China Bills Finance Corporation

Minutes of the 2023 Annual General Meeting

Time: 9:00 am on June 16, 2023 (Friday)

Convening Method: Physical Shareholders Meeting

Venue: Lily Conference

2F, No. 327, Section 1, Tiding Blvd, Neihu Dist, Taipei City

Total shares represented by shareholders present in person or by proxy: 803,888,951 shares were represented by shareholders present in person and by proxy (including 799,633,295 shares represented by shareholders who exercised their voting rights electronically), accounting for 59.85% of 1,342,960,000 shares, the Company's total outstanding shares.

Directors present: Chairman Cheng-Chuan Chang, Director Cheng-Hsiang Wei (concurrently serving as the Company's President), Independent Director Wen-Ya Wu (convener of the Remuneration Committee), Independent Director Chung-Ming Kuo (convener of the Audit Committee), Independent Director Horng-Dar, Lin, Director Chih-Yuan,Hsu, Director Si-Tsong Cheng, Director Tzu-Hou Peng and Director Tang-Hsuan, Huang. Nine directors were present, exceeding half of the 11 seats in total.

Observers: Deloitte: CPA Kuan-Hao Lee

Lexcel Law Offices: Attorney Ching-Shu Lee

Chairman: Cheng-Chuan Chang, Chairman of the Board
Minutes taker: Ching-Chun Liao

I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.

II. Chairman's Address: (Omitted)

III. Report items:

(I) The Company's 2022 Business Report

(Noted)

There are no shareholder questions in this case.

(II) The Audit Committee's review report of the 2022 Financial Statements

(Noted)

There are no shareholder questions in this case.

(III) Employees and Directors' Remuneration Distribution for 2022.

(Noted)

There are no shareholder questions in this case.

(IV) Amendments to the Rules of Procedure of the Board of Directors Meetings

(Noted)

There are no shareholder questions in this case.

IV. Ratification items:

Item (I) Proposed by the Board of Directors

Proposal: To approve the 2022 Business Report and Financial Statements

Explanation:

A. The Company's 2022 review report , including business reports, the directory of main property, and the audit report with unqualified opinions issued by Yin-chou Chen, Kuan-Hao Lee, Certified Public Accountants of Deloitte & Touche have been reviewed by the Audit Committee, which considers the motion proper and the review report is represented in accordance with Article 14-1 of the Securities Exchange Act and Article 219 of the Company Act.

B. The motion was approved at the 20th meeting of the 15th Board of Directors.

Voting results: The voting results for this proposal were as follows (including votes cast electronically):

Shares represented at the time of voting: 773,282,951

Voting results	Percentage of shares represented by shareholders present
754,922,687 votes in favor	97.62%
444,469 votes against	0.05%
0 invalid votes	0.00%
17,915,795 votes abstained	2.31%

This proposal was approved as proposed.

There are no shareholder questions in this case.

Item (II) Proposed by the Board of Directors

Proposal: To approve the proposal for distribution of 2022 earnings

Explanation:

A. The Company's earnings after tax for 2022 was NT$1,040,281,854, and "other comprehensive income directly carried forward to retained earnings" of NT$54,884,295. In accordance with The Act Governing Bills Finance Business, 30% shall be set aside as legal reserve. With the undistributed earnings and retained earnings at the beginning of the period of NT$196,091,754, the special reserve of NT$962,708,058 was set aside from the net worth of the minus item under other shareholder equities in accordance with the Financial Supervisory Commission’s letter of No.1090150022; therefore, the earnings available for distribution for the current year total NT$0.

B. The proposal for earning distribution is attached.

C. The proposal has been approved at the 22th meeting of the 15th Board of Directors. The Company's Audit Committee has reviewed the proposal and found no discrepancies. The review report has been issued in accordance Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Voting results: The voting results for this proposal were as follows (including votes cast electronically):

Shares represented at the time of voting: 773,282,951

Voting results	Percentage of shares represented by shareholders present
755,661,374 votes in favor	97.72%
592,190 votes against	0.07%
0 invalid votes	0.00%
17,029,387 votes abstained	2.20%

This proposal was approved as proposed.

There are no shareholder questions in this case.

V. Discussion items:

Item (I) Proposed by the Board of Directors

Proposal: The company intends to distribute cash to shareholders from the legal reserve.

Explanation:

A. Since 2022, major central banks around the world, for the sake of inhibiting inflation, have followed one another to activate the rate hike cycle. With contractionary monetary policies, liquidity dropped and bond yield significantly rose to result in losses from the book-kept appraisal of bonds "measured at fair value through other combined gains or losses" and generate the net worth in the minus item under other shareholder equities.

B. Because of the minus item generated under "Other shareholder equities," it was required to set aside the special surplus reserve in accordance with the Financial Supervisory Commission's letter of No. 1090150022. After the reserve was set aside as mentioned in the foregoing letter, the Company no longer has "earnings available for distribution" and for issuance of dividends.

C. Due to the fact that "unrealized losses rated by bonds measured at fair value through other combined gains or losses" as mentioned above will be gradually offset as the duration of bonds shortens, in order to maintain steady dividends policies, as is required by the Articles 241 of the Company Act, cash worth NT$671,480,000 as part of the legal reserve that accounts for 25% of the paid-in capital size was distributed at NT$0.50 per share.

D. The cash distributed was chopped off unconditionally to the nearest integer and the remaining odd lots are listed as part of other income of the Company.

E. It is intended to approve this proposal during the shareholders' meeting and the Chairman is authorized by the Company's Board of Directors to set the base date for distribution of cash and others.

Voting results: The voting results for this proposal were as follows (including votes cast electronically):

Shares represented at the time of voting: 773,282,951

Voting results	Percentage of shares represented by shareholders present
755,808,814 votes in favor	97.74%
469,623 votes against	0.06%
0 invalid votes	0.00%
17,054,514 votes abstained	2.19%

This proposal was approved as proposed.

There are no shareholder questions in this case.

VII. Extempore motion: None

VIII. Adjournment (9:32 a.m.)

Note: The minutes of this annual general meeting only specified the essence of the meeting. The audiovisual recording the content and proceedings of the meeting shall prevail.

Report Item (1)

China Bills Finance Corporation

2022 Business Report

I. Domestic and Foreign Economic Environment

I. International Economic Environment

Since the inflation stress remains high, governments around the world are adopting contractionary monetary policies and it impacts the global economic growth momentum. According to the latest statistics released by IHS Markit, the global economic growth rate of 2022 was 3.4% and it is expected to be 2.9% for 2023. The IMF indicates that global economic activities are extensively slowing down beyond expectations. The high inflation not only greatly increases daily life costs but also drives most governments to adopt contractionary monetary policies in response. The persistent Russia–Ukraine War and the possibility of escalation are making the global economic outlook even worse and the sluggishness will continue into 2023.

Risks and variables remain for the time being in the international economy and need to be closely watched, including the developments of the pandemic around the world, the aftermath of the Russian military invasion of Ukraine, the sluggish economy in Mainland China, and the spillover effect of the contractionary monetary policies in major economies such as the US,
the rising prices of crude oil and bulk commodities around the world, the heated inflation, the climbing risks associated with public debts around the world to further add to financial fragility, geopolitical politics, and climate change, all of which are affecting the outlook of international economy.

II. Domestic Economic Environment

The domestic economic growth, impacted by the global political and economic situations, has been gradually adjusted down since the breakout of the Russia–Ukraine War in 2022. According to the statistics of the Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan, the economic growth rate was 2.45% in 2022 and is expected to be 2.12% in 2023. In the second quarter, the number of people with a confirmed diagnoses domestically started to climb. Meanwhile, impacted by the Russia–Ukraine War and the lock-down measure adopted in China against the pandemic, demand in the US, Europe, and China all dropped significantly and the exports growth in Taiwan slowed down. Manufacturers turned conservative with investments. Fortunately, impacts of the pandemic are gradually dying out and the government is slowly lifting related anti-pandemic measures. Domestic demand, spending, and the performance of related sectors are becoming better to support the economy with domestic demand instead of exports and hence the performance will not change much as a whole.

The demand for the application of emerging technologies and digital transformation such as 5G, high-performance computing, and automotive electronics will continue to grow in the future, which is likely to add momentum to production in the manufacturing sector.

The global economy and trade, however, are subject to uncertainties such as inflation, rate hike, Russia–Ukraine War, and US–China Technology War, among others, which is likely to suppress production in the manufacturing sector of our country. Close attention and careful response are needed subsequently.

Given the recurrent interference with the economy of the pandemic, the persistent rate hikes of central banks around the world and increased volatility with prices of assets, among other operational challenges in the future, interest rates on the money market will continue to climb to drive up the overall funds allocation cost and squeeze the spread for positions and result in significant shrinkage on the stock market. Macroeconomics is under a cloud for recession. It is estimated that such a situation will continue into 2023. The Company will keep monitoring industrial developments and market dynamics closely, evaluating investment opportunities on the stock and bond markets, and devoting itself to reinforcing and adjusting the asset-liability structure, advancing risk control, and enhancing the operational efficiency.

II. Business Plan Implementation Results

Since the Fed constantly increased the interest rate in a fight against inflation, the Central Bank also increased the interest rate domestically to lead unrealized losses of financial instruments to gradually spread and to accordingly impact the capital adequacy ratio. In order to have optimal capital configuration, operations in respective fields were reduced. As a result, the 2022 performance fell short of expectations. Profits of respective commodities are listed as follows:

In the bills business, with the central bank increasing the interest rate and the deposit reserve ratio, interest rates quickly rose on the secondary market in 2022 to an extent greater than that of the overall loan and credit cost. This drove the self-insured spread to drop. In addition, impacted by the central bank’s contractionary monetary policies, the cost of outright sale of notes constantly climbed. As a result, net income from notes dropped in 2022.

As far as bonds are concerned, under the inflation stress, the extent of interest rate raise spread and the capital cost of bonds in Taiwan and in the US quickly rose while coupon spread continued to shrink. As a result, the coupon business in 2022 did not meet the budget progress.

In terms of stock investment, the world was impacted by inflation. Central banks raised the interest rate to result in significant shrinkages on the financial market. All the points gained from the preceding year on the stock market in Taiwan were lost again. The spread involved in the exchange of assets, impacted by the rate hike policy of the central bank and the resultant significant rises in the cost of funds, shrunk. In light of the relatively drastic appraisal volatility and in order to control the liquidity risk, the overall positions were gradually lowered in the second half of 2022.

The Company's primary business overview of 2022 is below:

Unit: NTD million, USD million

Item	2022	2021	Increase/Decrease ratio (%)
Underwriting and initial purchase of various bills	2,993,528	2,650,692	12.93
Trading of various bills	5,728,791	5,266,887	8.77
Balance of guaranteed commercial papers	94,783	112,558	(15.71)
Trading of various bonds in New Taiwan dollar	2,260,496	2,320,565	(2.59)
Trading of various bonds in foreign currencies (USD)	10,070	10,530	(4.37)

III. Change of the Organizational Structure

None.

IV. Budget Implementation, Financial Income and Expenditures, and Profitability Analysis

For revenues, the Company's net income in 2022 was NT$1,645,023,000, the net interest income was NT$839,231,000, the net fee income was NT$1,168,009,000, the net loss of financial assets and liabilities measured at fair value through profits or losses was NT$406,687,000, the net realized loss of financial assets measured at fair value through other combined profits or losses was NT$113,817,000, and other net non-interest income was NT$158,287,000.

Despite the efforts made by all staff in 2022 to proactively expand the customer base and to improve the yield, the rate hike policy of the Fed and that of the central bank in the country prevailed. Therefore, the overall net profit after tax for the whole year failed to attain the budgetary goal.

In terms of deposit/withdrawal operations, the various reversals were NT$22,783 thousand in 2022, primarily due to greater value of bad debts collected than the guarantee liability provisions this year. The operating expenses were NT$466,512 thousand. Under strict control, the expenditure was less than the budget.

As for profits, in 2022, the profit before tax was NT$1,201,294 thousand; the profit after tax was NT$1,040,282 thousand; the EPS was NT$0.77; with the addition of a gain of NT$30,896 thousand on disposal of “equity instruments measured at fair value through other combined profits or losses.”

V. Business Analysis

The risk management policies of the Company aim to strive for the maximum interest for shareholders within the risk tolerance authorized by the Board of Directors. In order to maintain the safety, liquidity and profitability of the financial assets and liabilities, the "Business Review Committee," "Investment Review Committee" and "Financial Assets and Liabilities Management Committee" are set up to measure and supervise the risks related to credit, market, liquidity and operations.

As of December 31, 2022, the overdue loan ratio of the Company's overall credit assets was 0, the financial assets quality was excellent and the business fitness was good; the capital adequacy ratio was 13.36%.

On November 30, 2022, Fitch International Credit Rating Co., Ltd. Taiwan Branch confirmed that the Company's annual credit ratings are as follows: domestic long-term rating "A+ (twn)", domestic short-term rating "F1 (twn)", and all rating prospects are "stable."

VI. Research and Development

The company actively promotes the electronic operation of various businesses. The spontaneous online internal control inspection system has been created. It is planned that spontaneous online inspections can be performed through this system in order to reduce paper required for the print-out and to avoid waste of paper. The spontaneous inspection operating procedure is improved to avoid deficiencies with spontaneous inspections. The AO performance statement system has been created to streamline the artificial tallying and analysis of performance.

As for the employee training and education, in addition to inviting scholars and experts to give lectures to employees periodically, the Company also invites industry professionals to give courses related to their expertise, and establishes digital learning platforms, to change the internal training to online learning.

Besides this, in order to improve their professionalism and work efficiency, the Company also encourages employees to obtain financial licenses and attend various external courses held by institutions such as the Taiwan Academy of Banking and Finance. At the end of 2022, the number of employees trained was 155 and the total number of employee training sessions was 2,779 (5,600 hours), with an average of about 18 sessions (36 hours) per person.

In-Charge of the Company: Cheng-Chuan Chang

Manager: Cheng-Hsiang Wei

Accounting Supervisor: Po-Chun Chen

Report Item (2)

Audit Committee's Audit Report

The 2022 annual financial statement, resolved by the Board of Directors and reviewed by the Audit Committee, has been audited and certified by Chen Yin-Chou and Lee Kuan-Hao, Certified Public Accountants from Deloitte & Touche, An unqualified opinion verification report has been co-signed by both CPAs and issued. The Board of Directors also compiled the Company's 2022 annual business report and directory of main property. All were reviewed, approved, and considered by the Audit Committee that there were no discrepancies. I hereby report pursuant to Article 14-4 of the Securities and Exchange Act mutatis mutandis to Article 219 of the Company Act.

To

2023 Annual Shareholder's Meeting of China Bills Finance Corporation

Audit Committee, China Bills Finance Corporation

Convener: Chung-Ming Kuo (signature)

February 24, 2023

Audit Committee’s Audit Report

The Board of Directors also compiled the Company's the proposal for distribution of 2022 earnings, All were reviewed, approved, and considered by the Audit Committee that there were no discrepancies. I hereby report pursuant to Article 14-4 of the Securities and Exchange Act mutatis mutandis to Article 219 of the Company Act.

To

2023 Annual Shareholder’s Meeting of China Bills Finance Corporation

Audit Committee, China Bills Finance Corporation

Convener: Chung-Ming Kuo (signature)

April 28, 2023

China Bills Finance Corporation

Directory of Main Property

December 31, 2022   Unit: New Taiwan Dollar

Type	Cost	Recognized depreciable amount	Book Value
Land	83,337	0	83,337
Housing and Construction	94,259	55,166	39,093
Machinery and computer equipment	64,598	47,913	16,685
Traffic and transportation equipment	10,579	7,002	3,577
Miscellaneous Equipment	18,425	15,624	2,801
Improvement of lease equity	7,201	5,669	1,532
Unfinished construction and equipments pending acceptance	0	0	0
Total	278,399	131,374	147,025

In-Charge of the Company: Cheng-Chuan Chang

Manager: Cheng-Hsiang Wei

Accounting Supervisor: Po-Chun Chen

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
China Bills Finance Corporation

Opinion

We have audited the accompanying financial statements of China Bills Finance Corporation (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Estimated Impairment of Financial Guarantee Contracts

As of December 31, 2022, the Company's estimated reserve for losses on guarantee for the Company's financial guarantee contracts entered into with credit clients was $1,382,077 thousand. In accordance with the requirements of IFRS 9, "Financial Instruments", the Company recognized the reserve for guarantee liabilities based on the assessed and estimated occurrence of expected losses on financial guarantee contracts. In addition, the reserve for guarantee liabilities was calculated and classified in accordance with the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" (Regulations Governing the Procedures for Bad Debt) and related regulations.

Please refer to Notes 4, 5, 22 and 39 (f) for relevant information and accounting policy for financial guarantee contracts.

The Company should assess the classification of credit assets and recognize the reserve for guarantee liabilities in accordance with the "Regulations Governing the Procedures for Bad Debt". The assessment and reservation involve subjective judgment and estimates, which will directly affect the related accrued amounts. Thus, the estimated impairment of financial guarantee contracts is deemed to be a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. We understood the relevant internal controls about the estimated impairment of reserve for guarantee liabilities of financial guarantee contracts and we tested the effectiveness of the operation of the controls.

2. We reviewed the management's loss reserves evaluation report of credit assets, checked the completeness of credit assets on the loss reserves evaluation report, and evaluated the appropriateness of classification. We also recalculated the amount of reserve for guarantee liabilities shown on the provision for loss reserves evaluation report to confirm the mathematical accuracy of provision for loss reserves.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accou ss management either intends to liquidate the Company or to cease operations, or has no alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yin-Chou Chen and Kuan-Hao Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2023

Notice to Readers

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

CHINA BILLS FINANCE CORPORATION

BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 557,558	-	$ 254,598	-
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 4 and 7)	-	-	300,000	-
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 35)	111,485,370	54	114,478,739	50
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11 and 35)	87,997,187	43	106,627,030	47
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 11 and 35)	1,483,482	1	-	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 12 and 36)	3,951,998	2	5,364,108	3
RECEIVABLES, NET (Notes 4 and 13)	632,057	-	730,800	-
CURRENT TAX ASSETS (Notes 4 and 32)	230,666	-	141,516	-
OTHER FINANCIAL ASSETS, NET (Notes 4 and 14)	94,408	-	44,115	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 15)	147,025	-	151,544	-
RIGHT-OF-USE ASSETS, NET (Notes 4, 16 and 34)	32,405	-	3,341	-
DEFERRED TAX ASSETS (Notes 4 and 32)	478,240	-	64,719	-
OTHER ASSETS, NET (Notes 17 and 35)	570,079	-	573,370	-
TOTAL	$ 207,660,475	100	$ 228,733,880	100
LIABILITIES AND EQUITY				
CALL LOANS FROM BANKS AND OVERDRAFTS ON BANKS (Note 18)	$ 9,507,214	4	$ 9,096,125	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	222,580	-	91,626	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 19, 34 and 36)	171,870,770	83	187,056,650	82
ACCOUNTS PAYABLE (Note 20)	405,841	-	435,714	-
CURRENT TAX LIABILITIES (Notes 4 and 32)	-	-	129,536	-
OTHER FINANCIAL LIABILITIES (Notes 4 and 21)	2,012,096	1	4,498,670	2
PROVISIONS (Notes 4, 5 and 22)	1,395,017	1	1,433,924	1
LEASE LIABILITIES (Notes 4, 16 and 34)	32,620	-	3,371	-
DEFERRED TAX LIABILITIES (Notes 4 and 32)	-	-	43,028	-
OTHER LIABILITIES	236,337	-	388,051	-
Total liabilities	185,682,475	89	203,176,695	89
EQUITY (Notes 4 and 24)				
Ordinary share	13,429,600	7	13,429,600	6
Capital surplus	11,727	-	10,231	-
Retained earnings				
Legal reserve	9,153,638	4	8,551,784	4
Special reserve	769,120	-	769,120	-
Unappropriated earnings	1,291,259	1	2,006,611	1
Total retained earnings	11,214,017	5	11,327,515	5
Other equity	(2,677,344)	(1)	789,839	-
Total equity	21,978,000	11	25,557,185	11
TOTAL	$ 207,660,475	100	$ 228,733,880	100

The accompanying notes are an integral part of the financial statements.

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
NET INTEREST				
Interest revenue (Notes 4 and 25)	$ 2,046,720	124	$ 1,719,503	60
Deduct: Interest expense (Notes 4, 25 and 34)	(1,207,489)	(73)	(460,680)	(16)
Net interest	839,231	51	1,258,823	44
NET REVENUES OTHER THAN INTEREST				
Service fee income, net (Notes 4 and 26)	1,168,009	71	1,301,059	46
Gains (losses) on financial assets and liabilities at fair value through profit or loss (Notes 4, 8 and 27)	(406,687)	(25)	185,463	7
Realized (losses) gains on financial assets at fair value through other comprehensive income (Notes 4 and 28)	(113,817)	(7)	115,437	4
Foreign exchange gains (losses), net (Notes 4 and 29)	131,564	8	(22,139)	(1)
Reversal of impairment loss on financial assets (Notes 4 and 11)	8,067	1	8,337	-
Other non-interest gains, net	18,656	1	321	-
TOTAL NET REVENUES	1,645,023	100	2,847,301	100
REVERSAL (Notes 4 and 22)	22,783	1	6,936	-
OPERATING EXPENSES (Notes 4, 30, 31 and 34)				
Employee benefit expenses	(313,057)	(19)	(383,414)	(14)
Depreciation and amortization	(24,862)	(1)	(12,759)	-
Others	(128,593)	(8)	(126,047)	(4)
Total operating expenses	(466,512)	(28)	(522,220)	(18)
PROFIT BEFORE INCOME TAX	1,201,294	73	2,332,017	82
INCOME TAX EXPENSE (Notes 4 and 32)	(161,012)	(10)	(474,351)	(17)
NET INCOME FOR THE YEAR	1,040,282	63	1,857,666	65

(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE LOSS				
Components of other comprehensive (loss) income that will not be reclassified to profit or loss:				
Gains (losses) on remeasurement of defined benefit plans (Notes 4 and 23)	$ 29,986	2	$ (740)	-
Revaluation (losses) gains on investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 24)	(104,453)	(6)	214,538	8
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 32)	(5,998)	(1)	148	-
Components of other comprehensive (loss) income that will not be reclassified to profit or loss for the year, net of income tax	(80,465)	(5)	213,946	8
Component of other comprehensive (loss) income that will be reclassified to profit or loss:				
Losses from investments in debt instruments at fair value through other comprehensive income (Notes 4 and 24)	(3,699,889)	(225)	(916,384)	(32)
Income tax related to components of other comprehensive income reclassified to profit or loss (Notes 4 and 32)	368,055	23	119,463	4
Components of other comprehensive loss that will be reclassified to profit or loss for the year, net of income tax	(3,331,834)	(202)	(796,921)	(28)
Other comprehensive loss for the year, net of income tax	(3,412,299)	(207)	(582,975)	(20)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	$ (2,372,017)	(144)	$ 1,274,691	45
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 33)				
Basic	$ 0.77		$ 1.38	
Diluted	$ 0.77		$ 1.38	

The accompanying notes are an integral part of the financial statements. (Concluded)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Ordinary Share Capital (Notes 4 and 24)	Capital Surplus (Notes 4 and 24)	Retained Earnings (Notes 4 and 24)			Other Equity (Notes 4 and 24)	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2021	$ 13,429,600	$ 8,804	$ 8,054,883	$ 769,120	$ 1,665,706	$ 1,521,329	$ 25,449,442
Legal reserve	-	-	496,901	-	(496,901)	-	-
Cash dividends distributed	-	-	-	-	(1,168,375)	-	(1,168,375)
Unclaimed dividends	-	1,427	-	-	-	-	1,427
Net income for the year ended December 31, 2021	-	-	-	-	1,857,666	-	1,857,666
Other comprehensive loss for the year ended December 31, 2021	-	-	-	-	(592)	(582,383)	(582,975)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,857,074	(582,383)	1,274,691
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	149,107	(149,107)	-
BALANCE AT DECEMBER 31, 2021	13,429,600	10,231	8,551,784	769,120	2,006,611	789,839	25,557,185
Legal reserve	-	-	601,854	-	(601,854)	-	-
Cash dividends distributed	-	-	-	-	(1,208,664)	-	(1,208,664)
Unclaimed dividends	-	1,496	-	-	-	-	1,496
Net income for the year ended December 31, 2022	-	-	-	-	1,040,282	-	1,040,282
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	23,988	(3,436,287)	(3,412,299)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	1,064,270	(3,436,287)	(2,372,017)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	30,896	(30,896)	-
BALANCE AT DECEMBER 31, 2022	$ 13,429,600	$ 11,727	$ 9,153,638	$ 769,120	$ 1,291,259	$ (2,677,344)	$ 21,978,000

The accompanying notes are an integral part of the financial statements.

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,201,294	$ 2,332,017
Adjustments for:		
Reversal of expected credit impairment loss	(8,067)	(1,337)
Net loss on valuation of financial assets and liabilities at fair value through profit or loss	344,648	30,126
Depreciation expenses	21,354	9,695
Amortization expenses	3,508	3,064
Interest expense	1,207,489	460,680
Interest revenue	(2,046,720)	(1,719,503)
Dividend revenues	(140,864)	(48,475)
Loss (gain) on disposal of property and equipment	16	(197)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	2,853,694	(8,350,483)
Financial assets at fair value through other comprehensive income	14,833,568	(2,131,973)
Investments in debt instruments at amortized cost	(1,483,073)	-
Securities purchased under resell agreements	1,412,110	(631,226)
Receivables and non-accrual loans	47,508	27,230
Other financial assets	(74,781)	(3,104)
Other assets	4,752	(2,717)
Securities sold under repurchase agreements	(15,185,880)	7,329,840
Payables	(113,223)	11,637
Other financial liabilities	12,929	-
Provisions for employee benefits	(8,921)	(14,007)
Other liabilities	(151,714)	141,863
Interest received	2,048,015	1,793,866
Dividend received	140,864	48,475
Interest paid	(1,121,623)	(461,458)
Income tax paid	(474,190)	(360,481)
Net cash generated from (used in) operating activities	3,322,693	(1,536,468)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	48,713
Payments for property and equipment	(1,709)	(6,270)
Proceeds from disposal of property and equipment	-	480
Increase in refundable deposits	(97)	(184)
Increase in other assets	(4,872)	(996)
Net cash (used in) generated from investing activities	(6,678)	41,743

(Continued)

CHINA BILLS FINANCE CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in call loans from banks and overdrafts on banks	$ 411,089	$ 2,956,125
Decrease in commercial papers	(2,500,000)	-
Repayment of the principal portion of lease liabilities	(15,480)	(3,147)
Cash dividend paid	(1,208,664)	(1,168,375)
Net cash (used in) generated from financing activities	(3,313,055)	1,784,603
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,960	289,878
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	554,598	264,720
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 557,558	$ 554,598

Reconciliations of the amounts in the statements of cash flows with the equivalent items reported in the balance sheets as of December 31, 2022 and 2021:

	December 31	
	2022	2021
Cash and cash equivalents in the balance sheets	$ 557,558	$ 254,598
Due from the Central Bank and call loans to banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	-	300,000
Cash and cash equivalents at the end of the year	$ 557,558	$ 554,598

The accompanying notes are an integral part of the financial statements. (Concluded)

China Bills Finance Corporation

2022 Earning Distribution Table

	Amount (NT$)		Description
Unappropriated retained earnings at beginning of year		196,091,754	
2022 after-tax net profits	1,040,281,854		
Other comprehensive income (losses) directly carried forward to retained earnings	54,884,295		The decrease in liabilities was mainly due to the decrease in provisions for pension funds and the gain on disposal of stocks measured at fair value from other omprehensive income.
The net profit after tax of the current period plus the amount of items other than the net profit after tax of the current period included in the undistributed surplus of the current year		1,095,166,149	
Appropriation of 30% legal reserve		(328,549,845)	According to Article 34 of the Financial Management Law of the Securities and Exchange Fund, 30% will be allocated. According to Article 34 of the Financial Management Law of the Securities and Exchange Fund, 30% will be allocated.
Appropriation of special reserve		(962,708,058)	The special reserve was set aside from the net worth of the minus item under other shareholder equity in accordance with the Financial Supervisory Commission's letter of No. 1090150022.
Distributable earnings for the current period		0	

In-Charge of the Company: Cheng-Chuan Chang

Manager: Cheng-Hsiang Wei

Accounting Supervisor: Po-Chun Chen