China Man-Made Fiber Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 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:

Audit opinions

We have audited the accompanying consolidated balance sheet of China Man-Made Fiber Corporation and its subsidiaries as of December 31, 2023 and 2022, 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 2023.

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 Corporation and its subsidiaries as of December 31, 2023 and 2022, 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 recognized and endorsed into effect by the Financial Supervisory Commission (FSC) 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 Corporation and its subsidiaries, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other CPAs, we are of the opinion that sufficient and appropriate audit evidence has been obtained to serve as the basis for our audit 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 Corporation and its subsidiaries in 2023. 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 Corporation and subsidiary in 2023 included:

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

Notes to key audit matters

Revenue from sales of China Man-made Fiber Corporation and its subsidiaries is recognized as revenue after the customer has obtained control of the product and assumed the risk of the product. We conducted an analysis of the revenue from sales in 2023 by taking into account the sales amount and gross profit of sales to identify particular sales customers, and include the authenticity of its revenue from sales as a key audit matter.

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 its subsidiaries in 2023 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.

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

Notes to key audit matters

As indicated in Notes 14 and 33(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 2023, the expected credit loss (ECL) amortized in 2023 amounted to NT$541,844,103 thousand and NT$1,361,659 thousand, respectively, accounting for 60% of the total assets and 24% of comprehensive income, 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 ECL pursuant to decrees and ordinances of the competent authority, and shall provide for the higher one. 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 ECL, information linked up with accounting estimate and uncertainties in hypotheses, please refer to Notes 4(14), 5, 14 and 33(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 ECL from discounts and advances. Test whether the discounts and loans are classified according to relevant laws and regulations and letters/orders of the competent authority.
2. For the comprehensive evaluation of the ECL 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. In addition, examine whether the amount provided comply with relevant laws and regulations and letters/orders of the competent authority.

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, 2023 and 2022 are NT$940,250 thousand and NT$1,076,723 thousand, respectively. The gains and losses from subsidiaries, associates, and joint ventures and other sources adopting the equity method in the other auditors' reports for 2023 and 2022 are (NT$136,473) thousand and (NT$51,348) thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 51 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 2023 and 2022 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 and endorsed into effect by the FSC, 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 Corporation 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 Corporation 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 Corporation 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.

As part of an audit in accordance with the accounting principles in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation and its subsidiaries of 2023 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 Yu

CPA: Pan-Fa Wang

Securities and Futures Commission Approval No.
Tai-Cai-Zheng (6) No. 0920123784

Financial Supervisory Commission Approval No.
Jin-Guan-Zheng-Shen-Zi No. 1100356048

March 4, 2024

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousand

Code	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 39)	$ 28,987,601	3	$ 28,216,965	3
1110	Due from the Central Bank and call loans to banks (Notes 7 and 40)	43,950,642	5	40,921,600	5
1120	Financial assets through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	31,352,720	4	29,219,088	4
1180	Bonds and securities sold under repurchase agreements (Note 4 and 9)	10,696,795	1	11,643,340	1
1201	Notes receivable (Notes 4, 10, and 40)	8,284,475	1	5,922,212	1
1202	Accounts receivable (Note 4 and 10)	12,659,286	2	8,660,643	1
1203	Other receivables (Notes 4 and 10)	2,603,237	-	1,627,393	-
1260	Current income tax assets (Notes 4 and 34)	12,834	-	6,966	-
1270	Inventory (Note 4 and 11)	1,449,599	-	1,824,464	-
1280	Prepayments (Notes 12 and 39)	1,124,998	-	1,512,572	-
1320	Other current assets (Notes 13 and 40)	325,743	-	717,064	-
1330	Notes discounted and loans - net (Note 4, 14 and 39)	541,844,103	60	514,112,826	62
11XX	Total current assets	683,292,033	76	644,385,133	77
	Non-Current assets				
1415	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 15 and 40)	68,231,681	8	49,607,665	6
1435	Financial assets at amortized cost - non-current (Notes 4, 16, and 40)	111,914,866	12	104,757,966	13
1470	Investments accounted for using the equity method (Notes 4, 18, and 40)	946,883	-	1,084,375	-
1500	Property, plant and equipment - net (Notes 4, 19 and 40)	27,729,113	3	27,015,984	3
1595	Right-of-use assets (Note 4 and 20)	1,279,226	-	1,038,871	-
1600	Investment property - net (Notes 4, 21, and 40)	4,223,574	1	3,483,974	1
1700	Intangible assets - net (Note 4 and 22)	280,232	-	266,612	-
1800	Deferred income tax assets – net (Note 4 and 34)	1,466,583	-	1,344,012	-
1900	Other assets (Notes 23 and 40)	2,825,730	-	2,717,369	-
14XX	Total non-current assets	218,897,888	24	191,316,828	23
1XXX	Total assets	$ 902,189,921	100	$ 835,701,961	100

Code	Liabilities and equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities				
2110	Short-term borrowings (Notes 24 and 40)	$ 23,686,929	3	$ 19,057,710	2
2120	Short-term bills payable (Note 24)	5,946,973	1	4,871,403	1
2130	Bills and bonds sold under repurchase agreements (Note 4 and 25)	5,756,555	1	-	-
2140	Financial liabilities through profit and/or loss with measuring for the faire values-current (Note 4 and 8)	2,971,490	-	1,630,985	-
2190	Due to Central Bank and other banks (Note 26)	11,615,468	1	8,703,740	1
2201	Payable notes	10,447	-	8,571	-
2202	Trade payables (Note 39)	835,577	-	1,251,095	-
2204	Other accounts payable (Note 27)	11,411,436	1	9,774,804	1
2310	Current income tax liabilities (Notes 4 and 34)	844,512	-	578,622	-
2330	Long-term liabilities due in one year or one business cycle (Note 24 and 40)	752,400	-	1,445,539	-
2335	Lease liabilities - current (Notes 4 and 20)	285,079	-	198,587	-
2350	Other current liabilities (Note 28)	723,023	-	694,384	-
2360	Deposits and remittances (Notes 29 and 39)	728,581,604	81	682,831,623	82
21XX	Total of current liabilities	793,421,493	88	731,047,063	87
	Non-current liabilities				
2540	Bonds payable (Notes 30 and 39)	14,990,000	2	14,990,000	2
2550	Long-term borrowings (Notes 24 and 40)	6,200,175	1	6,772,764	1
2600	Liability reserve (Note 4 and 31)	1,535,011	-	1,461,472	-
2625	Lease liabilities - non-current (Notes 4 and 20)	898,257	-	750,813	-
2630	Deferred tax liabilities (Note 4 and 34)	1,020,032	-	1,020,032	-
2660	Other liabilities (Note 28)	4,638,878	-	4,697,023	1
25XX	Total non-current liability	29,282,353	3	29,692,104	4
2XXX	Total liabilities	822,703,846	91	760,739,167	91
	Equity of the parent company (Note 32)				
3110	Common stock capital	16,859,057	2	16,862,097	2
3210	Capital surplus	1,712,776	-	1,715,804	-
	Retained earnings				
3310	Legal reserve	949,064	-	949,064	-
3320	Special reserve	1,937,366	-	1,934,645	1
3330	Undistributed earnings	(411,573)	-	910,638	-
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(108,195)	-	(96,538)	-
3425	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	1,153,089	-	816,865	-
3500	Treasury stock (Note 4)	(1,135,056)	-	(1,136,802)	-
31XX	Total equity of the parent company	20,956,528	2	21,955,773	3
32XX	Non-controlling interest (Note 32)	58,529,547	7	53,007,021	6
3XXX	Total equity	79,486,075	9	74,962,794	9
4XXX	Total liabilities and equity	$ 902,189,921	100	$ 835,701,961	100

The notes attached shall constitute an integral part of this consolidated financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

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

China Man-Made Fiber Corporation and subsidiary

Consolidated Income Statement

For the years ended December 31, 2023 and 2022

Unit: NTD thousand, except for loss per share (NTD)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	Revenue (Note 4)				
4010	Interest revenue (Notes 33 and 39)	$ 21,274,483	55	$ 15,593,383	46
4050	Income from handling fees (Note 33)	4,373,020	11	3,596,797	10
4090	Gains on financial assets and liabilities at fair value through profit or loss (Note 33)	1,091,891	3	882,737	3
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	105,146	-	-	-
4160	Net sales revenue (Note 39)	10,517,622	27	13,402,140	39
4255	ECL reversal gains (Note 10 and 33)	15,888	-	18,956	-
4260	Exchange gain	789,249	2	-	-
4270	Other income (Note 33)	603,011	2	635,167	2
4XXX	Total revenue	38,770,310	100	34,129,180	100
	Expenses				
5010	Interest expenses (Notes 33 and 39)	10,264,771	27	5,021,216	15
5060	Service charges (Note 33)	436,407	1	279,988	1
5080	Loss of affiliated companies and joint ventures under the equity method (Note 18)	138,154	-	57,914	-
5090	Bad debt expense, commitment and guaranty reserve (Note 10, 14, 31 and 33)	1,667,977	4	1,252,450	4
5125	Realized losses of financial assets at fair value through other comprehensive income	$ -	-	$ 5,126	-
5190	Cost of goods sold (Notes 11 and 39)	11,512,195	30	14,491,218	42
5230	Operating expenses (Notes 30 and 33)	8,924,447	23	8,731,954	26
5280	Impairment loss (Notes 19, 22, and 33)	727,079	2	28,272	-
5285	Impairment loss of financial assets (Notes 15, 16 and 33)	535	-	11,032	-
5290	Exchange loss	-	-	128,505	-
5320	Other expenses (Note 33)	49,522	-	15,040	-
5XXX	Total expenses	33,721,087	87	30,022,715	88
6100	Net profit before taxation	5,049,223	13	4,106,465	12
6200	Income tax expenses (Note 4 and 34)	1,433,367	3	1,309,639	4
6500	Net income	3,615,856	10	2,796,826	8
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
6611	Remeasurement of defined benefit plans (Notes 4 and 30)	(92,235)	-	86,243	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	1,126,788	3	99,192	1
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	770	-	2,507	-
6649	Income tax related to titles without reclassification (Notes 4 and 33)	$ 2,734	-	($ 17,016)	-
6610		1,038,057	3	170,926	1
	Items that may be re-classified subsequently under profit or loss				
6651	Exchange differences from the translation of financial statements of foreign operations	7,020	-	106,524	-
6659	(Losses) gains on debt instruments at fair value through other comprehensive income	997,051	2	(1,389,473)	(4)
6650		1,004,071	2	(1,282,949)	(4)
6600	Other comprehensive income of the current year (net amount after taxation)	2,042,128	5	(1,112,023)	(3)
6700	Total amount of comprehensive income of the current year	$ 5,657,984	15	$ 1,684,803	5
	Profit attributable to:				
6810	Owners of parent	($ 1,587,151)	(4)	($ 1,352,253)	(4)
6820	Non-controlling interest	5,203,007	13	4,149,079	12
6800		$ 3,615,856	9	$ 2,796,826	8
	The total comprehensive income belongs to				
6910	Owners of parent	($ 994,923)	(2)	($ 1,431,407)	(4)
6920	Non-controlling interest	6,652,907	17	3,116,210	9
6900		$ 5,657,984	15	$ 1,684,803	5
	Loss per share (Note 34)				
7000	Basic loss per share	($ 1.18)		($ 1.01)	

The notes attached shall constitute an integral part of this consolidated financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

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
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

Code		Equity of the company: Share capital: Common stock	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Undistributed earnings	Other equity: Exchange differences from the translation of financial statements of foreign operations	Other equity: 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 on January 1, 2022	$ 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 (loss) income in 2022	-	-	-	-	(1,352,253)	-	-	-	(1,352,253)	4,149,079	2,796,826
D3	Other comprehensive net income in 2022	-	-	-	-	20,649	15,682	(115,485)	-	(79,154)	(1,032,869)	(1,112,023)
D5	Total comprehensive income in 2022	-	-	-	-	(1,331,604)	15,682	(115,485)	-	(1,431,407)	3,116,210	1,684,803
M7	Changes in ownership interests in subsidiaries	-	59,117	-	-	(2,248)	-	-	-	56,869	(56,869)	-
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	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 2022 appropriation and distribution of earnings											
B3	Special reserve appropriated	-	-	-	2,721	(2,721)	-	-	-	-	-	-
D1	Net (loss) income in 2023	-	-	-	-	(1,587,151)	-	-	-	(1,587,151)	5,203,007	3,615,856
D3	Other comprehensive net income in 2023	-	-	-	-	(27,765)	(11,657)	631,650	-	592,228	1,449,900	2,042,128
D5	Total comprehensive income in 2023	-	-	-	-	(1,614,916)	(11,657)	631,650	-	(994,923)	6,652,907	5,657,984
M7	Changes in ownership interests in subsidiaries	-	(4,322)	-	-	-	-	-	-	(4,322)	4,322	-
L3	Cancelation of treasury shares	(3,040)	1,294	-	-	-	-	-	1,746	-	-	-
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	(1,134,703)	(1,134,703)
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	295,426	-	(295,426)	-	-	-	-
Z1	Balance as of December 31, 2023	$ 16,859,057	$ 1,712,776	$ 949,064	$ 1,937,366	($ 411,573)	($ 108,195)	$ 1,153,089	($ 1,135,056)	$ 20,956,528	$ 58,529,547	$ 79,486,075

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

China Man-Made Fiber Corporation and subsidiary
Consolidated Statement of Cash Flows
For the years ended December 31, 2023 and 2022

Unit: NTD thousand

Code		2023	2022
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	$ 5,049,223	$ 4,106,465
	Profits and loss		
A20100	Depreciation expenses	1,136,085	1,091,990
A20200	Amortization expenses	84,521	72,486
A20300	Expected credit impairment loss	1,652,089	1,233,494
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(1,091,891)	(882,737)
A20900	Interest expenses	10,264,771	5,021,216
A21200	Interest revenue	(21,274,483)	(15,593,383)
A21300	Dividend income	(354,916)	(335,068)
A21830	Financial assets impairment loss	535	11,032
A22300	Loss of affiliated companies and joint ventures under the equity method	138,154	57,914
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	6,254	(761)
A22700	Capital gain from disposition of investment property	-	(70,820)
A23100	(Gains) losses on disposal of debt instruments measured at fair value through other comprehensive income	(105,146)	5,126
A23200	Losses on disposal of subsidiaries	3,117	788
A23700	Loss in impairment of non-financial assets	727,079	28,272
A24100	Unrealized foreign currency exchange losses (gains)	235,782	(1,521,835)
A29900	Other items	(24,895)	(3,153)
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	(1,012,772)	(2,378,335)
A91120	Financial assets at fair value through profit and loss	571,306	7,923,247
A91190	Accounts receivable	(6,734,042)	1,176,595
A91250	Inventory	374,865	(92,017)
A91260	Prepayments	387,569	(509,512)
A91280	Other current assets	28,005	(26,897)
A91290	Discounts and loans	(29,105,592)	(35,356,530)
A91320	Other financial assets	79,770	150,956
A92110	Bills and bonds sold under repurchase agreements	5,756,555	(1,205,559)
A92120	Financial liabilities at fair value through profit and loss	(272,542)	(1,101,999)
A92150	Due to Central Bank and other banks	2,911,728	4,750,040
A92160	Payables	811,838	(1,560,688)
A92280	Other liabilities	59,922	(596,741)
A92290	Customer deposits and remittances	45,749,981	24,007,794
A92330	Other financial liabilities	(149,538)	3,404,995
A92310	Employee benefit liabilities reserve	(73,658)	(123,452)
A33000	Cash inflow (outflow) from operating activities	15,829,674	(8,317,077)
A33100	Interest received	20,495,649	15,091,792
A33200	Dividends received	354,916	335,068
A33300	Interest paid	(9,848,623)	(4,684,807)
A33500	Income tax paid	(1,311,612)	(1,003,686)
AAAA	Net cash inflow from operating activities	25,520,004	1,421,290
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(36,285,263)	(2,852,064)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	19,846,818	4,659,467
B00040	Financial assets acquired on the basis of cost after amortization	(640,667,263)	(783,723,829)
B00060	Held-to-maturity financial assets based on cost after amortization	633,435,455	789,824,504
B02200	Net cash inflow from acquisition of subsidiaries	3,782	-
B02300	Net cash inflow (outflow) from disposal of subsidiaries	76,489	(6,148)

(To be Continued)

(Continued)

B02700	Acquisition of property, plant and equipment	(2,433,825)	(3,033,814)
B02800	Disposal of property, plant and equipment	11,200	4,545
B03700	Increase in refundable deposits	(113,975)	(255,618)
B04500	Acquisition of Intangible assets	(95,723)	(86,158)
B05400	Acquisition of investment property	(764,980)	(987,383)
B05500	Disposition of investment property	-	140,161
B06800	Decrease (increase) in other assets	(64,543)	720,330
B09900	Decrease (increase) in restricted assets	363,316	(142,922)
BBBB	Net cash (outflow) inflow from investing activities	(26,688,512)	4,261,071
	Net cash flow from financing activities		
C00100	Increase of short-term loans	4,629,219	-
C00200	Decrease in short-term loans	-	(55,408)
C00500	Increase in short-term notes payable	1,075,570	580,563
C01600	Proceeds from long-term loan	3,646,000	6,048,540
C01700	Re-payments of long-term borrowings	(4,991,428)	(5,353,265)
C03000	Increase in guarantee deposits received	60,110	-
C03100	Decrease in guarantee deposits	-	(22,227)
C04020	Payment of principal element of lease liabilities	(196,886)	(168,929)
C05800	Change in non-controlling interest	(1,134,703)	1,498,736
CCCC	Net cash inflow from financing activities	3,087,882	2,528,010
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(79,013)	70,577
EEEE	Increase in cash and cash equivalents during the period	1,840,361	8,280,948
E00100	Balance of cash and cash equivalents at the beginning of the period	58,353,259	50,072,311
E00200	Balance of cash and cash equivalents at the end of the period	$ 60,193,620	$ 58,353,259

Reconciliation of cash and cash equivalents at the end of the period

Code		December 31, 2023	December 31 , 2022
E00210	Cash and cash equivalents on the balance sheet	$ 28,987,601	$ 28,216,965
E00220	The "Due from the Central Bank and call loans" in compliance with the definition of cash and cash equivalents under IAS 7	20,509,224	18,492,954
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	10,696,795	11,643,340
E00200	Balance of cash and cash equivalents at the end of the period	$ 60,193,620	$ 58,353,259

The notes attached shall constitute an integral part of this consolidated financial statement.
(Please refer to the Independent Auditor's Report of Deloitte & Touche dated March 4, 2024)

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

Notes to consolidated financial statement

For the years ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

I. Company Profile

(I) China Man-made Fiber Corporation (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, 2023 is NT$16,859,057 thousand.

(II) CMFC's main businesses are:

1. Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
2. Development, manufacturing and buying and selling of machinery used for the above products.
3. Manufacture and trading of ethylene glycol, 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 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. anufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
10. Gas station.

(III) The consolidated financial statements are presented in the Company's functional currency – New Taiwan Dollar.

II. The date and procedures for the approval of the financial statements

The Board approved the consolidated financial statements for publication on March 4, 2024.

III. 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 (collectively, the "IFRS Accounting Standards") recognized and endorsed into effect by the Financial Supervisory Commission (the "FSC") for the first time.

The application of the amended IFRS Accounting Standards recognized by the FSC and promulgated to take effect, which will not cause major changes in the accounting policy of the Company and its subsidiaries (the "consolidated company").

(2) Applicable FSC-approved IFRSs as of 2024

The new / amended / revised standards or interpretation	IASB publication effective date (Note 1)
Amendments to IFRS 16 "Lease Liabilities in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
IAS 7 and IFRS 7 Amendments "Supplier Financing Arrangements"	January 1, 2024 (Note 3)

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 of IFRS 16 retrospectively to the sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: When these amendments are applied for the first time, part of the disclosure requirements are exempted.

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

(3) The IFRS Accounting Standards 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."	Undecided
IFRS 17 "Insurance Contracts"	January 1, 2023
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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: Applicable to the annual reporting period commenced after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in the retained earnings on the date of initial application. When the consolidated company uses a non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity on the date of initial application.

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 abovementioned standards and interpretations, and the relevant impacts will be disclosed when the evaluation is completed.

VI. Summary of important accounting policies

(1) Statement of Compliance

The consolidated financial statements are 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 IFRS accounting standards recognized and endorsed into effect 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: Refer to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input: Refer to as those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 input: Refer to the unobservable input value of asset or liability.

(3) Current and non-current assets and liabilities

Current assets include:

1. Assets held mainly for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (excluding those restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (even if the long-term refinancing or payment rearrangement agreement has been completed after the balance sheet date and before the financial statements are approved for release, they are classified as current liabilities); and
3. Liabilities for which the settlement period 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 preparation principles of the consolidated financial statements are consistent with those for the 2022 consolidated financial statements. Please refer to Note 17 and tables 8 and 9 for the details of subsidiaries, shareholding ratio, and scope of business.

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 ownership interests in subsidiaries

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 of subsidiaries, shareholding ratio, and scope of business.

(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 income should be booked in the “Other comprehensive income.”

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 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 associates were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the associate and other comprehensive income 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.

When the investee is an associate, the consolidated company chooses to adopt the treasury stock method to calculate the investment gain or loss from the associate.

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 associates, 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 of the relevant assets or liabilities.

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

(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.

The property, plant and equipment and 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 year and postpone the effect of applying estimated accounting changes.

In the case of derecognizing property, 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. Derecognition

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 44 for the determination of fair value.

B. Financial assets measured at amortized cost

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.

The financial assets measured at the post-amortization cost (including cash and cash equivalents, due from the central bank & call loans to banks, investments in RS notes and bonds, discounts and loans, notes receivable at post-amortization cost, accounts receivable, other receivables, restricted assets and deposited guarantee bond margin) are recognized at initial recognition. After that, they would be measured by the total book amount determined by the effective interest method minus the post-amortization cost of any impairment loss, and any foreign currency exchange gains and losses which would be recognized in the profit and loss.

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 consolidated 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) Derecognition 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 44 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 derecognizing 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

The derivative instruments signed by the consolidated company include forward foreign exchange contracts, currency option contracts, interest rate structure products, non-delivery forward contracts, and asset swap contracts that are used to manage the interest rate and exchange rate risk of the consolidated company.

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. Categories of financial instruments

If changes in the determined basis of contractual cash flow of financial assets or financial liabilities due to the interest rate benchmark reform are necessary for the direct results of the interest rate benchmark reform, and the new basis is equivalent to the basis before the change economically, the consolidated company adopted the practical expedient to deem the changes in the determined basis as the changes in effective interest rate. Apart from changes in the basis for the determined contractual cash flow due to the interest rate benchmark reform, if additional changes is made to financial assets or financial liabilities, the consolidated company adopts the practical expedient to make changes due to the interest rate benchmark reform, and then apply the requirements to the modification of financial instruments to any additional changes for which the practical expedient is not applicable.

(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
The consolidated company allocates the transaction price to each contract obligation when customers contracts recognize the obligation and then recognizes the income upon fulfilling each performance obligation (fee income and expense fulfills the performance obligations upon the provision of loans or other services). 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 as 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 as 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, and the adjustments was made to the remeasurement of lease liabilities. 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. For lease modifications that are not treated as a separate lease, the remeasurement of lease liabilities due to the reduced scope of the lease is to reduce the right-of-use assets, and to recognize the gain or loss of the partial or full termination of the lease; the remeasurement of the lease liabilities due to other modifications is to adjust the right-of-use assets . Lease liabilities are separately expressed on the individual 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 consolidated 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 consolidated 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 income 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 and 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 income or directly included in the equity are recognized in the other comprehensive income 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.

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

When adopting accounting policy, the management of the consolidated 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 continued to examine 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

(I) 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 default 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 44 and 45. If the actual future cash flows are less than expected, a material impairment loss may have resulted.

(II) Impairment of real property, plant and equipment

The evaluation of property, 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 changes in market price, future cash flow, or discount rate will affect the recoverable amount of the said assets, which may result in the consolidated company’s need to recognize impairment costs or reverse recognized impairment losses.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 4,487,703	$ 7,589,895
Bank deposits	2,005,616	2,452,568
Notes and checks for clearing	4,215,282	4,276,016
Due to Central Bank and other banks	18,279,000	13,898,486
	$ 28,987,601	$ 28,216,965

(I) 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 based on 12-month ECL as of December 31, 2023 and 2022.

(II) For cash and cash equivalent balances on the consolidated statement of cash flow and relevant items on the consolidated balance sheet as of December 31, 2023 and 2022, please refer to the consolidated statement of cash flow.

(III) The amounts of certificate of deposit at other banks from the consolidated company used as the operation bond of Taichung Commercial Bank Consolidated Securities Co., Ltd. as of December 31, 2023 and 2022 are both NT$200,000 thousand, and they are transferred to the refundable deposit, as described in Note 23.

VII. Due from the central bank & call loans to banks

	December 31, 2023	December 31, 2022
Reserve for deposits		
Reserve for deposits – account A	$ 14,420,430	$ 12,018,774
Reserve for deposits – account B	23,170,517	22,270,486
Financial Information Service Co., Ltd. – liquidated account	4,513,789	4,515,145

	December 31, 2023	December 31, 2022
Reserve for deposits in foreign currency	104,380	95,201
Call loans to banks	1,661,526	1,951,994
Reserve for trust funds compensation	80,000	70,000
	$ 43,950,642	$ 40,921,600

(I) 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 based on 12-month ECL as of December 31, 2023 and 2022.

(II) 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.

(III) The reserve for trust funds compensation by Government bonds on the basis of cost after amortization on December 31, 2023 and 2022 is stated at the par value of NT$80,000 thousand and NT$70,000 thousand, respectively. Please refer to Note 40 for details.

VIII. Financial instrument at fair value through profit and loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit and loss		
Commercial papers	$ 18,814,086	$ 18,158,908
Listed stocks – domestic and emerging stock	1,086,285	682,949
Non listed (OTC) domestic stock	63,573	87,095
PEM Group Insurance policy assets	746,351	875,684
Beneficiary certificate	996,985	500,313
Domestic corporate bonds	174,577	587,037
Assets swap agreement	7,444,433	6,609,438
Foreign exchange contracts	1,104,265	617,521
Forward contract	66,320	105,601
FX options contracts	452,643	544,909
Interest rate derivatives	403,202	449,633
	$ 31,352,720	$ 29,219,088
Financial liabilities at fair value through profit and loss		
Foreign exchange contracts	$ 2,071,989	$ 564,281
Forward contract	39,715	67,728
FX options contracts	456,584	549,343
Interest rate derivatives	403,202	449,633
	$ 2,971,490	$ 1,630,985

(I) 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.

(II) As of December 31, 2023 and 2022, the amounts (notional amounts) in the agreement of derivative financial instruments that have not matured are as follows:

	December 31, 2023		December 31, 2022	
	Contract amount	Interest Rate Collars	Contract amount	Interest Rate Collars
Assets swap agreement	$ 7,398,800	0.85%～5.50%	$ 6,577,200	0.80%～5.00%
Foreign exchange contracts	80,607,610	-	44,882,911	-
Forward contract	2,321,961	-	4,304,938	-
FX options contracts	49,032,868	-	43,191,197	-
Interest rate derivatives contract	3,839,951	0.00%～10.20%	3,989,488	1.50%～10.20%

IX. Bonds and securities sold under repurchase agreements

As of December 31, 2023 and 2022, the consolidated company's repurchase of coupons and bonds amounted NT$10,696,795 thousand and NT$11,643,340 thousand, with the interest rate range of 1.38% to 1.40% and 1.28%, and the re-sell amounts after the contract were NT$10,701,501 thousand and NT$11,646,960 thousand, respectively.

X. Notes receivable, accounts receivable and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Notes receivable - Taichung Commercial Bank	$ 8,971,691	$ 6,212,834
Notes receivable	84,854	94,754
Less: Unrealized gain on interest	(669,003)	(266,734)
Less: Loss allowance - Taichung Commercial Bank	(103,067)	(118,642)
	$ 8,284,475	$ 5,922,212

Please refer to Note 40 for the status on notes receivable as short-term loan guarantee.

	December 31, 2023	December 31, 2022
Accounts receivable		
Accounts receivable	$ 1,352,377	$ 1,720,852
Accounts receivable - Taichung Commercial Bank	770,595	791,791
Rent receivables	6,365,406	4,650,927
Interest receivable - Banking industry	2,436,690	1,677,420
Receivable transfers	1,538,231	504,621
Receivable factoring	144,660	148,925
Beneficial rights of trusts receivable	1,236,811	-
Less: Unrealized gain on interest	(905,034)	(567,622)
Less: Loss allowance	(87,691)	(129,541)
Less: Loss allowance - Taichung Commercial Bank	(192,759)	(136,730)
	$ 12,659,286	$ 8,660,643
Other receivables		
Receivable spot exchange settlement payment	$ 4,137	$ 4,094
Acceptances receivable	602,675	544,239
Receivable proceeds for delivery of securities	1,569,709	808,484
Others	573,841	387,474
	2,750,362	1,744,291
Less: Loss allowance	(25,682)	(1,932)
Less: Loss allowance - Taichung Commercial Bank	(121,443)	(114,966)
	$ 2,603,237	$ 1,627,393

(I) Accounts receivable

The consolidated company's average credit period for product sales was 30 to 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, 2023

	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%～6%	0%～20%	0%～50%	0%	100%	
Total Book Value	$1,314,822	$101,422	$ 10,410	$ -	$ 10,577	$1,437,231
Allowance for loss (expected credit loss of the given duration)	(52,561)	(19,385)	(5,168)	-	(10,577)	(87,691)
Cost after amortization	$1,262,261	$ 82,037	$ 5,242	$ -	$ -	$1,349,540

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%~3%	0%~20%	0%~50%	0%	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)	(36,928)	(53,217)	(28,610)	-	(10,786)	(129,541)
Cost after amortization	$1,308,608	$339,953	$ 35,710	$ 1,794	$ -	$1,686,065

The table of changes on receivables allowance loss (including bad debt expense withdrawal and deposit allowance loss) is as follows:

	2023	2022
Balance - beginning	$ 620,928	$ 614,275
Add: Recover the bad debts that have been written off	13,706	27,476
Added: provisioned bad debt expense withdrawal and deposit impairment loss.	237,156	273,804
Less: actual write-off	(201,355)	(277,737)
Reduced: Inversed expected credit impairment loss	(15,888)	(18,956)
Foreign currency translation differences	(2,387)	2,066
Balance - ending	$ 652,160	$ 620,928

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.

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

2023

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$ 82,750,786	$ 396,675	$ 778,507	$ 83,925,968
Converted as anticipated credit loss within the perpetuity of the financial assets	(214,961)	215,071	(110)	-
Converted as financial assets with credit impairment	(128,079)	(31,734)	159,813	-
Converted as anticipated credit loss in 12 months	38,586	(30,111)	(8,475)	-
Initiated or procured receivables	24,404,753	35,111	36,172	24,476,036
Write-off bad debts	-	(7,177)	(194,194)	(201,371)
de-recognition	(9,977,456)	(151,750)	(38,393)	(10,167,599)
Foreign exchange settlement and other changes	136,106	28,243	23,617	187,966
Balance - ending	$ 97,009,735	$ 454,328	$ 756,937	$ 98,221,000

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)	235,599	-
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

The receivables of the Taichung Commercial Bank Co., Ltd. and its subsidiaries include: due from banks, due from the central bank & call loans to banks, bills & bonds purchased under resell agreements, bills receivable, credit card payments receivable, accounts receivable, beneficial rights of trusts 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.

(III) Statement of changes in loss allowance for amounts receivable of Taichung Commercial Bank and its subsidiaries:

2023

	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	$127,490	$ 9,604	$196,536	$333,630	$ 152,676	$486,306
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(2,911)	2,977	(66)	-	-	-
Converted as financial assets with credit impairment	(2,055)	(1,304)	3,359	-	-	-
Converted as anticipated credit loss in 12 months	4,037	(1,106)	(2,931)	-	-	-
Financial assets removed in current period	(96,786)	(4,119)	(11,036)	(111,941)	-	(111,941)
Procured or initiated new financial assets	137,935	1,257	18,762	157,954	-	157,954
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"	-	-	-	-	158,149	158,149
Write-off bad debts	-	(7,178)	(26,976)	(34,154)	(167,217)	(201,371)
Recovered amount after write-off bad debts	-	-	-	-	13,706	13,706
Foreign exchange settlement and other changes	(11,389)	8,919	33,291	30,821	-	30,821
Balance - ending	$156,321	$ 9,050	$210,939	$376,310	$ 157,314	$533,624

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

The allowance loss for the abovementioned receivables includes allowance for bad debts for delinquent loans other than loans transferred from loans. Please refer to Note 23 for details.

XI. Inventory

	December 31, 2023	December 31, 2022
Merchandise	$ 98,736	$ 413,416
Finished goods	852,678	829,667
Work in process	127,542	51,479
Raw materials	259,921	426,580
Supplies	110,722	103,322
	$ 1,449,599	$ 1,824,464

(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, and others.

(2) The consolidated company's cost of goods sold related to inventory in 2023 and 2022 were NT$11,512,195 thousand and NT$14,491,218 thousand, respectively. Cost of goods sold include (revaluation gains) inventory losses of (NT$70,011) thousand and NT91,049 thousand, respectively, and the loss from work stoppage were NT$1,260,455 thousand and NT$1,069,203 thousand, respectively.

(3) By December 31, 2023 and 2022, allowance to reduce inventory to market amounted to NT$320,675 thousand and NT$402,115 thousand, respectively.

XII. Pre-payments

	December 31, 2023	December 31, 2022
Pre-paid expenses	$ 767,375	$ 600,516
Pre-paid materials purchases	28,324	657,082
Tax credit	329,299	254,974
	$ 1,124,998	$ 1,512,572

XIII. Other current assets

	December 31, 2023	December 31, 2022
Restricted assets – bank deposits	$ 321,875	$ 685,191
Others	3,868	31,873
	$ 325,743	$ 717,064

Restricted current assets- bank deposits are earmarked for Customs Office clearance procedures and pledged collateral for short-term loans – please refer to Note 40.

XIV. Discounts and loans - net

	December 31, 2023	December 31, 2022
Bills advance	$ 182,898	$ 163,189
Secured overdraft	9,090	7,220
Accounts receivable financing	20,503	63,668
Securities receivable financing	1,521,179	1,234,183
Short-term loans	42,172,142	45,405,871
Short-term secured loans	98,193,946	100,085,561
Mid-term loans	90,661,279	77,330,088
Mid-term secured loans	136,756,767	123,575,879
Long-term loans	13,168,766	11,048,117
Long-term secured loans	166,068,185	161,228,409
Overdue receivables	359,696	601,847
	549,114,451	520,744,032
Add: Adjustment of premium/discount	10,753	23,690
Less: Allowance for losses	(7,281,101)	(6,654,896)
	$ 541,844,103	$ 514,112,826

(I) As of December 31, 2023 and 2022, the balance of loans and other credits with frozen interest rates at Taichung Commercial Bank were NT$359,696 thousand and NT$601,847 thousand, respectively. The interest receivables not recorded were NT$8,431 thousand and NT$14,619 thousand, respectively.

(II) In 2023 and 2022, Taichung Commercial Bank did not have the cases of translation of creditor's rights without prosecution.

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

2023

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Total
Balance - beginning	$ 499,535,755	$ 14,044,049	$ 7,187,918	$ 520,767,722
Converted as anticipated credit loss within the perpetuity of the financial assets	(6,734,765)	6,747,423	(12,658)	-
Converted as financial assets with credit impairment	(1,668,229)	(1,728,782)	3,397,011	-
Converted as anticipated credit loss in 12 months	2,157,021	(2,143,805)	(13,216)	-
Initiated or procured discount and loans	269,400,151	2,808,178	160,741	272,369,070
Write-off bad debts	-	-	(2,028,037)	(2,028,037)
de-recognition	(212,814,693)	(3,786,455)	(995,767)	(217,596,915)
Foreign exchange settlement and other changes	(23,370,947)	(792,895)	(222,794)	(24,386,636)
Balance - ending	$ 526,504,293	$ 15,147,713	$ 7,473,198	$ 549,125,204

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

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

2023

	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	$ 2,055,966	$ 1,156,156	$ 1,634,126	$ 4,846,248	$ 1,808,648	$ 6,654,896
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(13,081)	14,235	(1,154)	-	-	-
Converted as financial assets with credit impairment	(8,390)	(118,051)	126,441	-	-	-
Converted as anticipated credit loss in 12 months	160,922	(159,757)	(1,165)	-	-	-
Financial assets removed in current period	(1,058,983)	(399,051)	(164,138)	(1,622,172)	-	(1,622,172)
Procured or initiated new financial assets	1,283,873	156,533	63,609	1,504,015	-	1,504,015
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"	-	-	-	-	1,192,333	1,192,333
Write-off bad debts	-	-	(455,279)	(455,279)	(1,572,758)	(2,028,037)
Recovered amount after write-off bad debts	-	-	-	-	1,279,927	1,279,927

Foreign exchange settlement and other changes	(275,311)	313,642	261,808	300,139	-	300,139
Balance - ending	$ 2,144,996	$ 963,707	$ 1,464,248	$ 4,572,951	$ 2,708,150	$ 7,281,101

2022

	Anticipated credit loss in 12 months	Anticipated credit loss within the perpetuity of the financial assets	Financial assets with credit impairment	Impairment losses provided according to 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

XV. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity instrument investments measured at fair value through other comprehensive income		
Equity investment	$ 8,910,542	$ 9,531,682
Debt instrument	59,321,139	40,075,983
	$ 68,231,681	$ 49,607,665

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

	December 31, 2023	December 31, 2022
Domestic publicly listed, OTC and Emerging Stock Board companies	$ 7,058,797	$ 7,708,799
Non listed (OTC) domestic stock	1,437,278	1,486,822
Overseas listed, OTC and non-listed companies	414,467	336,061
	$ 8,910,542	$ 9,531,682

1. The consolidated company invested in the aforementioned common 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. In 2023 and 2022, the consolidated company sold partial of its common shares with a fair value of NT$2,730,041 thousand and NT$72,416 thousand, respectively, and the cumulative unrealized valuation gain (loss) of NT$412,835 thousand and (NT$6,597) thousand upon the disposal was transferred from other equity to retained earnings.

In 2023 and 2022, the consolidated company's investments in equity instruments designated as measured at fair value through other comprehensive income above that are recognized as dividend income were NT$354,916 thousand and NT$335,068 thousand, respectively.

2. Equity instruments measured at fair value through other comprehensive income used as pledge collateral. Please refer to Note 40.

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

	December 31, 2023	December 31, 2022
Corporate bonds	$ 30,306,167	$ 29,822,548
Government bonds	9,499,322	5,228,275
Overseas bond	17,635,583	3,362,115
Financial bonds	1,880,067	1,663,045
	$ 59,321,139	$ 40,075,983

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2023	December 31, 2022
USD	$ 240,300	$ 55,300
CNY	260,000	380,000
AUD	414,000	6,000
EURO	20,000	-
GBP	20,000	-

1. As of December 31, 2023, the face value of foreign bonds with repurchase transaction conditions that are measured at fair value through other comprehensive income was NT$184,200 thousand (US$6,000 thousand), for the information on the carrying amount, please refer to Note 45.
2. The consolidated company assessed the ECL of debt instruments measured at fair value through other comprehensive income in 2023 and 2022 and recognized a reversal of asset impairment (loss) at (NT$6,821) thousand and NT$2,868 thousand.
3. 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 45.

XVI. Investments in debt instruments measured at amortized cost

	December 31, 2023	December 31, 2022
Overseas bond	$ 28,285,539	$ 28,442,213
Government bonds	11,289,765	11,070,175
Negotiable certificate of deposits issued by Central Bank	49,200,000	49,350,000
Corporate bonds	23,660,576	16,314,020
Financial bonds	100,000	100,000
Treasury bills	49,412	148,280
	112,585,292	105,424,688
Less: Allowance for losses	(39,926)	(46,222)
Less: Deduction of provision for trust compensation reserve and refundable security deposits	(630,500)	(620,500)
	$ 111,914,866	$ 104,757,966

(I) Overseas bonds denominated in foreign currencies:

	December 31, 2023	December 31, 2022
USD	$ 708,797	$ 725,297
CNY	855,000	920,000
AUD	87,500	68,500
ZAR	680,000	480,000

(II) The face value of government bonds/foreign bonds measured at amortized cost provided by the merged company as repurchase agreement terms amounted to NT$870,000 thousand and NT$5,243,560 thousand (US$170,800 thousand) on December 31, 2023, respectively. For more information on carrying amounts, please refer to Note 45.

(III) Upon assessment of ECLs of debt instruments measured at amortized cost in 2023 and 2022, gain on reversal of asset impairment of NT$ 6,286 thousand and asset impairment loss of (NT$13,900) thousand were recognized by the merged company.

(IV) With respect to the credit risk management of debt instruments carried at cost after amortization and the assessment of impairment, please refer to Note 45.

XVII. Subsidiaries

(I) Subsidiaries included in the consolidated financial statements

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

Investor	Name of Subsidiary	Nature of the operations	Percentage of shareholdings (Note) December 31, 2023	Percentage of shareholdings (Note) December 31, 2022
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%
Deh Hsing Investment Co., Ltd.	Hsiang Fong Development Company	General investment business	-	-
	IOLITE COMPANY LIMITED	General investment business	100%	100%
	Precious Wealth International Limited	General investment business	100%	-
IOLITE COMPANY LIMITED	Hammock (Hong Kong) Company Limited	General investment business	-	100%
	Precious Wealth International Limited	General investment business	-	100%
Hammock (Hong Kong) Company Limited	Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	-	-
Hsiang Fong Development Company	Tou-Min Industrial Co., Ltd.	Real estate development and leasing industry	-	-
Tou-Min Industrial Co., Ltd.	Jin-Bang-Ge Industry	Real estate development and leasing industry	-	-
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%
	Bomy Enterprise	General investment business	62%	62%
	Yuju Universal Corporation	General investment business	97%	90%
	Bang Yu Co., Ltd.	General investment 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%	100%
Taichung Commercial Bank	Taichung Bank Insurance Agency Co., Ltd.	Insurance broker	100%	100%
	Taichung Commercial Bank Lease Enterprise	Leasing	100%	100%

Investor	Name of Subsidiary	Nature of the operations	Percentage of shareholdings (Note) December 31, 2023	December 31, 2022
	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: Refer to 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 consolidated company participated in the capital increase in cash of Hsiang Fong Development Company in May 2022, with an additional investment in 15,000 thousand shares at an investment cost of NT$150,000 thousand. In addition, in June 2022, it is resolved to perform a capital reduction and return the share payments, with an reduction in investments of NT$18,000 thousand shares and a reduction in the investment cost of NT$180,000 thousand. In addition, due to the adjustment of the Group's organizational structure, the Board resolved to perform a simple merger of China Man-Made Fiber Corporation and Hsiang Fong Development Company on December 26, 2022. After the merger, China Man-Made Fiber Corporation is the surviving company, and Hsiang Fong Development Company is the eliminated company.
3. Regarding Tou-Min Industrial Co., Ltd., the shareholders meeting resolved to perform a capital reduction of NT$26,000 thousand shares and dispose of all equity held on June 21, 2022. Therefore, Tou-Min Industrial Co., Ltd. is no longer a business entity included in the preparation of the Company’s consolidated statements since June 2022; please refer to Note 37.
4. Due to the adjustment of the Group's organizational structure, the Board resolved to perform a simple merger of China Man-Made Fiber Corporation and Jin-Bang-Ge Industry on June 13, 2022. After the consolidation, China Man-Made Fiber Corporation is the surviving company, and Jin-Bang-Ge Industry is the eliminated company.
5. Deh Hsing Investment Co., Ltd. resolved too perform a capital reduction and return the share payments in May, July, and August 2022, with a reduction in investments in 25,000 thousand shares, 26,000 thousand shares, and 50,000 thousand shares and a reduction in the investment cost of NT$250,000 thousand, NT$260,000 thousand, and NT$500,000 thousand, respectively.
6. In December 2022, the consolidated company participated in the capital increase in cash of Taichung Commercial Bank Co., Ltd., with an additional investment in 51,823 thousand shares at the investment cost of NT$608,917 thousand. 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 associate’s equity in the amount of NT$22,470 and retained earnings in the amount of NT$2,248.
7. The acquisition agreement of Hebei Hanoshi Contact Lens Co., Ltd. company shares signed between Bomy Shanghai and Hammock (Hong Kong) Company Limited is due to the needs of the adjustments to the Group’s internal organizational structure. Hammock (Hong Kong) Company Limited will transfer all of its Hebei Hanoshi Contact Lens Co., Ltd. shares to Bomy Shanghai. There is agreement to complete the business registration change procedures for all of its shareholders and legal representatives. The rights to management is transferred after the payment of all considerations, and the transfer for the transaction was completed in January 2022; please refer to Note 38.
8. In September 2023 and January 2022, IOLITE COMPANY LIMITED resolved to perform a capital reduction and return the share payments of NT$35,174 thousand (US$1,090 thousand) and NT$442,897 thousand (US$16,005), and the base day for the capital reduction was September 15, 2023 and March 15, 2022, respectively.
9. Due to the adjustment to the Group's organizational structure, the board of directors of IOLITE COMPANY LIMITED resolved to dispose of the equity of Precious Wealth International Limited to Deh Hsing Investment Co., Ltd.; the transfer of the transaction was completed in September 2023.
10. On August 14, 2023, the Board of the consolidated company resolved to dispose of 100% of the equity of IOLITE COMPANY LIMITED, and agreed to transfer the equity after the collection of all considerations.
11. The shareholders’ meeting resolved to liquidate Hammock (Hong Kong) Company Limited in January 2022, and the base day was January 28, 2022. Share payments of NT$439,106 thousand (US$15,868 thousand) were returned, and the dissolution was completed on January 13, 2023.

12. In June 2023, Yuju Universal Corporation resolved to perform a capital increase in cash of NT$27,670 thousand (US$900 thousand), and the base day for the capital increase was June 28, 2023.
13. On June, 2023, NOBLE HOUSE GLORY resolved to perform a capital increase in cash of NT$27,950 thousand (JPY 130,000 thousand), and the base day for the capital increase was June 28, 2023.
14. The consolidated company established Bang Yu Co., Ltd. through Chou Chin Industrial Co., Ltd. in June 2023 with an investment cost of NT$1,000 thousand. A capital increase in cash was performed in September 2023, and the base day for the capital increase was September 14, 2023.
15. The consolidated company acquired 91% equity of Shield Bright Investment Limited through the additional investments in Bang Yu Co., Ltd. in September 2023 with an investment cost of NT$100,000 thousand; please refer to Note 36.
16. The consolidated company resolved to dispose of the equity of Bang Yu Co., Ltd. in December 2023; therefore, Bang Yu Co., Ltd. is no longer a business entity included in the preparation of the Company's consolidated statements since December 2023; please refer to Note 37.

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

Name of Subsidiary	Main places of business operations	Non-controlling equity shareholding and voting right ratio	
		December 31, 2023	December 31, 2022
Taichung Commercial Bank	Taichung City	72%	72%

Name of Subsidiary	Profit and loss distributed to the non-controlling equity		Non-controlling interest	
	2023	2022	2023 December 31	2022 December 31
Taichung Commercial Bank	$ 5,153,593	$ 4,037,547	$ 55,236,167	$ 49,976,867
Others	49,414	111,532	3,293,380	3,030,154
Total	$ 5,203,007	$ 4,149,079	$ 58,529,547	$ 53,007,021

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, 2023	December 31, 2022
Assets	$ 877,947,789	$ 807,962,828
Liabilities	(801,432,805)	(738,733,202)
Equity	$ 76,514,984	$ 69,229,626
Equity attributable to:		
Owners of the Company	$ 21,278,817	$ 19,252,759
Non-controlling interests of Taichung Commercial Bank	55,236,167	49,976,867
	$ 76,514,984	$ 69,229,626

	2023	2022
Net revenue	$ 17,497,671	$ 15,017,164
Net income	$ 6,821,434	$ 5,344,205
Other comprehensive income	1,968,558	(1,414,184)
Total comprehensive income	$ 8,789,992	$ 3,930,021
Profit attributable to:		
Owners of the Company	$ 1,667,841	$ 1,306,658
Non-controlling interests of Taichung Commercial Bank	5,153,593	4,037,547
	$ 6,821,434	$ 5,344,205
The total comprehensive income belongs to:		
Owners of the Company	$ 2,149,153	$ 960,890
Non-controlling interests of Taichung Commercial Bank	6,640,840	2,969,131

	2023	2022
	$ 8,789,993	$ 3,930,021

	2023	2022
Cash flow		
Operating activities	$ 26,516,695	$ 3,555,522
Investing activities	(27,283,562)	4,236,770
finance activities	3,107,408	690,420
Impact of changes in exchange rate on cash and cash equivalents	(53,275)	47,212
Net cash inflow	$ 2,287,266	$ 8,529,924

XVIII. Investment under the equity method

	December 31, 2023	December 31, 2022
Investments in the affiliated company	$ 946,883	$ 1,084,375

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

	December 31, 2023	December 31, 2022
Individual non-dominant associates		
Nan Chung Petrochemical Corp.	$ 940,250	$ 1,076,723
Wei-Kang International	1,783	1,675
Storm Model Management	4,850	5,345
BONWELL	-	632
	$ 946,883	$ 1,084,375

(II) Summarized information of individually immaterial associates.

	2023	2022
Share of the Consolidated Company		
Net loss of current period	($ 138,154)	($ 57,914)
Current period other comprehensive income	770	2,507
Total comprehensive loss	($ 137,384)	($ 55,407)

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.

(III) Storm Model Management performed a capital increase in cash in May 2022. As the consolidated company did not participate in the subscription, there were changes in its shareholding; there was an additional adjustments to the capital surplus of NT$177 thousand.

(IV) The Board of the consolidated company resolved to dispose of the investments in 40% of the equity of Bonwell Pradise Co., Ltd in November. The amount recognized in profit or loss generated from the transaction is calculated as follows:

Disposal price	$ 17
Less: Carrying amount of the investment on the date when losing the significant influence	(16)
Gains recognized	$ 1

(V) Please see Note 40 for the status on investments adopting the equity method provided as pledge collaterals.

XIX. Property, plant and equipment

	December 31, 2023	December 31, 2022
Book value of each category		
Proprietary land	$ 11,298,782	$ 11,299,099
House and Building	1,999,767	2,079,022
Machine and Equipment	4,543,826	5,365,737
Transportation Equipment	65,276	41,726
Machinery and equipment	199,536	165,360
Other equipment	239,773	253,409
Construction in process and prepayment for machinery purchase	9,382,153	7,811,631
	$ 27,729,113	$ 27,015,984

2023

	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	$ 11,383,812	$ 5,197,535	$ 14,057,556	$ 170,639	$ 520,759	$ 1,555,385	$ 7,811,631	$ 40,697,317
Increase in current period	-	51,100	117,308	42,135	71,116	55,411	2,096,755	2,433,825
Decrease in current period	-	(146)	(77,949)	(11,502)	(4,492)	(84,023)	-	(178,112)
Reclassified to investment property	-	-	-	-	-	-	(51,389)	(51,389)
Reclassification	-	3,628	446,137	945	1,219	16,799	(471,266)	(2,538)
Foreign exchange impact amount	(317)	(4,094)	-	(161)	-	(1,786)	(3,578)	(9,936)
Balance - ending	11,383,495	5,248,023	14,543,052	202,056	588,602	1,541,786	9,382,153	42,889,167
Accumulated depreciation								
Balance - beginning	-	2,718,731	8,049,561	127,657	348,968	1,276,716	-	12,521,633
Increase in current period	-	131,961	657,506	15,376	30,057	80,725	-	915,625
Decrease in current period	-	(146)	(67,650)	(7,707)	(4,408)	(73,602)	-	(153,513)
Foreign exchange impact amount	-	(1,890)	(28)	(111)	-	(777)	-	(2,806)
Balance - ending	-	2,848,656	8,639,389	135,215	374,617	1,283,062	-	13,280,939
Accumulated impairment								
Balance - beginning	84,713	399,782	642,258	1,256	6,431	25,260	-	1,159,700
Increase in current period	-	-	718,654	324	8,101	-	-	727,079
Decrease in current period	-	-	(762)	(15)	(83)	(6,285)	-	(7,145)
Foreign exchange impact amount	-	(182)	(313)	-	-	(24)	-	(519)
Balance - ending	84,713	399,600	1,359,837	1,565	14,449	18,951	-	1,879,115
Net - ending	$ 11,298,782	$ 1,999,767	$ 4,543,826	$ 65,276	$ 199,536	$ 239,773	$ 9,382,153	$ 27,729,113

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)
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
Decrease in current period	-	-	(707)	-	-	(4,193)	-	(4,900)
Foreign exchange impact amount	-	143	245	-	-	19	-	407
Balance - ending	84,713	399,782	642,258	1,256	6,431	25,260	-	1,159,700
Net - ending	$ 11,299,099	$ 2,079,022	$ 5,365,737	$ 41,726	$ 165,360	$ 253,409	$ 7,811,631	$ 27,015,984

(I) The consolidated company anticipates reduced future economic benefits from the equipment in the chemical industry sector in 2023. As a result, the recoverable amount will fall below the book value. The 2023 recognized impairment loss amounted to NT$727,079 thousand. The impairment loss has been included under other income and expenses in the consolidated income statement. The consolidated company determines the recoverable amount of the 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.

(II) 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	2 to 15 years
Miscellaneous equipment	1 to 30 years
Machinery and equipment	5 years

(III) Uncompleted projects and pre-payments for business facilities by the merged company as of December 31, 2022 and 2023 are mainly related to the office building of the merged company which is currently under construction.

(IV) In 2023 and 2022, the capitalized financial cost of property, plant and equipment of the consolidated company in 2023 and 2022 was NT$4,874 thousand and NT$6,226 thousand, respectively, with the yearly capitalization interest rates at 2.04% - 2.17% and 1.27% - 1.95%, respectively.

(V) 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, 2023	December 31, 2022
First year	$ 1,489	$ 814
Second year	527	491
Third year	369	369
Fourth year	369	369
Fifth year	310	310
Sixth year	22	22
	$ 3,086	$ 2,375

(VI) For the state of property, plant and equipment pledged as collateral guarantee, please refer to Note 40.

XX. Lease contract

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of the right-of-use asset		
Land and house	$ 1,191,715	$ 959,348
Transportation Equipment	64,813	49,841
Machine and Equipment	22,698	29,682
	$ 1,279,226	$ 1,038,871

	2023	2022
Addition of right-of-use assets	$ 615,493	$ 217,472
Depreciation expense of the right-of-use asset		
Land and house	$ 174,152	$ 156,411
Transportation Equipment	31,125	26,601
Machine and Equipment	6,984	6,984
	$ 212,261	$ 189,996

In 2023 and 2022, the consolidated company terminated partial lease contracts for land and buildings and transportation equipment in advance, derecognized NT$162,932 thousand and NT$59,921 thousand of the right-of-use assets above, and recognized lease termination gains of NT$21,330 thousand and NT$3,153 thousand, respectively.

Except for the early termination, additions and recognition of depreciation above, there was no significant sublease or impairment of the consolidated company's right-of-use assets in 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Carrying amount of the lease liabilities		
Current	$ 285,079	$ 198,587
Non-current	$ 898,257	$ 750,813

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

	December 31, 2023	December 31, 2022
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%

(III) 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.

The consolidated company has leased branches, ATM sites, and transportation equipment for a period of 1 - 15 years. Lease payments have been adjusted in accordance with market lease 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.

(IV) 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, respectively.

	2023	2022
Short-term lease expense	$ 11,931	$ 20,473
Low-value asset lease expense	$ 11,722	$ 11,651
Total cash of leases outflow	($ 247,083)	($ 232,686)

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.

XXI. Investment property

	2023			
	Land	Buildings	Investment property in construction	Total
Cost				
Balance - beginning	$ 2,586,116	$ 905,470	$ 38,620	$ 3,530,206
Acquired through business combination	90,150	30,434	-	120,584
Increase in current period	600,871	133,994	30,115	764,980
From property, plant and equipment	-	51,389	-	51,389
Loss of control over subsidiary	(90,150)	(30,434)	-	(120,584)
Decrease in current period	-	-	(68,735)	(68,735)
Balance - ending	3,186,987	1,090,853	-	4,277,840

	2023			
	Land	Buildings	Investment property in construction	Total
Accumulated depreciation				
Balance - beginning	$ -	$ 27,138	$ -	$ 27,138
Acquired through business combination	-	2,390	-	2,390
Increase in current period	-	8,199	-	8,199
Loss of control over subsidiary	-	(2,555)	-	(2,555)
Balance - ending	-	35,172	-	35,172
Accumulated impairment				
Balance - beginning	18,094	1,000	-	19,094
Balance - ending	18,094	1,000	-	19,094
Net - ending	$ 3,168,893	$ 1,054,681	$ -	$ 4,223,574

	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				
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

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, 2023 and 2022, total receivable lease payments for operating leases of investment property are as follows:

	December 31, 2023	December 31, 2022
First year	$ 24,423	$ 26,497
Second year	24,006	30,533
Third year	24,000	30,154
Fourth year	14,000	30,241
Fifth year	-	20,345
More than 5 year	-	85,234
	$ 86,429	$ 223,004

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	20 to 60 years
Renovation engineering	2 to 29 years

(I) The investment property under construction was completed and leased out in 2023. As the lease contract conforms to the financing lease conditions, when the consolidated company transferred almost all the risks and rewards of the ownership of the assets, a decrease of NT$68,735 thousand was recorded during the period,which was reclassified under lease payments receivable.

(II) The consolidated company disposed of land with certain land Nos. in Sanchong Dist., Taipei City in September 2021, and the transaction was completed in January 2022. The disposal consideration was NT$140,192 thousand. After deducting relevant fees of NT$31 thousand, disposal gains of NT$70,820 thousand were recorded.

(III) The assessed fair value of the investment property as of December 31, 2023 and 2022 was NT$6,943,332 thousand and NT$4,430,942 thousand, respectively (NT$2,244,497 thousand and NT$1,633,332 were not valuated by independent appraisers; the remaining value was classified by an independent appraisal company as Level 3 inputs on December 31, 2023 and 2022, respectively; valuations were carried out with reference to market evidence of similar property transaction prices). Key assumptions and valuated fair values are as follows:

	December 31, 2023	December 31, 2022
Asset earning power	10%～20%	10%～20%
The overall capital interest rate during development	2.00%	1.81%

(IV) All investment in real estate owned by the Consolidated Company' was in its own interests. Please see Note 40 for the status on investment property provided as pledge collaterals.

XXII. Intangible assets

	December 31, 2023	December 31, 2022
Computer software	$ 252,029	$ 238,394
Business right	28,000	28,000
Royalties for waterway facilities	203	218
Goodwill	-	-
	$ 280,232	$ 266,612

(I) With respect to the consolidated company acquiring the shareholding of its subsidiaries, goodwill is considered when the acquisition cost is higher than the net asset value. As of December 31, 2023, the impairment loss was fully provided.

(II) 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, 2023, no impairment of such right of operation has been declared in the evaluation.

(III) Changes in intangible assets are as follows:

	For the year ended December 31, 2023			
	Royalties	Computer software	Rights to management	Total
Cost				
Balance - beginning	$ 159,270	$ 238,394	$ 28,000	$ 425,664
Increase in current period	-	95,723	-	95,723
Amortization in the current period	-	(84,521)	-	(84,521)
Reclassification in current period	-	2,538	-	2,538
Net exchange differences	(15)	(105)	-	(120)
Balance - ending	159,255	252,029	28,000	439,284
Accumulated amortization and impairment				
Balance - beginning	159,052	-	-	159,052
Provided in the current period	-	-	-	-
Balance - ending	159,052	-	-	159,052
Net - ending	$ 203	$ 252,029	$ 28,000	$ 280,232

	January 1 to December 31, 2022			
	Royalties	Computer software	Rights to management	Total
Cost				
Balance - beginning	$ 159,294	$ 197,299	$ 28,000	$ 384,593
Increase in current period	-	86,158	-	86,158
Amortization in the current period	-	(72,486)	-	(72,486)
Reclassification in current period	-	27,193	-	27,193
Net exchange differences	(24)	230	-	206
Balance - ending	159,270	238,394	28,000	425,664
Accumulated amortization and impairment				
Balance - beginning	159,052	-	-	159,052
Provided in the current period	-	-	-	-
Balance - ending	159,052	-	-	159,052
Net - ending	$ 218	$ 238,394	$ 28,000	$ 266,612

XXIII. Other assets

	December 31, 2023	December 31, 2022
Refundable deposit	$ 2,438,674	$ 2,314,699
Non-delinquent loans restated from loans - net	190,878	271,035
Collected payment of shares underwritten and pending payments to be delivered	9,490	95,912
Others	186,688	35,723
	$ 2,825,730	$ 2,717,369

Other assets - Others are mainly catalysts.

(I) The face value of governmental bonds measured at amortized cost lodged at the court for provisional attachment and the overdraft limit guarantee of the USD settlement account as of December 31, 2023 and 2022 was NT$550,500 thousand, which was accounted for as refundable deposits; please refer to Note 40.

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

	December 31, 2023	December 31, 2022
Non-delinquent loans restated from loans	$ 307,233	$ 387,003
Less: Loss allowance - Taichung Commercial Bank (Note 10)	(116,355)	(115,968)
	$ 190,878	$ 271,035

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

	December 31, 2023	December 31, 2022
Overdue receivables	$ 5,163	$ 3,149
Less: Loss allowance - Collection (Note 10)	(5,163)	(3,149)
	$ -	$ -

XXIV. Borrowings

(I) Shot-term borrowings

	December 31, 2023	December 31, 2022
Secured loans		
-Secured loan	$ 17,897,762	$ 12,648,102
Unsecured loans		
- Credit loan	4,690,000	4,280,000
- Material procurement loan	1,099,167	2,129,608
	5,789,167	6,409,608
	$ 23,686,929	$ 19,057,710

1. The interest rates of bank borrowings as of December 31, 2023 and 2022 were 1.78% - 5.44% and 1.54% - 6.77%, respectively.
2. Please refer to Note 40 for information on the above-mentioned collateral for borrowings.

(II) Short-term notes payable

	December 31, 2023	December 31, 2022
Short-term notes payable	$ 5,960,000	$ 4,880,000
Less: Discount of short-term notes and bills payable	(13,027)	(8,597)
	$ 5,946,973	$ 4,871,403
Interest rate	1.40%～2.47%	1.30%～2.28%

(III) Long-term borrowings

	December 31, 2023			December 31, 2022
	Collateral (Note 40)	Interest Rate	Amount	Amount
Secured loans				
CHINA MAN-MADE FIBER CORPORATION				
Taiwan Business Bank	Land and buildings	1.87%	$ 250,000	$ 181,200
Land Bank of Taiwan	Land and buildings	1.97%	175,000	175,000
Union Bank of Taiwan	Stock of Taichung Commercial Bank	2.14%～2.16%	375,000	700,000
Bank of Panshin	Land and buildings	1.94%	300,000	798,828
Sunny Bank	Stock of Taichung Commercial Bank	2.17%	600,000	600,000
Taipei Fubon Bank (Note)	-	-	-	1,025,000
The Shanghai Commercial & Savings Bank	Land, buildings and Stock of Taichung Commercial Bank	2.00%～2.05%	512,500	677,500
Bank of Kaohsiung	Stock of Taichung Commercial Bank	2.00%	500,000	100,000
Shin Kong Commercial Bank	Land and buildings	2.05%～2.13%	1,525,000	1,575,000
Taiwan Cooperative Bank	Land and buildings	1.95%～2.10%	960,000	650,000
Pan Asia Chemical Corporation				
Taiwan Cooperative Bank	Land and buildings	2.10%	148,000	244,000
Union Bank of Taiwan	Stocks of CMFC	2.19%	25,000	75,000
Taipei Fubon Bank (Note)	Stocks of CMFC	-	-	110,000
Taichung Commercial Bank Lease Enterprise				
Land Bank of Taiwan	Land and buildings	1.93%	510,000	-
Chou Chin Industrial Co., Ltd.				
Union Bank of Taiwan	Stocks of Hua Nan Financial Holdings and financial bonds of Taichung Commercial Bank	2.45%	110,000	120,000
Taipei Fubon Bank (Note)	Stocks of Hua Nan Financial Holdings	2.21%	92,000	100,000
First Commercial Bank	Land and buildings	2.30%～2.38%	242,000	201,000
Taiwan Business Bank	Machine and Equipment	2.30%	61,000	66,000
Chou Chang Corporation				
Sunny Bank	Financial bonds of Taichung Commercial Bank	2.54%	153,000	153,000
Far Eastern International Bank	Financial bonds of Taichung Commercial Bank	2.58%	114,075	116,775
Unsecured loans				
CHINA MAN-MADE FIBER CORPORATION				
Bank of Kaohsiung	-	1.85%～2.00%	100,000	500,000
Mizuho Bank	-	2.14%	150,000	-
Pan Asia Chemical Corporation				
Bank of Panshin	-	2.12%	50,000	50,000
			6,952,575	8,218,303
Less: Amount due in one year			(752,400)	(1,445,539)
			$ 6,200,175	$ 6,772,764

Note: The initial lender was JihSun Bank, and its merge with Taipei Fubon Bank was completed on April 1, 2023.

XXV. Bills and bonds sold under repurchase agreements

	December 31, 2023	December 31, 2022
Government bonds	$ 870,000	$ -
Overseas bond	4,886,555	-
	$ 5,756,555	$ -

Foreign bonds are valued in foreign currencies as follows:

	December 31, 2023	December 31, 2022
USD	$ 159,171	$ -

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

	December 31, 2023	December 31, 2022
Government bonds	$ 870,954	$ -
Overseas bond	4,956,294	-
	$ 5,827,248	$ -
Government bonds	1.20%～1.22%	-
Overseas bond	5.65%～5.85%	-

XXVI. Due to Central Bank and other banks

	December 31, 2023	December 31, 2022
Interbank lending	$ 11,600,000	$ 8,650,000
Due to Chunghwa Post Co., Ltd.	12,700	53,687
Deposits with other banks	2,768	53
	$ 11,615,468	$ 8,703,740

XXVII. Other payables

	December 31, 2023	December 31, 2022
Notes and checks in clearing	$ 4,215,282	$ 4,276,016
Payable expenses	3,063,054	2,716,529
Receivable accounts for settlement	1,691,473	791,988
Payable interest	1,033,377	622,229
Acceptances payable	603,967	544,899
Account payable for underwriting	33,345	14,994
Payable spot exchange settlement payment	3,747	5,227
Others	767,191	802,922
	$ 11,411,436	$ 9,774,804

XXVIII. Other liabilities

	December 31, 2023	December 31, 2022
Current		
Unearned receipt	$ 418,397	$ 330,389
Others	304,626	363,995
	$ 723,023	$ 694,384
Non-current		
Other financial liabilities - Taichung Commercial Bank	$ 3,839,951	$ 3,989,489
Guarantee deposits received	697,585	637,475
Others	101,342	70,059
	$ 4,638,878	$ 4,697,023

XXIX. Deposits and remittances

	December 31, 2023	December 31, 2022
Check deposits	$ 11,983,787	$ 11,528,669
Demand deposits	203,628,441	195,545,032
Current saving deposits	167,281,466	162,103,208
Time deposits	145,340,028	135,408,103
Time saving deposits	200,320,855	178,202,610
Remittance	27,027	44,001
	$ 728,581,604	$ 682,831,623

XXX. Bonds payable

	December 31, 2023	December 31, 2022
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) Taichung Commercial Bank 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 tranche for 2015 on December 28, 2015. The terms and conditions for issuance are shown below:

1. Approved issuance amount: NT$1,500,000 thousand.
2. Issuance amount: NT$1,500,000 thousand.
3. Face value: NT$10,000 thousand, issued based on the face value.
4. Issuance period: No expiry 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 method: Executed in accordance with the regulations of issuance.
7. Interest payment: Once annually from the issuance date.

(2) Taichung Commercial 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 tranches and 3rd tranche for 2017 and 1st tranche for 2016 on March 28, May 18, August 28, 2017 and December 28, 2016. The terms and conditions for issuance are shown below:

1. Approved issuance amount: NT$3,500,000 thousand.
2. Issuance amount:
   (1) 1st tranche in 2016: NT$1,500,000 thousand.
   (2) 1st tranche in 2017: NT$1,000,000 thousand.
   (3) 2nd tranche in 2017: NT$500,000 thousand.
   (4) 3rd tranche in 2017: NT$500,000 thousand.
3. Face value:
   (1) 1st tranche in 2016: NT$10,000 thousand, issued based on the face value.
   (2) 1st tranche in 2017: NT$10,000 thousand, issued based on the face value.
   (3) 2nd tranche in 2017: NT$10,000 thousand, issued based on the face value.
   (4) 3rd tranche in 2017: NT$10,000 thousand, issued based on the face value.
4. Issuance period: No expiry 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 method: Executed in accordance with the regulations of issuance.
7. Interest payment: Once annually from the issuance date.

(3) Taichung Commercial Bank 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 tranche for 2018 and 4th, 5th tranches for 2017 on April 25, 2018 and December 5, December 27, 2017. The terms and conditions for issuance are shown below:

1. Approved issuance amount: NT$5,000,000 thousand.
2. Issuance amount:
   (1) 4th tranche in 2017: NT$1,350,000 thousand.
   (2) 5th tranche in 2017: NT$2,650,000 thousand.
   (3) 1st tranche in 2018: NT$1,000,000 thousand.
3. Face value:
   (1) 4th tranche in 2017: NT$10,000 thousand, issued based on the face value.
   (2) 5th tranche in 2017: NT$10,000 thousand, issued based on the face value.
   (3) 1st tranche in 2018: NT$10,000 thousand, issued based on the face value.
4. Issuance period: No expiry 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 method: Executed in accordance with the regulations of issuance.
7. Interest payment: Once annually from the issuance date.

(4) Taichung Commercial Bank 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 tranche for 2018 on December 18, 2018. The terms and conditions for issuance are shown below:
1. Approved issuance amount: NT$1,500,000 thousand.
2. Issuance amount: NT$1,500,000 thousand.
3. Face value: NT$10,000 thousand, issued based on the face value.
4. Issuance period: No expiry 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 method: Executed in accordance with the regulations of issuance.
7. Interest payment: Once annually from the issuance date.

(5) As approved by FSC's Letter under Jin-Guan-Yin-Piao-Zi No. 1100226929 dated October 12, 2021, Taichung Commercial Bank issued the 1st tranche of subordinate financial bonds December 27, 2021 upon the following terms and conditions:
1. Approved issuance amount: NT$5,000,000 thousand.
2. Issuance amount: NT$5,000,000 thousand.
3. Face value: NT$10,000 thousand, issued based on the face value.
4. Issuance period: 7 years, matured on December 27, 2028.
5. Coupon rate: Fixed annual interest rate at 1.2%.
6. Repayment method: Repayment in a lump sum upon maturity.
7. Interest payment: Once annually from the issuance date.

XXXI. Provision for liabilities

	December 31, 2023	December 31, 2022
Employee benefit liabilities reserve	$ 995,677	$ 996,291
Reserve for guarantee liability	307,263	275,963
Provision for commitment of financing	136,042	93,388
Pending litigation reserves	83,006	78,006
Other reserves	13,023	17,824
	$ 1,535,011	$ 1,461,472

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

	December 31, 2023	December 31, 2022
Defined benefit liabilities	$ 791,830	$ 801,581
Employees preferential deposit plan	162,038	154,244
Other long-term employee benefit liabilities	41,809	40,466
	$ 995,677	$ 996,291

1. Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to 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 2023 and 2022, the consolidated company recognized the total expenses of NT$179,425 thousand and NT$161,955 thousand in the consolidated statement of comprehensive income in accordance with the appropriation proportion specified in the defined contribution pension plan.

2. Defined benefit plans

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, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 1,939,724	$ 2,023,646
The fair value of plan assets	(1,147,894)	(1,222,065)
Appropriation shortage	791,830	801,581
Net determined benefit liability	$ 791,830	$ 801,581

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
December 31, 2022	$ 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 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 income	(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
Service cost			
Current service cost	6,514	-	6,514
Interest expenses (revenues)	29,749	(18,422)	11,327
Recognized in profit or loss	36,263	(18,422)	17,841
Reevaluation			
Planned ROE (except the amount of net interest)	-	(7,296)	(7,296)
Actuarial loss – change in financial assumptions	42,339	-	42,339
Actuarial loss – adjustment through experience	23,667	-	23,667
Recognized in the other comprehensive income	66,006	(7,296)	58,710
Employer appropriation	-	(70,082)	(70,082)
Planned asset payment	(175,566)	169,971	(5,595)
Company account payment	(10,625)	-	(10,625)
December 31, 2023	$ 1,939,724	($ 1,147,894)	$ 791,830

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

	2023	2022
Operating expenses	$ 14,332	$ 11,811
Operating cost	3,509	3,214
	$ 17,841	$ 15,025

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:

	2023	2022
Discount rate	1.18%～1.50%	1.29%～1.50%
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, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 39,224)	($ 43,448)
Decrease by 0.25%	$ 40,394	$ 44,794
The expected rate of increase in salaries		
Increase by 0.25%	$ 39,421	$ 42,058
Decrease by 0.25%	($ 38,579)	($ 40,991)

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, 2023	December 31, 2022
Prepaid amount for 1 year	$ 70,932	$ 88,121
Average maturity of determined benefit obligation	7 to 15 years	8 to 13 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, 2023	December 31, 2022
Present value of preferred deposit plan	$ 162,038	$ 154,244
The fair value of plan assets	-	-
Appropriation shortage	162,038	154,244
Employee preferred deposit plan liability	$ 162,038	$ 154,244

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, 2022	$ 147,633	$ -	$ 147,633
Service cost			
Service costs from previous period	11,114	-	11,114
Interest expenses	5,306	-	5,306
Recognized in profit or loss	16,420	-	16,420
Reevaluation			
Actuarial loss – adjustment through experience	22,508	-	22,508
Recognized in the other comprehensive income	22,508	-	22,508
Company account payment	(32,317)	-	(32,317)
December 31, 2022	154,244	-	154,244
Service cost			
Service costs from previous period	6,594	-	6,594
Interest expenses	5,524	-	5,524
Recognized in profit or loss	12,118	-	12,118
Reevaluation			
Actuarial loss – change in the assumption of the census	4,244	-	4,244
Actuarial loss – adjustment through experience	29,281	-	29,281
Recognized in the other comprehensive income	33,525	-	33,525
Company account payment	(37,849)	-	(37,849)
December 31, 2023	$ 162,038	$ -	$ 162,038

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

	2023	2022
Operating expenses	$ 12,118	$ 16,420

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, 2023	December 31, 2022
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	3.25%	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, 2023	December 31, 2022
Discount rate		
Increase by 0.25%	($ 3,944)	($ 3,720)
Decrease by 0.25%	$ 4,116	$ 3,882
The withdrawal rate of preferred deposits		
Increase by 0.25%	$ 4,244	$ 4,013
Decrease by 0.25%	($ 4,419)	($ 4,179)

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, 2023	December 31, 2022
Amount projected for appropriation in 1 year	$ -	$ -
The average maturity of employee preferred deposit obligation	10.3 years	10.2 years

4. Other long-term employee benefits

The other long-term employee benefits of the Taichung Commercial Bank in the consolidated company 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$1,540 thousand and NT$4,851 thousand in 2023 and 2022, respectively. The other long-term employee benefit liabilities reserve amounted to NT$41,809 thousand and NT$40,466 thousand as of December 31, 2023 and 2022, respectively.

(2) The table of changes in reserves for guarantees is as follows:

2023

	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	$ 193,788	$ 20,588	$ 34,996	$ 249,372	$ 26,591	$ 275,963
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(173)	173	-	-	-	-
Converted as financial assets with credit impairment	(23)	-	23	-	-	-
Converted as anticipated credit loss in 12 months	1,089	(1,089)	-	-	-	-
Financial assets removed in current period	(106,096)	(15,764)	-	(121,860)	-	(121,860)
Procured or initiated new financial assets	140,141	1,857	256	142,254	-	142,254
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"	-	-			20,696	20,696
Foreign exchange settlement and other changes	(11,483)	(127)	1,820	(9,790)	-	(9,790)
Balance - ending	$ 217,243	$ 5,638	$ 37,095	$ 259,976	$ 47,287	$ 307,263

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

Bad debt expense, commitment and guarantee liability provisions were recognized in 2023 and 2022.

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

2023

	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	$ 8,267	$ 9,214	$ -	$ 17,481	$ 343	$ 17,824
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	(8,145)	(9,214)	-	(17,359)	-	(17,359)
Procured or initiated new financial assets	9,788	-	-	9,788	-	9,788
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"	-	-	-	-	2,865	2,865
Foreign exchange settlement and other changes	(95)	-	-	(95)	-	(95)
Balance - ending	$ 9,815	$ -	$ -	$ 9,815	$ 3,208	$ 13,023

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

Bad debt expense, commitment and guarantee liability provisions were recognized in 2023 and 2022.

(4) The table of changes in provisions for commitment is as follows:

2023

	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	$ 77,787	$ 1,648	$ 11,897	$ 91,332	$ 2,056	$ 93,388
Changes in financial instruments recognized at the beginning of the period:						
Converted as anticipated credit loss within the perpetuity of the financial assets	(9)	9	-	-	-	-
Converted as financial assets with credit impairment	(2)	(14)	16	-	-	-
Converted as anticipated credit loss in 12 months	1,021	(1,021)	-	-	-	-
Financial assets removed in current period	(24,750)	(34)	(1,658)	(26,442)	-	(26,442)
Procured or initiated new financial assets	62,551	1,390	-	63,941	-	63,941
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"	-	-	-	-	7,139	7,139
Foreign exchange settlement and other changes	(1,892)	(76)	(16)	(1,984)	-	(1,984)
Balance - ending	$ 114,706	$ 1,902	$ 10,239	$ 126,847	$ 9,195	$ 136,042

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

Bad debt expense, commitment and guarantee liability provisions were recognized in 2023 and 2022.

(5) The table of changes in the reserve for pending litigations is as follows:

	2023	2022
Balance - beginning	$ 78,006	$ 83,998
Deposit in the current period	5,000	5,000
Reversal in the current period	-	(10,992)
Balance - ending	$ 83,006	$ 78,006

In 2023 and 2022, NT$5,000 thousand has been deposited, accounted for under interest expenses .

XXXII. Equity

(1) Paid-in capital

	December 31, 2023	December 31, 2022
Authorized number of shares (thousand shares)	2,100,000	2,100,000
Authorized capital	$ 21,010,000	$ 21,000,000
Number of shares issued with fully paid-in capital (thousand shares)	1,685,906	1,686,210
Outstanding capital	$ 16,859,057	$ 16,862,097

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends. In August 2023, the Board of CMFC resolved to cancel 304 thousand treasury shares in August, with a base day for the capital reduction on August 11, 2023, to reduce capital of NT$3,040 thousand, and the alteration registration was completed on August 30, 2023. As of December 31, 2023 and 2022, the paid-in capital of the Company was NT$16,859,057 thousand and NT$16,862,097 thousand, divided into 1,685,906 thousand common shares and 1,686,210 common shares with a par value of NT$10 per share.

(2) Capital surplus

	December 31, 2023	December 31, 2022
For covering loss carried forward, payment in cash or capitalization as equity shares (Note)		
Shares issued in excess of par value	$ 589,895	$ 590,001
Assets received	2,129	2,129
Treasury stock transactions	773,594	772,194
Invalid ESO	2,600	2,600
For covering loss carried forward only.		
Changes in the ownership equity on a subsidiary	175,356	179,678
Transaction of treasury stock (cash dividends paid to subsidiaries)	169,202	169,202
	$ 1,712,776	$ 1,715,804

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. Regarding the distribution policy of remuneration of employees and Directors specified in the Articles of Incorporation of CMFC, please refer to Note 33(11) Employees' remuneration and Directors' remuneration. 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 its annual shareholders' meetings on June 9, 2023 and June 16, 2022, which adopted resolutions with regard to the 2022 and 2021 surplus distribution proposals as follows:

	Earnings Distribution Proposal	
	2022	2021
Legal reserve	$ -	$ 2,616
Special reserve	2,721	-

The Board resolved the proposal for loss compensation for 2023 on March 4, 2024 as follows:

	2023
Loss compensation with the legal reserve	$ 411,573

The proposal for loss compensation for 2023 is to be resolved at the shareholders' meeting to be convened on June 12, 2024.

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

	2023	2022
Balance - beginning	($ 96,538)	($ 112,220)
The exchange differences yielded by net assets of overseas operating institutions	(11,657)	15,682
Balance - ending	($ 108,195)	($ 96,538)

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

	2023	2022
Balance - beginning	$ 816,865	$ 919,802
Accrued in current year		
Unrealized gain or loss		
Debt instruments	240,099	(336,814)
Equity instruments	391,551	221,329
Recognized share of the subsidiary adopting the equity method.	-	3,532
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	(295,426)	9,016
Balance - ending	$ 1,153,089	$ 816,865

(5) Treasury stock

The details and changes of the treasury stocks of CMFC in 2023 and 2022 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 on January 1, 2023	304	344,226	344,530
Increase in current period	-	-	-
Decrease in current period	(304)	-	(304)
Number of shares as of December 31, 2023	-	344,226	344,226
Number of shares on 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

1. As of December 31, 2023 and 2022, CMFC's shares held by the subsidiaries are as follows:

Name of Subsidiary	Shareholding ratio %	Number of shares held (thousand shares)	Book Value	Market Value
December 31, 2023				
Pan Asia Chemical Corporation	44%	261,501	$ 879,074	$ 948,589
Deh Hsing Investment Co., Ltd.	100%	11,619	25,787	94,932
Chou Chin Industrial Co., Ltd.	50%	61,488	195,060	238,267
Chou Chang Corporation (subsidiary of Chou Chin Industrial CO., LTD.)	38%	9,618	35,136	29,538
		344,226	$ 1,135,057	$ 1,311,326
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

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

	2023	2022
Balance - beginning	$ 53,007,021	$ 48,448,944
Adjusted non-controlling interest of dividends distributed to subsidiaries	-	-
The number of shares attributed to non-controlling interests		
Net income	5,203,007	4,149,079
Reevaluation of determined benefit plan	(45,270)	54,343
Financial assets at fair value through other comprehensive profit or loss	1,429,927	(1,178,054)
Exchange differences from the translation of financial statements of foreign operations	65,243	90,842
Changes in the ownership equity on a subsidiary	4,322	(56,869)
Cash dividends paid by subsidiaries	(1,134,407)	(866,596)
Change in non-controlling interest	(296)	2,365,332
Balance - ending	$ 58,529,547	$ 53,007,021

XXXIII. Net profit of continuing operations

Net profit of continuing operations includes the following items:

(1) Interest income and expense

	2023	2022
Interest revenue		
Discount and loan interest income	$ 16,516,632	$ 12,524,076
Due from bank and interbank offered interest income	599,843	391,980
Security investment interest income	3,008,462	1,883,674
Others	1,149,546	793,653
	$ 21,274,483	$ 15,593,383
Interest expenses		
Deposits Interest expenses	8,372,264	3,865,827

Central Bank and interbank interest expense	584,745	274,599
Bond issuance interest expense	515,289	462,175
Interest expense on borrowings	409,561	276,434
Interest expenses of structured products	259,880	93,708
Lease liability interest expenses	26,544	31,633
Central Bank and interbank interest expenses	2,747	1,008
Other Interest expenses	98,615	22,058
	10,269,645	5,027,442
Less: classified real estate, plant and equipment (Note 19)	(4,874)	(6,226)
	$ 10,264,771	$ 5,021,216

(2) Fee income and expense

	2023	2022
Income from handling fees		
Insurance brokerage fee revenue	$ 1,176,570	$ 802,715
Securities brokerage fee revenue	311,953	262,679
Trust business income	1,085,558	938,378
Loan service fee income	1,090,825	935,503
Commission income for bank guarantee	280,589	244,788
Other service fee revenue	427,525	412,734
	4,373,020	3,596,797
Service charges		
Insurance brokerage commission expense	220,040	87,242
Inter-bank service fee	37,293	37,164
Other service fee expenses	179,074	155,582
	436,407	279,988
	$ 3,936,613	$ 3,316,809

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

	2023	2022
The realized gain (loss) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	$ 295,782	$ 181,327
Stock	358,313	89,777
Beneficiary certificate	14,839	(35,340)
Bonds	8,539	975
Derivatives	1,227,824	898,485
Others	-	7,897
	1,905,297	1,143,121
Valuation gains (losses) of financial assets and liabilities measured at fair value through profit or loss		
Commercial papers	3,533	14,098

Stock	36,373	(193,575)
Beneficiary certificate	146,942	(257,318)
PEM Group Insurance policy assets	19,096	(20,112)
Bonds	(1,279)	(3,461)
Derivatives	(1,018,071)	199,984
	(813,406)	(260,384)
	$ 1,091,891	$ 882,737

(4) Loss in impairment of non-financial assets

	2023	2022
Impairment loss of intangible assets	$ -	$ 28,272
Impairment loss of property, plant and equipment	727,079	-
	$ 727,079	$ 28,272

(5) Financial assets impairment loss (reversal gain)

	2023	2022
Impairment loss (reversal gain) of debt instruments measured at fair value through other comprehensive income	$ 6,821	($ 2,868)
Impairment loss (reversal gain) of debt instruments measured at amortized cost	(6,286)	13,900
	$ 535	$ 11,032

(6) Bad debt expense, commitment and guaranty reserve

	2023	2022
Lodgment of the expenses of doubtful account receivables	$ 237,156	$ 273,804
Lodging of the expenses of doubtful accounts for discount and loans	1,361,659	969,901
Withdrawal and deposit of guarantee responsibility reserve (reversal)	31,300	(22,000)
Provision for commitment of financing	42,662	25,938
Other (reversal) provision	(4,800)	4,807
	$ 1,667,977	$ 1,252,450

(7) Other income

	2023	2022
Dividend income	$ 354,916	$ 335,068
Rental revenue	68,487	36,718
Management fee income	47,831	48,922
Gains on bargain purchase	3,565	-
Gain in disposal of real estate, plant buildings, equipment & facilities	-	761
Capital gain from disposition of investment property	-	70,820
Others	128,212	142,878
	$ 603,011	$ 635,167

(8) Other expenses

	2023	2022
Losses from disposal of property or equipment	$ 6,254	$ -
Losses on disposal of subsidiaries	3,117	788
Others	40,151	14,252
	$ 49,522	$ 15,040

(9) Depreciation and amortization

	2023	2022
Property, plant, and equipment expenses	$ 915,625	$ 897,353
Depreciations of Investment Property	8,199	4,641
Right-of-use assets	212,261	189,996
Intangible assets amortization expenses	84,521	72,486
Total	$ 1,220,606	$ 1,164,476
Consolidation of depreciation expenses based on functions		
Operating cost	$ 696,718	$ 688,775
Operating expenses	439,367	403,215
	$ 1,136,085	$ 1,091,990
Consolidation of amortization expenses based on functions		
Operating cost	$ -	$ -
Operating expenses	84,521	72,486
	$ 84,521	$ 72,486

(10) Employee benefits expenses

2023

	Operating cost	Operating expenses	Total
Salary & wage	$ 581,595	$ 4,344,379	$ 4,925,974
Expenses for labor insurance and the National Health Insurance	64,322	294,461	358,783
	645,917	4,638,840	5,284,757
Pension expenses (Note 31)			
Defined contribution pension plan	25,105	154,320	179,425
Defined benefit plan	3,509	14,332	17,841
	28,614	168,652	197,266
Other employee benefits expenses	31,469	249,549	281,018
Total employee benefits expenses	$ 706,000	$ 5,057,041	$ 5,763,041

2022

	Operating cost	Operating expenses	Total
Salary & wage	$ 621,872	$ 4,203,010	$ 4,824,882
Expenses for labor insurance and the National Health Insurance	64,241	285,789	350,030
	686,113	4,488,799	5,174,912
Pension expenses (Note 31)			
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

(11) Employees' remuneration and Directors' remuneration

The Company appropriated 1% to 5% and no more than 0.3% of the earnings before tax before the deduction of remuneration to the employees and Directors of the same year. Loss before tax was recorded in 2023 and 2022; therefore, no remuneration of employees or Directors was appropriated, In addition, the remuneration of employees and Directors for 2021 was resolved by the Board on March 14, 2022 as follows:

Amount

	2021		
	Amount		Estimate on ratio
Remuneration to employees	$	58	1.0%
Remuneration to Directors		17	0.3%

The actual amount for remuneration to employees and Directors in 2022 and 2021 did not vary from the amount recognized in the individual 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.

XXXIV. Income tax of continuing operations

(1) Income tax recognized in profit or loss

The main components of income tax expenses are as follows:

	2023	2022
Income tax expenses in the current period		
Accrued in current year	$ 1,554,708	$ 1,132,081
Additional levy on undistributed earnings	2,561	4,516
Prior year adjustment	(4,066)	5,033
Land revaluation increment tax	-	9,345
Deferred tax		
Accrued in current year	(119,836)	158,664
Income tax expenses recognized in profit or loss	$ 1,433,367	$ 1,309,639

The reconciliation between the accounting income in 2023 and 2022 and income tax expenses for the year is as follows:

	2023	2022
Income before tax from continuing operations	$ 5,049,223	$ 4,106,465
Income tax expenses calculated based on net profit before tax calculated at the statutory tax rate	$ 1,009,845	$ 821,293
Non-deductible expenses and losses for tax purposes	6,100	26,881
Non-taxable income	(535,082)	(483,509)
Additional levy on undistributed earnings	2,561	4,516
Land revaluation increment tax	-	9,345
Adjustments to current income tax expenses of prior years during the year	(4,066)	5,033
Unrecognized loss carryforwards and temporary differences	916,809	921,933
Basic income tax	32,093	-
Effect of variation in taxation rates on the consolidation of the group and individual entities.	5,107	4,147
Income tax expenses recognized in profit or loss	$ 1,433,367	$ 1,309,639

(2) Income tax recognized in the other comprehensive income

	2023	2022
Deferred tax		
Accrued in current year		
- Re-evaluation of determined benefit plan	$ 18,430	($ 13,758)
- Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	(15,696)	(3,258)
Income tax benefits (expenses) recognized in the other comprehensive income	$ 2,734	($ 17,016)

(3) Current income tax asset and liability

	December 31, 2023	December 31, 2022
Current income tax asset		
Tax refund receivable	$ 12,834	$ 6,966
Current Tax Liability		
Income tax payable	$ 844,512	$ 578,622

(4) Deferred income tax assets and liabilities

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

2023

	Balance - beginning	Recognized in profit or loss	Recognized in the other comprehensive income	Balance - ending
Deferred income tax assets				
Temporary difference				
Defined benefit pension plans	$ 273,469	($ 15,549)	$ 18,430	$ 276,350
Loss allowance	343,758	130,052	-	473,810
Unrealized loss from structured note indemnity	254,163	(3,819)	-	250,344
Others	4,003	9,153	(15,696)	(2,540)
	875,393	119,837	2,734	997,964
Loss credit	468,619	-	-	468,619
	$ 1,344,012	$ 119,837	$ 2,734	$ 1,466,583
Deferred tax liabilities				
Temporary difference				
Allowance for land increment value tax	$ 1,020,032	$ -	$ -	$ 1,020,032

2022

	Balance - beginning	Recognized in profit or loss	Recognized in the other comprehensive income	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

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

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Allowance to reduce inventory to market	$ 114,314	$ 114,314
Defined benefit pension plans	7,550	7,550
Loss credit	5,759,273	4,609,664
	$ 5,881,137	$ 4,731,528

(6) Unused losses credit related information

As of December 31, 2023, information on loss carryforwards is as follows:

Uncredited balance	Last year of credit
$ 505,260	2026
1,743,326	2029
1,474,481	2030
534,925	2031
1,666,140	121 years
2,177,178	122 years
$ 8,101,310	

(7) Income tax audit

1. Approved up to 2021 for the Company.
2. Approved up to 2021 for Taichung Commercial Bank.
3. Approved up to 2021 for Taichung Bank Insurance Agency.
4. Approved up to 2021 for Taichung Bank Leasing Corporation.
5. Approved up to 2021 for Taichung Commercial Bank Consolidated Securities Co., Ltd..
6. Approved up to 2021 for PACC.
7. Approved up to 2021 for Deh Hsing Investment Co., Ltd..
8. Approved up to 2021 for Taichung Securities Investment Trust Co., Ltd..
9. Approved up to 2021 for Chou Chin Industrial Co., Ltd..
10. Approved up to 2021 for GREENWORLD.
11. Approved up to 2021 for Chou Chang Corporation.

XXXV. Losses per share

	2023	2022
Basic loss per share	($ 1.18)	($ 1.01)

The net loss and weighted average common stock shares used for calculating losses per share are as follows:

Net loss of current period

	2023	2022
Net loss attributable to owners of the Company	($ 1,587,151)	($ 1,352,253)

Unit: thousand shares

	2023	2022
Weighted average common stock shares used to calculate basic losses per share	1,341,680	1,341,680

XXXVI. Business merger

(I) Acquisition of subsidiaries

	Main business activities	Date of acquisition	Owner interest with voting rights/acquisition ratio (%)	Transfer consideration
Shuorong Investment Co., Ltd.	General investment business	2023.9.14	91%	$ 100,000

On September 14, 2023, the consolidated company acquired 91% equity of Shuorong Investment Co., Ltd. through Bang Yu Co., Ltd., and the transfer consideration was paid in cash.

(II) Assets acquired and liabilities assumed on the date of acquisition

	Shuorong Investment Co., Ltd.
Current assets	
Cash and cash equivalents	$ 103,782
Accounts receivable	20
Financial assets at fair value through profit and loss	8,976
Prepayments	37
Non-Current assets	
Financial assets at fair value through other comprehensive profit or loss	7,045
Investment property	118,194
Total assets	$ 238,054
Current liabilities	
Bank loan	$ 79,700
Other liabilities	44,047
Non-current liabilities	
Guarantee deposits received	386
Total liabilities	$ 124,133
Net assets	$ 113,921

(III) Non-controlling interests

The non-controlling interest of Shuorong Investment Co., Ltd. (9% ownership equity) is measured based on the ratio to the identifiable net assets of Shuorong Investment Co., Ltd..

(IV) Gains from bargain purchase arising from acquisition

	Shuorong Investment Co., Ltd.
Fair value of identifiable net assets acquired	$ 113,921
Less: Non-controlling interest (9% ownership equity of Shuorong Investment Co., Ltd.)	(10,356)
Less: Transfer consideration	(100,000)
Gains on bargain purchase arising from acquisition	$ 3,565

(V) Net cash inflow from the acquisition of subsidiaries

	Shuorong Investment Co., Ltd.
Consideration paid in cash	($ 100,000)
Less: Balance of cash and cash equivalents acquired	103,782
	$ 3,782

XXXVII. Disposal of subsidiaries

The consolidated companies entered into a equity transfer contract on June 21, 2022 to dispose of 99% equity of Tou-Min Industrial Co., Ltd.. The above transaction was completed on June 21, 2022, and it lost the control over the subsidiary.

The consolidated companies entered into a equity transfer contract on December 18, 2023 to dispose of 100% equity of subsidiary Bang Yu Co., Ltd.. The above transaction was completed on December 28, 2023, and it lost the control over the subsidiary.

(1) Consideration collected

	Bang Yu Co., Ltd.	Tou-Min Industrial Co., Ltd.
Consideration collected	$ 101,000	$ -
Receivables on sale of Investments	1,010	29,076
Consideration collected	$ 102,010	$ 29,076

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

	Bang Yu Co., Ltd.	Tou-Min Industrial Co., Ltd.
Current assets		
Cash and cash equivalents	$ 25,521	$ 35,224
Accounts receivable	3	-
Financial assets at fair value through profit and loss	8,976	-
Prepayments	42	-
Other assets	-	3,235
Non-Current assets		
Investment property	118,029	185
Financial assets at fair value through other comprehensive profit or loss	7,045	-
Refundable deposit	-	10
Current liabilities		
Payables	(19)	-
Other liabilities	(44,410)	(8,790)
Net assets disposed of	$ 115,187	$ 29,864

(3) Losses from disposal of subsidiaries

	Bang Yu Co., Ltd.	Tou-Min Industrial Co., Ltd.
Consideration collected	$ 102,010	$ 29,076
Net assets disposed of	(115,187)	(29,864)
Non-controlling interest	10,060	-
Disposal losses	($ 3,117)	($ 788)

(4) Net cash inflow from disposition of subsidiaries

	Bang Yu Co., Ltd.	Tou-Min Industrial Co., Ltd.
Consideration received in cash and cash equivalents	$ 102,010	$ 29,076
Less: Balance of cash and cash equivalents disposed of	(25,521)	(35,224)
	$ 76,489	($ 6,148)

XXXVIII. Equity transactions with non-controlling interests

Due to the requirements of the Group’s organizational structure, the consolidated company sold 100% equity of Hammock (Hong Kong) Company Limited to Bomy Shanghai. It is agreed that the rights to management shall be transferred after the completed of the alteration registration and the full payment of the consideration. The transfer of the transaction was completed in January 2022; therefore, the shareholding ratio dropped from 100% to 28%. However, the transaction did not change the control of the consolidated company over the subsidiary. As such, it is treated as equity transactions; please refer to Note 17 and Table 4.

Due to the adjustment to the Group’s organizational structure, CMFC and Jin-Bang-Ge Industry were merged in June 2022, and it was treated as equity transactions; please refer to Note 17.

	Jin-Bang-Ge Industry	Hebei Hanoshi
Consideration collected	$ 208,866	$ 458,000
Carrying amount of net assets	(196,502)	(346,411)
Equity transaction balance	$ 12,364	$ 111,589
Equity transaction difference adjustment item		
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

XXXIX. Transactions with related parties

(1) Names of related parties and their relationships

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
Storm Model Management Co., Ltd.	Affiliated enterprises
Hua Nan Financial Holding	Substantial related party
Hua Nan Bank	Substantial related party
South China Insurance Company, Ltd.	Substantial related party
TAIWAN FILAMENT WEAVING DEVELOPMENT CO., LTD	Substantial related party
Hsu Tian Investment 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
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
Feng Chi Investment Co., Ltd.	Substantial related party
Lei Fu Life Enterprise Co., Ltd.	Substantial related party
Key Wisdom 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
Shield Bright Investment Limited	Substantial related party
Bang Yu Co., Ltd.	Substantial related party
Ri Yao United Trading 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	2023	2022
Substantial related party	$ 30,362	$ 73,392

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

2. Purchase

Name	2023	2022
Affiliated enterprises		
Nan Chung Petrochemical Corp.	$ 778,593	$ 1,946,821

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

	2023		2022	
Name	Balance - ending	Interest revenue	Balance - ending	Interest revenue
Affiliated enterprises				
Hua Nan Bank	$ 59,877	$ 327	$ 91,295	$ 98

4. Receivables from related parties

Name	December 31, 2023	December 31, 2022
Substantial related party	$ 2,320	$ 9,876

5. Payables to related parties

Name	December 31, 2023	December 31, 2022
Payable accounts and notes		
Nan Chung Petrochemical Corp.	$ -	$ 281,658

6. Other income

Name	2023	2022
Substantial related party		
Hua Nan Bank	$ 9,701	$ 9,647
Others	1,010	1,010
	$ 10,711	$ 10,657

7. Dividend income

Name	2023	2022
Hua Nan Bank	$ 59,458	$ 54,643

8. Other expenses

Name	2023	2022
Substantial related party	$ 6,930	$ 6,123

9. Loans

2023

Unit: NTD thousand

Category	Number of accounts or name of stakeholder	Maximum Balance in Current Period	Balance - ending	Performance		Interest revenue	Collateral Contents	Difference in trading conditions and terms with non-stakeholders
				Normal loans	No-performing loans			
Customer loans to employees	10 accounts	$ 4,952	$ 3,007	$ 3,007	$ -	$ 83	Credit loans	N/A
Residential mortgage loans	43 accounts	280,456	206,484	206,484	-	3,845	Real estate	"
Other loans	Huang OO	1,159	1,020	1,020	-	21	"	"
	Huang OO	2,224	1,463	1,463	-	32	"	"
	Yeh OO	11,000	11,000	11,000	-	219	"	"
	Lee OO	2,133	1,995	1,995	-	42	"	"
	Xu OO	2,200	-	-	-	49	"	"
	Chen OO	40,000	40,000	40,000	-	816	"	"
	Yang OO	4,465	4,119	4,119	-	93	"	"
	Lin OO	229	138	138	-	-	"	"
	Wang OO	3,000	3,000	3,000	-	74	"	"
	Fan OO	9,716	3,310	3,310	-	136	"	"
	Chang OO	1,726	1,656	1,656	-	40	"	"
	Liang OO	525	403	403	-	9	"	"
	Liao OO	5,500	5,500	5,500	-	132	"	"
	Chang OO	2,500	2,500	2,500	-	56	"	"
	Chiu OO	2,317	2,009	2,009	-	41	"	"

2022

Unit: NTD thousand

Category	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	Real estate	"
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	"	"

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.

10. Deposit

	2023			2022		
	Balance - ending	Interest Rate Collars %	Interest Expenses	Balance - ending	Interest Rate Collars %	Interest Expenses
Taichung Commercial Bank Workers' Welfare Commission	$ 139,904	0.01～5.63	$ 8,565	$ 149,903	0.01～5.38	$ 7,523
Taichung Commercial Bank Cultural and Educational Foundation	8,240	0.01～1.59	126	8,209	0.01～1.47	91
Reliance Consolidated Securities Co., Ltd.	10,255	0.58～1.34	120	10,135	0.46～0.97	78
Formosa Imperial Wineseller Corp.	7	0.58	-	181	0.46	-
Yu Hwei Technology Co., LTD.	4	0.01	-	4	0.01	-
Hsu Tian Investment Co., Ltd.	36,287	0.01～1.30	7	14,438	0.01～1.05	4
Pan Asia Investment Co., Ltd.	7	0.01	-	7	0.01	-
Shield Bright Investment Limited	624	0.01	-	5,488	0.01	2
Feng Chi Investment Co., Ltd.	4	0.58	-	5	0.46	-
Lei Fu Life Enterprise Co., Ltd.	3,712	0.58	6	1,561	0.46	3
Chung Chien Recreation Investment Co., Ltd.	1	0.58	-	1	0.46	1
Yao Shang Investment Co., Ltd.	6,417	0.58	26	4,178	0.46	5
Hsu Yi Investment Co., Ltd.	6,417	0.58	26	4,178	0.46	5
Chi Ta Investment Co., Ltd.	6,417	0.58	26	4,178	0.46	5
Peng Hsu Investment Company	2	0.01	-	8	0.01	-
Others	435,600	0.00～6.20	7,399	360,005	0.00～5.38	4,482
	$ 653,898		$ 16,301	$ 562,479		$ 12,199

Compared to general customers, there is no major difference in deposits, except for the interest rates for bank clerks accounting for 5.63% and 5.38% in 2023 and 2022.

11. Financial bonds payable

The first tranche in 2015, the first tranche in 2016, the first, second, third, fourth, and fifth tranches in 2017 and the first and second tranches 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, 2023, 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 tranche in 2015, 1st tranche in 2016, 1st and 5th tranches in 2017, 1st tranche and 2nd tranche in 2018 of perpetual non-accumulative subordinated debentures
Other related parties	2,230,000	The first and fourth issue in 2017, the first and second issue in 2018 are non-cumulative secondary financial bonds with no expiry dates.

As of December 31, 2023 and 2022, Taichung Bank should pay bond interest from bank debentures to the aforementioned related parties amounting to NT$45,785 thousand, and NT$42,273 thousand, respectively. The interest expenses as of December 31, 2023 and 2022 amounted to NT$278,668 thousand and NT$246,595 thousand, respectively.

(3) Rewards to management

The 2023 and 2022 total remuneration to Directors and the other management are as follows:

	2023	2022
Short-term employee benefits	$ 435,821	$ 379,132
Retirement benefits	16,175	2,881
Other long-term employee benefits	8	4
	$ 452,004	$ 382,017

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:

XL. 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, 2023	December 31, 2022
Notes receivable	$ 6,373,255	$ 3,044,289
Due from bank- time deposits	200,000	200,000
Other current assets		
Restricted assets - Pledged time deposit	321,875	685,191
Financial assets at fair value through other comprehensive profit or loss	948,533	1,262,448
Investment of debt instrument on the basis of cost after amortization – government bonds	630,500	620,500
Investment under the equity method	94,025	107,672
Investment property	1,395,206	751,895
Property, plant and equipment		
Land	3,411,627	3,411,627
House and Building	415,161	438,485
Machine and Equipment	94,419	103,421
	$ 13,884,601	$ 10,625,528

XLI. Material commitments and 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, 2023 and 2022:

(I) As of December 31, 2023 and 2022, the consolidated company had issued unused letter of credit limit of NT$1,012,164 thousand and NT$2,059,354 thousand, respectively.

(II) 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.

(III) Taichung Commercial Bank has other commitments:

	December 31, 2023	December 31, 2022
Undisbursed credit committee (exclusive of credit cards)	$ 193,158,508	$ 171,409,708
Credit card loan commitments	14,759,255	14,958,648
Receivable guarantees	30,437,196	27,269,501
Trust liabilities	97,964,074	84,321,674
The payment of opened but unused letter of credit	3,813,732	3,350,494
Not yet initiated finance lease contractual commitments during lease periods	6,826,165	3,477,185

(IV) 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, 2023

Trust assets	Amount	Trust liabilities	Amount
Bank deposits	$ 7,463,891	Payable securities in custody	$ 4,526,547
Bonds	16,451,588	Trust capital	93,437,527
Stock	4,630,816	Net income	1,521,788
Fund	44,570,998	Deferred carry-over	(1,521,788)
Structured product investment	1,967,801		
Property			
Land	18,228,109		
House and Building	124,324		
Securities in custody	4,526,547		
Total trust assets	$ 97,964,074	Total trust liabilities	$ 97,964,074

Note: As of December 31, 2023, the "non-discretionary money trust investment in domestic and foreign securities" of international financial business branches accounted for totaled NT$2,820,860 thousand.

Property Catalogue of Trust Accounts
December 31, 2023

Investment projects	Amount
Bank deposits	$ 7,463,891
Bonds	16,451,588
Stock	4,630,816
Fund	44,570,998
Structured product investment	1,967,801
Property	
Land	18,228,109
House and Building	124,324
Securities in custody	4,526,547
	$ 97,964,074

Income Statement of Trust Accounts
2023

	Amount
Trust income	
Interest revenue	$ 2,606,145
Trust expenses	
Administration expenses	(1,083,950)
Taxation	(407)
Net profit before tax	1,521,788
Income tax expenses	-
Net profit after tax	$ 1,521,788

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: As of December 31, 2022, the "non-discretionary money trust investment in domestic and foreign securities" of international financial business branches accounted for totaled NT$2,672,714 thousand.

Property Catalogue of Trust Accounts
December 31, 2022

Investment projects	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)
Net profit before tax	1,468,359
Income tax expenses	-
Net profit after tax	$ 1,468,359

(V) 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.

In consideration of increasing business and employees of the Taichung Commercial Bank, the Bank held and open tender online for the main building construction of the Bank on February 11, 2019. On March 29, 2019, DA CIN Construction Co., Ltd. and EARTH POWER Co., Ltd. won the bid by joint venture, and a contract was entered into, for a total contract price at NT$11,160,000 thousand. On April 27, 2019, the contractors filed for starting of work. For the purpose of raising the construction safety and quality benefits, both parties agreed to change the "Top-down well foundation alternative construction techniques" and "Structural optimization of the raft foundation alternative plan." On January 8, 2021, processed the additional amendment to the agreement for the first time. The total contract price after changes is NT$11,155,943 thousand. On May 9, 2022, processed the additional amendment to the agreement for the second time. The total contract price after changes is NT$11,154,971 thousand. Fees charged by YSL Architects and Associates for design planning and technical supervision services amounted to NT$ 480,492 thousand. The interior renovation design, supervision, and technical service expenses for Rich Honour International Designs Co., Ltd. is estimated to be 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, 2023	December 31, 2022
First year	$ 3,997,722	$ 3,045,375
Second year	1,831,376	1,161,828
Third year	289,159	276,855
Fourth year	19,058	12,739
Fifth year	19,106	12,739
More than 5 year	211,567	141,798
	$ 6,367,988	$ 4,651,334

Present value of finance lease revenue

	December 31, 2023	December 31, 2022
First year	$ 3,530,448	$ 2,678,140
Second year	1,702,872	1,076,999
Third year	269,103	258,615
Fourth year	7,508	4,354
Fifth year	8,166	4,765
More than 5 year	139,340	85,295
	$ 5,657,437	$ 4,108,168

Capital expenditure commitment

	December 31, 2023	December 31, 2022
First year	$ 3,934,181	$ 3,026,937
Second year	176,209	2,176,974
Third year	-	32,464
	$ 4,110,390	$ 5,236,375

(VI) 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 provided liability reserve of NT$53,916 thousand for the pending litigation case. Please refer to Note 31.

(VIII) Regarding the return of consumer consignment litigation filed by Taichung Commercial Bank Co., Ltd. and the Pihsiang Energy Technology Co., Ltd., in the first trial, the Taichung District Court by order of 2018 Chung-Su-Zi No. 598 on February 4, 2020 (same below) decided against Taichung Commercial Bank Co., Ltd. NT$100 million should be returned to the plaintiff (i.e. Pihsiang Energy Technology Co., Ltd.) From April 10, 2018 to the day of clearance, the interest rate of 5% per annum will be calculated. The litigation fees will be shouldered by the Taichung Commercial Bank Co., Ltd. The appointed lawyer evaluated the content of the original verdict and deemed the verdict reasons contradictory and in violation of verdict without reason. Therefore, the Taichung Commercial Bank Co., Ltd. Filed an appeal on February 27, 2020. On March 29, 2022, the Taiwan High Court Taichung Branch Court ruled in the favor of Taichung Commercial Bank by order 2020 Chung-Su-Zi No. 78; however, the plaintiff had dissenting opinion on the verdict of the second instance and filed an appeal. On January 11, 2024, the Supreme Court remanded the case to Taiwan High Court Taichung Branch Court. 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. As of December 31, 2023 The balance of pending compensation was NT$29,090 thousand; please refer to Note 31.

(VIII) 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 fixed assets investment shall not be less than CNY 360,000 thousand. Investment intensity shall not be less than CNY 4.5 thousand per square meter. If the total investment for fixed assets 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. As of December 31, 2023, there has been no breach of contract.

XLII. Other matters

To obtain a platform to develop the banking business of Taichung Commercial Bank in the Western US, enhance international competitiveness, and enhance the overall economic benefits of the overall scale, the Board resolved to acquire American Continental Bancorp located at City of Industry, California, the US, at a consideration of US$41.4834 per share. According to the price calculation system of the transaction contract, the acquisition price is the 1.83 multiplier of the consolidated net worth of American Continental Bancorp on the delivery day audited by CPAs. Subsequent matters are to be performed subject to the approval of the competent authorities of both parties. Upon the completion of the transaction, American Continental Bancorp will become a wholly-owned subsidiary of Taichung Commercial Bank.

Considering the rapid and unpredictable changes in the global political and economic environments, and the failure in achieving the commitments and conditions under the consolidated agreement and plan as of the termination day, Taichung Commercial Bank announced on October 14, 2023 that it has reached a consensus with American Continental Bancorp to terminate the acquisition, and that it shall pay US$500 thousand to American Continental Bancorp.

XLIII. Significant subsequent events

Due to the violation of the Securities and Exchange Act, the prosecuting unit visited Taichung Commercial Bank, Taichung Bank Insurance Agency, and Taichung Commercial Bank Lease on January 30, 2024 for searching. On February 1, 2024, the Taiwan New Taipei District Court ruled a bail of the chairman of Taichung Commercial Bank and the chairman of Taichung Bank Insurance Agency.

According to the Disposition Letter No. Jin-Guan-Yin-Guo-Zi No. 11302700994 issued by the Financial Supervisory Commission, Chairman Kuei-Fong Wang is suspended for three months from his duties as a director. The Executive Board of Taichung Commercial Bank elected Managing Director Hsueh-Sian Liao to exercise the functions of Chairman for three months starting from the service date of the abovementioned disposition letter (February 2, 2024).

On February 25, 2024, Taiwan New Taipei District Court ruled that Chairman Kuei-Feng Wang, who was suspended from its duties in Taichung Commercial Bank, to be detained and held incommunicado The Taichung Commercial Bank has elected Managing Director Hsueh-Sian Liao to exercise the powers of the Chairman, its daily operations are stable, and there is no significant impact on financial operations.

XLIV. 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 hierarchy

December 31, 2023

	Book Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial Assets					
Investment of debt instruments on the basis of cost after amortization	$ 112,545,366	$ 84,256,467	$ 27,477,571	$ -	$ 111,734,038
Financial Liabilities					
Financial liabilities on the basis of cost after amortization:					
- Financial bonds payable	16,500,000	-	16,370,469	-	16,370,469

December 31, 2022

	Book Value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value 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

2. Evaluation techniques and 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 hierarchy

	December 31, 2023 Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Derivatives	$ -	$ 9,470,863	$ -	$ 9,470,863
Commercial papers	18,814,086	-	-	18,814,086
Domestic stocks listed on TPWE (TPEx) and	928,554	157,731	-	1,086,285

Emerging Stock Market				
Domestic non-listed (OTC) stocks	-	-	63,573	63,573
Beneficiary certificates of funds	996,985	-	-	996,985
Domestic corporate bonds	174,577	-	-	174,577
Others	-	746,351	-	746,351
Total	$20,914,202	$10,374,945	$ 63,573	$31,352,720
Financial assets at fair value through other comprehensive profit or loss				
Equity investment				
- Domestic stocks listed on TPWE (TPEx) and Emerging Stock Market	$ 7,058,797	$ -	$ -	$ 7,058,797
- Foreign TSEC/GTSM listed shares	406,700	-	-	406,700
- Domestic unlisted stocks	-	-	1,437,278	1,437,278
- Foreign unlisted stocks	-	-	7,767	7,767
Debt instrument				
- Domestic corporate bonds	30,306,167	-	-	30,306,167
- Domestic government bonds	9,499,322	-	-	9,499,322
- Overseas bond	-	17,635,583	-	17,635,583
- Financial bonds	1,880,067	-	-	1,880,067
Total	$ 49,151,053	$ 17,635,583	$ 1,445,045	$ 68,231,681
Financial liabilities at fair value through profit and loss				
Derivatives	$ -	$ 2,971,490	$ -	$ 2,971,490

Reconciliation of financial instruments at Level 3 fair value:

Financial Assets	Financial assets at fair value through profit and loss: Derivatives	Equity instruments	Debt instruments	Financial assets at fair value through other comprehensive profit or loss: Equity instruments	Debt instruments	Total
Balance - beginning	$ -	$87,095	$ -	$1,494,655	$ -	$ 1,581,750
Recognized in the other comprehensive income (Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss)	-	(15,592)	-	(50,150)	-	(65,742)
Purchase	-	26,000	-	1,203	-	27,203
Disposition	-	(33,930)	-	(663)	-	(34,593)
Balance - ending	$ -	$63,573	$ -	$1,445,045	$ -	$ 1,508,618

	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
Domestic stocks listed on TWSE(TPEx) and Emerging Stock Market	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				
- Domestic stocks listed on TPWE (TPEx) and Emerging Stock Market	$ 7,708,799	$ -	$ -	$ 7,708,799
- Foreign TSEC/GTSM listed shares	328,228	-	-	328,228
- Domestic unlisted stocks	-	-	1,486,822	1,486,822
- Foreign unlisted stocks	-	-	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 other comprehensive profit or loss)	-	5,484	-	138,007	-	143,491
Purchase	-	-	-	1,816	-	1,816
Disposition	-	-	-	(11,084)	-	(11,084)
Balance - ending	$ -	$ 87,095	$ -	$ 1,494,655	$ -	$1,581,750

In 2023 and 2022, there was no transfer of fair values measures in Level 1 and Level 2.

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. Techniques and input value for measurement of Level 3 fair value

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%	($ 43,560)

(3) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Measured at fair values through profit and/or loss		
Measured at fair value through income under compulsion	$ 31,352,720	$ 29,219,088
Financial assets measured at amortized cost (Note 1)	763,701,554	718,862,835
Financial assets at fair value through other comprehensive income		
Equity investment	8,910,542	9,531,682
Debt instrument	59,321,139	40,075,983
Financial Liabilities		
Measured at fair values through profit and/or loss	2,971,490	1,630,985
Based on cost after amortization (Note 2)	810,485,149	750,344,724

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: The balance include short-term loans, short-term notes payable, repurchase coupons and bonds liabilities, the Central Bank and interbank financing, bills payable and accounts, other payables (excluding dividend payable), deposits and remittances, 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.

XLV. Purpose and policy of financial risk management

The China Man-Made Fiber Corporation'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 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 AUD/NTD EXCHANGE RATE WAS RELATIVELY VALUED/DEVALUED BY 3%, THE COMPANY AND ITS SUBSIDIARIES' NET INCOME BEFORE TAX AS OF DECEMBER 31, 2023 AND 2022 WOULD INCREASE/DECREASE BY NT$137,805 THOUSAND AND NT$122,573 THOUSAND, AND THE EQUITY WOULD INCREASE/DECREASE BY NT$407,747 THOUSAND AND NT$134,382 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 MEASURES INTEREST RATE RISK BASED ON DV01, WHICH ASSUMES THAT WHEN THE INTEREST RATE CURVE MOVES PARALLELLY BY 100BPS, THE EXTENT OF THE IMPACT ON EARNINGS AND EQUITY IS USED TO CONTROL THE INTEREST RATE RISK.

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.

AS OF DECEMBER 31, 2023, TAICHUNG COMMERCIAL BANK HAS NO FINANCIAL INSTRUMENT THAT HAS BEEN AFFECTED BY THE CHANGE IN INTEREST RATE BENCHMARK AND HAS NOT YET CONVERTED TO (WITH NO CONVERTIBLE TERMS) ALTERNATIVE INTEREST RATE BENCHMARK.

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, 2023 AND 2022 WOULD INCREASE/DECREASE BY NT$459,001 THOUSAND AND NT$544,437 THOUSAND, AND THE OTHER EQUITY WOULD DECREASE/INCREASE BY NT$3,349,442 THOUSAND AND NT$1,659,054 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, 2023 AND 2022 WOULD INCREASE/DECREASE BY NT$307,366 THOUSAND AND NT$180,585 THOUSAND, AND THE EQUITY WOULD DECREASE/INCREASE BY NT$1,461,743 THOUSAND AND NT$1,532,121 THOUSAND, RESPECTIVELY.

(7) THE SENSITIVITY ANALYSIS IS COMPILED AS FOLLOWS:

December 31, 2023			
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.	$ 407,747	$ 137,805
	USD/NTD, CNY/NTD, and AUD/NTD depreciates by 3%, respectively.	(407,747)	(137,805)
Interest rate risk	Interest rate curve rises by 100BPS	(3,349,442)	459,001
	Interest rate curve fell by 100BPS	3,349,442	(459,001)
Equity securities price risk	Equity securities price increases by 15%	1,461,743	307,366
	Equity securities price drops by 15%	(1,461,743)	(307,366)

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 appreciates by 3%, respectively	$ 134,382	$ 122,573
	USD/NTD, CNY/NTD, JPY/NTD depreciates by 3%, respectively	(134,382)	(122,573)
Interest rate risk	Interest rate curve rises by 100BPS	(1,659,054)	544,437
	Interest rate curve fell by 100BPS	1,659,054	(544,437)
Equity securities price risk	Equity securities price increases by 15%	1,532,121	180,585
	Equity securities price drops by 15%	(1,532,121)	(180,585)

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 2023 AND 2022 ACCOUNTED FOR 0.1% 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, 2023. THE PROPORTION OF FINANCING GUARANTEE AND COLLATERAL HELD BY COMMERCIAL L/C WAS APPROXIMATELY 24%, 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:

Quantified indicators

(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.

Quality indicators

(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:

Quantified indicators

(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.

Quality indicators

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 ECL
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 ECL, the consolidated company considers the probability of default (PD) of the debtors in 12 months ahead and the lifetime 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 to calculate 12-month and lifetime ECLs, respectively.

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. INVESTMENTS IN 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.

For the securities held by the consolidated company ECLs shall be recognized based on 12-month or lifetime ECL. 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) In order to measure the expected credit losses, the consolidated company's Probability of default ("PD") in the next 12 months and duration of the debt instrument incorporates the Loss given default ("LGD") and multiplies it by the exposure at default ("EAD") to calculate the 12-month and lifetime expected credit losses, respectively, taking into account the impact of the time value of money.

(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 ECL. 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 the overall ECL.
   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. COLLATERALS

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. Chattel and pledge of rights
c. Assurance by external certification bodies

WITH A VIEW TO ENHANCING TRANSACTION RISK PROTECTION, CONTRACTS FOR DERIVATIVE TRANSACTIONS BETWEEN THE 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 consolidated company.

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, 2023			
	Total Book Value	Provision for impairment	Total exposure (cost after amortization)	Fair value of collaterals
Impaired financial assets:				
Discounts and loans	$ 7,473,198	($ 1,464,248)	$ 6,008,950	$ 6,008,950
Accounts receivable	756,937	(210,939)	545,998	512,717
Guarantee and L/C	106,609	(37,095)	69,514	46,927
Debt instruments	8,378	(8,378)	-	-
Others	53,019	(10,239)	42,780	-
Total financial assets with impairment	$ 8,398,141	($ 1,730,899)	$ 6,667,242	$ 6,568,594

	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

B. TOTAL EXPOSURE (COST AFTER AMORTIZATION)

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, 2023	December 31, 2022
Irrevocable undertaking of loan	$ 17,858,544	$ 11,709,253
Credit card loan commitments	14,759,255	14,958,648
Receivable guarantees	30,437,196	27,269,501
The payment of opened but unused letter of credit	3,813,732	3,350,494

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, 2023	December 31, 2022
Private enterprises	$ 302,467,216	$ 285,611,571
Natural person	288,104,811	271,000,752
Government Agencies	1,473,625	1,262,000
Others	5,928,101	2,605,667
	$ 597,973,753	$ 560,479,990

Industrial type	December 31, 2023	December 31, 2022
Natural person	$ 288,104,811	$ 271,000,752
Manufacturer	81,857,283	83,555,861
Commerce	51,187,123	51,870,453
Real estate	86,670,196	73,337,914
Construction industry	31,210,873	25,904,700
Commercial and industrial service industry	13,309,103	12,033,816
Financial and insurance business	21,799,135	23,922,705
Transportation, warehousing and IT communication	9,229,174	8,691,538
Others	14,606,055	10,162,251
	$ 597,973,753	$ 560,479,990

Region	December 31, 2023	December 31, 2022
Domestic	$ 559,552,578	$ 525,300,491
Asian region	26,042,242	23,083,178
American region	7,053,277	9,297,320
Others	5,325,656	2,799,001
	$ 597,973,753	$ 560,479,990

Collateral	December 31, 2023	December 31, 2022
Unsecured	$ 100,050,882	$ 92,060,824
Secured		
Secured by property	436,774,312	410,025,605
Secured by Letter of Guarantee	17,705,647	17,280,784
Secured by Chattel	10,089,119	7,661,747
Secured by bonds	17,769,006	18,955,531
Notes receivable	2,484,120	1,664,987
Secured by stocks	8,479,180	7,499,794
Others	4,621,487	5,330,718
	$ 597,973,753	$ 560,479,990

(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, 2023

	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	$ 253,385,461	$ 3,554,650	$ 4,765,071	$ -	$ 261,705,182
Consumer banking	273,108,459	11,592,785	2,708,025	-	287,409,269
Others	10,373	278	102	-	10,753
Total Book Value	526,504,293	15,147,713	7,473,198	-	549,125,204
Provision for impairment	(2,144,996)	(963,707)	(1,464,248)	-	(4,572,951)
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”	-	-	-	(2,708,150)	(2,708,150)
Total	$ 524,359,297	$ 14,184,006	$ 6,008,950	($ 2,708,150)	$ 541,844,103

	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	$ 18,479,774	$ 417,856	$ 690,903	$ -	$ 19,588,533
Consumer banking	2,480,079	36,471	39,964	-	2,556,514
Others	76,049,882	1	26,070	-	76,075,953
Total Book Value	97,009,735	454,328	756,937	-	98,221,000
Provision for impairment	(156,321)	(9,050)	(210,939)	-	(376,310)
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"	-	-	-	(157,314)	(157,314)
Total	$ 96,853,414	$ 445,278	$ 545,998	($ 157,314)	$ 97,687,376

	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	$ 16,573,981	$ -	$ 53,019	$ -	$ 16,627,000
Consumer banking	1,231,544	-	-	-	1,231,544
Total Book Value	17,805,525	-	53,019	-	17,858,544
Provision for impairment	(109,854)	-	(10,239)	-	(120,093)
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"	-	-	-	(8,567)	(8,567)
Total	$ 17,695,671	$ -	$ 42,780	($ 8,567)	$ 17,729,884

	Credit card loan commitments				
	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	$ 14,673,946	$ 85,309	$ -	$ -	$ 14,759,255
Total Book Value	14,673,946	85,309	-	-	14,759,255
Provision for impairment	(4,852)	(1,902)	-	-	(6,754)
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"	-	-	-	(628)	(628)
Total	$ 14,669,094	$ 83,407	$ -	($ 628)	$ 14,751,873

	Receivable guarantees				
	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	$ 30,237,516	$ 88,071	$ 106,609	$ -	$ 30,432,196
Consumer banking	5,000	-	-	-	5,000
Total Book Value	30,242,516	88,071	106,609	-	30,437,196
Provision for impairment	(217,243)	(5,638)	(37,095)	-	(259,976)
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"	-	-	-	(47,287)	(47,287)
Total	$ 30,025,273	$ 82,433	$ 69,514	($ 47,287)	$ 30,129,933

	The payment of opened but unused letter of credit				
	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	$ 3,813,732	$ -	$ -	$ -	$ 3,813,732
Total Book Value	3,813,732	-	-	-	3,813,732
Provision for impairment	(9,815)	-	-	-	(9,815)
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"	-	-	-	(3,208)	(3,208)
Total	$ 3,803,917	$ -	$ -	($ 3,208)	$ 3,800,709

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	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	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	$ 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 loan commitments				
	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	$ 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	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	$ 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	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	$ 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

B. CREDIT QUALITY ANALYSIS ON INVESTMENT OF DEBT INSTRUMENTS

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	Financial assets at fair value through other comprehensive profit or loss			
	Stage 1	Stage 2	Stage 3	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	
Product category (Note)				
Investment grade bonds	$ 59,355,080	$ -	$ -	$ 59,355,080
Non-investment grade bonds	-	-	-	-
Total Book Value	59,355,080	-	-	59,355,080
Provision for impairment	(33,941)	-	-	(33,941)
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	$ 59,321,139	$ -	$ -	$ 59,321,139

	Financial assets on the basis of cost after amortization			
	Stage 1	Stage 2	Stage 3	Total
	Anticipated credit loss in 12 months	Credit loss within the perpetuity of financial assets	Credit loss within the perpetuity of financial assets	
Product category (Note)				
Investment grade bonds	$ 63,327,503	$ -	$ -	$ 63,327,503

Non-investment grade bonds	-	-	8,378	8,378
Other (Central Bank NCD)	49,249,411	-	-	49,249,411
Total Book Value	112,576,914	-	8,378	112,585,292
Provision for impairment	(31,548)	-	(8,378)	(39,926)
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	$ 112,545,366	$ -	$ -	$ 112,545,366

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	$ 59,590,634	$ 112,585,292
Loss allowance	(33,941)	(39,926)
Cost after amortization	59,556,693	112,545,366
Fair value adjustment	(235,554)	-
	$ 59,321,139	$ 112,545,366

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, 2023	
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%~0.53%	$ 59,590,634	$ 112,576,914
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%	-	8,378
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 on January 1, 2023	$ 27,120	$ -	$ -
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	-	-	-

	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)
Purchase new debt instruments	$ 18,918	$ -	$ -
de-recognition	(7,743)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(4,354)	-	-
Loss allowance as of December 31, 2023	$ 33,941	$ -	$ -
Financial assets on the basis of cost after amortization			
Balance on January 1, 2023	$ 22,742	$ 15,100	$ 8,380
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	15,345	-	-
de-recognition	(7,982)	-	-
Changes in model/risk parameters	-	-	-
Foreign exchange settlement and other changes	(13,657)	-	(2)
Loss allowance as of December 31, 2023	$ 31,548	$ -	$ 8,378

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	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:

Credit rating	Definition	Basis for recognizing expected credit losses	Expected credit loss rate	Total book value of December 31, 2022 — Measured at fair values through other comprehensive income	Total book value of December 31, 2022 — 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 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 on 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 on 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

3. Liquidity risk

(1) SOURCES AND DEFINITIONS OF LIQUIDITY RISK

The consolidated company's current liability exceeds its current assets of NT$110,129,460 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:

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, 2023	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	$11,602,768	$ -	$ 730	$ 11,970	$ -	$11,615,468
Shot-term borrowings	5,270,052	7,780,853	4,325,978	2,643,720	3,666,326	23,686,929
Short-term notes payable	2,125,000	3,835,000	-	-	-	5,960,000
Long-term borrowings	-	106,300	138,150	507,950	6,200,175	6,952,575
Payables	11,191,448	2,243,933	394,489	781,438	350,698	14,962,006
Customer deposits and remittances	73,970,358	91,688,110	91,729,323	171,796,556	299,397,257	728,581,604
Financial bonds payable	-	-	-	77,820	16,500,000	16,577,820
Lease liabilities	19,923	39,848	58,232	112,304	1,043,614	1,273,921
Other matured capital outflow items	32,114	16,659	50,162	744,852	3,998,375	4,842,162

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

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, 2023	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	$ 71,178	$ 74,330	$ 104,523	$ 51,317	$ -	$ 301,348

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

(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, 2023	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	$41,435,207	$31,075,829	$ 3,583,548	$12,246,113	$ -	$88,340,697
- Cash inflow	40,557,512	30,359,075	3,448,072	11,864,271	-	86,228,930
Subtotal of cash outflows	41,435,207	31,075,829	3,583,548	12,246,113	-	88,340,697
Subtotal of cash inflows	40,557,512	30,359,075	3,448,072	11,864,271	-	86,228,930
Net cash flow	($ 877,695)	($ 716,754)	($ 135,476)	($ 381,842)	$ -	($ 2,111,767)

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	$ -	$29,410,476
- Cash inflow	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Subtotal of cash outflows	17,935,625	7,870,492	2,694,326	910,033	-	29,410,476
Subtotal of cash inflows	17,720,731	7,598,820	2,595,045	863,855	-	28,778,451
Net cash flow	($ 214,894)	($ 271,672)	($ 99,281)	($ 46,178)	$ -	($ 632,025)

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, 2023	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	$ 9,929,270	$21,454,892	$37,547,101	$70,202,205	$68,784,295	$207,917,763
The payment of opened but unused letter of credit	1,681,152	1,744,003	382,161	6,416	-	3,813,732
Receivable guarantees	6,982,654	4,169,771	2,259,268	3,866,828	13,158,675	30,437,196
Lease contract commitments	5,438,394	485,766	480,632	421,373	-	6,826,165
Total	$24,031,470	$27,854,432	$40,669,162	$74,496,822	$81,942,970	$248,994,856

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	$ 9,837,095	$19,810,438	$31,619,264	$70,681,639	$54,419,920	$186,368,356
The payment of opened but unused letter of credit	966,386	2,083,566	288,243	12,299	-	3,350,494
Receivable guarantees	4,810,563	6,111,423	1,167,508	3,306,319	11,873,688	27,269,501
Lease contract commitments	2,814,549	246,797	161,104	254,735	-	3,477,185
Total	$18,428,593	$28,252,224	$33,236,119	$74,254,992	$66,293,608	$220,465,536

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.

XLVI. 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, 2023					
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 at fair value through other comprehensive profit or loss	$ 182,810	$ 147,284	$ 162,089	$ 147,284	$ 14,805

R/P agreement					
Financial assets on the basis of cost after amortization R/P agreement	6,043,264	5,609,271	5,903,831	5,609,271	294,560

XLVII. 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, 2023

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	$10,696,795	$ -	$10,696,795	$10,696,795	$ -	$ -

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	$ 5,756,555	$ -	$ 5,756,555	$ 5,756,555	$ -	$ -

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	$ -	$11,643,340	$11,643,340	$ -	$ -

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

(1) Asset quality

Type of business \ Item			December 31, 2023 Non-performing loans (Note 1)	December 31, 2023 Total loans	December 31, 2023 Non-performing loan ratio (Note 2)	December 31, 2023 Allowance for bad debt	December 31, 2023 Allowance for bad debt coverage ratio (Note 3)	December 31, 2022 Non-performing loans (Note 1)	December 31, 2022 Total loans	December 31, 2022 Non-performing loan ratio (Note 2)	December 31, 2022 Allowance for bad debt	December 31, 2022 Allowance for bad debt coverage ratio (Note 3)
Corporate banking	Secured		262,155	155,084,145	0.17%	2,148,434	819.53%	356,934	151,757,965	0.24%	1,742,917	488.30%
	Unsecured		40,748	106,600,114	0.04%	1,612,376	3,956.95%	26,809	98,766,960	0.03%	1,618,539	6,037.30%
Consumer banking	Residential mortgage loans (Note 4)		221,953	82,297,524	0.27%	1,241,832	559.50%	135,497	72,455,523	0.19%	1,086,696	802.01%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small credit loans (Note 5)		1,361	673,649	0.20%	8,690	638.50%	2,086	928,828	0.22%	12,337	591.42%
	Others (Note 6)	Secured	219,602	166,961,744	0.13%	1,848,250	841.64%	229,450	161,245,185	0.14%	1,706,989	743.95%
		Unsecured	32,567	35,976,096	0.09%	420,932	1,292.51%	31,468	34,355,388	0.09%	486,831	1,547.07%
Total loans			778,386	547,593,272	0.14%	7,280,514	935.33%	782,244	519,509,849	0.15%	6,654,309	850.67%

Type of business \ Item	December 31, 2023 Non-performing loans	December 31, 2023 Balance of receivable accounts	December 31, 2023 Non-performing loan ratio	December 31, 2023 Allowance for bad debt	December 31, 2023 Allowance for bad debt coverage ratio	December 31, 2022 Non-performing loans	December 31, 2022 Balance of receivable accounts	December 31, 2022 Non-performing loan ratio	December 31, 2022 Allowance for bad debt	December 31, 2022 Allowance for bad debt coverage ratio
Credit card business	1,113	770,844	0.14%	20,188	1,813.84%	1,196	792,342	0.15%	27,284	2,281.27%
Non-recourse factoring (Note 7)	-	144,660	-	7,905	-	-	148,925	-	7,906	-

Exemption from reporting Non-performing loan or overdue accounts receivable

	December 31, 2023 Total non-performing loan exempted from report	December 31, 2023 Total balance of overdue accounts receivable exempted from report	December 31, 2022 Total non-performing loan exempted from report	December 31, 2022 Total balance of overdue accounts receivable exempted from report
Amount exempted from report upon debt negotiation and performance (Note 8)	412	255	682	502
Performance of debt clearance program and rehabilitation program (Note 9)	8,019	12,128	9,284	13,990
Total	8,431	12,383	9,966	14,492

Note 1: The non-performing loan 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 non-performing loan 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: Non-performing loan coverage ratio = Allowance for bad debt appropriated for loans/non-performing loan. Overdue credit card accounts receivables coverage ratio = Allowance for bad debt appropriated for credit card accounts receivable/non-performing loan.

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 non-performing loans 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 non-performing loans 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 and the Letter Jin-Guan-Yin-Fa0Zi No. 10500134790 dated September 20, 2016.

(2) Status of credit risk concentration

December 31, 2023

Unit: NTD thousand

Rank (Note 1)	Industry of company or group enterprise (Note 2)	Total credit balance (Note 3)	Percentage of net value as of December 31, 2023
1	Group A 016700 Real estate development	$ 4,464,568	5.83%
2	Group B 016700 Real estate development	4,052,468	5.30%
3	Group C 016700 Real estate development	2,854,700	3.73%
4	Group D 016499 Other financial services unclassified	2,462,170	3.22%
5	Group E 012411 Iron and steel manufacturing	2,429,343	3.17%
6	Group F 016700 Real estate development	1,764,986	2.31%
7	Group G 010892 Noodle products manufacturing	1,707,194	2.23%
8	Group F 016700 Real estate development	1,648,140	2.15%
9	Group I 014100 Construction and engineering	1,497,104	1.96%
10	Group J 013822 Hazardous waste treatment industry	1,462,326	1.91%

December 31, 2022

Unit: NTD thousand

Rank (Note 1)	Industry of company or group enterprise (Note 2)	Total credit balance (Note 3)	Percentage of net value as of December 31, 2023
1	Group A 016700 Real estate development	$ 5,021,523	7.25%
2	Group K 016700 Real estate development	3,790,746	5.48%
3	Group C 016700 Real estate development	2,619,968	3.78%
4	Group L 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 I 014100 Construction and engineering	1,800,380	2.60%
9	Group M 016499 Other financial services unclassified	1,694,364	2.45%
10	Group N 012630 Printed circuit board manufacturing	1,677,686	2.42%

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, property development).

Note 2: The group enterprise 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, 2023

Unit: NTD thousand, %

Item	1 - 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	More than 1 year	Total
Interest rate sensitive assets	561,918,709	5,722,640	7,699,476	124,846,576	700,187,401
Interest rate sensitive liabilities	181,288,145	377,626,703	86,850,531	9,169,678	654,935,057
Interest rate sensitivity gap	380,630,564	(371,904,063)	(79,151,055)	115,676,898	45,252,344
Net value					76,514,984
Ratio of interest rate sensitive assets to liabilities					106.91%
Ratio of interest rate sensitivity gap to net worth					59.14%

December 31, 2022

Unit: NTD thousand, %

Item	1 - 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	More than 1 year	Total
Interest rate sensitive assets	533,316,870	13,603,764	13,332,755	97,341,828	657,595,217
Interest rate sensitive 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
Ratio of interest rate sensitive assets to liabilities					106.26%
Ratio of interest rate sensitivity gap to net worth					55.99%

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, 2023

Unit: US$ thousand; %

Item	1 - 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	More than 1 year	Total
Interest rate sensitive assets	1,563,571	115,543	54,594	676,100	2,409,808
Interest rate sensitive liabilities	1,596,783	1,066,377	289,586	-	2,952,746
Interest rate sensitivity gap	(33,212)	(950,834)	(234,992)	676,100	(542,938)
Net value					2,492,345
Ratio of interest rate sensitive assets to liabilities					81.61%
Ratio of interest rate sensitivity gap to net worth					(21.78%)

December 31, 2022

Unit: US$ thousand; %

Item	1 - 90 days (inclusive)	91 to 180 days (inclusive)	181 days to 1 year (inclusive)	More than 1 year	Total
Interest rate sensitive assets	1,580,836	119,596	29,367	430,111	2,159,910
Interest rate sensitive 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
Ratio of interest rate sensitive assets to liabilities 8					89.76%
Ratio of interest rate sensitivity gap to net worth					(10.93%)

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, 2023	December 31, 2022
Return on assets	Before Income Tax	0.97	0.83
	After Income Tax	0.82	0.69
ROE	Before Income Tax	11.06	9.76
	After Income Tax	9.36	8.06
Net profit rate		41.93	38.15

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

3. Net (loss) profit margin = Profit or loss after tax/net income
4. Profit or loss before (after) tax means the profit or loss 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, 2023

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	768,051,330	82,704,794	56,523,371	45,533,005	55,359,383	117,023,970	410,906,807
Main capital outflow upon maturity	938,552,036	42,528,422	42,719,282	108,070,504	132,594,108	224,681,146	387,958,574
Gap	(170,500,706)	40,176,372	13,804,089	(62,537,499)	(77,234,725)	(107,657,176)	22,948,233

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)

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, 2023

Unit: US$ 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	4,418,319	1,285,574	645,249	257,721	456,567	1,773,208
Main capital outflow upon maturity	5,118,011	1,848,710	1,086,478	668,124	1,052,599	462,100
Gap	(699,692)	(563,136)	(441,229)	(410,403)	(596,032)	1,311,108

December 31, 2022

Unit: US$ 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

Note: I. 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).

II. Where offshore assets account for more than 10% of the Bank's total assets, it is necessary to provide supplementary disclosure.

XLIX. 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. Corporation and Taichung Commercial Bank Consolidated Securities Co., Ltd. that has minimum capital requirements by law, the other companies are not required to comply with other external capital regulations. The qualified self-owned capital sufficiently of Taichung Commercial Bank Co. Ltd. and Taichung Commercial Bank Consolidated Securities Co., Ltd. meets regulatory capital requirements and reach the minimum statutory capital adequacy ratio, which is the basic objective of the consolidated company in terms of capital management. Relevant appropriation and calculation methods of qualified self-owned capital and statutory capital shall be handled according to provisions of 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.

L. 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, 2023						
	USD	RMB	JPY	AUD	EUR	Other foreign currencies	Total
Foreign currency financial assets							
Cash and cash equivalents	$ 12,558,368	$ 2,301,954	$1,168,046	$ 161,960	$ 616,640	$ 552,092	$ 17,359,060
Due from Central Bank and lend to Banks	1,240,280	86,520	-	-	-	439,105	1,765,905
Financial assets at fair value through profit and loss	1,595,572	-	-	-	-	54,356	1,649,928
Financial assets at fair value through other comprehensive profit or loss	7,655,047	1,122,688	-	7,785,503	711,874	767,171	18,042,283
Discounts and loans	30,609,277	2,250,650	597,442	1,374,190	555,224	214,619	35,601,402
Accounts receivable	1,372,330	5,503,414	209,269	93,911	17,965	201,898	7,398,787
Assets measured on the basis of cost after amortization	21,611,093	3,697,430	-	1,834,870	-	1,125,762	28,269,155
Other assets	1,209,664	-	-	-	-	228	1,209,892
Foreign currency financial liabilities							
Funds borrowed from Central Bank and other banks	-	5,035,670	-	-	-	-	5,035,670
Customer deposits and remittances	83,073,540	3,700,225	2,520,255	2,033,455	575,265	1,807,788	93,710,528
Financial liabilities at fair value through profit and loss	732,882	-	-	-	-	54,356	787,238
Other financial liabilities	2,796,770	-	-	-	-	1,043,181	3,839,951
Payables	672,303	66,534	209,156	5,507	4,718	134,171	1,092,389
Lease liabilities	-	40,009	-	-	-	16,301	56,310
Bills and bonds sold under repurchase agreements	4,886,555	-	-	-	-	-	4,886,555
Liability reserve	27,383	-	-	-	-	-	27,383
Other liabilities	60,044	72,218	5,549	-	553	82	138,446
NTD exchange rate	30.70	4.33	0.22	20.98	33.98		

	December 31, 2022						
	USD	RMB	JPY	AUD	EUR	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
NTD exchange rate	30.71	4.41	0.23	20.82	32.71		

The consolidated company's gain (loss) on foreign currency exchange (realized and unrealized) in 2023 and 2022 were NT$789,249 thousand and (NT$128,505) thousand, respectively. Due to the wide variety of foreign currency transactions, it is difficult to disclose all exchange gains or losses based impact significance.

LI. 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	TRYIIT CO., LTD.	Other receivables	No	$117,528	$ -	$ -	4%-10%	Necessary for offering short-term loan	$ -	Working capital	$ -	Real estate	$ -	$ 236,951	$ 947,805	Note 9
1	”	Shilien Property Development Co., Ltd.	”	”	100,000	-	-	4%-10%	〃	-	〃	-	N/A	-	236,951	947,805	〃
1	”	Zong Hui Construction Co., Ltd.	”	”	200,000	186,000	186,000	4%-10%	〃	-	〃	1,860	Real estate	70,040	236,951	947,805	〃
1	”	Shanyue Development and Construction Co., Ltd.	”	”	150,000	147,706	147,706	4%-10%	〃	-	〃	1,470	Real estate	125,805	236,951	947,805	〃
1	”	Song Ying Consulting Co., Ltd.	”	”	50,000	49,700	49,700	4%-10%	〃	-	〃	497	Real estate	32,510	236,951	947,805	〃
1	”	Chuanfu Development Co., Ltd.	”	”	126,150	125,640	125,640	4%-10%	〃	-	〃	1,256	Real estate	100,920	236,951	947,805	〃
1	”	DA FANG SKILL COLOR MARKETING CONSULTANT CO., LTD.	”	”	100,000	95,855	95,855	4%-10%	〃	-	〃	959	Real estate	573,977	236,951	947,805	〃
1	”	Hong Shu Construction Co., Ltd.	”	”	46,000	45,816	45,816	4%-10%	〃	-	〃	458	Real estate	15,248	236,951	947,805	〃
1	”	TCCBL Co., Ltd. (B.V.I.)	Other receivable - related parties	Yes	10,273	-	-	-	〃	-	〃	-	N/A	-	236,951	947,805	〃
2	Chou Chin Industrial Co., Ltd.	Noble House Glory	Amounts receivable - Related parties	”	35,000	-	-	-	〃	-	〃	-	N/A	-	443,591	887,181	Note 10

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 loans of Taichung Bank Leasing Corporation Limited provided to a single enterprise shall not exceed 10% net worth of Taichung Bank Leasing Corporation Limited. 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.

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.	$ 1,108,976	$ 15,000	$ 15,000	$ -	$ -	0.7	$ 2,217,953	–	–	–
2	Taichung Commercial Bank Lease Enterprise	TCCBL Co., Ltd. (B.V.I.)	100% and directly owned subsidiary of Taichung Commercial Bank	14,217,078	92,220	-	-	-	-	23,695,130	–	–	–
2	Taichung Commercial Bank Lease Enterprise	Taichung Commercial Bank Leasing (Suzhou) Ltd.	100% and indirectly owned subsidiary of Taichung Commercial Bank	14,217,078	6,507,280	6,214,740	3,534,924	-	262.28	23,695,130	–	–	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. Holding of marketable securities at the end of the period

Unit: Thousand shares/NT$ 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	$ 12	-	$ 12	
	Non listed (OTC) domestic stock							
	EVERSOL CORP.	”	N/A	35	-	1	-	
	Beneficiary certificate							
	The RSIT Digital Fund	”	Fund managed by Taichung Securities Investment Trust Co., Ltd.	200	13,710	-	13,710	
	TCB Taiwan High Dividend Fund A (Note)	”	”	500	7,695	-	7,695	
	Beneficiary certificate							
	TAROBO Robts Quant Chinese Fd.	Pan Asia Chemical Corporation	Fund managed by Taichung Securities Investment Trust Co., Ltd.	400	6,863	-	6,863	
	TCB Taiwan High Dividend Fund A (Note)	”	”	696	10,704	-	10,704	
	The RSIT Digital Fund	”	”	150	10,283	-	10,283	
	Beneficiary certificate							
	The RSIT Enhanced Money Market Fund	Taichung Securities Investment Trust Co., Ltd.	Fund managed by Taichung Securities Investment Trust Co., Ltd.	1,151	14,107	-	14,107	
	Dah-Fa Fund	”	”	30	1,638	-	1,638	
	The RSIT Digital Fund	”	”	23	1,560	-	1,560	
	Chinese Selected Growth Equity Fund	”	”	772	8,688	-	8,688	
	TCB GAMMA Quantitative Multi-Asset Fund A	”	”	988	10,272	-	10,272	
	TCB Taiwan High Dividend Fund A (Note)	”	”	531	8,174	-	8,174	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	CDF Preferred Share B	Deh Hsing Investment Co., Ltd.	N/A	3,600	25,452	-	25,452	
					$ 119,158		$ 119,158	(Note)
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	$ 1,618,970	1	$ 1,618,970	1,148 thousand shares pledged
	Maxigen Biotech Inc.	”	N/A	646	31,262	1	31,262	

(cont’d)

(Continued)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
	Taiwan Tea Corporation	〃	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	7,900	171,825	1	171,825	
	Bank of Kaohsiung Preferred Stock A	〃	N/A	1,200	25,380	3	25,380	
	Tonlin Department Store Co., Ltd.	〃	”	895	25,150	-	25,150	
	Non listed (OTC) domestic stock							
	Sunny Bank	〃	N/A	3,192	29,596	-	29,596	
	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	22,736	18	22,736	
	Taiwan Silk and Filament Weaving Development Co. (Preferred shares)	〃	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	199	416	6	416	
	Minchali Metal Industrial Co., Ltd.	〃	N/A	7,193	123,716	3	123,716	
	TWSE	〃	”	2,057	96,591	-	96,591	
	Everterminal Co., Ltd.	〃	”	149	2,097	-	2,097	
	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	7,767	18	7,767	
	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	94,932	1	94,932	
	Pan Asia Chemical Corporation	”	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	-	2	-	2	
Equity instrument investments measured at fair value through other comprehensive income-non-current	Non listed (OTC) domestic stock							
	Formosa Imperial Wineseller Corp.	Deh Hsing Investment Co., Ltd.	Affiliate	2,000	$ -	10	$ -	
	Wan Tai Lease Co., Ltd.	”	N/A	628	-	3	-	
	Chung Chien Recreation Investment Co., Ltd.	”	Affiliate	90	900	18	900	
	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	2,136,462	16	2,136,462	43,954 thousand shares pledged

(cont’d)

(Continued)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with Securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	894	19,444	-	19,444	
	Non listed (OTC) domestic stock							
	TWSE	”	N/A	425	19,110	-	19,110	
	Chung Chien Investment Co., Ltd.	”	Affiliate	12,000	47,788	18	47,788	
	Chung Shing Textile Co., Ltd.	”	N/A	120	-	-	-	
	Non listed (OTC) domestic stock							
	Taiwan Futures Exchange	Taichung Securities Investment Trust Co., Ltd.	N/A	1,910	174,860	-	174,860	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taiwan Business Bank	Chou Chin Industrial Co., Ltd.	N/A	1,169	16,012	-	16,012	
	Taichung Commercial Bank	”	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	9,971	158,539	-	158,539	2,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	”	Ultimate parent of Chou Chin Industrial Co., Ltd.	61,488	502,354	4	502,354	45,000 thousand shares pledged
	Hua Nan Financial Holding	”	CHINA MAN-MADE FIBER CORPORATION is its corporate director.	28,339	633,370	-	633,370	26,500 thousand shares pledged
	Taiwan Tea Corporation	”	Chou Chin Industrial Co., Ltd., a subsidiary of China Man-Made Fiber Corporation	21,215	461,426	3	461,426	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	1,596	$ 14,798	-	$ 14,798	
	Shares traded on the Taiwan Stock Exchange or OTC exchange							
	Taichung Commercial Bank	Chou Chang Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	17,215	273,724	-	273,724	10,000 thousand shares pledged
	CHINA MAN-MADE FIBER CORPORATION	”	Ultimate parent of Chou Chin Industrial Co., Ltd.	9,618	78,575	1	78,575	
	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	565	2,603	1	2,603	
					$ 6,791,096		$ 6,791,096	(Note)

(cont’d)

(Continued)

Account Title	Type and Name of Securities	Holder of Securities	Affiliation with securities Issuer	Ending				Remark
				Quantity	Book Value	Shareholding %	Fair value	
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	11	$ 110,000	-	$ 110,000	
	”	Pan Asia Chemical Corporation	”	20	202,000	-	202,000	
	”	Chou Chin Industrial Co., Ltd.	”	85	853,255	-	853,255	NT$790,000 thousand pledge
	”	Chou Chang Corporation	”	35	356,797	-	356,797	NT$ 350,000 thousand pledge
					$ 1,522,052		$ 1,522,052	(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 (Note 2)	Affiliation (Note 2)	Beginning		Purchased (Note 3)		Sold (Note 3)				Ending	
					Shares (in Thousand shares)	Amount	Quantity (Thousand Shares)	Amount	Quantity (Thousand Shares)	Amount	Cost	Gain (loss) from disposal	Quantity (Thousand Shares)	Amount
China Man-made Fiber Corporation	Stock Taiwan Tea Corporation	Financial assets at fair value through other comprehensive income	-	-	20,130	$ 427,762	-	$ -	12,230	$340,248	$ 223,738	Gain (loss) from disposal of NT$116,510 Valuation gains or losses of NT$84,311 (Note 5)	7,900	$171,825
Taichung Bank Insurance Agency Company limited by shares	Stock Taiwan Tea Corporation	”	-	-	27,578	447,786	-	-	27,578	633,097	447,786	Gain (loss) from disposal of NT$185,311	-	-
Pan Asia Chemical Corporation	Stock Taiwan Tea Corporation	”	-	-	12,394	263,373	-	-	11,500	286,160	195,527	Gain (loss) from disposal of NT$90,633 Valuation gains or losses of NT$42,231 (Note 5)	894	19,444
Deh Hsing Investment Co., Ltd.	Stock Taiwan Tea Corporation	”	-	-	13,177	280,011	-	-	13,177	322,351	226,738	Gain (loss) from disposal 95,613	-	-

Note 1: Securities mentioned in the table refer to stocks, bonds, beneficiary certificates and marketable securities derived from the above items.

Note 2: Investors whose securities are accounted for using the equity method are required to complete these two columns, and the remainder can be left blank.

Note 3: Whether the cumulative amount purchased and sold that is calculated separately based on the market price has reached NT$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent company. If the stocks of an issuer has no par value or the par value per shares is not NT$10, the requirements related to the transaction amount of 20% of the paid-in capital shall be calculated based on 10% equity attributable to owners of the parent company in the balance sheet.

Note 5: The valuation gains or losses of the outstanding portion at the end of the period.

5. Acquisition amount of property reaching NT$300 million or more than 20% of the Paid-in shares capital:

Unit: NTD thousand, unless otherwise noted

Company that acquired the property	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	July 25, 2023	$ 641,890	Having been paid up	Orient Europharma Co., Ltd., Heqian Co., Ltd., and Aisijia Investment Co., Ltd.	N/A	-	-	-	$ -	Refer to market conditions and appraisal reports	Self-use and partial for lease	Based on the agreements in the contract

Note 1: If the acquired assets are subject to appraisal according to requirements, the appraisal result shall be indicated in the "Reference basis for price determination" column.

Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the stocks of an issuer has no par value or the par value per shares is not NT$10, the requirements related to the transaction amount of 10% of the paid-in capital shall be calculated based on 10% equity attributable to owners of the parent company in the balance sheet.

Note 3: "Date of occurrence" means the date of transaction contract signing, date of payment, date of successful commission, date of transfer, date of Boards resolutions, or other date that can confirm the transaction counterparty and monetary amount of the transaction, whichever date is earlier.

6. Amount on purchase from and sale to related parties reaching NT$100 million or more than 20% of the Paid-in shares capital Unit: NT$ 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.	Investments in investees of CMFC under the equity method	Purchase	$ 778,593	13%	30 - 60 days	Not distinctive	30~90 days for the general transactions	$ -	-	
CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	A subsidiary of CHINA MAN-MADE FIBER CORPORATION	Sale	(613,503)	(10%)	30 - 60 days	”	”	192,139	26%	
Pan Asia Chemical Corporation	CHINA MAN-MADE FIBER CORPORATION	Parent company of Pan Asia Chemical Corporation	Purchase	613,503	61%	30 - 60 days	”	”	(192,139)	(82%)	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Subsidiary of Chou Chin Industrial Co., Ltd.	Sale	(1,431,148)	(48%)	A/C 90 days	”	”	156,830	47%	
GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	Parent company of GREENWORLD FOOD CO., LTD.	Purchase	1,431,148	72%	A/C 90 days	”	”	(156,830)	(77%)	

7. Accounts receivable-related party reaching NT$100 million or more than 20% of the Paid-in shares capital. Unit: NT$ 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	$ 192,139	2.69	$ -	—	$ 192,139	$ -
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	A subsidiary of Chou Chin Industrial Co., Ltd.	156,830	9.27	-	—	94,178	-

8. Other: Business relationship and main dealings between the parent and its subsidiaries Unit: NT$ 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)

	2023						
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Sales revenue	$ 613,503	No significant difference from the general customer	2%
0	CHINA MAN-MADE FIBER CORPORATION	Pan Asia Chemical Corporation	1	Accounts receivable	192,139	〃	-
0	CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank	1	Cash and cash equivalents	98,070	〃	-
1	Taichung Commercial Bank	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Customer deposits and remittances	2,589,723	〃	-
1	Taichung Commercial Bank	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Income from handling fees	351,383	〃	1%
1	Taichung Commercial Bank	Taichung Commercial Bank Insurance Broker Co., Ltd.	3	Accounts receivable	241,086	〃	-
1	Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	3	Customer deposits and remittances	62,473	〃	-
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Sales revenue	1,431,148	〃	4%
2	Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	3	Accounts receivable	156,830	〃	-
2	Chou Chin Industrial Co., Ltd.	Taichung Commercial Bank	3	Bank deposits	108,455	〃	-
3	GREENWORLD FOOD CO., LTD.	Chou Chin Industrial Co., Ltd.	3	Royalty expenses	169,952	〃	-

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.

9. Information about the investee's name, location, and others

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			
	Investee in which the Company has substantial control										
CHINA MAN-MADE FIBER CORPORATION	Taichung Commercial Bank	Taichung City	Banking business	$ 7,649,576	$ 7,649,576	1,123,053	21	$16,443,070	$ 6,821,434	$ 1,465,913	602,050 thousand shares pledged
	Pan Asia Chemical Corporation	Taipei City	Petrochemical business	968,472	968,472	168,318	44	1,784,006	347,380	154,238	
	Deh Hsing Investment Co., Ltd.	Taipei City	General investment business	790,000	790,000	79,000	100	1,007,675	24,632	24,632	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	14,400	14,400	922	3	13,226	(3,571)	(105)	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	195,262	195,262	38,759	47	755,467	105,191	52,817	
Pan Asia Chemical Corporation	Taichung Commercial Bank	Taichung City	Banking business	1,674,702	1,674,702	287,995	6	4,215,975	6,821,434	375,872	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	15,738	15,738	979	3	14,079	(3,571)	(112)	
Taichung Commercial Bank	Taichung Commercial Bank Lease Enterprise	Taipei City	Leasing industry	1,800,000	1,800,000	220,631	100	2,369,513	194,473	194,473	
	Taichung Bank Insurance Agency Co., Ltd.	Taichung City	Insurance agency	6,000	6,000	128,600	100	2,074,740	309,910	309,910	
	Taichung Commercial Bank Consolidated Securities Co., Ltd.	Taichung City	Securities business	1,500,000	1,500,000	162,450	100	1,924,376	222,823	222,823	
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	120,000	120,000	12,000	38	172,446	(3,571)	(1,373)	
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	962,838	77,345	77,345	
Taichung Commercial Bank Consolidated Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Taipei City	Venture Investment	210,000	210,000	21,000	100	214,565	11,495	11,495	
Deh Hsing Investment Co., Ltd.	Taichung Commercial Bank	Taichung City	Banking business	86,575	86,575	15,382	-	226,384	6,821,434	19,848	4,500 thousand shares pledged
	Taichung Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust business	20,162	20,162	1,716	6	24,670	(3,571)	(196)	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	44,000	44,000	4,060	15	62,083	13,883	2,106	
	Chou Chin Industrial Co., Ltd.	Changhua County	Manufacturing and trading	10,243	10,243	2,071	3	55,232	105,191	2,642	
	IOLITE COMPANY Ltd.	Samoa	General investment business	118,054	152,853	100	100	82,005	(732)	(732)	
	Precious Wealth International Limited	Samoa	General investment business	10,969	-	USD375	100	10,013	763	763	

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			
IOLITE COMPANY Ltd.	Precious Wealth International Limited	Samoa	General investment business	-	10,969	-	-	-	763	548	
Chou Chin Industrial Co., Ltd.	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	233,644	233,644	17,567	90	216,355	53,133	48,785	
	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	308,798	308,798	13,343	49	204,061	13,883	6,744	
	Bomy Enterprise	British Virgin Islands	General investment business	205,092	205,092	10,000	49	164,142	(15,027)	(7,312)	
	Yuju Universal Corporation	Samoa	General investment business	79,761	52,090	2,660	97	44,178	(2,087)	(2,099)	
	Bang Yu Co., Ltd.	Taipei City	General investment business	-	-	-	-	-	4,217	4,217	
Yuju Universal Corporation	Noble House Glory	Japan	Short-term accommodation service	52,295	24,345	6,800	100	44,608	(2,099)	(2,099)	
GREENWORLD FOOD CO., LTD.	Chou Chang Corporation	Taichung City	Distribution and warehousing of beverages	1,470	1,470	52	-	328	13,883	26	
	Bomy Enterprise	British Virgin Islands	General investment business	52,306	52,306	2,650	13	43,513	(15,027)	(1,938)	
Chou Chang Corporation	GREENWORLD FOOD CO., LTD.	Taichung City	Food manufacturing, and distribution and warehousing of beverages	11,224	11,224	1,133	6	16,140	53,133	3,202	
								$ 33,145,688		$ 2,945,165	
	Investee in which the Company has significant influence										
CHINA MAN-MADE FIBER CORPORATION	Nan Chung Petrochemical Corp.	Yunlin County	Petrochemical business	1,000,002	1,000,002	100,000	50	940,250	(276,194)	(137,243)	10,000 thousand shares pledged
Deh Hsing Investment Co., Ltd.	Wei-Kang International	Taipei City	Retail	5,000	5,000	300	30	1,783	440	108	
	Storm Model Management	Taipei City	General Advertising Services	4,800	4,800	152	22	4,850	(2,216)	(495)	
Chou Chin Industrial Co., Ltd.	BONWELL PARISE Co., Ltd.	Samoa	International trade	-	3,218	-	-	-	(1,525)	(524)	
								$ 946,883		($ 137,106)	

10. Information on main shareholders

December 31, 2023

Name of Principle shareholder	Shares	
	Quantity of Shares	Shareholding ratio
Pan Asia Chemical Corporation	261,500,828	15.51%

11. Information about investment in Mainland China:

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	Current period net gain (loss) of the investee	The Company's Direct or Indirect Investment Holding Ratio %	Investment (loss) gain recognized during the period (Note 6)	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 (US$20,000)	Invested through the third area	$ 638,972 (US$19,850)	$ -	$ -	NT$638,972 (US$19,850)	(NT$15,141) (US$486)	28% (Note 1)	(NT$4,265) (US$137) (2) C	$ 103,648 (US$3,376)	$ -
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 (CNY 1,000)	"	-	-	-	-	(1,269) (CNY 289)	28% (Note 2)	(360) (CNY 82) (2) C	(257) (CNY 59)	-
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 (US$1,001)	Invested through the third area	14,486 (US$450)	-	-	14,486 (US$450)	-	49% (Note 3)	-	-	-
Hebei Hanoshi Contact Lens Co., Ltd.	Manufacturing and trading	470,685 (US$15,000)	"	470,685 (US$15,000)	-	-	470,685 (US$15,000)	(10,489) (CNY 2,386)	28%	(2,937) (CNY 668) (2) C	90,190 (CNY 20,843)	-
Qian Teng PR Planning (Shanghai), Co., Ltd. (Note 11)	Exhibition design, corporate marketing consultation and advertising copy planning	7,408 (US$250)	"	3,147 (US$100)	-	-	3,147 (US$100)	(1,130) (CNY 257)	40% (Note 4)	(452) (CNY 103)	-	-
Taichung Bank Leasing (Suzhou)	Financing leasing and investments	893,373 (CNY 186,329)	"	893,373 (CNY 186,329)	-	-	893,373 (CNY 186,329)	74,646 (CNY 16,998)	29% (Note 5)	21,647 (CNY 4,929) (2)B	263,685 (CNY 60,939)	-
Shanghai Nianjia Cultural Diffusion Co., Ltd. (Note 11)	Culture and art exchanges and PR activity planning	419 (CNY 100)	Investment in the Chinese company was made with Qian Teng PR Planning (Shanghai)'s own funds	-	-	-	-	(86) (CNY 20)	40%	(34) (CNY 8)	-	-

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 CNY 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: Conduct 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$31.15, CNY1 = NT$4.33, CNY1 = $4.40) at the foreign exchange rate-ending and average foreign exchange rate prevailing on the date of the financial statement.

Note 9: Any financing with investees in Mainland China, either directly or indirectly through a third area: For details, please refer to Table 1.

Note 10: Any endorsement, guarantee or collateral with investees in Mainland China, either directly or indirectly through a third area: For details, please refer to Table 2.

Note 11: Chou Chin Industrial Co., Ltd. disposed of the equity of Bonwell Parise Co., Ltd. on December 11, 2023; therefore, the investment gain or loss from investees is only recognized up to the time of the disposal.

LII. 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	
	2023	2022	2023	2022
Chemical Industry Dept.	$ 4,751,324	$ 7,063,412	($ 1,137,593)	($ 1,750,930)
Chemical Fiber Department	2,031,527	2,680,612	(793,167)	(569,339)
Bank departments	27,423,980	19,826,689	8,233,549	6,600,643
Other Depts.	4,563,479	4,558,467	(1,253,566)	(173,909)
Total	$ 38,770,310	$ 34,129,180	$ 5,049,223	$ 4,106,465

Revenues reported above are generated from transactions with external customers. There were no inter-departmental sales generated in 2023 and 2022.

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, 2023	December 31, 2022
Segment assets		
Chemical Industry Dept.	$ 2,979,216	$ 3,454,741

Chemical Fiber Department	1,098,153	1,204,542
Construction Dept.	2,913,433	2,772,783
Bank departments	877,947,789	807,962,828
Others	17,251,330	20,307,067
Total segment assets	$ 902,189,921	$ 835,701,961

(3) Information by region

The consolidated company's revenue by location is set out as follows:

	December 31, 2023	December 31, 2022
Taiwan	$ 34,494,388	$ 29,110,832
Asia	3,742,492	3,235,230
Others	533,430	1,783,118
	$ 38,770,310	$ 34,129,180

(4) Information on major customers

The operating revenue of the consolidated company from a single customer in 2023 and 2022 has not reach 10% of its total operating revenue; therefore, there is no major customers' information.