China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2017 and 2016 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
China Development Financial Holding Corporation

We have reviewed the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and subsidiaries as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months ended March 31, 2017 and 2016, changes in equity and cash flows for the three months then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36 - "Review of Financial Statements" issued by the Auditing Standards Committee of Accounting Research and Development Foundation of the Republic of China. A review of financial statements consists primarily of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements of China Development Financial Holding Corporation and subsidiaries (as of and for the three months ended March 31, 2017) referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 22, 2017

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements shall prevail.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 47)	$ 21,532,859	2	$ 28,312,347	3	$ 24,723,408	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7, 47 and 48)	45,409,694	5	71,884,564	8	65,444,068	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 47 and 48)	146,766,015	16	159,280,102	18	184,756,092	21
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10 and 48)	147,934,772	16	106,359,065	12	79,222,112	9
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	50,467,734	5	29,883,158	3	42,643,814	5
RECEIVABLES, NET (Notes 12, 47, 48 and 53)	94,616,689	10	92,190,214	10	106,681,793	12
CURRENT TAX ASSETS	744,706	-	855,145	-	1,027,411	-
DISCOUNT AND LOANS, NET (Notes 13, 47 and 53)	266,583,134	29	252,376,992	28	224,291,716	26
HELD-TO-MATURITY FINANCIAL ASSETS, NET	300,000	-	300,000	-	300,000	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 14 and 15)	13,406,599	1	12,675,804	2	11,464,947	1
RESTRICTED ASSETS (Notes 16, 48 and 49)	26,202,813	3	27,933,924	3	27,966,483	3
FINANCIAL ASSETS MEASURED AT COST (Notes 15 and 17)	18,838,014	2	19,491,762	2	20,764,250	2
OTHER FINANCIAL ASSETS (Notes 18, 47 and 48)	50,106,787	5	44,793,314	5	39,158,036	5
INVESTMENT PROPERTY, NET (Notes 19 and 48)	2,207,815	-	2,179,356	-	2,045,053	-
PROPERTY AND EQUIPMENT, NET (Notes 20 and 48)	14,433,547	2	14,512,916	2	14,646,189	2
INTANGIBLE ASSETS, NET (Note 21)	7,724,610	1	7,948,378	1	8,427,490	1
DEFERRED TAX ASSETS (Note 44)	4,812,722	1	4,912,053	1	5,556,594	1
OTHER ASSETS, NET (Notes 22 and 48)	14,486,989	2	16,308,415	2	17,998,200	2
TOTAL	$ 926,575,499	100	$ 892,197,509	100	$ 877,117,656	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Notes 23 and 47)	$ 23,598,929	3	$ 31,078,769	4	$ 4,284,054	1
Financial liabilities at fair value through profit or loss (Notes 8 and 47)	67,999,129	7	51,565,266	6	46,038,166	5
Notes and bonds issued under repurchase agreements (Notes 8, 10, 24 and 47)	128,582,698	14	119,560,443	13	134,064,099	15
Commercial paper payable, net (Notes 25 and 48)	27,471,075	3	17,549,797	2	15,265,913	2
Payables (Notes 26 and 47)	60,249,447	7	60,337,328	7	67,427,566	8
Current tax liabilities	883,048	-	826,620	-	946,212	-
Deposits and remittances (Notes 27 and 47)	319,129,016	35	315,451,964	35	316,982,738	36
Bonds payable (Note 28)	21,701,957	2	27,684,236	3	28,627,509	3
Other borrowings (Notes 29, 47 and 48)	21,898,081	2	19,878,458	2	20,808,432	3
Provisions (Notes 30 and 31)	1,350,734	-	1,373,667	-	1,396,551	-
Principal received on structured notes	27,163,783	3	26,299,389	3	27,547,247	3
Customers' equity accounts - futures (Note 47)	37,786,249	4	36,066,932	4	34,714,134	4
Other financial liabilities (Note 49)	363,743	-	387,509	-	390,436	-
Deferred tax liabilities (Note 44)	1,559,570	-	1,487,885	-	1,481,199	-
Other liabilities (Note 32)	17,796,784	2	15,552,208	2	8,934,628	1
Total liabilities	757,534,243	82	725,100,471	81	708,908,884	81
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 33 and 34)						
Capital						
Common stock	149,757,428	16	149,744,203	17	151,168,852	17
Advance receipts for capital stock	-	-	10	-	1,370	-
Capital surplus	1,106,998	-	1,104,521	-	650,386	-
Retained earnings						
Legal reserve	5,014,298	1	5,014,298	1	4,161,475	-
Special reserve	3,228,296	-	3,228,296	-	765,041	-
Unappropriated earnings	10,358,207	1	8,556,188	1	14,704,942	2
Other						
Exchange differences on translation of foreign financial statements	(1,718,070)	-	494,377	-	814,624	-
Unrealized gains (losses) on available-for-sale financial assets	48,536	-	(2,255,818)	-	(4,110,837)	-
Others	(24,469)	-	(21,211)	-	(54,502)	-
Treasury shares	(2,376,747)	-	(2,376,747)	(1)	(3,527,187)	-
Total equity attributable to owners of the parent	165,394,477	18	163,488,117	18	164,574,164	19
NON-CONTROLLING INTERESTS (Note 33)	3,646,779	-	3,608,921	1	3,634,608	-
Total equity	169,041,256	18	167,097,038	19	168,208,772	19
TOTAL	$ 926,575,499	100	$ 892,197,509	100	$ 877,117,656	100

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 35 and 47)	$ 3,002,292	44	$ 2,872,562	46
INTEREST EXPENSE (Notes 35 and 47)	(1,197,074)	(17)	(1,165,736)	(19)
INTEREST PROFIT, NET	1,805,218	27	1,706,826	27
NONINTEREST PROFITS AND GAINS, NET				
Service fee and commission, net (Notes 36 and 47)	2,017,736	30	1,795,752	29
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 37)	1,416,879	21	1,257,380	20
Realized gain (loss) on available-for-sale financial assets, net (Note 38)	(238,999)	(4)	361,231	6
Foreign exchange loss, net	(161,699)	(3)	(80,804)	(1)
Impairment loss on assets, net (Note 39)	(63,466)	(1)	(47,158)	(1)
Share of the profit of associates and joint ventures	1,200,665	18	40,722	1
Gain on financial assets measured at cost, net (Note 40)	295,828	4	465,604	7
Consulting service revenue (Note 47)	254,886	4	279,625	4
Others (Notes 41 and 47)	274,449	4	525,050	8
Total noninterest profits and gains, net	4,996,279	73	4,597,402	73
TOTAL NET REVENUES	6,801,497	100	6,304,228	100
ALLOWANCE FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	(88,509)	(1)	(330,186)	(5)
OPERATING EXPENSES (Notes 4, 31, 42, 43 and 47)				
Employee benefits	(2,917,549)	(43)	(2,787,630)	(44)
Depreciation and amortization	(368,660)	(5)	(363,052)	(6)
Other general and administrative expenses	(1,330,256)	(20)	(1,555,079)	(25)
Total operating expenses	(4,616,465)	(68)	(4,705,761)	(75)
NET PROFIT BEFORE INCOME TAX	2,096,523	31	1,268,281	20
INCOME TAX EXPENSE (Notes 4 and 44)	(249,745)	(4)	(112,983)	(2)
NET PROFIT FOR THE PERIOD	1,846,778	27	1,155,298	18

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified subsequently to profit or loss, net of income tax				
Exchange differences on translation of foreign financial statements	$ (1,987,731)	(30)	$ (843,450)	(13)
Unrealized gain on available-for-sale financial assets	1,889,354	28	304,686	5
Share of the other comprehensive income (loss) of associates and joint ventures	190,377	3	(43,394)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 44)	(596)	-	(598)	-
Other comprehensive income for the period, net of income tax	91,404	1	(582,756)	(9)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,938,182	28	$ 572,542	9
NET PROFIT ATTRIBUTABLE TO:				
Owners of parent	$ 1,808,417	27	$ 1,126,415	18
Non-controlling interests	38,361	-	28,883	-
	$ 1,846,778	27	$ 1,155,298	18
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent	$ 1,900,324	28	$ 544,846	9
Non-controlling interests	37,858	-	27,696	-
	$ 1,938,182	28	$ 572,542	9
EARNINGS PER SHARE (Note 45)				
Basic	$ 0.12		$ 0.08	
Diluted	$ 0.12		$ 0.08	

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent												
	Capital			Retained Earnings			Other Equity						
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 151,124,071	$ 1,370	$ 654,803	$ 4,161,475	$ 765,041	$ 13,580,644	$ 1,741,670	$ (4,456,314)	$ (32,187)	$ (2,376,747)	$ 165,163,826	$ 3,606,912	$ 168,770,738
Net profit for the three months ended March 31, 2016	-	-	-	-	-	1,126,415	-	-	-	-	1,126,415	28,883	1,155,298
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(927,046)	345,477	-	-	(581,569)	(1,187)	(582,756)
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	1,126,415	(927,046)	345,477	-	-	544,846	27,696	572,542
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	(1,150,440)	(1,150,440)	-	(1,150,440)
Share-based payments	44,781	-	(4,417)	-	-	(2,117)	-	-	(22,315)	-	15,932	-	15,932
BALANCE AT MARCH 31, 2016	$ 151,168,852	$ 1,370	$ 650,386	$ 4,161,475	$ 765,041	$ 14,704,942	$ 814,624	$ (4,110,837)	$ (54,502)	$ (3,527,187)	$ 164,574,164	$ 3,634,608	$ 168,208,772
BALANCE AT JANUARY 1, 2017	$ 149,744,203	$ 10	$ 1,104,521	$ 5,014,298	$ 3,228,296	$ 8,556,188	$ 494,377	$ (2,255,818)	$ (21,211)	$ (2,376,747)	$ 163,488,117	$ 3,608,921	$ 167,097,038
Net profit for the three months ended March 31, 2017	-	-	-	-	-	1,808,417	-	-	-	-	1,808,417	38,361	1,846,778
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(2,212,447)	2,304,354	-	-	91,907	(503)	91,404
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	1,808,417	(2,212,447)	2,304,354	-	-	1,900,324	37,858	1,938,182
Share-based payments	13,225	(10)	2,477	-	-	(6,398)	-	-	(3,258)	-	6,036	-	6,036
BALANCE AT MARCH 31, 2017	$ 149,757,428	$ -	$ 1,106,998	$ 5,014,298	$ 3,228,296	$ 10,358,207	$ (1,718,070)	$ 48,536	$ (24,469)	$ (2,376,747)	$ 165,394,477	$ 3,646,779	$ 169,041,256

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 2,096,523	$ 1,268,281
Adjustments to reconcile net profit		
Depreciation expenses	155,729	149,950
Amortization expenses	212,931	213,102
Allowance for bad debts and losses on guarantees, net	88,509	330,186
Interest expense	1,197,074	1,165,736
Interest income	(3,002,292)	(2,872,562)
Dividend income	(55,007)	(27,492)
Share of profit of associates and joint ventures	(186,660)	(40,091)
Gain on disposal of investments	(902,952)	(420,847)
Loss on financial asset impairment	63,466	47,158
Others	(23,470)	383,822
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	9,672,864	(9,791,938)
Financial assets at fair value through profit or loss	12,514,087	(26,976,007)
Available-for-sale financial assets	(39,989,214)	(8,380,033)
Securities purchased under resell agreements	-	(3,200,743)
Receivables	(3,040,238)	(6,975,355)
Discount and loans	(14,371,714)	(6,498,321)
Other financial assets	(5,254,585)	(486,782)
Other assets	3,366,427	5,590,144
Deposits from the Central Bank and banks	(7,479,840)	(5,740,345)
Financial liabilities at fair value through profit or loss	16,433,863	6,139,987
Notes and bonds issued under repurchase agreements	9,022,255	14,452,231
Payables	(3,584,248)	(4,715,723)
Deposits and remittances	3,677,052	(8,329,394)
Other financial liabilities	4,273,119	8,050,666
Other liabilities	3,931,827	89,791
Cash used in operations	(11,184,494)	(46,574,579)
Interest received	3,353,350	3,263,363
Dividend received	16,723	10,810
Interest paid	(1,055,278)	(1,196,761)
Income tax received (paid)	210,558	(87,388)
Net cash used in operating activities	(8,659,141)	(44,584,555)

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (223,594)	$ (614)
Proceeds on sale of available-for-sale financial assets	419,170	402,615
Proceeds on sale of held-to-maturity financial assets	-	102,564
Acquisition of financial assets measured at cost	(194,044)	(591,860)
Proceeds on financial assets measured at cost	374,001	945,577
Acquisition of equity-method investments	(715,653)	(803,291)
Proceeds on sale of equity-method investments	1,063,663	-
Acquisition of property and equipment	(116,966)	(81,325)
Others	121,066	52,378
Net cash generated from investing activities	727,643	26,044
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	1,512,996	(976,894)
Increase in commercial paper payable	9,921,278	2,126,711
Repayments of corporate bonds	(6,000,000)	-
Proceeds of long-term borrowings	506,627	-
Purchase of treasury shares	-	(1,150,440)
Others	1,849	(22,884)
Net cash generated from (used in) financing activities	5,942,750	(23,507)
NET DECREASE CASH AND CASH EQUIVALENTS	(1,988,748)	(44,582,018)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,008,170)	(437,239)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	93,213,826	135,637,871
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 90,216,908	$ 90,618,614

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2017 and 2016:

	March 31	
	2017	**2016**
Cash and cash equivalents in consolidated balance sheets	$ 21,532,859	$ 24,723,408
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	18,216,315	34,835,504
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	50,467,734	31,059,702
Cash and cash equivalents in consolidated statements of cash flows	$ 90,216,908	$ 90,618,614

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

The Corporation was established by CDIB Capital Group (formerly China Development Industrial Bank) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB Capital Group became a wholly owned subsidiary of the Corporation after the share swap.

The Corporation acquired First Taiwan Securities Corporation (First Taiwan) and Grand Cathay Securities Corporation (Grand Cathay) through a share swap on November 8, 2002. The effective date of the merger between Grand Cathay and First Taiwan was December 31, 2003. Grand Cathay was the survivor company after the merger.

On April 30, 2012, the Corporation's board of the directors approved the acquisition of 100% shares of KGI Securities through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares during the public tender offer period. The Corporation acquired KGI Securities' remaining shares through a share swap and completed on January 18, 2013. Thus, KGI Securities is a 100% subsidiary of the Corporation. The effective date of the merger between KGI Securities and Grand Cathay was June 22, 2013. KGI Securities was the survivor company after the merger.

On September 15, 2014, the Corporation's shareholders resolved to acquire KGI Bank through a share swap. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

On March 13, 2017, the Corporation holds China Development Asset Management Corporation which was held by CDIB Capital Group directly.

The Corporation invests in and manages the businesses of finance-related institutions and investees.

The Corporation's shares have been listed on the Taiwan Stock Exchange (TSE).

CDIB Capital Group was incorporated under the Company Act and relevant regulations and started operations on May 14, 1959. Effective January 1, 1999, CDIB Capital Group was converted from a trust corporation into an industrial bank under government approval.

On May 1, 2015, CDIB Capital Group's board of the directors of CDIB Capital Group approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB Capital Group and (b) CDIB Capital Group's holdings of shares in CDIB Capital Group's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation.

On January 19, 2017, under the approval of the board of directors who had been authorized to exercise the rights on behalf of the shareholders' meeting, China Development Industrial Bank was converted and the name became CDIB Capital Group. The date of conversion was March 15, 2017, and the CDIB Capital Group will continue to expand its assets management business. The FSC approved the conversion on March 10, 2017 with Official Letter No. 1600025880.

CDIB Capital Group's industrial banking operations included securities investment, investment, financial related business, venture capital and other activities approved by the authorities.

KGI Securities was established on September 14, 1988. It merged with Jen-Hsin Securities Co., Ltd., Ta Ya Securities Co., Ltd., and Feng Yuan Securities Co., Ltd. in 2002; with Tai-Yu Securities Co., Ltd. in 2003, with Taishin Securities Co., Ltd. in 2009 and with Grand Cathay in 2013. The survivor entity in all these mergers was KGI Securities. As of March 31, 2017, KGI Securities had a head office and 83 branches which included head office.

KGI Securities operates as a securities underwriter, dealer, broker, future trading, future dealer, trust, wealth management, offshore securities and other related business as approved by authorities.

KGI Bank was established on January 14, 1992. As of March 31, 2017, KGI Bank had a main office, international banking department, a trust department, various business departments, an offshore banking unit (OBU), and 51 domestic branches.

KGI Bank engages in banking operations are regulated under the banking Act.

China Development Asset Management Corporation was established on September 27, 2001, the business includes the loans' acquiring, evaluation, auction and management, acquiring of accounts receivable, management services of overdue receivables, real estate leasing and investment business.

For more information on the organization and business of the consolidated entities, please refer to Table 6 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on May 22, 2017.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting

   The related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies and the International Financial Reporting Standards (IFRS) would not have any material impact on the Group's accounting policies, except for the following:

   1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

      The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique.

2) IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics". The amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segments' assets are regularly provided to the chief operating decision-maker.

When the amended IFRS 13 becomes effective in 2017, the short-term receivables and payables with no stated interest rate will be measured at their invoice amounts without discounting, if the effect of not discounting is immaterial.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

5) Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group is deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017, please refer to Note 47.

The initial application of the above amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS) endorsed by the FSC has no significant impact on the Group.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group have not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB (Note 3)
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

Note 3: In June 2015, IASB has decided to postpone the application of IFRS 10 and IAS 28 which issued in September 2014. Early application is permitted.

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains or losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

2) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate, i.e. the Group's share of the gain or loss is eliminated.

3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue".

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

5) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

6) Annual Improvements to IFRSs 2014-2016 Cycle

Several standards, including IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures," were amended in this annual improvement.

The amendment to IFRS 12 clarified that when an entity's interest in a subsidiary, a joint venture or an associate is classified as held for sale or is included in a disposal group that is classified as held for sale, the entity is not required to disclose summarized financial information of that subsidiary, joint venture or associate in accordance with IFRS 12.

The amendment to IAS 28 clarified that when an investment in an associate or a joint venture is held by, or is held indirectly through, an entity that is a venture capital organization, or a mutual fund, or a unit trust or similar entities (including investment-linked insurance funds), the Group may elect to measure that investment at fair value through profit or loss. The Group shall make this election separately for each associate or joint venture at the initial recognition of the associate or joint venture.

Furthermore, the amendment to IAS 28 clarified that when the Group (non-investment entity) applies the equity method to account for investment in an associate or a joint venture that is an investment entity, the Group may elect to retain the fair value of the investment in subsidiaries of the investment entity associate or joint venture. The election should be made separately for each investment entity associate or joint venture, at the later of the date (a) the investment entity associate or joint venture is initially recognized, (b) the associate or joint venture becomes an investment entity, or (c) the investment entity associate or joint venture first becomes a parent.

The Group shall apply the aforementioned amendments retrospectively.

7) Amendments to IAS 40 "Transfers of Investment Property"

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that the evidence of the change in use is not limited to those illustrated in IAS 40.

The Group may elect to apply the amendments prospectively and reclassify the property as required to reflect the conditions that exist at the date of initial application. Any adjustment to the carrying amount upon reclassification is recognized in the opening balance of investment property's book value at that date. The Group is also required to disclose the reclassified amounts and such amounts should be included in the reconciliation of the carrying amount of investment property. Alternatively, the Group may elect to apply the amendments retrospectively if, and only if, that is possible without the use of hindsight.

8) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group shall apply IFRIC 22 either retrospectively or prospectively to all assets, expenses and income in the scope of the Interpretation initially recognized on or after (a) the beginning of the reporting period in which the entity first applies IFRIC 22, or (b) the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies IFRIC 22.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group consolidated financial statements for the year ended December 31, 2016, except for those described below.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, “IFRSs” as endorsed and issued by the FSC.

Basis of Preparation

As of March 31, 2017, December 31, 2016 and March 31, 2016, the consolidated entities included in the consolidated financial statements included 70, 70 and 71 companies, respectively (please refer to the attached Table 6 for details).

Retirement Benefit Costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period’s pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2016.

6. CASH AND CASH EQUIVALENTS

	March 31, 2017	December 31, 2016	March 31, 2016
Cash in banks	$ 13,075,647	$ 18,662,103	$ 11,038,001
Short-term transactions instruments with maturities of up to three months	2,840,799	2,352,369	4,392,237
Due from banks	2,454,649	4,386,202	5,309,999
Future excess margin	1,424,819	1,044,184	1,329,581
Cash on hand	1,388,638	1,247,909	1,267,314
Checks for clearing	348,307	619,580	1,386,276
	$ 21,532,859	$ 28,312,347	$ 24,723,408

Cash and cash equivalents as of December 31, 2016 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of March 31, 2017 and 2016:

	December 31, 2016
Cash and cash equivalents in consolidated balance sheet	$ 28,312,347
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	35,018,321
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	29,883,158
Cash and cash equivalents in consolidated statement of cash flow	$ 93,213,826

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	March 31, 2017	December 31, 2016	March 31, 2016
Due from the Central Bank	$ 13,730,000	$ 37,130,000	$ 43,420,000
Call loans to banks	16,828,255	13,568,474	12,937,611
Deposit reserve - checking accounts	7,188,921	12,358,953	1,970,670
Deposit reserve - demand accounts	7,021,395	8,078,055	6,786,564
Due from the Central Bank - interbank settlement funds	501,577	600,599	180,726
Deposit reserve - foreign currencies	139,546	148,483	148,497
	$ 45,409,694	$ 71,884,564	$ 65,444,068

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserve are determined monthly at prescribed rates based on average balance of the Bank’s deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly.

In addition, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime at no interest.

For the certificates of deposit issued by the Central Bank of the ROC and pledged as collateral for day-term overdraft, please refer to Note 48.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2017	December 31, 2016	March 31, 2016
Financial assets held for trading			
Derivative instrument			
Currency swap contracts	$ 17,936,157	$ 11,634,089	$ 13,177,232
Interest rate swap contracts	9,668,776	10,239,924	6,720,262
Option and futures contracts	3,856,421	4,184,386	3,420,845
Others	2,034,245	2,161,953	1,095,296
Non-derivative financial assets			
Operating securities (Note 9)	62,793,597	55,752,957	85,856,724
Bank debentures	4,469,320	20,819,329	25,731,305
Convertible (exchangeable) corporate bonds	3,156,632	3,121,853	2,388,127
Commercial papers	2,718,963	2,797,870	-
Mutual funds	2,224,465	2,522,042	6,018,906
Others	1,831,601	4,508,628	3,379,335
	110,690,177	117,743,031	147,788,032
Financial assets designated as at FVTPL			
Government bonds	29,737,594	39,174,578	35,908,801
Others	6,338,244	2,362,493	1,059,259
	36,075,838	41,537,071	36,968,060
Financial assets at FVTPL	$ 146,766,015	$ 159,280,102	$ 184,756,092
Financial liabilities held for trading			
Derivative instrument			
Currency swap contracts	$ 18,478,025	$ 11,275,914	$ 14,157,397
Interest rate swap contracts	10,375,208	10,947,600	7,459,956
Option and futures contracts	9,472,539	5,769,857	4,261,646
Structure products	526,290	451,452	2,606,222
Others	2,349,886	2,278,179	1,691,100
Non-derivative financial liabilities			
Borrowed securities payable	7,362,249	5,484,802	8,733,944
Others	1,443,632	2,361,581	319,296
	50,007,829	38,569,385	39,229,561
Financial liabilities designated as at FVTPL			
Bank debentures payable	17,012,545	11,892,012	4,443,813
Structured products	978,755	1,103,869	2,364,792
	17,991,300	12,995,881	6,808,605
Financial liabilities at FVTPL	$ 67,999,129	$ 51,565,266	$ 46,038,166

The Group’s trust contract of stock of Capital Securities Corporation. Please refer to Note 10.

As of March 31, 2017, December 31, 2016 and March 31, 2016, bank debentures issued by the Group designated as at FVTPL were as follows:

Bank Debenture Number	March 31, 2017	December 31, 2016	March 31, 2016	Issuance Period	Method of Paying Principles and Interests	Interest Rate
04 KGIB 1	$ -	$ -	$ 1,050,000	2006.05.18-2016.05.18	Principal due on maturity; interest payable annually	2.15%
15 KGIB 1	3,215,616	3,421,574	3,421,892	2015.03.24-2045.03.24 (Note 1)	Principal due on maturity	0%
P16 KGIB 1	3,336,960	3,550,690	-	2016.05.03-2046.05.03 (Note 2)	Principal due on maturity	0%
P16 KGIB 2	3,336,960	3,550,690	-	2016.05.27-2046.05.27 (Note 2)	Principal due on maturity	0%
P16 KGIB 3	2,426,880	2,582,320	-	2016.11.08-2046.11.08 (Note 1)	Principal due on maturity	0%
P17 KGIB 1	6,067,200	-	-	2017.01.23-2047.01.23 (Note 1)	Principal due on maturity	0%
	18,383,616	13,105,274	4,471,892			
Valuation adjustments	(1,371,071)	(1,213,262)	(28,079)			
	$ 17,012,545	$ 11,892,012	$ 4,443,813			

Note 1: Base on 100% of the carry value of each bond principal plus the interest shall be payable early redemption since the expiration of two year from the issue date (inclusive).

Note 2: Base on 100% of the carry value of each bond principal plus the interest shall be payable early redemption since the expiration of one year from the issue date (inclusive).

The contract (nominal) amounts of the Group’s outstanding derivative financial instruments as of March 31, 2017, December 31, 2016 and March 31, 2016 are summarized as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Currency swap contracts	$ 1,371,383,417	$ 1,240,148,072	$ 1,225,028,122
Interest rate swap contracts	1,113,323,954	1,020,801,145	714,625,502
Option and Futures contracts	347,860,626	286,325,519	328,928,915
Forward exchange contracts	127,020,499	119,730,494	140,069,157
Cross-currency swap contracts	41,168,613	23,941,077	12,446,503
Non-deliverable forward contracts	11,362,254	852,483	1,982,194
Assets swap contracts	10,934,008	12,387,775	13,506,128
Structured note contracts	10,409,376	11,537,615	13,958,956
Credit default swap contracts	5,919,224	5,679,224	2,143,597
Equity derivative financial contracts	147,291	21,471	389,963
Commodity swap	107,480	104,891	764,522
Other	-	-	3,008

As of March 31, 2017, December 31, 2016 and March 31, 2016, financial assets held for trading with aggregate carrying values of $76,047,958 thousand, $90,931,440 thousand and 100,855,824 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Group, please refer to Note 48.

9. OPERATING SECURITIES

	March 31, 2017	December 31, 2016	March 31, 2016
Dealing			
Oversea securities	$ 31,948,568	$ 22,465,807	$ 23,417,802
Corporate bonds	10,177,061	12,777,415	14,566,054
Listed, OTC and emerging market stocks	7,014,800	7,441,187	9,392,584
Government bonds	6,865,415	6,718,872	32,736,740
Others	112,086	209,542	303,779
	56,117,930	49,612,823	80,416,959
Underwriting			
Listed and OTC stocks	1,172,404	1,226,436	937,966
Corporate bonds	262,953	292,668	484,289
Others	29,480	149,705	-
	1,464,837	1,668,809	1,422,255
Hedge positions			
Listed and OTC stocks	4,636,602	3,875,537	3,026,608
Oversea securities	563,992	592,084	980,345
Listed and OTC warrant	10,236	3,704	10,557
	5,210,830	4,471,325	4,017,510
	$ 62,793,597	$ 55,752,957	$ 85,856,724

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Government bonds	$ 68,914,535	$ 65,878,067	$ 25,078,626
Negotiable certificates of deposit	23,801,274	-	-
Listed, OTC and emerging market stocks	23,486,378	21,758,314	19,764,229
Corporate bonds	17,800,253	5,161,140	9,039,132
Bank debentures	13,461,435	13,051,597	24,822,127
Others	470,897	509,947	517,998
	$ 147,934,772	$ 106,359,065	$ 79,222,112

As of March 31, 2017, December 31, 2016 and March 31, 2016, available-for-sale financial assets, with aggregate carrying values of $52,534,740 thousand, $28,629,003 thousand and $32,772,584 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Group signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015, entrusting shares of Capital Securities Corporation to them. The trustee deals with the shares in accordance with the contract during the contract period.

For the information on available-for-sale financial assets pledged as collateral for the Group, please refer to Note 48.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2017	December 31, 2016	March 31, 2016
Bank debentures	$ 15,641,704	$ 15,151,082	$ 5,441,250
Government bonds	13,151,393	9,135,147	10,273,458
Commercial papers	12,983,190	745,844	22,215,290
Corporate bonds	8,691,447	4,851,085	4,713,816
	$ 50,467,734	$ 29,883,158	$ 42,643,814
Resold amounts	$ 50,564,720	$ 29,910,667	$ 42,653,383
Last maturity date	April 2017	February 2017	May 2016

12. RECEIVABLES

	March 31, 2017	December 31, 2016	March 31, 2016
Receivables on margin loans, refinancing margin and refinancing deposits receivable	$ 30,506,334	$ 28,686,768	$ 31,001,110
Receivable accounts for settlement	23,060,164	17,058,010	31,167,638
Accounts receivable factoring without recourse	9,294,846	9,590,021	982,337
Trading securities receivable	8,118,525	6,901,611	4,058,003
Accounts receivable - forfeiting	6,912,045	7,912,584	20,737,461
Lease receivables	5,646,997	6,424,942	7,045,300
Settlement price	2,940,097	6,798,639	3,489,031
Others	11,154,961	12,113,019	11,565,006
	97,633,969	95,485,594	110,045,886
Less: Unrealized interest revenue	(313,395)	(378,214)	(461,509)
Allowance for bad debts	(2,703,885)	(2,917,166)	(2,902,584)
	$ 94,616,689	$ 92,190,214	$ 106,681,793

The Group's changes in allowance for bad debts of receivables were as follows:

	For the Three Months Ended March 31	
	2017	2016
Balance, January 1	$ 2,917,166	$ 3,006,575
Reversal	(34,915)	(23,321)
Loans reclassified to nonperforming loans	-	(1,200)
Write-off	(128,986)	(55,705)
Recovery of written-off accounts receivable	10,975	-
Effect of exchange rate changes	(60,355)	(23,765)
Balance, March 31	$ 2,703,885	$ 2,902,584

For the information on impairment loss analysis of receivables, please refer to Note 53.

The amount of receivables pledged as collateral for the Group please refer to Note 48.

13. DISCOUNTS AND LOANS

	March 31, 2017	December 31, 2016	March 31, 2016
Short-term loans	$ 66,070,781	$ 60,824,456	$ 52,634,593
Medium-term loans	160,102,439	152,145,653	133,765,152
Long-term loans	43,289,938	42,061,948	40,531,167
Loans reclassified to nonperforming loans	669,641	708,046	537,806
Export negotiations	115,964	139,441	10,925
	270,248,763	255,879,544	227,479,643
Less: Allowance for bad debts	(3,596,878)	(3,429,672)	(3,143,041)
Less: Discounts on loans	(68,751)	(72,880)	(44,886)
	$ 266,583,134	$ 252,376,992	$ 224,291,716

The Group's changes in allowance for bad debts of discounts and loans were as follows:

	For the Three Months Ended March 31	
	2017	2016
Balance, January 1	$ 3,429,672	$ 3,115,696
Allowance (reversal)	165,572	(13,067)
Recovery of written-off credits	173,697	195,015
Write-off	(110,506)	(135,713)
Reduction and exemption	(8,174)	(5,385)
Effects of exchange rate changes	(53,383)	(13,505)
Balance, March 31	$ 3,596,878	$ 3,143,041

For the information on impairment loss analysis of discounts and loans, please refer to Note 53.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates that are not individually material:

	March 31, 2017		December 31, 2016		March 31, 2016	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
CDIB & Partners Investment Holding Corporation	$ 5,244,428	34	$ 4,988,044	34	$ 4,716,746	34
CDIB Capital Asia Partners L.P.	2,575,582	-	2,109,639	-	1,522,873	-
KGI Securities (Thailand) Public Company Limited	2,163,213	35	2,160,555	35	2,099,969	35
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	1,130,088	-	1,165,320	-	1,217,294	-
CPEC Huachuang Private Management Equity (Kunshan) Enterprise (Limited Partnership)	913,541	-	960,603	-	578,628	-

(Continued)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Carrying Amount	%	Carrying Amount	%	Carrying Amount	%
CDIB Biomedical Venture Capital Corporation	$ 582,963	34	$ 582,599	34	$ 581,839	34
CDIB CME Fund Ltd.	563,258	40	568,380	40	575,891	40
Others	233,526		140,664		171,707	
	$ 13,406,599		$ 12,675,804		$ 11,464,947	

(Concluded)

Investments accounted for using the equity method and the Group's share of earnings and other comprehensive income of CDIB & Partners Investment Holding Corporation and KGI Securities (Thailand) Public Company Limited are calculated based on reviewed financial statements; those of other affiliates are calculated based on unreviewed financial statements. Management believes that the financial statements of these investees had not been reviewed, there would have been no significant effect on the consolidated financial statements.

There are no any investments under equity method was pledged as collateral.

15. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. Investment in private equity fund

The Corporation's subsidiaries have the equities of structured entities which the Corporation's subsidiaries do not have significant influence but rights and obligations in accordance with the contract.

	March 31, 2017	December 31, 2016	March 31, 2016
Investment in private equity fund			
Financial assets measured at cost	$ 5,958,065	$ 6,135,403	$ 6,529,070
Maximum exposure	$ 5,958,065	$ 6,135,403	$ 6,529,070

b. Management on private equity fund

The Corporation's subsidiaries have the equities of structured entities as well as the obligations to their investment and management. The Corporation's subsidiaries have significant influence over the above investments.

The funds of unconsolidated structured entities are from the Corporation's subsidiaries and external third parties.

	March 31, 2017	December 31, 2016	March 31, 2016
Management on private equity fund			
Total assets	$ 16,936,531	$ 15,250,696	$ 10,820,872
Total liabilities	78,823	17,840	161,514
Investments accounted for using equity method	4,619,211	4,235,562	3,318,795
Maximum exposure	4,619,211	4,235,562	3,318,795

16. RESTRICTED ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Restricted demand deposits	$ 25,799,771	$ 27,519,235	$ 27,527,644
Stocks	149,392	149,392	149,392
Accounts receivables	104,180	105,831	110,207
Checking accounts - restricted for agent's stock transfer purposes	61,083	62,566	79,186
Impound account	52,508	48,012	55,139
Accrued revenue	35,879	35,879	30,287
Due from banks	-	13,009	14,628
	$ 26,202,813	$ 27,933,924	$ 27,966,483

The above restricted demand deposits refer to amounts received from clients for the securities brokerage business and the deposit guarantee for engaging in derivatives transactions from the Corporation's subsidiaries in overseas.

After the filing of a certain civil action against Morgan Stanley & Co. International PLC (Morgan Stanley) (Note 49), CDIB Capital Group could not access the following funds in connection with transactions made with Morgan Stanley because of its unauthorized disposition: Accounts receivable, deposits, cash security on CDS contracts, available-for-sale stock investments and the related accrued revenue. Because of the inaccessibility of these funds, these financial assets reclassified as "restricted assets".

For the information on restricted assets pledged as collateral for the Group, please refer to Note 48.

17. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2017	December 31, 2016	March 31, 2016
Unlisted stocks - common stock	$ 7,515,391	$ 7,818,874	$ 7,796,909
Unlisted overseas partnership fund	5,958,065	6,135,403	6,529,070
Others	5,364,558	5,537,485	6,438,271
	$ 18,838,014	$ 19,491,762	$ 20,764,250
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 17,584,153	$ 18,043,472	$ 19,328,179
Financial assets at FVTPL	1,253,861	1,448,290	1,436,071
	$ 18,838,014	$ 19,491,762	$ 20,764,250

CDIB Capital Group and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $146,038 thousand and $649,961 thousand during the three months ended March 31, 2017 and 2016, respectively, recognizing disposal gain of $231,269 thousand and $397,518 thousand, respectively.

18. OTHER FINANCIAL ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Guarantee deposits received on futures contracts	$ 37,568,625	$ 36,201,863	$ 34,922,377
Time deposits with original maturities over three months	8,071,055	5,573,703	1,745,365
Debt instruments with no active market	3,587,473	2,083,503	1,723,706
Pledged time deposit	839,617	744,223	629,644
Others	40,017	190,022	136,944
	$ 50,106,787	$ 44,793,314	$ 39,158,036

For the information on other financial assets pledged as collateral for Group, please refer to Note 48.

19. INVESTMENT PROPERTY

	March 31, 2017	December 31, 2016	March 31, 2016
Land	$ 1,896,110	$ 1,879,859	$ 1,781,076
Buildings and facilities	311,705	299,497	263,977
	$ 2,207,815	$ 2,179,356	$ 2,045,053

Except for depreciation recognized, the Group's had no significant addition, disposal and impairment of investment properties during the three months ended March 31, 2017 and 2016.

The above items of investment property were depreciated on a straight-line basis at economics lives estimated as follows:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years

The fair values of the Group's investment property as of March 31, 2017, December 31, 2016 and March 31, 2016 were $4,293,295 thousand, $4,147,015 thousand and $3,611,030 thousand, respectively. Investment property was categorized into Level 3.

KGI Bank and subsidiaries, as well as CDIB Capital Group and subsidiaries, arrived at the fair value of their investment property by using reports of external appraisers that are not identified as related parties, and instead of evaluating by independent professional, the subsidiaries' management other than KGI Bank and CDIB Capital Group of the Group apply valuation models which often used in markets as common practice in evaluating the remaining investment property; however, they used the models that market participants would use in determining the fair value. Sales comparison approach compares a subject property's characteristics with those of comparable properties which have recently sold in the similar transaction; Income approach takes the net operating income of the rent collected and divides it by the capitalization rate.

All of the Group's investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings were reflected in Note 48.

20. PROPERTY AND EQUIPMENT

	March 31, 2017	December 31, 2016	March 31, 2016
Land	$ 8,814,351	$ 8,831,716	$ 8,913,596
Buildings and facilities	4,312,121	4,368,108	4,516,158
Computer equipment	516,758	525,987	472,617
Transportation equipment	2,954	3,363	20,678
Other equipment	225,635	236,998	240,096
Leasehold improvements	292,128	302,598	236,302
Leased assets	265,169	240,303	228,139
	14,429,116	14,509,073	14,627,586
Prepayments for acquisition of properties	4,431	3,843	18,603
	$ 14,433,547	$ 14,512,916	$ 14,646,189

Except for depreciation recognized, the Group's had no significant addition, disposal and impairment of property and equipment during the three months ended March 31, 2017 and 2016.

The above items of property and equipment were depreciated on a straight-line basis at economic lives estimated as follows:

Buildings and facilities	
Main building and parking spaces	20-60 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	4-5 years
Computer equipment	1-8 years
Transportation equipment	2-15 years
Other equipment	
Office furniture and equipment	2-10 years
Others	10 years
Leasehold improvements	1-10 years
Leased assets	1-10 years

For the information on property and equipment pledged as collateral for the Group, please refer to Note 48.

21. INTANGIBLE ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Operation rights	$ 5,360,290	$ 5,527,201	$ 6,033,370
Goodwill	1,829,835	1,895,744	1,901,060
Computer software	498,089	489,037	456,664
Others	36,396	36,396	36,396
	$ 7,724,610	$ 7,948,378	$ 8,427,490

Except for amortization recognized, the Group's had no significant addition, disposal, and impairment of other intangible assets during the three months ended March 31, 2017 and 2016.

The above items of intangible assets were amortized on a straight-line basis at economic lives estimated as follows:

Operation rights	7-20 years
Computer software	3-6 years

22. OTHER ASSETS

	March 31, 2017	December 31, 2016	March 31, 2016
Guarantee deposits paid	$ 7,874,382	$ 9,401,359	$ 8,338,266
Security borrowing margins	2,329,790	2,810,965	5,900,655
Operating guarantee deposits	1,416,884	1,417,056	1,447,570
Prepaid expense	945,094	987,651	878,470
Settlement funds	542,131	527,293	520,304
Others	1,378,708	1,164,091	912,935
	$ 14,486,989	$ 16,308,415	$ 17,998,200

As of March 31, 2017, December 31, 2016 and March 31, 2016, the above collaterals were net of accumulated impairment losses of $59,079 thousand, $59,242 thousand and $58,674 thousand, respectively.

For the information on other assets pledged as collateral for the Group, please refer to Note 48.

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2017	December 31, 2016	March 31, 2016
Call loans from banks	$ 22,388,582	$ 29,863,422	$ 3,057,325
Deposits from Chunghwa Post Co., Ltd.	1,210,347	1,215,347	1,226,729
	$ 23,598,929	$ 31,078,769	$ 4,284,054

24. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	March 31, 2017	December 31, 2016	March 31, 2016
Bank debentures	$ 48,558,294	$ 51,255,621	$ 55,911,004
Government bonds	44,434,318	44,361,659	45,148,046
Corporate bonds	35,590,086	23,943,163	33,005,049
	$ 128,582,698	$ 119,560,443	$ 134,064,099
Repurchased amounts	$ 129,498,873	$ 119,817,493	$ 134,460,049
Last maturity date	June 2017	March 2017	June 2016

25. COMMERCIAL PAPER PAYABLE

	March 31, 2017	December 31, 2016	March 31, 2016
Commercial paper payable	$ 27,480,717	$ 17,558,460	$ 15,275,925
Less: Unamortized discount	(9,642)	(8,663)	(10,012)
	$ 27,471,075	$ 17,549,797	$ 15,265,913
Rate	0.40%-1.87%	0.48%-1.87%	0.3%-2.02%
Last maturity date	October 2017	October 2017	November 2016

As of March 31, 2017, Taipei Star Bank, Dah Chang Bills Finance Corporation, Ta Ching Finance Corporation, Mega Bank, China Bills Finance Corporation, International Bills Finance Corporation, Far Eastern International Bank, Taichung Commercial Bank, Grand Bills Finance Corporation, Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Group, which amounted to $13,306,596 thousand, had no guarantee.

As of December 31, 2016, China Bills Finance Corporation, Grand Bills Finance Corporation, Mega Bills Finance Corporation, Dah Chang Bills Finance Corporation, International Bills Finance Corporation, Far Eastern International Bank, Mega Bank, Taipei Star Bank, Tan Chong Bank, Taiwan Finance Corporation, Syndicated Loans issued by China Bills Finance Corporation, Ta Ching Finance Corporation, Union Bank of Taiwan, Taishin International Bank, Hua Nan Commercial Bank, Taiwan Business Bank, Sunny Bank, Taiwan Cooperative Bank, Shanghai Commercial Bank and Union Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Group, which amounted to $8,185,474 thousand, had no guarantee.

As of March 31, 2016, Bank of Taipei, Dah Chang Bills Finance Corporation, Ta Ching Finance Corporation, Mega Bank, Tan Chong Bank, China Bills Finance Corporation, International Bills Finance Corporation and Taiwan Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Group, which amounted to $10,288,499 thousand, had no guarantee.

26. PAYABLES

	March 31, 2017	December 31, 2016	March 31, 2016
Accounts payable for settlement	$ 38,831,548	$ 35,954,518	$ 43,108,922
Guaranteed price deposits received from securities borrowers	9,770,936	10,869,488	10,809,833
Settlement proceeds	3,646,138	2,875,364	3,724,142
Accrued expenses	2,039,873	3,528,890	1,948,206
Securities financing guarantee deposits	1,702,479	2,681,255	1,897,134
Others	4,258,473	4,427,813	5,939,329
	$ 60,249,447	$ 60,337,328	$ 67,427,566

27. DEPOSITS AND REMITTANCES

	March 31, 2017	December 31, 2016	March 31, 2016
Time deposits	$ 172,310,975	$ 182,288,180	$ 195,219,933
Saving deposits	99,775,097	98,220,082	94,312,826
Demand deposits	38,973,372	29,969,608	26,516,928
Negotiable CDs	5,896,500	1,896,300	76,400
Checking deposits	2,068,964	2,853,653	839,840
Inward remittance	104,108	224,141	16,811
	$ 319,129,016	$ 315,451,964	$ 316,982,738

28. BONDS PAYABLE

	March 31, 2017	December 31, 2016	March 31, 2016
Corporate bonds payable	$ 19,000,000	$ 25,000,000	$ 25,997,420
Bank debentures payable	2,701,957	2,684,236	2,630,089
	$ 21,701,957	$ 27,684,236	$ 28,627,509

Corporate Bonds Payable

	March 31, 2017	December 31, 2016	March 31, 2016
1st corporate bonds in 2009 - the Corporation	$ -	$ 1,000,000	$ 1,000,000
1st corporate bonds in 2011 - the Corporation	1,000,000	6,000,000	6,000,000
1st corporate bonds in 2013 - the Corporation	3,000,000	3,000,000	3,000,000
1st corporate bonds in 2014 - the Corporation	6,000,000	6,000,000	6,000,000
1st corporate bonds in 2015 - the Corporation	2,000,000	2,000,000	2,000,000
1st corporate bonds in 2014 - KGI Securities	-	-	997,420
1st corporate bonds in 2015 - KGI Securities	7,000,000	7,000,000	7,000,000
	$ 19,000,000	$ 25,000,000	$ 25,997,420
Fair value	$ 19,220,035	$ 25,314,561	$ 26,350,687

In March 2010, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2009 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Five years.
Bond B: Seven years.

b. Issue coupon/interest rate:

Bond A: 1.80% fixed annual interest rate.
Bond B: 2.00% fixed annual interest rate.

c. Method of paying principal and interest:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

   Bond A will mature in March 2015 and Bond B will mature in March 2017.

In March 2012, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2011 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

   Bond A: Five years.
   Bond B: Seven years.

b. Issue coupon/interest rate:

   Bond A: 1.32% fixed annual interest rate.
   Bond B: 1.42% fixed annual interest rate.

c. Method of paying principal and interest:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

   Bond A will mature in March 2017 and Bond B will mature in March 2019.

In May 2013, the Corporation issued $3,000,000 thousand of 1st unsecured corporate bonds in 2013 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.37% fixed annual interest rate.

c. Method of paying principal and interests:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

   The bonds will mature in May 2018.

In March 2015, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2014 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.42% fixed annual interest rate.

c. Method of paying principal and interests:

   Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in March 2020.

In September 2015, the Corporation issued $2,000,000 thousand of 1st unsecured corporate bonds in 2015 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

b. Issue coupon/interest rate: 1.37% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in September 2020.

In November 2014, KGI Securities issued RMB200,000 thousand of 1st unsecured corporate bonds in 2014 with par value of RMB1,000 thousand. The bond terms were as follows:

a. Issue period: Two years.

b. Issue coupon/interest rate: 3.50% fixed annual interest rate.

c. Method of paying principal and interests:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in November 2016.

In June 2015, KGI Securities issued $7,000,000 thousand of 1st unsecured corporate bonds in 2015 with par value of $10,000 thousand. The bond terms were as follows:

a. Issue period:

Bond A: Three years.
Bond B: Five years.

b. Issue coupon/interest rate:
Bond A: 1.20% fixed annual interest rate.
Bond B: 1.42% fixed annual interest rate.

c. Method of paying principal and interest:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

Bond A will mature in June 2018 and Bond B will mature in June 2020.

Bank Debentures Payable

Name	March 31, 2017	December 31, 2016	March 31, 2016	Issue Year	Repayment Year	Interest Rate
04 KGIB2	$ 2,750,000	$ 2,750,000	$ 2,750,000	2008.01.09-2017.12.13	Principal due on maturity	0.00%
Unamortized discount	(48,043)	(65,764)	(119,911)			
Net amount	$ 2,701,957	$ 2,684,236	$ 2,630,089			
Fair value	$ 2,692,487	$ 2,672,291	$ 2,612,316			

29. OTHER BORROWINGS

	March 31, 2017	December 31, 2016	March 31, 2016
Short-term credit borrowings	$ 10,920,604	$ 9,575,993	$ 11,949,139
Note issuance facility	5,399,477	4,799,568	3,899,729
Short-term secured borrowings	5,204,405	5,036,020	4,649,830
Long-term credit borrowings	373,595	466,877	309,734
	$ 21,898,081	$ 19,878,458	$ 20,808,432
Rate	0.50%-7.00%	0.65%-9.45%	0.42%-5.25%
Last maturity date	January 2020	December 2019	July 2018

30. PROVISIONS

	March 31, 2017	December 31, 2016	March 31, 2016
Provisions for employee benefits	$ 907,836	$ 931,377	$ 1,014,311
Provisions for guarantee liabilities	101,314	97,555	105,385
Others	341,584	344,735	276,855
	$ 1,350,734	$ 1,373,667	$ 1,396,551

31. RETIREMENT BENEFIT PLANS

The Group’s retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2016 and 2015, and recognized in their respective periods.

The Corporation recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $9,422 thousand and $11,166 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $89,262 thousand and $93,393 thousand, respectively for the three months ended March 31, 2017 and 2016.

32. OTHER LIABILITIES

	March 31, 2017	December 31, 2016	March 31, 2016
Guarantee deposits received	$ 14,505,035	$ 12,851,266	$ 7,035,953
Collections for others	1,541,472	1,808,971	1,059,417
Temporary receipts and suspense accounts	1,368,008	453,673	502,903
Others	382,269	438,298	336,355
	$ 17,796,784	$ 15,552,208	$ 8,934,628

33. EQUITY

a. Share capital

Common stock

	March 31, 2017	December 31, 2016	March 31, 2016
Numbers of shares authorized (in thousands)	20,000,000	20,000,000	20,000,000
Shares authorized	$ 200,000,000	$ 200,000,000	$ 200,000,000
Number of shares issued and fully paid (in thousands)	14,975,743	14,974,421	15,117,022
Shares issued	$ 149,757,428	$ 149,744,213	$ 151,170,222

b. Capital surplus

	March 31, 2017	December 31, 2016	March 31, 2016
Arising from treasury stock transactions	$ 821,193	$ 821,193	$ 379,850
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	182,755	182,755	182,755
Share-based payments awards	82,648	81,539	68,440
Arising from share of changes in capital surplus of associates	13,728	13,728	13,728
Capital surplus-issue of stock in excess	6,674	5,306	5,613
	$ 1,106,998	$ 1,104,521	$ 650,386

The premium from shares issued in excess of par (share premium from issuance of common shares, treasury share transactions and excess of consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital limited to a certain percentage of the Corporation's capital surplus and once a year.

The capital surplus from long-term investments may not be used for any purpose.

Under Order No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion comes from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, the surplus may be distributed as cash dividends or transferred to capital in the period of conversion, and the distribution is exempted from the appropriation restrictions of Article 41 of the Securities and Exchange Act and Article 8 of the Securities and Exchange Act Enforcement Rules.

c. Special revenue

According to Rule No. 10010000440 issued by the FSC, Rule No. 09900738571 issued by FSC and Rule No. 10000002891 issued under Regulations Governing Securities Firms, CDIB Capital Group**,** Grand Cathay and GCFC reclassified the default reserve and the trading loss reserve that had been set up until December 31, 2010 to special reserve. The Group also recognizes special revenue according to the percentage of holdings by the Group to subsidiaries directly and indirectly.

This special reserve should be used only to offset a deficit or when the legal reserve has reached 50% of the Corporation's paid-in capital, up to 50% thereof may be transferred to paid-in capital.

Under a directive issued by the SFB, whenever the components of shareholders' equity which includes unrealized gains or losses on financial instruments and cumulative translation adjustment but not treasury stock have debit balances, a special reserve equal to the total debit balance should be appropriated from the current year's earnings and unappropriated earnings generated in the prior years. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", when transitioning to IFRSs, a company should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Corporation's use of exemptions under IFRS 1. However, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed.

d. Appropriation of earnings

To continually expand the Corporation's operations and increase its profitability as well as comply with the Corporation Act and relevant regulations, the Corporation adopts the residual dividend policy. The Corporation decides the conditions for time and amount of dividend allocation based on regulations and the Company's Articles of Incorporation. Taking the Corporation's business plan into account, the Corporation would pay dividends in the form of stock. In any case the cash dividends should not be less than 10% of total dividends distributed.

The board of director revised the proposal of the remaining net income and unappropriated accumulated earnings can cover previous years' accumulated losses and related taxes, if any, are sequenced as follows legal reserve on the current year's net income, followed by a special reserve or reversal defined by laws and plus the final remainder of the earnings as dividends to shareholders and the distribution for bonus with 30% to 100% of distribution given the unappropriated earnings at the beginning of the period, as proposed by the board of directors and approved in the shareholders' meeting.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Corporation's shareholders meeting on May 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Note 42.

Legal reserve should be appropriated from earnings until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under the Integrated Income Tax System, resident shareholders are allowed tax credits, based on the balance of the Imputation Credit Account (ICA) on the dividend distribution date, for the income tax paid by the Corporation on earnings generated since 1998.

The appropriation of earnings should be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The board of directors on April 24, 2017 and the board of the stockholders on May 16, 2016 approved the resolution on the appropriations from the earnings of 2016 and 2015, respectively, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		**Dividends Per Share (NT$)**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 592,308	$ 852,823		
Special reserve (reversed)	(949,694)	2,463,255		
Cash dividends	7,487,871	7,487,006	$ 0.5	$ 0.5

The appropriation of earnings of 2016 will be resolved by the board of the stockholders on June 16, 2017.

Related information can be accessed through the Market Observation Post System on the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e. Non-controlling interests

	For the Three Months Ended March 31	
	2017	**2016**
Balance at January 1	$ 3,608,921	$ 3,606,912
Attributable to non-controlling interests		
Share of profit for the period	38,361	28,883
Exchange difference on translation of foreign financial statements	(3,306)	(562)
Unrealized losses on available-for-sale financial assets	2,803	(625)
Balance at March 31	$ 3,646,779	$ 3,634,608

34. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of the Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of the Period (In Thousands)
For the three months ended March 31, 2017				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	323,232	-	-	323,232
For the three months ended March 31, 2016				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	323,232	-	-	323,232
Held by the Corporation to maintain its credit and shareholders' equity	-	143,010	-	143,010
	323,232	143,010	-	466,242

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition and share swap date respectively, were treated as treasury stock. The market prices of the shares were $2,520,540 thousand, $2,438,842 thousand and $2,602,238 thousand on March 31, 2017, December 31, 2016 and March 31, 2016, respectively. The Corporation's shares held by CDIB Capital Group are also treated as treasury stock and recognized book value on the swap date. The market prices of the shares were $171,982 thousand, $166,408 thousand and $177,557 thousand on March 31, 2017, December 31, 2016 and March 31, 2016.

On January 25, 2016, the board of directors resolved to buy back 150,000 thousand of the Corporation's shares between January 26, 2016 and March 25, 2016 under the regulations of Article 28-2 of the Securities and Exchange Act. The purpose of this buyback was to maintain the Corporation's reputation and the shareholders' equity; the buyback price was set at NT$7.27 to NT$10.00 per share and the buyback would be continued even when the stock price went down below the lower bound of the price interval set, in compliance with Article 2 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The Corporation had repurchased 143,010 thousand shares at an average price of NT$8.04 per share and retired all the treasury stocks on June 27, 2016.

Under the Securities and Exchange Act, the Corporation should not acquire treasury stock in excess of 10% of its total shares outstanding. In addition, the Corporation should not spend more than the aggregate amount of the retained earnings, paid-in capital in excess of par value, and realized capital surplus arising from gains on disposal of properties and donated capital. The Corporation should not use treasury shares to secure any of its obligations and should not exercise any shareholders' rights on those shares.

35. INTEREST PROFIT, NET

	For the Three Months Ended March 31	
	2017	2016
Interest revenues		
Discounts and loans	$ 1,722,092	$ 1,631,870
Margin loans and refinancing margin	428,918	486,843
Securities	341,063	270,399
Due from and call loans to banks	95,166	125,390
Account receivable - forfeiting	32,598	120,383
Others	382,455	237,677
	3,002,292	2,872,562
Interest expenses		
Deposits	612,727	672,229
Notes and bonds issued under repurchase agreements	273,358	184,090
Borrowing interest expense	82,826	106,583
Corporate bonds	79,702	95,572
Others	148,461	107,262
	1,197,074	1,165,736
Interest profit, net	$ 1,805,218	$ 1,706,826

36. SERVICE FEE AND COMMISSION, NET

	For the Three Months Ended March 31	
	2017	2016
Service fee revenue and commission income		
Brokerage	$ 1,792,076	$ 1,939,627
Commission income - insurance	284,137	214,576
Trust	110,245	64,401
Others	333,268	220,566
	2,519,726	2,439,170
Service fee expense and commission expense		
Brokerage	277,394	380,116
Consignment settlement and delivery	53,274	63,381
Agency	31,698	33,210
Dealing handling fee	22,669	52,726
Commission expense - other	28,223	35,514
Others	88,732	78,471
	501,990	643,418
Service fee and commission, net	$ 2,017,736	$ 1,795,752

37. GAIN ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended March 31	
	2017	2016
Derivatives	$ 1,406,871	$ (110,707)
Operating securities	573,085	747,357
Bonds	535,788	782,527
Mutual funds	12,526	(335,296)
Call (put) warrants	670	137,204
Others	(1,112,061)	36,295
	$ 1,416,879	$ 1,257,380

For the three months ended March 31, 2017 and 2016, the Group's financial assets and liabilities at fair value through profit or loss included interest revenue of $432,871 thousand and $575,367 thousand, respectively, dividend income of $5,589 thousand and $4,284 thousand, respectively and interest expense of $169,586 thousand and $44,556 thousand, respectively.

38. REALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Three Months Ended March 31	
	2017	2016
Gain on bond disposal	$ (169,891)	$ 196,047
Gain on stock disposal	(82,376)	149,074
Others	13,268	16,110
	$ (238,999)	$ 361,231

39. IMPAIRMENT LOSS ON ASSETS, NET

	For the Three Months Ended March 31	
	2017	2016
Financial assets measured at cost	$ 63,000	$ 45,075
Others	466	2,083
	$ 63,466	$ 47,158

40. GAIN ON FINANCIAL ASSETS MEASURED AT COST

	For the Three Months Ended March 31	
	2017	2016
Gain on security disposal	$ 255,666	$ 456,916
Dividend income	36,620	5,901
Others	3,542	2,787
	$ 295,828	$ 465,604

41. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended March 31	
	2017	2016
Revenue from underwriting	$ 150,794	$ 129,692
Revenue from providing agency service for stock affairs	30,449	30,120
Rental income	29,812	28,426
Gain on sale of nonperforming loans	25,980	46,819
Gain on debts investment without active market	-	184,432
Others	37,414	105,561
	$ 274,449	$ 525,050

42. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2017	2016
Employee benefit expense		
Salaries and wages	$ 2,485,749	$ 2,364,330
Employee insurance	175,761	169,415
Pension	98,684	104,559
Others	157,355	149,326
	$ 2,917,549	$ 2,787,630
Depreciation and amortization expenses	$ 368,660	$ 363,052

To be in compliance with the Company Act as amended in May 2015 and the approved amended Articles of Incorporation of the Corporation by the shareholders' meeting on May 16, 2016, the Company will distribute employees' compensation and remuneration to directors and supervisors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the three months ended March 31, 2017 and 2016, the employees' compensation were $17,233 thousand and $11,217 thousand, respectively; the remuneration to directors and supervisors were $17,233 thousand and $11,217 thousand, respectively.

If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The compensation of employees and remuneration of directors and supervisors for 2016 and 2015 which have been approved by the board of directors on March 27, 2017 and March 28, 2016, respectively, were as follows:

	For the Year Ended December 31	
	2016	**2015**
Employees' compensation to employees	$ 59,000	$ 87,000
Remuneration of directors and supervisors	58,000	75,000

There was no difference between the amounts recognized in the financial statements for the year ended December 31, 2016 and 2015.

The information on the proposed and approved compensation to employees and directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

43. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2017	**2016**
Taxation	$ 285,967	$ 420,329
Rental	257,329	259,676
Computer information	186,085	111,998
Professional services	123,188	172,451
Postage	87,004	83,075
Security lending expense	77,696	46,159
Others	312,987	461,391
	$ 1,330,256	$ 1,555,079

44. INCOME TAX

Under Rule No. 910458039 issued by the Ministry of Finance on February 12, 2003, a financial holding company and its domestic subsidiaries holding over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings in accordance with Article 49 of Financial Holding Company Act and Article 40 of Business Mergers and Acquisitions Act. Thus, the Corporation adopted the linked-tax system for income tax filing with its eligible subsidiaries, income tax and unappropriated earnings tax filings.

The accounting treatment applied to linked-tax system for income tax filings is to adjust the difference between the consolidated current/deferred taxes and the individual current/deferred taxes of the Group, and allocate income tax expense/benefit to the Corporation and each subsidiary's pro rata; related amounts are recognized as current tax assets or current tax liabilities.

a. Income tax expense recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2017	2016
Current income tax		
Current period	$ 121,944	$ 87,385
Prior years	(33,053)	(2,085)
	88,891	85,300
Deferred income tax	160,854	27,683
Income tax expense recognized in profit or loss	$ 249,745	$ 112,983

b. Income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the Three Months Ended March 31	
	2017	2016
Deferred income tax		
Unrealized gain on available-for-sale financial assets	$ 596	$ 598

c. Integrated income tax

	March 31, 2017	December 31, 2016	March 31, 2016
Imputation credits accounts - the Corporation	$ 406,208	$ 406,208	$ 1,101,373

The Corporation's creditable tax ratio for the distribution of earnings of 2016 and 2015 were 4.33% (estimated) and 12.51%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Corporation was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Corporation was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2016 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

The Corporation had no unappropriated earnings generated before January 1, 1998.

d. Income tax assessments

The Corporation's income tax returns through 2011 had been examined by the tax authorities. The Corporation disagreed with the tax authorities' assessments of its 2011 and 2010 tax returns and thus filed tax appeals.

CDIB Management Consulting Corporation's income tax returns through 2015 had been examined by the tax authorities. Income tax returns of KGI Bank, former KGI Bank Insurance Brokerage Company and CDC Finance & Leasing Corp. for the years through 2014 had been examined by the tax authorities.

The income tax returns of formerly Grand Cathay through 2011 had been examined by the tax authorities. Formerly Grand Cathay disagreed with the tax authorities' assessments of its 2011 tax returns and thus filed tax appeals.

The income tax returns of KGI Securities for the years through 2013 had been examined by the tax authorities. KGI Securities disagreed with the tax authorities' rejection of the tax withheld from interest income earned by predecessors, respective operating costs and other tax-exempt income of 2008 through 2013. As a result, KGI filed tax appeals.

Income tax returns of KGI Insurance Brokers Co., KGI Securities Investment Advisory Co., Ltd., GSFC, KGI Securities Investment Trust Co., Ltd., KGI Futures Co., Ltd., KGI Information Technology Co., Ltd. and KGI Venture Capital Co., Ltd. through 2015 had been examined by the tax authorities.

CDIB Capital Group's income tax returns through 2011 had been examined by the tax authorities. However, CDIB Capital Group disagreed with the tax authorities' assessments of its 2010 tax returns and thus filed tax appeals.

Income tax returns of CDIB Capital Management Inc., former R.O.C. Strategic Company Ltd., and former China Venture Management Inc., through 2015 had been examined by the tax authorities. Income tax returns of former CDIB Strategic Venture Fund Ltd. through 2014 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corp. through 2012 had been examined by the tax authorities.

Income tax returns of China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp., through 2015 had been examined by the tax authorities.

45. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended March 31	
	2017	**2016**
Basic EPS	$ 0.12	$ 0.08
Diluted EPS	$ 0.12	$ 0.08

The earnings and weighted average number of common shares outstanding in the computation of EPS were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2017	**2016**
Earnings used in the computation of EPS	$ 1,808,417	$ 1,126,415

Weighted Average Number of Common Shares Outstanding (In Thousand Shares)

	For the Three Months Ended March 31	
	2017	**2016**
Weighted average number of common shares outstanding in computation of basic EPS	14,644,610	14,727,311
Effect of potentially dilutive common shares:		
Employee share options	1,174	607
Restricted shares	4,834	4,512
Weighted average number of common shares outstanding in computation of diluted EPS	14,650,618	14,732,430

46. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

The Corporation acquired 100% of KGI Bank share through a share swap. In accordance with this contract, the Corporation granted options to replace KGI Bank's options granted in May and August 2011. Qualified employees of KGI Bank were granted 30,862 and 11,088 thousand options on conversion date. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 6.64 and 6.96 years and exercisable at certain percentages from now.

Besides, the Corporation granted 44,850 thousand employee stock options in October 2014. Each option entitles the holder to subscribe for one common share of the Company. The options granted are valid for 7 years and exercisable 2 years after the issuance date.

For any subsequent changes in the Corporation's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Three Months Ended March 31			
	2017		**2016**	
	Number of Options (In Thousands)	**Weighted-average Exercise Price (NT$)**	**Number of Options (In Thousands)**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	73,211	$ 8.43	74,320	$ 9.01
Options invalid	(5,824)	8.50	(260)	9.06
Balance at March 31	67,387	8.42	74,060	9.01
Options exercisable, end of period	34,207	8.37	30,530	8.93
Weighted-average remaining contractual life (years)	4.37		5.38	

Options granted on conversion date were priced using the trinomial trees model and the inputs to the model were as follows:

Grant-date share price	$9.54-$10
Exercise price	$7.68-$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

Expected volatility was based on the historical share price volatility over the past 1 year.

Compensation costs for the three months ended March 31, 2017 and 2016 were $1,252 thousand and $4,169 thousand.

b. Issue restricted share plan

The board of directors of the Corporation has decided to issue restricted shares plan which is $40,597 thousand in total, and $10 per face value totaled 4,060 thousand shares with issue price of $0 (free issuance) at August 19, 2013. Further, the board of directors made August 26, 2013 as the base-date for capital increase. Fair value on the payment day of the stock was $8.15.

The board of directors of the Corporation has decided to issue restricted shares plan which is $60,833 thousand in total, and $10 per face value totaled 6,083 thousand shares with issue price of $0 (free issuance) at January 27, 2014. Further, the board of directors made January 27, 2014 as the base-date for capital increase. Fair value on the payment day of the stock was $8.84.

The board of directors of the Corporation has decided to issue restricted shares plan which is $56,997 thousand in total, and $10 per face value totaled 5,700 thousand shares with issue price of $0 (free issuance) at February 9, 2015. Further, the board of directors made February 13, 2015 as the base-date for capital increase. Fair value on the payment day of the stock was $10.80.

The board of directors of the Corporation has decided to issue restricted shares plan which is $44,780 thousand in total, and $10 per face value totaled 4,478 thousand shares with issue price of $0 (free issuance) at February 1, 2016. Further, the board of directors made February 4, 2016 as the base-date for capital increase. Fair value on the payment day of the stock was $7.61.

The board of directors of the Corporation has decided to issue restricted shares plan which is $13,216 thousand in total, and $10 per face value totaled 1,322 thousand shares with issue price of $0 (free issuance) at January 19, 2017. Further, the board of directors made January 25, 2017 as the base-date for capital increase. Fair value on the payment day of the stock was $7.98.

The vesting portion of shares is summarized and managed year by year, and the vesting rate of the shares is 40%, 30% and 30% for 1-year, 2-year and 3-year respectively. Employees who have not met the vesting conditions cannot sell, pledge, transfer, donate, asking the Corporation to buy them back or in any other way dispose of these shares except inheritance. Besides, employees don’t have preemptive rights when capital increase but do share the same rights of issued common stock (which includes but not confined to cash dividend, stock dividend, capital decrease, capital surplus cash (stock) or any rights that was originated from legal subject such as consolidation, split or stock-exchange which we called “allocated rights” thereafter). Allocated rights have to be in the trust before meeting the vesting conditions.

After the restricted shares are allocated to employees, the Corporation will retrieve and cancel the stocks with no reimbursement if the vesting conditions are not met. The Corporation will also retrieve the allocated rights at the rate of shares of vesting conditions not met divided by shares allocated, with no reimbursement. If it is stocks that are retrieved, they shall be cancelled in each year of the vesting period.

For the three months ended March 31, 2017 and 2016, the Corporation recognized $7,288 thousand and $11,763 thousand as compensation cost.

47. RELATED-PARTY TRANSACTIONS

The significant transactions and relationship with related parties (in addition to those disclosed in other notes) are summarized below:

a. Related parties

Related Party	Relationship with the Group
Others	Other related parties

b. Significant transactions with related-parties

1) Cash in banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2017	$ 18,604	-
December 31, 2016	10,582	-
March 31, 2016	22,743	-

For the three months ended March 31, 2017 and 2016, the interest revenues from cash in bank were $10 thousand and $16 thousand, respectively.

2) Due from banks (recognized as cash and cash equivalents)

	Amount	%
March 31, 2017	$ 163,165	1
December 31, 2016	240,836	1
March 31, 2016	130,627	1

For the three months ended March 31, 2017 and 2016, the interest revenues from due from banks were both $0 thousand.

3) Purchase funds managed by related parties (recognized as financial assets at fair value through profit or loss)

	Amount	%
March 31, 2017	$ 11,886	-
December 31, 2016	31,609	-
March 31, 2016	18,295	-

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2017		
Other related parties	$ 149,798	$ 49,962
For the three months ended March 31, 2016		
Other related parties	-	269,262

5) Revenue receivable (recognized as receivables, net)

	Amount	%
March 31, 2017	$ 65,586	-
December 31, 2016	131,210	-
March 31, 2016	135,126	-

6) Receivable on margin loans (recognized as receivables, net)

	Amount	%
March 31, 2017	$ 20,118	-
December 31, 2016	12,245	-
March 31, 2016	17,971	-

7) Credit card receivable (recognized as receivables, net)

	Amount	%
March 31, 2017	$ 15,804	-
December 31, 2016	16,619	-
March 31, 2016	14,689	-

8) Other receivables (recognized as receivables, net)

	Amount	%
March 31, 2017	$ 14,200	-
December 31, 2016	14,584	-
March 31, 2016	19,290	-

9) Discounts and loans, net

	Amount	%	Interest Rate (%)
March 31, 2017	$ 922,718	-	1.54-15.00
December 31, 2016	912,472	-	1.54-15.00
March 31, 2016	981,000	-	1.69-15.00

For the three months ended March 31, 2017 and 2016, the interest revenues from discounts and loans were $3,683 thousand and $4,289 thousand, respectively.

For the Three Months Ended March 31, 2017

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	29	$ 18,920	$ 17,708	$ 17,708	$ -	None	Yes
Residential mortgage loans	61	938,457	896,078	896,078	-	Real estate	Yes
Others	9	15,028	8,932	8,932	-	Real estate/ deposit	Yes

For the Year Ended December 31, 2016

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	42	$ 32,490	$ 16,502	$ 16,502	$ -	None	Yes
Residential mortgage loans	78	1,227,071	883,732	883,732	-	Real estate	Yes
Others	14	30,505	12,238	12,238	-	Deposit/real estate	Yes

For the Three Months Ended March 31, 2016

(In Thousands of New Taiwan Dollars)

Category	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length Commercial Term
Consumer loans	33	$ 21,521	$ 19,014	$ 19,014	$ -	None	Yes
Residential mortgage loans	58	1,018,154	950,653	950,653	-	Real estate	Yes
Others	10	18,756	11,333	11,333	-	Real estate/ deposit	Yes

10) Call loans from banks (recognized as deposits from the Central Bank and banks)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 606,720	3	$ 4,322,790	14	$ 498,710	12

For the three months ended March 31, 2017 and 2016, the interest expenses from call loans from banks were $1,707 thousand and $143 thousand, respectively.

11) Notes and bonds issued under repurchase agreements

	Amount	**%**
March 31, 2017	$ 52,102	-
December 31, 2016	715,372	1
March 31, 2016	50,000	-

12) Guaranteed price deposits received from securities borrowers (recognized as payables)

	Amount	%
March 31, 2017	$ 8,259	-
December 31, 2016	47,186	-
March 31, 2016	26,584	-

13) Deposits payable for securities financing (recognized as payables)

	Amount	%
March 31, 2017	$ 9,132	-
December 31, 2016	52,173	-
March 31, 2016	26,613	-

14) Other payables (recognized as payables)

	Amount	%
March 31, 2017	$ 19,213	-
December 31, 2016	20,113	-
March 31, 2016	28,718	-

15) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2017	$ 921,871	-	0-5.58
December 31, 2016	866,299	-	0-5.8
March 31, 2016	1,078,316	-	0-5.8

For the three months ended March 31, 2017 and 2016, the interest expenses from deposits and remittances were $1,862 thousand and $2,304 thousand, respectively.

16) Short-term borrowings (recognized as other borrowings)

	Amount	%
March 31, 2016	$ 516,512	2

For the three months ended March 31, 2016, the interest expenses from short-term borrowings were $1,800 thousand.

17) Customers' equity accounts - futures

	Amount	%
March 31, 2017	$ 66,365	-
December 31, 2016	45,184	-
March 31, 2016	72,906	-

18) Consulting service revenue

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
Other related parties	$ 114,289	45	$ 125,772	50

19) Donation (recognized as other operating and administrative expenses)

	For the Three Months Ended March 31	
	Amount	%
2016	$ 30,000	2

20) Outstanding derivative financial instruments

KGI Bank

March 31, 2017

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Exchange option contracts	March 21, 2017 - April 20, 2017	$ 6,148	$ 75	Financial assets at FVTPL	$ 75
	Interest rate swap contracts	March 17, 2017 - April 07, 2047	11,527,680	133,664	Financial assets at FVTPL	133,664

March 31, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Currency swap contracts	April 10, 2015 - November 17, 2016	$ 1,575,858	$ 19,980	Financial assets at FVTPL	$ 21,797
					Financial assets at FVTPL	13,713

21) Compensation of key management personnel

	For the Three Months Ended March 31	
	2017	2016
Salary and short-term benefits	$ 80,686	$ 84,390
Share-based payment	6,442	10,054
Post-employment benefits	646	542
	$ 87,774	$ 94,986

The terms of the transactions with related parties were similar to those for third parties, except for certain preferential interest rates for employees' savings in and borrowings from KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by KGI Bank to any related party were fully secured, and the other terms of these credits were similar to those for third parties.

c. Related-party transactions were at costs or prices of at least NT$100 million

The significant transactions and relationship of the Corporation's subsidiaries with related parties were summarized below:

KGI Bank and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
The Corporation	Parent company
CDIB Capital Group	Subsidiary of the parent company
KGI Securities	Subsidiary of the parent company
Others	Other related parties

1) Due from banks (recognized as cash and cash equivalents)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 163,165	3	$ 234,544	3	$ 124,336	1

2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2017		
Subsidiary of the parent company	$ 2,321,559	$ 1,612,128
For the three months ended March 31, 2016		
Subsidiary of the parent company	2,237,444	891,153

3) Call loans from other banks (recognized as deposits from the Central Bank and banks)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 606,720	3	$ 4,322,790	14	$ 498,710	14

4) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2017			
Parent company	$ 1,372,968	-	0-0.06
Subsidiary of the parent company	29,120,251	8	0-1.03

(Continued)

	Amount	%	Interest Rate (%)
December 31, 2016			
Parent company	$ 1,385,671	-	0-0.35
Subsidiary of the parent company	26,602,012	8	0-1.21
March 31, 2016			
Parent company	1,192,350	-	0-0.13
Subsidiary of the parent company	25,427,759	7	0-4.00

(Concluded)

5) Payable on securities purchased (recognized as payables)

	Amount	%
March 31, 2017	$ 153,306	4

6) Payable on parent (recognized as current tax liabilities)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Parent company	$ 379,060	100	$ 379,060	100	$ 193,935	95

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns.

7) Outstanding derivative financial instrument

March 31, 2017

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Other related parties	Interest rate swap contracts	March 17, 2017 - April 7, 2047	$11,527,680	$ 133,664	Financial assets at FVTPL	$ 133,664
Subsidiary of the parent company	Asset swap - interest rate swap contracts	January 5, 2016 - June 3, 2019	608,040	17,949	Financial assets at FVTPL	22,290
	Asset swap - option	January 5, 2016 - May 20, 2019	608,040	(27,748)	Financial liabilities at FVTPL	32,289
	Interest rate swap contracts	November 4, 2016 - October 27, 2019	819,072	(732)	Financial liabilities at FVTPL	4,852

December 31, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiaries of the parent company	Asset swap - interest rate swap contracts	January 5, 2016 - June 3, 2019	$ 114,000	$ 3,883	Financial assets at FVTPL	$ 4,342
	Asset swap - option	January 5, 2016 - May 20, 2019	114,000	2,020	Financial liabilities at FVTPL	5,081
	Interest rate swap contracts	November 4, 2016 - October 27, 2019	710,138	(4,120)	Financial liabilities at FVTPL	4,120

March 31, 2016

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Other related parties	Currency swap contracts	April 10, 2015 - November 17, 2016	$ 1,575,858	$ 19,980	Financial assets at FVTPL	$ 21,797
					Financial liabilities at FVTPL	13,713
Subsidiary of the parent company	Asset swap - interest rate swap contracts	August 1, 2014 - December 31, 2018	122,500	5,194	Financial assets at FVTPL	5,653
	Asset swap - option	August 1, 2014 - December 17, 2018	122,500	(4,576)	Financial liabilities at FVTPL	11,677

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
The Corporation	Parent company
CDIB Capital Group	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2017 Amount	%	December 31, 2016 Amount	%	March 31, 2016 Amount	%
Subsidiary of the parent company	$ 2,162,410	18	$ 2,663,508	16	$ 474,613	4

2) Available-for-sale financial assets - current

	March 31, 2017 Amount	%	December 31, 2016 Amount	%	March 31, 2016 Amount	%
Parent company	$ 2,520,540	28	$ 2,438,842	26	$ 2,602,238	35

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2017		
Subsidiary of the parent company	$ 1,612,128	$ 2,321,559
Other related parties	149,798	49,962
For the three months ended March 31, 2016		
Subsidiary of the parent company	891,153	2,237,444
Other related parties	-	269,262

4) Guarantee deposits received in futures contracts

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 938,245	2	$ 846,673	2	$ 822,171	2

5) Sale of securities receivable (recognized as receivable, net)

	Amount	%
March 31, 2017	$ 153,306	-

6) Current tax assets

	Amount	%
Parent company	$ 137,237	23

7) Restricted assets (recognized as other assets)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,082,500	4	$ 1,427,905	5	$ 813,514	3

8) Short-term borrowings

	March 31, 2016	
	Amount	%
Other related parties	$ 516,512	3

9) Notes and bonds issued under repurchase agreement

	December 31, 2016	
	Amount	%
Other related parties	$ 715,372	1

10) Current tax liabilities

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Parent company	$ 297,941	39	$ 275,787	39	$ 506,024	47

11) Outstanding derivative financial instruments

a) Asset swap IRS contracts value

	March 31, 2017	December 31, 2016	March 31, 2016
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 608,040	$ 114,000	$ 122,500

b) Asset swap option contracts - call

	March 31, 2017	December 31, 2016	March 31, 2016
	Contract Amount (Principal)	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 608,040	$ 114,000	$ 122,500

c) Interest rate swap contracts

	March 31, 2017	December 31, 2016
	Contract Amount (Principal)	Contract Amount (Principal)
Subsidiary of the parent company	$ 819,072	$ 710,138

CDIB Capital Group and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
The Corporation	Parent company
KGI Securities	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company
Others	Other related parties

1) Cash in banks (recognized as cash and cash equivalents)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Subsidiary of the parent company	$24,924,413	80	$ 1,897,892	6	$10,614,188	38

2) Due from banks (recognized as cash and cash equivalents)

	December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 19,723,431	67	$ 12,703,273	46

3) Revenue receivable (recognized as receivable, net)

	December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**
Other related parties	$ 128,793	8	$ 128,805	7

4) Receivables from parent (recognized as current tax assets)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 339,279	99	$ 461,986	99	$ 691,059	98

The receivables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

5) Securities holding (recognized as available-for-sale financial assets)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 171,982	2	$ 166,408	2	$ 177,557	2

6) Accrued payable

	March 31, 2017	
	Amount	**%**
Other related parties	$ 80,000,000	94

7) Payables to parent (recognized as current tax liabilities)

	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 530,784	100	$ 386,864	98	$ 248,526	61

The payables resulted from CDFH and its eligible subsidiaries' adopting the linked-tax system in the filing of tax returns since 2003.

48. PLEDGED ASSETS

The following assets have been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial papers payable, long-term loans, and overdraft, (b) pledged with Taipei Exchange Securities Market for settlement reserve, (c) required by the Central Bank for day-term overdraft, (d) required by government for bidding of government bonds, (e) pledged as part of the requirements for filing a petition for tax reassessment, (f) pledged as operating guarantee, compensation reserve and wealth management compensation, (g) pledged as guarantee deposit for oversees bonds sold with repurchase agreement, and (h) derivative transactions security deposit.

	March 31, 2017	December 31, 2016	March 31, 2016
Due from the Central Bank and call loans to banks	$ 13,430,000	$ 21,230,000	$ 19,275,000
Available-for-sale financial assets - negotiable certificate of deposit	7,100,552	-	-
Property and equipment, net	4,853,537	4,862,154	4,764,335
Available-for-sale financial assets - bonds and stocks	2,834,415	3,015,063	2,533,899
Lease receivables	2,699,189	2,983,362	3,424,884
Operating guarantee deposits	1,416,884	1,417,056	1,447,570
Other financial assets - pledged time deposits	839,617	744,223	629,644
Competitive bid transactions guarantee	399,119	419,426	361,843
Investment property, net	352,182	353,477	169,740
Financial assets at fair value through profit or loss - bonds and stocks	253,004	251,947	559,152
Guarantee deposit paid	189,309	389,585	77,466
Checking accounts - restricted for agent's stock transfer purposes	61,083	62,566	79,186
Restricted assets - impound account	52,508	48,012	55,139

49. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Group, except for those disclosed in Notes 52 and 53 were summarized as follows:

a. In April 2007, CDIB Capital Group and Morgan Stanley entered into a CDS contract that was tied to a synthetic collateralized debt obligation on residential mortgage-backed securities. The representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to CDIB Capital Group. On July 15, 2010, CDIB Capital Group initiated action against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses CDIB Capital Group suffered as a result of its investment in a Morgan Stanley's credit default swap (CDS) product that had been tied to a synthetic collateralized debt obligation on residential mortgage-backed securities; the representations made to CDIB Capital Group by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to CDIB Capital Group. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and CDIB Capital Group had recognized all gains and losses from the transaction. The balance of US$11,978 thousand (NT$363,359 thousand based on the exchange rate of March 31, 2017) was reclassified to "other financial liabilities". The litigation had not yet been concluded as of March 31, 2017. In addition, Morgan Stanley overlooked CDIB Capital Group's efforts and terminated interest rate swap (IRS) contracts (nominal principal amount: KRW24,000,000 thousand) and CDS contracts (nominal principal amount: JPY586,510 thousand) in August 2010, CDIB Capital Group reserves the right of legal proceedings.

b. Securities and Futures Investors Protection Center sued Grand Cathay (KGI Securities as the survivor company after merging on June 22, 2013) and claimed that due to the fact that KGI Securities was the lead underwriter of Taiwan Kolin Co., Ltd. 2nd convertible bonds which issued on November 7, 2007, KGI Securities must have but not performed sufficient audits on the contents disclosed in the prospectus of Taiwan Kolin Co., Ltd. 2nd convertible corporate bonds, which against the Article 20 and 32 of Securities and Exchange Act and the Article 184 and 185 of Civil Code. The plaintiffs sued KGI Securities and Taiwan Kolin Co., Ltd. with jointly liability amounted to $133,308 thousand plus 5% interest. The lawsuit is currently proceeded by the Taipei District Court. However, Taiwan Kolin Co., Ltd. is under the procedure of reorganization, this lawsuit is withdrawn now.

c. Plaintiffs, Digital Imaging Solution Global Ltd. ("Digital") and Minda Consulting Ltd. ("Minda"), advocated that GT based on stock pledge generated from loans of HK$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda's approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals.

d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation and claimed that due to the fact that CDIB Capital Management Corporation is the corporate director of Powercom Ltd., CDIB Capital Management Corporation have but not performed sufficient audits on the contents disclosed in the financial statements which failed to comply the obligation of being a good administrator. Therefore, the plaintiff demanded compensation of $592,648 thousand and related interests from CDIB Capital Management Corporation and Powercom Ltd. CDIB Capital Management Corporation and Powercom Ltd. could not estimate the related possible loss because the case was currently pending in the Taipei District Court and the final outcome of the court is uncertain.

e. The case KGI Bank acted vigorously in regards to Prince Motors' overdue debt. In December 2012, a third party regards the property rights of Dun Nan buildings as fraudulently infringing upon the rights of the creditors (credit litigation amounted to $481,157 thousand). On February 14, 2014. The Taiwan District Court has judged that KGI Bank lost the lawsuit and has to return the amount received of $1,786,318 thousand for re-allocation. KGI Bank has entrusted a lawyer. KGI Bank has appealed for second trial on March 10, 2014. On March 6, 2017, the lawyer judged that the case has ethical conflicts and insufficient evidence to support the judgment of the court. KGI Bank has a high possibility of winning the case, and the case is currently under the trial of the high court.

f. In response to the rapid business development and IT demands for innovative products, KGI Bank plans to outsource its IT operations to improve IT service levels and to rapidly respond to the business development and changes in external regulations. The board of directors' meeting held on October 30, 2012 approved the plan for outsourcing the IT operations to International Business Machines Corp., Taiwan (IBM Taiwan) for the next 10 years, starting from October 31, 2012. According to the IT outsource contract, besides extra services being charged according to professional rates, KGI Bank has to pay a total of $834,732 thousand for the basic framework, support service, IT application service and integration and transformation of server and so on as annual services fees in the future contract periods, starting from March 31, 2016.

50. BUSINESS COMBINATION

To extend the scale of overseas operation and enhance group's regional distribution, KGI Securities' board of directors approved a 99% investment in PT Hasta Dana Sekuritas Indonesia by KGI Capital Asia Ltd. on August 31, 2016. The unlisted company was established in Indonesia and specializing in securities related business.

a. Assets acquired and liabilities assumed on the acquisition date were as follows:

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent $47,450)	$ 226,818
Other assets	3,094
Assets subtotal	229,912
Liabilities	
Financial liabilities	(108,462)
Other liabilities	(21)
Liabilities subtotal	(108,483)
Identifiable net assets	$ 121,429

b. KGI Indonesia's goodwill, $76,975 thousand, was resulted from the consideration of the acquisition (cash transaction cost of acquisition) of $197,190 thousand plus fair value of non-controlling interests of $1,214 thousand and deduct fair value of identifiable net assets of $121,429 thousand.

51. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, CDIB CAPITAL GROUP, KGI SECURITIES AND KGI BANK

Consolidated Profitability

(%)

Items		March 31, 2017	March 31, 2016
Return on total assets	Before income tax	0.92	0.58
	After income tax	0.81	0.53
Return on net worth	Before income tax	4.99	3.01
	After income tax	4.40	2.74
Profit margin		27.15	18.33

Profitability of CDFH

(%)

Items		March 31, 2017	March 31, 2016
Return on total assets	Before income tax	3.65	2.44
	After income tax	3.87	2.47
Return on net worth	Before income tax	4.10	2.68
	After income tax	4.40	2.73
Profit margin		94.90	84.89

Profitability of KGI Bank

(%)

Items		**March 31, 2017**	**March 31, 2016 (Note)**
Return on total assets	Before income tax	0.69	0.78
	After income tax	0.62	0.75
Return on net worth	Before income tax	6.66	7.07
	After income tax	5.97	6.80
Profit margin		36.00	43.36

Profitability of KGI Securities

(%)

Items		**March 31, 2017**	**March 31, 2016**
Return on total assets	Before income tax	0.96	0.30
	After income tax	0.86	0.13
Return on net worth	Before income tax	2.87	0.87
	After income tax	2.57	0.39
Profit margin		21.50	2.49

Profitability of CDIB Capital Group

(%)

Items		**March 31, 2016**
Return on total assets	Before income tax	3.12
	After income tax	3.12
Return on net worth	Before income tax	3.19
	After income tax	3.19
Profit margin		78.22

Note: CDIB Capital Group was converted into an venture capital corporation on March 15, 2017.

52. FINANCIAL INSTRUMENTS

a. The definitions of each hierarchy are as follows:

1) Level I fair values are quoted prices in active markets for financial instruments.

2) Level II fair values are those directly or indirectly observable inputs other than Level I quoted prices, such as the quoted prices of similar financial instruments; in less active markets, quoted price arrived from pricing models that use inputs such as in interest rates and volatility rates, which are derived from or can be corroborated with observable market data.

3) Level III refers to inputs that are not based on observable market data.

b. Fair value

1) The fair value hierarchy of financial instruments were as follows:

March 31, 2017

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 15,605,227	$ -	$ -	$ 15,605,227
Bond investments	30,398,462	19,307,503	-	49,705,965
Others	66,767	11,816,619	-	11,883,386
Financial assets designated as at FVTPL	181,123	35,730,939	163,776	36,075,838
Available-for-sale financial assets				
Stock investments	23,343,768	144,516	369,643	23,857,927
Bond investments	49,234,317	50,941,905	-	100,176,222
Others	99,349	23,801,274	-	23,900,623
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	4,413,913	4,391,968	-	8,805,881
Financial liabilities designated as at FVTPL	-	17,012,545	-	17,012,545
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	654,959	32,754,290	86,350	33,495,599
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	629,431	40,400,445	172,072	41,201,948
Financial liabilities designated as at FVTPL	-	978,755	-	978,755

December 31, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 14,729,281	$ -	$ -	$ 14,729,281
Bond investments	45,690,252	17,938,947	-	63,629,199
Others	79,948	11,084,251	-	11,164,199
Financial assets designated as at FVTPL	191,269	41,171,537	174,265	41,537,071
Available-for-sale financial assets				
Stock investments	21,758,314	143,902	366,045	22,268,261
Bond investments	37,878,390	46,212,414	-	84,090,804
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	4,982,114	2,864,269	-	7,846,383
Financial liabilities designated as at FVTPL	-	11,892,012	-	11,892,012
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	640,495	27,338,473	241,384	28,220,352
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	438,904	30,046,248	237,850	30,723,002
Financial liabilities designated as at FVTPL	-	1,103,869	-	1,103,869

March 31, 2016

(In Thousands of New Taiwan Dollars)

	Level I	Level II	Level III	Total
Nonderivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading				
Stock investments	$ 17,026,381	$ -	$ -	$ 17,026,381
Bond investments	48,852,832	47,814,605	-	96,667,437
Others	89,677	9,590,902	-	9,680,579
Financial assets designated as at FVTPL	-	36,791,641	176,419	36,968,060
Available-for-sale financial assets				
Stock investments	19,764,229	517,998	-	20,282,227
Bond investments	41,424,036	17,195,069	320,780	58,939,885
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,764,498	6,288,742	-	9,053,240
Financial liabilities designated as at FVTPL	-	4,443,813	-	4,443,813
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	857,687	22,335,871	1,220,077	24,413,635
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	676,460	28,066,620	1,433,241	30,176,321
Financial liabilities designated as at FVTPL	-	2,364,792	-	2,364,792

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets, fair value is determined at quoted market prices. When market prices of the Group's various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Group uses for fair value estimation is consistent with that generally used in the market; the basis of the theory are commonly recognized by the industry. The type of relevant methodology can roughly divided into analytical solution model (for example: Black-school model) and numerical method model (for example Monet Carlo simulation).

3) Reconciliation of fair value

a) The limitation of valuation techniques and uncertain inputs

Valuation techniques incorporate assumptions are dependent on the instrument type and available market data. However, certain model inputs may be less readily determinable from valuation techniques. In these circumstances, valuation model would adopt additional parameters and/or model assumptions such as model risk or Liquidity Risk and so on, to make fair value adjustment. According to our policies of Valuation management and relevant control procedure, the Corporation's management considers that Valuation adjustments are necessary and appropriate. To accept approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and make reference from market situation.

b) Credit risk valuation adjustments

Credit risk valuation adjustments are classify into Credit value adjustments and Debit value adjustments, and definitions are on the following:

- The credit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the counterparty may default and that the Corporation may not receive the full market value of the transactions.

- The debit valuation adjustment is an adjustment to the valuation of OTC derivative contracts to reflect within fair value the possibility that the Corporation may default, and that the Corporation may not pay full market value of the transactions.

The Group calculates their debit valuation adjustment on the basis of their internal assessment of a counterparty's probability of default (PD), which is subject to standard supervisory parameters, take loss given default (LGD) into consideration and multiplied by their estimates of the counterparty's exposure at default (EAD).

The Group calculates the counterparty's EAD with OTC derivative's market to market value and the counterparty's LGD, which is 60 percentage of EAD based on Taiwan Stock Exchange (TWSE) guidance.

The Group takes Credit risk valuation adjustments for determining the fair value of financial instruments and reflect counterparty's credit risk and the Corporation's credit quality.

4) Transfer between the first level and the second level

	For the Three Months Ended March 31, 2017		**For the Three Months Ended March 31, 2016**	
	Level One Converted Into Level Two	**Level Two Converted Into Level One**	**Level One Converted Into Level Two**	**Level Two Converted Into Level One**
Financial assets at FVTPL - bond investments	$ -	$ -	$ 35,206,821	$ 20,179,821
Available-for-sale financial assets - stock investments	8,988,484	9,928,915	4,900,225	-

Because of changes in market liquidity, evaluation sources applied by some NTD treasury bill will change. It makes the applicable level of bond's fair value change from level one into level two or level two into level one, and stock investment has open-market quotes, it makes the applicable level of bond's fair value change from level two into level one.

5) Reconciliation of Level III items of financial instruments

The movements of financial assets with Level III fair value were as follows:

For the Three Months Ended March 31, 2017

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 241,384	$ (122,717)	$ 18,815	$ -	$ (51,132)	$ -	$ 86,350
Financial assets designated as at FVTPL	174,265	(10,489)	-	-	-	-	163,776
Available-for-sale financial assets	366,045	(92,402)	96,000	-	-	-	369,643

For the Three Months Ended March 31, 2016

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 2,931,302	$ (1,660,200)	$ 9,928	$ -	$ (60,953)	$ -	$ 1,220,077
Financial assets designated as at FVTPL	188,401	(11,982)	-	-	-	-	176,419
Available-for-sale financial assets	327,725	(6,945)	-	-	-	-	320,780

The movements of financial liabilities with Level III fair value were as follows:

For the Three Months Ended March 31, 2017

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 237,850	$ (86,824)	$ 49,068	$ -	$ (28,022)	$ -	$ 172,072

For the Three Months Ended March 31, 2016

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) Recognized as Current Income (Loss) or Other Comprehensive Income	Amount of Increase		Amount of Decrease		Ending Balance
			Purchase or Issue	Transfer to Level III	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 3,071,362	$ (1,628,943)	$ 161,778	$ -	$ (170,956)	$ -	$ 1,433,241

The total gains or losses for the three months ended March 31, 2017 and 2016 included a loss of $36,319 thousand and $21,204 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

6) Quantitative information about significant unobservable inputs (Level 3)

KGI Bank and subsidiaries

The table below lists quantitative unobservable inputs of Level 3 financial instruments:

	Fair Value at March 31, 2017	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Derivative financial assets					
Financial assets at FVTPL	$ 65,902	HullWhite, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	134,479	HullWhite, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at December 31, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Derivative financial assets					
Financial assets at FVTPL	$ 177,705	HullWhite, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	234,417	HullWhite, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

	Fair Value at March 31, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial assets					
Available-for-sale financial assets - bond investment	$ 320,780	Discounted cash flow	Credit Spread	Inapplicable	Yield rate is proportional to Credit Spread; fair value is inversely proportional to Credit Spread.
Derivative financial assets					
Financial assets at FVTPL	1,228,939	Hull White, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate /Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.
Derivative financial liabilities					
Financial liabilities at FVTPL	1,342,995	Hull White, Libor Market Model, discounted cash flow	Quanlity/Factor/ FREQ/Simulate /Method	Inapplicable	Inputs of parameters do not contain linear relation, which analyzed by comparing correctness, stability, rationality, efficiency of performance and other different aspects of the outcome. Then KGI Bank and subsidiaries select the applicable one according to the analysis.

KGI Securities and subsidiaries

The explanation of quantitative information about significant unobservable inputs in fair value measurement and sensitivity analysis significant unobservable inputs used by repetitive basis to fair value Level 3 financial asset of KGI Securities and subsidiaries were as follows:

March 31, 2017

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Available-for-sale financial assets	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party.
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	12.06%-42.73%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives - premium - equity option (call option)	Martingale pricing technique	History volatility	22.85%-45.94%	According to condition of contract, fair value of asset may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Modal	Recovery rate	0.4	According to ISDA Standard Upfront Modal, recovery rate is set from the category of targets' debts.

(Continued)

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	11.37%-32.70%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	19.64%-58.79%	According to condition of contract, fair value of liabilities may be higher or lower.

(Concluded)

December 31, 2016

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Non-derivative financial assets				
Available-for-sale financial assets	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party	Fair value from counter-party.
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	13.72%-53.10%	According to condition of contract, fair value of asset may be higher or lower.
Credit derivatives instruments - CDS	ISDA Standard Upfront Modal	Recovery rate	0.4	According to ISDA Standard Upfront Modal, recovery rate is set from the category of targets' debts.
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	13.52%-29.19%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	16.13%-31.40%	According to condition of contract, fair value of liabilities may be higher or lower.

March 31, 2016

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	15.25%-56.26%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	10.21%-44.77%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	14.48%-47.42%	According to condition of contract, fair value of liabilities may be higher or lower.

History volatility used by martingale pricing technique in KGI Securities depends on moving weighted average method, and sampling period refer to maturity in initial contract; if maturity is less than 6 months, sampling period is between 20 to 180 days; if maturity is between 6 months to 12 months, sampling period is between 20 to 360 days; if maturity is more than 12 months, sampling period is between 20 to initial maturity days.

The recovery rate adopted by KGI Securities in the ISDA CDS Standard Model is set based on the ISDA Standard CDS Converter Specification. If the underlying debt is senior unsecured debt, the recovery rate is set to be 0.4. If the underlying debt is subordinated debt, the recovery rate is set to be 0.2. If the debt is from emerging markets (including senior and subordinated debt), the recovery rate is set to be 0.25. KGI Securities set the recovery rate base on the types of the debts. Therefore, the recovery rate is not changed.

KGI Securities and subsidiaries adopts pricing model and pricing parameters cautiously, producing reasonable fair value measurement, however, different pricing model or parameters may lead to different outcome. To those financial assets and liabilities categorized into Level 3, effects of current period net income or loss affected by changes in pricing parameters were as follows:

March 31, 2017

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		**Recognized to Profit or Loss**	
	Inputs	**Positive/ Negative Change**	**Positive Impact**	**Negative Impact**
Financial assets				
Non-derivative instruments				
Available-for-sale financial assets	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 2,716	$ 2,491
Equity derivative instruments - premium - options (put options)	History volatility	+25%/-25%	104	97
			$ 2,820	$ 2,588
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ -	$ 3
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	2,011	2,125
			$ 2,011	$ 2,128

December 31, 2016

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	**Positive/ Negative Change**	**Positive Impact**	**Negative Impact**
Financial assets				
Non-derivative instruments				
Available-for-sale financial assets	Not applicable	Not applicable	Not applicable	Not applicable
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 1,662	$ 1,476
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ -	$ -
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	-	-
			$ -	$ -

March 31, 2016

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	**Positive/ Negative Change**	**Positive Impact**	**Negative Impact**
Financial assets				
Derivative instruments				
Structured notes - options	History volatility	+25%/-25%	$ 619	$ 657
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ 4	$ 22
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	201	258
			$ 205	$ 280

CDIB Capital Group and subsidiaries

Equity securities are classified fair value Level 3 financial asset by CDIB Capital Group and subsidiaries. Quantitative information about the significant unobservable inputs is set out below:

	Fair Value at March 31, 2017	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL					
Convertible bond	$ 163,776	Market approach	Income multiplier lack of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value.
Available-for-sale financial assets	311,424	Market approach Discounted cash-flow method	Income multiplier WACC lack of liquidity discount	4.7 11.7% 20%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value; when the higher WACC, the lower of fair value.
		Recent strike price	-	-	-
Derivative financial assets					
Others	9,233	Recent strike price	-	-	-

	Fair Value at December 31, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL					
Convertible bond	$ 158,126	Market approach	Income multiplier lack of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value.
Others	16,139	Recent strike price	-	-	-
Available-for-sale financial assets	307,895	Market approach Discounted cash-flow method	Income multiplier WACC lack of liquidity discount	4.7 11.7% 20%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value; when the higher WACC, the lower of fair value.
		Recent strike price	-	-	-
Derivative financial assets					
Others	9,824	Recent strike price	-	-	-

	Fair Value at March 31, 2016	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Non-derivative financial assets					
Financial assets at FVTPL	$ 176,419	Market approach	Income multiplier lack of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lack of liquidity discount, the lower of fair value.

7) Pricing process of Level III fair value

KGI Bank and subsidiaries

KGI Bank's risk management department is responsible for the pricing process of Level III fair value. The pricing models and conditions assumed are conform to market practice; the basis of the theory are commonly recognized by the industry as a basis of valuation in conducting measurement of fair value. Further, the department confirms whether the sources of the information are independent or not, reasonably reflecting the prices in normal circumstances, and examines and adjusts fair value periodically to insure results of the valuation is reasonable.

KGI Securities and subsidiaries

When KGI Securities has those derivatives that their fair value are hard to reach or they are categorized to financial assets no active market, reasonability of fair value of those financial assets are assessed by risk management department according to the Guidelines of Asset Valuation Operation set by KGI Securities, and the outcomes of the valuation will be recorded in the book by treasury department.

CDIB Capital Group and subsidiaries

The valuation method and parameters adopted by CDIB Capital Group and subsidiaries conform to the general market practice which the theoretical basis is generally identified by the industry. Besides, the department exams and adjusts inputs that pricing model needed periodically to insure outcomes are reasonable. Investment Property is valued by CDIB Capital Group and subsidiaries based on Financial Supervisory Commission's declaration of valuation method and parameters or committed to appraisers to make valuation.

c. Fair value of financial instruments not carried at fair value

Assets and liabilities measured at cost, excluding investment accounted for using equity method - unlisted stocks, financial assets measured at cost, debt instruments with no active market investment properties, bank debentures payable, have carrying amounts that are reasonably close to their fair value; thus, their fair values are not disclosed.

Investments accounted for using the equity method - unlisted stocks and financial assets measured at cost both are unlisted financial assets, which have no quoted market prices in an active market and the fair value cannot be reliably measured owing to the variation interval of the estimate of the fair value is not quite small and the possibilities of the estimates in the interval cannot be assessed reasonably; thus, the Group does not disclose their fair value.

For fair value measurement of investment property, please refer to Note 19.

Bank debentures payable with quoted price in an active market are using market price as fair value; bond payable with no quoted price in an active market are estimated by valuation methods or opponent's price.

53. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

The Corporation has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies, including market, credit, operational and liquidity risks.

The Corporation has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. The Corporation also has a risk management department to plan and manage the risk management system, supervise the implementation of risk management of subsidiaries and provide related information to the management and the board of directors.

KGI Bank and subsidiaries

KGI Bank has planned proper risk management system regarding market risk, credit risk, and operating risk related to the operation of company as a basis of following risk management procedures.

KGI Bank also planned the mechanism of analysis, monitoring, and report related to overall risk management. Further, it reports to senior management, and committee or board of directors with risk management function; KGI bank keeps related information updated in response to the actual risks encountering significant changes in macroeconomics or financial market to monitor and response effectively.

KGI Bank’s risk management not only focuses on individual department but consider the comprehensive effects from an overall corporation perspective.

KGI Bank undertakes risk identification with consistent asset portfolio classification as well as correlation between each other, and establishes a consistent measure according to the different types of exposure.

KGI Bank’s risk management divisions are as follows:

1) Board of directors

   The KGI Bank’s Board of Director supervises the establishment of risk management structure and culture, ensures efficiency of operation in risk management, reviews important risk control report and bear the ultimate responsibility of risk management.

2) Risk management committee

   KGI Bank has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues.

3) Business and management departments

   The department is responsible for ensuring compliance of risk management regulations while conducting the operations to practice the control of daily risk.

4) Risk management department

KGI Bank establishes a risk management department which is independent from operating departments to take charge of planning and managing of risk management system and to provide overall risk management information to senior management and the board of directors.

5) Internal audit department

The department takes charge of establishment of all risk mechanisms and audit the compliance and implementation of mechanism.

Risk management is a joint duty to all KGI Bank's department including business, legal, compliance of law, finance, accounting, administration, operating, audit departments and so on, should all practice it actively, and through coordination of intra-departments to carry out the overall risk management.

<u>KGI Securities and subsidiaries</u>

1) Financial risk management objectives

The KGI Securities' Board of Director and senior management attach great importance to risk management, and continuously to raise risk management mechanism and aimed to strengthen the competitiveness of KGI Securities and subsidiaries. To reach the goal of risk management, controlling the expected or unexpected loss in operating is a passive way and in a positive way is to raise Risk Adjusted Return on Capital. In order to use the capital more efficiently, KGI Securities uses risk appetite as a base according to venture capital allocation. While setting risk appetite, KGI Securities takes the amount of liquid capital and financial and operational goal into consideration.

2) Risk management organization

KGI Securities' risk management organization framework, which monitors, plans, and executes related risk management affairs, includes board of directors, risk management department, business department and other related departments. KGI Securities' business departments and back offices should comply with risk management regulations and reports all anomalies and their effects to Risk Management Committee (RMC) and Investment Review Committee (IRC) in time. Risk management organizations' functions and responsibilities are as follows:

Board of directors is the highest decisive department in KGI Securities, and it also bears ultimate responsibility while monitoring the execution of overall risk management system.

Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk-based budget, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and non-subsidiary investments; and Merchandise Review Committee (MRC) sets up the reviewing system of KGI Securities' for sale of commodities, brokerage and management of new business and commodities.

Business department is responsible for setting risk management systems, managing and reporting daily risks which belong to its department and executing internal controls effectively which correspond to the government regulations and risk management policies.

Risk management department's functions and responsibilities are ensuring the execution of policies approved by board of directors, making risk management rules and guidelines, controlling the measuring, monitoring and evaluating of daily risk, producing periodic (daily, weekly or monthly) risk management reports and submitting them to management, and developing or assisting the exploitation and maintenance of risk management information system.

Legal affair department's functions and responsibilities are providing legal consultations, drafting, reviewing and taking custody of major contracts and monitoring litigation and non-litigation cases.

Legal compliance department's functions and responsibilities are conveying laws, providing legal consultation, negotiating and facilitating communications. It is also responsible to make sure that all operations and management guidelines are updated accordingly as related regulations are amended. It also supervises as all units conduct an overview of the feasibility of legal compliance.

Fund dispatching department is responsible for KGI Securities' dispatching and usage of capital, setting up and maintaining finance credits with financial institution, lowering capital costs and managing liquidity risks.

Internal audit department's function and responsibilities are auditing execution of regulations and business operations, proposing amendments in time, and tracing improving progresses after reporting defects and anomalies to the board of directors.

Finance department, settlement department, information department and other related department should understand the risk facing in its industry thoroughly on the basis of risk management related regulations, take necessary risk control measures into consideration while setting up operating management guidelines to assist in completing the whole cooperation's various risk management tasks, and monitor transaction processes regarding valuation, confirmation of price information, preparation of income statement, processing and confirming of transaction, settling, verifying of accounts, asset control, information safety and maintenance of information.

3) Risk management system

KGI Securities has planned proper risk management system regarding market risk, credit risk, operating risk, liquidity risk and other risks related to the operation of company as a basis of following risk management procedures.

The risk management policies, various risk management standards and operation of merchandise guidelines are established by competent unit. The competent unit makes a draft and asks the related department for advices and opinions, and it will be conducted following the Cooperation's established guidelines and related standards after approving by RMC.

4) Risk management mechanism

The process of various risk managements include risk identification, risk measurement, risk monitoring and control and risk reports. The evaluation and strategies of important risk are explained as follows:

a) Market risk

KGI Securities restricts the risk level to which it is exposed to an acceptable level through structuring risk management system, enacting market risk management policies, and formulating merchandise operation guidelines. It also restraint risk through allocating venture capital, subject to management strategies and risk appetite, setting various risk-based limits, and conducting risk monitoring on a daily basis.

KGI Securities implemented the MSCI Risk Manager in June 2013, a market risk management system, as a quantitative management instrument. The system integrates all holding positions and provides in a daily basis various analyzing metrics and comprehensive computation results, including equity risk, interest rate risk, exchange rate risk, etc., as well as adjustment and application of diverse derivatives models. Also, the risk management department controls risk-based limits by business units on a daily basis to enforce venture capital allocation.

To establish reliability of value at risk (VaR) model, risk management department conducts back testing periodically. Additionally, it builds various scenarios for stress testing and scenario analysis, to understand the risk tolerance level of KGI Securities.

b) Credit risk

The risk management department applies for credit risk capital toward Board of Directors annually. Establish proper credit risk expected loss limitation amount relating to the firms, single credit valuation level. Also, set different risk limitation amount including countries, industries, groups, high-risk industries/groups, etc. Routinely examine KGI Securities' credit risk exposure and the use of various credit risk limitation amount.

KGI Securities sets proper credit limits by considering capital risk, KGI Securities' net value, risk measurement and concentration of risk, and by taking into account the credit rating of issuers or counterparties, the traits of transactions, and the characters of instruments, etc. KGI Securities would periodically inspect the credit records of counterparties, holding positions, and collaterals, then report the use of various credit risk limits to key management as well as related departments.

c) Liquidity risk

The liquidity risk could be divided into two categories: Market liquidity risk and fund liquidity risk. The measurement of market liquidity risk is the trading volume of holding position of KGI Securities and serves as the basis of information disclosure. The fund liquidity risk management has established independent fund transfer unit, considering the timing and net cash flow of need by various departments, to effectively control the fund liquidity risk.

The fund transfer unit routinely examines relative financial ratio to ensure the liquidity of assets and liabilities. Also, KGI Securities established fund-flow simulation analysis mechanism according to the anticipation of the future cash need and the fund transferring ability of KGI Securities made by fund transfer unit. The unit would also set proper fund safety inventory and emergency response measure to fulfill the future probable fund need.

d) Operating risk and other risks

All units conduct operation risk management respectively by their own business. This management contains authorization related to operation risk, process, operation content, plan following the division of front and back desk operation and principle of segregation of duties. Operation risk controls include information security and maintenance, clearing, trade confirmation, statements preparation, segregation of duties, relating party trade control as well as the internal control, etc.

The operation risk of each unit's business is examined and controlled by relative back desk unit such as clearing unit and the information department. In addition to the compliance of law and regulation, the internal audit department would implement control by the regulation and procedure of internal control system to ensure the effectiveness of risk management.

5) Risk hedge and mitigation strategy

KGI Securities has set up hedge instruments and risk mitigation measures in all operations based on KGI Securities' capital scale and risk tolerance. Such measures include: Risk acceptance, risk adverse, risk transfer and risk control. Reasonable risk avoidance mechanisms can effectively limit a company's risk within a pre-approved range. The actual execution of hedge, depending on the market dynamics, business strategies, product characteristics and risk management regulations, utilizes previously approved financial instruments to adjust the risk structure and risk level of the total exposure to an acceptable level.

<u>CDIB Capital Group and subsidiaries</u>

CDIB Capital Group has established its risk management policies, which combine business management and risk management to form a corporate culture and business strategies that place a fundamental importance on risk management. The results of quantified and qualified risk management measures serve as a reference for formulating business strategies. The board of directors has approved the documentation of both overall and specific risk management policies.

CDIB Capital Group has established a risk management committee supervising the implementation of risk management policies, inspecting risk control reports and dealing with related issues. CDIB Capital Group also has a risk management department to plan and manage the risk management system and provide related information to the management and the board of directors.

b. Credit risk

<u>KGI Bank and subsidiaries</u>

1) The source and definition of credit risk

Credit risk is the risk of financial loss to KGI Bank if a creditor, debtor or counterparty fails to meet its contractual obligations or changes credit quality. Credit risk management should be adopted in all operating activities that involved in credit risk, including loans, call loans to banks, investment in banking book, financial derivatives, transactions in repurchase agreement and other operating activities in relation to the credit risk.

2) Management policy of credit risk

KGI Bank has set standard control procedures on credit risk identification, measurement, and information on disclosures and reports to conduct rational identification, measurement, disclosures and effective control on credit risk. KGI Bank also deliberates the fluctuation in economics and adjusts the credit risk structure accordingly to control the risks in credit portfolio within the risk appetite. These procedures include criteria for targeted client, credit investigation, credit approval or rejection, approval on exceptions, risk control and management, credit review, management on non-performing loans and requests and control of all related documents and information. Based on the risk management policies, the illustration of management process carried out by the competent authority is as follows:

a) Credit investigation

With respect to the criteria for targeted client, KGI Bank should ask for all necessary documents from the clients in order to filter client accurately and control credit portfolio within the acceptable range.

b) Credit approval

Cases that have passed through the credit investigation are reviewed by the credit authority of each level. The credit authorities authorize credits in compliance with the credit limitation structure and authorization policies of KGI Bank. The credit limitation structure and authorization policies of KGI Bank are not only based on banking act and the rules stipulated by the authority, concerning the credit extended to same person or same affiliated enterprises/groups, stock collateral, industry and country, but also based on the professionalism of the credit authorities and the quality of asset control. The amounts of credit authorized are reviewed by the credit authorities on occasional basis.

c) Post-lending loan review mechanisms

The corporate banking business of KGI Bank strengthens the tracking control of the financial and business conditions on creditors, carry out risk assessment report of credit asset portfolio on a regular basis, set-up warning system and adjust business development strategy to cope with economic conditions and changes in asset quality through the account management scheme and regular reassessment system. As regards to delinquent loans, KGI Bank uses concentration management method, together with information systems and analysis model to conduct regular review to improve the performance on overdue to expedite the collection of nonperforming loans.

d) Risk report and information disclosures

The risk management department is responsible for measuring risk, preparing quarterly risk report, including all risk management index and risk capital requirement assessment and reporting to the director of risk management, general manager, risk committee and board of directors.

3) Mitigation or hedging of risk

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectability or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

If clients are found to have bad credit features, KGI Bank will strengthen the monitoring of the credit of borrower and guarantor and take measures, such as demanding an early repayment or additional collateral. In addition, KGI Bank sets different credit limits for counterparties involved in derivative transactions and enters into collateral support agreements with counterparties to ensure that risks are under control.

4) Maximum exposure credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets is equal to their carrying values and the maximum exposure of credit risk of off-balance sheet financial instruments were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Irrevocable loan commitments guarantees and letters of credit	$ 96,940,366	$ 102,215,434	$ 96,714,686

KGI Bank believe the adopting stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

KGI Bank's pledged collaterals associated with credit include discounts, loans and receivables which contain real estate, properties (e.g.: Machinery), rights certificates and securities (e.g.: Certificates of deposit, stocks), notes receivable arose from borrowing of business transactions, deposits guaranteed by authorities of treasury department of government, banks or guarantee institutions authorized by government (e.g.: SME credit guarantee fund and letter of credit guaranteed) and mortgages set in accordance with the laws including registration of land rights. Financial assets held by KGI Bank are part of corporate bonds guaranteed by financial institutions as credit enhancement.

5) Concentrations of credit risk

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

Credit risk concentration can arise in a bank's assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. KGI Bank maintains a diversified portfolio, limits its exposure on a continuous basis. KGI Bank's most significant concentrations of credit risk are summarized as follows:

a) By object

Object	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 185,837,386	68.77	$ 173,659,505	67.87	$ 151,291,889	66.51
Natural person	83,979,009	31.07	81,877,228	32.00	75,726,534	33.29
Non-profit organization	432,368	0.16	342,811	0.13	461,220	0.20
Total	$ 270,248,763	100.00	$ 255,879,544	100.00	$ 227,479,643	100.00

b) By region

Object	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Domestic	$ 211,668,127	78.32	$ 199,963,503	78.15	$ 189,032,233	83.10
Overseas	58,580,636	21.68	55,916,041	21.85	38,447,410	16.90
Total	$ 270,248,763	100.00	$ 255,879,544	100.00	$ 227,479,643	100.00

c) By collateral

Collateral	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 169,706,151	62.80	$ 159,432,165	62.31	$ 149,773,906	65.84
Collateral						
Financial collateral	6,431,716	2.38	5,533,267	2.16	5,257,528	2.31
Property	72,854,571	26.96	69,541,082	27.18	59,736,160	26.26
Guarantee	15,703,730	5.81	15,837,714	6.19	9,047,926	3.98
Other	5,552,595	2.05	5,535,316	2.16	3,664,123	1.61
Total	$ 270,248,763	100.00	$ 255,879,544	100.00	$ 227,479,643	100.00

6) The analysis of financial assets credit quality and impairment of overdue credit

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to banks, securities purchased under resell agreements, part of receivable and other financial assets, refundable deposits, operation guarantee deposits and clearing and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

Apart from the abovementioned, the analysis of remaining financial assets quality is as follows:

a) Discount, loans and receivables

March 31, 2017	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D) With Objective Evidence of Impairment	Loss Recognized (D) Without Objective Evidence of Impairment	Net Amount (A)+(B)+(C)-(D)
Receivables							
- credit card and credit business	$ 18,654,586	$ 40,740	$ 62,379	$ 18,757,705	$ 39,352	$ 239,500	$ 18,478,853
- other	6,883,357	128,992	1,795,215	8,807,564	1,169,366	67,291	7,570,907
Discount and loans	267,725,707	1,457,540	1,065,516	270,248,763	497,869	3,099,009	266,651,885

December 31, 2016	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D) With Objective Evidence of Impairment	Loss Recognized (D) Without Objective Evidence of Impairment	Net Amount (A)+(B)+(C)-(D)
Receivables							
- credit card and credit business	$ 20,187,004	$ 48,726	$ 60,944	$ 20,296,674	$ 36,825	$ 274,288	$ 19,985,561
- other	7,908,772	98,184	1,916,337	9,923,293	1,328,120	75,347	8,519,826
Discount and loans	253,320,668	1,415,205	1,143,671	255,879,544	523,710	2,905,962	252,449,872

March 31, 2016	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D) With Objective Evidence of Impairment	Loss Recognized (D) Without Objective Evidence of Impairment	Net Amount (A)+(B)+(C)-(D)
Receivables							
- credit card and credit business	$ 24,511,594	$ 41,642	$ 83,091	$ 24,636,327	$ 43,791	$ 348,449	$ 24,244,087
- other	9,261,137	7,957	1,933,959	11,203,053	1,185,768	79,674	9,937,611
Discount and loans	224,959,396	1,474,709	1,045,538	227,479,643	530,881	2,612,160	224,336,602

Note: The total of discounts and loans is the original amount without the adjustments for premiums or discounts.

b) When the discount and loan of KGI Bank incurs no overdue nor impaired, the analysis is based on the credit quality of the client

March 31, 2017	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 21,473,022	$ 8,347,896	$ 108,287	$ -	$ 29,929,205
- cash card	8,158,681	2,578,235	540,941	2,689,194	13,967,051
- micro credit loans	16,513,412	2,118,840	144,920	78,480	18,855,652
- other-secured	15,717,763	1,521,434	105,168	41,603	17,385,968
- other - unsecured	41,177	-	-	2,515	43,692
Corporate banking					
- secured	14,274,542	20,617,187	17,140,490	695,071	52,727,290
- unsecured	28,606,287	76,506,507	28,433,884	1,270,171	134,816,849
Total	$ 104,784,884	$ 111,690,099	$ 46,473,690	$ 4,777,034	$ 267,725,707

December 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 20,619,402	$ 7,823,627	$ 60,603	$ -	$ 28,503,632
- cash card	8,183,177	2,716,848	639,023	2,772,738	14,311,786
- micro credit loans	16,524,651	2,030,135	155,321	81,658	18,791,765
- other-secured	15,126,807	1,443,817	96,230	59,219	16,726,073
- other - unsecured	43,490	-	-	2,764	46,254
Corporate banking					
- secured	14,348,674	19,565,638	15,836,689	757,145	50,508,146
- unsecured	26,744,197	68,938,717	25,144,016	3,606,082	124,433,012
Total	$ 101,590,398	$ 102,518,782	$ 41,931,882	$ 7,279,606	$ 253,320,668

March 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 18,050,504	$ 7,547,916	$ 9,255	$ -	$ 25,607,675
- cash card	8,566,658	2,691,905	601,743	3,105,687	14,965,993
- micro credit loans	16,039,151	2,018,483	106,188	81,656	18,245,478
- other-secured	12,783,391	1,211,806	63,035	69,621	14,127,853
- other - unsecured	52,971	-	-	4,283	57,254
Corporate banking					
- secured	12,203,728	21,965,874	9,269,259	2,933,014	46,371,875
- unsecured	19,860,873	62,158,464	18,928,093	4,635,838	105,583,268
Total	$ 87,557,276	$ 97,594,448	$ 28,977,573	$ 10,830,099	$ 224,959,396

March 31, 2017	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 696,307	$ 515,581	$ 680,487	$ 445,420	$ 2,337,795
- forfeiting	1,979,384	1,893,175	-	3,039,486	6,912,045
- accounts receivable factoring - no recourse	5,676,865	3,526,259	-	91,686	9,294,810
- acceptances	-	43,787	66,149	-	109,936
Total	$ 8,352,556	$ 5,978,802	$ 746,636	$ 3,576,592	$ 18,654,586

December 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 802,014	$ 561,693	$ 730,325	$ 418,963	$ 2,512,995
- forfeiting	1,205,206	3,471,384	-	3,235,994	7,912,584
- accounts receivable factoring - no recourse	6,479,896	2,963,430	-	146,658	9,589,984
- acceptances	-	64,383	107,058	-	171,441
Total	$ 8,487,116	$ 7,060,890	$ 837,383	$ 3,801,615	$ 20,187,004

March 31, 2016	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 659,743	$ 511,055	$ 774,430	$ 370,827	$ 2,316,055
- forfeiting	11,172,781	7,435,443	-	2,129,237	20,737,461
- accounts receivable factoring - no recourse	30,204	447,014	1,165	503,915	982,298
- acceptances	26,399	434,826	14,555	-	475,780
Total	$ 11,889,127	$ 8,828,338	$ 790,150	$ 3,003,979	$ 24,511,594

c) Securities investment credit quality analysis

March 31, 2017	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 100,005,376	$ -	$ -	$ 100,005,376	$ -	$ -	$ 100,005,376	$ -	$ 100,005,376
- others	23,801,274	-	-	23,801,274	-	-	23,801,274	-	23,801,274
Debt instrument with no active market	2,153,856	-	-	2,153,856	-	-	2,153,856	-	2,153,856

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $5,961,062 thousand, loss on valuation of $458,953 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $296,423 thousand and accumulated impairments of $40,764 thousand.

December 31, 2016	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 83,920,699	$ -	$ -	$ 83,920,699	$ -	$ -	$ 83,920,699	$ -	$ 83,920,699
Debt instrument with no active market	581,022	-	-	581,022	-	-	581,022	-	581,022

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $5,556,000 thousand, loss on valuation of $754,653 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $296,423 thousand and accumulated impairments of $40,764 thousand.

March 31, 2016	Neither Overdue Nor Impaired				Overdue but Not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Amount (A)+(B)+ (C)-(D)
	Excellent	Good	Normal	Total (A)					
Available-for-sale financial assets									
- investment in bonds	$ 58,717,742	$ -	$ -	$ 58,717,742	$ -	$ -	$ 58,717,742	$ -	$ 58,717,742

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $6,305,753 thousand, loss on valuation of $770,207 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $303,683 thousand and accumulated impairments of $40,764 thousand.

7) Aging analysis of financial assets overdue but not yet impaired

Delays in processing payments by borrowers and other administrative reasons could result in financial assets overdue but not yet impaired. According to KGI Bank's credit regulations, financial assets overdue within 90 days are not considered as impairment, unless other evidence supported.

The aging analysis of financial assets overdue but not yet impaired is as follows:

	March 31, 2017		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 21,890	$ 18,850	$ 40,740
Discount and loans			
Consumer banking			
- mortgage loans	394,005	39,946	433,951
- cash card	265,443	56,197	321,640
- small-scale credit loans	379,652	59,361	439,013
- other - secured	169,720	19,517	189,237
- other - unsecured	1,316	-	1,316
Corporate banking			
- secured	5,110	5,243	10,353
- unsecured	30,376	31,654	62,030

	December 31, 2016		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 23,777	$ 24,949	$ 48,726
Discount and loans			
Consumer banking			
- mortgage loans	269,849	32,498	302,347
- cash card	258,200	72,214	330,414
- small-scale credit loans	306,991	69,996	376,987
- other - secured	132,069	16,131	148,200
- other - unsecured	236	-	236
Corporate banking			
- secured	25,493	229,889	255,382
- unsecured	618	1,021	1,639

	March 31, 2016		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 22,459	$ 19,183	$ 41,642
Discount and loans			
Consumer banking			
- mortgage loans	340,142	57,785	397,927
- cash card	291,096	69,556	360,652
- small-scale credit loans	391,157	49,811	440,968
- other - secured	100,726	29,049	129,775
- other - unsecured	9	-	9
Corporate banking			
- secured	88,522	37,302	125,824
- unsecured	9,784	9,770	19,554

8) Analysis of impairment for financial assets

Analysis of impairment for discounts, loans and receivables and accumulated impairment are as follows:

Items		Discounts and Loans			Allowance for Bad Debts		
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	December 31, 2016	March 31, 2016
With objective evidence of impairment	Assessment of individual impairment	$ 353,240	$ 376,736	$ 207,032	$ 74,141	$ 72,202	$ 83,147
	Assessment of collective impairment	712,276	766,935	838,506	423,728	451,508	447,734
Without objective evidence of impairment	Assessment of collective impairment	269,183,247	254,735,873	226,434,105	3,099,009	2,905,962	2,612,160
Total		270,248,763	255,879,544	227,479,643	3,596,878	3,429,672	3,143,041

Items		Receivables			Allowance for Bad Debts		
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	December 31, 2016	March 31, 2016
With objective evidence of impairment	Assessment of individual impairment	$ 1,780,754	$ 1,900,712	$ 1,927,305	$ 1,157,791	$ 1,315,493	$ 1,175,749
	Assessment of collective impairment	76,840	76,569	89,745	50,927	49,452	53,810
Without objective evidence of impairment	Assessment of collective impairment	25,707,675	28,242,686	33,822,330	306,791	349,635	428,123
Total		27,565,269	30,219,967	35,839,380	1,515,509	1,714,580	1,657,682

9) Management of foreclosed collateral

Foreclosed collateral is recorded at cost, using lower-at-cost or market approach as at balance sheet date. If collateral is not disposed of within the statutory period, KGI Bank should apply for an extension of the disposal period and increase its provision for possible losses if necessary.

The foreclosed collateral includes securities, land and property. As of March 31, 2017, December 31, 2016 and March 31, 2016, the carrying amounts of the collaterals both were $0 thousand. The foreclosed collateral recognized as other assets in balance sheet.

10) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Asset quality of nonperforming loan and overdue credits

Item			March 31, 2017				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 130,479	$ 52,865,255	0.25%	$ 635,293	486.89%
	Unsecured		305,016	135,180,249	0.23%	1,624,489	532.59%
Consumer loan	Mortgage (Note 4)		46,665	30,412,480	0.15%	406,797	871.73%
	Cash card		165,889	14,629,994	1.13%	398,677	240.33%
	Micro credit (Note 5)		141,442	19,532,198	0.72%	295,867	209.18%
	Other (Note 6)	Secured	11,878	17,582,923	0.07%	235,144	1,979.64%
		Unsecured	656	45,664	1.44%	611	93.09%
Total			802,025	270,248,763	0.30%	3,596,878	448.47%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			$ 22,365	$ 2,440,015	0.92%	$ 49,264	220.27%
Account receivable - factored without recourse (Note 7)			13	9,294,890	0.00%	131,062	1,042,575.66%

Item			March 31, 2016				
			Nonperforming Loan (NPL) (Note 1)	**Total Loans**	**NPL Ratio (Note 2)**	**Loan Loss Reserves (LLR)**	**Coverage Ratio (Note 3)**
Corporate loan	Secured		$ 193,998	$ 46,687,927	0.42%	$ 563,975	290.71%
	Unsecured		158,026	105,753,684	0.15%	1,319,586	835.05%
Consumer loan	Mortgage (Note 4)		35,542	26,055,411	0.14%	349,221	982.57%
	Cash card		199,669	15,717,294	1.27%	454,074	227.41%
	Micro credit (Note 5)		145,364	18,935,246	0.77%	264,342	181.85%
	Other (Note 6)	Secured	10,540	14,271,015	0.07%	191,051	1,812.57%
		Unsecured	2,619	59,066	4.43%	792	30.23%
Total			745,758	227,479,643	0.33%	3,143,041	421.46%
			Overdue Receivable	**Account Receivable**	**Delinquency Ratio**	**Allowance for Credit Losses**	**Coverage Ratio**
Credit card			$ 42,832	$ 2,435,705	1.76%	$ 62,674	146.32%
Account receivable - factored without recourse (Note 7)			20	982,397	0.00%	13,522	68,673.42%

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans."

Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business: NPL ratio = Nonperforming loans ÷ Total loan balance.

For credit card business: Delinquency ratio = Overdue credit card receivables ÷ Credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Overdue credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower or the spouse or the minor children of the borrower.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, except for credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), allowance for bad debt is recognized once no compensation is made by a factor or insurance company within three months for accounts receivable factored without recourse.

b) Exemption of nonperforming loans and overdue receivables

Items	March 31, 2017		March 31, 2016	
	Discounts and Loans	Accounts Receivable	Discounts and Loans	Accounts Receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 33,261	$ 160	$ 49,381	$ 219
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	39,151	4,788	36,900	4,744
Total	72,412	4,948	86,281	4,963

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940).

c) Concentration of credit extensions

March 31, 2017

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - 011850 Manufacture of Man-made Fibers	$ 4,903,777	8.14
2	B Group - 012711 Manufacture of Computers	4,301,793	7.14
3	C Group - 015100 Air Transport	3,754,795	6.23
4	D Group - 016611 Securities Firms	3,470,040	5.76
5	E Group - 012740 Manufacture of Magnetic and Optical Media	3,400,000	5.64
6	F Group - 012411 Smelting and Refining of Iron and Steel	3,161,693	5.25
7	G Group - 010850 Manufacture of Dairy Products	3,044,000	5.05
8	H Group - 014510 Wholesale on a Fee or Contract Basis	3,033,600	5.04
9	I Group - 012641 Manufacture of Liquid Crystal Panel and Components	2,986,006	4.96
10	J Group - 012641 Manufacture of Liquid Crystal Panel and Components	2,915,837	4.84

March 31, 2016

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group - 016100 Telecommunication industry	$ 6,167,107	10.42
2	K Group - 016700 Real estate brokerage	5,211,522	8.80
3	C Group - 015100 Civil aviation transportation	4,718,084	7.97
4	B Group - 012711 Computer manufacturing	3,757,756	6.35
5	E Group - 012740 Data storage media	3,650,000	6.16
6	J Group - 012641 LCD and related components manufacturing	3,528,438	5.96
7	L Group - 017112 Engineering activities and related technical consultancy	2,947,860	4.98
8	M Group - 012630 Printed circuit boards manufacturing	2,587,336	4.37
9	N Group - 011700 Manufacture of petroleum and coal products	2,350,000	3.97
10	I Group - 012641 LCD and related components manufacturing	2,336,513	3.95

KGI Securities and subsidiaries

1) Source of credit risk

The credit risks that KGI Securities and subsidiaries/formerly Grand Cathay and subsidiaries are exposed to during financial transactions include issuer’s credit risk, counterparty credit risk and underlying assets credit risk.

a) Issuer’s credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face while possessing financial debt instruments or deposits in banks when an issuer (or guarantor) or a bank defaults, files for bankruptcy or liquidates assets and in turn cannot honor the stipulations and fulfill the obligation of paying back (or fulfilling a guarantee).

b) Counterparty credit risk refers to the risk of financial loss that KGI Securities and subsidiaries face when a counterparty in derivative financial instrument transactions or other counterparties do not complete a transaction or fulfill a payment obligation on the appointed date.

2) Internal risk rating

KGI Securities and subsidiaries classify the credit risk of financial Assets into four levels; the definition of each level is listed as follows:

a) Low risk: A debt issuer/counterparty who has a stronger capability to fulfill its financial commitment and is mostly able to repay the principal and interest on the appointed dates in the contract. This counterparty is capable of creating cash flow and is ranked as low risk to KGI Securities.

b) Medium-low risk: A debt issuer/counterparty who has a good capability to fulfill its financial commitment related to the debt with a sound financial structure but its ability to repay on time might be affected by poor economic conditions or changes in the environment. A debt issuer/counterparty like this is ranked as medium-low risk to KGI Securities.

c) Medium risk: A debt issuer/counterparty who has an acceptable capability to fulfill its financial commitment related to the debt but its ability to do so might be affected by poor business operations, financial or economic conditions. An issuer/counterparty like this is ranked as medium risk to KGI Securities.

d) High risk: A debt issuer/counterparty who has a poor capability to fulfill its financial commitment related to the debt and its ability to do so solely depends on its business operation and the stability of the economic environment. A debt issuer/counterparty like this is ranked as high risk to KGI Securities.

The internal credit risk ratings used inside KGI Securities and subsidiaries is not related to external credit ratings. The chart below shows the similarities of the credit quality in KGI Securities' internal rating system and external rating system.

Interior Risk Rating of KGI Securities and Subsidiaries	Taiwan Ratings
Low risk	twAAA - twAA
Medium-low risk	twAA- - twA
Medium risk	twA- - twBBB-
High risk	twBB+ - under twC

3) Quality and past due of financial assets

March 31, 2017

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 11,654,352	$ -	$ 97,910	$ -	$ -	$ -	$ -	$ 11,752,262
Financial assets measured at FVTPL - current	49,238,721	268,871	4,100,769	-	-	-	-	53,608,361
Available-for-sale financial assets - current	11,292	-	-	-	-	-	-	11,292
Bonds purchased under resell agreements	30,332,541	7,152,003	-	-	-	-	-	37,484,544
Receivables	56,244,897	9,529,456	406,914	11,898	-	-	-	66,193,165
Customers' margin accounts - futures	38,524,875	-	-	-	-	-	-	38,524,875
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,095,972	273,836	-	-	-	-	-	2,369,808
Other financial assets - current	6,334,859	39,000	-	-	-	-	-	6,373,859
Other current assets	28,482,536	-	-	-	-	-	-	28,482,536
Financial assets measured at FVTPL - noncurrent	50,031	-	-	-	-	-	-	50,031
Held to maturity Financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,313,404	-	50,000	-	-	-	-	3,363,404
Total	$ 226,283,480	$ 17,263,166	$ 4,955,593	$ 11,898	$ -	$ -	$ -	$ 248,514,137
Percentage	91.05%	6.95%	2.00%	0.00%	-	-	-	100.00%

December 31, 2016

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 16,401,449	$ 17,900	$ 30,871	$ -	$ -	$ -	$ -	$ 16,450,220
Financial assets measured at FVTPL - current	41,459,168	447,192	4,537,251	-	-	-	-	46,443,611
Available-for-sale financial assets - current	11,307	-	-	-	-	-	-	11,307
Bonds purchased under resell agreements	26,142,100	2,945,208	-	-	-	-	-	29,087,308
Receivables	49,815,491	10,580,853	446,369	4,129	-	-	-	60,846,842
Customers' margin accounts - futures	37,066,541	-	-	-	-	-	-	37,066,541
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,376,961	623,726	-	-	-	-	-	3,000,687
Other financial assets - current	2,498,770	29,100	-	-	-	-	-	2,527,870
Other current assets	30,477,056	-	-	-	-	-	-	30,477,056
Financial assets measured at FVTPL - noncurrent	50,033	-	-	-				50,033
Held to maturity Financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,443,492	-	50,702	-	-	-	-	3,494,194
Total	$ 209,742,368	$ 14,643,979	$ 5,365,193	$ 4,129	$ -	$ -	$ -	$ 229,755,669
Percentage	91.29%	6.37%	2.34%	0.00%	-	-	-	100.00%

March 31, 2016

(In Thousands of New Taiwan Dollars)

Financial Assets	Positions That Are Neither Past Due Nor Impaired				Past Due But Unimpaired	Impaired	Impaired Reserve	Total
	Low	Medium-low	Medium	High				
Cash and cash equivalents	$ 12,012,445	$ 3,000	$ 187,628	$ -	$ -	$ -	$ -	$ 12,203,073
Financial assets measured at FVTPL - current	71,637,813	129,860	5,763,450	-	-	-	-	77,531,123
Available-for-sale financial assets - current	60,306	-	-	-	-	-	-	60,306
Bonds purchased under resell agreements	18,741,599	1,001,049	-	-	-	-	-	19,742,648
Receivables	60,408,464	8,828,399	321,528	24,446	-	-	-	69,582,837
Customers' margin accounts - futures	35,762,552	-	-	-	-	-	-	35,762,552
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,801,737	2,230,593	-	-	-	-	-	6,032,330
Other financial assets - current	1,661,817	63,600	-	-	-	-	-	1,725,417
Other current assets	29,216,599	-	-	-	-	-	-	29,216,599
Financial assets measured at FVTPL - noncurrent	50,240	-	-	-	-	-	-	50,240
Held to maturity financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,065,114	-	65,988	-	-	-	-	3,131,102
Total	$ 236,418,686	$ 12,256,501	$ 6,638,594	$ 24,446	$ -	$ -	$ -	$ 255,338,227
Percentage	92.59%	4.80%	2.60%	0.01%	-	-	-	100.00%

Financial assets for KGI Securities and subsidiaries are divided into the following three categories based on their credit quality: Positions that are neither past due nor impaired, past due but unimpaired, and impaired.

a) Cash and cash equivalents

Cash and cash equivalents of KGI Securities mainly are the securities deposit for futures transactions which is stored in a specific account. KGI Securities related department will evaluate financial, operating and credit risk situations periodically and take it as reference to management of credit risks. However, assessment results show that just few credit rating of futures companies are middle risk degree. Because the percentage of middle risk rating is low, the credit risk is believed on the Company's controllable range. Besides, subsidiaries routinely examine credit risk exposure other their securities sell with repurchase agreement, so the credit risk is believed on the Company's controllable range.

b) Financial assets measured at fair value through profit or loss - current

Medium risk financial assets refer to the unsecured corporate bonds, convertible (exchangeable) corporate bonds and CB asset swap that KGI Securities has. Issuers of unsecured corporate bonds are listed/OTC companies or financial institutions. Issuers of convertible (exchangeable) corporate bonds are listed/OTC companies in Taiwan and partial of them are secured by bank; the other unsecured, most of the issuers' risk is medium. KGI Securities conducts CB asset swap and issues credit linked note to transfer risk and lower the credit risk exposure of it. KGI Securities also reviews the risk exposure of the position periodically and therefore the credit risk is effectively under control.

c) Receivables

Receivables are the amount of margin loan receivables and trading securities receivable that KGI Securities and subsidiaries shall collect from clients in credit transactions. If clients' risk ranked as medium (the collateral maintenance ratio from 130% to 140%) or high (the collateral maintenance ratio below 130%) collateral main risk, KGI Securities and subsidiaries will closely monitor market fluctuations and counterparties credit history, and also enforces related control measures to minimize the credit risk it faces.

d) Held to maturity financial assets - noncurrent

It refers to the principal and discounted value of coupon rate listed in unsecured subordinated debentures issued by Hwatai Bank and Sunny Bank that KGI Securities' subsidiary, GSFC, holds. This issuer is ranked as medium risk.

e) Other assets - noncurrent

The medium risk financial assets under this category include KGI Securities' guarantee deposits-out. KGI Securities evaluates all counterparties based on the amounted materiality. The result shows that only certain counterparties are ranked as medium risk. As for the rest of the counterparties, they have low withdrawal amount and credit risk is diversified and therefore, the risk is low.

<u>CDIB Capital Group and subsidiaries</u>

CDIB Capital Group is exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. The maximum exposure to credit risk is equal to the book value.

CDIB Capital Group and subsidiaries have all kinds of financial instruments of which the maximum exposure to credit risk is equal to the book value.

c. Liquidity risk

<u>KGI Bank and subsidiaries</u>

1) The source and definition of liquidity risk

Liquidity risk of the Bank refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of rights of rescission of interest sensitive product by the assured. The aforementioned situation may reduce cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments.

2) Management policy of liquidity risk

To control liquidity risk, the Bank calculates the maximum cumulative cash outflow (MCO) to monitor the daily funding gap by each major currency. The Bank also actively deconcentrates funding sources, due dates of funding settlement, and the counterparties to the due from other banks and call loans to other banks, as well as maintains an adequate amount of corporate cash in banks to enhance its liquidity position.

3) Maturity gap analysis of financial assets and non-derivative financial liabilities held for liquidity purposes

a) Financial assets held for liquidity management

The Bank holds cash and highly liquid and high-grade assets to pay off obligations and meet any potential emergency funding needs. The assets held for liquidity management include cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, discounts and loans, and available-for-sale financial assets.

b) Non-derivative financial liabilities

The following tables show the cash outflows on the Bank's non-derivative financial liabilities based on contract maturities. However, because the amounts disclosed were based on contractual cash flows, some of them will not match the amounts shown in the balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 8,131,049	$ 222,690	$ 144,863	$ 811,745	$ -	$ 9,310,347
Notes and bonds issued under repurchase agreement	22,164,280	2,961,632	-	-	-	25,125,912
Deposits and remittances	33,723,867	82,885,983	33,007,896	63,319,508	25,410,909	238,348,163
Bank debentures payable	-	-	-	2,750,000	-	2,750,000
Other capital outflow on maturity	2,200,806	244,468	314,845	604,269	520,109	3,884,497
Total	$ 66,220,002	$ 86,314,773	$ 33,467,604	$ 67,485,522	$ 25,931,018	$ 279,418,919

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 23,484,126	$ 460,583	$ 253,739	$ 416,899	$ -	$ 24,615,347
Notes and bonds issued under repurchase agreement	21,868,872	459,685	-	-	-	22,328,557
Deposits and remittances	73,974,018	40,709,082	45,443,242	59,670,662	22,038,891	241,835,895
Bank debentures payable	-	-	-	2,750,000	-	2,750,000
Other capital outflow on maturity	1,634,569	616,498	282,125	404,150	483,030	3,420,372
Total	$ 120,961,585	$ 42,245,848	$ 45,979,106	$ 63,241,711	$ 22,521,921	$ 294,950,171

(In Thousands of New Taiwan Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 936,740	$ 222,690	$ 144,863	$ 822,437	$ -	$ 2,126,730
Notes and bonds issued under repurchase agreement	3,139,326	610,337	-	-	-	3,749,663
Deposits and remittances	29,109,620	50,444,594	61,839,115	70,644,225	20,387,042	232,424,596
Bank debentures payable	-	1,052,442		-	2,750,000	3,802,442
Other capital outflow on maturity	3,094,210	374,888	300,258	402,376	822,165	4,993,897
Total	$ 36,279,896	$ 52,704,951	$ 62,284,236	$ 71,869,038	$ 23,959,207	$ 247,097,328

(In Thousands of U.S. Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 235,000	$ 145,000	$ 50,000	$ -	$ -	$ 430,000
Notes and bonds issued under repurchase agreement	676,306	455,776	-	-	-	1,132,082
Deposits and remittances	1,059,817	690,356	758,129	717,129	26,163	3,251,594
Bank debentures payable	-	-	-	-	560,804	560,804
Other capital outflow on maturity	27,124	12,705	4,940	954	150,648	196,371
Total	$ 1,998,247	$ 1,303,837	$ 813,069	$ 718,083	$ 737,615	$ 5,570,851

(In Thousands of U.S. Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 133,000	$ 30,000	$ -	$ -	$ -	$ 163,000
Notes and bonds issued under repurchase agreement	554,336	678,966	-	-	-	1,233,302
Deposits and remittances	783,074	543,615	501,747	942,410	26,490	2,797,336
Bank debentures payable	-	-	-	-	368,413	368,413
Other capital outflow on maturity	22,947	15,779	3,121	1,884	42,700	86,431
Total	$ 1,493,357	$ 1,268,360	$ 504,868	$ 944,294	$ 437,603	$ 4,648,482

(In Thousands of U.S. Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Notes and bonds issued under repurchase agreement	$ 1,145,119	$ 617,735	$ -	$ -	$ -	$ 1,762,854
Deposits and remittances	1,404,846	593,268	497,576	594,136	10,498	3,100,324
Bank debentures payable	-	-	-	-	105,055	105,055
Other capital outflow on maturity	17,517	4,689	1,387	572	9,652	33,817
Total	$ 2,567,482	$ 1,215,692	$ 498,963	$ 594,708	$ 125,205	$ 5,002,050

4) Maturity analysis of derivative financial instruments

The valuation of the maturity of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the cash flows of the contract. Thus, a part of the amount disclosed deviates from the balance sheet. The maturity analysis of financial instruments is as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (250,242,603)	$ (239,199,330)	$ (165,771,502)	$ (36,621,451)	$ (4,998,300)	$ (696,833,186)
Cash inflow	221,715,354	226,785,312	160,683,690	37,278,926	4,671,300	651,134,582
Interest rate derivatives instruments						
Cash outflow	(236,417)	(450,671)	(17,522)	(909,189)	(17,523,076)	(19,136,875)
Cash inflow	206,896	440,154	17,169	-	-	664,219
Others						
Cash outflow	-	-	-	-	-	-
Cash inflow	20,802	-	-	-	-	20,802
Cash outflow subtotal	(250,479,020)	(239,650,001)	(165,789,024)	(37,530,640)	(22,521,376)	(715,970,061)
Cash inflow subtotal	221,943,052	227,225,466	160,700,859	37,278,926	4,671,300	651,819,603
Net cash flow	$ (28,535,968)	$ (12,424,535)	$ (5,088,165)	$ (251,714)	$ (17,850,076)	$ (64,150,458)

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (171,492,690)	$ (231,995,114)	$ (167,321,858)	$ (17,638,218)	$ (327,000)	$ (588,774,880)
Cash inflow	164,681,784	234,004,664	162,867,950	18,831,464	-	580,385,862
Interest rate derivatives instruments						
Cash outflow	(1,750,715)	(441,025)	(1,361)	(912,497)	(15,023,911)	(18,129,509)
Cash inflow	214,301	423,840	-	-	-	638,141
Others						
Cash outflow	-	-	-	-	-	-
Cash inflow	714	-	-	-	-	714
Cash outflow subtotal	(173,243,405)	(232,436,139)	(167,323,219)	(18,550,715)	(15,350,911)	(606,904,389)
Cash inflow subtotal	164,896,799	234,428,504	162,867,950	18,831,464	-	581,024,717
Net cash flow	$ (8,346,606)	$ 1,992,365	$ (4,455,269)	$ 280,749	$ (15,350,911)	$ (25,879,672)

(In Thousands of New Taiwan Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (233,950,882)	$ (208,476,926)	$ (155,164,836)	$ (27,383,380)	$ (327,000)	$ (625,303,024)
Cash inflow	230,953,960	188,258,373	137,085,112	33,962,407	-	590,259,852
Interest rate derivatives instruments						
Cash outflow	(195,675)	(440,041)	(18,077)	(2,507,062)	(7,137,534)	(10,298,389)
Cash inflow	177,336	436,686	20,129	-	55,379	689,530
Cash outflow subtotal	(234,146,557)	(208,916,967)	(155,182,913)	(29,890,442)	(7,464,534)	(635,601,413)
Cash inflow subtotal	231,131,296	188,695,059	137,105,241	33,962,407	55,379	590,949,382
Net cash flow	$ (3,015,261)	$ (20,221,908)	$ (18,077,672)	$ 4,071,965	$ (7,409,155)	$ (44,652,031)

(In Thousands of U.S. Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (8,173,552)	$ (7,839,589)	$ (5,705,291)	$ (1,659,609)	$ (286,278)	$ (23,664,319)
Cash inflow	9,266,551	8,252,492	5,805,723	1,531,752	312,354	25,168,872
Interest rate derivatives instruments						
Cash outflow	(24,558)	(53,290)	(22,907)	(6,124)	(20,825)	(127,704)
Cash inflow	21,511	49,776	31,873	986	-	104,146
Others						
Cash outflow	(475)	-	-	-	-	(475)
Cash inflow	144	-	-	-	-	144
Cash outflow subtotal	(8,198,585)	(7,892,879)	(5,728,198)	(1,665,733)	(307,103)	(23,792,498)
Cash inflow subtotal	9,288,206	8,302,268	5,837,596	1,532,738	312,354	25,273,162
Net cash flow	$ 1,089,621	$ 409,389	$ 109,398	$ (132,995)	$ 5,251	$ 1,480,664

(In Thousands of U.S. Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (5,801,671)	$ (7,928,173)	$ (5,383,285)	$ (1,081,788)	$ (149,201)	$ (20,344,118)
Cash inflow	6,155,681	7,902,248	5,527,944	928,621	174,935	20,689,429
Interest rate derivatives instruments						
Cash outflow	(19,852)	(33,865)	(30,342)	(1,006)	(20,264)	(105,329)
Cash inflow	13,143	33,962	29,726	689	-	77,520
Others						
Cash outflow	(744)	-	-	-	-	(744)
Cash inflow	275	-	-	-	-	275
Cash outflow subtotal	(5,822,267)	(7,962,038)	(5,413,627)	(1,082,794)	(169,465)	(20,450,191)
Cash inflow subtotal	6,169,099	7,936,210	5,557,670	929,310	174,935	20,767,224
Net cash flow	$ 346,832	$ (25,828)	$ 144,043	$ (153,484)	$ 5,470	$ 317,033

(In Thousands of U.S. Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial instruments at fair value through profit or loss						
Foreign exchange derivatives instruments						
Cash outflow	$ (8,001,656)	$ (6,042,170)	$ (4,461,924)	$ (1,336,270)	$ (81,898)	$ (19,923,918)
Cash inflow	8,183,677	6,680,613	4,919,995	1,096,276	91,898	20,972,459
Interest rate derivatives instruments						
Cash outflow	(8,619)	(19,348)	(10,347)	(526)	(203,695)	(242,535)
Cash inflow	8,254	18,781	3,447	3,182	-	33,664
Others						
Cash outflow	(220)	-	-	-	-	(220)
Cash inflow	633	-	-	-	-	633
Cash outflow subtotal	(8,010,495)	(6,061,518)	(4,472,271)	(1,336,796)	(285,593)	(20,166,673)
Cash inflow subtotal	8,192,564	6,699,394	4,923,442	1,099,458	91,898	21,006,756
Net cash flow	$ 182,069	$ 637,876	$ 451,171	$ (237,338)	$ (193,695)	$ 840,083

5) Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period. The disclosures in the table below are prepared based on the contractual cash flows. Therefore, the partial accounts illustrated below may not match with the corresponding accounts on the balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments guarantees and letters of credit	$ 3,975,028	$ 6,836,574	$ 8,663,681	$30,739,735	$ 46,725,348	$ 96,940,366

(In Thousands of New Taiwan Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments guarantees and letters of credit	$ 6,402,878	$ 11,356,859	$ 11,247,994	$ 29,457,826	$ 43,749,877	$ 102,215,434

(In Thousands of New Taiwan Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments guarantees and letters of credit	$ 4,068,540	$ 8,150,477	$ 10,783,200	$ 27,638,259	$ 46,074,210	$ 96,714,686

6) The maturity analysis of lease agreement

The lease contracts of KGI Bank are operating lease and financial lease. Operating lease commitment is the future minimum rental payment under irrevocable operating lease condition. Financial lease means net future lease payments under finance lease condition.

The maturity analysis of lease commitments was as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2017	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 2,916,815	$ 2,730,182	$ -	$ 5,646,997
Financial lease present value income (lessor)	2,732,093	2,601,509	-	5,333,602
Operating lease payment (lessee)	297,276	647,552	-	944,828
Operating lease income (lessor)	16,376	18,850	-	35,226
Present value of financial lease payment (lessee)	384	-	-	384

(In Thousands of New Taiwan Dollars)

December 31, 2016	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 3,268,707	$ 3,156,235	$ -	$ 6,424,942
Financial lease present value income (lessor)	3,076,383	2,970,345	-	6,046,728
Operating lease payment (lessee)	239,465	471,498	-	710,963
Operating lease income (lessor)	16,325	22,947	-	39,272
Present value of financial lease payment (lessee)	869	8	-	877

(In Thousands of New Taiwan Dollars)

March 31, 2016	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 3,562,552	$ 3,482,748	$ -	$ 7,045,300
Financial lease present value income (lessor)	3,288,790	3,295,001	-	6,583,791
Operating lease payment (lessee)	255,509	510,719	5,425	771,653
Operating lease income (lessor)	36,703	31,424	-	68,127
Present value of financial lease payment (lessee)	3,384	383	-	3,767

7) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities in New Taiwan dollars

(In Thousands of New Taiwan Dollars)

March 31, 2017	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 147,909,159	$ 255,434,468	$ 266,017,423	$ 193,185,861	$ 71,757,265	$ 115,246,089	$1,049,550,265
Main capital outflow on maturity	132,808,674	193,644,411	345,082,768	223,734,906	167,158,307	199,228,609	1,261,657,675
Gap	15,100,485	61,790,057	(79,065,345)	(30,549,045)	(95,401,042)	(83,982,520)	(212,107,410)

(In Thousands of New Taiwan Dollars)

March 31, 2016	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 116,712,584	$ 267,354,609	$ 226,113,555	$ 159,451,854	$ 74,810,370	$ 91,077,867	$ 935,520,839
Main capital outflow on maturity	95,908,072	199,921,656	311,707,076	256,498,867	129,572,221	128,109,279	1,121,717,171
Gap	20,804,512	67,432,953	(85,593,521)	(97,047,013)	(54,761,851)	(37,031,412)	(186,196,332)

b) Maturity analysis of assets and liabilities in U.S. dollars

(In Thousands of U.S. Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 10,380,967	$ 9,120,754	$ 6,375,270	$ 2,043,938	$ 2,042,695	$ 29,963,624
Main capital outflow on maturity	10,440,985	9,685,024	7,194,378	3,599,821	3,039,937	33,960,145
Gap	(60,018)	(564,270)	(819,108)	(1,555,883)	(997,242)	(3,996,521)

(In Thousands of U.S. Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 10,317,288	$ 7,595,399	$ 5,348,282	$ 1,497,684	$ 703,590	$ 25,462,243
Main capital outflow on maturity	11,446,827	9,014,915	6,251,595	1,935,310	439,882	29,088,529
Gap	(1,129,539)	(1,419,516)	(903,313)	(437,626)	263,708	(3,626,286)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2017	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,558,929	$ 5,193,333	$ -	$ -	$ -	$ 11,752,262
Financial assets measured at FVTPL - current	53,680,140	3,382,383	11,559,083	395,638	159,686	69,176,930
Financial assets at cost - current	942,995	-	-	-	-	942,995
Available-for-sale financial assets - current	8,949,959	-	-	-	-	8,949,959
Securities purchased under resell agreement	-	37,579,613	-	-	-	37,579,613
Receivable	37,913,355	4,061,378	18,610,949	5,607,483	-	66,193,165
Customers' margin accounts	38,524,875	-	-	-	-	38,524,875
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,086,623	312,962	970,223	-	-	2,369,808
Other financial assets - current	363,889	-	6,009,970	-	-	6,373,859
Current tax assets	-	-	58,183	13,012	387,756	458,951
Other current assets	27,628,142	292,047	562,347	-	-	28,482,536
Financial assets measured at FVTPL - noncurrent	-	-	50,313	-	-	50,313
Financial assets at cost - noncurrent	-	-	415	-	879,081	879,496
Available-for-sale financial assets - noncurrent	-	-	-	349,434	355,771	705,205
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,184,855	2,184,855
Others noncurrent assets	100,000	-	100,000	404,203	2,796,412	3,400,615
Total	$ 175,748,907	$ 50,821,716	$ 37,921,483	$ 6,769,770	$ 7,063,561	$ 278,325,437
Percentage	63.15%	18.26%	13.62%	2.43%	2.54%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2017	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 15,189,192	$ -	$ -	$ -	$ 15,189,192
Commercial papers payable, net	-	12,642,542	-	-	-	12,642,542
Financial liabilities measured at FVTPL - current	4,107,547	4,736,942	4,902,058	1,010,235	159,686	14,916,468
Bonds issued under repurchase agreements	-	69,948,184	-	-	-	69,948,184
Payables	50,369,601	760,052	2,892,294	68,071	-	54,090,018
Guarantee deposits - borrowed securities	-	2,576,912	7,443,466	-	-	10,020,378
Futures customers' equity	37,804,254	-	-	-	-	37,804,254
Other current liabilities	616,081	803,638	1,719,094	25	-	3,138,838
Other financial liabilities - current	-	4,143,625	-	-	-	4,143,625
Current tax liabilities	-	-	234,476	92,025	433,342	759,843
Bonds payable	-	-	-	7,000,000	-	7,000,000
Provisions - noncurrent	-	-	-	23,078	196,006	219,084
Others noncurrent liabilities	-	-	-	638,627	72,613	711,240
Total	$ 92,897,483	$ 110,801,087	$ 17,191,388	$ 8,832,061	$ 861,647	$ 230,583,666
Percentage	40.29%	48.05%	7.46%	3.83%	0.37%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2017	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 175,748,907	$ 50,821,716	$ 37,921,483	$ 6,769,770	$ 7,063,561	$ 278,325,437
Cash outflow	92,897,483	110,801,087	17,191,388	8,832,061	861,647	230,583,666
Amount of cash flow gap	$ 82,851,424	$ (59,979,371)	$ 20,730,095	$ (2,062,291)	$ 6,201,914	$ 47,741,771

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,009,351	$ 10,440,869	$ -	$ -	$ -	$ 16,450,220
Financial assets measured at FVTPL - current	50,073,606	3,543,039	7,114,717	424,822	169,399	61,325,583
Financial assets at cost - current	1,090,749	-	-	-	-	1,090,749
Available-for-sale financial assets - current	9,246,926	-	-	-	-	9,246,926
Securities purchased under resell agreement	-	29,114,724	-	-	-	29,114,724
Receivable	35,547,141	4,864,635	15,087,392	5,347,674	-	60,846,842
Customers’ margin accounts	37,066,541	-	-	-	-	37,066,541
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,092,300	466,917	441,470	-	-	3,000,687
Other financial assets - current	-	-	2,527,870	-	-	2,527,870
Current tax assets	-	-	17,500	13,394	422,825	453,719
Other current assets	29,675,416	163,028	638,612	-	-	30,477,056
Financial assets measured at FVTPL - noncurrent	-	-	50,313	-	-	50,313
Financial assets at cost - noncurrent	-	-	-	415	917,899	918,314
Available-for-sale financial assets - noncurrent	-	-	-	142,975	282,584	425,559
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,186,633	2,186,633
Others noncurrent assets	220,000	-	100,000	376,804	2,834,601	3,531,405
Total	$ 171,022,030	$ 48,593,212	$ 25,977,874	$ 6,306,084	$ 7,113,941	$ 259,013,141
Percentage	66.03%	18.76%	10.03%	2.43%	2.75%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2016	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 12,777,858	$ -	$ -	$ -	$ 12,777,858
Commercial papers payable, net	-	10,293,033	-	-	-	10,293,033
Financial liabilities measured at FVTPL - current	3,657,874	4,716,941	2,942,584	922,739	169,399	12,409,537
Bonds issued under repurchase agreements	-	57,598,541	-	-	-	57,598,541
Payables	46,896,855	861,531	4,829,585	149,960	-	52,737,931
Guarantee deposits - borrowed securities	-	4,414,965	6,920,988	-	-	11,335,953
Futures customers’ equity	36,084,937	-	-	-	-	36,084,937
Other current liabilities	535,836	871,919	2,505,228	110	-	3,913,093
Other financial liabilities - current	-	4,426,111	-	-	-	4,426,111
Current tax liabilities	-	-	88,753	198,492	411,192	698,437
Bonds payable	-	-	-	7,000,000	-	7,000,000
Provisions - noncurrent	-	-	-	23,248	201,660	224,908
Others noncurrent liabilities	-	-	822	640,197	72,375	713,394
Total	$ 87,175,502	$ 95,960,899	$ 17,287,960	$ 8,934,746	$ 854,626	$ 210,213,733
Percentage	41.47%	45.65%	8.22%	4.25%	0.41%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 171,022,030	$ 48,593,212	$ 25,977,874	$ 6,306,084	$ 7,113,941	$ 259,013,141
Cash outflow	87,175,502	95,960,899	17,287,960	8,934,746	854,626	210,213,733
Amount of cash flow gap	$ 83,846,528	$ (47,367,687)	$ 8,689,914	$ (2,628,662)	$ 6,259,315	$ 48,799,408

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,809,105	$ 6,393,968	$ -	$ -	$ -	$ 12,203,073
Financial assets measured at FVTPL - current	76,412,099	6,580,036	11,559,259	582,212	242,045	95,375,651
Financial assets at cost - current	1,019,329	-	-	-	-	1,019,329
Available-for-sale financial assets - current	7,379,562	-	-	-	-	7,379,562
Securities purchased under resell agreement	-	19,745,427	-	-	-	19,745,427
Receivable	45,851,613	6,094,917	16,147,543	1,488,764	-	69,582,837
Customers' margin accounts	35,762,552	-	-	-	-	35,762,552
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,800,713	153,254	2,078,363	-	-	6,032,330
Other financial assets - current	-	-	1,725,417	-	-	1,725,417
Current tax assets	-	201	10,508	265	581,217	592,191
Other current assets	28,493,112	327,137	396,350	-	-	29,216,599
Financial assets measured at FVTPL - noncurrent	-	-	51,000	-	-	51,000
Financial assets at cost - noncurrent	-	-	-	415	915,236	915,651
Available-for-sale financial assets - noncurrent	-	-	-	-	196,541	196,541
Held-to-maturity financial assets - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,139,017	2,139,017
Others noncurrent assets	-	-	-	97,517	3,070,798	3,168,315
Total	$ 204,528,085	$ 39,294,940	$ 31,968,440	$ 2,169,173	$ 7,444,854	$ 285,405,492
Percentage	71.66%	13.77%	11.20%	0.76%	2.61%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2016	Payment Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 15,548,595	$ -	$ -	$ -	$ 15,548,595
Commercial papers payable, net	-	6,718,976	-	-	-	6,718,976
Financial liabilities measured at FVTPL - current	3,327,248	4,562,087	7,963,506	1,766,899	242,045	17,861,785
Bonds issued under repurchase agreements	-	73,416,319	-	-	-	73,416,319
Payables	55,281,065	412,144	3,527,856	-	-	59,221,065
Guarantee deposits - borrowed securities	-	1,042,022	5,391,504	-	-	6,433,526
Futures customers' equity	34,732,137	-	-	-	-	34,732,137
Other current liabilities	464,407	967,189	1,512,248	105	-	2,943,949
Other financial liability - current	-	9,223,858	-	-	-	9,223,858
Current tax liabilities	-	100,038	43,550	932,604	-	1,076,192
Long-term liabilities - current portion	-	-	997,420	-	-	997,420
Bonds payable	-	-	-	7,000,000	-	7,000,000
Provisions - noncurrent	-	-	-	23,248	132,377	155,625
Others noncurrent liabilities	-	-	-	614,125	69,517	683,642
Total	$ 93,804,857	$ 111,991,228	$ 19,436,084	$ 10,336,981	$ 443,939	$ 236,013,089
Percentage	39.75%	47.45%	8.23%	4.38%	0.19%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2016	Collection Period					Total
	Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 204,528,085	$ 39,294,940	$ 31,968,440	$ 2,169,173	$ 7,444,854	$ 285,405,492
Cash outflow	93,804,857	111,991,228	19,436,084	10,336,981	443,939	236,013,089
Amount of cash flow gap	$ 110,723,228	$ (72,696,288)	$ 12,532,356	$ (8,167,808)	$ 7,000,915	$ 49,392,403

KGI Securities has established statement of capital liquidation gap to estimate how all financial assets and liabilities in future cash flows can affect KGI Securities and subsidiaries when it comes to fund dispatching. Cash flow gap statement from March 31, 2017, December 31, 2016 and March 31, 2016, show that the sums from deducting cash outflow from cash inflow are $47,741,711 thousand and $48,799,408 thousand and $49,392,403 thousand, respectively, all indicating sufficient fund liquidity.

An observation of fund inflow and outflow in different periods of time shows that current and receivable items contribute to the most of the financial assets of KGI Securities and subsidiaries, taking up to nearly 63.15% of the entire financial assets. This shows that most of these financial assets can be liquidated immediately and therefore have high liquidity. As for financial liabilities, there is no particular period with a high number of due payments which will put stress on fund dispatching.

Although an analysis of funds gap shows that the cash outflow exceeded cash inflow within 3 months period and 1 to 5 years period, the main differentiating factor is that the financial assets of KGI Securities and subsidiaries have high liquidity, which causes financial assets and liabilities to have different impacts during different cash flow periods. On March 31, 2017, December 31, 2016 and March 31, 2016, net cash inflow calculated from net spot financial assets are respectively $82,851,424 thousand, $83,846,528 thousand and $110,723,228 thousand, which are sufficient to cover the net cash outflows of $62,041,662 thousand, $49,996,349 thousand and $80,864,096 thousand from the 3 months and 1-5 years period, an indicator of sufficient fund liquidity.

2) Control mechanism of capital liquidity risk

   The independent fund-dispatching department established by KGI Securities takes into consideration the needs of net cash flow and their timings from various departments and predicts future cash flows based on the requests submitted by departments with a need for funds. The department has also established a simulation analysis mechanism for capital flows after considering short-term capital dispatching in Taiwan as well as international or cross-market transactions in order to better predict futures needs of funds and set up contingency measures. KGI Securities also offers suggestions over a secure amount of reserve fund and reports it to the RMC. The department reviews the standard amount of reserve capital and will take the following action if available capitals are below 120% of the safe reserve amount:

   a) Except all due payments and those whose use of capital cannot be restricted due to the nature of their business, all the requests for capitals from all business departments need to be approved by the fund-dispatching department in order to maintain a safe amount of reserve capital.

   b) Fund-dispatching department will propose contingency measures to the RMC, which includes disposal of low yield or unnecessary assets, expanding repurchase agreements with the Central Bank of Taiwan, financing from securities finance corporations or exploring other fund-raising methods that will increase available funds to KGI Securities.

<u>CDIB Capital Group</u>

The management of liquidity risk is aimed to deal with financing the CDIB Capital Group's operations and mitigate the effects of fluctuations in cash flows by monitoring and maintaining a level of cash and cash equivalents.

CDIB Capital Group's Management policies of liquidity risk are as follows:

1) Dispose of surplus capital should consider possible future capital requirements, deconcentration of capital sources and reasonable liquidity of liability Structure.

2) Pursuant to liquidity risk control, CDIB Capital Group use performance index of financial structure and dispatching of funds to set up a system to monitor daily funding gap.

As of March 31, 2017, December 31, 2016 and March 31, 2016, other financial liabilities are $363,359 thousand, $386,632 thousand and $386,668 thousand, respectively, and will be paid by financial assets and the rest of nonderivative financial liabilities are $8,497,114 thousand, $1,569,186 thousand and $1,435,167 thousand, respectively, and are all current liabilities.

d. Market risk

KGI Bank and subsidiaries

1) Source and definition of market risk

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading.

2) Risk management policies

In order to have a common-language of market risk management, definition, communication and measurement, the KGI Bank has developed "Market Risk Policy" based on Regulations Governing the Capital Adequacy Ratio of Banks and on market risk calculation tables announced by FSC, international standards, and CDFH's market risk management policy framework.

The "Market Risk Policy" is applicable to "Trading Book" positions defined by the Regulations Governing the Capital Adequacy Ratio of the KGI Bank related market risk calculation tables and the KGI Bank's book management approach to financial instrument handling.

Following the "Market Risk Policy", the KGI Bank sets up the "Market Risk Management Procedure to Trading Activities" to manage market risk throughout the Firm. This procedure includes risk identification and assessment, risk measurement, risk monitoring and response, risk reporting and contingency management processes.

3) The procedure of market risk measuring, monitoring, and reporting

The KGI Bank's market risk limits include position sensitivities, stop-loss limits, Value-at-Risk (VaR).

Risk factors analyzed through the KGI Bank's risk measurement systems are sufficient to determine all market risks of trading positions on balance sheet, including interest rates risk, foreign exchange risk, equity risk and commodity risk, as well as volatility risks which arise out of the option transactions.

The KGI Bank's market risk report includes profit or loss on trading positions, limits usage, stress testing, trading portfolio risk assessment, as well as significant exception if any.

The risk management unit of the KGI Bank independently performs daily market risk limit controls, and monthly reports to both the Risk Management Committee and CDFH's Risk Management Committee. Besides, the above reports are regularly presented to the Board for reference.

4) Mitigation of risks or hedging of market risk

The KGI Bank's market risk positions or hedging positions are marked to market on a daily base through techniques such as model evaluation. All market parameters are updated at least daily in accordance with changes in market conditions. Market Risk Limits are regularly reviewed and controlled based on the revaluation results.

5) Valuation techniques of market risk

The KGI Bank uses the VaR model and stress testing to evaluate the potential and extreme risk of trading portfolios. Through variations of the assumptions on market conditions, these techniques can be used to assess the market risk of positions held and the maximum expected loss.

VaR is calculated using a one-day time horizon with a 95% confidence level.

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31, 2017			For the Year Ended December 31, 2016			For the Three Months Ended March 31, 2016		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Interest rate risk	$ 68,912	$136,332	$ 29,201	$ 33,310	$ 74,214	$ 17,157	$ 31,029	$ 49,768	$ 17,493
Equity risk	7,212	10,929	4,918	5,951	12,389	2,336	7,417	12,389	3,885
Exchange rate risk	15,189	44,645	5,561	36,105	80,973	6,133	38,695	68,827	18,915

6) Interest rate risk in banking book

The scope of interest rate risk in banking book includes interest rate sensitivity of assets and liabilities, but do not include risk management of trading book. Interest rate risk in banking book measures the adverse effects on net interest income of assets, liabilities and off-balance sheet as a result of adverse fluctuations in interest. Risk assessment not only builds the sensitivity gap between assets and liabilities, but also quantifies through the dimension of retained earnings and economic value perspectives.

7) Interest rate risk management of the banking book

The interest rate risk management strategy involving the Bank's banking book is to minimize the negative impact of changes in interest rates on net interest income and the net economic value of equity. The asset-liability management committee (ALMCO) approves the annual banking book interest rate risk limits and monitors the Bank's interest rate risk exposures every day. The interest rate risk management processes involving the banking book include risk identification, risk measurement, risk control, risk monitor and others. The unit monitoring the banking book interest rate risk reports interest rate risk exposures regularly to ALMCO, and adjust the structure of assets and liabilities according to the report, lowering the amount of exposure. For risk monitoring, the asset and liability management system outputs an analysis report, which is provided to the interest rate risk execution unit and top management. If risk missing or excess of limit occurred from monitor, written notices will be passed to interest rate risk implementation units to adjust and improve the program reported to ALMCO.

8) Concentration of currency risk information

The financial assets and liabilities denominated in foreign currency and with material influence on KGI Bank and subsidiaries were as follows:

(In Thousands of New Taiwan Dollars/Foreign Currencies)

	March 31, 2017		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 5,533,127	30.34	$ 167,852,941
RMB	1,596,122	4.41	7,036,185
HKD	577,605	3.91	2,255,546
EUR	55,710	32.43	1,806,666
JPY	2,206,659	0.27	598,887
ZAR	88,693	2.25	199,825
AUD	8,425	23.23	195,712
THD	170,113	0.88	149,700
CAD	5,084	22.75	115,665

(Continued)

	March 31, 2017		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
HKD	$ 581,098	3.91	$ 2,269,187
Financial liabilities			
Monetary items			
USD	6,756,035	30.34	204,951,073
RMB	2,497,602	4.41	11,010,181
ZAR	1,458,982	2.25	3,287,087
AUD	50,222	23.23	1,166,651
EUR	33,432	32.43	1,084,186
HKD	168,611	3.91	658,424
JPY	1,934,454	0.27	525,011
NZD	15,757	21.19	333,881
GBP	4,209	37.81	159,152

	December 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,345,458	32.28	$ 172,546,025
RMB	1,934,700	4.62	8,941,990
HKD	604,307	4.16	2,515,248
EUR	61,196	33.92	2,075,584
GBP	45,031	39.61	1,783,666
JPY	3,860,310	0.28	1,064,287
AUD	11,789	23.30	274,698
ZAR	85,730	2.37	203,017
THD	169,664	0.90	152,884
CAD	6,237	23.93	149,229
Nonmonetary items			
HKD	521,348	4.16	2,169,956
Financial liabilities			
Monetary items			
USD	5,475,408	32.28	176,740,694
RMB	1,955,014	4.62	9,035,879
ZAR	1,454,274	2.37	3,443,867
AUD	65,000	23.30	1,514,621
EUR	36,380	33.92	1,233,894
HKD	293,670	4.16	1,222,312
JPY	2,345,749	0.28	646,723
NZD	15,481	22.42	347,017
GBP	3,801	39.61	150,540

	March 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 7,156,645	32.28	$ 231,030,806
RMB	2,024,772	4.99	10,097,739
EUR	165,509	36.61	6,059,451
JPY	13,087,363	0.29	3,757,382
NZD	119,273	22.26	2,655,019
HKD	543,430	4.16	2,262,352
AUD	68,115	24.68	1,680,931
SGD	67,472	23.93	1,614,397
GBP	31,620	46.30	1,463,881
Nonmonetary items			
HKD	415,945	4.16	1,731,620
Financial liabilities			
Monetary items			
USD	7,624,115	32.28	246,121,678
RMB	2,286,437	4.99	11,402,688
EUR	116,305	36.61	4,258,038
NZD	156,025	22.26	3,473,113
JPY	10,830,449	0.29	3,109,422
ZAR	1,324,934	2.17	2,873,915
AUD	98,953	24.68	2,441,964
HKD	415,764	4.16	1,730,867
GBP	36,917	46.30	1,709,092

9) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) Analysis of interest rate-sensitive assets and liabilities (New Taiwan dollars)

March 31, 2017

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 246,877,618	$ 13,427,372	$ 6,444,511	$ 103,741,180	$ 370,490,681
Interest rate-sensitive liabilities	141,809,497	92,519,164	34,219,676	3,806,570	272,354,907
Interest rate sensitivity gap	105,068,121	(79,091,792)	(27,775,165)	99,934,610	98,135,774
Net worth					60,353,679
Ratio of interest rate-sensitive assets to liabilities (%)					136.03
Ratio of interest rate-sensitive gap to net worth (%)					162.60

March 31, 2016

(In Thousands of New Taiwan Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 238,527,388	$ 9,805,686	$ 4,494,501	$ 68,415,285	$ 321,242,860
Interest rate-sensitive liabilities	80,765,100	103,394,397	48,700,682	7,564,245	240,424,424
Interest rate sensitivity gap	157,762,288	(93,588,711)	(44,206,181)	60,851,040	80,818,436
Net worth					58,276,467
Ratio of interest rate-sensitive assets to liabilities (%)					133.61
Ratio of interest rate-sensitive gap to net worth (%)					138.68

Note 1: The above amounts included only New Taiwan dollar amounts held by KGI Bank excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

b) Analysis of interest rate-sensitive assets and liabilities (U.S. dollars)

March 31, 2017

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,436,453	$ 383,431	$ 370,278	$ 961,792	$ 4,151,954
Interest rate-sensitive liabilities	3,681,530	711,373	394,610	586,967	5,374,480
Interest rate sensitivity gap	(1,245,077)	(327,942)	(24,332)	374,825	(1,222,526)
Net worth					(4,334)
Ratio of interest rate-sensitive assets to liabilities (%)					77.25
Ratio of interest rate-sensitive gap to net worth (%)					-

March 31, 2016

(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,607,670	$ 333,101	$ 308,993	$ 1,852,480	$ 4,102,244
Interest rate-sensitive liabilities	3,992,351	444,180	416,148	115,553	4,968,232
Interest rate sensitivity gap	(2,384,681)	(111,079)	(107,155)	1,736,927	(865,988)
Net worth					29,083
Ratio of interest rate-sensitive assets to liabilities (%)					82.57
Ratio of interest rate-sensitive gap to net worth (%)					(2,977.64)

Note 1: The above amounts included only U.S. dollars amounts held by KGI Bank, excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with revenues or costs affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential loss or change in valuation for securities or financial products that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates and commodity risk.

KGI Securities utilize risk factor sensitivity and value at risk to measure and contain market risks. KGI Securities also holds regular stress test to help the management understand the extent to which KGI Securities can handle stress in this dire economic environment.

1) Risk factor sensitivity

Using product identification and analysis procedure held by KGI Securities, the corresponding market risk factor can be determined. Individual risk factor's entire exposure can be measured by observing how the value of a financial instrument changes as each risk factor changes. KGI Securities and subsidiaries monitor the following risk factor sensitivities:

a) Interest rate risk sensitivity: Measured by the change of present value of future cash flows of the measured holding with each yield curve or credit spread moved 0.01% horizontally.

b) Equity securities risk sensitivity: Measured by the change of the value of investment portfolio with the price of the underlying assets linked to the equity securities (as the potential loss amount given that the TAIEX and stock of respective companies drop 1%).

c) Exchange rate risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with exchange rate for each currency (as the potential loss amount given that the foreign currencies depreciate 1% against NTD).

d) Commodity risk sensitivity: Measured by the change of present values of corresponding holdings of currencies with commodity for each currency (as the potential loss amount given that commodity currencies depreciate 1% against NTD).

The risk sensitivities in the portfolio held by KGI Securities and subsidiaries are as follows:

Comparisons of Risk Sensitive Factors

(In Thousands of New Taiwan Dollars)

Risk Sensitivity	March 31, 2017	December 31, 2016	March 31, 2016
Interest rate risk	$ 7,250	$ 2,321	$ 14,936
Equity securities risk	17,728,034	18,656,595	16,334,140
Exchange rate risk	1,216,014	1,416,056	1,926,268
Commodity risk	1,123	(2,051)	222

2) Value at risk

Value at risk ("VAR") is a statistical measurement used to measure the maximum potential loss of a portfolio in a certain future time horizon and confidence level. KGI Securities and subsidiaries uses parametric in estimating a value at risk at 99% of confidence interval at duration of 1 day. This means that among 100 trading days, 1 trading day might see the loss of the positions exceeding the value at risk estimated the day before. KGI Securities and subsidiaries continue to conduct back testing daily to ensure the effectiveness of the estimations made by the risk value model.

The comparison of risk value in the trading portfolio held by KGI Securities and subsidiaries are as follows:

	For the Three Months Ended March 31, 2017			March 31, 2017
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 355,363	$ 247,728	$ 520,180	$ 255,526
Interest rate	76,548	59,259	100,140	76,086
Exchange rate	9,369	7,131	12,330	7,274
Commodity	5,250	303	33,934	2,267

	For the Three Months Ended March 31, 2016			March 31, 2016
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 416,039	$ 314,105	$ 569,991	$ 384,380
Interest rate	90,646	61,908	144,242	91,531
Exchange rate	37,256	15,546	117,091	28,817
Commodity	6,988	58	18,399	8,566

3) Stress test

Stress test is one of the tools for risk management. It mainly evaluates the effects extreme changes in market risk factors in an investment portfolio to help a company's board of directors and management understand how potential extreme incidents can affect the market risk sensitivity and the profit/loss of an investment portfolio.

The main methods of stress test are historic analysis and hypothetical scenarios analysis. The results will be regularly reported to the risk management committee and the board of directors of KGI Securities.

4) Foreign currency exchange rate of financial assets and liabilities information

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2017		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 2,822,677	30.34	$ 85,627,143
JPY	8,802,990	0.27	2,388,388
HKD	181,526	3.90	708,735
RMB	41,458	4.41	182,758
EUR	4,406	32.43	142,879
Nonmonetary items			
USD	1,138,295	30.34	34,531,320
RMB	409,963	4.41	1,807,240
AUD	8,717	23.23	202,490
HKD	27,354	3.91	106,819
Investments accounted for using the equity method			
USD	71,915	30.34	2,181,624

(Continued)

	March 31, 2017		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 4,428,258	30.34	$ 134,334,048
JPY	8,311,308	0.27	2,255,577
HKD	124,397	3.91	485,647
RMB	36,312	4.41	160,075
Nonmonetary items			
USD	278,783	30.34	8,457,174
RMB	40,108	4.41	176,807
AUD	4,714	23.23	109,507

(Concluded)

	December 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 2,336,758	32.21	$ 75,259,143
JPY	8,724,871	0.28	2,404,829
EUR	33,751	33.92	1,144,684
RMB	244,837	4.62	1,131,607
HKD	127,231	4.16	529,229
SGD	9,014	22.31	201,095
AUD	4,373	23.30	101,903
Nonmonetary items			
USD	761,214	32.28	24,571,228
RMB	412,573	4.62	1,906,873
AUD	4,529	23.30	105,539
Investments accounted for using the equity method			
USD	67,639	32.28	2,183,329
Financial liabilities			
Monetary items			
USD	3,678,462	32.28	118,729,246
JPY	8,413,574	0.28	2,319,492
RMB	300,806	4.62	1,390,287
EUR	31,848	33.92	1,080,125
HKD	79,633	4.16	331,116
SGD	8,768	22.31	195,616
Nonmonetary items			
USD	196,950	32.28	6,357,340
RMB	39,941	4.62	184,602
AUD	4,529	23.30	105,539

	March 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 2,551,723	32.27	$ 82,343,530
JPY	5,017,104	0.29	1,439,115
HKD	193,759	4.16	806,239
RMB	106,386	4.99	530,552
EUR	5,300	36.53	193,589
SGD	6,900	23.93	165,083
Nonmonetary items			
USD	866,785	32.28	27,981,569
RMB	559,096	4.99	2,788,269
HKD	182,876	4.16	761,332
NZD	9,146	22.26	203,585
AUD	6,307	24.68	155,651
Investments accounted for using the equity method			
USD	66,150	32.28	2,135,453
<u>Financial liabilities</u>			
Monetary items			
USD	3,661,129	32.27	118,157,382
RMB	627,823	4.99	3,131,010
JPY	3,856,442	0.29	1,105,890
HKD	141,036	4.16	586,747
SGD	6,823	23.93	163,247
EUR	4,302	36.51	157,070
Nonmonetary items			
USD	325,257	32.28	10,499,961
RMB	45,622	4.99	227,520
NZD	9,146	22.26	203,585
AUD	6,307	24.68	155,651

CDIB Capital Group and subsidiaries

Market risk is defined as an unfavorable change in macroeconomic and financial market variables, (such as interest rates, exchange rates, stock prices and commodity prices) which may cause a potential loss on financial assets held for trading. Market risk as explained as follows:

1) Foreign currency rate risk information

The financial assets and liabilities denominated in foreign currency and with material influence on CDIB Capital Group and subsidiaries were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2017		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 239,080	30.336	$ 7,252,741
HKD	332,698	3.905	1,299,185
RMB	54,740	4.402	240,966
KRW	6,599,547	0.027	179,037
JPY	429,188	0.271	116,482
Investment accounted for using the equity method			
USD	85,046	30.336	2,579,943
RMB	463,587	4.408	2,043,629
Financial liabilities			
Monetary items			
USD	15,900	30.336	482,338

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 245,665	32.279	$ 7,929,817
HKD	114,029	4.162	474,611
RMB	60,969	4.622	281,794
KRW	7,363,850	0.027	197,506
JPY	429,029	0.276	118,283
Investment accounted for using the equity method			
USD	65,502	32.279	2,114,355
RMB	459,967	4.622	2,125,923

(Continued)

	December 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 18,733	32.279	$ 604,671

(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 275,069	32.282	$ 8,879,770
HKD	132,490	4.163	551,570
KRW	6,560,427	0.028	185,398
RMB	36,450	4.987	181,780
Investment accounted for using the equity method			
RMB	363,189	4.987	1,811,224
USD	47,318	32.282	1,527,512

Sensitivity analysis

The following table details CDIB Capital Group and subsidiaries' sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies.

	Impact to Profit or Loss
	For the Three Months Ended March 31, 2017
Monetary items	
USD	$ 67,704
HKD	12,992
RMB	2,410
KRW	1,790
JPY	1,165

	Impact to Profit or Loss
	For the Three Months Ended March 31, 2016
Monetary items	
USD	$ 88,798
HKD	5,516
KRW	1,854
RMB	1,818

2) Interest rate risk

The primary financial assets of CDIB Capital Group and subsidiaries with exposure to interest rates as of March 31, 2017, December 31, 2016 and March 31, 2016 were cash in banks. Management believes that interest rate changes would have been no significant effect on CDIB Capital Group and subsidiaries.

3) Other price risk

CDIB Capital Group and subsidiaries were exposed to equity price risk through its investments in principal investment business. CDIB Capital Group manages this exposure by setting risk acceptance limitation concerning industry, country, affiliated groups, and the same group.

If equity prices had been 1% higher/lower, the post-tax other comprehensive income for the three months ended March 31, 2017 and 2016 would increase/decrease by $102,595 thousand and $89,236, thousand, respectively, as a result of the changes in fair value of available-for-sale shares.

e. Transfers of financial assets

KGI Bank and subsidiaries

Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Bank, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities under repurchase agreements. As KGI Bank's right to receive cash flows of the financial assets transferred to the counterparties, and reflecting the obligation to repurchase the transferred financial assets for a fixed price at a future date, the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Bank does not derecognize it entirely because KGI Bank remains exposed to interest rate risk and credit risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

March 31, 2017					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Fair Value of Net Position
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 7,203,504	$ 6,934,010	$ 7,203,504	$ 6,934,010	$ 269,494
Available-for-sale financial assets	56,517,697	52,534,740	56,517,697	52,534,740	3,982,957

December 31, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 35,227,572	$ 33,509,311	$ 35,227,572	$ 33,509,311	$ 1,718,261
Available-for-sale financial assets	30,023,890	28,629,003	30,023,890	28,629,003	1,394,887

March 31, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Fair Value of Net Position**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 28,943,863	$ 27,449,826	$ 28,943,863	$ 27,449,826	$ 1,494,037
Available-for-sale financial assets	35,048,176	32,772,584	35,048,176	32,772,584	2,275,592

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries, most of the transactions of transferred financial assets not qualifying for full derecognition are debt securities held by counterparties as collateral under repurchase agreements or equity securities lent under securities lending agreements. As the substance of these transactions is secured borrowing, securities that has transferred to counterparties during the transaction causes KGI Securities' right to receive cash flows of the financial assets transferred to the counterparties; KGI Securities only recognized related liabilities reflecting the obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be used, sold or pledged in the duration of the transaction. KGI Securities does not derecognize it entirely because KGI Securities remains exposed to interest rate risk, credit risk and market risk on these pledged instruments.

Related information of financial assets and liabilities not qualifying for full derecognition are listed below:

March 31, 2017					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 68,745,469	$ 69,113,948	$ 68,745,469	$ 69,113,948	$ (368,479)
Transaction - borrowed securities	324,769	454,676	324,769	454,676	(129,907)

December 31, 2016					
Category	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL					
Transactions with agreements	$ 56,923,804	$ 57,422,129	$ 56,923,804	$ 57,422,129	$ (498,325)
Transaction - borrowed securities	46,749	65,449	46,749	65,449	(18,700)

March 31, 2016					
Category	Carrying Amount of Transferred Financial Assets	Carrying Amount of Related Financial Liabilities	Fair Value of Transferred Financial Assets	Fair Value of Related Financial Liabilities	Net Position of Fair Value
Financial assets at FVTPL					
Transactions with agreements	$ 73,183,123	$ 73,405,998	$ 73,183,123	$ 73,405,998	$ (222,875)
Transaction - borrowed securities	8,769	12,275	8,769	12,275	(3,506)

2) Transferred financial assets qualifying for full derecognition

KGI Securities uses convertible bonds acquired by an underwriter or dealer as the trading object of the asset swap transaction, then KGI Securities receives consideration by selling it, and exchange interests arise from convertible bonds for compensation interests according to the contracts, meanwhile acquire the right to redeem the bonds at any time before the maturity date. KGI Securities does not retain the control over the transferred assets and derecognized them since counterparties have the ability to sell financial assets to third party and no restrictions will be made when counterparties differs. KGI Securities still retain the call option of the object, and the maximum exposure of the loss is the book value of the pledged instruments. Related information of transferred financial assets and liabilities qualifying for full derecognition are as follows:

March 31, 2017					
Types of Continuing Involvement	Outflows of Repurchased Transferred Financial Assets (Derecognized)	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 9,681,600	$ 765,969	$ 765,969	$ -	$ 765,969

December 31, 2016					
Types of Continuing Involvement	Outflows of Repurchased Transferred Financial Assets (Derecognized)	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 10,229,100	$ 610,676	$ 610,676	$ -	$ 610,676

March 31, 2016					
Types of Continuing Involvement	Outflows of Repurchased Transferred Financial Assets (Derecognized)	Book Value of Continuing Involvement in the Balance Sheet	Fair Value of Continuing Involvement		Maximum of Loss Exposure
		Financial Assets at FVTPL	Assets	Liabilities	
Call option	$ 11,298,500	$ 543,977	$ 543,977	$ -	$ 543,977

The following table is repurchased transferred financial assets' undiscounted cash flow maturity analysis. Information of cash flow is disclosed according to the circumstances of every balance sheet day.

March 31, 2017						
Types of Continuing Involvement	**Spot**	**3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 Years**	**Total**
Call option	$ -	$ 758,000	$ 3,741,400	$ 5,182,200	$ -	$ 9,681,600

December 31, 2016						
Types of Continuing Involvement	**Spot**	**3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 Years**	**Total**
Call option	$ 4,568,600	$ 990,100	$ 3,106,700	$ 1,563,700	$ -	$ 10,229,100

March 31, 2016						
Types of Continuing Involvement	**Spot**	**3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 Years**	**Total**
Call option	$ -	$ 1,279,700	$ 2,327,200	$ 7,691,600	$ -	$ 11,298,500

The following table shows gains or losses recognized from continuing involvement - call option at the assets transferred day, continuing involvement of derecognized financial assets until balance sheet day and revenues and expenses recognized during the period.

March 31, 2017			
Types of Continuing Involvement	**Gains Or Losses Recognized at Balance Sheet Day**	**Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day**	**Revenues or Expenses Recognized During the Period**
Call option	$ (27,168)	$ 99,656	$ 72,488

December 31, 2016			
Types of Continuing Involvement	**Gains Or Losses Recognized at Balance Sheet Day**	**Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day**	**Revenues or Expenses Recognized During the Period**
Call option	$ (41,236)	$ 611,220	$ 569,984

March 31, 2016			
Types of Continuing Involvement	Gains Or Losses Recognized at Balance Sheet Day	Revenues or Expenses Recognized from Continuing Involvement of Derecognized Financial Assets Until Balance Sheet Day	Revenues or Expenses Recognized During the Period
Call option	$ (232,250)	$ (79,919)	$ (312,169)

f. Offsetting financial assets and financial liabilities

KGI Bank and subsidiaries

KGI Bank have and subsidiaries has no transactions of financial instruments that correspond to the provisions of IAS 32-42, but there are enforceable master netting arrangements or similar agreements signed with counterparty, and the financial assets and financial liabilities can be offset when both sides of the transaction have decided to, but gross settlements if have not. One can choose net settlement if the other side of the transaction is in the breach of contract.

Related information of offsetting financial assets and financial liabilities are as follows:

March 31, 2017						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Securities purchased under resell agreements	$ 12,983,190	$ -	$ 12,983,190	$ 12,983,190	$ -	$ -
Derivative financial instruments	29,955,991	-	29,955,991	8,001,937	4,012,579	17,941,475
Total	$ 42,939,181	$ -	$ 42,939,181	$ 20,985,127	$ 4,012,579	$ 17,941,475

March 31, 2017						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Notes and bonds issued under repurchase agreements	$ 59,468,750	$ -	$ 59,468,750	$ 58,963,824	$ 504,926	$ -
Derivative financial instruments	36,340,634	-	36,340,634	8,001,937	5,798,524	22,540,173
Total	$ 95,809,384	$ -	$ 95,809,384	$ 66,965,761	$ 6,303,450	$ 22,540,173

December 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 795,850	$ -	$ 795,850	$ 795,850	$ -	$ -
Derivative financial instruments	25,434,608	-	25,434,608	7,171,127	1,018,564	17,244,917
Total	$ 26,230,458	$ -	$ 26,230,458	$ 7,966,977	$ 1,018,564	$ 17,244,917

December 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 62,138,314	$ -	$ 62,138,314	$ 61,725,136	$ 413,178	$ -
Derivative financial instruments	27,516,130	-	27,516,130	7,171,127	6,655,765	13,689,238
Total	$ 89,654,444	$ -	$ 89,654,444	$ 68,896,263	$ 7,068,943	$ 13,689,238

March 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 22,901,166	$ -	$ 22,901,166	$ 22,901,166	$ -	$ -
Derivative financial instruments	21,300,034	-	21,300,034	6,404,111	341,768	14,554,155
Total	$ 44,201,200	$ -	$ 44,201,200	$ 29,305,277	$ 341,768	$ 14,554,155

March 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Notes and bonds issued under repurchase agreements	$ 60,658,101	$ -	$ 60,658,101	$ 60,268,922	$ 389,179	$ -
Derivative financial instruments	23,977,226	-	23,977,226	6,404,111	6,411,686	11,161,429
Total	$ 84,635,327	$ -	$ 84,635,327	$ 66,673,033	$ 6,800,865	$ 11,161,429

Note: Financial instruments include master netting arrangements and non-cash collateral.

KGI Securities and subsidiaries

KGI Securities and subsidiaries' transactions of derivative assets and liabilities do not correspond to the provisions of IAS, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

KGI Securities has signed securities repurchase contracts with counterparties, and the agreements stating that KGI Securities to provide securities as collateral, meanwhile KGI Securities signed securities resell contracts with counterparties and receive securities as collateral which do not recognized in the balance sheet. Such contracts do not correspond to the provisions of IAS and bear the right to offset only in the circumstances of default, insolvency or bankruptcy, therefore, related securities sell with repurchase agreements and securities purchased with resell agreement are presented in the balance sheet respectively.

Related information of offsetting financial assets and financial liabilities are as follows:

March 31, 2017						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 3,012,984	$ -	$ 3,012,984	$ -	$ 471,131	$ 2,541,853
Securities purchased under resell agreements	37,484,544	-	37,484,544	37,484,544	-	-
Total	$ 40,497,528	$ -	$ 40,497,528	$ 37,484,544	$ 471,131	$ 2,541,853

March 31, 2017						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 4,363,688	$ -	$ 4,363,688	$ -	$ 573,790	$ 3,789,898
Notes and bonds issued under repurchase agreements	69,113,948	-	69,113,948	69,113,948	-	-
Total	$ 73,477,636	$ -	$ 73,477,636	$ 69,113,948	$ 573,790	$ 3,789,898

December 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Assets (a)**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)**	**Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 2,163,243	$ -	$ 2,163,243	$ -	$ 132,559	$ 2,030,684
Securities purchased under resell agreements	29,087,308	-	29,087,308	29,087,308	-	-
Total	$ 31,250,551	$ -	$ 31,250,551	$ 29,087,308	$ 132,559	$ 2,030,684

December 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 2,845,225	$ -	$ 2,845,225	$ -	$ 465,985	$ 2,379,240
Notes and bonds issued under repurchase agreements	57,422,129	-	57,422,129	57,422,129	-	-
Total	$ 60,267,354	$ -	$ 60,267,354	$ 57,422,129	$ 465,985	$ 2,379,240

March 31, 2016						
Financial Assets Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Assets (a)	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet (b)	Net Amounts of Financial Assets Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	$ 2,320,914	$ -	$ 2,320,914	$ -	$ 90,530	$ 2,230,384
Securities purchased under resell agreements	19,742,648	-	19,742,648	19,742,648	-	-
Total	$ 22,063,562	$ -	$ 22,063,562	$ 19,742,648	$ 90,530	$ 2,230,384

March 31, 2016						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	Gross Amounts of Recognized Financial Liabilities (a)	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)	Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)	Amounts not Offset in the Balance Sheet (d)		Net Amount (e)=(c)-(d)
				Financial Instruments (Note)	Cash Collateral Received	
Derivative financial instruments	$ 5,592,451	$ -	$ 5,592,451	$ -	$ 451,755	$ 5,140,696
Notes and bonds issued under repurchase agreements	73,405,998	-	73,405,998	73,405,998	-	-
Total	$ 78,998,449	$ -	$ 78,998,449	$ 73,405,998	$ 451,755	$ 5,140,696

Note: Financial instruments include master netting arrangements and non-cash collateral.

54. CAPITAL MANAGEMENT

KGI Bank and subsidiaries

a. Objectives

The calculation of self-owned capital should be conducted according to the regulations of the authorities. The basic management objective includes sufficient capital to meet the requirements of the regulation and achieve the minimum capital adequacy ratio so as to control all risks within the risk appetite.

In order to undertake all kinds of risk, KGI Bank conducts risk management based on the risk portfolio and the assessment of risk characteristics to design the best capital allocation.

b. Capital management procedures

KGI Bank had met the authorities' minimum requirements for capital adequacy ratio and reported to the authority quarterly. Eligible capital is calculated according with the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

KGI and subsidiaries

The main objective of KGI and subsidiaries in capital management is to maintain a healthy credit rating and capital ratio to support the Corporation's operation and maximize shareholders' interests. KGI and subsidiaries will manage and adjust the capital structure based on the economic situation, possibly by adjusting dividends, returning capital or issuing new shares.

KGI's Capital adequacy ratios as of March 31, 2017, December 31, 2016 and March 31, 2016 are disclosed as follows:

Item	March 31, 2017	December 31, 2016	March 31, 2016
The net eligible equity capital	$ 18,331,135	$ 17,895,797	$ 21,698,871
Equivalent amount of operating risk	5,916,685	5,434,116	7,108,877
Capital adequacy ratio	310%	329%	305%

Item	For the Year Ended March 31	
	2017	2016
Average	307%	302%
Maximum	325%	305%
Minimum	286%	297%

Item	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Market risk	$ 2,441,119	41.26	$ 2,333,574	42.94	$ 3,649,331	51.33
Credit risk	1,965,027	33.21	1,541,798	28.37	1,900,801	26.74
Operational risk	1,510,539	25.53	1,558,744	28.69	1,558,744	21.93
Total	5,916,685	100.00	5,434,116	100.00	7,108,876	100.00

55. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

a. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Bank were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2017	December 31, 2016	March 31, 2016	Trust Liabilities	March 31, 2017	December 31, 2016	March 31, 2016
Bank deposits	$ 383,851	$ 310,897	$ 705,771	Payables	$ 187,092	$ 153,951	$ 186,058
Short-term investment	29,932,693	30,860,207	30,769,142	Payables on securities under custody	5,139,474	1,909,451	-
Financial assets at FVTPL	1,941,305	2,660,355	3,484,380	Donated asset received	1,811	-	-
Receivables	22,745	26,191	44,838	Other liabilities	29,360	30,906	1,334,996
Payments for others	-	-	1,166,795	Trust capital	32,439,908	34,693,769	36,979,663
Financial assets measured at cost	7,650	687,150	1,401,426	Accumulated earnings	1,031,809	1,067,910	857,818
Real estate, net	417,202	417,202	797,943				
Intangible assets - surface rights	984,534	984,534	984,534				
Securities under custody	5,139,474	1,909,451	-				
Other assets	-	-	3,706				
Total	$ 38,829,454	$ 37,855,987	$ 39,358,535		$ 38,829,454	$ 37,855,987	$ 39,358,535

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2017	**2016**
Trust income and gains		
Profit income	$ 10,961	$ 9,129
Interest income	312,876	306,243
Rental income	7,737	7,101
Gain or loss on financial assets at FVTPL, net	433,343	462,606
Other income	4,127	20,386
Total trust income and gains	769,044	805,465
Property transaction losses	(112,296)	(534,816)
Trust expenses		
Administrative expenses	7,483	5,660
Interest expenses	-	16,320
Service fee	15	17
Other expenses	2,678	4,920
Total trust expenses	10,176	26,917
Net income	$ 646,572	$ 243,732

The above income from trust operations were excluded from KGI Bank's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Bank deposits	$ 383,851	$ 310,897	$ 705,771
Short-term investments			
Funds	28,260,889	29,104,043	28,972,683
Bonds	1,389,574	1,468,806	1,375,464
Common shares	77,300	78,300	80,900
Structured notes	93,766	93,766	212,677
ETF	111,164	115,292	127,418
Financial assets at FVTPL	1,941,305	2,660,355	3,484,380
Financial assets measured at cost	7,650	687,150	1,401,426
Real estate, net	417,202	417,202	797,943
Intangible assets - surface right	984,534	984,534	984,534
Payment for others	-	-	1,166,795
Securities under custody	5,139,474	1,909,451	-
Other assets	22,745	26,191	48,544
Total	$ 38,829,454	$ 37,855,987	$ 39,358,535

b. The balance sheets and income statements of the trust accounts and trust property accounts of KGI Securities were as follows:

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	March 31, 2017	December 31, 2016	March 31, 2016	Trust Liabilities	March 31, 2017	December 31, 2016	March 31, 2016
Bank deposits	$ 4,187,445	$ 809,142	$ 724,924	Payables	$ 3,237,493	$ 16,097	$ 6,060
Financial assets	28,327,273	22,988,241	21,621,538	Trust capital	28,468,552	23,786,620	22,426,750
Receivables	97,786	72,988	50,672	Reserves and retained earnings	906,459	67,654	(35,676)
Total	$ 32,612,504	$ 23,870,371	$ 22,397,134	Total	$ 32,612,504	$ 23,870,371	$ 22,397,134

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2017	**2016**
Trust income	$ 1,768,957	$ 1,341,317
Trust expenses	(2,132,854)	(2,311,797)
Income before income tax	$ (363,897)	$ (970,480)

The above income from trust operations were excluded from KGI Securities' income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31, 2017	December 31, 2016	March 31, 2016
Bank deposits	$ 4,187,445	$ 809,142	$ 724,924
Stocks	13,493,839	13,755,119	14,564,157
Funds	14,762,726	9,227,067	7,010,300
Structured notes	70,708	6,055	47,081
Receivables	97,786	72,988	50,672
	$ 32,612,504	$ 23,870,371	$ 22,397,134

56. DISCLOSURE REQUIRED UNDER ARTICLE 46 OF THE FINANCIAL HOLDING COMPANY ACT

Please refer to Table 7 (attached).

57. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF GROUP

Please refer to Table 8 (attached).

58. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCES SHARING IN THE GROUP

For the resources sharing in the Group, please refer to Note 47 to the consolidated financial statements.

59. CONTINGENCIES AND COMMITMENT, DISASTROUS DAMAGES AND SUBSEQUENT EVENTS OF SUBSIDIARIES

Please refer to Note 49 to the consolidated financial statements. Information on disaster damages: None.

60. SUBSIDIARIES' ASSET QUALITY, MANAGEMENT, PROFITABILITY, LIQUIDITY AND SENSITIVITY TO MARKET RISK

Please refer to Notes 51 and 53 to the consolidated financial statements.

61. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case of its clients fail to fulfill the contracts in the futures transactions with the features of low financial leverage nature and unpredictable market fluctuation. If the dealing business fails to maintain the amount of margin, the open contracts may be closed. Thus, the margin may be lost entirely and may require further payment of deficiency.

62. FINANCIAL RATIOS OF FUTURES-DEALING SUBSIDIARY

The following financial ratios of KGI Securities' futures department and KGI Futures Corp. in compliance with the requirements of the Rules Governing Futures Commission Merchants.

a. KGI Securities' futures department

Rule No.	Formula	March 31, 2017 Formula	March 31, 2017 %	December 31, 2016 Formula	December 31, 2016 %	March 31, 2016 Formula	March 31, 2016 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	\$1,808,390 / \$577,511	=3.13	\$1,784,471 / \$394,084	=4.53	\$1,954,254 / \$436,495	=4.48	≧1	Yes
17	Current assets / Current liabilities	\$2,341,524 / \$339,866	=6.89	\$2,133,932 / \$166,579	=12.81	\$2,344,852 / \$252,714	=9.28	≧1	Yes
22	Equities / Capital stock	\$1,808,390 / \$400,000	=452.10%	\$1,784,471 / \$400,000	=446.12%	\$1,954,254 / \$400,000	=488.56%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	\$1,322,595 / \$281,803	=469.33%	\$1,322,873 / \$281,618	=469.74%	\$1,399,395 / \$313,801	=445.95%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	March 31, 2017 Formula	%	December 31, 2016 Formula	%	March 31, 2016 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,787,847 / $260,608	=10.70	$2,735,161 / $298,763	=9.15	$2,768,441 / $352,184	=7.86	≧1	Yes
17	Current assets / Current liabilities	$23,633,151 / $21,451,612	=1.10	$22,820,898 / $20,694,894	=1.10	$22,392,790 / $20,238,283	=1.11	≧1	Yes
22	Equities / Capital stock	$2,787,847 / $760,000	=366.82%	$2,735,161 / $760,000	=359.89%	$2,768,441 / $760,000	=364.27%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$2,559,825 / $3,524,465	=72.63%	$2,338,562 / $3,376,756	=69.25%	$2,356,731 / $4,529,806	=52.03%	≧20% ≧15%	Yes

63. ACCOUNT RECLASSIFICATION

KGI Securities did not intend to sell the following financial assets held for trading within the short term because of economic instability and deterioration of the world's financial markets in 2008. Thus, under the newly amended Statement of Financial Accounting Standards No. 34 - "Financial Instruments: Recognition and Measurement," KGI Securities reclassified its financial assets held-for-trading financial assets to available-for-sale financial assets. The fair values at the reclassification date were as follows:

	Before Reclassification	After Reclassification
KGI Securities		
Financial assets at FVTPL - held for trading	$ 3,831,236	$ -
Available-for-sale financial assets	-	3,831,236
	$ 3,831,236	$ 3,831,236

The carrying amounts and fair values of the reclassified financial assets as of March 31, 2017, December 31, 2016 and March 31, 2016 were as follows:

	March 31, 2017		December 31, 2016		March 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
KGI Securities and subsidiaries						
Available-for-sale financial assets	$ 5,129,748	$ 5,129,748	$ 5,363,359	$ 5,363,359	$ 4,346,809	$ 4,346,809

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before March 31, 2017 and 2016) for the three months ended March 31, 2017 and 2016 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Three Months Ended March 31			
	2017		2016	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Gains
KGI Securities and subsidiaries				
Available-for-sale financial assets	$ -	$ (233,611)	$ -	$ (12,060)

64. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required for the Group:

1) Financing provided: Not applicable to the Corporation and KGI Bank. For other subsidiaries' information: Please refer to Table 1 (attached).

2) Collaterals/guarantees provided: Not applicable to the Corporation and KGI Bank. For other subsidiaries' information: Please refer to Table 2 (attached).

3) Marketable securities held: Not applicable to the Corporation, KGI Bank, and KGI Securities and subsidiaries. For other subsidiaries' information: Please refer to Table 3 (attached).

4) Subsidiaries were acquired and disposed of, at cost or price of at least NT$300 million or 10% of the issued capital (subsidiaries acquired and disposed of marketable securities, at cost or price of at least NT$300 million or 10% of the issued capital): For the KGI Bank and subsidiaries' information: None. Not applicable to KGI Securities and subsidiaries. For the Corporation, CDIB Capital Group and other subsidiaries' information: Please refer to Table 4 (attached).

5) Acquisition of individual real estate at cost of at least NT$300 million or 10% of the issued capital: For the Group's information: None.

6) Disposal of individual real estate at price of at least NT$300 million or 10% of the issued capital: For the Group's information: None.

7) Discount on service fees received from related parties amounting to NT$5 million: For the Group's information: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 47 and Table 5 (attached).

9) Sold nonperforming loans: None.

10) For related information on the subsidiaries' securitization products approved under the Regulation on Financial Asset Securitization: None.

11) Other significant transactions which may affect the decisions of financial statement users: None.

12) The information of investees: None.

13) Derivative transactions of the Group: Please refer to Notes 8, 52 and 53 to the consolidated financial statements.

c. Subsidiaries investment in Mainland China: Please refer to Table 9 (attached).

d. Business relationships and significant transactions among the Group: Please refer to Table 10 (attached).

65. SEGMENT INFORMATION

The reportable segments of the Corporation are Commercial banking, Securities and Venture Fund. Under the Banking Act of the Republic of China and relevant regulations, Commercial banking engaged in consumer banking, corporate banking and global market and financial institution. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. Venture Capital engaged in investment business directly.

The accounting policies of the operating segments are the same as the Corporation's accounting policies described in Note 4. The Corporation uses income after tax as the measurement for segment profit and the basis of performance assessment. The net profit, income before income tax, assets and liabilities are composed of revenues and expenses directly attributable to an operating segment.

Following is an analysis of the Group's operating revenue and results by reportable segment:

	Commercial Banking	Securities	Venture Fund	Other	Total
For the three months ended March 31, 2017					
Interest profit (loss), net	$ 1,435,828	$ 457,302	$ 26,301	$ (114,213)	$ 1,805,218
Noninterest profit, net	1,132,407	2,618,022	1,238,768	7,082	4,996,279
Net profit (loss)	2,568,235	3,075,324	1,265,069	(107,131)	6,801,497
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(138,449)	45,452	-	4,488	(88,509)
Operating expenses	(1,346,685)	(2,637,538)	(293,416)	(338,826)	(4,616,465)
Income (loss) before income tax	1,083,101	483,238	971,653	(441,469)	2,096,523
Income tax benefit (expense)	(119,224)	(100,909)	(150,307)	120,695	(249,745)
Net income (loss)	$ 963,877	$ 382,329	$ 821,346	$ (320,774)	$ 1,846,778
For the three months ended March 31, 2016					
Interest profit (loss), net	$ 1,408,208	$ 437,396	$ 12,691	$ (151,469)	$ 1,706,826
Noninterest profit (loss), net	1,025,122	2,786,582	789,766	(4,068)	4,597,402
Net profit (loss)	2,433,330	3,223,978	802,457	(155,537)	6,304,228
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	31,527	(368,492)	6,779	-	(330,186)
Operating expenses	(1,381,839)	(2,688,056)	(290,408)	(345,458)	(4,705,761)
Income (loss) before income tax	1,083,018	167,430	518,828	(500,995)	1,268,281
Income tax benefit (expense)	(28,455)	(103,761)	(4,358)	23,591	(112,983)
Net income (loss)	$ 1,054,563	$ 63,669	$ 514,470	$ (477,404)	$ 1,155,298

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counter-party	Financial Statement Account	Related-party	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Interest Rate	Nature of Financing Provided	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financial Limit for Each Borrowing Company	Limit on Financier's Total Financing
													Item	Value		
1	Richpoint Company Limited	KG Investments Holdings Limited	Receivables, net	Yes	$ 3,640,320	$ 3,640,320	$ -	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 13,995,886 (Note 1)	$ 13,995,886 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	5,157,120	5,157,120	3,640,320	Floating	Short-term financing	-	Working capital	-	-	-	13,995,886	
		KGI Investment Advisory (Shanghai) Company Limited	Receivables, net	Yes	24,269	-	-	Floating	Short-term financing	-	Working capital	-	-	-	13,995,886	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,516,800	1,516,800	-	Floating	Short-term financing	-	Working capital	-	-	-	14,999,059 (Note 2)	14,999,059 (Note 2)
		PT KGI Sekuritas Indonesia	Receivables, net	Yes	758,400	758,400	485,376	Floating	Short-term financing	-	Working capital	-	-	-	14,999,059	
3	KGI International Finance Limited	PT KGI Sekuritas Indonesia	Receivables, net	Yes	60,672	60,672	60,672	Floating	Short-term financing	-	Working capital	-	-	-	176,738 (Note 3)	176,738 (Note 3)

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: KGI International Finance Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 4: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Collaterals/Guarantee Provider	Counter-party		Limits on Each Counter-party's Collateral/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Actual Amount Drawn Down	Carrying Value (as of Balance Sheet Date) of Properties Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Asset Value of the Latest Financial Statement	Maximum Collateral/ Guarantee Amounts Allowable	Provision of Endorsements by Parent Company to Subsidiary	Provision of Endorsements by Subsidiary to Parent Company	Provision of Endorsements to the Company in Mainland China
		Name	Nature of Relationship										
1	KGI Securities	KGI Securities (Singapore) Pte. Ltd. (formerly KGI Fraser Securities Pte. Ltd.)	Note 1	$ 5,955,622	$ 1,086,000	$ 1,086,000	$ 1,086,000	$ -	1.82%	$ 23,822,487 (Note 2)	No	No	No
		KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.)	Note 1	5,955,622	1,086,000	1,086,000	1,086,000	-	1.82%		No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	14,999,059	1,860,617	1,482,596	65,196	-	9.88%	14,999,059 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	14,999,059	3,094,272	2,548,224	405,865	-	16.99%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	14,999,059	197,184	197,184	-	-	1.31%		No	No	No
		KGI Finance Limited	Note 1	14,999,059	130,445	130,445	-	-	0.87%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	14,999,059	1,880,832	1,880,832	-	-	12.54%		No	No	No
		KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.)	Note 1	14,999,059	606,720	606,720	-	-	4.05%		No	No	No
		KGI Asia (Holdings) Pte. Ltd.	Note 1	14,999,059	977,390	977,390	977,390	-	6.52%		No	No	No
3	KGI Investments Holdings Limited	PT KGI Sekuritas Indonesia	Note 1	11,399,553	91,008	91,008	30,336	-	0.80%	11,399,553 (Note 4)	No	No	No
4	KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.)	PT KGI Sekuritas Indonesia	Note 1	850,288	91,008	91,008	-	-	10.70%	850,288 (Note 5)	No	No	No
5	CDIB Management Consulting Corporation	CDIB International Leasing Corp.	Note 1	5,451,540	2,156,235	2,156,235	970,752	-	197.76%	5,451,540 (Note 6)	No	No	Yes

Note 1: The Group owns directly or indirectly over 50% ownership of the investee company.

Note 2: The limit of maximum guarantee provided by KGI Securities is based on "Corporate Endorsement, Guarantee Making Guideline". For each company, the amount of guarantee should not exceed 10% of the guarantee provider's net asset value. The total amount available for collaterals or guarantee should not exceed 40% of the guarantee provider's net asset value.

Note 3: The limit of maximum guarantee provided by KGI International Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 4: The limit of maximum guarantee provided by KGI Investments Holdings Limited is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 5: The limit of maximum guarantee provided by KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.) is based on the "Corporate Endorsement, Guarantee Making Guideline". For each and all company, the amount of guarantee provided should not exceed the guarantee provider's net asset value.

Note 6: CDIB Management Consulting Corporation: The total amount of guarantee provided should not exceed 5 times of the Company's net asset value of the latest financial report.

Note 7: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Group	China Metal Products Co., Ltd.	-	Available-for-sale financial assets	12,381,003	$ 384,430	3.21	$ 384,430	
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	1,400,248	187,633	0.86	187,633	
	ATEN International Co., Ltd.	-	Available-for-sale financial assets	1,541,211	131,774	1.29	131,774	
	Qisda Corporation	-	Available-for-sale financial assets	149,470,816	2,630,686	7.60	2,630,686	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	3,712,596	72,210	3.60	72,210	
	Innolux Corporation	-	Available-for-sale financial assets	8,332,740	104,576	0.08	104,576	
	Darfon Electronics Corp.	-	Available-for-sale financial assets	986,000	23,664	0.35	23,664	
	Chipbond Technology Corporation	-	Available-for-sale financial assets	7,971,229	386,605	1.23	386,605	
	Chime Ball Technology Co., Ltd.	-	Available-for-sale financial assets	522,637	27,125	1.29	27,125	
	Copartner Technology Corporation	-	Available-for-sale financial assets	11,024,340	200,643	12.97	200,643	
	King Yuan Electronics Co., Ltd.	-	Available-for-sale financial assets	6,677,695	186,975	0.57	186,975	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	2,281,387	26,692	3.64	26,692	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	9,449,006	89,104	3.36	89,104	
	Transcend Information, Inc.	-	Available-for-sale financial assets	454,000	45,128	0.11	45,128	
	Formosa Taffeta Co., Ltd.,	-	Available-for-sale financial assets	2,017,000	52,240	0.46	52,240	
	Green Energy Technology Inc.	-	Available-for-sale financial assets	371,561	6,502	0.09	6,502	
	Aspeed Technology Inc.	-	Available-for-sale financial assets	134,276	76,537	0.40	76,537	
	Solartech Energy Corp.	-	Available-for-sale financial assets	7,857,266	110,787	2.12	110,787	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	10,337,424	157,646	1.02	157,646	
	FocalTech Systems Co., Ltd.	-	Available-for-sale financial assets	3,568,061	144,328	1.20	144,328	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	11,040,065	194,305	2.04	194,305	
	Globalwafers. Co., Ltd.	-	Available-for-sale financial assets	2,918,072	662,402	0.79	662,402	
	Gallant Precision Machining Co., Ltd.	-	Available-for-sale financial assets	8,709,358	234,717	5.27	234,717	
	De Poan Pneumatic Corp.	-	Available-for-sale financial assets	2,093,000	28,988	4.06	28,988	
	Kuangli Photoelectric Technology Co., Ltd.	-	Available-for-sale financial assets	5,224,326	45,817	11.45	45,817	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	3,423,956	166,404	0.59	166,404	
	Sunko Ink Co., Ltd.	-	Available-for-sale financial assets	11,470,788	180,665	5.16	180,665	
	Taiwan Hon Chuan Enterprise Co., Ltd.	-	Available-for-sale financial assets	740,086	43,517	0.25	43,517	
	China Development Financial Holding Corp.	Parent	Available-for-sale financial assets	20,646,142	171,982	0.14	171,982	
	EPISTAR Corporation	-	Available-for-sale financial assets	2,442,607	78,041	0.22	78,041	
	Magnate Technology Co., Ltd.	-	Available-for-sale financial assets	311,000	8,444	0.57	8,444	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	728,000	34,434	1.15	34,434	
	Utechzone Co., Ltd.	-	Available-for-sale financial assets	2,778,496	156,429	4.54	156,429	
	Donpon Precision Inc.	-	Available-for-sale financial assets	6,793,493	111,074	6.82	111,074	
	ADDA Corp.	-	Available-for-sale financial assets	5,462,124	78,655	3.74	78,655	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	1,492,910	40,458	0.94	40,458	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	1,233,000	98,640	2.58	98,640	
	Super Dragon Technology Co., Ltd.	-	Available-for-sale financial assets	303,512	4,871	0.29	4,871	
	Aces Electronics Co., Ltd.	-	Available-for-sale financial assets	1,134,483	29,326	0.92	29,326	
	Coland Holdings Limited	-	Available-for-sale financial assets	561,402	25,516	0.72	25,516	
	CSC Steel Holdings BHD	-	Available-for-sale financial assets	8,769,600	107,015	2.35	107,015	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	3,675,000	53,748	0.36	53,748	
	Entery Industrial Co., Ltd.	-	Available-for-sale financial assets	8,364,000	21,027	13.60	21,027	
	Belta (Cayman) Holding Limited	-	Debt instruments with no active markets	11,959,916	358,439	-	236,599	
	Taiwan Stock Exchange	-	Financial assets measured at cost	47,419,429	8,400	7.00	3,443,069	
	Logitech Inc.	-	Financial assets measured at cost	2,965,248	23,862	10.69	29,847	
	Solar Fine Chemical Co., Ltd.	-	Financial assets measured at cost	4,828,064	61,960	10.83	54,365	
	Gold Peak Industries (Taiwan) Ltd.	-	Financial assets measured at cost	30,616,980	173,341	15.04	27,546	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	4,225,979	120,761	6.04	84,773	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Group	National Glory Development Corp.	-	Financial assets measured at cost	646,884	$ 4,993	6.47	$ 6,737	
	TopGreen Technology Co., Ltd.	-	Financial assets measured at cost	814,377	22,500	1.70	12,607	
	Everest Display Inc.	-	Financial assets measured at cost	408,760	4,297	2.49	2,836	
	Insrea Game Center Corporation	-	Financial assets measured at cost	3,000,000	8,610	17.65	3,049	
	Hair O'right International Corp.	-	Financial assets measured at cost	1,835,837	89,120	9.02	22,002	
	DaBomb Protein Corp.	-	Financial assets measured at cost	3,128,160	83,032	12.86	109,517	
	Initio Corporation	-	Financial assets measured at cost	490,725	3,599	2.72	(3,077)	
	Power Venture Co.	-	Financial assets measured at cost	769,597	7,696	5.68	7,166	
	Taiwan Futures Exchange	-	Financial assets measured at cost	1,568,249	10,250	0.51	97,686	
	Ori Vita Bio Application Inc.	-	Financial assets measured at cost	858,690	8,587	0.42	4,460	
	Echem Hightech Co., Ltd.	-	Financial assets measured at cost	2,047,913	27,720	11.69	26,567	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	4,000,000	42,000	9.91	31,038	
	E-one Moli Energy Corp.	-	Financial assets measured at cost	6,035,000	105,234	2.40	10,234	
	Jouge Technology Co., Ltd.	-	Financial assets measured at cost	1,568,700	32,625	9.68	18,098	
	HealthStream Taiwan Inc.	-	Financial assets measured at cost	4,774,523	59,980	13.96	56,798	
	Subtron Technology Co., Ltd.	-	Financial assets measured at cost	12,316,000	193,819	4.31	93,602	
	Orgchem Technologies, Inc.	-	Financial assets measured at cost	1,067,220	49,000	1.86	18,162	
	General Life Biotechnology Co., Ltd.	-	Financial assets measured at cost	2,520,000	54,000	8.40	21,634	
	Mec Imex Inc.	-	Financial assets measured at cost	4,802,000	107,853	10.52	89,635	
	Nytex Composite Co., Ltd.	-	Financial assets measured at cost	233,322	2,636	0.29	3,278	
	Chain Yarn Corporation	-	Financial assets measured at cost	15,828,324	222,642	10.30	130,584	
	Yieh United Steel Corp.	-	Financial assets measured at cost	12,369,622	101,073	0.47	80,774	
	Hua-jie (Taiwan) Corp.	-	Financial assets measured at cost	1,300,403	13,395	6.45	14,969	
	AMIA Co.	-	Financial assets measured at cost	6,000,000	210,000	9.54	133,980	
	Up Scientech Materials Corp.	-	Financial assets measured at cost	4,651,344	252,200	6.85	121,420	
	PlexBio Co., Ltd.	-	Financial assets measured at cost	3,526,000	88,150	6.93	94,849	
	Riselink Restructuring Fund Corporation	-	Financial assets measured at cost	8,015,792	80,158	12.50	88,828	
	5V Technologies, Ltd.	-	Financial assets measured at cost	159,435	10,172	0.99	(171)	
	Elit Fine Ceramics Co., Ltd.	-	Financial assets measured at cost	5,000,000	48,000	10.64	15,889	
	Top Green Energy Technologies, Inc.	-	Financial assets measured at cost	16,240,740	292,333	12.99	8,908	
	Aptos Technology	-	Financial assets measured at cost	10,620,446	319,933	7.38	67,989	
	Lager Network Technologies Inc.	-	Financial assets measured at cost	1,500,000	30,000	5.00	197	
	Sunshine PV Corp.	-	Financial assets measured at cost	3,187,128	31,871	4.67	19,913	
	Eversol Corporation	-	Financial assets measured at cost	7,015,000	1,403	2.50	1,138	
	Awise Fiber Technology Co., Ltd.	-	Financial assets measured at cost	3,500,000	43,750	18.15	6,672	
	Biodenta Corporation	-	Financial assets measured at cost	1,500,000	3,750	3.58	309	
	Orient Pharma Co., Ltd.	-	Financial assets measured at cost	2,857,800	55,307	2.20	72,017	
	Wai-Gin Industrial Co., Ltd.	-	Financial assets measured at cost	1,170,000	11,106	3.44	10,871	
	ARCOA Communication Co., Ltd.	-	Financial assets measured at cost	7,567,424	101,207	5.64	99,795	
	Eastern Electronic Co., Ltd.	-	Financial assets measured at cost	4,348,680	46,598	6.47	60,709	
	HCT Logistics Co., Ltd.	-	Financial assets measured at cost	4,920,876	113,705	1.97	230,590	
	Topview Optronics Corp.	-	Financial assets measured at cost	1,569,000	40,346	7.47	95,411	
	Vita Genomics, Inc.	-	Financial assets measured at cost	141,310	1,413	0.13	1,456	
	Foresee Pharmaceuticals Co., Ltd.	-	Financial assets measured at cost	3,415,867	148,185	4.74	226,404	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	2,118,764	41,289	6.27	5,660	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	4,746,720	145,462	5.83	64,888	
	Kaohsiung Rapid Transit Corporation.	-	Financial assets measured at cost	3,845,330	39,703	1.38	40,864	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	5,455,881	191,968	7.77	57,394	
	Nan Pao Resins Chemical Co., Ltd.	-	Financial assets measured at cost	1,267,875	105,000	1.23	83,374	
	DragonJet Corporation	-	Financial assets measured at cost	4,300,000	178,450	4.77	83,996	
	Vactronics Technologies Inc.	-	Financial assets measured at cost	2,375,533	48,060	5.46	29,770	
	Chipsip Technology Co., Ltd.	-	Financial assets measured at cost	1,915,288	7,853	4.56	3,917	
	Terawins, Inc.	-	Financial assets measured at cost	1,913,996	27,173	6.30	27,017	
	Feature Integration Technology Inc.	-	Financial assets measured at cost	1,341,803	52,585	4.03	18,758	
	Mosart Semiconductor Corp.	-	Financial assets measured at cost	2,731,098	60,056	10.57	28,307	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	5,376,341	97,940	10.43	33,577	
	Luxtaltek Corporation	-	Financial assets measured at cost	1,535,188	27,093	2.47	8,914	
	Overseas Investment & Development Corp.	-	Financial assets measured at cost	2,600,000	26,000	2.89	26,961	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Group	Microprogram Co., Ltd.	-	Financial assets measured at cost	2,550,000	$ 68,000	7.95	$ 34,825	
	Lefram Technology Corporation	-	Financial assets measured at cost	7,484,454	54,757	17.48	46,404	
	Motive Power Industry Co., Ltd.	-	Financial assets measured at cost	10,000,000	141,000	10.00	179,716	
	Core Pacific City Co., Ltd.	-	Financial assets measured at cost	11,250,000	70,313	0.70	58,232	
	TAK Technology Co., Ltd.	-	Financial assets measured at cost	2,467,706	2,665	4.14	14,743	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	6,915,749	65,402	10.35	68,545	
	Engineering & IP Advanced Technologies Ltd.	-	Financial assets measured at cost	4,216	2	0.00	15	
	Gloria Solar International Holding, Inc.	-	Financial assets measured at cost	4,000,000	17,920	3.43	(13,405)	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	147,856	4.81	133,555	
	JHL. Biotech, Inc.	-	Financial assets measured at cost	8,382,844	144,842	3.82	595,182	
	Java Fund	-	Financial assets measured at cost	2,111	6	11.34	1,715	
	Easten Power and Electric Company Limited	-	Financial assets measured at cost	3,201,019	295,572	12.00	353,944	
	Beauty Essentials International Ltd.	-	Financial assets measured at cost	86,503,067	179,045	8.79	216,452	
	Engineering & IP Advanced Technologies Ltd.	-	Financial assets measured at cost	6,392,765	2,354	0.35	23,024	
	Lightel Technologies, Inc.	-	Financial assets measured at cost	3,000,000	89,700	43.44	65,897	
	Apexigen, Inc.	-	Financial assets measured at cost	4,970,588	75,847	9.59	159,075	
	JHL Biotech, Inc.	-	Financial assets measured at cost	2,109,081	66,189	7.43	-	
	Leyou, Inc.	-	Financial assets measured at cost	663,958,732	450,150	75.00	103,359	
	CommLaunch	-	Financial assets measured at cost	-	40,092	-	86,893	
	Platinum Venture Capital L.P.	-	Financial assets measured at cost	-	6,492	-	6,781	
	ARCH Venture Fund V, L.P.	-	Financial assets measured at cost	-	26,640	-	7,016	
	Forward Ventures IV, L.P.	-	Financial assets measured at cost	-	15,719	-	7,016	
	Forward Venture V	-	Financial assets measured at cost	-	64,388	-	38,530	
	MPM Bioventures III L.P.	-	Financial assets measured at cost	-	63,643	-	20,724	
	Sanderling	-	Financial assets measured at cost	-	32,535	-	14,702	
	CA-HIRE CO-INVESTMENT, L.P.- Coates Hire Funding	-	Financial assets measured at cost	-	135,062	-	63,283	
	Samara Capital Partners Fund I Limited	-	Financial assets measured at cost	-	199,658	-	155,488	
	THL Equity Fund Vi Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	228,510	-	207,754	
	CDIB Capital Management Inc.	Subsidiary	Investments accounted for using the equity method	33,093,889	641,435	100.00	641,435	
	CDIB & Partners Investment Holding Corporation	Associate	Investments accounted for using the equity method	313,200,000	4,473,123	28.71	4,473,123	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	58,200,000	549,106	38.80	549,106	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	58,250,000	565,960	33.29	565,960	
	CDIB Venture Capital Corporation	Subsidiary	Investments accounted for using the equity method	1,022,790,915	9,959,361	100.00	9,959,361	
	CDIB Bio Science Ventures I, Inc.	Associate	Investments accounted for using the equity method	5,351,939	53,399	20.00	53,399	
	CDIB Bioscience Venture Management (BVI), Inc.	Associate	Investments accounted for using the equity method	112,500	4,104	28.04	4,104	
	CDIB Capital Innovation Accelerator Ltd.	Associate	Investments accounted for using the equity method	15,000,000	149,795	40.00	149,795	
	CDIB Capital Investment II Limited	Subsidiary	Investments accounted for using the equity method	45,000,000	1,336,294	100.00	1,336,294	
	CDIB Global Markets Limited	Subsidiary	Investments accounted for using the equity method	339,392	6,575,621	100.00	6,575,621	
	CDIB Capital Investment I Limited	Subsidiary	Investments accounted for using the equity method	132,800,000	5,841,160	100.00	5,841,160	
	CDIB Capital International Corporation	Subsidiary	Investments accounted for using the equity method	4,700,000	628,829	100.00	628,829	
CDIB Capital Management Inc.	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	88,440	0.41	88,440	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	5,614	0.05	5,614	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	3,875	0.19	3,875	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	101,240	2,928	0.14	2,928	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	24,000	0.63	24,000	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	(585)	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	10,326	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	629	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	4,647	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,080,883	10,222	1.62	10,713	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	770	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	249,341	100.00	249,341	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	1,500,000	14,152	1.00	14,152	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	1,750,000	17,003	1.00	17,003	
	CDIB Innovation Advisors Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	11,409	60.00	11,409	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 46,113	100.00	HK$ 46,113	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 3,602	27.08	HK$ 3,602	
	CPEC Huachung Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method		HK$ 7,847	56.00	HK$ 7,847	
CDIB Private Equity Management Corporation	Stocks							
	CPEC Huachuang Private Equity (Kunshan) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	RMB 7,341	65.00	RMB 7,341	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	RMB 16,450	70.00	RMB 16,450	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Stocks							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 6,872	58.33	RMB 6,872	
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Fund							
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 6,939	-	RMB 6,939	
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund							
	CPEC Huachung Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 7,262	-	RMB 7,262	
CDIB Venture Capital Corporation	Stocks							
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	195,245	1.91	195,245	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	144,281	3.63	144,281	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	18,300	0.75	18,300	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	3,215,158	37,617	5.12	37,617	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	30,979	1.17	30,979	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	2,590	0.02	2,590	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	3,228,366	157,060	0.86	157,060	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,215,328	69,181	1.41	69,181	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	4,555,307	68,550	0.44	68,550	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	45,902	0.48	45,902	
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	33,620	0.76	33,620	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	613,462	52,635	0.34	52,635	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	23,976	5.68	23,976	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	17,318	0.37	17,318	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	223,663	8,231	0.30	8,231	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	68,113	1.58	68,113	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	73,683	2.31	73,683	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	555,000	8,159	1.46	8,159	
	FocalTech Corporation, Ltd.	-	Available-for-sale financial assets	495,352	20,037	0.17	20,037	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	126,096	0.45	126,096	
	Enterex International Limited	-	Available-for-sale financial assets	1,751,000	91,928	1.74	91,928	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	2,835,000	5,727	1.48	5,727	
	HIM International Music Inc.	-	Available-for-sale financial assets	906,960	112,463	2.12	112,463	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	8,893	0.04	8,893	
	Andes Technologies Co., Ltd.	-	Available-for-sale financial assets	945,296	89,974	1.34	89,974	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	202,480	15,282	0.29	15,282	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Available-for-sale financial assets	767,000	18,868	2.07	18,868	
	Shane Global Holding Inc.	-	Available-for-sale financial assets	1,715,700	144,545	1.72	144,545	
	Dyaco Co., Ltd.	-	Available-for-sale financial assets	5,575,500	231,383	6.00	231,383	
	Interactive Digital Technologies Inc.	-	Available-for-sale financial assets	2,767,000	142,501	5.99	142,501	
	4Gamers Entertainment Inc.	-	Available-for-sale financial assets	24,000	12,134	20.00	12,134	
	Achieve Made International Ltd.	-	Available-for-sale financial assets	168,138	12,134	6.67	12,134	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,408,659	35,751	2.01	28,258	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	3,880	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	6,960	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Venture Capital Corporation	Top Green Technologies Inc	-	Financial assets measured at cost	1,111,111	$ 16,667	0.89	$ 6,481	
	Biodenta Corporation	-	Financial assets measured at cost	1,299,999	32,500	3.10	267	
	M2Communication, Inc.	-	Financial assets measured at cost	6,477,527	96,810	16.73	32,444	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.57	50,921	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	9.97	73,659	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	723	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	133,555	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	72,245	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	108,946	19.47	87,348	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	68,510	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	32,309	
	DL-tek Co., Ltd.	-	Financial assets measured at cost	3,772,331	51,100	1.03	44,564	
	Cvie Therapeutics Limited	-	Financial assets measured at cost	846,351	40,262	4.15	(2,535)	
	Zentera Systems, Inc. - preferred stock	-	Financial assets measured at cost	1,324,503	61,900	39.35	9,182	(Note 4)
	Greenvines Biotech Co., Ltd.	-	Financial assets measured at cost	136,363	12,000	13.11	4,158	
	AMPAK Technology Inc.	-	Financial assets measured at cost	1,208,650	24,795	1.44	18,855	
	Azotek Co., Ltd.	-	Financial assets measured at cost	824,500	27,645	1.65	9,788	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	1,500,000	33,000	4.22	8,609	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	1,684	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,920,000	6,720	5.50	11,050	
	CBA Sports International Ltd.	-	Financial assets measured at cost	514,821	78,046	0.69	95,827	
	Chipsip Technology Co., Ltd.	-	Financial assets measured at cost	428,928	1,759	1.02	877	
	Derbysoft Holdings Limited-preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	45.78	58,717	(Note 4)
	Derbysoft Holdings Limited-preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	9,737	(Note 4)
	Cvie Therapeutics Company Limited	-	Financial assets measured at cost	560,000	21,708	4.15	10,797	
	Regal Holding Co., Ltd.	-	Financial assets measured at cost	2,200,000	182,600	6.49	233,222	
	Handa Pharmaceuticals Inc.	-	Financial assets measured at cost	2,850,000	91,200	2.73	292,125	
	Sum Max Tech. Limited	-	Financial assets measured at cost	2,340,000	108,000	14.52	230,935	
	iCHEF Co., Ltd. - preferred stock	-	Financial assets measured at cost	11,167,513	73,874	40.74	5,114	(Note 4)
	FUNP Co., Ltd. - preferred stock	-	Financial assets measured at cost	400,000	48,283	20.00	54,596	(Note 4)
	Fiiser Inc. - preferred stock	-	Financial assets measured at cost	878,029	48,585	100.00	5,466	(Note 4)
	Viscovery (Cayman) Holding Company Limited - preferred stock	-	Financial assets at fair value through profit or loss	304,878	15,168	2.46	15,168	(Note 4)
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	870,000,000	3,181,213	100.00	3,181,213	
	Option							
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	142,819	-	447,195	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	148,607	-	148,607	
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 281,198	-	HK$ 281,198	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 229,929	-	HK$ 229,929	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Stocks							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 2,482	20.00	RMB 2,482	
CDIB Capital Investment I Limited	Stocks							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 80	100.00	US$ 80	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 4,282	4.74	US$ 4,282	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	24,298,000	US$ 798	1.59	US$ 798	
	CCAP Best Logistics Holdings Limited	-	Available-for-sale financial assets	1,000	US$ 4,701	11.11	US$ 4,701	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 4,317	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 17,267	(Note 4)

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Investment I Limited	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 807	(Note 4)
	Touch Media International Holdings - preferred stock - B	-	Financial assets measured at cost	8,097,973	US$ 906	60.44	US$ 37	(Note 4)
	Rock Mobile (Cayman) Co. - preferred stock - C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 187	(Note 4)
	Chewy, Inc.	-	Financial assets measured at cost	12,368	US$ 11,699	2.17	US$ 968	
	Fund							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 84,902	-	US$ 84,902	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,231	-	US$ 1,316	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 540	-	US$ 9,529	
	MSD Sports Partners, L.P.	-	Financial assets measured at cost	-	US$ 8,060	-	US$ 8,060	
	Option							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 1,785	-	US$ 12,601	
	Mestay Cayman Islands Limited	-	Financial assets at fair value through profit or loss	-	US$ 304	-	US$ 304	
	Convertible (exchangeable) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 4,368	-	US$ 4,083	
	Mestay Cayman Islands Limited	-	Debt instruments with no active markets	-	US$ 4,696	-	US$ 4,696	
	Corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,398	-	US$ 6,610	
Subicvest, Inc.	Stocks							
	SPEC Protertices, Inc.	-	Financial assets measured at cost	242,683	PHP 2,590	3.44	PHP 2,590	
CDIB Capital Investment II Limited	Stocks							
	Neo-neon Holdings Ltd.	-	Available-for-sale financial assets	14,000,000	US$ 1,838	0.66	US$ 1,838	
	Great Rich Technologies Limited	-	Available-for-sale financial assets	1,660,000	US$ 5,797	2.46	US$ 5,797	
	Indostar Capital	-	Financial assets measured at cost	992,674	US$ 9,927	4.53	US$ 11,172	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	992,332	US$ 9,923	9.37	US$ 23,098	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 3,123	
	Option							
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 14,573	
	Fund							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 4,232	-	US$ 6,535	
CDIB Global Markets Limited	Stocks							
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ (1)	
	Sonics, Inc. - preferred stock-B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ (10)	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 12	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 7	(Note 4)
	Optoplex Corporation - preferred stock-A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 2	(Note 4)
	Optoplex Corporation - preferred stock-B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 5	(Note 4)
	Optoplex Corporation - common stock	-	Financial assets measured at cost	55	US$ -	-	US$ -	
	GoPro Inc.	-	Available-for-sale financial assets	51,878	US$ 449	0.04	US$ 449	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	934	US$ 19,980	44.73	US$ 33,592	(Note 4)
	Fund							
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,525	-	US$ 4,608	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 3,523	-	US$ 3,424	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 7,475	-	US$ 6,807	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 3,119	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,849	-	US$ 7,621	
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 6,298	-	US$ 6,396	
	GS TDN Investors Offshore, L.P.	-	Financial assets measured at cost	-	US$ 21,000	-	US$ 15,995	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Global Markets Limited	CX Partners Fund Alpha Limited	-	Financial assets measured at cost	-	US$ 8,097	-	US$ 10,329	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,620	-	US$ 7,920	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 6,954	-	US$ 7,514	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,990	-	US$ 8,743	
	Sino-Century China Private Equity II L.P.	-	Financial assets measured at cost	-	US$ 520	-	US$ 384	
	KKR Asian Fund II L.P.	-	Financial assets measured at cost	-	US$ 5,217	-	US$ 7,102	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 14,773	-	US$ 66,316	
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 4,158	-	US$ 4,650	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,383	-	US$ 5,848	
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 12,246	-	US$ 13,178	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 5,086	-	US$ 5,566	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 6,726	-	US$ 6,254	
	Huaxing Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,629	-	US$ 4,647	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 5,006	-	US$ 7,950	
CDIB Capital International Corporation	<u>Stocks</u>							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 6,246	100.00	US$ 6,246	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,712	100.00	US$ 5,712	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,593	100.00	US$ 1,593	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (47)	100.00	US$ (47)	
China Development Asset Management Corp.	<u>Stocks</u>							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	2,000,000	109,171	100.00	109,171	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	226,000,000	2,463,890	100.00	2,463,890	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	19,000,000	199,634	100.00	199,634	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	46,031	12.25	47,449	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,748,769	8,672	1.07	105,390	
CDIB Management Consulting Corp.	<u>Stocks</u>							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	629,668	76.04	629,668	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	385,291	100.00	385,291	
CDC Finance & Leasing Corp.	<u>Stocks</u>							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	676	19.00	676	
Global Securities Finance Corporation	<u>Stocks</u>							
	Chunghwa Telecom Co., Ltd.	-	Available-for-sale financial assets	1,770,000	182,310	-	182,310	
	Fubon Financial Holding Co., Ltd. - preferred stock	-	Available-for-sale financial assets	500,000	31,750	-	31,750	
	Taishin Financial Holding Co., Ltd. - preferred stock	-	Available-for-sale financial assets	200,000	10,380	-	10,380	
	Taiwan Mobile Co., Ltd.	-	Available-for-sale financial assets	230,000	25,645	-	25,645	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	751,000	415	6.25	2,268	
	Eclat Textile Co., Ltd.	-	Financial assets at fair value through profit or loss	5,000	1,520	-	1,520	
	Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss	40,000	2,508	-	2,508	
	Iron Force Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	10,000	1,745	-	1,745	
	Compeq Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss	200,000	4,390	-	4,390	
	Taiwan Semiconductor Manufacturing Company, Limited	-	Financial assets at fair value through profit or loss	12,000	2,268	-	2,268	
	Merry Electronics Co., Ltd.	-	Financial assets at fair value through profit or loss	20,000	3,260	-	3,260	
	Epistar Corporation	-	Financial assets at fair value through profit or loss	150,000	4,793	-	4,793	
	Catcher Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	25,000	7,500	-	7,500	
	Chinese Maritime Transport Ltd.	-	Financial assets at fair value through profit or loss	46,000	1,426	-	1,426	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	150,000	2,812	-	2,812	
	TPK Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	25,000	2,662	-	2,662	
	TaiMed Biologics Inc.	-	Financial assets at fair value through profit or loss	18,000	3,204	-	3,204	
	ToungLoongTextileMfg.Co., Ltd.	-	Financial assets at fair value through profit or loss	7,000	567	-	567	
	VHQ Media Holdings Ltd.	-	Financial assets at fair value through profit or loss	17,000	2,856	-	2,856	
	On-Bright Electronics Incorporated	-	Financial assets at fair value through profit or loss	13,000	2,659	-	2,659	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
Global Securities Finance Corporation	Mutual funds							
	KGI Economic Moat TWD	The fund manage by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	180,000	$ 1,986	-	$ 1,986	
	KGI Silver Age TWD	The fund manage by KGI Securities Investment Trust Co., Ltd.	Financial assets at fair value through profit or loss	1,000,000	9,900	-	9,900	
	PineBridge Preferred Securities Income Fund-B (TWD)	-	Available-for-sale financial assets	10,015,000	99,349	-	99,349	
	Bank debentures							
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other financial assets	150,000,000	150,984	-	150,948	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other financial assets	50,000,000	50,000	-	50,179	
	Sunny Bank Second Subordinated Bank Debentures issued in 2015	-	Held-to-maturity financial assets	200,000,000	200,000	-	199,985	
	Hwatai Commercial Bank 2nd Subordinate Financial Debentures issue in 2015	-	Held-to-maturity financial assets	100,000,000	100,000	-	99,994	
	A05113	-	Other financial assets	100,000,000	99,456	-	98,862	
	A06102	-	Other financial assets	100,000,000	99,663	-	99,622	

Note 1: The Group recognized the related income or loss of investees as required by regulations. For decline in value that was other than temporary, investment loss was recognized.

Note 2: The amounts were net of allowance for losses.

Note 3: Market prices of listed and OTC stocks were calculated at the closing prices of March 31, 2017. The net assets values of unlisted stocks, on which the Bank recognized its investment incomes in the current year, were calculated on the basis of audited financial statements of the same period of the holding company or the net assets values of the investees, market values of emerging stocks, the cost of acquiring an investee’s newly issued shares or book value of the investees. However, the net asset values of investees do not represent the value of unlisted stocks on the balance sheet date.

Note 4: The market value or net worth of preferred stock is equal to the ratio of preferred shares held to the number of preferred shares outstanding multiplied by the total market value or total net worth of all of investee’s common and preferred shares.

Note 5: No securities were treated as collaterals or warrants.

Note 6: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
(THE BANK'S SUBSIDIARIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL)
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Shares/Face Value/Units	Amount	Carrying Value	Gain (Loss) on Disposal	Shares/Face Value/Units	Amount
The Company	Stock													
	China Development Asset Management Corp.	Investment accounted for using the equity method	CDIB Capital Group	Subsidiary	-	$ -	200,000,000	$ 2,334,057 (Note 1)	-	$ -	$ -	$ -	200,000,000	$ 2,334,057
CDIB Capital Group	Stock													
	CDIB Venture Capital Corporation	Investment accounted for using the equity method	-	-	922,790,915	8,864,695	100,000,000	1,094,666 (Note 2)	-	-	-	-	1,022,790,915	9,959,361
	China Development Asset Management Corp.	Investment accounted for using the equity method	China Development Financial Holding Corp.	Parent	200,000,000	2,396,955	-	-	200,000,000	2,321,887	2,396,955 (Note 3)	-	-	-
	Tuntex Gas Corporation	Investment accounted for using the equity method	-	-	104,066,400	50,000	-	-	104,066,400	1,063,662	50,000	1,013,662	-	-
	CDIB Capital Investment II Limited	Investment accounted for using the equity method	-	-	80,000,000	2,582,414	-	-	35,000,000	-	1,246,120 (Note 4)	-	45,000,000	1,336,294
	JHL. Biotech, Inc	Financial assets measured at cost	-	-	12,894,844	222,803	-	-	4,512,000	301,243	77,961	223,282	8,382,844	144,842
CDIB Venture Capital Corporation	Stock													
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment accounted for using the equity method	-	-	650,000,000	2,435,332	220,000,000	745,881 (Note 5)	-	-	-	-	870,000,000	3,181,213
CDIB Capital Investment I Limited	Stock													
	CDIB Capital Asia Partner Fund	Investment accounted for using the equity method	-	-	-	US$ 65,356	-	US$ 19,546 (Note 6)	-	-	-	-	-	US$ 84,902

Note 1: Consists of cost of purchase $2,321,887 thousand, investment gain $12,168 thousand and additional paid-in capital increase $2 thousand.

Note 2: Consists of $1,000,000 thousand from new issue, exchange loss on translating foreign operations of $112,700 thousand, investment loss $88,898 thousand, unrealized gain on available-for-sale financial assets of $315,078 thousand and reduction of retained earnings $18,814 thousand about adjustment of organizational structure.

Note 3: Consists of cash dividends of $76,488 thousand, investment gain $1,416 thousand, additional paid-in capital increase $4 thousand and cost of selling $2,321,887 thousand.

Note 4: Consists of reduction of the Corporation's capital of $1,058,750 thousand, investment loss $9,690 thousand, exchange loss on translating foreign operations of $158,229 thousand and unrealized loss on available-for-sale financial assets of $19,451 thousand.

Note 5: Consists of $860,420 thousand from new issue, exchange loss on translating foreign operations of $112,699 thousand and investment loss $1,840 thousand.

Note 6: Consists of US$18,210 thousand from new issue, and investment gain US$1,336 thousand.

Note 7: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
MARCH 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Year	Allowance for Bad Debts
					Amount	Action Taken		
CDIB Capital Group	The Corporation	Parent company	$ 339,279	-	$ -	-	$ -	$ -
The Corporation	CDIB Capital Group	Subsidiary	530,784	-	-	-	-	-
	KGI Bank	Subsidiary	379,060	-	-	-	-	-

Note: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 6

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
The Corporation	CDIB Capital Group	Venture fund	100.00	100.00	100.00	
	KGI Securities	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	-	-	
CDIB Capital Group	CDIB Capital Management Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Venture Capital Corporation	Venture fund	100.00	100.00	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	100.00	100.00	
	CDIB Global Markets Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital International Corporation	Management company of venture fund	100.00	100.00	100.00	
CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital International (USA) Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital International (Korea) Corporation	Management company of venture fund	100.00	100.00	100.00	
	CDIB Capital Asia Partners Limited	Management of private equity fund	100.00	100.00	100.00	(Note 1)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
CDIB Venture Capital (Hong Kong) Corporation Limited	CDIB Private Equity Management Corporation	Management and consulting	-	-	100.00	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	-	70.00	70.00	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	-	-	56.00	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	20.00	20.00	20.00	
CDIB Capital Management Corporation	CDIB Private Equity (Hong Kong) Corporation Limited	Management and consulting	100.00	100.00	100.00	
	CDIB Innovative Advisors Corporation Limited	Management and consulting	60.00	60.00	60.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
CDIB Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	4.33	4.33	4.53	
	CDIB Private Equity Management Corporation	Management and consulting	100.00	100.00	-	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	56.00	56.00	-	
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	-	-	65.00	
CDIB Private Equity Management Corporation	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	65.00	-	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	70.00	-	-	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	93.34	93.34	93.02	
KGI Securities	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting	100.00	100.00	100.00	
	KGI Insurance Brokers Co., Ltd.	Life/property insurance brokers	100.00	100.00	100.00	
	KGI Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	
	KGI Securities Investment Trust Co., Ltd.	Nominee services, discretionary investment services	99.99	99.99	99.99	
	KGI Futures Co., Ltd.	Futures investment services	99.61	99.61	99.61	
	Global Securities Finance Corporation	Stock loans and financing purchase of securities	21.99	21.99	21.99	(Note 2)
KGI Futures Co., Ltd.	KGI Information Technology Co., Ltd.	Management and consulting software services, data processing digital information supply services	100.00	100.00	100.00	
KGI Information Technology Co., Ltd.	KGI Information Technology (Shanghai) Co., Ltd.	Information service	100.00	100.00	-	(Note 3)
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
	KGI Investment Advisory (Shanghai) Co., Ltd.	Investment and consulting service	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
	ANEW Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KG Investments Asset Management (International) Limited	Investment services	100.00	100.00	100.00	
	KGI Limited	Investment holdings	100.00	100.00	100.00	
	Supersonic Services Inc.	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	100.00	100.00	100.00	
ANEW Holdings Limited	KGI Capital (Hong Kong) Limited	Securities investment	-	-	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
KGI Limited	KGI Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Futures (Hong Kong) Limited	Futures and options investment and settlement services	100.00	100.00	100.00	
	Global Treasure Investments Limited	Investment services	100.00	100.00	100.00	
	KGI Investments Management Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI International Finance Limited	Investment and financing services	100.00	100.00	100.00	
	KGI Hong Kong Limited	Management services	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	Grand Cathay Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset management	100.00	100.00	100.00	
	TG Holborn (HK) Limited	Insurance brokerage	100.00	100.00	100.00	
	KGI Wealth Management Limited	Securities investment	100.00	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
Supersonic Services Inc.	KGI Korea Limited	Investment holdings	100.00	100.00	100.00	
KGI International Limited	KGI Asia (Holdings) Pte. Ltd.	Investment holdings	100.00	100.00	100.00	
	KGI Capital (Singapore) Pte. Ltd.	Futures investment services	100.00	100.00	100.00	(Note 4)
KGI Capital Asia Limited	KGI Alliance Corporation	Investment services	100.00	100.00	100.00	
	KGI International (Hong Kong) Limited	Derivative product services	100.00	100.00	100.00	
	KGI Finance Limited	Investment and financing services	100.00	100.00	100.00	
	PT KGI Sekuritas Indonesia	Securities investment	99.00	99.00	-	(Note 5)
Grand Cathay Securities (Hong Kong) Limited	Grand Cathay Capital (Hong Kong) Limited	Investment services	100.00	100.00	100.00	
KGI Asia (Holdings) Pte. Ltd.	KGI Futures (Singapore) Pte. Ltd. (formerly KGI Ong Capital Pte. Ltd.)	Futures investment and foreign - currency services	100.00	100.00	100.00	
	KGI Securities (Singapore) Pte. Ltd. (formerly KGI Fraser Securities Pte. Ltd.)	Securities investment	100.00	100.00	100.00	
KGI Bank	Cosmos Insurance Brokers Co., Ltd.	Life and property insurance Brokers	-	-	100.00	
	CDIB Management Consulting Corporation	Management and consulting	100.00	100.00	100.00	
CDIB Management Consulting Corporation	CDC Finance & Leasing Corp.	Leasing	76.04	76.04	76.04	
	CDIB International Leasing Corp.	Leasing	100.00	100.00	100.00	
China Development Asset Management Corp.	Development Industrial Bank Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 3 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	Chung Hwa Growth 4 Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	

Note 1: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB Capital International Corporation had not invested any capital as of March 31, 2017.

Note 2: KGI Securities jointly held 21.99% of the shares of Global Securities Finance Corporation (GSFC) and obtained more than half of the seats in the board of director, therefore, GSFC should be included in the consolidated financial statements.

(Continued)

Note 3: KGI Information Technology (Shanghai) Co., Ltd. conducted registration of establishment on May 30, 2016, however, KGI Information Technology Co., Ltd. had not invested any capital as of March 31, 2017.

Note 4: KGI Capital (Singapore) Pte. Ltd. has been suspended operations.

Note 5: KTI Capital Asia Limited invested by KGI Securities, Acquired PT KGI Securities Indonesia, which was approved by authorities of Taiwan and Indonesia and completed the acquisition on August 31, 2016. PT KGI Securities Indonesia was renamed PT KGI Sekuritas Indonesia, which was approved by No. Financial-Supervisory-Securities-Firms-1050005075 on February 25, 2016, and has been incorporated into the consolidated financial statements of the Company since 2016.

Unconsolidated subsidiaries

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2017	**December 31, 2016**	**March 31, 2016**	
CDIB Capital Group	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of March 31, 2017, CDIB Capital Group's investment in CDIB Biotech USA Investment Co., Ltd. of CDIB Capital Group had amounted to $0 thousand; CDIB Biotech USA Investment Co., Ltd. was approbated to liquidate by the Board of Director on April 20, 2008, therefore, CDIB Biotech USA Investment Co., Ltd. was not included in the consolidated financial statement.
CDIB Capital Investment I Limited	Subicvest Inc.	Leasing	100.00	100.00	100.00	As of March 31, 2017, CDIB Capital Investment I Limited's investment in Subicvest Inc. of CDIB Capital Investment I Limited had amounted to US$80 thousand; Subicvest Inc. was approbated to liquidate by the Board of Director on May 24, 2016, therefore, Subicvest was not included in the consolidated financial statement.
KGI Securities	Grand Cathay Holding Limited	Holding company	-	-	-	Grand Cathay Holding Limited was approbated to liquidate by the board of directors on December 27, 2013, therefore, Grand Cathy Holding Limited was not included in the consolidated financial statement.

(Concluded)

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
DECEMBER 31, 2016
(In Millions of New Taiwan Dollars; %)

The Corporation

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Ministry of Finance, R.O.C.	$ 111,656	68.30
KG Investment Holdings Limited	12,208	7.47
United States of America	9,660	5.91
Taipower Corporation	8,251	5.05
Bank of America Corp.	6,740	4.12
CHAILEASE	5,652	3.46
CDIB & Partners Investment Holding Corporation	4,994	3.05
Mizuho Bank, Ltd.	4,891	2.99
China Life Insurance Company Limited	4,644	2.84
Citi Group Inc.	4,440	2.72
JP Morgan Chase & Co	4,027	2.46
Bank of Jiangsu Co., Ltd.	3,236	1.98
Sumitomo Mitsui Banking Corporation	3,191	1.95
Qisda Corporation	3,051	1.87
Total	$ 186,641	114.16
2. The same group		
Far Eastern Group	$ 9,803	6.00
BenQ Group	6,802	4.16
Foxconn Technology Group	4,969	3.04
Qsan Technology Group	4,182	2.56
Evergreen Group	4,038	2.47
YFY Group	3,424	2.09
Ju Teng Group	3,228	1.97
Total	$ 36,446	22.29

TABLE 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

The Corporation

1. Balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Cash and cash equivalents	$ 1,412,416	$ 1,357,441	$ 1,208,812
Available-for-sale financial assets	1,244,306	1,199,734	1,087,065
Receivables, net	8,000,115	115	139
Current tax assets	1,488,108	1,436,182	1,476,702
Investments accounted for using the equity method, net	182,736,269	186,391,735	187,647,995
Other financial assets	300	300	300
Property and equipment, net	9,258	9,906	8,565
Other assets, net	82,288	541,742	555,735
Total	$ 194,973,060	$ 190,937,155	$ 191,985,313
Liabilities and Equity			
Commercial paper payable	$ 11,899,605	$ 3,999,774	$ 5,299,502
Payables	326,681	554,345	422,556
Current tax liabilities	803,109	857,328	1,036,187
Bonds payable	12,000,000	18,000,000	18,000,000
Other borrowings	4,499,853	3,999,892	2,600,000
Provisions	38,039	37,290	32,221
Other liabilities	11,296	409	20,683
Total liabilities	29,578,583	27,449,038	27,411,149
Equity			
Capital			
Common stock	149,757,428	149,744,203	151,168,852
Advance receipts for capital stock	-	10	1,370
Capital surplus	1,106,998	1,104,521	650,386
Retained earnings			
Legal reserve	5,014,298	5,014,298	4,161,475
Special reserve	3,228,296	3,228,296	765,041
Unappropriated earnings	10,358,207	8,556,188	14,704,942
Other			
Exchange differences on translation of foreign financial statements	(1,718,070)	494,377	814,624
Unrealized gains (losses) on available-for-sale financial assets	48,536	(2,255,818)	(4,110,837)
Others	(24,469)	(21,211)	(54,502)
Treasury shares	(2,376,747)	(2,376,747)	(3,527,187)
Total equity	165,394,477	163,488,117	164,574,164
Total	$ 194,973,060	$ 190,937,155	$ 191,985,313

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2017	**2016**
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	$ 1,973,970	$ 1,403,175
Others	5,252	248
Total revenues	1,979,222	1,403,423
EXPENSES AND LOSSES		
Operating expenses	(218,009)	(224,160)
Others	(73,655)	(76,439)
Total expenses and losses	(291,664)	(300,599)
NET PROFIT BEFORE INCOME TAX	1,687,558	1,102,824
INCOME TAX BENEFIT	120,859	23,591
NET PROFIT FOR THE PERIOD	1,808,417	1,126,415
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified subsequently to profit or loss, net of income tax		
Unrealized gain (loss) on available-for-sale financial assets	44,572	(139,907)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	47,929	(441,066)
Income tax relating to the items that may be reclassified subsequently to profit or loss	(594)	(596)
Other comprehensive income (loss) for the period, net of income tax	91,907	(581,569)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,900,324	$ 544,846
BASIC EARNINGS PER SHARE	$0.12	$0.08
DILUTED EARNINGS PER SHARE	$0.12	$0.08

(Continued)

3. Statements of changes in equity

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	Capital			Retained Earnings			Other Equity				
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-Sale Financial Assets	Others	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2016	$ 151,124,071	$ 1,370	$ 654,803	$ 4,161,475	$ 765,041	$ 13,580,644	$ 1,741,670	$ (4,456,314)	$ (32,187)	$ (2,376,747)	$ 165,163,826
Net profit for the three months ended March 31, 2016	-	-	-	-	-	1,126,415	-	-	-	-	1,126,415
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(927,046)	345,477	-	-	(581,569)
Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	1,126,415	(927,046)	345,477	-	-	544,846
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	(1,150,440)	(1,150,440)
Share-based payments	44,781	-	(4,417)	-	-	(2,117)	-	-	(22,315)	-	15,932
BALANCE AT MARCH 31, 2016	$ 151,168,852	$ 1,370	$ 650,386	$ 4,161,475	$ 765,041	$ 14,704,942	$ 814,624	$ (4,110,837)	$ (54,502)	$ (3,527,187)	$ 164,574,164
BALANCE AT JANUARY 1, 2017	$ 149,744,203	$ 10	$ 1,104,521	$ 5,014,298	$ 3,228,296	$ 8,556,188	$ 494,377	$ (2,255,818)	$ (21,211)	$ (2,376,747)	$ 163,488,117
Net profit for the three months ended March 31, 2017	-	-	-	-	-	1,808,417	-	-	-	-	1,808,417
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(2,212,447)	2,304,354	-	-	91,907
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	1,808,417	(2,212,447)	2,304,354	-	-	1,900,324
Share-based payments	13,225	(10)	2,477	-	-	(6,398)	-	-	(3,258)	-	6,036
BALANCE AT MARCH 31, 2017	$ 149,757,428	$ -	$ 1,106,998	$ 5,014,298	$ 3,228,296	$ 10,358,207	$(1,718,070: ^$	$ 48,536	$ (24,469)	$ (2,376,747)	$ 165,394,477

(Continued)

4. Statements of cash flows

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2017	**2016**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 1,687,558	$ 1,102,824
Adjustments for:		
Depreciation and amortization expenses	1,238	1,214
Interest expense	70,757	70,963
Interest income	(5,088)	(6)
Share-based payment compensation cost	4,377	13,490
Share of profit of subsidiaries, associates and joint ventures	(1,973,653)	(1,402,887)
Changes in operating assets and liabilities		
Other assets	266,631	(14,700)
Payables	(32,606)	(104,179)
Other liabilities	10,887	20,968
Interest paid	(198,426)	(194,058)
Interest received	5,088	6
Income tax returned	140,398	-
Net cash used in operating activities	(22,839)	(506,365)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equity investment under equity method	(2,321,887)	-
Acquisition of property and equipment	(91)	-
Net cash used in investing activities	(2,321,978)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	7,899,831	199,757
Repayments of corporate bonds	(6,000,000)	-
Increase in other borrowings	499,961	-
Buyback of ordinary shares	-	(1,150,440)
Others	-	153
Net cash generated from (used in) financing activities	2,399,792	(950,530)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,975	(1,456,895)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,357,441	2,665,707
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,412,416	$ 1,208,812

(Continued)

KGI Bank

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2017**	**December 31, 2016**	**March 31, 2016 (After Restated)**
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 49,909,673	$ 78,234,125	$ 73,524,486
Financial assets at fair value through profit or loss	77,508,493	97,833,395	89,271,239
Securities purchased under resell agreements	12,983,190	795,850	22,901,166
Receivables, net	21,190,934	23,040,675	28,136,932
Current tax assets	68,488	-	31,273
Assets held for sale, net	12,290	12,290	-
Discount and loans, net	266,583,134	252,376,992	224,291,716
Available-for-sale financial assets, net	129,308,759	88,722,046	64,240,777
Investments accounted for using the equity method, net	1,826,258	1,823,461	2,050,308
Other financial assets, net	4,106,711	3,882,514	288,136
Property and equipment, net	5,520,092	5,536,616	5,635,205
Investment property, net	711,222	712,146	599,922
Deferred tax assets	4,291,054	4,302,232	4,961,904
Other assets, net	7,640,473	8,535,898	7,568,346
Total assets	$ 581,660,771	$ 565,808,240	$ 523,501,410
Deposits from the Central Bank and banks	$ 22,628,177	$ 30,917,374	$ 3,573,850
Financial liabilities at fair value through profit or loss	53,353,179	39,408,142	28,421,039
Notes and bonds issued under repurchase agreements	59,468,750	62,138,314	60,658,101
Payables	3,885,494	4,087,128	5,402,520
Current tax liabilities	379,060	379,060	203,905
Deposits and remittances	349,951,378	343,497,464	343,714,318
Bank debentures payable	2,701,957	2,684,236	2,630,089
Principal received on structured notes	23,021,599	21,875,414	18,327,016
Other financial liabilities	384	877	3,767
Provisions	227,159	220,615	352,064
Deferred tax liabilities	162,333	78,585	59,681
Other liabilities	5,647,622	1,795,742	948,553
Total liabilities	521,427,092	507,082,951	464,294,903
Common stock	46,061,623	46,061,623	46,061,623
Capital surplus	7,249,667	7,249,280	7,247,812
Retained earnings	7,607,347	6,719,227	5,778,885
Others	(684,958)	(1,304,841)	118,187
Total equity	60,233,679	58,725,289	59,206,507
Total liabilities and equity	$ 581,660,771	$ 565,808,240	$ 523,501,410

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2017	**2016 (After Restated)**
Interest revenue	$ 2,245,178	$ 2,192,144
Interest expense	(875,847)	(887,105)
Interest profit, net	1,369,331	1,305,039
Noninterest profits and gains, net	1,097,559	986,571
Total net revenues	2,466,890	2,291,610
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(148,729)	91,682
Operating expenses	(1,328,314)	(1,349,706)
Net profit before income tax	989,847	1,033,586
Income tax expense	(101,727)	(40,010)
Net profit for the period	888,120	993,576
Other comprehensive income (loss) for the period net of income tax	619,883	527,857
Total comprehensive income for the period	$ 1,508,003	$ 1,521,433
Basic earnings per share	$0.19	$0.22

KGI Securities

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Current assets	$ 148,631,177	$ 140,174,696	$ 148,826,569
Noncurrent assets	34,353,632	35,049,534	34,996,730
Total assets	$ 182,984,809	$ 175,224,230	$ 183,823,299
Current liabilities	$ 114,604,567	$ 106,141,192	$ 113,899,056
Noncurrent liabilities	8,824,025	8,838,991	8,823,064
Total liabilities	123,428,592	114,980,183	122,722,120
Common stock	34,988,123	34,988,123	37,988,123
Capital surplus	8,644,931	8,644,122	8,640,972
Retained earnings	14,742,414	14,356,868	13,593,079
Others	1,180,749	2,254,934	879,005
Total equity	59,556,217	60,244,047	61,101,179
Total liabilities and equity	$ 182,984,809	$ 175,224,230	$ 183,823,299

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2017	2016
Operating revenues	$ 1,793,004	$ 2,364,410
Operating expenses	(1,864,133)	(1,926,311)
Profit (Loss) from operations	(71,129)	438,099
Share of profit (loss) of subsidiaries, associates and joint ventures	368,898	(525,120)
Other income and loss	131,657	220,047
Total non-operating income or loss	500,555	(305,073)
Net profit before income tax	429,426	133,026
Income tax expense	(43,880)	(74,086)
Net profit for the period	385,546	58,940
Other comprehensive income (loss)	(1,074,185)	(241,718)
Total comprehensive income (loss) for the period	$ (688,639)	$ (182,778)
Basic earnings per share	$0.11	$0.02

CDIB Capital Group

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	$ 24,858,176	$ 20,277,266	$ 15,693,754
Noncurrent assets	48,288,345	51,341,667	55,277,701
Total assets	$ 73,146,521	$ 71,618,933	$ 70,971,455
Current liabilities	$ 8,868,663	$ 768,746	$ 662,765
Noncurrent liabilities	795,037	817,045	809,798
Total liabilities	9,663,700	1,585,791	1,472,563
Common stock	20,603,994	20,603,994	$ 20,603,994
Capital surplus	16,703,462	24,703,001	24,701,094
Retained earnings	28,452,361	27,592,053	28,354,367
Others	(2,276,996)	(2,865,906)	(4,160,563)
Total equity	63,482,821	70,033,142	69,498,892
Total liabilities and equity	$ 73,146,521	$ 71,618,933	$ 70,971,455

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2017	**2016**
Operating revenue	$ 1,279,207	$ 686,222
Operating cost	(34,241)	(45,075)
Operating profit, net	1,244,966	641,147
Operating expenses	(174,277)	(154,354)
Profit from operations	1,070,689	486,793
Non-operating income or loss	(68,751)	67,402
Net profit before income tax	1,001,938	554,195
Income tax expense	(141,630)	-
Net profit for the period	860,308	554,195
Other comprehensive income (loss) for the period, net of income tax	588,910	(608,206)
Total comprehensive income (loss) for the period	$ 1,449,218	$ (54,011)
Basic earnings per share	$0.42	$0.27

China Development Asset Management Corp.

1. Condensed balance sheets

(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Current assets	$ 26,154	$ 28,170	$ 2,207,951
Noncurrent assets	3,125,230	3,194,215	3,186,391
Total assets	$ 3,151,384	$ 3,222,385	$ 5,394,342
Current liabilities	$ 815,615	$ 824,758	$ 3,053,997
Noncurrent liabilities	1,712	672	1,596
Total liabilities	817,327	825,430	3,055,593
Common Stock	2,000,000	2,000,000	2,000,000
Capital surplus	8,718	8,711	8,684
Retained earnings	325,339	386,968	330,065
Others	-	1,276	-
Total equity	2,334,057	2,396,955	2,338,749
Total liabilities and equity	$ 3,151,384	$ 3,222,385	$ 5,394,342

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31	
	2017	**2016**
Revenues and gains	$ 29,433	$ 47,849
Expenses and losses	(15,849)	(21,182)
Net profit before income tax	13,584	26,667
Income tax expense	-	-
Net profit for the period	13,584	26,667
Other comprehensive income (loss), net of income tax	-	-
Total comprehensive income for the period	$ 13,584	$ 26,667
Basic earnings per share	$0.07	$0.13

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
MARCH 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
China Peptides (Wuhan) Co., Ltd.	Sale and R&D protein drugs.	US$ 65,000 thousand	Note 1,b,1)	US$ 9,215 thousand	$ -	$ -	US$ 9,215 thousand	(Note 3)	5.88	-	$ 297,451	$ -
Beauty Essential International Ltd.	Sale and R&D the cosmetic.	US$ 2,000 thousand	Note 1,b,2)	US$ 2,262 thousand	-	-	US$ 2,262 thousand	(Note 3)	8.86	-	67,521	-
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry.	US$ 10,000 thousand	Note 1,b,3)	US$ 3,267 thousand	-	-	US$ 3,267 thousand	(Note 3)	6.87	-	107,235	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments.	US$ 35,200 thousand	Note 1,b,4)	US$ 1,400 thousand	-	-	US$ 1,400 thousand	(Note 3)	1.66	-	45,003	-
Solar PV Corp.	Solar cell manufacture and sell.	US$ 79,940 thousand	Note 1,b,5)	US$ 11,400 thousand	-	-	US$ 11,400 thousand	(Note 3)	9.14	-	339,711	-
Hartec Technology (Kunshan) Co., Ltd.	NB EMI sputtering.	US$ 17,130 thousand	Note 1,b,6)	US$ 3,000 thousand	-	-	US$ 3,000 thousand	(Note 3)	10.23	-	99,603	-
Unifun Computer (Shanghai) Co., Ltd.	Internet service provider.	US$ 8,000 thousand	Note 1,b,7)	US$ 1	-	-	US$ 1	(Note 3)	6.75	-	-	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging.	US$ 87,070 thousand	Note 1,b,8)	US$ 228 thousand	-	-	US$ 228 thousand	(Note 3)	1.79	-	6,917	-
Touch Equipment Leasing (Shanghai) Co., Ltd.	Mobile interactive LCD equipment leasing.	US$ 8,000 thousand	Note 1,b,8)	US$ 669 thousand	-	-	US$ 669 thousand	(Note 3)	9.61	-	20,283	-
Touch Multimedia Technology (Shanghai) Co., Ltd.	Multimedia technology, network technology, computer software development, design production and sales.	RMB 114,660 thousand	Note 1,b,8)	US$ 1,080 thousand	-	-	US$ 1,080 thousand	(Note 3)	9.61	-	32,770	-
MCM (Beijing) Commercial Co., Ltd.	Apparel, jewelry, watches, perfumes, cosmetics, glasses, bags, leather goods wholesale and retail; import and export of goods.	EUR 4,460 thousand	Note 1,b,9)	US$ 182 thousand	-	-	US$ 182 thousand	(Note 3)	5.00	-	5,524	-
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 21,500 thousand	Note 1,b,8)	US$ 882 thousand	-	-	US$ 882 thousand	(Note 3)	2.16	-	6,610	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service.	US$ 1,400 thousand	Note 1,b,8)	US$ 33 thousand	-	-	US$ 33 thousand	(Note 3)	2.16	-	249	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Tianjin Mei Wei Information Technology Co., Ltd.	Computer IT consulting and technical services; computer hardware and software development; furniture, building materials, daily commodities, hardware wholesale.	RMB 104,222 thousand	Note 1,b,8)	RMB 1,016 thousand	$ -	$ -	RMB 1,016 thousand	(Note 3)	2.16	$ -	$ 1,105	$ -
Tianjin Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale.	US$ 500 thousand	Note 1,b,8)	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	2.16	-	312	-
CDIB Private Equity Management Corporation	Management and consulting.	US$ 7,000 thousand	Note 1,b,11)	US$ 7,000 thousand	-	-	US$ 7,000 thousand	5,050	100.00	5,050	180,073	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting.	RMB 10,000 thousand	Note 1,b,11)	RMB 7,000 thousand	-	-	RMB 7,000 thousand	5,848	70.00	4,093	72,517	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting.	RMB 12,000 thousand	Note 1,b,11)	RMB 6,720 thousand	-	-	RMB 6,720 thousand	508	70.00	355	38,301	-
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment.	RMB 700,000 thousand	Note 1,b,10),11)	RMB 247,100 thousand	-	-	RMB 247,100 thousand	53,846	-	18,846	1,130,088	-
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting.	RMB 7,000 thousand	Note 1,b,11)	RMB 4,550 thousand	-	-	RMB 4,550 thousand	3,810	65.00	2,477	32,360	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting.	RMB 12,000 thousand	Note 1,b,11)	RMB 3,250 thousand	-	-	RMB 3,250 thousand	(53)	65.00	(35)	33,756	-
CPEC Huachuang Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment.	RMB 700,000 thousand	Note 1,b,10),11)	RMB 212,450 thousand	-	-	RMB 212,450 thousand	(6,971)	-	(2,091)	913,541	-
Focus Multimedia Technology (Shanghai) Co., Ltd.	Multimedia network information systems software R&D; multimedia network engineering design consultancy; market research and intermediary service; sales of self-produced products.	US$ 38,000 thousand	Note 1,b,12)	US$ 16,612 thousand	-	-	US$ 16,612 thousand	(Note 3)	0.94	-	503,948	-
Focus (China) Information Technology Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service.	US$ 10,000 thousand	Note 1,b,12)	US$ 4,371 thousand	-	-	US$ 4,371 thousand	(Note 3)	0.94	-	132,604	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of March 31, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
Chi Zhong Information Technology (Shanghai) Co., Ltd.	LCD advertising, software and hardware of computers manufacture and sale, and network technology design and development; computer integrated design, debugging and maintenance; self-developed technological achievement transfer; related technologies consultancy and technical service.	US$ 10,000 thousand	Note 1,b,12)	US$ 875 thousand	$ -	$ -	US$ 875 thousand	(Note 3)	0.94	$ -	$ 26,534	$ -
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent.	US$ 400 thousand	Note 1,b,12)	US$ 174 thousand	-	-	US$ 174 thousand	(Note 3)	0.94	-	5,266	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale.	RMB 50,000 thousand	Note 1,b,13)	US$ 2,235 thousand	-	-	US$ 2,235 thousand	(Note 3)	19.86	-	68,353	-
Shengzhuang Co., Ltd.	Cosmetics sales.	RMB 54,300 thousand	Note 1,b,14)	US$ 5,000 thousand	-	-	US$ 5,000 thousand	(Note 3)	5.44	-	151,150	-
Lightel Technologies Inc.	Fiber optic components, fiber optic equipment and instruments and LED lamps.	US$ 3,100 thousand	Note 1,b,15)	US$ 337 thousand	-	-	US$ 337 thousand	(Note 3)	13.48	-	10,076	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 313,432 thousand	Note 1,b,9),16)	US$ 2,311 thousand	-	-	US$ 2,311 thousand	(Note 3)	7.73	-	70,110	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories.	HK$ 195,686 thousand	Note 1,b,9),16)	US$ 1,677 thousand	-	-	US$ 1,677 thousand	(Note 3)	7.73	-	50,914	-
Stonehenge Industrial Holding Ltd.	Business in research, development and manufacture of electro optic technology, process on TFT-LCD optical, functional film material, and production and marketing of other plastic product.	HK$ 494,706 thousand	Note 1,b,8	US$ 1,485 thousand	-	-	US$ 1,485 thousand	(Note 3)	4.05	-	11,123	-
Hangzhou Huatong Industries Inc.	Business in sofa manufacture and sale; slipcover and leather products; the clothing; fur products; plush products; toys sale and doing wholesale and import business in furniture.	US$ 32,000 thousand	Note 1,b,8),17)	US$ 4,722 thousand	-	-	US$ 4,722 thousand	(Note 3)	2.37	-	155,365	15,819
Hangzhou Rilong Leather Co., Ltd.	Business in toys sale and doing wholesale and import business in furniture	US$ 1,000 thousand	Note 1,b,8),17)	US$ 20	-	-	US$ 20	(Note 3)	2.46	-	-	-
Power Logic Tech. (DongGuan) Inc.	Production and sale of computer cooling fan, radiator, computer peripheral products, LED electric lamps, LED electric driver, computer multimedia speaker, plastic mold, plastic components.	HK$ 21,000 thousand	Note 1,b,18)	US$ 2,590 thousand	-	-	US$ 2,590 thousand	(Note 3)	14.52	-	82,879	-
Dongguan TaiYi Electronics Co., Ltd.	Engaged in computer radiator, electronic products wholesale, commission agency (except auction), import and export and related business.	RMB 3,000 thousand	Note 1,b,18)	US$ 427 thousand	-	-	US$ 427 thousand	(Note 3)	14.52	-	13,673	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2017	Accumulated Inward Remittance of Earnings as of March 31, 2017
					Outflow	Inflow						
Tutwo (Xiamen) Outdoor Co., Ltd.	Business in wholesale and retail of outdoor sports products, sporting goods, clothing, shoes and hats, wholesale, retail and manufacture of textile and hosiery, leather garments, leather manufacturing, retail of kitchenware and daily groceries.	RMB 350,379 thousand	Note 1,b,19)	US$ 7,417 thousand	$ -	$ -	US$ 7,417 thousand	(Note 3)	2.67	$ -	$ 55,558	$ -
Best Logistics Technology Co., Ltd.	Business in research, development, technical services, computer information, network logistics technology and wholesale and retail of general labor supplies, household appliances and building materials.	US$ 133,000 thousand	Note 1,b,20)	US$ 211 thousand	-	-	US$ 211 thousand	(Note 3)	0.42	-	6,417	-
Loyou, Inc.	Children's products.	US$ 62,150 thousand	Note 1,b,21)	US$ 963 thousand	-	-	US$ 963 thousand	(Note 3)	5.24	-	29,206	-
CDIB International Leasing Corporation	Financial Leasing and management business consulting.	RMB 187,750 thousand	Note 1,a	US$ 30,000 thousand	-	-	US$ 30,000 thousand	(22,083)	100.00	(22,083)	385,291	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy.	US$ 4,000 thousand	Note 1,b,22)	US$ 4,000 thousand	-	-	US$ 4,000 thousand	(9,707)	100.00	(9,707)	61,672	-

Accumulated Investment in Mainland China as of March 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$6,746,836	US$325,555 thousand	$89,065,569

Note 1: The investment types are as follows:

a. Direct investments.

b. Reinvested through a third place by:

1) JHL Biotech, Inc.
2) Beauty Essentials International Ltd.
3) Derbysoft Holdings Limited.
4) Capital Excel Investments Limited.
5) Solar PV Corporation.
6) Hartec Asia Pet Ltd.
7) Sunfun Info Co., Ltd.
8) CDIB Capital Investment I Limited.
9) CDIB Capital Investment II Limited.
10) CDIB Venture Capital (Hong Kong) Corporation Limited.
11) CDIB Private Equity (Hong Kong) Corporation Limited.
12) CDIB Global Markets Limited.
13) GSD Technologies Co., Ltd.
14) Shengzhuang Holdings Limited.
15) Lightel Technologies, Inc.
16) CBA Sport International Limited.
17) Shane Global Holding Inc.
18) Sun Max Tech Limited.
19) CCAP Tutwo Holdings (Hong Kong) Limited.
20) Best Logistics.
21) Leyou, Inc.
22) Richpoint Company Limited.

c. Other.

(Continued)

Note 2: The financial statements were audited by international CPA firms having a corporative relation with CPA firms in the Republic of China.

Note 3: Investee Company was not significantly influenced by the Company, therefore the Group cannot acquire the related financial information.

Note 4: Investment amount authorized or soon authorized by Investment Commission, MOEA.

Note 5: Subsidiary of the Corporation indirectly invested in Changshu Everbright Material Technology Co., Ltd. through its subsidiary's investment in Ferro China on which subsidiary of the Corporation fully impaired and recognized an impairment loss in 2008.

Note 6: Subsidiary of the Corporation formerly indirectly invested in Wuxi Paiho Testiles Co., Ltd. and Dongguan Paihong Corporation Ltd. through its subsidiary's investment in Paiho Shih Holdings Corporation. Because Paiho Shih Holdings Corporation has been listed on the Taiwan Stock Exchange on August 17, 2011, refer to its financial report for the information.

Note 7: Subsidiary of the Corporation formerly indirectly invested in Focal Tech System Co., Ltd. through its subsidiary's investment in Focal Tech Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 8: Subsidiary of the Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 9: Subsidiary of the Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yanghou Enteres Industrial Co., Ltd., Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 10: Subsidiary of the Corporation formerly indirectly invested in Jinjiang Chandra Shoes Industry Co., Ltd. through its subsidiary's investment in Victory New Materials limited company has been listed on the Taiwan Stock Exchange on January 14, 2014, refer to its financial report for the information.

Note 11: Subsidiary of the Corporation formerly indirectly invested in Strong LED Lighting Systems (Suzhou) Corporation through its subsidiary's investment in Strong LED Lighting Systems (Cayman) Co., Ltd. has been listed on the Taipei Exchange on June 30, 2016, refer to its financial report for the information.

Note 12: The Corporation's subsidiary, CDIB Private Equity (Hong Kong) Corporation Limited, spent US$1,313 thousand of equity fund acquiring 100% stock right of CDIB Private Equity Management Corporation formerly invested by its subsidiary, CDIB Venture Capital (Hong Kong) Corporation Limited, and the acquiring price become the newly authorized amount.

The Corporation's subsidiary, CDIB Private Equity (Hong Kong) Corporation Limited, spent US$1,059 thousand of equity fund acquiring 56% stock right of CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership) formerly invested by its subsidiary, CDIB Venture Capital (Hong Kong) Corporation Limited, and the acquiring price become the newly authorized amount.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	CDIB Capital Group	1	Receivables, net	$ 8,000,000	Note 4	0.86%
1	CDIB Capital Group	The Corporation	2	Payables	8,000,000	Note 4	0.86%
0	The Corporation	CDIB Capital Group	1	Current tax assets	530,784	Note 4	0.06%
1	CDIB Capital Group	The Corporation	2	Current tax liabilities	530,784	Note 4	0.06%
0	The Corporation	CDIB Capital Group	1	Current tax liabilities	339,279	Note 4	0.04%
1	CDIB Capital Group	The Corporation	2	Current tax assets	339,279	Note 4	0.04%
0	The Corporation	KGI Bank	1	Cash and cash equivalents	1,372,968	Note 4	0.15%
2	KGI Bank	The Corporation	2	Deposits and remittances	1,372,968	Note 4	0.15%
0	The Corporation	KGI Bank	1	Current tax assets	379,060	Note 4	0.04%
2	KGI Bank	The Corporation	2	Current tax liabilities	379,060	Note 4	0.04%
0	The Corporation	KGI Securities	1	Current tax assets	297,941	Note 4	0.03%
3	KGI Securities	The Corporation	2	Current tax liabilities	297,941	Note 4	0.03%
1	CDIB Capital Group	KGI Bank	3	Cash and cash equivalents	24,333,963	Note 4	2.63%
2	KGI Bank	CDIB Capital Group	3	Deposits and remittances	24,333,963	Note 4	2.63%
2	KGI Bank	KGI Securities and its securities	3	Deposits and remittances	2,162,410	Note 4	0.23%
3	KGI Securities and its securities	KGI Bank	3	Cash and cash equivalents	2,162,410	Note 4	0.23%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
2	KGI Bank	KGI Securities	3	Deposits and remittances	$ 1,082,500	Note 4	0.12%
3	KGI Securities	KGI Bank	3	Restricted assets	1,082,500	Note 4	0.12%
2	KGI Bank	KGI Securities	3	Payables	153,306	Note 4	0.02%
3	KGI Securities	KGI Bank	3	Receivables, net	153,306	Note 4	0.02%
2	KGI Bank	KGI Securities	3	Deposits and remittances	938,245	Note 4	0.10%
3	KGI Securities	KGI Bank	3	Other financial assets	938,245	Note 4	0.10%
2	KGI Bank	CDIB Venture Capital Corp.	3	Deposits and remittances	590,450	Note 4	0.06%
4	CDIB Venture Capital Corp.	KGI Bank	3	Cash and cash equivalents	590,450	Note 4	0.06%
3	KGI Securities	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	421,561	Note 4	0.05%
5	KGI Futures Co., Ltd.	KGI Securities	3	Customers' equity accounts - futures	421,561	Note 4	0.05%
3	KGI Securities	KGI Asia Limited	3	Receivables, net	177,154	Note 4	0.02%
6	KGI Asia Limited	KGI Securities	3	Payables	177,154	Note 4	0.02%
7	Richpoint Company Limited (BVI Holding Co.)	KG Investments Holdings Limited	3	Receivables, net	3,644,883	Note 4	0.39%
8	KG Investments Holdings Limited	Richpoint Company Limited (BVI Holding Co.)	3	Other borrowings	3,644,883	Note 4	0.39%
5	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	214,246	Note 4	0.02%
9	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	214,246	Note 4	0.02%
5	KGI Futures Co., Ltd.	KGI Futures (Singapore) Pte. Ltd.	3	Other financial assets	542,864	Note 4	0.06%
10	KGI Futures (Singapore) Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	542,864	Note 4	0.06%
5	KGI Futures Co., Ltd.	KGI International (Hong Kong) Limited	3	Customers' equity accounts - futures	132,043	Note 4	0.01%
11	KGI International (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Other financial assets	132,043	Note 4	0.01%

Note 1: The consolidated entities are identified in the No. column as follows: Parent company - 0; subsidiaries - numbered from 1 by company.

Note 2: Transaction flows are as follows: (1) from parent to subsidiary; (2) from subsidiary to parent; and (3) between subsidiaries.

(Continued)

Note 3: The ratio is calculated as follows: For asset and liability accounts - Transaction amount in the ending period/Total consolidated assets; for income and expense accounts - Transaction amount in the midterm/Total consolidated net profit.

Note 4: The transaction criteria for related parties are similar to those for third parties.

Note 5: Transactions each amounted to at least NT$100 million.

(Concluded)