28,898	148,082	176,980
Other employee benefits expenses	32,852	346,745	379,597
Total employee benefits expenses	$ 747,863	$ 4,983,626	$ 5,731,489

2021

	Operating cost	Operating expenses	Total
Salary & wage	$ 599,130	$ 4,057,496	$ 4,656,626
Labor insurance and national health insurance	63,900	256,513	320,413
	663,030	4,314,009	4,977,039
Pension expenses (Note 30)			
Defined contribution pension plan	25,448	121,311	146,759
Defined benefit plan	2,659	13,264	15,923
	28,107	134,575	162,682
Other employee benefits expenses	34,221	219,682	253,903
Total employee benefits expenses	$ 725,358	$ 4,668,266	$ 5,393,624

(11) Remuneration to employees and Directors

The Company appropriated 1% to 5% and no more than 0.3% of the earnings before taxation before the deduction of remuneration to the employees and Directors of the same year. No remuneration for employees and directors were allocated because of the pre-tax loss in 2022.

China Man-Made Fiber Corporation held board meetings on March 14, 2022 and March 15, 2021, which adopted resolutions to approve the 2021 and 2020 employee and director compensations as follows:

	2021		2020	
	Amount	Estimate on ratio	Amount	Estimate on ratio
Remuneration to employees	$ 58	1.0%	$ 10,778	1.0%
Remuneration to Directors	17	0.3%	3,234	0.3%

The actual amount for remuneration to employees, directors in 2022 and 2021 did not vary from the amount recognized in the consolidated financial statements of 2022 and 2021.

For further information on the appropriation of remuneration to the employees and Directors by the Board of China Man-Made Fiber Corporation, visit the "MOPS" website of Taiwan Stock Exchange Corporation.

33. Continuing department income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	2022	2021
Income tax expenses in the current period		
Accrued in current year	$ 1,132,081	$ 908,034
Additional levy on undistributed earnings	4,516	375
Prior year adjustment	5,033	(18,104)
Land revaluation increment tax	9,345	1,187
Deferred tax		
Accrued in current year	158,664	(67,631)
Prior year adjustment	-	(3,214)
Income tax expense recognized in the profit or loss	$ 1,309,639	$ 820,647

The adjustments of 2022 and 2021 accounting income and the income tax expense of the year:

	2022	2021
Income before tax from continuing operations	$ 4,106,465	$ 4,671,428
Income tax expense of net income before tax at the statutory tax rate	$ 821,293	$ 934,286
Non-deductible expenses and losses for tax purposes	26,881	5,425
Non-taxable income	(483,509)	(693,911)
Additional levy on undistributed earnings	4,516	375
Land revaluation increment tax	9,345	1,187
Income tax expense of prior years adjusted in the current year	5,033	(18,104)
Deferred income tax expenses in the previous year for adjustments in the current year	-	(3,214)
Unrecognized loss carryforward	921,933	591,680
Effect of variation in taxation rates on the consolidation of the group and individual entities.	4,147	2,923
Income tax expense recognized in the profit or loss	$ 1,309,639	$ 820,647

(2) Income tax recognized in the other comprehensive profit or loss

	2022	2021
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	($ 13,758)	($ 1,961)
- Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	(3,258)	437
Income tax benefits (expense) recognized in the other comprehensive profit or loss	($ 17,016)	($ 1,524)

(3) Current income tax asset and liability

	December 31, 2022	December 31, 2021
Current income tax asset		
Tax refund receivable	$ 6,966	$ 10,742
Current Tax Liability		
Payable income tax	$ 578,622	$ 448,682

(4)Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2022

	Balance - beginning	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance - ending
Deferred income tax assets				
Temporary difference				
Defined benefit pension plans	$ 301,601	($ 14,374)	($ 13,758)	$ 273,469
Loss allowance	435,426	(91,668)	-	343,758
Unrealized loss from structured note indemnity	250,140	4,023	-	254,163
Others	63,719	(56,458)	(3,258)	4,003
	1,050,886	(158,477)	(17,016)	875,393
Loss credit	468,806	(187)	-	468,619
	$ 1,519,692	($ 158,664)	($ 17,016)	$ 1,344,012
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,020,032	$ -	$ -	$ 1,020,032

2021

	Balance - beginning	Recognized in the profit or loss	Recognized in the other comprehensive profit of loss	Balance - ending
Deferred income tax assets				
Temporary difference				
Defined benefit pension plans	$ 326,618	($ 23,056)	($ 1,961)	$ 301,601
Loss allowance	367,295	68,131	-	435,426
Unrealized loss from structured note indemnity	253,967	(3,827)	-	250,140
Others	34,176	29,106	437	63,719
	982,056	70,354	(1,524)	1,050,886
Loss credit	469,850	(1,044)	-	468,806
	$ 1,451,906	$ 69,310	($ 1,524)	$ 1,519,692
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,021,567	($ 1,535)	$ -	$ 1,020,032

(5) Deductible temporary differences and unused deduction of loss for deferred income tax assets are not recognized in the balance sheet.

	December 31, 2022	December 31, 2021
Deductible temporary differences		
Allowance to reduce inventory to market	$ 114,314	$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	4,609,664	2,955,185
	$ 4,731,528	$ 3,077,049

(6) Unused losses credit related information

Loss deduction as at December 31, 2022:

Uncredited balance	Last year of credit
$ 17,229	2023
505,260	2026
1,743,326	2029
1,474,481	2030
534,925	2031
2,677,538	2032
$ 6,952,759	

(7) Income tax audit

1. Approved by the Company up to 2020.
2. The Taichung Commercial Bank was audited up to the year 2020.
3. The Taichung Commercial Bank Insurance Broker Co., Ltd. was audited up to the year of 2020.
4. The Taichung Commercial Bank Lease Enterprise was audited up to the year of 2020.
5. Approved by TCB Securities up to 2020.
6. Approved by Pan Asia Chemical Corporation up to 2020.
7. Approved by De-Hsin Investment up to 2020.
8. Approved by Taichung Securities Investment Trust up to 2020.
9. Approved by Chou Chin Industrial up to 2020.
10. Approved by Ge Ling up to 2020.
11. Approved by Jeou Chang up to 2020.

34. Earnings (losses) per share

	2022	2021
Basic earnings per share (losses)	($ 1.01)	$ -
Diluted earnings per share (losses)	($ 1.01)	$ -

The net income (loss) and weighted average common stock shares used for calculating earnings (deficit) per share are as follows:

Net income (loss) for current period

	2022	2021
Net profit (loss) attributable to the company	($ 1,352,253)	$ 5,699

Quantity

	2022	2021
Weighted average common stock shares used to calculate basic earnings (losses) per share	1,341,680	1,341,680
Effect of dilutive potential common stock:		
Remuneration to employees	-	220
Weighted average common stock shares used to calculate diluted earnings (losses) per share	1,341,680	1,341,900

35. Disposal of subsidiaries

The consolidated company has agreed to sell 99.9% of the shares in its subsidiary Transparent Industrial Limited and 100% of the shares in its subsidiary Tou-Ming Industry Co., Ltd. via equity transfer contracts dated June 21, 2022 and August 10, 2021, respectively. The above sale transaction has been completed on June 21, 2022 and August 16, 2021, respectively, and loses its control of the subsidiary.

(1) Consideration collected

	Tou-Ming Industry	Pan Asia Chemical Corporation
Consideration collected	$ -	$ 1,083
Receivables on sale of Investments	29,076	-
Consideration collected	$ 29,076	$ 1,083

(2) Analysis of assets and liabilities which are not in control

	Tou-Ming Industry	Pan Asia Chemical Corporation
Current assets		
Cash and cash equivalents	$ 35,224	$ 25
Other assets	3,235	11,168
Non-Current assets		
Deferred income tax assets	185	-
Refundable deposit	10	61
Current liabilities		
Payables	(8,790)	(11,108)
Net assets disposed of	$ 29,864	$ 146

(3) Gain from disposition of subsidiaries

	Tou-Ming Industry	Pan Asia Chemical Corporation
Consideration collected	$ 29,076	$ 1,083
Net assets disposed of	(29,864)	(146)
Gain (loss) from disposal	($ 788)	$ 937

(4) Net cash inflow from disposition of subsidiaries

	Tou-Ming Industry	Pan Asia Chemical Corporation

Consideration received in cash and cash equivalents	$ 29,076	$ 1,083
Less: Balance of cash and cash equivalents disposed of	(35,224)	(25)
	($ 6,148)	$ 1,058

36. Equity transactions of non-controlling interests.

Hammock (Hong Kong Company Limited) sold its entire stake in Hebei Hammock Contact Lenses Co., Ltd. to Shanghai Bomy Foodstuffs Co., Ltd. as a result of the consolidated company's restructuring of its group organizational structure. It was agreed that the management right would be transferred upon completion of the transfer registration procedures and receipt of full payment. In January of 2022, the transfer transaction was completed. The shareholding ratio decreased from 100% to 28%, but the transaction did not alter the consolidated company's control over its subsidiaries and was treated as a capital transaction. Refer to Note 17 and Attachment 4.

China Man-made Fiber Corporation and Jin-Bang-Ge Industry Co., Ltd. underwent a parent-subsidiary merger in June 2022 as a result of the restructuring of its group organizational structure. As a result, it was dealt with according to capital transactions. Refer to Note 17.

	Jin Bang Ge Industrial Company Limited.	Hebei Hammock Company Limited.
Consideration collected	$ 208,866	$ 458,000
Net asset carrying amount	(196,502)	(346,411)
Equity transaction balance	$ 12,364	$ 111,589
Adjustment of equity transaction balance		
Investment in subsidiaries	$ 12,420	$ 30,123
Capital surplus - Changes in the ownership equity on a subsidiary	(56)	81,466
Equity transaction balance	$ 12,364	$ 111,589

37. Related Party Transactions

(1) Name and affilation of related parties

Name	Affiliation
Chung Chien Investment Co., Ltd.	Investors with control
Pan Asia Investment Co., Ltd.	Investors with control
Nan Chung Petrochemical Corp.	Affiliated enterprises
WK TAIPEI CO., LTD	Affiliated enterprises
BONWELL PRADISE Co., Ltd	Affiliated enterprises
Storm Model Management Co., Ltd.	Affiliated enterprises
Qian Teng PR Planning (Shanghai), Co., Ltd.	Affiliated enterprises
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Affiliated enterprises
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
Hua Nan Insurance	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD	Substantial related party
Hsu Tian Investment Co., Ltd.	Substantial related party
TA YI DEVELOPMENT CO., LTD.	Substantial related party
Yu Hwei Technology Co., LTD.	Substantial related party
Formosa Imperial Wineseller Corp.	Substantial related party
Formosawine Vintners Corporation	Substantial related party
Da Fa Investment Company	Substantial related party

Name	Affiliation
Sheng Jen Knitted Textiles Co., Ltd.	Substantial related party
Reliance Consolidated Securities Co., Ltd.	Substantial related party
Wang Wan Chin Education Foundation	Substantial related party
Sheng Yuan Zhe Investment	Substantial related party
Chao Qing Investment Co., Ltd.	Substantial related party
Peng Hsu Investment Company	Substantial related party
General Pride Enterprise Co., Ltd.	Substantial related party
Shield Bright Investment Limited	Substantial related party
Feng Chi Investment Co., Ltd.	Substantial related party
Lei Fu Life Enterprise Co., Ltd.	Substantial related party
KeyWisdom Technology Co., Ltd.	Substantial related party
Shen Ching Investment Co., Ltd.	Substantial related party
Yao Shang Investment Co., Ltd.	Substantial related party
Chi Ta Investment Co., Ltd.	Substantial related party
Hsu Yi Investment Co., Ltd.	Substantial related party
Chung Chien Recreation Investment Co., Ltd.	Substantial related party
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Substantial related party
Others	Key management personnel of the merged company and their spouses and relatives within the second degree of kinship

(2) Important transactions between the Company and related parties:

1. Sales revenue

Name	2022	2021
Substantial related party	$ 73,392	$ 20,090

There are no significant differences between sales prices and collection terms for related parties of the merged company and regular customers.

2. Purchase

Name	2022	2021
Nan Chung Petrochemical Corp.	$ 1,946,821	$ 3,132,235
Substantial related party	-	41,048
	$ 1,946,821	$ 3,173,283

The terms and conditions of the Consolidated Company's purchase from said related parties are as same as that to the general suppliers. The general suppliers apply the A/R settlement 1 month~2 months.

3. Bank deposits and interest revenue

	2022		2021	
Name	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Hua Nan Bank	$ 91,295	$ 98	$ 73,683	$ 10

4. Related party receivables

Name	December 31, 2022	December 31, 2021
Substantial related party	$ 9,876	$ -

5. Accounts payable to related parties

Name	December 31, 2022	December 31, 2021
Payable accounts and notes		
Nan Chung Petrochemical Corp.	$ 281,658	$ 367,169
Substantial related party	-	34,601
	$ 281,658	$ 401,770

6. Other income

Name	2022	2021
Substantial related party		
Hua Nan Bank	$ 9,647	$ 4,989
Others	1,010	1,010
	$ 10,657	$ 5,999

7. Dividend income

Name	2022	2021
Hua Nan Bank	$ 54,643	$ -

8. Other Expenses

Name	2022	2021
Substantial related party	$ 6,123	$ 6,023

9. Pre-paid expenses

Name	December 31, 2022	December 31, 2021
Substantial related party	$ -	$ 981

10. Loans

2022

Unit: NTD thousand

Type	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance: Normal loans	Performance: No-performing loans	Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
Customer loans to employees	11 accounts	$ 5,272	$ 3,652	$ 3,652	$ -	$ 65	Credit loans	N/A
Residential mortgage loans	40 accounts	264,509	195,517	195,517	-	2,348	Property	"
Other loans	Tseng OO	101	62	62	-	2	"	"
	Lee OO	2,273	2,133	2,133	-	34	"	"
	Tseng OO	4,140	-	-	-	63	"	"
	Liu OO	322	-	-	-	-	"	"
	Tsai OO	5,000	-	-	-	2	"	"
	Lin OO	321	229	229	-	-	"	"
	Wang OO	6,000	3,000	3,000	-	60	"	"
	Chen OO	80,000	40,000	40,000	-	678	"	"
	Fan OO	35,132	11,716	11,716	-	190	"	"
	Lin OO	16,400	15,200	15,200	-	281	"	"
	Chang OO	1,750	1,726	1,726	-	12	"	"
	Tsai OO	114	-	-	-	1	"	"
	Liang OO	646	525	525	-	8	"	"
	Yeh OO	22,000	11,000	11,000	-	165	"	"
	Huang OO	1,298	1,159	1,159	-	18	"	"
	Wang OO	6,120	-	-	-	28	"	"
	Chiu OO	2,627	2,317	2,317	-	34	"	"
	Hsu OO	2,200	2,200	2,200	-	38	"	"
	Huang OO	15,000	2,224	2,224	-	108	"	"
	Chang OO	2,500	2,500	2,500	-	44	"	"

2021

Unit: NTD thousand

Type	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Performance: Balance - ending	Performance: Normal loans	Performance: No-performing loans	Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
Customer loans to employees	13 accounts	$ 6,917	$ 4,644	$ 4,644	$ -	$ 65	Credit loans	N/A
Residential mortgage loans	44 accounts	275,841	178,214	178,214	-	1,864	Property	"
Other loans	Tseng OO	138	101	101	-	2	"	"
	Lee OO	2,414	2,273	2,273	-	30	"	"
	Tseng OO	4,150	4,140	4,140	-	5	"	"
	Chang OO	4,500	-	-	-	4	"	"
	Liu OO	1,774	322	322	-	9	"	"
	Tsai OO	5,000	-	-	-	8	"	"
	Lin OO	412	321	321	-	-	"	"
	Chiu OO	1,500	-	-	-	13	"	"
	Chen OO	70,000	40,000	40,000	-	540	"	"
	Fan OO	31,032	9,416	9,416	-	187	"	"
	Wang OO	3,000	3,000	3,000	-	43	"	"
	Lin OO	25,600	16,400	16,400	-	300	"	"
	Tsai OO	248	114	114	-	3	"	"
	Liang OO	767	646	646	-	8	"	"
	Yeh OO	22,000	11,000	11,000	-	135	"	"
	Huang OO	1,435	1,298	1,298	-	18	"	"
	Wang OO	6,345	6,120	6,120	-	155	"	"
	Chuang OO	1,314	-	-	-	7	"	"
	Chiu OO	2,935	2,627	2,627	-	33	"	"
	Hsu OO	2,200	2,200	2,200	-	32	"	"
	Huang OO	15,000	15,000	15,000	-	44	"	"

According to Articles 32 and 33 of the Banking Act of the Republic of China, no non-secured credit loans shall be granted to any party interested with the Bank's staff, unless they are consumer loans and loans extended to the Government Apparatus; secured credit loans shall be granted under sufficient collateral and the terms of such credit extension shall not be more favorable than those offered to other customers in the same category.

11. Deposit

	2022 Balance - ending	2022 Interest Rate Collars %	2022 Interest Expenses	2021 Balance - ending	2021 Interest Rate Collars %	2021 Interest Expenses
Taichung Commercial Bank Workers' Welfare Commission	$ 149,903	0.01~5.38	$ 7,523	$ 141,508	0.01~4.80	$ 6,889
Taichung Commercial Bank Cultural and Educational Foundation	8,209	0.01~1.47	91	8,194	0.01~0.84	67
Reliance Consolidated Securities Co., Ltd.	10,135	0.46~0.97	78	10,057	0.01~0.55	67
Formosa Imperial Wineseller Corp.	181	0.46	-	311	0.04	-
Yu Hwei Technology Co., LTD.	4	0.01	-	4	0.01	-
Hsu Tian Investment Co., Ltd.	14,438	0.01~1.05	4	57,479	0.01~0.05	1
Pan Asia Investment Co., Ltd.	7	0.01	-	7	0.01	-
Shield Bright Investment Limited	5,488	0.01	2	36,717	0.01	1
Feng Chi Investment Co., Ltd.	5	0.46	-	6	0.04	-
Lei Fu Life Enterprise Co., Ltd.	1,561	0.46	3	-	-	-
Chung Chien Recreation Investment Co., Ltd.	1	0.46	1	-	-	-
Yao Shang Investment Co., Ltd.	4,178	0.46	5	3,201	0.04	1
Hsu Yi Investment Co., Ltd.	4,178	0.46	5	3,201	0.04	1
Chi Ta Investment	4,178	0.46	5	3,201	0.04	1

Co., Ltd.						
Peng Hsu Investment Company	8	0.01	-	6	0.01	-
Others	360,005	0.00~5.38	4,482	373,339	0.00~4.80	3,664
	$ 562,479		$ 12,199	$ 637,231		$ 10,692

Compared to general customers, there is no major difference in deposits, except for the interest rates for bank clerks accounting for 5.38% and 4.80% in 2022 and 2021.

12. Financial bonds payable

The first issue in 2015, the first issue in 2016, the first, second, third, fourth, and fifth issue in 2017, and the first and second issue in 2018 by the Taichung Commercial Bank Co., Ltd. are non-cumulative secondary financial bonds with no expiry dates. The Concord Securities Co., Ltd. and the KGI Securities have been designated by proxy as the financial advisor for bond issuance and fundraising.

As of December 31, 2022, the financial bonds of Taichung Bank Company subscribed by the related parties through the underwriters are as follows:

Trading Counterpart	Subscription amount	Session
Hsu Tian Investment Co., Ltd.	$ 4,000,000	1st term in 2015, 1st term in 2016, 1st and 5th term in 2017, 1st term and 2nd term in 2018 of perpetual non-accumulative subordinated debentures
Other related parties	3,750,000	1st term in 2015, 1st term in 2016, 1st, 2nd, 3rd, 4th and 5th term in 2017, 1st term and 2nd term in 2018 of perpetual non-accumulative subordinated debentures

As of December 31, 2022 and 2021, Taichung Bank should pay bond interest from bank debentures to the aforementioned related parties amounting to NT$51,852 thousand, and NT$ 47,108 thousand, respectively. The interest expenses as of December 31, 2022 and 2021 amounted to NT$ 306,218 thousand and NT$ 301,474 thousand, respectively.

(3) Rewards to management

The 2022 and 2021 total remuneration to directors and the other management are as follows:

	2022	***2021***
Short-term employee benefits	$ 379,132	$ 355,240
Retirement benefits	2,881	2,911
Other long-term employee benefits	4	3
	$ 382,017	$ 358,154

The salaries and remunerations to directors and other key management were determined by the Salary Committee in accordance with the personal performances and trends in the markets:

38. Pledged assets

The consolidated company provides assets as operation bonds, collaterals for bank borrowings, guarantee for repurchase agreement, guarantee for overdraft limit, margin for financial derivatives, guarantee for import duty and guarantee for hiring foreign workers (list them based on the book value):

	December 31, 2022	December 31, 2021
Notes receivable	$ 3,044,289	$ 3,036,279
Due from bank- time deposits	200,000	200,000
Due from banks-Reserves Account B	-	5,000,000
Restricted assets - Bank borrowings (list other current assets)	685,191	542,269
Financial assets at fair value through other comprehensive profit or loss	1,262,448	1,199,198
Investment of debt instrument on the basis of cost after amortization – government bonds	620,500	916,400
Investment under the equity method	107,672	112,807

Investment property	751,895	1,017,070
Property, plant and equipment		
Land	3,411,627	3,411,627
House and Building	438,485	457,616
Machine and Equipment	103,421	-

39. Significant undertakings or contingencies

In addition to the undertaking for financial products specified in Notes 8, 9 and 25, the consolidated company have had the following undertakings or contingent liabilities until December 31, 2022 and 2021:

(1) As of December 31, 2022 and 2021, the consolidated company has issued but not used of letters of credit are at NT$2,059,354 thousand and NT$2,059,354 thousand, respectively.

(2) CMFC and Air Liquide Far Eastern signed a gas purchase agreement, which specified the minimum purchase volume of oxygen and nitrogen. The monthly purchase is about NT$13,800 thousand, with adjustments made every April in accordance with the customer price index. The purchase volume of oxygen and nitrogen is based on the contract price. The purchase agreement has a term of 240 months. The agreement will be automatically renewed for 36 months upon expiration if neither party has objection. A 24-month notice is required for the termination of the agreement. Both parties agreed on July 1, 2014 as the effective date of the agreement.

(3) Taichung Commercial Bank has other commitments:

	December 31, 2022	December 31, 2021
Undisbursed credit committee (exclusive of credit cards)	$ 171,409,708	$ 146,654,164
Credit card committee	14,958,648	13,909,975
Receivable guarantees	27,269,501	27,150,584
Trust liabilities	84,321,674	77,982,280
The payment of opened but unused letter of credit	3,350,494	3,870,866
Not yet initiated finance lease contractual commitments during lease periods	3,477,185	1,672,014

(4) The balance sheet and trust property catalogue of the trust account is disclosed pursuant to Article 17 of the "Enforcement Rules of Trust Enterprise Act" as follows:

Balance Sheet of Trust Accounts
December 31, 2022

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 6,123,483	Payable securities in custody	$ 3,972,065
Bonds	11,201,507	Trust capital	80,349,609
Stock	4,873,628	Net income	1,468,359
Fund	46,912,839	Deferred carry-over	(1,468,359)
Structured product investment	1,679,542		
Property			
Land	9,428,737		
House and Building	129,873		
Securities in custody	3,972,065		
Total trust assets	$ 84,321,674	Total trust liabilities	$ 84,321,674

Note: The record includes the Offshore Banking Unit (OBU) "Terms of Trust Contract of Non-discretionary Money Trust Investment in Domestic and Foreign Securities" on December 31, 2022, which amounted to NT$2,672,714 thousand.

Property Catalogue of Trust Accounts
December 31, 2022

Investment	Amount
Bank deposits	$ 6,123,483
Bonds	11,201,507
Stock	4,873,628
Fund	46,912,839
Structured product investment	1,679,542
Property	
Land	9,428,737
House and Building	129,873
Securities in custody	3,972,065
	$ 84,321,674

Income Statement of Trust Accounts
2022

	Amount
Trust income	
Interest revenue	$ 2,405,773
Trust expenses	
Administration expenses	(937,253)
Taxation	(161)
Income before taxation	1,468,359
Income tax expenses	-
Income after taxation	$ 1,468,359

Balance Sheet of Trust Accounts
December 31, 2021

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 6,399,616	Payable securities in custody	$ 6,646,778
Bonds	7,238,414	Trust capital	71,335,502
Stock	3,455,339	Net income	1,210,606
Fund	47,078,055	Deferred carry-over	(1,210,606)
Structured product investment	1,643,837		
Property			
Land	5,386,698		
House and Building	132,100		
Securities in custody	6,646,778		
Trust of marketable securities	1,443		
Total trust assets	$ 77,982,280	Total trust liabilities	$ 77,982,280

Note: The record includes the Offshore Banking Unit (OBU) “Terms of Trust Contract of Non-discretionary Money Trust Investment in Domestic and Foreign Securities” on December 31, 2022, which amounted to NT$2,248,226 thousand.

Property Catalogue of Trust Accounts
December 31, 2021

Investment	Amount
Bank deposits	$ 6,399,616
Bonds	7,238,414
Stock	3,455,339
Fund	47,078,055
Structured product investment	1,643,837
Property	
Land	5,386,698
House and Building	132,100
Securities in custody	6,646,778
Trust of marketable securities	1,443
	$ 77,982,280

Income Statement of Trust Accounts
2021

	Amount
Trust income	
Interest revenue	$ 2,428,466
Trust expenses	
Administration expenses	(1,217,830)
Taxation	(30)
Income before taxation	1,210,606
Income tax expenses	-
Income after taxation	$ 1,210,606

(5) Leasing contracts and capital expenditure commitments maturity analysis

The consolidated company's leasing contract commitments include operating leases and financing leases.

The operating lease commitment meant for the minimum lease payment of the consolidated company as a lessee or lessor under the irrevocable operating lease. For operating lease contractual commitments please refer to Note 19 (5) and 21.

The term "finance lease commitments" refers to the present value of total lease investments and minimum receivable lease payments with the merged company as lessor in accordance with the finance lease terms.

Capital expenditure commitment refers to the contract signed for the capital expenditures paid to receive architecture and equipment.

Taichung Bank Co., Ltd. held an online public bidding for the new Taichung Commercial Bank's head office building project on March 29, 2019, in light of the growing size of the company and the number of employees. Dacin Construction Co., Ltd and Yili Construction Co., Ltd. jointly signed the contract, with the total contract price amounting to NT$11,160,000 thousand. Construction commenced on April 27, 2019; in order to promote construction safety, quality, and efficiency, both parties agreed to change the "alternative reverse construction of steel-column well foundation," "alternative plan of raft foundation beam structure optimization." The first supplementary agreement was processed on January 8, 2021; the total contract price after modification was NT$11,155,943 thousand; the second supplementary agreement was processed on

May 9, 2022, and the total contract price after modification was NT$11,154,971 thousand. Fees charged by YSL Architects & Associates for design planning and technical supervision services amounted to NT$ 480,492,000. Rich Honour Design Group's estimated technical service fee of interior decoration design and supervised construction and manufacturing supervision totaled NT$195,000 thousand.

Maturity analysis for finance lease contractual commitments and capital expenditure commitments with the merged company as lessor is provided below:

Total finance lease revenue

	December 31, 2022	December 31, 2021
First year	$ 3,045,375	$ 2,468,413
Second year	1,161,828	1,021,206
Third year	276,855	218,035
Fourth year	12,739	18,903
Fifth year	12,739	12,739
More than 5 year	141,798	154,537
	$ 4,651,334	$ 3,893,833

Present value of finance lease revenue

	December 31, 2022	December 31, 2021
First year	$ 2,678,140	$ 2,175,166
Second year	1,076,999	937,949
Third year	258,615	199,223
Fourth year	4,354	10,068
Fifth year	4,765	4,354
More than 5 year	85,295	90,068
	$ 4,108,168	$ 3,416,828

Capital expenditure commitments

	December 31, 2022	December 31, 2021
First year	$ 3,026,937	$ 4,670,691
Second year	2,176,974	2,532,019
Third year	32,464	14,394
	$ 5,236,375	$ 7,217,104

(6) Pending litigation reserves

1. O-Bank and Yuanta Bank filed a litigation in February and November, 2020 by reason of several employees receiving the aforementioned bank's assignment of claim notice and serving as the contact window in cooperation with the New Site Industries Inc., resulting in bank clerks' error and mistakenly believing the company, Yijinyang Industries Co., Ltd., and New Brite Industries Inc. incurred transactions and continuing to lend and allocate funds, and claiming the company and employees shall be jointly and severally liable for compensation. CMFC has commissioned a defense attorney to represent the Company in this lawsuit. Based on the lawyer's opinion, this case objectively possesses no external form of duties performed by employed persons. After the trial, the court deemed the bank's entitlement to seeking compensation from China Man-Made Fiber Corporation. The reduction or exemption of the compensation liability of China Man-Made Fiber Corporation will affect the compensation amount. China Man-Made Fiber Corporation has provisioned liability reserve for the pending litigation case. See Note 30.
2. For the litigation on the return of consumers' deposited items, the Taiwan Taichung District Court's verdict after the first instance on February 4, 2020 states, "By letter of Zhong-Su-Zi (2018) No. 598, the civil lawsuit judged Taichung Bank lost the lawsuit and that it should return NT$100 million with a 5% annual interest rate commencing on April 10, 2018 until the date of full repayment. The costs of litigation shall be borne by the plaintiff (Taichung Bank).

According to the assessment of the appointed attorney, the original verdict contains inconsistencies and unreasonable violations. Taichung Bank therefore filed an appeal on February 27, 2020. In the second instance, the Taiwan High Court Taichung Branch ruled in favor of Taichung Bank on March 29, 2022, after revisiting Zhong-Shang (2020) No. 78 Civil Judgement. In the second instance, the plaintiff refused to accept the verdict and filed an appeal. The case is still pending processing at the Supreme Court as of December 31, 2022." Taichung Commercial Bank Co., Ltd. has first provisioned the pending compensation in the above-mentioned litigation (statutory fruits and litigation fees) according to the civil verdict result by order of 2018 chung-su-zi No. 598 on February 4, 2020. The table of changes to reserve for outstanding losses is as follows:

	2022	2021
Balance - beginning	$ 83,998	$ 78,998
Deposit in the current period	5,000	5,000
Current reversal	(10,992)	-
Balance - ending	$ 78,006	$ 83,998

The NT$5,000 thousand withdrawal in 2021 and 2022 is listed under interest expense.

(7) The consolidated company Hebei Hanoshi Contact Lens Co., Ltd., and Hebei Province Langfang Emerging Industry Demonstration Zones Branch have signed and entered into an agreement on the assignment of state-owned construction land use right. The agreement condition is that the land use right is for use of industrial construction and total property, plant, and equipment investment shall not be less than CNY 360,000 thousands. Investment intensity shall not be less than CNY 4.5 thousands per square meter. If the total investment for property, plant, and equipment and the investment intensity do not meet the standard in the agreement, the Hebei Province Langfang Emerging Industry Demonstration Zones Branch can take the ratio of the actual difference to the agreed investment total and investment intensity and request Hebei Hanoshi Contact Lens Co., Ltd. to pay liquidated damages that is of equivalent proportion to the fees for the assignment of the right to use state-owned land and continue the contract obligations. In addition, if there are any of the following circumstances, the land would be identified by city and county land resources authority departments as "idle land plot:" A plot that has been in the process of development, but the area already developed is less than one third of the total area that should have been developed or the investment already made is less than 25% of the total investment, and the cease of development has lasted for more than one year (including one year). The authority may depend on the level of severity and collect idle land fees or take back the user's right to use the land without compensation.

40. Other matters

(1) The distributors of Pan Asia Chemical Corporation have deposited $2,000 thousands in cash (recognized under the refundable deposits account) and have pledged certificate of deposit of $2,000 thousands to Pan Asia Chemical Corporation. The bank has issued the performance bond of $2,000 thousands and the 100 thousand Pan Asia Chemical Corporation shares that it held are used as performance security deposit.

(2) To acquire a banking business platform for development in Western United States and to enhance international competitiveness in order to increase the economic benefits of economies of scale, the Taichung Ban's board of directors decided on October 1, 2022 to acquire American Continental Bancorp, whose headquarters are located in the City of Industry, California, United States, for US$41.4834 per share. Based on the contract price calculation, the accountant determined that American Continental Bancorp's purchase price was 1.83 times the consolidated net value multiplier. The unfulfilled matters in this proposal shall be conducted upon securing approval by the competent authorities of both parties. After the transaction is finalized, Taichung Bank Co., Ltd. will own 100 percent of American Continental Bancorp.

(3) Although the consolidated company has been impacted by the global COVID-19 pandemic and the downstream textile industry has sustained recovery, the pandemic situation varies by country and demand has not yet returned to pre-pandemic levels. Regarding the 2022 global ethylene glycol production capacity, supply-and-demand adjustments are still being made.

In coping with the impact of the pandemic, the company has adjusted its operational strategies and has implemented strict control on inventory. In terms of raw materials, procurements are made based on order demand quantity, while the safe stock is reduced. In addition, production is scheduled based on actual orders placed by customers or agents, thereby reducing finished product stock and timely adjusting price strategies to achieve balanced production and sales. Furthermore, the company plans to actively differentiate products on some production lines to increase revenues and profits. This is to avoid the price disadvantages of bulk specifications and competition from China and ASEAN countries. Meanwhile, impacts brought about by oil price fluctuations are reduced, including planned exports to make up for impacts arising from short-term domestic work suspension.

In view of the above, the company shall evaluate the business and financial aspects have not been subject to major impacts. In addition to the above-mentioned measures, the company shall continue to evaluate its ability to continue operating and possible effects arising from impairment of assets and funding risks.

41. Financial instruments

(1) Fair value information- Financial instruments that are not measured at fair value

With the exception of the following, the book value of financial instruments not at fair value through income statement approximated its fair value or the fair value of which could not be measured with reliability. The fair value is not disclosed.

1. Fair value bracket

December 31, 2022

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$105,378,466	$ 76,715,095	$ 27,222,061	$ -	$103,937,156
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
- Financial bonds payable	16,500,000	-	16,643,094	-	16,643,094

December 31, 2021

		Fair value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$110,098,208	$ 86,270,904	$ 24,405,895	$ -	$110,676,799
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
- Financial bonds payable	16,500,000	-	16,636,344	-	16,636,344

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values

Non-derivatives	The bid price in active markets is not taken as fair value.

(2) Information on fair value – financial instruments at fair value on repetition.

1. Fair value bracket

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 8,327,102	$ -	$ 8,327,102
Commercial papers	18,158,908	-	-	18,158,908
Listed stocks – domestic and emerging stock	643,369	39,580	-	682,949
Domestic non-listed (OTC) stocks	-	-	87,095	87,095
Beneficiary certificates of funds	500,313	-	-	500,313
Domestic corporate bonds	587,037	-	-	587,037
Others	-	875,684	-	875,684
Total	$ 19,889,627	$ 9,242,366	$ 87,095	$ 29,219,088
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	$ 7,708,799	$ -	$ -	$ 7,708,799
- Foreign TSEC/GTSM listed shares	328,228	-	-	328,228
- Non listed (OTC) domestic stock	-	-	1,486,822	1,486,822
- Non-listed (OTC) overseas stock	-	-	7,833	7,833
Debt instrument				
- Domestic corporate bonds	29,822,548	-	-	29,822,548
- Domestic government bonds	5,228,275	-	-	5,228,275
- Overseas bond	-	3,362,115	-	3,362,115
- Financial bonds	1,663,045	-	-	1,663,045
Total	$ 44,750,895	$ 3,362,115	$ 1,494,655	$ 49,607,665
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 1,630,985	$ -	$ 1,630,985

Reconciliation of financial instruments at Level 3 fair value:

	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive profit or loss		
Financial Assets	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	Total
Balance - beginning	$ -	$ 81,611	$ -	$1,365,916	$ -	$1,447,527
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through	-	5,484	-	138,007	-	143,491

other comprehensive profit or loss)						
Purchase	-	-	-	1,816	-	1,816
Disposition	-	-	-	(11,084)	-	(11,084)
Balance - ending	$ -	$ 87,095	$ -	$1,494,655	$ -	$1,581,750

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 4,006,983	$ -	$ 4,006,983
Commercial papers	26,680,732	-	-	26,680,732
Listed stocks – domestic and emerging stock	849,858	69,650	-	919,508
Domestic non-listed (OTC) stocks	-	-	81,611	81,611
Beneficiary certificates of funds	1,121,186	-	-	1,121,186
Domestic corporate bonds	422,471	-	-	422,471
Others	-	806,522	-	806,522
Total	$ 29,074,247	$ 4,883,155	$ 81,611	$ 34,039,013
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Listed stocks – domestic and emerging stock	$ 6,556,272	$ -	$ -	$ 6,556,272
- Foreign TSEC/GTSM listed shares	308,784	-	-	308,784
- Non listed (OTC) domestic stock	-	-	1,358,409	1,358,409
- Non-listed (OTC) overseas stock	-	-	7,507	7,507
Debt instrument				
- Domestic corporate bonds	34,101,503	-	-	34,101,503
- Domestic government bonds	4,865,736	-	-	4,865,736
- Overseas bond	-	3,121,222	-	3,121,222
- Financial bonds	2,204,054	-	-	2,204,054
Total	$ 48,036,349	$ 3,121,222	$ 1,365,916	$ 52,523,487
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 512,399	$ -	$ 512,399

Reconciliation of financial instruments at Level 3 fair value:

	Financial assets at fair value through profit and loss			Financial assets at fair value through other comprehensive profit or loss		
Financial Assets	Derivatives	Equity instruments	Debt instruments	Equity instruments	Debt instruments	Total
Balance - beginning	$ -	$ 7,508	$ -	$1,238,701	$ -	$1,246,209
Recognized in the other	-	7,203	-	141,503	-	148,706

comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)						
Purchase	-	66,900	-	1,217	-	68,117
Disposition	-	-	-	(3,318)	-	(3,318)
Capital reduction and return	-	-	-	(12,187)	-	(12,187)
Balance - ending	$ -	$ 81,611	$ -	$1,365,916	$ -	$1,447,527

In 2022 and 2021, there was no transfer of fair values measures in Level I and Level II.

2. Evaluation techniques and an input value of Level 2 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Non-derivatives	The bid price in active markets is not taken as fair value.
Derivatives	
Options Contracts	Model Evaluation Method: The prices of execution of all contracts, market fluctuation and maturity, interest rate, and exchange rate were taken as parameters for evaluation, and were subject to evaluation using the close-box model.
FX swap contracts, and forwards contracts	Cash flow discount method: Estimate the future cash flow on the basis of observable forwards rate and the forwards contracts entered into, and subject to discount on the basis that could reflect the risk discount rate for respective counterparties.
Assets swap agreement	The calculation of the closing price of convertible bonds on the day of net bond value: net bond value shall be discounted through the adjustment of risk discount on the basis of the TAIBIR on short-term Taiwan bills compiled at TDCC on the basis of the future cash flow of convertible bonds.
Structured products	
Interest rate derivatives	Quotation of counterparties.

3. Evaluation techniques and an input value of Level 3 fair value measurement

Categories of financial instruments	Evaluation techniques and input values
Unlisted/OTC	Market multiple method: The fair value of the subject matter may be evaluated by comparison with the bid price of the stocks in the industry in the active market with liquidity discount ratio taken into account and the corresponding net value of multiples.

4. The measurement of Level 3 fair value is the sensitivity analysis of the reasonable substituted assumption of fair value

The significant unobservable input value under the market multiple method adopted by the consolidated company is the liquidity discount ratio. When the ratio increases, the fair value of the investment decreases. Sensitivity analysis is compiled as follows:

Risk factors	Changes	Effects
Liquidity Discount Ratio	10%	($ 45,362)

(3) Categories of financial instruments

	December 31, 2022	December 31, 2021
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 29,219,088	$ 34,039,013

Financial assets on the basis of cost after amortization (Note 1)	718,862,835	679,070,993
Financial assets at fair value through other comprehensive profit or loss		
Equity investment	9,531,682	8,230,972
Debt instrument	40,075,983	44,292,515
<u>Financial Liabilities</u>		
Measured at fair values through profit and/or loss	1,630,985	512,399
Based on cost after amortization (Note 2)	750,344,724	722,832,315

Note 1: The balance include cash and cash equivalent, the Central Bank deposits and interbank lending, bills and bonds purchased under resale agreements, notes receivables and accounts, other receivables, net discounts and lending, financial assets at amortized cost - Non-current, restricted assets, refundable deposits and other financial assets at amortized cost.

Note 2: Note 2: The balance include short-term loans, short-term notes payable, repurchase coupons and bonds liabilities, the Central Bank and interbank deposits, bills payable and accounts, other payables (excluding dividend payable), deposits and remittances, funds borrowed from Central Bank and other banks, bills payable (including those with one-year to maturity), long-term borrowings (including those with one-year to maturity), refundable deposits and other financial liabilities measured at amortized cost.

42. Purpose and policy of financial risk management

The China Man-Made Fiber Co., Ltd.'s financial management department shall provide services to each business unit, to plan and coordinate operations in the domestic and international financial markets, and to monitor and manage the consolidated company's operation-related financial risks with the internal risk report, with the risk exposure analyzed in accordance with the degree and breadth of risks. The risks include market risk, credit risk and liquidity risk. The financial risks associated with the consolidated company mainly come from the key subsidiary, Taichung Commercial Bank.

The consolidated company's financial risk management objective is to achieve business objectives, the overall risk tolerance and legal restrictions in order to reach the balance of risks and returns. The main operating risks faced by the consolidated company include the credit risk on and off the financial statements, market risks (including interest rates, foreign exchange rates, equity securities and instrument price risks) and liquidity risks.

The consolidated company have the related risk management policies defined and approved by the Board of Directors in order to effectively identify, measure, monitor, and control credit risk, market risk and liquidity risk.

The Board of Directors is the highest decision-making unit of the consolidated company and assumes the ultimate responsibility for risk management. The consolidated company has established a Risk Management Commission and Risk Management Department responsible for granting risk authority and the relevant authorities to the relevant departments to ensure the successful operation of risk management. The Committee's functions are specified as follows:

(1) Review of risk management projects.
(2) The review and discussion on risk limit.
(3) Review of motions for institutionalization of risk management.
(4) Periodical report to the Board of Directors

The commissioners of the Risk Management Committee shall set the various risk management indicators by nature of business and functions of departments and Risk Management Dept. report them to the Risk Management Committee for high-ranking supervisors' reference in decision making.

1. Market risk

(1) Source and definition of market risk

Market risk refers to the unfavorable changes in market price causing possible losses on and off the consolidated balance sheet. The so-called market price refers to interest rates, exchange rates, equity security prices and instrument prices.

(2) Market risk management policy

The consolidated company's market risk management objective is to develop a sound and effective market risk management mechanism that is compatible with the Company's business scale, nature and complexity in order to ensure that the Company's risks can be properly managed and effectively identify, measure, monitor, control market risks; also, establish a balance between the tolerable risk level and the expected rate of return.

(3) Market risk management process

A. Identification and Measurement

Before the promotion and operation of new products, business activities, processes and systems, the relevant market risk should be assessed through appropriate procedures and determine whether the risk exposure is within the range of risk tolerance included for consideration. The consolidated company's responsible business units shall use business analysis or product analysis to verify the source of market risk and define market risk factors for each financial instrument as appropriate specifications.

Market risk measurement can be processed with a variety of effective measurement methods in order to properly measure risk, including but not limited to the following methods: statistical basis measurement method, sensitivity analysis, and scenario analysis. The Risk Management Department should measure the risk position daily and regularly; also, conduct stress tests regularly to measure the possible extraordinary loss amount of current positions under the simulated extreme situations or historically extreme situations.

B. Monitoring and reporting

The Risk Management Department should regularly report and make suggestions to the Risk Management Committee and the Board of Directors on the Bank's overall market risk management, including the Bank's market risk positions, risk level, profit and loss, using excess of limit and market risk management related compliance. The Business Department has defined the relevant rules governing excess of limit, stop-loss mechanism and operating procedure for excess of limit in order to effectively control the market risk. The excess of limit or exception occurring shall be reported immediately in order to exercise responsive measures.

(4) Exchange rate risk

A. Definition of exchange rate risk

Exchange rate risk refers to the gains and losses resulting from the conversion of two different currencies at different times. The consolidated company's exchange rate risk mainly arises from the spot and forward foreign exchange business. Since the consolidated company's engages in foreign exchange trading mostly to meet the need for customer's position daily; therefore, the exchange rate risk is relatively low.

B. Measurement methods and management procedures

The consolidated company manages its exchange risk by limit control whereby the limits of respective currencies during daytime trade and nighttime trade were set with the upper limit of the maximum exposure in foreign exchange authorized to personnel of different ranks for control. The upper limit for particular counterparty has also been set. The result of the monitoring and control was reported to the Risk Management Committee and the Board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the USD/NTD, CNY/NTD, and JPY/NTD exchange rate was relatively valued/devalued by 3%, the Company and its subsidiaries' net income before tax as of December 31, 2022 and 2021 decreased/increased by NT$ 122,869 thousand and NT$ 41,406 thousand; the equity increased/decreased by NT$ 132,380 thousand and NT$ 117,820 thousand, respectively.

(5) Interest rate risk

A. Definition of interest rate risk

Interest rate risk refers to the changes in interest rates that cause changes in the fair value of the consolidated company's interest rate or losses. The main sources of risk include deposit and loan and interest-rate related marketable securities.

B. Measurement methods and management procedures

Entities in CMFC borrow funds at floating interest rates, thus the exposure to interest rate risk. Taichung Commercial Bank adopts a gap management approach to the interest rate risk, setting indicators for monitoring and regularly reports the results to the asset and liability management committee, risk management commission and the board, and makes necessary adjustments according to the overall operating conditions of the Company. In addition, the consolidated company utilized DV01 to evaluate the interest risk, assuming the interest curve moves parallel by 100BPs, to determine the magnitude of the impact on earnings and equity to control interest risks.

C. The Impacts of Interest Rate Benchmark Reform

For the financial instruments of the Taichung Commercial Bank affected by changes in interest rate benchmark, the linked indicator interest rates include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-Group credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data and does not include a credit discount. The interest rate benchmark reform mainly causes the Taichung Commercial Bank to face basic risks of interest rate. If Taichung Commercial Bank is unable to complete negotiations and contract amendments with the financial tool transaction counterparty before LIBOR exits, this will result in significant uncertainties to the future interest rate basis applicable to the financial tool. It will trigger unexpected interest rate risk exposure for Taichung Commercial Bank. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Taichung Commercial Bank has formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. On December 31, 2022, the Taichung Commercial Bank has identified all the information systems and internal processes that need to be updated, and completed some of the updates.

The following is a summary, as of December 31, 2022, of the sensitive financial instruments of Taichung Bank Co., Ltd. that have not been converted (absence of conversion terms) to alternative interest rate benchmarks:

	Book Value	
Non-derivative financial instruments	Financial Assets	Financial Liabilities
Notes discounted and loans – net		
USD LIBOR	$ 5,394,000	$ -
Funds borrowed from Central Bank and other banks		
USD LIBOR	-	61,420

Financial assets on the basis of cost after amortization		
USD LIBOR	6,296,000	-
Total	$ 11,690,000	$ 61,420

Derivatives	Notional Principal	Book Value	
		Financial Assets	Financial Liabilities
Interest rate swap contract			
USD LIBOR	$ 1,035,541	$ 154,347	$ 154,347

D. Sensitivity analysis

Assuming that the other variables remain constant, if the yield curve goes up/down by 100 points, the consolidated company's net income before tax as of December 31, 2022 and 2021 increased/decreased by NT$ 544,437 thousand and NT$ 786,486 thousand; the other equity decreased/increased by NT$ 1,659,054 thousand and NT$ 1,564,751 thousand, respectively.

(6) Equity security price risks

A. Definition of equity securities price risk

The market risk of the consolidated company's equity securities includes individual risks arising from changes in equity securities market prices and general market risks arising from changes in the overall market prices. The main sources of risk includes listed/OTC stocks and beneficiary certificates.

B. Measurement methods and management procedures

CMFC is exposed to equity price risk due to the investments in publicly traded and OTC securities. The equity investments (except for financial assets at fair value through profit or loss) are not held for trading and are considered strategic. CMFC has not actively traded such investments. The equity price risk of CMFC is mainly on the petrochemical industry equity instruments in Taiwan's exchange. Taichung Commercial Bank adopts a limit management approach to the equity price risk, ensuring that personnel at all levels conduct their transactions within an authorized amount. Stop-loss measures are also implemented, and the monitoring results are regularly presented to the risk management committee and the board for discussion.

C. Sensitivity analysis

Assuming that the other variables remain constant, if the equity securities price up/down by 15%, the Company and its subsidiaries' net income before tax as of December 31, 2022 and 2021 increased/decreased by NT$ 180,585 thousand and NT$ 299,913 thousand; the equity decreased/increased by NT$ 1,532,121 thousand and NT$ 1,416,434 thousand, respectively.

(7) Sensitivity analysis is compiled as follows:

December 31, 2022			
The main risk	Magnitude changes	Affected amount	
		Other equity	Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and JPY/NTD valued by 3%, respectively.	$ 132,380	$122,869
	USD/NTD, CNY/NTD, and JPY/NTD decreased by 3%, respectively.	(132,380)	(122,869)
Interest rate risk	Interest rate curve rises 100BPS	(1,659,054)	544,437
	Interest rate curve drops 100BPS	1,659,054	(544,437)
Equity securities price risk	Equity securities price increased by 15%.	1,532,121	180,585

	Equity securities price decreased by 15%.	(1,532,121)	(180,585)

December 31, 2021			
The main risk	Magnitude changes	Affected amount	
		Other equity	Profit and loss
Exchange rate risk	USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively.	$ 117,820	$ 41,406
	USD/NTD, CNY/NTD, and AUD/NTD decreased by 3%, respectively.	(117,820)	(41,406)
Interest rate risk	Interest rate curve rises 100BPS	(1,564,751)	786,486
	Interest rate curve drops 100BPS	1,564,751	(786,486)
Equity securities price risk	Equity securities price increased by 15%.	1,416,434	299,913
	Equity securities price decreased by 15%.	(1,416,434)	(299,913)

2. Credit risk

(1) Source and definition of credit risk

Credit risk refers to the financial loss inflicted on the consolidated company due to the non-performance of contractual obligations by the customers or the counterparties. The sources of credit risk covered on and off balance sheet items. On the sheet risk, exposure to the consolidated company mainly comes from discount, loans, credit cards, due from and call loans to banks, acceptance, debt instruments, and derivatives. Off the sheet items are financial guarantee, L/C and undertaking of loans that also exposed the consolidated company to credit risk.

(2) Credit risk management policies

In order to mitigate credit risk, the management of the consolidated company assigns dedicated personnel responsible for the decision on credit line, credit approval and other monitoring procedures to ensure that the overdue receivables are recovered and appropriate actions are taken. In addition, the consolidated company will review the recoverable amount of receivables on each balance sheet date to ensure that appropriate impairment loss has been appropriated for the uncollectible receivables. Accordingly, the consolidated company’s management believes that the consolidated company’s credit risk is significantly reduced.

The consolidated company continues to assess the financial condition of the customers of accounts receivable.

Except for the major customer Company A of the consolidated company, the consolidated company does not have a significant credit exposure to any single counterparty or any group counterparty with similar characteristics. When the counterparty is an affiliated company, the consolidated company has it defined as a counterparty with similar characteristics. The concentration of credit risk of Company A in 2022 and 2021 accounted for 0.2% and 0.1%, respectively, of the total monetary assets.

In addition, financial products held or issued by the merged company may lead to losses due to failure of transaction counterparties or third parties to perform contract obligations. The consolidated company will evaluate credit carefully to grant loans and guarantees. The loans secured by collateral accounted for about 74% of the total loans on December 31, 2022. The proportion of financing guarantee and collateral held by commercial L/C was approximately 27%, because the collateral required by loans, loaning commitments or guarantees usually referred to cash, inventory, marketable securities or other property. In the event of the trading counterpart’s or the other party’s default, the consolidated company was entitled to perform compulsory execution against the collateral or other guarantees to effectively reduce the credit risk, provided that the fair value of collateral would not be taken into consideration when the maximum credit exposure was disclosed.

(3) Credit risk management procedures

Notes to the credit risk management procedures and methods of assessment of the consolidated company by businesses:

A. Loans (including commitments of financing and guarantees)

a. Judgment of significant increase of credit risk after initial recognition

The consolidated company evaluated the change in the default risk inherent to its loan assets within the perpetuity of these assets on each reporting day to determine if the credit risk increased significantly after initial recognition. For evaluation, the consolidated company considers the information (including prospective information) for justifying the significant increase of credit risk after the initial recognition. The major indicators for consideration are:

<u>Quantified indicators</u>

(a) Changes in external TCRI credit rating

TCRI ratings of companies listed at TWSE or TPEx corresponding to external ratings for downgrading the level to non-investment grade, which determined that the credit risk increased significantly after initial recognition.

(b) Information on delinquency

If the contracts turned delinquent for more than 1 month, it could be determined that the credit risk inherent to the financial assets has increased significantly.

<u>Quality indicators</u>

(a) Unfavorable change at present or as forecast to the operation, financial position or economic condition that significantly affected the debtors in performing their obligations in retirement of loans.

(b) The actual or forecasted significant change in operational results of the debtors.

(c) The credit risk of other financial instruments of particular debtor increased significantly.

b. Definition of default and financial assets with credit impairment

The consolidated company defined the agreement on financial assets as identical with the determination of credit impairment of financial assets. If any of the following are applicable, it could be determined that the financial asset has turned default with credit impairment:

<u>Quantified indicators</u>

(a) Changes in external TCRI credit rating

The TCRI ratings of companies listed at TWSE or TPEx rated as DEFAULT implied that credit impairment occurred after initial recognition.

(b) Information on delinquency

If the proceeds from contracts turned delinquent for more than 3 months, it could be determined that credit impairment occurred to the financial assets after initial recognition.

<u>Quality indicators</u>

If there is evidence implying that the borrower is unable to pay the contract amount, or indicating severe financial hardship of the borrower, such as:

(a) The debtor has gone bankrupt or had declared bankruptcy or financial restructuring.

(b) Other financial instrument contracts of the debtors have turned default.

(c) Due to the economic or contractual reasons related to the financial hardship of the debtors, the creditors gave the debtor a leeway which would otherwise not be considered for the borrowers and declared as non-performing loans.

The aforementioned default and credit impairment will be defined as applying to all financial assets held by the combined companies, and such definition is congruent with the financial assets relevant to the internal purpose of credit risk management and applied to the model for the evaluation of related impairments.

c. Measurement of anticipated credit loss

The consolidated company classified loan assets into the following combinations by the purpose of the loan, the nature of the industry, type of collaterals, and the mode of financing for the purpose of assessing anticipated credit loss:

Product portfolio	
Corporate Finance Operations	Corporate Finance-secured
	Corporate Finance-non-secured
Consumer banking business	House loan
	Personal, other, secured
	Personal, other, unsecured
	Credit loans
	Cash card
	Credit card

The consolidated company measured the provision for loss of financial assets that have no significant increase in credit risk after initial recognition on the basis of anticipated credit loss over a period of 12 months. The provision for loss of financial assets that have significant increases in credit risk after initial recognition shall be measured on the basis of anticipated credit loss within the perpetuity of the financial assets.

For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors in 12 months ahead and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.

The probability of default is the ratio of loss in case the particular debtor acted in default. The PD and LGD adopted by consolidated company in the assessment of loans is based on the internal historical information of the product portfolios (such as the experience in credit loss), and also the observable information at present and the prospective macroeconomic performance in grouping the products for separate evaluation.

The consolidated company assessed the EAD by a direct evaluation method for different groups of products. In assessing the commitment of financing in 12 months and the anticipated credit loss within the perpetuity of the assets, Taichung Bank adopted the direct assessment method for different groups and considered the portion of drawdown within 12 months after the reporting day of the commitment of financing and the anticipated renewal period to determine the EAD of anticipated credit loss.

Consideration of prospective information

In assessing anticipated credit loss, the consolidated company adopted the economic factors affecting credit risks and that were relevant to anticipated credit loss, and takes prospective information into account. Prospective information is the "Economic Signal" released by the National Development Council of the ROC that served as the standard for the overall economic performance of Taiwan and relevant signals as the indicators. The signal system is classified as the expansion phase, contraction phase and level phase. The consolidated company will based on the judgment of economic performance to adjust the probability of default and incorporate this information into the assessment of overall anticipated credit risk.

B. Debt instrument

The consolidated company will consider the historical record on the rate of default at different levels from external rating institutions and the financial position of the debtors at present, to assess the anticipated credit loss of the investment of debt instruments for 12 months in the future or the anticipated credit loss within the perpetuity of the instruments.

The securities held by the consolidated company shall be recognized for expected credit loss for a period of 12 months or within the perpetuities of the securities. The consolidated company shall determine the quality of securities as follows:

a. Judgment of significant increase of credit risk after initial recognition

The consolidated company shall assess the changes in the default risk of the investment of debt instruments within the perpetuity of the instruments on each reporting day to determine if there is any significant increase of credit risk after initial recognition. For evaluation purpose, the information for justifying the significant increase of credit risk after initial recognition in consideration shall include the following indicators:

Quantified indicators

(a) At the time of initial recognition, the credit rating of the issuers is at investment grade and higher. However, on the financial reporting day, the credit rating of the issuers fell to non-investment grade.

(b) The credit rating of the issuers of the debt instruments for investment was non-investment grade on the initial day of recognition and such status remained unchanged.

(c) If the credit rating of the issuers is at non-investment grade and further decline on the reporting day to certain extent.

Quality indicators

(a) The credit rating of the issuers indicated that credit risk has increased significantly.

(b) The fair value of the investment of debt instrument underwent unfavorable significant change on the reporting day.

b. Definition of default and financial assets with credit impairment

If any of more of the following are applicable to the investment of debt instrument, it could be determined that the financial assets were default with credit impairment.

Quantified indicators

(a) The debt instruments were bonds with credit impairment at the time of investment.

(b) The credit rating of the issuers or the debt instruments for investment fell to the default level on the reporting day.

Quality indicators

(a) The issuers revised the conditions for the issuance of the debt instruments or failed to pay principal or interest as the conditions of issuance due to financial hardship.

(b) Discontinuation of operation, petition for restructuring, bankruptcy, dissolution, the disposition of major assets of the company that significant affected continued operation of the issuers or the guarantors.

Measurement of anticipated credit loss

(a) For the measurement of anticipated credit loss, the consolidated company considers the probability of default (PD) of the debtors for 12 months in the future and the perpetuity of the loans, and includes into the Loss Given Default (LGD), then multiplies by Exposure at Default (EAD). The effect of the time value of currency is also considered in this calculation.

(b) Compare the default risk of debt instruments on the reporting day and the default risk of debt instruments at the time of initial recognition, and consider the information for justifying the significant increase of default risk after initial recognition to determine if the credit risk of the financial instruments has significantly increased after initial recognition.

i. For “normal credit risk” category, estimate the anticipated amount of loss on the basis of PD in one year.

ii For “significant increase of credit risk” category, consider the perpetuity of the assets and calculated the PD in respective perpetuity of the assets to evaluate the cash flow from contracts in relevant periods (which is the EAD). Adopt the cash flow method to evaluation the anticipate amount of credit loss. If it is impossible to assess the cash flow in relevant periods, use the EAD of the current period for the calculation.

iii For “abnormal credit risk,” the PD is 100% thereby the PD for the perpetuity of respective assets will not be necessary, but just consider the amount that could be recovered and asses the amount of overall credit loss.

iv. The PD of debt instrument has adopted the numerical value released by credit rating institutions at regular intervals, which insinuates the possibility of market fluctuation in the future.

(4) Credit risk hedge or mitigation policy

A. Collateral

Among the policies and procedures taken by the consolidated company addressing to loan operation for the reduction of credit risk, the request for collaterals from the borrowers is most common mean. The consolidated company has established the procedures for the scope of collaterals, the appraisal of the collaterals, the management and disposition of the collaterals for the protection of right of debts.

Main loan collateral categories of the consolidated company include the following:

a. Property
b. Movable property and pledge of rights
c. Assurance by external certification bodies

With a view to enhancing transaction risk protection, contracts for derivative transactions between the Consolidated Company and customers stipulate that customers provide the following guarantees in accordance with the nature of the transaction:

a. Bonds for investment quotas: Bonds of different ratios are requested based on the customer credit rating
b. Bonds for high-risk transactions: Requested if customer undertakes transactions of products with implicit put options.
c. Performance bonds (trading position losses): bonds requested for trading position losses exceeding mark-to-market upper limits determined by the Taichung Commercial Bank.

The consolidated company paid close attention to the value of the collaterals for the financial instruments, and considered the financial assets necessary for recognition of credit impairment. Information on financial assets with credit impairment and collaterals with slight potential loss is shown below:

	December 31, 2022			
	Total Book Value	Provision for impairment	Total exposure (cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$ 7,187,918	($1,634,126)	$5,553,792	$5,553,792
Accounts receivable	778,507	(196,536)	581,971	568,506
Guarantee and L/C	90,196	(34,996)	55,200	37,864

Debt instruments	8,380	(8,380)	-	-
Others	79,019	(11,897)	67,122	-
Total financial assets with impairment	$ 8,144,020	($1,885,935)	$6,258,085	$6,160,162

	December 31, 2021			
	Total Book Value	Provision for impairment	Total exposure (cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$8,698,694	($ 1,857,339)	$6,841,355	$6,841,355
Accounts receivable	801,948	(239,926)	562,022	534,495
Guarantee and L/C	88,571	(33,375)	55,196	37,864
Debt instruments	7,554	(7,554)	-	-
Others	85,019	(12,005)	73,014	-
Total financial assets with impairment	$9,681,786	($ 2,150,199)	$7,531,587	$7,413,714

B. Control of credit risk limit and credit risk concentration.

For avoiding the over-concentration of risk, the consolidated company has set the credit limit of transactions with particular counterparty and particular group in its policy and procedure for lending. In the policies and procedures for investment and equity investment risk control, limit has also been set for particular party (enterprise) or particular affiliate (group) enterprises in investment. For the control of the concentration of risk of all assets, the consolidated company has set the credit limit by industry, group enterprise, country, pledge of stocks as collaterals to monitor the concentration of risk of the assets. In addition, monitoring and control of particular counterparty, group enterprise, affiliate, industry, nationality, and the country of final risk through system integration for the control of concentration of relevant risks.

C. The reinforcement of other credit

The set-off clause has been explicitly stated in the loan agreements whereby all deposits of the borrowers at the consolidated company shall be set off for covering the liabilities in the event of credit problem to reduce credit risk.

(5) Maximum exposure of credit risk for the consolidated company

The maximum credit risk exposure of the assets stated in the consolidated balance sheet without the consideration of collaterals or other reinforced credit instruments approximate their book value. The amount of maximum credit risk exposure related to the items off the consolidated balance sheet (without the consideration of collaterals or other reinforced credit instruments and the maximum risk amount is irrevocable) is shown below:

	December 31, 2022	December 31, 2021
Irrevocable undertaking of loan	$ 11,709,253	$ 8,946,143
Credit card committee	14,958,648	13,909,975
Receivable guarantees	27,269,501	27,150,584
The payment of opened but unused letter of credit	3,350,494	3,870,866

The management of the consolidated company holds that the credit risk exposure of off balance sheet items could be controlled and minimized in continuation under evaluation because the consolidated company has adopted a strict evaluation process with routine evaluation after approval.

(6) Credit risk concentration of the consolidated company

Where financial instrument transactions are apparently concentrated on one person, or most of the multiple trading counterparts of financial instruments are engaged in similar business activities and possess similar economic characteristics and thereby the effects of economic or other conditions to their ability to perform the contracts are similar, the concentration of credit risk arises accordingly. The characteristics of credit risk concentration include the nature of business activities conducted by debtors. The consolidated company did not concentrate any transactions on one single customer or trading counterpart, other than similar counterparts, industrial type, and regions. The amount of contract based on concentrated credit risk:

Counterpart	December 31, 2022	December 31, 2021
Private enterprise	$ 285,611,571	$ 272,232,887
Natural person	271,000,752	251,463,839
Government Agencies	1,262,000	-
Others	2,605,667	2,194,108
	$ 560,479,990	$ 525,890,834

Industrial type	December 31, 2022	December 31, 2021
Natural person	$ 271,000,752	$ 251,463,839
Manufacturer	83,555,861	82,428,014
Commerce	51,870,453	55,055,686
Real estate	73,337,914	68,116,161
Construction industry	25,904,700	21,651,987
Commercial and industrial service business	12,033,816	10,721,758
Financial and insurance business	23,922,705	20,517,085
Warehousing and information	8,691,538	9,110,025
Others	10,162,251	6,826,279
	$ 560,479,990	$ 525,890,834

Region	December 31, 2022	December 31, 2021
Domestic	$ 525,300,491	$ 494,778,509
Territory of Asia	23,083,178	18,613,232
Territory of America	9,297,320	9,615,136
Others	2,799,001	2,883,957
	$ 560,479,990	$ 525,890,834

Collateral	December 31, 2022	December 31, 2021
Non-secured	$ 92,060,824	$ 83,184,331
Secured		
Secured by property	410,025,605	389,570,276
Secured by Letter of Guarantee	17,280,784	18,341,803
Secured by Chattel	7,661,747	6,481,073
Secured by bonds	18,955,531	16,708,301
Notes receivable	1,664,987	1,906,758
Secured by stocks	7,499,794	5,375,785
Others	5,330,718	4,322,507
	$ 560,479,990	$ 525,890,834

(7) Writing-off policies

Any non-performing loans or non-accrual loans shall be written off as bad debt after subtracting the estimated recoverable portion if one of the following conditions exists:

A. The loan cannot be recovered in full or in part because the debtors have dissolved, gone into hiding, reached a settlement, declared bankruptcy, or for other reasons.

B. The collateral and property of the primary/subordinate debtors have been appraised at a very low value or become insufficient to repay the loan after the subtraction of senior mortgages; or the execution cost approaches or possibly exceeds the amount that the Taichung Commercial Bank might collect [from the debtor(s)] where there is no financial benefit in execution.

C. The primary/subordinate debtor's collateral has failed to sell at successive auctions where the price of such collateral has been successively lowered, and there is no financial benefit to be derived from the Taichung Commercial Bank's taking possession of such collateral.

D. More than two (2) years have elapsed since the maturity date of the non-performing loans or non-accrual loans, and the efforts of collection have failed.

E. If the monthly minimum payment for credit cards is delayed by more than six (6) months from the specified payment deadline, all advances made thereto shall be written off within three (3) months thereafter.

(8) Information on credit risk quality

A. Discounts and loans and receivables credit quality analysis

December 31, 2022

	Discounts and loans				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$242,007,307	$ 3,782,197	$ 4,754,053	$ -	$250,543,557
Consumer banking	257,505,411	10,261,354	2,433,710	-	270,200,475
Others	23,037	498	155	-	23,690
Total Book Value	499,535,755	14,044,049	7,187,918	-	520,767,722
Provision for impairment	(2,055,966)	(1,156,156)	(1,634,126)	-	(4,846,248)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(1,808,648)	(1,808,648)
Total	$497,479,789	$ 12,887,893	$ 5,553,792	($ 1,808,648)	$514,112,826

	Accounts receivable				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 13,025,382	$ 367,145	$ 706,839	$ -	$ 14,099,366
Consumer banking	1,580,472	29,526	44,000	-	1,653,998
Others	68,144,932	4	27,668	-	68,172,604
Total Book Value	82,750,786	396,675	778,507	-	83,925,968
Provision for impairment	(127,490)	(9,604)	(196,536)	-	(333,630)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(152,676)	(152,676)
Total	$ 82,623,296	$ 387,071	$ 581,971	($ 152,676)	$ 83,439,662

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 10,318,566	$ -	$ 79,019	$ -	$ 10,397,585
Consumer banking	1,311,668	-	-	-	1,311,668
Total Book Value	11,630,234	-	79,019	-	11,709,253
Provision for impairment	(72,492)	-	(11,897)	-	(84,389)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(1,617)	(1,617)
Total	$ 11,557,742	$ -	$ 67,122	($ 1,617)	$ 11,623,247

	Credit card committee				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Consumer banking	$ 14,888,343	$ 70,305	$ -	$ -	$ 14,958,648
Total Book Value	14,888,343	70,305	-	-	14,958,648
Provision for impairment	(5,295)	(1,648)	-	-	(6,943)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(439)	(439)
Total	$ 14,883,048	$ 68,657	$ -	($ 439)	$ 14,951,266

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 27,052,806	$ 126,499	$ 90,196	$ -	$ 27,269,501
Total Book Value	27,052,806	126,499	90,196	-	27,269,501
Provision for impairment	(193,788)	(20,588)	(34,996)	-	(249,372)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(26,591)	(26,591)
Total	$ 26,859,018	$ 105,911	$ 55,200	($ 26,591)	$ 26,993,538

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	Total
Products by category					
Corporate banking	$ 3,150,494	$ 200,000	$ -	$ -	$ 3,350,494
Total Book Value	3,150,494	200,000	-	-	3,350,494
Provision for impairment	(8,267)	(9,214)	-	-	(17,481)
Required impairment recognized in accordance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans”	-	-	-	(343)	(343)
Total	$ 3,142,227	$ 190,786	$ -	($ 343)	$ 3,332,670

December 31, 2021

	Discounts and loans				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		Total
Products by category					
Corporate banking	$ 227,290,646	$ 2,322,566	$ 6,118,651	$ -	$ 235,731,863
Consumer banking	238,225,115	9,920,228	2,579,934	-	250,725,277
Others	29,546	1,028	109	-	30,683
Total Book Value	465,545,307	12,243,822	8,698,694	-	486,487,823
Provision for impairment	(1,465,291)	(608,655)	(1,857,339)	-	(3,931,285)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(2,750,165)	(2,750,165)
Total	$ 464,080,016	$ 11,635,167	$ 6,841,355	($ 2,750,165)	$ 479,806,373

	Accounts receivable				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		Total
Products by category					
Corporate banking	$ 12,160,742	$ 311,725	$ 712,609	$ -	$ 13,185,076
Consumer banking	1,683,488	22,751	37,488	-	1,743,727
Others	60,904,209	14	51,851	-	60,956,074
Total Book Value	74,748,439	334,490	801,948	-	75,884,877
Provision for impairment	(108,467)	(7,900)	(239,926)	-	(356,293)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(104,485)	(104,485)
Total	$ 74,639,972	$ 326,590	$ 562,022	($ 104,485)	$ 75,424,099

	Irrevocable undertaking of loan				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Corporate banking	$ 7,175,795	$ 33,250	$ 85,019	$ -	$ 7,294,064
Consumer banking	1,652,079	-	-	-	1,652,079
Total Book Value	8,827,874	33,250	85,019	-	8,946,143
Provision for impairment	(40,877)	(661)	(12,005)	-	(53,543)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(4,221)	(4,221)
Total	$ 8,786,997	$ 32,589	$ 73,014	($ 4,221)	$ 8,888,379

	Credit card committee				
	Stage 1	Stage 2	Stage 3	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets		
Products by category					
Consumer banking	$ 13,827,884	$ 82,091	$ -	$ -	$ 13,909,975
Total Book Value	13,827,884	82,091	-	-	13,909,975
Provision for impairment	(5,046)	(1,915)	-	-	(6,961)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(422)	(422)
Total	$ 13,822,838	$ 80,176	$ -	($ 422)	$ 13,902,592

	Receivable guarantees				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Products by category					
Corporate banking	$ 26,971,681	$ 90,332	$ 88,571	$ -	$ 27,150,584
Total Book Value	26,971,681	90,332	88,571	-	27,150,584
Provision for impairment	(171,880)	(7,782)	(33,375)	-	(213,037)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(84,926)	(84,926)
Total	$ 26,799,801	$ 82,550	$ 55,196	($ 84,926)	$ 26,852,621

	The payment of opened but unused letter of credit				
	Stage 1	Stage 2	Stage 3		
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Impairment difference recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	Total
Products by category					
Corporate banking	$ 3,870,866	$ -	$ -	$ -	$ 3,870,866
Total Book Value	3,870,866	-	-	-	3,870,866
Provision for impairment	(8,629)	-	-	-	(8,629)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	(4,226)	(4,226)
Total	$ 3,862,237	$ -	$ -	($ 4,226)	$ 3,858,011

B. Credit quality analysis on investment of debt instruments

December 31, 2022

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 40,103,103	$ -	$ -	$ 40,103,103
Non-investment grade bonds	-	-	-	-
Total Book Value	40,103,103	-	-	40,103,103
Provision for impairment	(27,120)	-	-	(27,120)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 40,075,983	$ -	$ -	$ 40,075,983

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 54,515,788	$ 1,402,240	$ -	$ 55,918,028
Non-investment grade bonds	-	-	8,380	8,380
Other (Central Bank NCD)	49,498,280	-	-	49,498,280
Total Book Value	104,014,068	1,402,240	8,380	105,424,688
Provision for impairment	(22,742)	(15,100)	(8,380)	(46,222)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 103,991,326	$ 1,387,140	$ -	$ 105,378,466

Note Bond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 41,327,887	$ 105,424,688
Loss allowance	(27,120)	(46,222)
Cost after amortization	41,300,767	105,378,466
Fair value adjustment	(1,224,784)	-
	$ 40,075,983	$ 105,378,466

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

				Total book value of December 31, 2022	
Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~0.06 %	$ 41,327,887	$ 104,014,068
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)	0.83%~1.32 %	-	1,402,240
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	8,380
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot	Direct write-off		-	-

reasonably expect recovery.

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2022	$ 29,891	$ -	$ -
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	639	-	-
de-recognition	(1,657)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(1,753)	-	-
Loss allowance as of December 31, 2022	$ 27,120	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2022	$ 23,109	$ -	$ 7,554
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	(15,100)	15,100	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	7,336	-	-
de-recognition	(7,078)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	14,475	-	826
Loss allowance as of December 31, 2022	$ 22,742	$ 15,100	$ 8,380

December 31, 2021

	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 44,322,406	$ -	$ -	$ 44,322,406
Non-investment grade bonds	-	-	-	-
Total Book Value	44,322,406	-	-	44,322,406
Provision for impairment	(29,891)	-	-	(29,891)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 44,292,515	$ -	$ -	$ 44,292,515

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	Total
Product category (Note)				
Investment grade bonds	$ 46,331,317	$ -	$ -	$ 46,331,317
Non-investment grade bonds	-	-	7,554	7,554
Other (Central Bank NCD)	63,790,000	-	-	63,790,000
Total Book Value	110,121,317	-	7,554	110,128,871
Provision for impairment	(23,109)	-	(7,554)	(30,663)
Required impairment recognized in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans"	-	-	-	-
Total	$ 110,098,208	$ -	$ -	$ 110,098,208

Note Bond rating is based on Moody's, Fitch, S&P and Taiwan Ratings, in order to obtain the current credit ratings.

The consolidated company's debt instruments are financial assets at fair value through other comprehensive income and financial assets measured at amortized cost:

	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Total Book Value	$ 44,159,489	$ 110,128,871
Loss allowance	(29,891)	(30,663)
Cost after amortization	44,129,598	110,098,208
Fair value adjustment	162,917	-
	$ 44,292,515	$ 110,098,208

The current credit risk evaluation approach of the Consolidated Company and the total carrying amount of debt instrument investments with various credit ratings are shown as below:

				Total book value of December 31, 2021	
Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Measured at fair values through other comprehensive income	Measured on the basis of cost after amortization
Normal (Stage 1)	The debtors' credit risk is low and also has sufficient capability to pay off contractual cash flows.	Anticipated credit loss in 12 months	0.00%~0.42%	$ 44,159,489	$ 110,121,317
Abnormal (Stage 2)	Significant increase of credit risk after initial recognition	Lifetime expected credit loss (no credit impairment)		-	-
Default (Stage 3)	Evidence of credit impairment	Lifetime expected credit loss (with credit impairment)	100%	-	7,554
Write-off	There is evidence that the debtor is facing serious financial difficulties and the consolidated company cannot reasonably expect recovery.	Direct write-off		-	-

With respect to the consolidated company's debt instrument investments at fair value through other comprehensive income and measured at amortized cost, the information regarding the changes in loss allowance based on credit risk ratings are summarized as follows:

	Credit rating		
	Normal (12-month expected credit loss)	Abnormal (lifetime expected credit loss and no credit impairment)	Breach of contract (lifetime expected credit loss and with credit impairment)
Financial assets at fair value through other comprehensive profit or loss			
Balance as of January 1, 2021	$ 20,708	$ -	$ -
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	11,833	-	-
de-recognition	(1,341)	-	-
Changes in model/risk parameters		-	-
Foreign exchange settlement and other changes	(1,309)	-	-
Loss allowance as of December 31, 2021	$ 29,891	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance as of January 1, 2021	$ 26,472	$ -	$ 7,668
Changes to credit ratings of debt instruments recognized at the beginning of the year			
- Normal turns into Abnormal	-	-	-
- Abnormal turns into Default	-	-	-
- Default turns into Write-off	-	-	-
Purchase new debt instruments	1,523	-	-
de-recognition	(3,819)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(1,067)	-	(114)
Loss allowance as of December 31, 2021	$ 23,109	$ -	$ 7,554

3. Liquidity risk

(1) Sources and definitions of liquidity risk

The consolidated company's current liability exceeds its current assets of NT$86,616,667 thousand. The consolidated company currently has unused borrowing limit sufficient to meet all contractual obligations, so there is no liquidity risk with being unable to raise funds to perform contractual obligations.

Liquidity risks of the merged company mainly stem from Taichung Bank. The term “liquidity risks” refers to potential losses generated by the inability of Taichung Bank to acquire capital to fund increases in assets or repay liabilities as they come due (e.g., withdrawals by depositors, credit drawdowns, other interest or expenses, or cash outflows associated with off-balance sheet transactions); measures to replenish capital and increase liquidity include sufficient cash-on-hand, immediately realizable securities, spread deployment, absorbed deposits, or financing loan channels.

(2) Taichung Bank liquidity risk management policies may be described as follows: a

Taichung Bank develops capital movement strategies by adopting a conservative approach. It effectively spreads funding sources and deadlines, participates in the capital call market, maintains close contact with fund providers, and keeps fund-raising channels open to ensure a stable and reliable source of capital.

Taichung Bank has formulated relevant norms and regulations governing operating procedures for risk identification, measurement, monitoring, and reporting. The bank has established a limit monitoring mechanism and has set management indicators for liquidity ratios and cash flow gaps. It maintains a firm grasp of potential warning signals and conducts regular stress tests. Analysis of crisis scenarios with assumed impacts on capital flows serves as a reference for the assessment of liquidity buffer levels. Response measures are adopted in a timely manner.

The Asset and Liability Management Committee (hereinafter referred to as "This Committee") is the dedicated management unit of Taichung Bank for liquidity risks. The Committee must adopt monitoring procedures as required based on liquidity risk management policies to ensure adequate liquidity and sufficient capital under normal conditions and specific stress scenarios and thereby guarantee fulfillment of the bank's payment obligations. The Committee must report regularly to the board of directors to ensure effective management of liquidity risks.

Non-derivative financial liabilities maturity analysis

The analysis on the cash outflow of the consolidated company's non-derivative liabilities is based on the remaining period from the consolidated balance sheet date to the contract maturity date as follows: The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2022	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$8,702,273	$ -	$ 730	$ 737	$ -	$8,703,740
Shot-term borrowings	3,038,505	6,529,428	5,146,764	2,589,083	1,753,930	19,057,710
Short-term notes payable	2,225,000	2,655,000	-	-	-	4,880,000
Long-term borrowings	76,000	24,300	133,825	1,211,414	6,772,764	8,218,303
Payables	10,092,547	1,171,129	794,437	343,950	260,582	12,662,645
Customer deposits and remittances	57,407,306	93,823,189	122,763,117	124,054,389	284,783,622	682,831,623
Financial bonds payable	-	-	-	71,967	16,500,000	16,571,967
Lease liabilities	17,448	35,022	50,106	97,533	853,218	1,053,327
Other matured capital outflow items	323,814	43,549	818,529	196,423	3,608,645	4,990,960

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Due to Central Bank and other banks	$3,900,014	$ -	$ 730	$ 52,956	$ -	$3,953,700
Bills and bonds sold under repurchase agreements	401,059	804,865	-	-	-	1,205,924
Shot-term borrowings	3,018,074	6,363,664	2,026,101	4,009,587	3,695,692	19,113,118
Short-term notes payable	2,395,000	1,350,000	550,000	-	-	4,295,000
Long-term borrowings	82,000	999,800	223,325	1,305,703	4,912,200	7,523,028
Payables	9,084,033	1,929,586	791,380	395,101	276,052	12,476,152
Customer deposits and remittances	44,500,411	77,736,118	76,585,695	150,354,178	309,647,427	658,823,829
Financial bonds payable	-	-	-	65,375	16,500,000	16,565,375
Lease liabilities	16,775	33,137	48,841	94,606	974,088	1,167,447
Other matured capital outflow items	1,140,491	50,311	41,499	233,960	819,573	2,285,834

Derivative financial liabilities maturity analysis

(1) Derivative instruments cleared and settled at net value

The consolidated company's derivatives that are settled and cleared at net value include:

FX derivatives: FX forwards and options

It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at net amount maturity analysis:

December 31, 2022	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives	$ 58,272	$125,454	$116,544	$ 85,040	$ -	$385,310
Total	$ 58,272	$125,454	$116,544	$ 85,040	$ -	$385,310

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$215,223
Total	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$215,223

(2) Derivatives cleared and settled at total value

The consolidated company's derivatives that are settled at total value include:

Foreign exchange derivatives: Forward foreign exchange and foreign exchange swaps.

Illustrate the consolidated company's derivatives that are settled at total value in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flow; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at total value maturity analysis:

December 31, 2022	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives						
- Cash outflow	$17,935,625	$ 7,870,492	$ 2,694,326	$ 910,033	$ -	$29,410,476
- Cash inflow	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Subtotal of cash outflow	17,935,625	7,870,492	2,694,326	910,033	-	29,410,476
Sub-total of cash inflow	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Net cash flow	($ 214,894)	($ 271,672)	($ 99,281)	($ 46,178)	$ -	($ 632,025)

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Derivative financial liabilities at fair value through profit and loss						
Foreign exchange derivatives						
- Cash outflow	$1,860,409	$8,130,465	$ 847,551	$3,691,713	$ -	$14,530,138
- Cash inflow	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Subtotal of cash outflow	1,860,409	8,130,465	847,551	3,691,713	-	14,530,138
Sub-total of cash inflow	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Net cash flow	($ 14,551)	($ 73,415)	($ 15,572)	($ 76,556)	$ -	($ 180,094)

4. The maturity analysis of items not on the statement

The analysis on the maturity date of the items not on the consolidated company's balance sheet in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. For financial guarantee contracts issued, the earliest time period that maximum amounts of the guarantee may be requested for guarantee performance. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

December 31, 2022	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Undisbursed credit committee						$186,368,356
The payment of opened but unused letter of credit					-	3,350,494
Receivable guarantees						27,269,501
Lease contract commitments						
Total						

December 31, 2021	0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year	Total
Undisbursed credit committee	$10,420,397	$16,346,728	$27,465,124	$61,833,906	$44,497,984	$ 160,564,139
The payment of opened but unused letter of credit	1,149,591	2,504,565	195,332	21,378	-	3,870,866
Receivable guarantees	6,880,119	6,232,979	1,557,578	3,017,885	9,462,023	27,150,584
Lease contract commitments	1,427,851	149,460	12,454	82,249	-	1,672,014
Total	$19,877,958	$25,233,732	$29,230,488	$64,955,418	$53,960,007	$ 193,257,603

5. Cash flow risk estimated under interest rate changes

The future cash flow of assets and liabilities estimated based on mobile interest rate held and borne by the Consolidated Company might fluctuate and even generate risk due to the market interest rate changes. However, upon evaluation, the Consolidated Company, in practice, tends to control the net liquidity gap to reduce the cash flow risk resulting from the interest rate changes.

43. Information on transfer of financial assets

Transferred financial assets not being removed in all

In the routine transaction of the consolidated company, financial assets did not qualified under all the conditions have been transferred. Most are debt securities with R/P agreement or equity securities lent under the securities lending agreement. The cash flows from the contract of the aforementioned transactions received by the consolidated company have been transferred to a third party and reflected related liabilities of the consolidated company in the responsibility of repurchasing the financial assets already transferred at fixed price in the future. For this type of transactions, the consolidated company cannot use, sell or pledge the financial assets already transferred within the effective period of the trade, but the consolidated company shall still assume interest risk and credit risk and is not being removed in whole. The table below shows the financial assets not qualified under all conditions and related financial liabilities:

	December 31, 2021				
Category of financial assets	Book value of transferred financial assets	Book value of related financial liabilities	Fair value of transferred financial assets	Fair value of related financial liabilities	Net fair value position
Financial assets on the basis of cost after amortization R/P agreement	$1,211,468	$1,205,559	$1,241,778	$1,205,559	$ 36,219

44. Offsetting of financial assets and liabilities

The consolidated company does not have transactions of offsetting financial instruments specified by IAS 32.42 as recognized by the FSC. The financial assets and liabilities related to such type of transactions are expressed in net on the balance sheet. The consolidated company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

December 31, 2022

Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Reverse repurchase and securities borrowing agreement	$11,643,340	$ -	$11,643,34(	$11,258,439	$ -	$ -

December 31, 2021

Financial Assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Reverse repurchase and securities borrowing agreement	$11,258,439	$ -	$11,258,439	$11,258,439	$ -	$ -

Financial Liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not offset in the balance sheet		Net
				Financial instruments	Cash collateral pledged	
Repurchase and securities lending agreement	$1,205,559	$ -	$1,205,559	$ 1,205,559	$ -	$ -

45. Information to be disclosed pursuant to Article 16 of the "Regulations Governing the Preparation of Financial Reports by Public Banks"

(1) Asset quality

Type			December 31, 2022 NPL amount (Note 1)	December 31, 2022 Total amount	December 31, 2022 NPL rate (Note 2)	December 31, 2022 Allowance for bad debt	December 31, 2022 Allowance for bad debt coverage rate (Note 3)	December 31, 2021 NPL amount (Note 1)	December 31, 2021 Total amount	December 31, 2021 NPL rate (Note 2)	December 31, 2021 Allowance for bad debt	December 31, 2021 Allowance for bad debt coverage rate (Note 3)
Corporate banking	Secured		356,934	151,757,965	0.24%	1,742,917	488.30%	306,832	152,601,348	0.20%	1,829,338	596.20%
Corporate banking	Non-secured		26,809	98,766,960	0.03%	1,618,539	6,037.30%	117,494	83,104,653	0.14%	1,705,878	1,451.89%
Consumer banking	Residential mortgage loans (Note 4)		135,497	72,455,523	0.19%	1,086,696	802.01%	32,377	64,795,172	0.05%	968,109	2,990.11%
Consumer banking	Cash card		-	-	-	-	-	-	2	-	1	-
Consumer banking	Small credit loans (Note 5)		2,086	928,828	0.22%	12,337	591.42%	1,018	957,115	0.11%	13,211	1,297.74%
Consumer banking	Others (Note 6)	Secured	229,450	161,245,185	0.14%	1,706,989	743.95%	257,503	154,572,466	0.17%	1,642,831	637.99%
Consumer banking	Others (Note 6)	Non-secured	31,468	34,355,388	0.09%	486,831	1,547.07%	28,535	29,060,838	0.10%	521,495	1,827.56%
Total amount			782,244	519,509,849	0.15%	6,654,309	850.67%	743,759	485,091,594	0.15%	6,680,863	898.26%

Type	December 31, 2022 NPL amount	December 31, 2022 Balance of receivable accounts	December 31, 2022 NPL rate	December 31, 2022 Allowance for bad debt	December 31, 2022 Allowance for bad debt coverage rate	December 31, 2021 NPL amount	December 31, 2021 Balance of receivable accounts	December 31, 2021 NPL rate	December 31, 2021 Allowance for bad debt	December 31, 2021 Allowance for bad debt coverage rate
Credit card	1,196	792,342	0.15%	27,284	2,281.27 %	1,736	738,561	0.24%	27,274	1,571.08 %
Non-recourse factoring (Note 7)	-	148,925	-	7,906	-	-	271,434	-	4,645	-

NPL or non-performing receivable accounts exempted from report

	December 31, 2022 Total NPL exempted from report	December 31, 2022 Total non-performing receivable accounts exempted from report	December 31, 2021 Total NPL exempted from report	December 31, 2021 Total non-performing receivable accounts exempted from report
Amount exempted from report upon debt negotiation and performance (Note 8)	682	502	1,157	627
Performance of debt clearance program and rehabilitation program (Note 9)	9,284	13,990	10,515	16,019
Total	9,966	14,492	11,672	16,646

Note 1: The NPL amount is recognized according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." The credit card NPL is recognized based on that provided under the Letter Jin-Guan-Yin (4) Zi No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio = Non-performing loan/total loan amount. Non-performing credit card ratio = Non-performing amount/accounts receivable balance

Note 3: NPL Coverage Ratio = Allowance for bad debt appropriated for loans/Non-performing amount. Non-performing credit card receivables coverage ratio = Allowance for bad debt appropriated for credit card receivables/non-performing amount.

Note 4: Borrowers apply for residential mortgage loans for the purpose of purchasing or building residences or decorating houses. The loans shall be secured by the residence purchased (owned) by the borrower himself/herself, or his/her spouse or minor children in full, and the mortgage shall be pledged to the financial institution.

Note 5: Small credit loans mean those provided in the Letter under Jin-Guan-Yin (4) Zi No. 09440010950 dated December 19, 2005 and those other than small loans by credit cards/cash cards.

Note 6: The "Other" consumer finance refers to the secured or unsecured consumer finance loans other than the "residential mortgage loans", "cash cards", and "small credit loans", excluding credit cards.

Note 7: According to the Letter under Jin-Guan-Yin (5) Zi No. 094000494 dated July 19, 2005, factoring without recourse shall be recognized as NPL within three months after the factoring Consignee or insurance company confirms that no compensation should be granted.

Note 8: Total NPL exempted from report upon debt negotiation and performance and the balance of total non-performing receivable accounts exempted from report upon debt negotiation and performance were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09510001270 dated April 25, 2006.

Note 9: The balance of total NPL exempted from report upon performance of debt clearance program and rehabilitation program and balance of total non-performing receivable accounts exempted from report upon performance of debt clearance program and rehabilitation program were disclosed pursuant to the Letter under Jin-Guan-Yin (1) Zi No. 09700318940 dated September 15, 2008, Jin-Guan-Yin-Fa (1) Zi No. 10500134790 dated September 20, 2016. (2) Status of credit risk concentration

(2) Status of credit risk concentration

December 31, 2022

Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total balance of loan (Note 3)	% of the total equity as of December 31, 2022
1	Group A 016700 Real estate development	$ 5,021,523	7.25%
2	Group B 016700 Real estate development	3,790,746	5.48%
3	Group C 016700 Real estate development	2,619,968	3.78%
4	Group D 014290 Civil engineering	2,145,417	3.10%
5	Group E 012411 Iron and steel manufacturing	1,935,822	2.80%
6	Group F 016700 Real estate development	1,828,917	2.64%
7	Group G 010892 Noodle products manufacturing	1,806,030	2.61%
8	Group F 014100 Construction Engineering	1,800,380	2.60%
9	Group I 016499 Unclassified other financial service business	1,694,364	2.45%
10	Group J 012630 Printed circuit board manufacturing	1,677,686	2.42%

December 31, 2021

Unit: NTD thousand

Rank (Note 1)	Business type of company or group (Note 2)	Total balance of loan (Note 3)	December 31, 2021 Ratio of net worth
1	Group A 016700 Real estate development	$ 4,547,089	7.17%
2	Group B 016700 Real estate development	2,920,143	4.60%
3	Group K 016700 Real estate development	2,604,314	4.10%
4	Group L 016700 Real estate development	2,171,767	3.42%
5	Group E 012411 Iron and steel manufacturing	2,114,558	3.33%
6	Group G 010892 Noodle products manufacturing	1,919,501	3.02%
7	Group D 014290 Civil engineering	1,791,518	2.82%
8	Group M 015510 Short-term accommodation service	1,716,097	2.70%

9	Group N 012699 other electronic parts and components manufacturing without classification	1,692,553	2.67%
10	Group O 015010 Vessel Carriers	1,607,055	2.53%

Note 1: The top ten enterprises other than public or state enterprises were identified according to rank of the total balance of loans to these enterprises. If the account refers to a group, the loan to the group should be identified and summed up, and disclosed in the form of "code" and "business type." In the case of group, the business type of the group with the maximum exposure should be disclosed. The business type shall be specified in "detailed item" according to the business classification defined by Directorate General of Budget, Accounting and Statistics (e.g. Company (Group) A, real estate development).

Note 2: The enterprises mean those defined in Article 6 of "Supplementary Rules of TSEC's Criteria for Reviewing Listing of Marketable Securities".

Note 3: The balance of total credit extension means the total balance of the various loans (including import negotiation, export negotiation, discount, overdraft, short-term loans, short-term secured loans, receivable securities financing, mid-term loans, mid-term secured loans, long-term loans, long-term secured loans, Delinquent loans), inward remittances, factoring without recourse, Acceptances receivable and guarantee payments.

(3) Interest rate sensitivity information

Interest rate sensitivity assets and liabilities analysis data (NTD)

December 31, 2022

Unit: NTD thousand, %

Item	1 day to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	533,316,870	13,603,764	13,332,755	97,341,828	657,595,217
Interest rate sensitivity liabilities	186,729,333	354,942,588	68,228,832	8,934,801	618,835,554
Interest rate sensitivity gap	346,587,537	(341,338,824)	(54,896,077)	88,407,027	38,759,663
Net value					69,229,626
Interest rate sensitivity assets and liabilities rate					106.26%
Interest rate sensitivity gap and net worth rate					55.99%

December 31, 2021

Unit: NTD thousand, %

Item	1 day to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	517,659,733	9,375,584	10,814,138	99,617,497	637,466,952
Interest rate sensitivity liabilities	138,013,894	358,827,497	95,835,145	12,243,899	604,920,435
Interest rate sensitivity gap	379,645,839	(349,451,913)	(85,021,007)	87,373,598	32,546,517
Net value					63,459,985
Interest rate sensitivity assets and liabilities rate					105.38%
Interest rate sensitivity gap and net worth rate					51.29%

Note: 1. The table specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.

3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.
4. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in NT$)

Interest rate sensitivity assets and liabilities analysis data (USD)

December 31, 2022

Unit:USD thousand; %

Item	1 day to 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,580,836	119,596	29,367	430,111	2,159,910
Interest rate sensitivity liabilities	994,087	1,111,779	290,778	9,590	2,406,234
Interest rate sensitivity gap	586,749	(992,183)	(261,411)	420,521	(246,324)
Net value					2,254,302
Interest rate sensitivity assets and liabilities rate					89.76%
Interest rate sensitivity gap and net worth rate					(10.93%)

December 31, 2021

Unit:USD thousand; %

Item	1 to 90 days (including)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	Over 1 year	Total
Interest rate sensitivity assets	1,508,953	263,646	124,857	266,753	2,164,209
Interest rate sensitivity liabilities	658,739	1,373,881	184,159	40	2,216,819
Interest rate sensitivity gap	850,214	(1,110,235)	(59,302)	266,713	(52,610)
Net value					2,292,547
Interest rate sensitivity assets and liabilities rate					97.63%
Interest rate sensitivity gap and net worth rate					(2.29%)

Note: 1. This table reports the total amount, in US$, held by the headquarters and domestic branches of Taichung Commercial Bank, its international financial business branches and overseas branches, excluding contingent assets and contingent liabilities.
2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.
3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.
4. Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets ÷ Interest-rate-sensitive liabilities (denominated in US$)

(4) Profitability:

Unit: %

Item		December 31, 2022	December 31, 2021
Return on assets	Before Income Tax	0.83	0.73
	After Income Tax	0.69	0.64
ROE	Before Income Tax	9.76	9.03
	After Income Tax	8.06	7.94
Net profit rate		38.15	38.06

Note: 1. ROA = Income before (after) taxation/Average total assets
2. ROE=Income before (after) taxation / Average net worth

3. Profit (loss) rate = Income after taxation/income-net
4. Income before (after) taxation means the income accumulated from January of the current year until the current quarter

(5) Analysis on maturity of assets and liabilities

Analysis of maturity structure of NTD
December 31, 2022

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	719,581,681	87,869,117	46,318,450	39,703,466	67,850,512	119,682,541	358,157,595
Main capital outflow upon maturity	869,931,286	35,110,040	41,863,762	102,458,862	163,273,569	162,255,702	364,969,351
Gap	(150,349,605)	52,759,077	4,454,688	(62,755,396)	(95,423,057)	(42,573,161)	(6,811,756)

December 31, 2021

Unit: NTD thousand

	Total	Remaining balance to maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	690,862,419	79,528,105	64,951,354	35,311,526	55,348,265	107,707,741	348,015,428
Main capital outflow upon maturity	821,876,223	29,606,148	31,996,179	85,726,703	106,179,429	183,229,351	385,138,413
Gap	(131,013,804)	49,921,957	32,955,175	(50,415,177)	(50,831,164)	(75,521,610)	(37,122,985)

Note: The table only specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

Analysis of maturity structure of USD
December 31, 2022

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	3,331,509	930,995	647,289	313,817	190,396	1,249,012
Main capital outflow upon maturity	3,952,581	1,007,088	1,124,128	547,858	907,992	365,515
Gap	(621,072)	(76,093)	(476,839)	(234,041)	(717,596)	883,497

December 31, 2021

Unit: USD thousand

	Total	Remaining balance to maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	More than 1 year
Main capital inflow upon maturity	2,789,842	602,590	472,159	278,131	385,425	1,051,537
Main capital outflow upon maturity	3,345,308	525,117	1,021,530	533,336	885,719	379,606
Gap	(555,466)	77,473	(549,371)	(255,205)	(500,294)	671,931

Note: 1. The table specifies the total amount in USD of Taichung Bank Head Office, local branches and International Banking Branch. Unless otherwise provided, it shall be stated at the Book Value, and it is not necessary to include any accounts that are not stated in the table (e.g. negotiable certificates of deposit, bonds or stocks scheduled to be issued).
2. Where offshore assets account for more than 10% of the Bank's total assets, it is necessary to provide supplementary disclosure.

46. Capital risk management

The consolidated company manages capital to ensure the Group's enterprises to maximize shareholder's returns by optimizing the balance of debt and equity under the precondition of continuing operation.

The capital structure of the consolidated company consists of the net debt (borrowings less cash and cash equivalents) and the interests (equity, capital reserve, retained earnings and other equity items) of the Company's owners.

Among the merged companies, in addition to Taichung Commercial Bank Co., Ltd. and Taichung Bank Securities Co., Ltd. that has minimum capital requirements by law, the other companies are not required to comply with other external capital regulations. Taichung Bank and Taichung Bank Insecurities are qualified in terms of self-owned capital adequacy ratio in response to statutory capital requirements and meet the minimum statutory capital adequacy ratio. This is the fundamental objective of the capital management of the consolidated company. Relevant qualifications of self-owned capital and methods for calculating statutory capital are in accordance with provisions applicable to the competent authorities.

The management of the consolidated company re-examines the Group's capital structure on a quarterly basis, including considering various capital costs and the related risks. The consolidated company based on the suggestions of management has the overall capital structure balanced by paying dividends, issuing new shares, buying back shares and issuing new debts or paying back old debts.

47. Information about foreign exchange of foreign currency financial assets and liabilities

The information about foreign currency financial assets and liabilities rendering material effect on the Consolidated Company:

	December 31, 2022						
	USD	RMB	JPY	AUD	EURO	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$10,323,419	$ 1,129,344	$ 821,791	$ 197,957	$ 542,939	$ 546,631	$13,562,081
Due from Central Bank and lend to Banks	832,241	88,160	-	-	-	1,126,794	2,047,195
Financial assets at fair value through profit and loss	1,792,730	4,478	-	-	-	138,956	1,936,164
Financial assets at fair value through other comprehensive profit or loss	1,927,861	1,648,980	-	113,502	-	-	3,690,343
Discounts and loans	30,917,527	1,024,811	1,474,882	78,487	1,234,882	599,686	35,330,275
Accounts receivable	1,434,247	4,012,188	241,772	17,466	10,231	103,348	5,819,252
Assets measured on the basis of cost after amortization	22,068,806	4,053,954	-	1,419,170	-	868,909	28,410,839
Other assets	968,486	-	-	-	-	-	968,486
Foreign currency financial liabilities							
Funds borrowed from Central Bank and other banks	-	3,652,448	-	-	-	-	3,652,448
Customer deposits and remittances	71,102,367	3,121,409	1,775,057	1,784,323	681,192	1,707,104	80,171,452
Financial liabilities at fair value through profit and loss	828,637	-	-	-	-	138,956	967,593
Other financial liabilities	2,844,053	-	-	-	-	1,145,435	3,989,488
Payables	581,652	76,036	239,674	1,014	3,756	21,489	923,621
Lease liabilities	-	32,365	-	-	-	7,039	39,404
Liability reserve	27,730	-	-	-	-	-	27,730
Other liabilities	135,641	46,773	2,439	-	55,379	-	240,232
Taiwan Dollar exchange rates	30.71	4.41	0.23	20.82	32.71		

	December 31, 2021						
	USD	RMB	JPY	AUD	EURO	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$6,133,538	$ 819,384	$ 344,755	$ 178,519	$ 150,270	$1,119,525	$8,745,991
Due from Central Bank and lend to Banks	1,181,979	86,880	-	140,560	-	225,289	1,634,708
Financial assets at fair value through profit and loss	1,203,661	-	-	-	1,098	5,439	1,210,198
Financial assets at fair value through other comprehensive profit or loss	1,373,965	1,938,370	-	117,670	-	-	3,430,005
Discounts and loans	32,874,107	874,568	1,234,805	75,300	1,215,774	615,252	36,889,806

Accounts receivable	2,415,327	3,327,170	109,965	10,772	11,751	33,762	5,908,747
Assets measured on the basis of cost after amortization	18,899,657	3,213,098	-	1,344,923	-	779,584	24,237,262
Other assets	301,792	-	-	-	-	896	302,688
Foreign currency financial liabilities							
Funds borrowed from Central Bank and other banks	-	2,803,782	-	-	-	-	2,803,782
Customer deposits and remittances	60,943,986	3,721,575	901,938	1,980,223	703,282	1,918,283	70,169,287
Financial liabilities at fair value through profit and loss	280,123	19,722	-	-	1,162	5,438	306,445
Payables	742,278	144,431	106,541	1,314	7,629	3,529	1,005,722
Lease liabilities	-	35,879	-	-	-	4,524	40,403
Liability reserve	22,520	-	-	-	-	-	22,520
Other liabilities	156,307	26,646	2,524	-	16,918	-	202,395
Taiwan Dollar exchange rates	27.68	4.34	0.24	20.08	31.32		

The consolidated company's gain (loss) on foreign currency exchange (realized and unrealized) in 2022 and 2021 were NT$(128,505) thousand and NT$110,940 thousand, respectively. Due to the wide variety of foreign currency transactions, it is difficullt to disclose all exchange gains or losses based impact significance.

48. Disclosures

1. Loans to others:

Unit: NTD thousand, unless otherwise noted

Item No. (Note 1)	Lender	Borrower	Transaction title (Note 2)	Are they related parties	Maximum Balance in Current Period (Note 3)	Balance - ending (Note 8)	The actual amounts disbursed	Interest Rate Collars	Nature of Loan (Note 4)	Amount of Business Transaction (Note 5)	Reasons necessary for offering short-term loan (Note 6)	Amount of allowance for bad debt	Collateral		Limit of loan to particular borrower (Note 7)	Total limit of financing (Note 7)	Remark
													Name	Value			
1	Taichung Commercial Bank Lease Enterprise	Megaful Co., Ltd.	Other receivables	No	$51,018	$ -	$ -	4%-10%	Necessary for offering short-term loan	$	Working capital	$ -	Property	$ 86,610	$ 219,205	$ 876,821	Note 9
1	Taichung Commercial Bank Lease Enterprise	DA FANG SKILL COLOR MARKETING CONSULTANT CO., LTD.	〃	〃	176,294	-	-	4%-10%	〃		〃	-	Property	180,000	219,205	876,821	〃
1	Taichung Commercial Bank Lease Enterprise	TRYIIT CO., LTD.	〃	〃	174,424	117,528	117,528	4%-10%	〃		〃	1,175	Property	357,451	219,205	876,821	〃
1	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	Other receivable - related parties	Yes	10,766	10,263	10,263	-	〃		〃	103	N/A	-	219,205	876,821	〃
2	Chou Chin Industrial Co., Ltd.	Noble House Glory	〃	〃	35,000	35,000	35,000	5%	〃		〃	-	〃	-	411,449	822,898	Note 10
2	Chou Chin Industrial Co., Ltd.	Noble House Glory	〃	〃	43,000	-	-	2%	〃		〃	-	〃	-	411,449	822,898	Note 10
3	Bomy Shanghai	Shanghai Bangyi International Trading Co., Ltd.	〃	〃	52,704	-	-	5%	〃		〃	-	〃	-	378,489	378,489	Note 11
4	Deh Hsing Investment Co., Ltd.	Hsiang Fong Development Company (Note 13)	〃	〃	82,000	-	-	2%	〃		〃	-	〃	-	326,460	724,920	Note 12

Note 1: The column for numbering is elaborated below:
(1) Fill in 0 for the issuer.
(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The receivables-affiliates, receivables-related parties, shareholders accounts, prepayments, temporary payments and others as stated in book shall be filled in here if they are classified as financing.

Note 3: Maximum balance of financing a third party in current period.

Note 4: Specify if the nature of financing is for business transactions or short-term financing is necessary.

Note 5: If the nature of financing is for business transactions, specify the amount of business transactions. The amount of business transactions shall be the amount of business conducted between the lender and the beneficiary of financing.

Note 6: If it is necessary for short-term financing, specify the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and working capital.

Note 7: Specify the Procedure for Financing Third Parties and the upper limit of financing in favor of particular beneficiary and the total limit of financing, and also the method for the calculation of the upper limit of financing in favor of particular beneficiary and the total limit of financing in the space provided in this field.

Note 8: For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the amount approved by the Board but not yet being drawn shall still be included in the amount for announcement for the disclosure of risk being assumed. If the loans are being retired in the future, disclose the outstanding balance to reflect the adjustment of risk. For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” whereby the Board resolved to authorize the Chairman to effect the drawdown or in revolving credit in tranches within specific limit and in the year, the amount and the limit approved by the Board shall still be announced as the outstanding balance. In subsequent retirement of loans, repeated drawdown shall still be considered and the amount and the limit approved by the Board shall still be announced as the outstanding balance.

Note 9: The loaning of TCB Leasing Co., Ltd. to a particular enterprise shall be up to 10% of the net worth of the Company. The total amount of loaning of funds shall not exceed 40% of the net worth of TCB Leasing Co., Ltd.

Note 10: The total amount of funds lent by Chou Chin Industrial Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Chou Chin. Total loan amounts must not exceed 40% of the net worth of Chou Chin.

Note 11: The total amount of funds lent by Shanghai Bomy Food to a single enterprise must not exceed 80% of the net worth of Shanghai Bomy Food. Total loan amounts must not exceed 80% of the net worth of Bomy Shanghai.

Note 12: The total amount of funds lent by Deh Hsing Investment Co., Ltd. to a single enterprise must not exceed 20% of the net worth of Deh Hsing. Total loan amounts must not exceed 40% of the net worth of Deh Hsing Investment Co., Ltd.

Note 13: Xiangfeng Co., Ltd. and the company underwent a parent and subsidiary merger on December 26, 2022, with the company as the remainder enterprise and Hsiang Fong Co., Ltd. as the elimination company.

2. Endorsements/guarantees to others:

Unit: NTD thousand, unless otherwise noted

Item No.	Name of Endorser/Guarantor	Endorsed/Guaranteed		Limit of endorsement/guarantee to a single enterprise (Note 1)	Maximum balance in current period (Note 3)	Balance-ending	The actual amounts disbursed	Endorsement/guarantee with collateral	Accumulated amount of endorsement/guarantee in proportion to the net worth stated in the financial statements of the most recent period	Upper limit of endorsement/guarantee (Note 2)	Guarantee and endorsement of parent company to subsidiary (Note 4)	Guarantee and endorsement by subsidiary to parent company (Note)	Guarantee and endorsement in Mainland China (Note)
		Company name	Affiliation										
1	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	$ 1,028,622	$ 15,000	$ 15,000	$-	$ -	0.73	$ 2,057,244	—	—	—
2	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	A subsidiary whose common stock is 100% directly owned by Taichung Bank Co., Ltd.	13,152,318	546,488	92,130	-	-	4.25	21,920,530	—	—	—
2	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	A wholly-owned subsidiary whose common stock is 100% indirectly owned by Taichung Bank Co., Ltd	13,152,318	4,616,046		2,565,208	-	204.97	21,920,530	—	—	Y

Note 1: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed 50% of the net value of the latest financial statements. If the guarantee is for business transaction relationships, the amount shall not exceed the total transaction in the most recent year. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its endorsement guarantee for an enterprise shall not exceed six times the net value of the latest financial statements.

Note 2: Chou Chin Industrial stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed the net value of the latest financial statements. Taichung Bank Leasing stipulated in its Operating Procedures for Endorsement Guarantee that its total endorsement guarantee shall not exceed ten times the net value of the latest financial statements.

Note 3: The highest balance of endorsements and/or guarantees in the current year.

Note 4: For guarantee and endorsement from parent company to subsidiaries, from subsidiaries to parent company, and to Mainland China, as in the case of TWSE/GTSW-listed companies, fill in Y.

3. Marketable securities held – end of year

Unit: thousand shares/ NTD thousand

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Financial assets at fair value through profit or loss-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Business Bank	CHINA MAN-MADE FIBER CORPORATION	N/A	1	$ 11	-	$ 11	
	Non listed (OTC) domestic stock							
	EVERSOL CORP.	〃	N/A	35	-	1	-	
	Beneficiary certificate							
	Chinese Selected Growth Equity Fund	〃	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,754	21,642	-	21,642	
	The RSIT Digital Fund	〃	〃	1,000	50,110	-	50,110	
	Taiwan Main Stream Small and Medium cap Fund	〃	〃	1,600	46,560	-	46,560	
	TCB Taiwan High Dividend Fund A (TWD)	〃	〃	2,264	25,194	-	25,194	
	Beneficiary certificate							
	Taiwan Main Stream Small and Medium cap Fund	Pan Asia Chemical Corporation	Fund managed by Taichung Securities Investment Trust Co., Ltd.	250	7,275	-	7,275	
	TAROBO Robotics Quantitative Chinese Fund	〃	〃	400	6,817	-	6,817	
	The RSIT Digital Fund	〃	〃	150	7,516	-	7,516	
	Beneficiary certificate							
	The RSIT Enhanced Money Market Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,563	18,950	-	18,950	
	Dah-Fa Fund	〃	〃	30	1,220	-	1,220	
Financial assets at fair value through profit or loss-current	The RSIT Digital Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	23	$ 1,140	-	$ 1,140	
	Chinese Selected Growth Equity Fund	〃	〃	1,102	13,602	-	13,602	
	Taiwan Main Stream Small and Medium cap Fund	〃	〃	37	1,087	-	1,087	
	TCB GAMMA Quantitative Multi-Asset Fund A (USD)	〃	〃	988	8,850	-	8,850	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Hua Nan Financial Holding	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	72,437	$ 1,626,214	1	$ 1,626,214	1,148 thousand shares pledged
	Maxigen Biotech Inc.	〃	N/A	615	29,312	1	29,312	
	Taiwan Tea Corporation	〃	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	20,130	427,762	3	427,762	15,000 thousand shares pledged
	Bank of Kaohsiung Preferred Stock A	〃	N/A	1,200	26,520	3	26,520	
	Tonlin Department Store Co., Ltd.	〃	〃	895	27,073	-	27,073	
	Non listed (OTC) domestic stock							
	Sunny Bank	〃	N/A	3,112	29,911	-	29,911	
	Formosa Imperial Wineseller Corp.	〃	Affiliate	1,900	-	10	-	
	Taiwan Silk & Filament Weaving Development Co. (common shares)	〃	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	10,878	24,150	19	24,150	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Taiwan Silk and Filament Weaving Development Co. (Preferred shares)	CHINA MAN-MADE FIBER CORPORATION	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	266	$ 589	8	$ 589	
	Minchali Metal Industrial Co., Ltd.	〃	N/A	7,193	116,164	3	116,164	
	TWSE	〃	〃	1,820	158,653	-	158,653	
	Everterminal Co., Ltd.	〃	〃	149	3,977	-	3,977	
	China Trade and Development Corp.	〃	〃	756	-	1	-	
	Chia Hsin Food and Synthetic Fiber Co., Ltd.	〃	〃	103	-	-	-	
	Taitung Business Bank	〃	〃	4,027	-	1	-	
	Non-listed (OTC) overseas stock							
	UNFON CONSTRUCTION CO., LTD (Hong Kong)	〃	Affiliate	3,250	7,833	18	7,833	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Deh Hsing Investment Co., Ltd.	Parent company of Deh Hsing Investment Co., Ltd.	11,620	100,044	1	100,044	
	Pan Asia Chemical Corporation	〃	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	-	2	-	2	
	Taiwan Tea Corporation	〃	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	13,177	280,011	2	280,011	

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
	Non listed (OTC) domestic stock							
	Formosa Imperial Wineseller Corp.	〃	Affiliate	2,000	-	10	-	
	Wan Tai Lease Co., Ltd.	〃	N/A	628	-	3	-	
	Chung Chien Recreation Investment Co., Ltd.	〃	Affiliate	90	900	18	900	
Equity instrument investments measured at fair value through other comprehensive income- non-current	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	Parent company of Pan Asia Chemical Corporation	261,501	$ 2,251,522	16	$ 2,251,522	77,954 thousand shares pledged
	Taiwan Tea Corporation	〃	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	12,394	263,372	2	263,372	
	Non listed (OTC) domestic stock							
	TWSE	〃	N/A	376	32,811	-	32,811	
	Chung Chien Investment Co., Ltd.	〃	Affiliate	12,000	35,280	18	35,280	
	Chung Shing Textile Co., Ltd.	〃	N/A	120	-	-	-	
	Non listed (OTC) domestic stock							
	Taiwan Futures Exchange	Taichung Securities Investment Trust Co., Ltd.	N/A	1,675	170,709	-	170,709	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Business Bank	Chou Chin Industrial Co., Ltd.	N/A	1,141	14,781	-	14,781	
	Taichung Commercial Bank Co.	〃	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	9,569	122,484	-	122,484	2,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	〃	Ultimate parent of Chou Chin Industrial Co., Ltd.	61,488	529,410	4	529,410	45,000 thousand shares pledged
	Hua Nan Financial Holding	〃	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	28,339	636,203	-	636,203	26,500 thousand shares pledged
	Taiwan Tea Corporation	〃	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	21,215	450,819	3	450,819	15,200 thousand shares pledged
Equity instrument investments measured at fair value through other comprehensive income- non-current	Non listed (OTC) domestic stock							
	Sunny Bank	Chou Chin Industrial Co., Ltd.	N/A	1,556	$ 14,955	-	$ 14,955	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taichung Commercial Bank Co.	Chou Chang Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	16,521	211,475	-	211,475	10,000 thousand shares pledged

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Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
	CHINA MAN-MADE FIBER CORPORATION	〃	Ultimate parent of Chou Chin Industrial Co., Ltd.	9,618	82,807	1	82,807	
	Non listed (OTC) domestic stock							
	Hsin Tung Yang	〃	N/A	64	691	-	691	
	Chou Chin Industrial Co., Ltd.	〃	The investor evaluating Chou Chang Corporation under equity method	514	2,603	1	2,603	
					$ 7,679,037		$ 7,679,037	Note
Debt instrument investments measured at fair value through other comprehensive income-non-current	Domestic corporate bonds							
	Taichung Commercial Bank financial bonds	CHINA MAN-MADE FIBER CORPORATION	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	110,000	$ 110,000	-	$ 110,000	
	〃	Pan Asia Chemical Corporation	〃	200,000	201,000	-	201,000	
	〃	Chou Chin Industrial Co., Ltd.	〃	850,000	853,255	-	853,255	NT$790,000 thousand pledge
	〃	Chou Chang Corporation	〃	350,000	356,797	-	356,797	NT$ 350,000 thousand pledge
					$ 1,521,052		$ 1,521,052	Note

Note: Taichung Commercial Bank and its subsidiaries are exempt from disclosure due to that they are in the financial, insurance and securities businesses.

4. Cumulative amount of the same marketable securities purchased or sold reaching NT$300 million or more than 20% of the Paid-in shares capital. Unit: NTD thousand\ thousand shares

Buyer/Seller	Type and Name of Securities	Account Title	Trading Counterpart	Affiliation	Beginning		Bought		Sold				End of period (Note 1)	
					Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Cost	Gain (loss) from disposal	Quantity (Thousand Shares)	Amount
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd. common shares	Investments adopting the equity method / consolidated and individual	Bomy Shanghai	Affiliated enterprises	15,000	$ 346,411 (RMB78,126)	-	$ -	- (Note 1)	$ -	$ -	$ -	15,000	$ 338,654 (RMB76,827) (Note 2)
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank common stocks	Investments adopting the equity method / consolidated and individual	Taichung Commercial Bank Co.	Subsidiaries	987,604	13,837,165	44,801	479,411	-	-	-	-	1,077,786 (Note 3)	14,877,447 (Note 3)

Note 1: It is adjustments to the investment framework among the groups. The original acquisition agreement price is US$18,000 thousand, the adjusted price is US$16,000 thousand, a total of 15,000 thousand shares. Due to the need to conform to review by local legislations, official announcement is to be made after the State Administration of Foreign Exchange completed all procedures for the review and

approval. After the payment is completed for the full amount, Bonny Shanghai can officially take over the management rights of Hebei Hanoshi. Bomy Shanghai had paid US$15,000 thousand. The remaining balance was cleared on January 11th, 2022 and has obtained the management rights of Hebei Hanoshi.

Note 2: End of period amount includes the recognized amount for the investment profit and loss, and exchange effects for the current period.

Note 3: The number of shares at the end of period includes stock dividends allocated in the period. The amount at the end of period includes the profit and loss and the other comprehensive income of subsidiaries, associate companies and joint venture adopting the equity method.

5. Acquisition amount of real estate reaching NT$300 million or more than 20% of the Paid-in shares capital:

Unit: NTD thousand, unless otherwise noted

Real-estate acquired by companies	Descriptions of assets	Date of event	Transaction price	Payment	Trading Counterpart	Affiliation	Prior acquisition information of the transacting related party				Reference basis for price determination	Purpose of acquisition and status of utilization	Other convenants
							Owner	Affiliation with issuer	Date of transfer	Amount			
Taichung Commercial Bank Lease Enterprise	Land and buildings	2022.7.11	$560,000	have been paid up.	Shang Tsan Trade Enterprise Co., Ltd.	N/A	-	-	-	$ -	Refer to the market conditions and price estimation reports.	For rental use	According to contract terms.

Note 1: The contract states that the appraisal result should be noted in the "Reference Basis for Price Determination" column if the acquired assets are required to be appraised per regulations.

Note 2: The term "paid-in capital" is used to describe the parent company's paid-in capital. If the issuer's shares have a par value of less than NT$10 per share, or if there is no par value at all, then the 10% of paid-in capital requirement must be met using 10% of the equity attributable to the owner of the parent company as shown on the balance sheet.

Note 3: Date of occurrence, refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

6. Amount on disposal of real estate reaching NT$300 million or more than 20% of the Paid-in shares capital. (None)

7. Amount on purchase from and sale to related parties reaching NT$100 million or more than 20% of the Paid-in shares capital

Unit: NTD thousand

Purchaser/Seller	Trading Counterpart	Affiliation	Status				Distinctive terms and conditions of trade and the reasons		Receivable (payable) accounts/notes		Remark
			Purchase (sale)	Amount	Percentage in total purchase (sale) amount %	Duration	Unit Price	Duration	Balance	Percentage in total receivable (payable) accounts/notes %	
CHINA MAN-MADE FIBER CORPORATION	Nan Chung Petrochemical Corp.	China Man-made Fiber Corporation's invested company through an equity investment strategy.	Purchase	$ 1,946,821	22%	30~60 days	Not applicable	Not applicable	($ 281,658)	(32%)	
				(835,889)	(10%)	30~60 days	〃	〃	263,275	14%	
				835,889	54%	30~60 days	〃	〃	(263,275)	(90%)	
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	Sale	(1,411,926)	(45%)	Payment terms of 120 days per month	〃	〃	151,439	46%	Note
				1,411,926	73%	Payment terms of 120 days per month	〃	〃	(151,439)	(76%)	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	Parent company of Pan Asia Chemical Corporation	Purchase								〃
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	Sale								〃

GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	Parent company of GREENWORLD FOOD CO., LTD.	Purchase								〃

Note: The above transactions have been written off in the consolidated statement.

8. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in shares capital. Unit: NTD thousand

Company of receivables on book	Trading Counterpart	Affiliation	Balance of receivables with related party	Turnover Rate	Overdue receivables with related party		Receivables with related party after period collection	Amount of allowance for bad debt
					Amount	Mode of Processing		
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A SUBSIDIARY OF CHINA MAN-MADE FIBER CORPORATION	$ 263,275	4.25	$ -	—	$ 118,629	$ -
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.	151,439	7.86	-	—	151,439	-
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.	115,538	(Note 1)	-	—	115,538	-

Note 1: Primarily other receivables not applicable for computation of turnover days. Mainly due to other accounts receivables not applicable to the computation using number of turnover days.

Note 2: The above transactions have been written off in the consolidated statement.

9. Transactions in engaging in derivative financial instruments. (Note 8)

10. Other: Business relationship and main dealings between the parent and its subsidiaries Unit: NTD thousand

Item No. (Note 1)	Trader's name	Counterparty	Relationship with trader (Note 2)	Transactions			
				Title	Amount (Note 3)	Terms and conditions	Percentage in consolidated total revenue or total assets (Note 4)
	2022						
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Sales revenue	$ 835,889	No significant difference from the general customer	2%
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Accounts receivable	263,275	〃	-
0	CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank Co.	1	Cash and cash equivalents	126,235	〃	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Customer deposits and remittances	1,499,512	〃	-
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Income from handling fees	200,000	〃	1%
1	Taichung Commercial Bank Co.	Taichung Commercial Bank Securities Co., Ltd.	3	Customer deposits and remittances	110,098	〃	-

1	Taichung Commercial Bank Co.	Taichung Commercial Bank Lease Enterprise	3	Customer deposits and remittances	511,012	〃	-
1	Taichung Commercial Bank Co.	Taichung Bank Venture Capital Co., Ltd.	3	Customer deposits and remittances	110,223	〃	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Sales revenue	1,411,926	〃	4%
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Royalty revenue	171,152	〃	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Accounts receivable	151,439	〃	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Other receivables	115,538	〃	-
3	GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	3	Lease liabilities	62,450	〃	-

Note 1: The information about transactions between parent company and subsidiaries shall be numbered and noted in the following manner in the box of numbers:

1. 0 is for the Parent Company.
2. Subsidiaries are numbered from number 1.

Note 2: The relationship with the trade party is classified into three categories as follows:

1. Parent Company to subsidiaries.
2. Subsidiaries to Parent Company.
3 Subsidiaries to subsidiaries.

Note 3: Written-off upon consolidation.

Note 4: For computing the ratio of trade amount to total sales revenue or total assets, if it is for asset and liability account, the computation is based on the ratio of ending balance to total consolidated assets; however, if it is for income and expense account, the computation is based on the ratio of interim cumulative amount to total consolidated revenue.

Note 5: Major transactions refer to those reaching NT$60,000 thousand and shall be disclosed.

11.Information about the investee's name, location Unit: NT$ thousand

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank	Taichung City	Banking business	$ 7,649,576	$ 7,170,165	1,077,786	21	$14,877,447	$ 5,344,205	$ 1,161,645	521,350 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	968,472	968,472	156,575	44	1,601,427	402,097	178,532	
	Nan Chung Petrochemical Corp.	Yunlin County	Petrochemical business	1,000,002	1,000,002	100,000	50	1,076,723	(107,710)	(53,855)	10,000 thousand shares pledged
	Deh Hsing Investment Co., Ltd.	Taipei City	General investment business	790,000	1,800,000	79,000	100	923,241	24,722	24,722	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	14,400	14,400	922	3	13,216	(17,458)	(515)	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	195,262	195,262	38,759	47	696,560	129,404	60,574	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	-	14,500	-	-	-	(20)	(10)	
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	1,674,702	1,551,763	276,387	6	3,814,552	5,344,205	297,913	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3	14,067	(17,458)	(548)	
	Melasse	Taipei City	Cosmetics and cleaning appliances manufacturing	-	14,500	-	-	-	(20)	(10)	
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taipei City	Leasing industry	1,800,000	1,800,000	207,983	100	2,192,053	140,441	140,441	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100	1,977,256	282,793	282,793	
	Taichung Commercial Bank Securities Co., Ltd.	Taichung City	Securities business	1,500,000	1,500,000	162,450	100	1,701,553	(95,374)	(95,374)	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38	172,301	(17,458)	(6,716)	
Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd.（B.V.I）	British Virgin Islands	Financing, leasing and investments.	893,373	893,373	30,000	100	902,507	59,926	59,926	
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	210,000	21,000	100	203,070	(5,524)	(5,524)	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
Deh Hsing Investment Co., Ltd.	Taichung Commercial Bank	Taichung City	Banking business	86,575	86,017	14,672	-	205,256	5,344,205	16,011	4,500 thousand shares pledged
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	20,162	20,162	1,716	6	24,639	(17,458)	(960)	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	44,000	44,000	4,060	15	53,016	11,706	1,730	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	10,243	10,243	2,071	1	52,735	129,404	3,236	
	Xiang-Feng Development	Taipei City	General investment business	-	313,000	-	-	-	(1,213)	(1,213)	
	Wei-Kang International	Taipei City	Retail	5,000	5,000	300	30	1,675	(10,220)	(3,080)	
	IOLITE COMPANY Ltd.	Samoa	General investment business	152,853	595,750	3,000	100	116,207	(1,406)	(1,406)	
	Storm Model Management	Taipei City	General Advertising Services	4,800	8,000	152	22	5,345	(3,465)	(964)	
IOLITE COMPANY Ltd.	Hammock (Hong Kong) Company Limited	Hong Kong	General investment business	-	470,685	-	-	-	(3)	(3)	
	Precious Wealth International Limited	Samoa	General investment business	10,969	10,969	USD 375	100	8,709	(1,264)	(1,264)	
Xiang-Feng Development	Tou-Ming Industry	Taipei City	Real estate trading and leasing industry	-	251,900	-	-	-	(189)	(189)	
Tou-Ming Industry	Jin Bang Ge Industrial Company Limited.	Taipei City	Real estate trading and leasing industry	-	172,000	-	-	-	(126)	(126)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	$ 233,530	$ 233,530	17,567	90	$ 187,276	$ 39,446	$ 36,456	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	308,796	308,796	13,339	49	174,211	11,706	5,685	
	Bomy Enterprise	British Virgin Islands	General investment business	205,092	223,248	10,000	49	173,085	(10,644)	(5,180)	
	Yuju Universal Corporation	Samoa	General investment business	52,090	24,573	1,760	95	20,663	(9,686)	(9,215)	
	BONWELL PARISE Co., Ltd.	Samoa	International trade	3,218	3,218	104	40	632	(35)	(14)	
Yuju Universal Corporation	Noble House Glory	Japan	Short-term accommodation service	24,345	24,345	1,800	100	19,803	(9,215)	(9,215)	
GREENWORLD FOOD CO., LTD.	Chou Chang Corporation	Taichung City	Distribution and warehousing of	1,470	1,470	52	-	328	11,706	22	

Investor	Investor	Location	Major Business Lines	Initial Investment Amount		Equity Ownership by the Company			Current period net gain (loss) of the investee	Investment gain (loss) recognized in current period	Remark
				Current period-ending	Previous period-ending	Quantity	Percentage %	Book Value			
			beverages								
	Bomy Enterprise	British Virgin Islands	General investment business	52,306	52,306	2,650	13	45,884	(10,644)	(1,373)	
Chou Chang Corporation	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	11,224	11,224	1,133	6	14,544	39,446	2,294	

12. Information on main shareholders

December 31, 2022

Name of Principle shareholder	Stock	
	Quantity of Shares	Shareholding
Pan Asia Chemical Corporation	261,500,828	15.51%

(3) Information about investment in Mainland China:

1. Name of the investee company in the Mainland Area, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland Area.

Unit: NTD thousand and foreign currency thousand

Investee	Major Business Lines	Paid-in capital	Mode of investment	Amount remitted from Taiwan in accumulation at beginning of the present term	Investment Remittance or Regain during the current period		Amount remitted from Taiwan in accumulation at ending of the present term	Investee Net income	The Company's Direct or Indirect Investment Holding Ratio %	Investment gain (loss) recognized in current period (Note 3)	Book Value of Investment at the End of the Period	Investment return already remitted back as of the present term
					Remittance	Regain						
Bomy Shanghai	OEM, production and marketing of canned vegetable and fruit juice and beverages	$ 645,000 (USD 20,000)	Invested through the third area	$ 638,972 (USD 19,850)	$ -	$ -	$ 638,972 (USD 19,850)	($ 10,607) (USD 356)	28% (Note 1)	($ 2,988) (USD 100) (2)C	$ 100,654 (USD 3,278)	$ -
Shanghai Bomy Consultancy Management Co., Ltd.	Consultation service	-	Self-owned capital investment of Shanghai Bomy Foodstuff Co., Ltd.	-	-	-	-	-	28% (Note 2)	-	-	-
Shanghai Bangyi International Trading Co., Ltd.	International trade	4,305 (RMB1,000)	〃	-	-	-	-	(421) (RMB 95)	28% (Note 2)	(120) (RMB 27) (2)C	725 (RMB 164)	-
Chou Chin Shanghai	Manufacturing, processing and sale of modem, PC, computer shell and related metal stamping, interface, main frame and fiber optical system appliances	30,355 (USD 1,001)	Invested through the third area	14,486 (USD 450)	-	-	14,486 (USD 450)	-	49% (Note 3)	-	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	470,685 (USD 15,000)	〃	470,685 (USD 15,000)	-	-	470,685 (USD 15,000)	(5,744) (RMB1,299)	28%	(1,608) (RMB 364) (2)C	94,823 (RMB 21,512)	-
Qian Teng PR Planning (Shanghai), Co., Ltd.	Exhibition design, corporate marketing consultation, and advertising copy planning	7,408 (USD 250)	〃	3,147 (USD 100)	-	-	3,147 (USD 100)	5 (RMB 1)	40% (Note 4)	2 (RMB 0.4) (3)	742 (RMB 168)	-
Taichung Bank Leasing (Suzhou)	Financing Leasing and investments	893,373 (RMB186,329)	〃	893,373 (RMB 186,329)	-	-	893,373 (RMB 186,329)	58,611 (RMB13,264)	29% (Note 5)	16,998 (RMB3,847) (2)B	246,955 (RMB 56,024)	-
Shanghai Nianjia Cultural Diffusion Co., Ltd.	Culture and art exchanges and PR activity planning	419 (RMB 100)	Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds	-	-	-	-	(7) (RMB 2)	40%	(3) (RMB 0.8) (3)	32 (RMB 7)	-

Amount accumulated, remitted from Taiwan for investment in Mainland China at the end of the current term	Investment Amount Approved by Investment Commission of MOEA	Mainland China Investment Ceiling As Regulated by Investment Commission of MOEA (Note 4)
$ 2,020,663 （US$ 35,400 and RMB$ 186,329）	$ 2,204,953 (US$ 41,400 and RMB$ 186,329)	$ 3,138,102

Note 1: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and GREENWORLD FOOD CO., LTD. through Bomy Enterprise.

Note 2: The comprehensive shareholding ratio of Bomy International Co., Ltd. And Shanghai Bomy Foodstuff Co., Ltd. Calculated based on the reinvestment method.

Note 3: The consolidated shareholding calculated based on the reinvestment by Chou Chin Industrial Co., Ltd. and Chou Chang Corporation through a third area.

Note 4: Percentage of comprehensive cross holding of Chou Chin Industrial Co., Ltd. through investment in companies in the third region.

Note 5: Percentage of comprehensive cross holding of Taichung Bank Leasing through investment in companies in the third region.

Note 6: Recognized as gains or losses on investment in current period:

(1) Please note if the investee is still under preparation and there was no investment gain or loss.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out:

A. Financial statements audited and audited and attested by an international accounting firm that has a cooperative relationship with a certified public accounting firm registered in the Republic of China.

B. Financial statements audited and attested by the independent accounts of the parent company.

C. Others: conducts analytical procedures based on the provisions of the Standards on Auditing No. 20 regarding the determination of key composition.

(3) Not audited by a CPA

Note 7: The ceiling calculated by the applicant, Chou Chin Industrial Co., Ltd., Taichung Commercial Bank Lease Enterprise and Deh Hsing Investment Co., Ltd. according to the “Regulations Governing the Review of Investment or Technical Cooperation in Mainland China" of Investment Commission, MOEA.

Note 8: The foreign currency, if any, has been translated into NTD (USD1=NT$30.71, USD1=NT$29.81, CNY1=NT$4.41, CNY1=$4.42) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

Note 9: Any financing with investee companies in mainland China, either directly or indirectly through a third area: please see Schedule 1.

Note 10: Any endorsement, guarantee or security with investee companies in mainland China, either directly or indirectly through a third area: please see Schedule 2.

2. The following significant transactions and their price, payment terms and unrealized gains and losses with the invested company in Mainland China through third regions directly or indirectly: (Refer to page 228 for detail)

(1) Input amounts, percentages, balance and percentages of relevant payable at end of the term.

(2) Sales amounts, percentages, balance, & percentages of relevant receivables at end of the term.

(3) Amount of property transaction and amount of the profit and/or loss so incurred.

(4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term.

(5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term.

(6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g., provision or acceptance of services.

49. Segment information

(1) Revenues and operating results of segments

Revenues and operating results of the consolidated company’s continuing units are analyzed in accordance with segments to be reported, which are summarized as follows:

	Department income		Gain (loss) from operation	
	2022	2021	2022	2021
Chemical Industry Dept.	$ 7,063,412	$ 9,177,083	($ 1,750,930)	($ 594,631)
Chemical Fiber Department	2,680,612	3,070,571	(569,339)	(306,859)
Bank departments	19,826,689	16,689,729	6,600,643	5,569,209
Other Depts.	4,547,435	4,109,141	(173,909)	3,709
Total	$34,118,148	$33,046,524	$ 4,106,465	$ 4,671,428

Revenues reported above are generated from transactions with external customers. There were no inter-departmental sales generated on 2022 and 2021.

Interests of department refer to profits earned by each department, excluding the amounts from associate companies or joint venture recognized by using the equity method, rental income, interest income, disposal of real property, plant and equipment, income from disposal of investments, exchange income, valuation income of financial products, interest expense and income tax expenses. The measured figures are provided for main decision makers to allocate resources to segments and evaluate the performance of each segment.

(2) Departmental total assets

	December 31, 2022	December 31, 2021
Segment assets		
Chemical Industry Dept.	$ 3,454,741	$ 3,784,395
Chemical Fiber Department	1,204,542	1,298,345
Construction Dept.	2,772,783	2,043,503
Bank departments	807,962,828	772,678,393
Others	20,307,067	21,333,619
Total segment assets	$ 835,701,961	$ 801,138,255

(3) Information by region

The consolidated company's revenue information listed by location is as follows:

	December 31, 2022	December 31, 2021
Taiwan	$ 29,110,832	$ 26,279,402
Asia	3,235,230	5,296,417
Others	1,772,086	1,470,705
	$ 34,118,148	$ 33,046,524

(4) Information of key customers

In 2022 and 2021, a single client's contribution to total business revenues has not reached 10%. Therefore, there is no information available regarding major clients.