China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2016 and 2015 and Independent Auditors' Review Report

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, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months ended March 31, 2016 and 2015, 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, 2016) 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.

May 30, 2016

Notice to Readers

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, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 48)	$ 24,723,408	3	$ 25,090,329	3	$ 25,287,050	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7, 48 and 49)	65,444,068	7	87,125,284	10	63,042,000	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 10, 48 and 49)	184,756,092	21	157,780,085	18	137,254,115	15
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10, 48 and 49)	79,222,112	9	70,643,015	8	142,862,046	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	42,643,814	5	52,622,253	6	29,604,503	3
RECEIVABLES, NET (Notes 12, 48, 49 and 54)	106,681,793	12	100,754,149	12	162,414,751	17
CURRENT TAX ASSETS (Note 4)	1,027,411	-	990,101	-	708,163	-
DISCOUNT AND LOANS, NET (Notes 13, 48 and 54)	224,291,716	26	217,780,328	25	227,403,051	24
HELD-TO-MATURITY FINANCIAL ASSETS, NET	300,000	-	402,564	-	190,000	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 14, 15 and 49)	11,464,947	1	10,775,665	1	10,613,385	1
RESTRICTED ASSETS (Notes 16, 49 and 50)	27,966,483	3	29,776,730	3	21,407,105	2
FINANCIAL ASSETS MEASURED AT COST (Note 17)	20,764,250	2	21,095,274	2	27,499,612	3
OTHER FINANCIAL ASSETS (Notes 18, 48 and 49)	39,158,036	5	38,773,821	5	45,041,476	5
INVESTMENT PROPERTY, NET (Notes 19 and 49)	2,045,053	-	2,048,311	-	2,068,778	-
PROPERTY AND EQUIPMENT, NET (Notes 20 and 49)	14,646,189	2	14,717,160	2	14,404,898	1
INTANGIBLE ASSETS, NET (Note 21)	8,427,490	1	8,584,490	1	9,030,129	1
DEFERRED TAX ASSETS (Notes 4 and 45)	5,556,594	1	5,561,925	1	5,712,506	1
OTHER ASSETS, NET (Notes 22 and 49)	17,998,200	2	22,197,691	3	15,194,757	2
TOTAL	$ 877,117,656	100	$ 866,719,175	100	$ 939,738,325	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Notes 23 and 48)	$ 4,284,054	1	$ 10,024,399	1	$ 7,867,696	1
Financial liabilities at fair value through profit or loss (Notes 8 and 48)	46,038,166	5	39,898,179	5	29,334,851	3
Derivative financial liabilities for hedging (Note 24)	-	-	-	-	9,691	-
Notes and bonds issued under repurchase agreements (Notes 8, 10, 25 and 48)	134,064,099	15	119,611,868	14	124,355,987	13
Commercial paper payable, net (Notes 26 and 49)	15,265,913	2	13,139,202	1	29,433,669	3
Payables (Notes 27 and 48)	67,427,566	8	57,152,044	7	50,453,788	5
Current tax liabilities (Note 4)	946,212	-	911,029	-	1,284,707	-
Deposits and remittances (Notes 28 and 48)	316,982,738	36	325,312,132	38	334,679,948	36
Bonds payable (Notes 29 and 48)	28,627,509	3	28,618,692	3	23,570,225	3
Other borrowings (Notes 30, 48 and 49)	20,808,432	3	21,809,459	3	60,941,695	6
Provisions (Notes 31 and 32)	1,396,551	-	1,419,454	-	1,180,745	-
Principal received on structured notes	27,547,247	3	34,375,733	4	53,251,532	6
Customers' equity accounts - futures (Note 48)	34,714,134	4	30,698,500	4	31,994,567	3
Other financial liabilities (Note 8)	390,436	-	400,851	-	385,897	-
Deferred tax liabilities (Notes 4 and 45)	1,481,199	-	1,460,166	-	1,454,321	-
Other liabilities (Note 33)	8,934,628	1	13,116,729	1	14,180,077	2
Total liabilities	708,908,884	81	697,948,437	81	764,379,396	81
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 34 and 35)						
Capital						
Common stock	151,168,852	17	151,124,071	17	153,533,183	16
Advance receipts for capital stock	1,370	-	1,370	-	250	-
Capital surplus	650,386	-	654,803	-	600,999	-
Retained earnings						
Legal reserve	4,161,475	-	4,161,475	-	3,077,853	-
Special reserve	765,041	-	765,041	-	1,123,858	-
Unappropriated earnings	14,704,942	2	13,580,644	2	18,018,236	2
Other						
Exchange differences on translation of foreign financial statements	814,624	-	1,741,670	-	(228,519)	-
Unrealized losses on available-for-sale financial assets	(4,110,837)	-	(4,456,314)	-	(63,750)	-
Unrealized losses on cash flow hedges	-	-	-	-	(9,691)	-
Others	(54,502)	-	(32,187)	-	(76,415)	-
Treasury shares	(3,527,187)	-	(2,376,747)	-	(4,271,618)	-
Total equity attributable to owners of the parent	164,574,164	19	165,163,826	19	171,704,386	18
NON-CONTROLLING INTERESTS	3,634,608	-	3,606,912	-	3,654,543	1
Total equity	168,208,772	19	168,770,738	19	175,358,929	19
TOTAL	$ 877,117,656	100	$ 866,719,175	100	$ 939,738,325	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			
	2016		2015	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 36 and 48)	$ 2,872,562	44	$ 3,913,423	49
INTEREST EXPENSE (Notes 36 and 48)	(1,165,736)	(18)	(1,427,425)	(18)
INTEREST PROFIT, NET	1,706,826	26	2,485,998	31
NONINTEREST PROFITS AND GAINS, NET				
Service fee and commission, net (Notes 37 and 48)	1,915,821	29	1,997,209	25
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 38)	1,257,380	19	1,388,234	17
Realized gain on available-for-sale financial assets, net (Note 39)	361,231	6	634,645	8
Foreign exchange gain (loss), net	(80,804)	(1)	131,548	2
Impairment loss on assets, net (Note 40)	(47,158)	(1)	(23,347)	-
Share of profit of associates and joint ventures	40,722	1	198,672	2
Gain on financial assets measured at cost, net (Note 41)	465,604	7	650,452	8
Consulting service revenue (Note 48)	279,625	4	202,372	3
Others (Notes 42 and 48)	613,496	10	350,949	4
Total noninterest profits and gains, net	4,805,917	74	5,530,734	69
TOTAL NET REVENUES	6,512,743	100	8,016,732	100
REVERSAL OF ALLOWANCE (ALLOWANCE) FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	(330,186)	(5)	165,247	2
OPERATING EXPENSES (Notes 32, 43, 44 and 48)				
Employee benefits	(2,804,443)	(43)	(3,120,520)	(39)
Depreciation and amortization	(363,052)	(5)	(347,623)	(4)
Other general and administrative expenses	(1,746,781)	(27)	(1,550,956)	(19)
Total operating expenses	(4,914,276)	(75)	(5,019,099)	(62)
NET PROFIT BEFORE INCOME TAX	1,268,281	20	3,162,880	40
INCOME TAX EXPENSE (Notes 4 and 45)	(112,983)	(2)	(380,395)	(5)
NET PROFIT FOR THE PERIOD	1,155,298	18	2,782,485	35

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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			
	2016		2015	
	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	$ (843,450)	(13)	$ (404,060)	(5)
Unrealized gain on available-for-sale financial assets	304,686	5	60,451	1
Unrealized gain on cash flow hedges	-	-	10,968	-
Share of other comprehensive income (loss) of associates and joint ventures	(43,394)	(1)	28,178	-
Income tax relating to the items that may be reclassified subsequently to profit or loss	(598)	-	(809)	-
Other comprehensive loss for the period, net of income tax	(582,756)	(9)	(305,272)	(4)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 572,542	9	$ 2,477,213	31
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	$ 1,126,415	17	$ 2,745,175	34
Non-controlling interests	28,883	1	37,310	1
	$ 1,155,298	18	$ 2,782,485	35
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	$ 544,846	8	$ 2,440,424	30
Non-controlling interests	27,696	1	36,789	1
	$ 572,542	9	$ 2,477,213	31
EARNINGS PER SHARE (Note 46)				
Basic	$ 0.08		$ 0.18	
Diluted	$ 0.08		$ 0.18	

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	Unrealized Gains (Losses) on Cash Flow Hedges	Others	Treasury Shares	Total Equity Attributable to Owners of the Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2015	$ 153,438,493	$ 5,969	$ 590,923	$ 3,077,853	$ 1,123,858	$ 15,378,140	$ 205,176	$ (177,929)	$ (20,659)	$ (26,956)	$ (3,298,709)	$ 170,296,159	$ 3,617,754	$ 173,913,913
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(102,256)	(3,797)	-	-	-	-	(106,053)	2,215,847	2,109,794
BALANCE AT JANUARY 1, 2015 AS RESTATED	153,438,493	5,969	590,923	3,077,853	1,123,858	15,275,884	201,379	(177,929)	(20,659)	(26,956)	(3,298,709)	170,190,106	5,833,601	176,023,707
Change in share of profit of associates and joint ventures	-	-	391	-	-	-	-	-	-	-	-	391	-	391
Net profit for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	-	-	-	-	-	2,745,175	37,310	2,782,485
Other comprehensive income (loss) for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(429,898)	114,179	10,968	-	-	(304,751)	(521)	(305,272)
Total comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	(429,898)	114,179	10,968	-	-	2,440,424	36,789	2,477,213
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)	-	(972,909)
Share-based payments	94,690	(5,719)	9,685	-	-	(2,823)	-	-	-	(49,459)	-	46,374	-	46,374
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,215,847)	(2,215,847)
BALANCE AT MARCH 31, 2015	$ 153,533,183	$ 250	$ 600,999	$ 3,077,853	$ 1,123,858	$ 18,018,236	$ (228,519)	$ (63,750)	$ (9,691)	$ (76,415)	$ (4,271,618)	$ 171,704,386	$ 3,654,543	$ 175,358,929
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

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	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 1,268,281	$ 3,162,880
Adjustments to reconcile net profit (loss)		
Depreciation expenses	149,950	131,157
Amortization expenses	213,102	216,466
Allowance (reversal of allowance) for bad debts and losses on guarantees, net	330,186	(165,247)
Interest expense	1,165,736	1,447,098
Interest income	(3,447,929)	(4,350,652)
Dividend income	(27,492)	(87,991)
Share of profit of associates and joint ventures	(40,091)	(198,039)
Gain on disposal of investments	(420,847)	(1,039,090)
Loss on financial asset impairment	45,075	17,679
Loss on nonfinancial asset impairment	2,083	5,668
Others	383,822	23,564
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(9,791,938)	(2,872,319)
Financial assets at fair value through profit or loss	(26,976,007)	13,923,698
Available-for-sale financial assets	(8,380,033)	1,596,603
Securities purchased under resell agreements	(3,200,743)	(6,213,017)
Receivables	(6,399,988)	(29,472,323)
Discount and loans	(6,498,321)	(1,478,995)
Held to maturity financial assets	-	18,600,000
Other financial assets	(486,782)	(3,212,565)
Other assets	5,590,144	2,919,425
Deposits from the Central Bank and banks	(5,740,345)	(4,813,082)
Financial liabilities at fair value through profit or loss	6,139,987	(5,870,692)
Notes and bonds issued under repurchase agreements	14,452,231	(8,470,619)
Payables	(4,715,723)	(9,840,650)
Deposits and remittances	(8,329,394)	30,121,978
Other financial liabilities	8,050,666	(22,623,710)
Other liabilities	89,791	10,396,920
Interest received	3,263,363	4,762,909
Dividend received	10,810	61,238
Interest paid	(1,196,761)	(1,834,742)
Income tax paid	(87,388)	(976,073)
Net cash used in operating activities	(44,584,555)	(16,132,523)

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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	
	2016	**2015**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (614)	$ (20,999,056)
Proceeds on sale of available-for-sale financial assets	402,615	17,161,267
Proceeds on sale of held-to-maturity financial assets	102,564	-
Acquisition of financial assets measured at cost	(591,860)	(764,834)
Proceeds on sale of financial assets measured at cost	945,577	1,006,769
Acquisition of investments accounted for using the equity method	(803,291)	(298,500)
Proceeds from capital return on investments accounted for using the equity method	-	119,879
Acquisition of property and equipment	(81,325)	(83,966)
Others	52,378	(15,626)
Net cash generated from (used in) investing activities	26,044	(3,874,067)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(976,894)	26,313,343
Increase in commercial paper payable	2,126,711	15,208,352
Proceeds from issue of corporate bonds	-	6,000,000
Repayments of corporate bonds	-	(8,100,000)
Repayments of bank debentures	-	(9,000,000)
Repayments of long-term borrowings	(24,133)	(275,960)
Purchase of treasury shares	(1,150,440)	(972,909)
Others	1,249	31,052
Net cash generated from (used in) financing activities	(23,507)	29,203,878
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(437,239)	(66,414)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,019,257)	9,130,874
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	135,637,871	84,850,996
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 90,618,614	$ 93,981,870

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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, 2016 and 2015:

	March 31	
	2016	2015
Cash and cash equivalents in consolidated balance sheets	$ 24,723,408	$ 25,287,050
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	34,835,504	46,129,526
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	31,059,702	22,565,294
Cash and cash equivalents in consolidated statements of cash flows	$ 90,618,614	$ 93,981,870

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

1. GENERAL INFORMATION

China Development Financial Holding Corporation (the "Corporation") was established by China Development Industrial Bank (CDIB) through a share swap on December 28, 2001 made under the Financial Holding Company Act and related regulations. CDIB 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 Co., Ltd. (KGI Securities) through a tender offer. The Corporation acquired 81.73% of KGI Securities' shares (totaling 2,672,420 thousand shares) during the public tender offer period. On September 28, 2012, the Corporation's stockholders resolved to acquire KGI Securities' remaining 18.27% 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 April 8, 2014, the Corporation's shareholders resolved to acquire KGI Bank Co., Ltd. ("KGI Bank") through a share swap. Each KGI Bank share was exchanged for 0.2 share of the newly issued common stock of the Corporation plus NT$13.4 cash of KGI Bank's stock price on September 15, 2014. Thus, KGI Bank became the Corporation's wholly owned subsidiary.

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

On March 2 and April 13, 2015, CDIB's board of the directors of CDIB approved the transfer to KGI Bank of (a) all assets and liabilities associated with the commercial banking business of CDIB and (b) CDIB's holdings of shares in CDIB's leasing subsidiaries and in the Taiwan Financial Asset Service Corporation in accordance with Article 185 of Company Act and Article 27 of Business Mergers and Acquisitions Act. On April 16, 2015, the transaction was approved by the Financial Supervisory Commission in accordance with Rule No. 10400053521, and the chairman was authorized by the board of directors to approve May 1, 2015 as the date of business transfer.

Before the transfer of business, CDIB's industrial banking operations included certain deposit-taking, lending, investment, bank debenture issuing, securities underwriting, domestic exchange, guarantee provision, letter of credit issuing, receivable acquisition, government bond purchasing, trust operations, offshore banking, transacting derivative financial instruments and other activities under the authority approval. After the transfer of business, CDIB'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, 2015, 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, 2015, 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.

For more information on the organization and business of the consolidated entities, please refer to Table 7 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on May 30, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") in issue but not yet endorsed by the FSC.

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Group should apply 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, amended and revised standards and interpretations.

The Corporation and subsidiaries has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of 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 4)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarification to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses" related to debt instruments measured at fair value	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 4: The postponement in June 2015 applies to changes introduced by the IASB in September 2014 through narrow-scope amendments to IFRS 10 and IAS 28. Earlier application is permitted.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Corporation and subsidiaries' accounting policies, except for the following:

a. 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 Corporation and subsidiaries' 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:

1) 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;

2) 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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.

b. 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 Corporation and the subsidiaries is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2/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.

c. 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 Corporation and subsidiaries 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.

d. 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.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

e. 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.

f. 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”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

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 and related amendment are 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.

g. 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries' share of the gain or loss is eliminated. Also, when the Corporation and subsidiaries 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 Corporation and subsidiaries' share of the gain or loss is eliminated.

h. Annual Improvements to IFRSs: 2012-2014 Cycle

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

IAS 34 was amended to clarify the other disclosures are required to be included in the interim financial statements. Some of the disclosures required by IAS 34 may be given in the interim financial report, but outside of the interim financial statements (e.g. the description of the management or risk report) are not required to be included in the interim financial statements. However, they are required to the inclusion of a cross-reference from the interim financial statements to the location of this information. The users of financial reports acquire the information under the same condition at the same time.

i. 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries as lessor.

When IFRS 16 becomes effective, the Corporation and subsidiaries 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.

j. 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 Corporation and subsidiaries 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 Corporation and subsidiaries 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 Corporation and subsidiaries' assets for more than their carrying amount if there is sufficient evidence that it is probable that the Corporation and subsidiaries will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation and subsidiaries' 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 Corporation and subsidiaries consolidated financial statements for the year ended December 31, 2015, 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, IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial report is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

As of March 31, 2016, December 31, 2015 and March 31, 2015, the consolidated entities included in the consolidated financial statements included 71, 73 and 80 companies, respectively (please refer to the attached Table 7 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, 2015.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash in banks	$ 11,038,001	$ 8,695,163	$ 13,993,256
Due from banks	5,309,999	6,124,600	3,947,333
Short-term transactions instruments with maturities of up to three months	4,392,237	7,295,388	3,367,925
Checks for clearing	1,386,276	220,931	1,477,095
Future excess margin	1,329,581	1,352,806	1,221,297
Cash on hand	1,267,314	1,281,441	1,160,144
Negotiable certificates of deposit	-	120,000	120,000
	$ 24,723,408	$ 25,090,329	$ 25,287,050

Cash and cash equivalents as of December 31, 2015 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, 2016 and 2015:

	December 31, 2015
Cash and cash equivalents in consolidated balance sheet	$ 25,090,329
Due from the Central Bank and call loans to banks which qualify as cash and cash equivalents as defined of in IAS 7	66,308,658
Securities purchased under agreements to resell which qualify as cash and cash equivalents as defined of in IAS 7	44,238,884
Cash and cash equivalents in consolidated statement of cash flow	$ 135,637,871

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

	March 31, 2016	December 31, 2015	March 31, 2015
Due from the Central Bank	$ 52,506,457	$ 54,339,778	$ 49,980,456
Call loans to banks	12,937,611	32,785,506	13,061,544
	$ 65,444,068	$ 87,125,284	$ 63,042,000

Statutory deposit reserves placed in the Central Bank of the ROC are determined at prescribed rates based on the monthly average balances of customers' New Taiwan dollar deposits. As of March 31, 2016, December 31, 2015 and March 31, 2015, these reserves included $6,786,564 thousand, $6,675,432 thousand and $7,195,419 thousand, respectively, which were subject to withdrawal restrictions.

In addition, under a directive issued by the Central Bank of the ROC, separate foreign-currency deposit reserves are determined at prescribed rates based on balances of foreign-currency deposits. These reserves may be withdrawn anytime and are noninterest earning. The balances of foreign-currency deposit reserves were $148,497 thousand, $152,104 thousand and $157,005 thousand as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

For the Corporation and subsidiaries' issued certificates of deposits pledged as collaterals for day-term overdraft, please refer to Note 49.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
Financial assets held for trading			
Derivative instrument			
Currency swap contracts	$ 13,177,232	$ 11,267,269	$ 4,837,703
Interest rate swap contracts	6,720,262	5,450,351	4,395,212
Premiums paid on option contracts	2,660,739	3,866,365	2,786,687
Others	1,855,402	1,690,688	2,567,671
Non-derivative financial assets			
Operating securities (Note 9)	85,856,724	69,315,807	76,332,751
Bank debentures	25,731,305	33,176,658	28,572,495
Mutual funds	6,018,906	6,673,779	5,619,689
Convertible (exchangeable) corporate bonds	2,388,127	2,184,662	2,895,471
Corporate bonds	2,153,176	2,370,073	5,285,967
Others	1,226,159	1,439,556	3,025,770
	147,788,032	137,435,208	136,319,416
Financial assets designated as at FVTPL			
Government bonds	35,908,801	19,299,321	-
Others	1,059,259	1,045,556	934,699
	36,968,060	20,344,877	934,699
Financial assets at FVTPL	$ 184,756,092	$ 157,780,085	$ 137,254,115

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Financial liabilities held for trading			
Derivative instrument			
Currency swap contracts	$ 14,157,397	$ 11,379,184	$ 5,313,959
Interest rate swap contracts	7,459,956	5,856,509	4,775,137
Premiums received on option contracts	4,031,101	5,478,033	4,470,857
Structure products	2,606,222	2,192,369	172,999
Others	1,921,645	1,653,112	3,190,290
Non-derivative financial liabilities			
Borrowed securities payable	8,733,944	6,167,626	3,897,976
Securities financing	319,296	652,471	1,044,700
	39,229,561	33,379,304	22,865,918
Financial liabilities designated as at FVTPL			
Bank debentures payable	4,443,813	4,352,498	4,276,678
Structured products	2,364,792	2,166,377	2,192,255
	6,808,605	6,518,875	6,468,933
Financial liabilities at FVTPL	$ 46,038,166	$ 39,898,179	$ 29,334,851

(Concluded)

The Corporation and subsidiaries' trust contract of stock of Capital Securities Corporation. Please refer to Note 10.

As of March 31, 2016, December 31, 2015 and March 31, 2015, bank debentures issued by the Corporation and subsidiaries and designated as at FVTPL were as follows:

Bank Debenture Number	March 31, 2016	December 31, 2015	March 31, 2015	Issuance Period	Method of Paying Principles and Interests	Interest Rate
04 KGIB 1	$ 1,050,000	$ 1,050,000	$ 1,050,000	May 18, 2006 - May 18, 2016	Principal due on maturity; interest payable annually	2.15%
15KGIB1	3,421,892	3,504,996	3,328,506	March 24, 2015 - March 24, 2045 (Note)	Principal due on maturity	0.00%
	4,471,892	4,554,996	4,378,506			
Valuation adjustments	(28,079)	(202,498)	(101,828)			
	$ 4,443,813	$ 4,352,498	$ 4,276,678			

Note: 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).

The contract (nominal) amounts of the Corporation and subsidiaries' outstanding derivative financial instruments as of March 31, 2016, December 31, 2015 and March 31, 2015 are summarized as follows:

	Contract Amount		
	March 31, 2016	December 31, 2015	March 31, 2015
Currency swap contracts	$ 1,225,028,122	$ 1,167,714,201	$ 947,643,176
Interest rate swap contracts	714,625,502	711,778,113	615,246,061
Option and Futures contracts	328,928,915	359,829,956	393,866,080
Forward exchange contracts	140,069,157	121,868,073	43,878,570

(Continued)

	Contract Amount		
	March 31, 2016	December 31, 2015	March 31, 2015
Structured note contracts	$ 13,958,956	$ 16,194,507	$ 11,369,036
Assets swap contracts	13,506,128	13,520,064	14,604,234
Cross-currency swap contracts	12,446,503	8,830,876	30,221,029
Credit default swap contracts	2,143,597	4,014,286	863,569
Non-deliverable forward contracts	1,982,194	1,609,868	2,790,254
Commodity swap	764,522	1,143,416	1,526,890
Equity derivative financial contracts	389,963	292,546	3,215,000
Others	3,008	-	-

(Concluded)

As of March 31, 2016, December 31, 2015 and March 31, 2015, financial assets held for trading with aggregate carrying values of $100,855,824 thousand, $94,464,703 thousand and $86,131,203 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

On July 15, 2010, CDIB initiated action against Morgan Stanley & Co. International PLC ("Morgan Stanley") et al. to recover losses CDIB 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 by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant financial losses to CDIB. As of December 31, 2010, the underlying asset pools on the CDS had been liquidated, and CDIB had recognized all gains and losses from the transaction. The balance of US$11,977,825 (NT$386,668 thousand based on the exchange rate of March 31, 2016) was reclassified to "other financial liabilities". In addition, Morgan Stanley overlooked CDIB'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), CDIB reserves the right of legal proceedings.

For the information on financial instruments at fair value through profit or loss pledged as collateral for the Corporation and subsidiaries, please refer to Note 49.

9. OPERATING SECURITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Dealing			
Government bonds	$ 32,736,740	$ 23,270,235	$ 10,577,624
Oversea securities	23,417,802	16,811,666	26,586,505
Corporate bonds	14,566,054	15,273,953	20,151,775
Listed, OTC and emerging market stocks	9,392,584	7,601,755	9,598,317
Others	303,779	988,365	1,103,468
	80,416,959	63,945,974	68,017,689
Underwriting			
Listed and OTC stocks	937,966	863,517	959,090
Corporate bonds	484,289	677,226	817,342
	1,422,255	1,540,743	1,776,432

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Hedge positions			
Listed and OTC stocks	$ 3,026,608	$ 2,715,104	$ 5,885,826
Oversea securities	980,345	1,085,737	332,184
Listed and OTC warrant	10,557	28,249	320,620
	4,017,510	3,829,090	6,538,630
	$ 85,856,724	$ 69,315,807	$ 76,332,751

(Concluded)

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Government bonds	$ 25,078,626	$ 20,017,935	$ 85,270,427
Bank debentures	24,822,127	20,955,028	15,826,491
Listed, OTC and emerging market stocks	19,764,229	20,055,988	24,486,147
Corporate bonds	9,039,132	9,091,039	16,349,317
Others	517,998	523,025	929,664
	$ 79,222,112	$ 70,643,015	$ 142,862,046

As of March 31, 2016, December 31, 2015 and March 31, 2015, available-for-sale financial assets, with aggregate carrying values of $32,772,584 thousand, $25,014,339 thousand and $37,420,416 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

The Corporation and subsidiaries signed a trust contract with China Trust Commercial Bank (CTBC) in August 2015. The Capital Securities Corporation shares held by the Corporation and subsidiaries trust to the CTBC. The trustee in accordance with the contract agreed disposition within the contract period.

For the information on available-for-sale financial assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 49.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Commercial paper	$ 22,215,290	$ 35,413,781	$ 10,123,870
Government bonds	10,273,458	10,512,947	11,952,763
Bank debentures	5,441,250	3,882,273	3,362,559
Corporate bonds	4,713,816	2,813,252	4,165,311
	$ 42,643,814	$ 52,622,253	$ 29,604,503
Resold amounts	$ 42,653,383	$ 52,622,018	$ 29,612,149
Last maturity date	May 2016	March 2016	June 2015

12. RECEIVABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Receivable accounts for settlement	$ 31,167,638	$ 13,879,169	$ 23,074,677
Receivables on margin loans, refinancing margin and refinancing deposits receivable	31,001,110	36,440,846	76,655,130
Accounts receivable - forfeiting	20,737,461	26,685,120	39,460,791
Lease receivables	7,045,300	7,462,931	7,367,671
Securities lending receivable	4,058,003	2,728,739	13,932
Settlement price	3,489,031	3,026,676	4,712,792
Credit card receivables	2,436,030	2,707,234	2,403,129
Interest receivable	2,343,744	2,553,165	2,993,161
Acquired loans	2,056,274	2,116,953	2,620,614
Others	5,711,295	6,681,507	6,780,206
	110,045,886	104,282,340	166,082,103
Less: Unrealized interest revenue	(461,509)	(521,616)	(592,332)
Allowance for bad debts	(2,902,584)	(3,006,575)	(3,075,020)
	$ 106,681,793	$ 100,754,149	$ 162,414,751

The Corporation and subsidiaries' changes in allowance for bad debts of receivables were as follows:

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 3,006,575	$ 3,085,451
Reversal	(23,321)	(21)
Loans reclassified to nonperforming loans	(1,200)	(60)
Write-off	(55,705)	-
Effect of exchange rate changes	(23,765)	(10,350)
Balance, March 31	$ 2,902,584	$ 3,075,020

For the information on impairment loss analysis of receivables, please refer to Note 54.

The amount of receivables pledged as collateral for the Corporation and subsidiaries please refer to Note 49.

13. DISCOUNTS AND LOANS

	March 31, 2016	December 31, 2015	March 31, 2015
Short-term loans	$ 52,634,593	$ 45,337,996	$ 40,330,750
Medium-term loans	133,765,152	132,596,923	140,299,355
Long-term loans	40,531,167	41,698,553	48,175,746
Loans reclassified to nonperforming loans	537,806	541,860	299,326
Export negotiations	10,925	750,976	1,432,682
	227,479,643	220,926,308	230,537,859
Less: Allowance for bad debts	(3,143,041)	(3,115,696)	(3,079,055)
Less: Discounts on loans	(44,886)	(30,284)	(55,753)
	$ 224,291,716	$ 217,780,328	$ 227,403,051

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

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 3,115,696	$ 3,447,239
Reversal	(13,067)	(135,751)
Recovery of written-off credits	195,015	227,996
Write-off	(135,713)	(449,636)
Reduction and exemption	(5,385)	(5,163)
Effects of exchange rate changes	(13,505)	(5,630)
Balance, March 31	$ 3,143,041	$ 3,079,055

For the information on impairment loss analysis of discounts and loans, please refer to Note 54.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Associates that are not individually material:

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
CDIB & Partners Investment Holding Corporation	$ 4,716,746	34	$ 4,765,852	34	$ 4,940,851	34
KGI Securities (Thailand) Public Company Limited	2,099,969	35	2,059,804	35	2,225,529	35
CDIB Capital Asia Partners L.P.	1,522,873	-	1,314,206	-	1,608,641	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	1,217,294	-	667,550	-	690,358	-
CDIB Biomedical Venture Capital Corporation	581,839	34	584,514	34	292,092	34

(Continued)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
CPEC Huachuang Private Management Equity (Kunshan) Enterprise (Limited Partnership)	$ 578,628	-	$ 585,700	-	$ -	-
CDIB CME Fund Ltd.	575,891	40	576,143	40	582,009	40
Others	171,707		221,896		273,905	
	$ 11,464,947		$ 10,775,665		$ 10,613,385	

(Concluded)

Investments accounted for using the equity method and the Corporation and subsidiaries' 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.

Please refer to Note 49 for investments under equity method 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 and have rights and obligations in accordance to the contract.

	March 31, 2016	December 31, 2015	March 31, 2015
Investment in private equity fund			
Financial assets measured at cost	$ 6,529,070	$ 6,891,768	$ 12,230,461
Maximum exposure	$ 6,529,070	$ 6,891,768	$ 12,230,461

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 and its subsidiaries and external third parties.

	March 31, 2016	December 31, 2015	March 31, 2015
Management on private equity fund			
Total assets	$ 10,820,872	$ 9,351,364	$ 6,710,656
Total liabilities	161,514	101,340	169,415
Investments accounted for using equity method	3,318,795	2,567,456	2,298,999
Maximum exposure	3,318,795	2,567,456	2,298,999

16. RESTRICTED ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Restricted demand deposits	$ 27,527,644	$ 29,345,180	$ 20,972,802
Stocks	149,392	149,392	149,392
Accounts receivables	110,207	105,447	100,303
Checking accounts - restricted for agent's stock transfer purposes	79,186	83,390	92,375
Impound account	55,139	49,178	49,234
Accrued revenue	30,287	30,287	28,127
Due from banks	14,628	13,856	14,872
	$ 27,966,483	$ 29,776,730	$ 21,407,105

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 oversea.

After the filing of a certain complaint against Morgan Stanley (Note 50), CDIB 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 Corporation and subsidiaries, please refer to Note 49.

17. FINANCIAL ASSETS MEASURED AT COST

	March 31, 2016	December 31, 2015	March 31, 2015
Unlisted stocks - common stock	$ 7,796,909	$ 8,022,763	$ 8,895,395
Unlisted overseas partnership fund	6,529,070	6,891,768	12,230,461
Others	6,438,271	6,180,743	6,373,756
	$ 20,764,250	$ 21,095,274	$ 27,499,612
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 19,328,179	$ 19,749,728	$ 26,708,003
Financial assets at FVTPL	1,436,071	1,345,546	791,609
	$ 20,764,250	$ 21,095,274	$ 27,499,612

CDIB and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $649,961 thousand and $432,475 thousand during the three months ended March 31, 2016 and 2015, respectively, recognizing disposal gain of $397,518 thousand and $573,625 thousand, respectively.

18. OTHER FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Guarantee deposits received on futures contracts	$ 34,922,377	$ 31,506,459	$ 33,381,967
Time deposits with original maturities over three months	1,745,365	4,567,104	7,787,869
Debt instruments with no active market	1,723,706	1,619,702	2,668,905
Pledged time deposit	629,644	629,344	1,081,567
Others	136,944	451,212	121,168
	$ 39,158,036	$ 38,773,821	$ 45,041,476

For the information on other financial assets pledged as collateral for loans, please refer to Note 49.

19. INVESTMENT PROPERTY

	March 31, 2016	December 31, 2015	March 31, 2015
Land	$ 1,781,076	$ 1,779,276	$ 1,789,748
Buildings and facilities	263,977	269,035	279,030
	$ 2,045,053	$ 2,048,311	$ 2,068,778

Except for depreciation recognized, the Corporation and subsidiaries' had no significant addition, disposal and impairment of investment properties during the three months ended March 31, 2016 and 2015.

The above items of investment property 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	5 years

The fair values of the Corporation and subsidiaries' investment property as of March 31, 2016, December 31, 2015 and March 31, 2015 were $3,611,030, $3,622,323 thousand and $3,277,119 thousand, respectively.

KGI Bank and subsidiaries, as well as CDIB 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 management apply valuation models which often used in markets as common practice in evaluating the remaining investment property; however, management of the Corporation and subsidiaries 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 Corporation and subsidiaries' investment property were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Corporation and subsidiaries to secure borrowings were reflected in Note 49.

20. PROPERTY AND EQUIPMENT

	March 31, 2016	December 31, 2015	March 31, 2015
Land	$ 8,913,596	$ 8,915,396	$ 8,914,058
Buildings and facilities	4,516,158	4,554,334	4,607,120
Computer equipment	472,617	488,401	345,307
Transportation equipment	20,678	21,424	13,822
Other equipment	240,096	256,935	264,013
Leasehold improvements	236,302	247,471	133,903
Leased assets	228,139	231,352	86,413
	14,627,586	14,715,313	14,364,636
Prepayments for acquisition of properties	18,603	1,847	40,262
	$ 14,646,189	$ 14,717,160	$ 14,404,898

Except for depreciation recognized, the Corporation and subsidiaries' had no significant addition, disposal and impairment of property and equipment during the three months ended March 31, 2016 and 2015.

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	20-61 years
Lifting equipment	15 years
Air-conditioning and electrical equipment	5-10 years
Fire and monitoring equipment	5 years
Computer equipment	2-8 years
Transportation equipment	3-16 years
Other equipment	
Office furniture and equipment	3-11 years
Others	10 years
Leasehold improvements	1-5 years
Leased assets	1-10 years

For the information on property and equipment pledged as collateral, please refer to Note 49.

21. INTANGIBLE ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Operation rights	$ 6,033,370	$ 6,202,496	$ 6,718,229
Goodwill	1,901,060	1,892,627	1,807,676
Computer software	456,664	452,971	467,828
Others	36,396	36,396	36,396
	$ 8,427,490	$ 8,584,490	$ 9,030,129

Except for amortization recognized, the Corporation and subsidiaries' had no significant addition, disposal, and impairment of other intangible assets during the three months ended March 31, 2016 and 2015.

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, 2016	December 31, 2015	March 31, 2015
Guarantee deposits paid	$ 8,338,266	$ 9,798,152	$ 4,743,218
Security borrowing margins	5,900,655	6,563,279	2,284,562
Operating guarantee deposits	1,447,570	1,447,740	1,537,493
Prepaid expense	878,470	698,528	1,908,721
Settlement funds	520,304	560,724	561,831
Competitive bid transactions guarantee	361,843	323,027	456,482
Collaterals assumed	153,005	153,005	179,275
Collected for underwriting payment of shares	353	2,115,341	3,153,082
Others	397,734	537,895	370,093
	$ 17,998,200	$ 22,197,691	$ 15,194,757

As of March 31, 2016, December 31, 2015 and March 31, 2015, the above collaterals were net of accumulated impairment losses of $58,674 thousand, $58,674 thousand and $61,427 thousand, respectively.

For the information on other assets pledged as collateral, please refer to Note 49.

23. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2016	December 31, 2015	March 31, 2015
Call loans from banks	$ 3,057,325	$ 8,797,670	$ 6,576,020
Deposits from Chunghwa Post Co., Ltd.	1,226,729	1,226,729	1,291,180
Overdrafts of the Bank	-	-	496
	$ 4,284,054	$ 10,024,399	$ 7,867,696

24. DERIVATIVE FINANCIAL LIABILITIES

		Designated as Hedging Instruments							
		March 31, 2016		December 31, 2015		March 31, 2015			
Hedged Item	Hedging Instrument	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Nominal Amount	Fair Value	Project Period of Cash Flow Generation	Project Period of Related Gain/Loss Recognized in the Income Statement
Floating rate Corporate bonds payable	Interest rate swap contract	$ -	$ -	$ -	$ -	$ 2,350,000	$ 9,691	2008-2015	2008-2015

	For the Three Months Ended March 31, 2015
Adjustment of equity in the current period	$ (190)
Deducted from equity and charged to current gain	11,158

25. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Bank debentures	$ 55,911,004	$ 58,098,148	$ 50,289,323
Government bonds	45,148,046	32,897,800	28,464,658
Corporate bonds	33,005,049	28,615,920	45,602,006
	$ 134,064,099	$ 119,611,868	$ 124,355,987
Repurchased amounts	$ 134,460,049	$ 119,734,729	$ 124,821,806
Last maturity date	June 2016	March 2016	October 2015

26. COMMERCIAL PAPER PAYABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Commercial paper payable	$ 15,275,925	$ 13,149,834	$ 29,444,926
Less: Unamortized discount	(10,012)	(10,632)	(11,257)
	$ 15,265,913	$ 13,139,202	$ 29,433,669
Rate	0.3%-2.02%	0.43%-2.02%	0.45%-1.64%
Last maturity date	November 2016	November 2016	May 2015

As of March 31, 2016, Bank of Taipei, Dah Chang Bills Finance Corporation, Ta Ching Finance Corporation, Mega Bank, Ta 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 Corporation and subsidiaries, which amounted to $10,288,499 thousand, had no guarantee.

As of December 31, 2015, Bank of Taipei, Dah Chang Bills Finance Corporation, Ta Ching Finance Corporation, Mega Bank, Sunny Bank, Shanghai Commercial Bank, Taiwan Business Bank, Ta Chong Bank, Syndicated Loans issued by China Bills Finance Corporation, Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Grand Bills Finance Corporation and Union Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $9,595,100 thousand, had no guarantee.

As of March 31, 2015, Bank of Taipei, Dah Chang Bills Finance Corporation, Taishin International Bank, Mega Bills Finance Co, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Taichung Bank, Grand Bills Finance Corp. and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $23,218,123 thousand, had no guarantee.

27. PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Accounts payable for settlement	$ 43,108,922	$ 29,449,576	$ 30,479,391
Guaranteed price deposits received from securities borrowers	10,809,833	13,780,419	7,470,861
Settlement proceeds	3,724,142	1,863,332	2,073,784
Accrued expenses	1,948,206	3,742,613	2,410,765
Securities financing guarantee deposits	1,897,134	3,377,214	1,494,282
Checks of clearing	1,386,276	220,931	1,477,095
Others	4,553,053	4,717,959	5,047,610
	$ 67,427,566	$ 57,152,044	$ 50,453,788

28. DEPOSITS AND REMITTANCES

	March 31, 2016	December 31, 2015	March 31, 2015
Time deposits	$ 195,219,933	$ 211,950,211	$ 221,906,432
Saving deposits	94,312,826	88,713,219	86,845,103
Demand deposits	26,516,928	23,496,448	23,487,341
Checking deposits	839,840	1,040,422	1,049,796
Negotiable CDs	76,400	100,700	1,380,900
Inward remittance	16,811	11,132	10,376
	$ 316,982,738	$ 325,312,132	$ 334,679,948

29. BONDS PAYABLE

	March 31, 2016	December 31, 2015	March 31, 2015
Corporate bonds payable	$ 25,997,420	$ 26,006,520	$ 20,012,200
Bank debentures payable	2,630,089	2,612,172	3,558,025
	$ 28,627,509	$ 28,618,692	$ 23,570,225

Corporate Bonds Payable

	March 31, 2016	December 31, 2015	March 31, 2015
1st corporate bonds in 2009 - the Corporation	$ 1,000,000	$ 1,000,000	$ 1,000,000
1st corporate bonds in 2011 - the Corporation	6,000,000	6,000,000	6,000,000
1st corporate bonds in 2008 - the Corporation	-	-	3,000,000
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	-
1st corporate bonds in 2014 - KGI Securities	997,420	1,006,520	1,012,200
1st corporate bonds in 2015 - KGI Securities	7,000,000	7,000,000	-
	$ 25,997,420	$ 26,006,520	$ 20,012,200
Fair value	$ 26,350,687	$ 26,469,816	$ 20,164,180

In June 2008, the Corporation issued $6,000,000 thousand of 1st unsecured corporate bonds in 2008 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period:

Bond C and Bond D: Seven years.

b. Issue coupon/interest rate:

Bond C: 3.40% fixed annual interest rate.
Bond D: Indicator rate plus 0.70%

The indicator rate is the fixing rate of the 90-day short-term bills in the secondary market quoted by the Reuters at 11:00 a.m., two working days prior to the date of accruing interest as of issue date (shown on page 6165). If the rate is not available, the average rate of the last working day before the above first day will be used instead.

c. Method of paying principal and interest: Principal due on maturity; Bond C was issued at par, interest payable annually. The interests period for Bond D start every three months from the issue date; interest payable annually and principal repayable on the due date.

d. Pledged: Negative.

The interest rates on the above bonds were 1.578%-3.40% for the three months ended March 31, 2015, respectively. Bond C and Bond D will mature in June 2015.

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 2010.

Bank Debentures Payable

Name	March 31, 2016	December 31, 2015	March 31, 2015	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%
No. 960401	-	-	1,000,000	2008.01.31-2015.04.30	Principal due on maturity; interest payable annually, the last payment for three months	3.10%
Issued amount	2,750,000	2,750,000	3,750,000			
Unamortized discount	(119,911)	(137,828)	(191,975)			
Net amount	$ 2,630,089	$ 2,612,172	$ 3,558,025			
Fair value	$ 2,612,316	$ 2,592,759	$ 3,536,360			

30. OTHER BORROWINGS

	March 31, 2016	December 31, 2015	March 31, 2015
Short-term credit borrowings	$ 11,949,139	$ 11,848,307	$ 18,498,121
Short-term secured borrowings	4,649,830	5,727,556	37,143,877
Note issuance facility	3,899,729	3,899,189	4,898,569
Long-term credit borrowings	309,734	334,407	290,501
Long-term secured borrowings	-	-	110,627
	$ 20,808,432	$ 21,809,459	$ 60,941,695
Rate	0.42%-5.25%	0.45%-6.64%	0.25%-6.00%
Last maturity date	July 2018	July 2018	October 2017

31. PROVISIONS

	March 31, 2016	December 31, 2015	March 31, 2015
Provisions for employee benefits	$ 1,014,311	$ 1,037,014	$ 890,962
Provisions for guarantee liabilities	105,385	104,564	107,299
Others	276,855	277,876	182,484
	$ 1,396,551	$ 1,419,454	$ 1,180,745

32. RETIREMENT BENEFIT PLANS

The Corporation and subsidiaries' 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, 2015 and 2014, and recognized in their respective periods.

The Corporation recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $11,166 thousand and $8,522 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $93,393 thousand and $79,638 thousand, respectively for the three months ended March 31, 2016 and 2015.

33. OTHER LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Guarantee deposits received	$ 7,035,953	$ 7,435,318	$ 8,363,237
Collections for others	1,059,417	1,007,866	1,216,529
Temporary receipts and suspense accounts	502,903	562,163	577,856
Advance receipts	189,522	322,221	639,872
Collections for underwriting stock value	-	3,641,600	3,128,127
Others	146,833	147,561	254,456
	$ 8,934,628	$ 13,116,729	$ 14,180,077

34. EQUITY

a. Share capital

Common stock

	March 31, 2016	December 31, 2015	March 31, 2015
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)	15,117,022	15,112,544	15,353,343
Shares issued	$ 151,170,222	$ 151,125,441	$ 153,533,433

b. Capital surplus

	March 31, 2016	December 31, 2015	March 31, 2015
Arising from treasury stock transactions	$ 379,850	$ 379,850	$ 337,166
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	182,755	182,755	183,071
Share-based payments awards	68,440	74,681	63,564
Arising from share of changes in capital surplus of associates	13,728	13,728	13,728
Capital surplus-issue of stock in excess	5,613	3,789	3,470
	$ 650,386	$ 654,803	$ 600,999

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 Rule No. 10200017220 issued by the Financial Supervisory Commission (FSC), if the capital surplus obtained by a financial holding company through a stock conversion came from its subsidiaries' unappropriated earnings net of legal reserve and special reserve, they 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**,** 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 Corporation also recognized $461,314 thousand as special reserve.

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 stockholders' 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.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Corporation appropriated for special reserve an amount of $287,933 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

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 approved 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 43.

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 stockholders 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 stockholders in the following year and given effect to in the financial statements of that year.

On May 16, 2016 and June 12, 2015, the board of the stockholders approved the resolution on the appropriations from the earnings of 2015 and 2014, respectively, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		Dividends Per Share (NT$)	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ 852,823	$ 1,083,622		
Reversal of special reserve	2,463,255	358,817		
Cash dividends	7,487,006	9,098,673	$ 0.5	$ 0.6

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	
	2016	**2015**
Balance at January 1	$ 3,606,912	$ 5,833,601
Attributable to non-controlling interests		
Share of profit for the period	28,883	37,310
Exchange difference on translation of foreign financial statements	(562)	(390)
Unrealized losses on available-for-sale financial assets	(625)	(131)
Effect of change in consolidated subsidiaries	-	(2,215,847)
Balance at March 31	$ 3,634,608	$ 3,654,543

35. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of Period (In Thousands)	Share Increase During Period (In Thousands)	Share Decrease During Period (In Thousands)	Shares at End of Period (In Thousands)
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 stockholders' equity	-	143,010	-	143,010
	323,232	143,010	-	466,242
For the three months ended March 31, 2015				
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 stockholders' equity	93,405	95,483	-	188,888
	416,637	95,483	-	512,120

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 $2,602,238 thousand and $3,283,056 thousand on March 31, 2016 and 2015, respectively. The Corporation's shares held by CDIB are also treated as treasury stock and recognized book value on the swap date. The market prices of the shares were $177,557 thousand and $224,011 thousand on March 31, 2016 and 2015.

On November 24, 2014, the board of directors resolved to buy back 200,000 thousand of the Corporation's shares between November 25, 2014 and January 23, 2015 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 stockholders' equity; the buyback price was set at NT$9.81 to NT$11.08 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 188,888 thousand shares at an average price of NT$10.03 per share and retired all the treasury stocks on May 18, 2015.

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 stockholders' 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 shares at an average price of NT$8.04 per share.

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 stockholders' rights on those shares.

36. NET INTEREST PROFIT

	For the Three Months Ended March 31	
	2016	**2015**
Interest revenues		
Discounts and loans	$ 1,631,870	$ 1,914,474
Margin loans and refinancing margin	486,843	704,185
Securities	270,399	481,840
Due from and call loans to banks	125,390	195,976
Account receivable - forfeiting	120,383	309,135
Others	237,677	307,813
	2,872,562	3,913,423
Interest expenses		
Deposits	672,229	826,284
Notes and bonds issued under repurchase agreements	184,090	172,872
Borrowing interest expense	106,583	139,510
Corporate bonds	95,572	80,388
Structured products	37,489	48,229
Others	69,773	160,142
	1,165,736	1,427,425
Interest revenues, net	$ 1,706,826	$ 2,485,998

37. NET SERVICE FEE REVENUE

	For the Three Months Ended March 31	
	2016	2015
Service fee revenue		
Brokerage	$ 1,939,627	$ 1,951,421
Agency	134,914	105,562
Trust	64,401	192,337
Others	211,782	208,538
	2,350,724	2,457,858
Service fee expense		
Brokerage	248,418	295,597
Consignment settlement and delivery	63,381	45,180
Agency	33,210	43,067
Dealing handling fee	20,696	17,679
Others	69,198	59,126
	434,903	460,649
Service fee, net	$ 1,915,821	$ 1,997,209

38. GAIN ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended March 31	
	2016	2015
Bonds	$ 782,527	$ 649,338
Operating securities	747,357	1,521,789
Mutual funds	(335,296)	219,309
Call (put) warrants	137,204	83,233
Derivatives	(110,707)	(1,092,010)
Others	36,295	6,575
	$ 1,257,380	$ 1,388,234

For the three months ended March 31, 2016 and 2015, the Corporation and subsidiaries' financial assets and liabilities at fair value through profit or loss included interest revenue of $575,367 thousand and $437,229 thousand, respectively, dividend income of $4,284 thousand and $3,006 thousand, respectively and interest expense of $44,556 thousand and $8,436 thousand, respectively.

39. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Three Months Ended March 31	
	2016	2015
Gain on bond disposal	$ 196,047	$ 118,008
Gain on stock disposal	149,074	501,555
Others	16,110	15,082
	$ 361,231	$ 634,645

40. IMPAIRMENT LOSS ON ASSETS

	For the Three Months Ended March 31	
	2016	2015
Financial assets measured at cost	$ 45,075	$ 17,679
Others	2,083	5,668
	$ 47,158	$ 23,347

41. GAIN ON FINANCIAL ASSETS MEASURED AT COST

	For the Three Months Ended March 31	
	2016	2015
Gain on security disposal	$ 456,916	$ 579,424
Dividend income	5,901	47,403
Distributions of fund capital gain	2,511	23,371
Others	276	254
	$ 465,604	$ 650,452

42. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended March 31	
	2016	2015
Gain on debts investment without active market	$ 184,432	$ -
Revenue from underwriting	129,692	135,280
Commission revenues	88,446	69,728
Gain on sale of nonperforming	46,819	50,364
Revenue from providing agency service for stock affairs	30,120	31,618
Rental income	28,426	27,593
Others	105,561	36,366
	$ 613,496	$ 350,949

43. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2016	**2015**
Employee benefit expense		
Salaries and wages	$ 2,364,434	$ 2,684,926
Employee insurance	169,415	159,080
Pension	104,559	88,160
Others	166,035	188,354
	$ 2,804,443	$ 3,120,520
Depreciation and amortization expenses	$ 363,052	$ 347,623

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes and providing legal and special reserves and reversing special reserve. The remaining earnings will be used to pay the employee bonus and the remuneration to directors should not be less than 1% and more than 1%, respectively. For the three months ended March 31, 2015, the bonus to employees and the remuneration to directors and supervisors were $25,827 thousand and $25,827 thousand, respectively. The bonus to employees and remuneration to directors and supervisors, which were estimated on the basis of the Company's Articles of Incorporation and past experience.

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 in 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, 2016, the employees' compensation and the remuneration to directors and supervisors were $11,217 thousand and $11,217 thousand, respectively. The bonus to employees and remuneration to directors and supervisors, which were estimated on the basis of the Company's Articles of Incorporation and past experience

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 Corporation's board of directors have approved the employees' compensation in stock which were the closing price after considering the effect of cash and stock dividends of the shares on the day immediately preceding the board's meeting.

The employees' compensation bonuses of employees and remuneration of directors and supervisors for 2015 and 2014 which have approved in the board of directors' meeting on March 28, 2016, and shareholders' meeting on June 12, 2015, respectively, were as follows:

	For the Year Ended December 31	
	2015	**2014**
Employees' compensation bonus to employees	$ 87,000	$ 102,000
Remuneration of directors and supervisors	75,000	75,000

There was no difference between the amounts above and the amounts recognized in the financial statements for the years ended December 31, 2015 and 2014.

The information on the proposed and approved bonuses to employees and the compensations to 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).

44. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Three Months Ended March 31	
	2016	2015
Taxation	$ 420,329	$ 348,030
Rental	259,676	237,665
Professional services	155,638	165,773
Repair	118,147	90,480
Computer information	111,998	75,352
Postage	83,075	130,490
Others	597,918	503,166
	$ 1,746,781	$ 1,550,956

45. 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 Corporation and subsidiaries, 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	
	2016	2015
Current income tax		
Current year	$ 87,385	$ 226,552
Prior years	(2,085)	396
	85,300	226,948
Deferred income tax		
Current year	27,683	153,447
Income tax expense recognized in profit or loss	$ 112,983	$ 380,395

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

	For the Three Months Ended March 31	
	2016	2015
Deferred income tax		
Unrealized gain on available-for-sale financial assets	$ 598	$ 809

c. Integrated income tax

	March 31, 2016	December 31, 2015	March 31, 2015
Imputation credits accounts - the Corporation	$ 1,101,373	$ 1,101,373	$ 1,363,552

The Corporation's creditable tax ratio for the distribution of earnings of 2015 and 2014 were 8.11% (estimated) and 17.32%, respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Corporation was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to stockholders 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 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

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

d. Income tax assessments

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

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

Income tax returns of China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp. through 2014 had been examined by the tax authorities. CDIB Capital Management Corporation through 2013 had been examined by the tax authorities. Income tax returns of CDIB Venture Capital Corp. through 2012 had been examined by the tax authorities.

The income tax returns of formerly Grand Cathay through 2010 had been examined by the tax authorities. Formerly Grand Cathay disagreed with the tax authorities' assessments of its 2008 tax returns and thus filed tax appeals.

The income tax returns of KGI Securities for the years through 2011 and 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 2006 through 2011 and 2013. As a result, KGI filed tax appeals.

Income tax returns of KGI Insurance Brokers Co., KGI Investment Advisory, Global Securities Finance Co., KGI Securities Investment Trust, KGI Venture Capital Co. through 2014 had been examined by the tax authorities. Income tax returns of KGI Futures Co., Ltd., through 2013 had been examined by the tax authorities.

Income tax returns of KGI Bank, KGI Bank Insurance Brokerage Company, CDIB Management Consulting Corporation, and CDC Finance & Leasing Corp. for the years through 2014 had been examined by the tax authorities. CDC Finance & Leasing Corp. disagreed with the tax authorities' assessments of its 2014 tax returns and thus filed tax appeals.

46. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	2015
Basic EPS	$ 0.08	$ 0.18
Diluted EPS	$ 0.08	$ 0.18

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	
	2016	2015
Earnings used in the computation of EPS	$ 1,126,415	$ 2,745,175

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

	For the Three Months Ended March 31	
	2016	2015
Weighted average number of common shares outstanding in computation of basic EPS	14,727,311	14,842,274
Effect of dilutive potentially common shares:		
Employee share options	607	8,745
Restricted shares	4,512	4,742
Weighted average number of common shares outstanding in computation of diluted EPS	14,732,430	14,855,761

47. 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 options and 11,088 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			
	2016		2015	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	74,320	$ 9.01	83,231	$ 9.48
Options exercised	-	-	(3,197)	9.32
Options invalid	(260)	9.06	(1,025)	9.89
Balance at March 31	74,060	9.01	79,009	9.48
Options exercisable, end of period	30,530	8.93	34,509	9.40
Weighted-average remaining contractual life (years)	5.38		6.38	

The weighted-average share prices at the date of exercise of share options from January 1 to March 31, 2015 was $10.61.

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	$7.29-$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, 2016 and 2015 were $4,169 thousand and $4,473 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) on 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 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, 2016 and 2015, the Corporation recognized $11,763 thousand and $12,098 thousand as compensation cost.

48. 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 Corporation and Subsidiaries
Others	Other related parties

b. Significant transactions with related-parties

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

	Amount	%
March 31, 2016	$ 22,743	-
December 31, 2015	166,736	1
March 31, 2015	9,167	-

For the three months ended March 31, 2016 and 2015, the interest revenues from cash in bank were $16 thousand and $18 thousand, respectively.

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

	Amount	%
March 31, 2016	$ 130,627	1
December 31, 2015	71,436	-
March 31, 2015	403,850	2

For the three months ended March 31, 2016 and 2015, the interest revenues from due from banks were $0 thousand.

3) Call loans to banks (recognized as due from the central bank and call loans to banks)

	Amount	%
December 31, 2015	$ 4,629,240	5

For the three months ended March 31, 2016 and 2015, the interest revenues from call loans to banks were $861 thousand and $73 thousand, respectively.

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

	Amount	%
March 31, 2016	$ 18,295	-
December 31, 2015	26,574	-
March 31, 2015	36,827	-

5) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2016		
Other related parties	$ -	$ 269,262
For the three months ended March 31, 2015		
Other related parties	101,419	-

6) Revenue receivable (recognized as receivables, net)

	Amount	%
March 31, 2016	$ 135,126	-
December 31, 2015	67,745	-

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

	Amount	%
March 31, 2016	$ 17,971	-
December 31, 2015	15,503	-
March 31, 2015	12,386	-

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

	Amount	%
March 31, 2016	$ 14,689	-
December 31, 2015	27,612	-
March 31, 2015	12,683	-

9) Other receivables (recognized as receivables, net)

	Amount	%
March 31, 2016	$ 19,290	-
December 31, 2015	10,916	-
March 31, 2015	17,987	-

10) Discounts and loans, net

	Amount	%	Interest Rate (%)
March 31, 2016	$ 981,000	-	1.69-15.00
December 31, 2015	999,266	-	1.43-18.25
March 31, 2015	921,632	-	1.48-18.25

For the three months ended March 31, 2016 and 2015, the interest revenues from discounts and loans were $4,289 thousand and $3,109 thousand, respectively.

Balance as of 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	$ -	-	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

Balance as of December 31, 2015

(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	34	$ 24,394	$ 16,314	$ 16,314	$ -	-	Yes
Residential mortgage loans	60	1,145,950	974,484	974,484	-	Real estate	Yes
Others	7	113,608	8,468	8,468	-	Real estate/ deposit	Yes

Balance as of March 31, 2015

(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	20	$ 13,882	$ 12,185	$ 12,185	$ -	-	Yes
Residential mortgage loans	42	833,331	801,093	801,093	-	Real estate	Yes
Others	6	111,725	108,354	108,354	-	Real estate/ deposit	Yes

11) Guarantee deposits received in futures contracts (recognized as other financial assets)

	Amount	%
March 31, 2015	$ 62,575	-

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

	Amount	%
March 31, 2016	$ 498,710	12
March 31, 2015	506,100	6

For the three months ended March 31, 2016 and 2015, the interest expenses from call loans from banks were $143 thousand and $629 thousand, respectively.

13) Notes and bonds issued under repurchase agreements

	Amount	%
March 31, 2016	$ 50,000	-
December 31, 2015	50,000	-

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

	Amount	%
March 31, 2016	$ 26,584	-
December 31, 2015	45,987	-
March 31, 2015	24,292	-

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

	Amount	%
March 31, 2016	$ 26,613	-
December 31, 2015	45,825	-
March 31, 2015	26,863	-

16) Other payables (recognized as payables)

	Amount	%
March 31, 2016	$ 28,718	-
December 31, 2015	1,627	-
March 31, 2015	4,697	-

17) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2016	$ 1,078,316	-	0-5.8
December 31, 2015	801,873	-	0-6.5
March 31, 2015	761,430	-	0-6.5

For the three months ended March 31, 2016 and 2015, the interest expenses from deposits and remittances were $2,304 thousand and $2,062 thousand, respectively.

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

	Amount	%
March 31, 2016	$ 516,512	2
December 31, 2015	223,396	1
March 31, 2015	322,206	1

For the three months ended March 31, 2016 and 2015, the interest expenses from short-term borrowings were $1,800 thousand and $1,320 thousand, respectively.

19) Customers' equity accounts - futures

	Amount	%
March 31, 2016	$ 72,906	-
December 31, 2015	57,965	-
March 31, 2015	62,575	-

20) Consulting service revenue

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
Other related parties	$ 125,772	50	$ 73,782	36

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

	For the Three Months Ended March 31	
	Amount	%
March 31, 2016	$ 30,000	2
March 31, 2015	30,000	2

22) Outstanding derivative financial instruments

KGIB

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 held for trading	$ 21,797
					Financial liabilities held for trading	13,713

December 31, 2015

(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	$ 1,913,574	$ 415,513	Financial assets held for trading	$ 18,890
					Financial liabilities held for trading	30,786

CDIB

March 31, 2015

(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	October 15, 2014 - August 5, 2015	$ 16,585,858	$ 430,007	Financial assets held for trading	$ 78,633
					Financial liabilities held for trading	76,036

23) Compensation of key management personnel

	For the Three Months Ended March 31	
	2016	**2015**
Salary and short-term benefits	$ 84,390	$ 120,977
Share-based payment	10,054	15,807
Post-employment benefits	542	1,121
	$ 94,986	$ 137,905

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 CDIB and KGI Bank.

Based on the Banking Act 32 and 33, except for consumer loans and government loans, credits extended by CDIB and 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:

CDIB and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities Co., Ltd.	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company
Others	Other related parties (Note)

Note: CDC Financial & Leasing Corporation was no longer the subsidiary of the CDIB after the transfer date of May 1, 2015.

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

	March 31			
	2016		2015	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 10,614,188	38	$ 10,607,534	38

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

	March 31			
	2016		2015	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 12,703,273	46	$ 12,613,249	45

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2015		
Subsidiary of the parent company	$ 1,533,275	$ 2,206,662

4) Securities sold under agreements to repurchase

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 149,925	1

5) Revenue receivable (recognized as receivables, net)

	March 31, 2016	
	Amount	%
Other related parties	$ 128,805	7

6) Receivables from securities sale (recognized as receivables)

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 109,805	-

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Parent company	$ 691,059	98	$ 690,918	99	$ 530,220	99

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

8) Discounts and loans, net

	Amount	%	Interest Rate (%)
March 31, 2015			
Other related parties	$ 100,000	-	1.48

Balance as of December 31, 2015

(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
Others	Other related parties	$ 100,000	$ -	$ -	$ -	-	Yes

Balance as of March 31, 2015

(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
Others	Other related parties	$ 100,000	$ 100,000	$ 100,000	$ -	-	Yes

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Stock						
Parent company	$ 177,557	2	$ 169,918	2	$ 224,011	-

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

	March 31, 2015	
	Amount	%
Other related parties	$ 506,100	12

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 248,526	61	$ 248,526	62	$ 309,166	64

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

12) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2015			
Parent company	$ 1,143,971	1	0-0.17
Subsidiary of the parent company	1,228,227	1	0-3.00

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

	March 31, 2015	
	Amount	**%**
Other related parties	$ 133,800	3

14) Consulting service revenue

	For the Three Months Ended March 31, 2016	
	Amount	**%**
Other related parties	$ 125,588	99

15) Outstanding derivative financial instruments

March 31, 2015

(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	October 15, 2014 - August 5, 2015	$ 16,585,858	$ 430,007	Financial assets held for trading	$ 78,633
					Financial liabilities held for trading	76,036
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(1,418)	Financial assets held for trading	722
	Equity option contracts	July 9, 2014 - October 27, 2015	3,100,000	(596,099)	Financial assets held for trading	422,926
	Exchange rate swap option contracts	November 4, 2014 - March 17, 2017	6,036,020	6,365	Financial assets held for trading	20,152
					Financial liabilities held for trading	9,918
	Currency swap contracts	March 31, 2015 - April 2, 2015	408,213	20	Financial assets held for trading	20

KGI Securities and subsidiaries

Related Party	Relationship with the KGI Securities and Subsidiaries
China Development Financial Holding Corporation	Parent company
China Development Industrial Bank Inc.	Subsidiary of the parent company
KGI Commercial Bank Co., Ltd.	Subsidiary of the parent company
Others	Other related parties

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 474,613	4	$ 393,854	3	$ 1,225,089	11
Other related parties	-	-	165,644	1	-	-

2) Available-for-sale financial assets - current

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Stock						
Parent company	$ 2,602,238	35	$ 2,490,281	34	$ 3,283,056	41

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2016		
Subsidiary of the parent company	$ 891,153	$ 2,237,444
Other related parties	-	269,262
For the three months ended March 31, 2015		
Subsidiary of the parent company	2,206,662	1,533,275
Other related parties	101,419	-

4) Guarantee deposits received in futures contracts

	March 31			
	2016		2015	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 822,171	2	$ 177,650	1

5) Current tax assets

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Parent company	$ 137,237	23	$ 122,581	21	$ 129,638	44

6) Restricted assets (recognized as other current assets)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 813,514	3	$ 829,941	2	$ 896,210	3

7) Amounts held for settlement (recognized as other current assets)

	December 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 1,531,123	4

8) Short-term loans

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 516,512	3	$ 198,396	1	$ 188,406	-

9) Securities purchased under resell agreements

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 149,925	-

10) Securities funds receivable (recognized as receivables, net)

	March 31, 2015	
	Amount	%
Subsidiary of the parent company	$ 109,805	-

11) Current tax liabilities

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Parent company	$ 506,024	47	$ 506,024	48	$ 426,847	33

12) Outstanding derivative financial instruments

a) Interest rate swap contracts

	March 31, 2015 Contract Amount (Principal)
Subsidiary of the parent company	$ 800,000

b) Currency swap transaction contract value

	March 31, 2015 Contract Amount (Principal)
Subsidiary of the parent company	$ 408,213

c) Asset swap IRS contracts

	March 31, 2016 Contract Amount (Principal)
Subsidiary of the parent company	$ 122,500

d) Asset swap option contracts - call

	March 31, 2016 Contract Amount (Principal)
Subsidiary of the parent company	$ 122,500

e) Equity option contracts

	March 31, 2015 Contract Amount (Principal)
Subsidiary of the parent company	$ 3,100,000

KGI Bank and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
China Development Financial Holding Corporation (CDFH)	Parent company
China Development Industrial Bank Inc. (CDIB)	Subsidiary of the parent company
KGI Securities Co., Ltd. (KGIB)	Subsidiary of the parent company
Others	Other related parties

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

	March 31			
	2016		2015	
	Amount	**%**	**Amount**	**%**
Other related parties	$ 124,336	1	$ 393,435	13

2) Call loans to banks (recognized as due from the central bank and call loans to banks)

	December 31, 2015	
	Amount	**%**
Other related parties	$ 4,629,240	5

3) Receivables from securities sale (recognized as receivables)

	December 31, 2015	
	Amount	**%**
Subsidiary of the parent company	$ 117,459	-

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the three months ended March 31, 2016		
Subsidiary of the parent company	$ 2,237,444	$ 891,153

5) Call loans from other banks (recognized as call loans from banks)

	March 31, 2016	
	Amount	**%**
Other related parties	$ 498,710	14

6) Deposits and remittances

	Amount	%	Interest Rate (%)
March 31, 2016			
Parent company	$ 1,192,350	-	0-0.13
Subsidiary of the parent company	25,427,759	7	0-4.00
December 31, 2015			
Parent company	2,646,445	1	0-0.17
Subsidiary of the parent company	26,153,352	7	0-1.35
March 31, 2015			
Subsidiary of the parent company	896,210	1	0-1.34

7) Payable on securities purchased (recognized as payables)

	Amount	%
March 31, 2015	$ 193,325	5

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

	March 31, 2016		December 31, 2015	
	Amount	%	Amount	%
Parent company	$ 193,935	95	$ 181,150	97

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

9) Outstanding derivative financial instrument

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 held for trading	$ 21,797
					Financial liabilities held for trading	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 held for trading	5,653
	Asset swap - option	August 1, 2014 - December 17, 2018	122,500	(4,576)	Financial liabilities held for trading	11,677

December 31, 2015

(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	$ 1,913,574	$ 415,513	Financial assets held for trading	$ 18,890
					Financial liabilities held for trading	30,786

March 31, 2015

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet	
					Account	Balance
Subsidiary of the parent company	Exchange rate swap option contracts	November 4, 2014 - March 17, 2017	$ 4,179,721	$ (9,408)	Financial assets at FVTPL	$ 9,259
					Financial liabilities at FVTPL	25,404

49. PLEDGED ASSETS

The following assets had 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 GreTai Securities Market for the government bond bidding; (c) required by the Central Bank for posting a bid bond and as a guarantee deposit for the bills business; (d) pledged as part of the requirements for filing a petition for tax reassessment; (e) pledged as compensation reserve; (f) pledged as guarantee deposit for oversees bonds sold with repurchase agreement; (g) pledged as foreign exchange margin trading; and (h) derivative transactions security deposit.

	March 31, 2016	December 31, 2015	March 31, 2015
Due from the Central Bank and call loans to banks	$ 19,275,000	$ 10,075,000	$ 9,935,000
Property and equipment, net	4,764,335	4,773,042	4,799,164
Lease receivables	3,424,884	3,424,754	3,097,038
Available-for-sale financial assets - bonds and stocks	2,533,899	2,577,026	2,996,775
Operating guarantee deposits	1,447,570	1,447,740	1,537,493
Other financial assets - pledged time deposits	629,644	629,344	1,081,567
Financial assets at fair value through profit or loss - bonds and stocks	559,152	50,443	50,909
Competitive bid transactions guarantee	361,843	323,027	456,482
Investment property, net	169,740	170,336	379,813
Checking accounts - restricted for agent's stock transfer purposes	79,186	83,390	92,375
Guarantee deposits paid	77,466	532,456	556,787
Restricted assets - impound account	55,139	49,178	49,234
Investments accounted for using the equity method	-	-	1,915,579

50. LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

Commitments and contingencies of the Corporation and subsidiaries, except for those disclosed in Notes 53 and 54 were summarized as follows:

a. In April 2007, CDIB 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 by Morgan Stanley during the solicitation process were materially false and misleading and therefore caused significant losses to CDIB. CDIB has commenced an action against Morgan Stanley, et al. in the Supreme Court of the State of New York, County of New York on July 15, 2010. The litigation had not yet been concluded as of March 31, 2016.

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, 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. According to the loan contract signed on May 9, 2000, Global Treasure Investments Limited (GT) loaned HK$10,000 thousand to Minda. Because Minda broke the contract by not making loan repayments, GT filed a lawsuit against Minda on October 31, 2002, and requested the return of HK$9,192 thousand plus interest. The case is still pending in the courts of Hong Kong.

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 with the Taipei District Court and the final outcome of the court is uncertain.

e. In February 2008, during a financial crisis involving Far Eastern Air Transport Limited (FEAT), nine people, including Hu, Tsui and Chen, were sued by a state prosecutor after they were investigated. Hu, CDIB's former designated representative to FEAT's board of directors, was charged by the state prosecutor of dereliction of duty as an FEAT board member, resulting in financial loss to FEAT. FEAT also initiated a civil action against Hu and CDIB, claiming that they were jointly liable for damages of $677,199 thousand plus interest. The criminal case brought by FEAT against Hu and CDIB was adjudicated on September 28, 2012, and both defendants were acquitted of the charge brought against them; thus, the civil lawsuit was also dismissed by the criminal court. FEAT disagreed with this judgment and filed for appeal of the court's decision on CDIB and Hu's criminal and civil cases, claiming that these two defendants were jointly liable for damages of $660,000 thousand plus interest. The lawsuit was adjudicated on January 28, 2016, and both defendants, Hu and CDIB, were acquitted of the charge brought against them again; the civil lawsuit was also dismissed by the criminal court of the Taiwan High Court. However, since the manner of execution of the two judgements was uncertain, CDIB could not ascertain the final outcome of the lawsuit. In July 2013, FEAT sued Yageo Corporation Limited, Feng Dan Bai Lu Corporation Limited, Yong Chun Corporation Limited and CDIB for failing to discharge its obligations as a good administrator, resulting in embezzlement FEAT, for which FEAT demanded the payment of $100,000 thousand and interests. FEAT lost the lawsuit on December 30, 2014 claimed by the Taipei District Court and decided to appeal to Taiwan High Court. CDIB won the lawsuit on April 14, 2016 claimed by the Taiwan High Court. CDIB could not estimate the related possible loss because the final outcome of the lawsuit is uncertain.

f. In order to protect claims, KGI Bank acted vigorously in regards to Prince Motors' overdue debt. In 2012, the court enforced an auction on Tucheng plant and Dun Nan building collateral and allocated $3,935,303 thousand and $1,971,721 thousand to the Bank respectively. Among which, $3,897,202 thousand and $1,808,039 thousand were allocated by the court as of December 31, 2012 and 2013. However, the Prince Motors objected to the amounts allocated to KGI Bank by the court, which affect Tucheng plant and Dun Nan Building amounting $21,672 thousand and $163,682 thousand, respectively. The former appeal abovementioned has been withdrawn by the court on February 27, 2014 and the other appeal has been announced that KGI Bank has won the lawsuit in the third quarter of 2013. Also, other creditors objected the amounts allocated to the Bank, which affect Tucheng plant amounting $16,429 thousand and was withdrawn by the court in October 2012. As of the reporting date, all the above mentioned collaterals allocated by the court were withdrawn by the court, amounting $3,935,303 thousand and $1,971,721 thousand.

   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. According to lawyer letter received on March 2, 2016, the lawyer judged that the case has ethical conflicts and insufficient evidence to support the judgment of the court. KGI Bank has appealed for second trial on March 10, 2014 and has a high possibility of winning the case.

g. 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 $985,112 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.

51. BUSINESS COMBINATION

a. KGI Fraser Securities Pte. Ltd.

   KGI Asia (Holdings) Pte. Ltd., which is a subsidiary of KGI Securities, for the purpose of expanding foreign business, had acquired 100% of the voting rights of KGI Fraser Securities Pte. Ltd.'s (KGI Fraser) on January 30, 2015. KGI Fraser is a non-listed company located in Singapore specialized in the futures related business.

1) The fair value of KGI Fraser's identifiable assets and liabilities on the acquisition date were as follows:

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent $1,040,544)	$ 3,227,104
Other assets	38,986
Assets subtotal	3,266,090
Liabilities	
Financial liabilities	(2,647,608)
Identifiable net assets	$ 618,482

2) KGI Fraser's goodwill, $372,878 thousand, was resulted from the difference between consideration of the acquisition (cash transaction cost of acquisition) $991,360 thousand and the fair value of identifiable net assets $618,482 thousand.

3) Effects of results of operations caused by business combination

From the acquisition date to March 31, 2015, net revenue and net loss from acquiree were $29,948 thousand and $47,254 thousand. Should the acquisition occur on the beginning of the accounting period, the pro-forma revenue and net income of the Company and subsidiaries for the three months ended March 31 would be $8,116,258 thousand and $2,763,745 thousand, respectively. The above amount could not reflect the results of operations and revenues from the Company and subsidiaries if the acquisition were completed on the beginning of the accounting period, and therefore it should not be used to predict future operation outcome.

b. PT Hasta Dana Sekuritas Indonesia

To extend the scale of overseas operation and enhance Group's regional distribution, KGI Securities' board of directors approved a 99% cash investment in PT Hasta Dana Sekuritas Indonesia by KGI Capital Asia Ltd. on December 28, 2015. The purchased price was estimated at IDR81,974,000. This investment was approved by the government of Taiwan and Indonesia, complete the procedure on February 25, 2016 and April 29, 2016.

52. INDIVIDUAL PROFITABILITY AND CONSOLIDATED PROFIT ABILITIES OF CDFH, CDIB, KGI SECURITIES AND KGI BANK

Consolidated Profitability

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	0.58	1.36
	After income tax	0.53	1.20
Return on net worth	Before income tax	3.01	7.20
	After income tax	2.74	6.33
Profit margin		17.74	34.71

Profitability of CDFH

(%)

Items		**March 31, 2016**	**March 31, 2015**
Return on total assets	Before income tax	2.44	5.80
	After income tax	2.47	5.70
Return on net worth	Before income tax	2.68	6.50
	After income tax	2.73	6.42
Profit margin		84.89	91.28

Profitability of CDIB

(%)

Items		**March 31, 2016**	**March 31, 2015**
Return on total assets	Before income tax	3.12	1.50
	After income tax	3.12	1.47
Return on net worth	Before income tax	3.19	6.15
	After income tax	3.19	6.00
Profit margin		78.22	77.29

Profitability of KGI Securities

(%)

Items		**March 31, 2016**	**March 31, 2015**
Return on total assets	Before income tax	0.30	2.43
	After income tax	0.13	2.26
Return on net worth	Before income tax	0.87	7.17
	After income tax	0.39	6.69
Profit margin		2.46	40.86

Profitability of KGI Bank

(%)

Items		**March 31, 2016**	**March 31, 2015 (Note)**
Return on total assets	Before income tax	0.78	1.09
	After income tax	0.75	0.96
Return on net worth	Before income tax	7.05	10.80
	After income tax	6.80	9.44
Profit margin		43.70	51.12

Note: The above information includes prior interests under joint control.

53. 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 or price estimates arrived at through pricing models that use inputs such as in interest 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, 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

December 31, 2015

(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	$ 14,037,985	$ -	$ -	$ 14,037,985
Bond investments	55,316,866	37,364,773	-	92,681,639
Others	290,178	8,150,733	-	8,440,911
Financial assets designated as at FVTPL	234,787	19,921,689	188,401	20,344,877
Available-for-sale financial assets				
Stock investments	20,055,988	523,025	-	20,579,013
Bond investments	38,963,312	10,772,965	327,725	50,064,002
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,493,208	3,326,889	-	6,820,097
Financial liabilities designated as at FVTPL	-	4,352,498	-	4,352,498

(Continued)

	Level I	Level II	Level III	Total
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	$ 450,041	$ 18,893,330	$ 2,931,302	$ 22,274,673
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	456,154	23,031,691	3,071,362	26,559,207
Financial liabilities designated as at FVTPL	-	2,166,377	-	2,166,377

(Concluded)

March 31, 2015

(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	$ 22,475,953	$ -	$ -	$ 22,475,953
Bond investments	59,040,500	34,025,839	-	93,066,339
Others	1,136,854	5,052,997	-	6,189,851
Financial assets designated as at FVTPL	-	711,485	223,214	934,699
Available-for-sale financial assets				
Stock investments	24,462,322	622,202	-	25,084,524
Bond investments	50,597,514	66,540,677	308,044	117,446,235
Others	21,430	309,857	-	331,287
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,138,324	1,804,352	-	4,942,676
Financial liabilities designated as at FVTPL	-	4,276,678	-	4,276,678
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	1,046,633	12,236,849	1,303,791	14,587,273
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,050,882	15,010,991	1,861,369	17,923,242
Financial liabilities designated as at FVTPL	-	-	2,192,255	2,192,255
Derivative financial liabilities for hedging	-	-	9,691	9,691

2) Evaluation technology at fair value

For financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets, and derivative financial assets for hedging, fair value is determined at quoted market prices. When market prices of the Corporation and subsidiaries' various financial instruments are not readily available, fair values are estimated by using appropriate valuation models or other banks' transaction prices. The information the Corporation and subsidiaries use 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 accepted approaches and principles for the making the appropriate adjustments, all parameters and price information should be evaluated thoroughly and rely on the market.

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 Corporation and subsidiaries calculate 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 Corporation and subsidiaries calculate 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 Corporation and subsidiaries take 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, 2016		**For the Three Months Ended March 31, 2015**	
	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	$ 22,307,047	$ 20,179,821	$ 7,936,289	$ 3,717,254
Financial assets designated at FVTPL	12,899,774	-	-	-
Available-for-sale financial assets	4,900,225	-	-	-
Financial liabilities at FVTPL	-	-	101,678	152,468

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 level one into level two or 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, 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

For the Three Months Ended March 31, 2015

(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 (Note)	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 974,985	$ 882,728	$ 219,398	$ 1,751	$ (775,071)	$ -	$ 1,303,791
Financial assets designated as at FVTPL	233,686	(10,472)	-	-	-	-	223,214
Available-for-sale financial assets	311,154	(3,110)	-	-	-	-	308,044

Note: Level II securities turn into Level III one resulted from that observable data is exile.

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

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

For the Three Months Ended March 31, 2015

(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 (Note)	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 2,114,151	$ (331,481)	$ 1,080,900	$ 2,153	$ (1,004,354)	$ -	$ 1,861,369
Financial liabilities designated as at FVTPL	1,966,485	2,770	296,300	-	(73,300)	-	2,192,255
Derivative financial liabilities for hedging	20,659	(10,968)	-	-	-	-	9,691

Note: Level II securities turn into Level III one resulted from that observable data is exile.

The total gains or losses for the three months ended March 31, 2016 and 2015 included a loss of $21,204 thousand and $738,821 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)

CDIB and subsidiaries

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

	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 lake of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lake of liquidity discount, the lower of fair value.

	Fair Value at December 31, 2015	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	$ 188,401	Market approach	Income multiplier lake of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lake of liquidity discount, the lower of fair value.

	Fair Value at March 31, 2015	Valuation Technique(s)	Significant Unobservable Inputs	Range	The Relationship Between Inputs and Fair Value
Repetitive basis to fair value measurement items					
Nonderivative financial assets					
Financial assets at FVTPL	$ 223,214	Market comparable companies	Revenue multiple Discount for lack of marketability	3.75 15%	Revenue multiple is proportional to fair value; discount for lack of marketability, is inversely proportional to fair value.
Available-for-sale financial assets					
Bond investments	308,044	Discounted cash flow	3 months USD Libor	Adjustment by daily market fluctuation	The fair value is less affected by fluctuation of 3 months USD Libor.
Derivative financial assets					
Financial assets at FVTPL	1,711,732	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Adjustment by daily market fluctuation	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Financial liabilities at FVTPL	1,880,318	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Adjustment by daily market fluctuation	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

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, 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.

December 31, 2015

	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	16.11%-62.20%	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	10.53%-66.72%	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	28.09%-71.56%	According to condition of contract, fair value of liabilities may be higher or lower.

March 31, 2015

	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	12.00% -51.83%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives instruments - premium - equity option (call option)	Martingale Pricing Technique	History Volatility	36.92%-48.28%	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	6.99%-23.71%	According to condition of contract, fair value of asset may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale Pricing Technique	History Volatility	13.39%-40.85%	According to condition of contract, fair value of asset may be higher or lower.
Financial liabilities designated as FVTPL - structured	Reduced From Pricing Technique	Credit spread	20bps - 410bps	The range of credit spread is inversely proportional to fair value of liability. (protecting rights of buyers by credit.)

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.

In addition to the credit linked structured commodity whose the inputs were observable in active markets in the 2015 according to the definition in modification of evaluation technology of Level II fair values, pricing techniques and significant unobservable inputs used in KGI Securities and subsidiaries are the same compare with it used.

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:

For the three months ended 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 (call options)	History volatility	-25%/+25%	201	258
			$ 205	$ 280

For the three months ended March 31, 2015

	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%	$ 1,379	$ 1,251
Equity derivative instruments - premium - options (call options)	History volatility	+ 25%/-25%	1,114	1,000
			$ 2,493	$ 2,251
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	- 25%/+25%	$ -	$ -
Equity derivative instruments - premium - options (put options)	History volatility	- 25%/+25%	203	181
Financial liabilities designated as FVTPL - structured	Credit spread	50bps/-50bps	14,648	14,890
			$ 14,851	$ 15,071

KGI Bank and subsidiaries

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

	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	3 months USD Libor	Inapplicable	Changes of 3 months USD Libor do not affect fair value apparently.
Derivative financial assets					
Financial assets at FVTPL	1,228,939	HullWhite, Libor Market Model, discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial liabilities					
Financial liabilities at FVTPL	1,342,995	HullWhite, Libor Market Model, discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

	Fair Value at December 31, 2015	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	$ 327,725	Discounted cash flow	3 months USD Libor	Inapplicable	Changes of 3 months USD Libor do not affect fair value apparently.
Derivative financial assets					
Financial assets at FVTPL	2,919,020	HullWhite, Libor Market Model, discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial liabilities					
Financial liabilities at FVTPL	3,043,322	HullWhite, Libor Market Model, discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

	Fair Value at March 31, 2015	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					
Derivative financial assets - FX option	$ 34,663	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial assets - Swaption	1	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Derivative financial liabilities - FX option	15,774	HullWhite, Libor Market Model, Discounted cash flow	Vol Factors	Inapplicable	When Vega is positive Volatility is proportional to fair value; when Delta is positive, yield curve is upward.

7) Pricing process of Level III fair value

CDIB and subsidiaries

CDIB's risk management department is in charge of conducting independent verification by independent sources to make valuations more close to market status and confirm that the source of information is independent, reliable, consistent with other resources and representative of exercise price. Besides, the department corrects pricing model periodically, implementing retrospective testing, update information and inputs that pricing model needed and other essential fair value adjustment to insure outcomes are reasonable. Investment Property is valued by CDIB and subsidiaries based on Financial Supervisory Commission's declaration of valuation method and parameters or committed to appraisers to make valuation.

KGI Securities and subsidiaries

When KGI Securities Co. 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 Co., and the outcomes of the valuation will be recorded in the book by treasury department.

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.

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

Financial instruments measured at cost, excluding investments accounted for using equity method - unlisted stocks, financial assets measured at cost, investment properties and 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 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. The fair value cannot be reliably measured, thus the Corporation and subsidiaries do 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.

54. 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.

CDIB and subsidiaries

CDIB 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.

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

KGI Securities and subsidiaries

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 general long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of evaluating commodities and assessing the government examinations of commodities being traded on the market.

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>KGI Bank and subsidiaries</u>

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.

b. Credit risk

<u>CDIB and subsidiaries</u>

1) Sources and definition of credit risk

CDIB is exposed to credit risk due to default on contracts by borrowers, debtors or counter-parties and changes in credit quality. Financial assets contracts held by CDIB may entail risks of loss arising from loans, issuer of financial instruments, counter-parties, and underlying assets.

2) Management policies

a) Strategy and objectives

For the objectives to enhance stockholder value and to ensure degree of risk tolerance, CDIB's credit risk strategy focuses on superior credit quality assets. CDIB offers clients different product mixes based on their individual risk levels and with duration, risk mitigation, and graded pricing strategies to strengthen the credit review system. Through a regular review and adjustment of the portfolio structure, CDIB can achieve symmetry of the overall business risk and reward.

b) Policies and procedures

To have a common-language credit risk management, definition, communication and measurement, CDIB sets credit risk management policies to manage credit risk in accordance with international standards and CDFH's risk management policies. The procedures for CDIB's credit risk policy development are as follows:

Business units develop business strategies and objectives based on asset sizes. Management units and risk management units assess risks related to these strategies and objectives and then submit them to the Board for approval.

3) Mitigation of risks or hedging of credit risk/monitoring mechanism of risk avoidance and mitigation instruments

Considering asset hedge market and liquidity, CDIB takes the necessary risk reduction strategies, mainly on corporate finance, for assets with doubt or a long period of duration, including methods adopted to increase collaterals. Collaterals have been appraised regularly by an assessment unit to ensure their continued effectiveness. If a client is found to have bad credit factors, CDIB will strengthen the monitoring of this credit and demand at the appropriate time an early repayment or additional collateral to mitigate risks. For cases with poor credit ratings, in addition to collateral requirements and financial restrictions, CDIB will avoid if their transaction terms and profitability cannot reflect risk costs. In addition, CDIB develops different credit limits for counter-parties involved in derivative transactions and enters into collateral support agreements with counter-parties to ensure that risks are under control.

4) Maximum exposure to credit risk

Except for the following statement, CDIB's maximum amount of credit risk exposure was equal to its book value.

The amounts of financial contracts with off-balance-sheet credit risks as of March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

Items	March 31, 2016	December 31, 2015	March 31, 2015
Off-balance-sheet commitments and guarantees	$ -	$ -	$ 13,906,332

Many credit commitments are expected to expire without being drawn upon; thus, the total commitment amounts do not necessarily represent future cash requirements. The maximum amount of credit risk exposure is reference coefficient of customer credit risk. The total potential loss is equal to the above amounts, excluding the value of any collateral, if related commitments are completely drawn upon and the counter-parties default on contracts.

5) Concentrations of credit risk exposure

Concentrations of credit risk exist when changes in economic, industry or other conditions similarly affect groups of counter-parties whose aggregate credit exposure is material in relation to CDIB's total credit exposure. For its protection, CDIB maintains a diversified portfolio, does not limit its exposure to any one geographic region, country or individual creditor, and monitors the exposure continually. As of March 31, 2016, December 31, 2015 and March 31, 2015, CDIB's most significant concentrations of credit risk were as follows:

a) Credit risk profile by counter-party

	March 31, 2016		**December 31, 2015**		**March 31, 2015**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Private sector	$ -	-	$ -	-	$ 130,237,190	99.49
Public enterprises	-	-	-	-	172,166	0.13
Natural person	-	-	-	-	502,408	0.38
Total	-	-	$ -	-	130,911,764	100.00

b) Credit risk profile by industry sector

	March 31, 2016		**December 31, 2015**		**March 31, 2015**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Electricity industry	$ -	-	$ -	-	$ 28,272,312	21.60
Chemistry	-	-	-	-	13,126,510	10.03
Information and communication industry	-	-	-	-	7,451,078	5.69
Others	-	-	-	-	82,061,864	62.68
Total	-	-	-	-	130,911,764	100.00

6) Credit quality and impairment assessment

Some financial assets such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, parts of receivables (including dividend receivable, interest receivable on bonds, spot foreign remittances receivable and interest receivable on interest rate swap contracts) and refundable deposits are regarded as having very low credit risk because of the good credit rating of counter-parties.

In addition to the above, credit analyses of other financial assets were as follows:

a) Credit quality analysis for discounts and loans and receivables

March 31, 2016	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ -	$ -	$ -	$ -	$ -	$ 2,342,228	$ 2,342,228	$ 188,491	$ 966,919	$ 1,186,818
Discounts and loans	-	-	-	-	-	-	-	-	-	-

December 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ -	$ -	$ -	$ -	$ -	$ 2,404,132	$ 2,404,132	$ 194,780	$ 968,605	$ 1,240,747
Discounts and loans	-	-	-	-	-	-	-	-	-	-

March 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables	$ 41,521,018	$ -	$ 888,296	$ 42,409,314	$ -	$ 3,578,258	$ 45,987,572	$ 432,185	$ 1,417,072	$ 44,138,315
Discounts and loans	115,012,808	15,015,344	797,892	130,826,044	-	85,720	130,911,764	468,307	1,271,753	129,171,704

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

b) The credit analysis of discounts not impaired and past due and loans based on internal rating standards are as follows:

March 31, 2015	Neither Past Due Nor Impaired			
	Good/Moderate	Substandard	Unrated	Total
Consumer finance				
Micro credit	$ -	$ -	$ 2,408	$ 2,408
Corporate banking				
Secured	46,393,755	4,973,526	254,308	51,621,589
Unsecured	68,619,053	10,041,818	541,176	79,202,047
Total	115,012,808	15,015,344	797,892	130,826,044

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

c) Credit analysis for marketable securities

March 31, 2016	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets									
Investment in bonds	$ 161,837	$ -	$ -	$ 161,837	$ -	$ -	$ 161,837	$ -	$ 161,837

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $13,849,573 thousand, loss on valuation of $4,900,274 thousand and accumulated impairment of $25,686 thousand.

Note 2: Financial assets measured at cost have an initial cost of $20,455,020 thousand and accumulated impairments of $2,045,916 thousand.

Note 3: Debt instruments with no active markets have initial costs of $1,941,741 thousand and accumulated impairments of $218,035 thousand.

December 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets									
Investment in bonds	$ 161,308	$ -	$ -	$ 161,308	$ -	$ -	$ 161,308	$ -	$ 161,308

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $13,923,194 thousand, loss on valuation of $4,867,019 thousand and accumulated impairment of $35,154 thousand.

Note 2: Financial assets measured at cost have an initial cost of $20,996,006 thousand and accumulated impairments of $2,125,405 thousand.

Note 3: Debt instruments with no active markets have initial costs of $1,837,737 thousand and accumulated impairments of $218,035 thousand.

Note 4: Held-to-maturity financial assets measured at cost have an initial cost of $102,564 thousand.

March 31, 2015	Neither Past Due Nor Impaired				Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Impairment Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Good/Moderate	Substandard	Unrated	Subtotal (A)					
Available-for-sale financial assets									
Investment in bonds	$ 108,827,973	$ -	$ -	$ 108,827,973	$ -	$ -	$ 108,827,973	$ -	$ 108,827,973

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $21,292,163 thousand, loss on valuation of $1,697,808 thousand and accumulated impairment of $68,172 thousand.

Note 2: Financial assets measured at cost have an initial cost of $27,373,486 thousand and accumulated impairments of $1,644,948 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,790,077 thousand and accumulated impairments of $146,172 thousand.

7) CDIB and Subsidiaries' impairment of discounts and loans and receivables

Items		Discounts and Loans			Allowance for Bad Debts		
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015
With objective evidence of impairment	Assessment of individual impairment	$ -	$ -	$ 3,641,984	$ -	$ -	$ 468,307
With no objective evidence of impairment	Assessment of collective impairment	-	-	127,269,780	-	-	1,271,753

Items		Receivables			Allowance for Bad Debts		
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015
With objective evidence of impairment	Assessment of individual impairment	$ 1,191,394	$ 1,263,179	$ 2,413,194	$ 188,491	$ 194,780	$ 432,185
With no objective evidence of impairment	Assessment of collective impairment	1,150,834	1,140,953	43,574,378	966,919	968,605	1,417,072

Note: The amounts of loans or receivable do not include the amounts of allowance and adjustments for discounts (premiums).

8) CDIB and subsidiaries had no overdue but not yet impaired financial assets.

9) Management policies of collaterals assumed

CDIB and subsidiaries' collaterals assumed were mainly land and buildings. As of March 31, 2016, December 31, 2015 and March 31, 2015, the carrying amounts of the collaterals were $118,804 thousand, $118,804 thousand and $145,074 thousand, respectively. Collaterals assumed are classified as other assets in the consolidated balance sheets.

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

a) Asset quality of overdue loans and receivable

Item			March 31, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 85,720	$ 51,707,309	0.17	$ 919,096	1,072.21
	Unsecured		121,794	79,202,047	0.15	820,940	674.04
Consumer loan	Mortgage (Note 4)		-	-	-	-	-
	Cash card		-	-	-	-	-
	Micro credit (Note 5)		-	2,408	-	24	-
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured					
Total			207,514	130,911,764	0.16	1,740,060	838.53
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			-	-	-	-	-
Account receivable - factored without recourse (Note 8)			-	932,777	-	9,328	-

Note 1: Overdue loans represent the amounts of overdue loans reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Ministry of Finance.

Note 2: NPL ratio = NPL/Total loans.

Note 3: Coverage ratio = LLR/NPL.

Note 4: Home mortgage refers to financing obtained to buy, build, or fix houses owned by the borrower or the borrower's spouse or children, with the house used as loan collateral.

Note 5: Micro credit is covered by a Banking Bureau pronouncement dated December 19, 2005 (Ref. No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: “Others” under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, micro credit, and credit cards.

Note 7: CDIB does not engage in the credit card business.

Note 8: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), 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.

Note 9: CDIB had no disclosures to make as regards the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).

Note 10: CDIB had no disclosures to make as regards the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940).

b) Excluded overdue loans and receivables: None

c) Concentration of credit risk

March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking (Note 1)	Group (Industry Category) (Note 2)	Total Credit (Note 3)	Percentage of Net Worth
1	A Group (011700 petroleum and coal products manufacturing)	$ 8,497,706	7.39
2	B Group (011850 artificial fiber manufacturing)	5,894,010	5.12
3	C Group (016022 cable and other pay programs broadcasting)	4,451,078	3.87
4	D Group (016700 real estate development)	4,040,522	3.51
5	E Group (010319 manufacture of computers, electronic and optical products)	3,799,500	3.30
6	F Group (017112 engineering activities and related technical consultancy)	3,057,655	2.66
7	G Group (012641 LCD and related components manufacturing)	2,649,211	2.30
8	H Group (012740 data storage media)	2,600,000	2.26
9	I Group (012630 Manufacture of Bare Printed Circuit Boards)	2,447,413	2.13
10	J Group (012611 IC manufacturing)	2,063,350	1.79

Note 1: The list shows rankings of the top 10 borrowers by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the Group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China of the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Under Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation criteria for the Review of Securities Listings", "Group" refers to the entity that has a controlling or subordinate relationship with the counter-party that obtained loans from CDIB.

Note 3: Credit balance means the sum of all the loans (including import bills negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, marginal receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans, and overdue receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

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, 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	72,896,403	129,860	4,504,860	-	-	-	-	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	$ 237,677,276	$ 12,256,501	$ 5,380,004	$ 24,446	$ -	$ -	$ -	$ 255,338,227
Percentage	93.08%	4.80%	2.11%	0.01%	-	-	-	100.00%

December 31, 2015

(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	$ 12,352,511	$ 92,000	$ 7,066	$ -	$ -	$ -	$ -	$ 12,451,577
Financial assets measured at FVTPL - current	58,964,090	335,963	4,344,217	-	-	-	-	63,644,270
Available-for-sale financial assets - current	58,849	-	-	-	-	-	-	58,849
Bonds purchased under resell agreements	15,144,686	1,300,743	-	-	-	-	-	16,445,429
Receivables	45,570,769	10,540,052	720,553	5,584	-	-	-	56,836,958
Customers' margin accounts - futures	31,684,109	-	-	-	-	-	-	31,684,109
Stock borrowing collateral price and guarantee deposits - borrowed securities	4,706,715	2,302,991	-	-	-	-	-	7,009,706
Other financial assets - current	4,503,104	63,700	-	-	-	-	-	4,566,804
Other current assets	34,706,980	-	-	-	-	-	-	34,706,980
Financial assets measured at FVTPL - noncurrent	50,443	-	-	-	-	-	-	50,443
Available-for-sale financial assets - noncurrent	-	-	30,403	-	-	-	-	30,403
Held to maturity financial assets - noncurrent	-	-	300,000	-	-	-	-	300,000
Others noncurrent assets	3,549,546	-	200,169	-	-	-	-	3,749,715
Total	$ 211,291,802	$ 14,635,449	$ 5,602,408	$ 5,584	$ -	$ -	$ -	$ 231,535,243
Percentage	91.26%	6.32%	2.42%	0.00%	-	-	-	100.00%

March 31, 2015

(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	$ 11,525,408	$ -	$ 138,703	$ -	$ -	$ -	$ -	$ 11,664,111
Financial assets measured at FVTPL - current	53,526,890	1,021,526	8,303,389	-	-	-	-	62,851,805
Available-for-sale financial assets - current	57,584	-	-	-	-	-	-	57,584
Bonds purchased under resell agreements	10,233,585	3,150,929	-	-	-	-	-	13,384,514
Receivables	86,220,863	14,768,367	1,434,995	42,885	-	-	-	102,467,110
Customers' margin accounts - futures	33,435,818	-	-	-	-	-	-	33,435,818
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,090,472	315,258	-	-	-	-	-	2,405,730
Other financial assets - current	5,300,388	-	-	-	-	-	-	5,300,388
Other current assets	26,328,518	26,100	-	-	-	-	-	26,354,618
Financial assets measured at FVTPL - noncurrent	50,909	-	-	-	-	-	-	50,909
Available-for-sale financial assets - noncurrent	-	-	31,130	-	-	-	-	31,130
Held to maturity financial assets - noncurrent	190,000	-	-	-	-	-	-	190,000
Others noncurrent assets	3,624,871	-	50,000	-	-	-	-	3,674,871
Total	$ 232,585,306	$ 19,282,180	$ 9,958,217	$ 42,885	$ -	$ -	$ -	$ 261,868,588
Percentage	88.82%	7.36%	3.80%	0.02%	-	-	-	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.

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 140% to 130%) 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) Available-for-sale financial assets - noncurrent and 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.

KGI Bank and subsidiaries

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 collectibility 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, 2016	**December 31, 2015**	**March 31, 2015**
Irrevocable loan commitments guarantees and letters of credit	$ 96,714,686	$ 95,728,457	$ 86,876,151

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 (eg: Machinery), rights certificates and securities (eg: 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 (eg: 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, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Public and private enterprise	$ 151,291,889	66.51	$ 144,211,746	65.28	$ 26,156,002	26.25
Natural person	75,726,534	33.29	76,343,186	34.56	73,352,125	73.63
Non-profit organization	461,220	0.20	371,376	0.16	117,968	0.12
Total	$ 227,479,643	100.00	$ 220,926,308	100.00	$ 99,626,095	100.00

b) By region

Region	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Domestic	$ 189,032,233	83.10	$ 178,752,940	80.91	$ 92,431,939	92.78
Overseas	38,447,410	16.90	42,173,368	19.09	7,194,156	7.22
Total	$ 227,479,643	100.00	$ 220,926,308	100.00	$ 99,626,095	100.00

c) By collateral

Collateral	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Non-collateral	$ 149,773,906	65.84	$ 137,464,454	62.22	$ 47,207,994	47.39
Collateral						
Financial collateral	5,257,528	2.31	6,047,359	2.74	1,205,289	1.21
Receivables	-	-	-	-	757,661	0.76
Property	59,736,160	26.26	58,966,463	26.69	45,979,194	46.15
Guarantee	9,047,926	3.98	13,689,559	6.20	4,004,179	4.02
Other	3,664,123	1.61	4,758,473	2.15	471,778	0.47
Total	$ 227,479,643	100.00	$ 220,926,308	100.00	$ 99,626,095	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, financial assets at fair value through profit or loss, part of receivable, 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, 2016	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
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

December 31, 2015	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 31,474,699	$ 54,359	$ 82,095	$ 31,611,153	$ 44,059	$ 441,654	$ 31,125,440
- other	9,003,149	5,637	1,890,064	10,898,850	1,178,715	84,500	9,635,635
Discount and loans	218,352,917	1,578,720	994,671	220,926,308	517,140	2,598,556	217,810,612

March 31, 2015	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Amount (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	Without Objective Evidence of Impairment	
Receivables							
- credit card and credit business	$ 7,089,300	$ 47,688	$ 72,026	$ 7,209,014	$ 45,857	$ 104,689	$ 7,058,468
- other	806,687	3,825	1,480,967	2,291,479	973,268	4,019	1,314,192
Discount and loans	96,934,366	1,504,499	1,187,230	99,626,095	479,143	859,852	98,287,100

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, 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

December 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 17,864,395	$ 8,315,062	$ 9,373	$ -	$ 26,188,830
- cash card	8,616,261	2,757,230	721,108	3,317,166	15,411,765
- micro credit loans	15,765,075	2,048,055	94,379	86,296	17,993,805
- other-secured	12,592,495	1,076,063	116,301	83,256	13,868,115
- other - unsecured	54,469	-	-	4,794	59,263
Corporate banking					
- secured	16,074,747	21,936,111	9,384,955	3,016,334	50,412,147
- unsecured	20,983,684	52,954,031	16,647,518	3,833,759	94,418,992
Total	$ 91,951,126	$ 89,086,552	$ 26,973,634	$ 10,341,605	$ 218,352,917

March 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 16,821,597	$ 8,455,451	$ 16,977	$ -	$ 25,294,025
- cash card	8,427,095	2,683,744	630,548	3,691,768	15,433,155
- small-scale credit loans	14,613,874	1,914,294	102,160	101,720	16,732,048
- other-secured	11,396,830	1,271,787	97,097	30,857	12,796,571
- other-unsecured	65,046	-	-	5,550	70,596
Corporate banking					
- secured	1,207,749	3,533,087	6,093,159	654,651	11,488,646
- unsecured	4,142,217	6,026,197	4,427,395	523,516	15,119,325
Total	$ 56,674,408	$ 23,884,560	$ 11,367,336	$ 5,008,062	$ 96,934,366

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
- credit card and acceptances - forfaiting	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

December 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 772,327	$ 565,877	$ 801,291	$ 422,276	$ 2,561,771
- credit card and acceptances - forfaiting	14,699,335	9,825,446	-	2,160,340	26,685,121
- accounts receivable factoring - no recourse	43,968	499,491	6,454	684,919	1,234,832
- acceptances	54,073	917,910	20,992	-	992,975
Total	$ 15,569,703	$ 11,808,724	$ 828,737	$ 3,267,535	$ 31,474,699

March 31, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 485,409	$ 456,814	$ 904,056	$ 428,860	$ 2,275,139
- credit card and acceptances - forfaiting	4,687,712	-	-	-	4,687,712
- accounts receivable factoring - no recourse	-	-	68,393	1,010	69,403
- acceptances	-	-	57,046	-	57,046
Total	$ 5,173,121	$ 456,814	$ 1,029,495	$ 429,870	$ 7,089,300

c) Securities investment credit quality analysis

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.

December 31, 2015	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	$ 49,813,442	$ -	$ -	$ 49,813,442	$ -	$ -	$ 49,813,442	$ -	$ 49,813,442

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $6,574,790 thousand, loss on valuation of $1,137,565 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.

March 31, 2015	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	$ 8,221,503	$ -	$ -	$ 8,221,503	$ -	$ -	$ 8,221,503	$ -	$ 8,221,503

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $311,363 thousand, gain on valuation of $5,371 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $261,199 thousand and accumulated impairments of $38,380 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, 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
Total	$ 1,221,436	$ 253,273	$ 1,474,709

	December 31, 2015		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 29,346	$ 25,013	$ 54,359
Discount and loans			
Consumer banking			
- mortgage loans	265,087	58,556	323,643
- cash card	287,792	71,877	359,669
- small-scale credit loans	481,712	68,717	550,429
- other - secured	240,793	25,445	266,238
- other - unsecured	1,361	-	1,361
Corporate banking			
- secured	50,367	22,141	72,508
- unsecured	2,258	2,614	4,872
Total	$ 1,329,370	$ 249,350	$ 1,578,720

	March 31, 2015		
	1 Month	Over 1 Month - 3 Months	Total
Credit card business	$ 26,067	$ 21,621	$ 47,688
Discount and loans			
Consumer banking			
- mortgage loans	332,673	24,984	357,657
- cash card	329,595	67,820	397,415
- small-scale credit loans	475,547	51,348	526,895
- other - secured	164,012	7,445	171,457
- other - unsecured	600	22	622
Corporate banking			
- secured	25,252	10,050	35,302
- unsecured	10,854	4,297	15,151
Total	$ 1,338,533	$ 165,966	$ 1,504,499

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, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015
With objective evidence of impairment	Assessment of individual impairment	$ 207,032	$ 209,879	$ 371,959	$ 83,147	$ 84,667	$ 40,028
	Assessment of collective impairment	838,506	784,792	815,271	447,734	432,473	439,115
Without objective evidence of impairment	Assessment of collective impairment	226,434,105	219,931,637	98,438,865	2,612,160	2,598,556	859,852
Total		227,479,643	220,926,308	99,626,095	3,143,041	3,115,696	1,338,995

Items		Receivables			Allowance for Bad Debts		
		March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2016	December 31, 2015	March 31, 2015
With objective evidence of impairment	Assessment of individual impairment	$ 1,927,305	$ 1,884,175	$ 1,467,139	$ 1,175,749	$ 1,169,447	$ 961,738
	Assessment of collective impairment	89,745	87,984	85,854	53,810	53,327	57,387
Without objective evidence of impairment	Assessment of collective impairment	33,822,330	40,537,844	7,947,500	428,123	526,154	108,708
Total		35,839,380	42,510,003	9,500,493	1,657,682	1,748,928	1,127,833

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, 2016, December 31, 2015 and March 31, 2015, 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, 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%

Item			March 31, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 81,744	$ 11,796,657	0.69%	$ 22,497	27.52%
	Unsecured		36,381	15,358,990	0.24%	197,111	541.80%
Consumer loan	Mortgage (Note 4)		69,373	25,722,062	0.27%	25,558	36.84%
	Cash card		207,970	16,235,596	1.28%	717,266	344.89%
	Micro credit (Note 5)		98,420	17,452,344	0.56%	366,396	372.28%
	Other (Note 6)	Secured	15,614	12,987,591	0.12%	9,603	61.50%
		Unsecured	2,864	72,855	3.93%	564	19.70%
Total			512,366	99,626,095	0.51%	1,338,995	261.34%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			32,460	2,394,787	1.36%	91,151	280.81%
Account receivable - factored without recourse (Note 7)			43	69,469	0.06%	1,550	3,610.85%

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, and 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, 2016		March 31, 2015	
	Discounts and Loans	**Allowance for Possible Losses**	**Discounts and Loans**	**Allowance for Possible Losses**
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 49,381	$ 219	$ 72,857	$ 362
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	36,900	4,744	45,239	3,895
Total	86,281	4,963	118,096	4,257

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, 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	B Group - 016700 Real estate brokerage	5,211,522	8.80
3	C Group - 015100 Civil aviation transportation	4,718,084	7.97
4	D Group - 010319 Computer manufacturing	3,757,756	6.35
5	E Group - 012740 Data storage media	3,650,000	6.16
6	F Group - 012641 LCD and related components manufacturing	3,528,438	5.96
7	G Group - 017112 Engineering activities and related technical consultancy	2,947,860	4.98
8	H Group - 012630 Printed circuit boards manufacturing	2,587,336	4.37
9	I Group - 011700 Manufacture of petroleum and coal products	2,350,000	3.97
10	J Group - 012641 LCD and related components manufacturing	2,336,513	3.95

March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	K Group - 130220 Offshore companies, firms, group	$ 628,020	3.22
2	L Group - 014100 Architectural engineering	453,859	2.32
3	M Group - 016700 Real estate construction and development	430,000	2.20
4	N Group - 012831 Electric wire and cable manufactory	413,576	2.12
5	O Group - 016812 Real estate brokerage	379,000	1.94
6	P Group - 015510 Short-term stay service	360,431	1.85
7	Q Group - 130100 Offshore financial institution	314,010	1.61
8	R Group - 130220 Offshore companies, firms, group	314,010	1.61
9	S Group - 016811 Real estate rental and leasing	313,000	1.60
10	T Group - 015911 Films manufacturing	308,200	1.58

c. Liquidity risk

CDIB

1) Source and definition of liquidity risk

Liquidity risk is defined as CDIB is unable to meet its obligation for the asset funding within a reasonable time, which causes the risk of earnings or economic capital loss.

2) Management policies

Pursuant to liquidity risk control, CDIB calculates the maximum cumulative cash outflow (maximum cumulative outflows, or MCO) to monitor daily funding gap by each major currency. There were various measures such as valuating possible future capital requirements and deconcentration of capital sources, to assure the Bank could acquire capital at any time and have the ability to pay liabilities when due, and to maintain adequate liquidity at best cost to volume.

3) Maturity gap analysis of financial assets and nonderivative financial liabilities held for liquidity purpose

a) Financial assets held for liquidity management

CDIB holds cash and highly liquid and high grade carry assets to pay off obligations and meet the potential emergency funding events. That is 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, loans, and available-for-sale financial assets.

b) Nonderivative financial liabilities

The following tables show the cash outflows of CDIB's nonderivative financial liabilities based on the duration of contract maturities. The amounts disclosed were based on contractual cash flows; therefore, some of them will not relatively match with those shown on the consolidated balance sheets.

(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	$ -	$ -	$ -	$ -	$ -	$ -
Notes and bonds issued under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Bank debentures payable	-	-	-	-	-	-
Other capital outflow on maturity	7,399	1,811	3,185	81,915	969,665	1,063,975
Subtotal	$ 7,399	$ 1,811	$ 3,185	$ 81,915	$ 969,665	$ 1,063,975

(In Thousands of New Taiwan Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ -	$ -	$ -	$ -	$ -	$ -
Notes and bonds issued under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Bank debentures payable	-	-	-	-	-	-
Other capital outflow on maturity	58,158	166,209	4,956	6,660	922,179	1,158,162
Subtotal	$ 58,158	$ 166,209	$ 4,956	$ 6,660	$ 922,179	$ 1,158,162

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 36,740	$ 222,690	$ 126,185	$ 395,286	$ -	$ 780,901
Notes and bonds issued under repurchase agreements	4,914,538	150,000	-	-	-	5,064,538
Payables	43,614	28,994	16,391	1,077	-	90,076
Deposits and remittances	20,776,432	23,041,226	45,332,414	3,132,325	4,668	92,287,065
Bank debentures payable	1,000,000	-	-	-	3,817,653	4,817,653
Other capital outflow on maturity	2,067,309	67,721	2,406	220,802	1,320,863	3,679,101
Subtotal	$ 28,838,633	$ 23,510,631	$ 45,477,396	$ 3,749,490	$ 5,143,184	$ 106,719,334

(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
Deposits from the Central Bank and banks	$ -	$ -	$ -	$ -	$ -	$ -
Notes and bonds issued under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Other capital outflow on maturity	-	-	-	-	13,855	13,855
Subtotal	$ -	$ -	$ -	$ -	$ 13,855	$ 13,855

(In Thousands of U.S. Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ -	$ -	$ -	$ -	$ -	$ -
Notes and bonds issued under repurchase agreements	-	-	-	-	-	-
Payables	-	-	-	-	-	-
Deposits and remittances	-	-	-	-	-	-
Other capital outflow on maturity	-	-	-	-	13,855	13,855
Subtotal	$ -	$ -	$ -	$ -	$ 13,855	$ 13,855

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 70,000	$ -	$ -	$ -	$ -	$ 70,000
Notes and bonds issued under repurchase agreements	743,650	907,822	248,193	-	-	1,899,665
Payables	2,504	2,056	1,036	538	-	6,134
Deposits and remittances	2,700,426	622,853	164,858	101,148	-	3,589,285
Bank debentures payable	-	-	-	-	102,195	102,195
Other capital outflow on maturity	273,136	9,890	221	3,448	11,978	298,673
Subtotal	$ 3,789,716	$ 1,542,621	$ 414,308	$ 105,134	$ 114,173	$ 5,965,952

4) Maturity analysis of derivative instruments

a) Net settled derivative instruments

Net settled derivative instruments of CDIB include:

i. Foreign currency derivatives instruments: Currency option contracts, commodity-linked option contracts and nondeliverable forward contracts.

ii. Equity derivatives instruments: Equity option contracts and others.

Assessment of contractual maturities was a basis of understanding derivative instruments presented in the consolidated balance sheet. Amounts disclosed in the table are based on as the contractual cash flows; thus, some amounts will not match those in the consolidated balance sheets. Maturity analyses of net settled derivative instruments were as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	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 currency derivatives instruments	$ 5	$ -	$ -	$ -	$ -	$ 5

(In Thousands of U.S. Dollars)

March 31, 2015	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 currency derivatives instruments	$ 219	$ -	$ -	$ -	$ -	$ 219

b) Gross settled derivative instruments

Gross settled derivative instruments of CDIB include:

i. Foreign currency derivatives instruments: Foreign currency future contracts, currency swap contracts and forward exchange contracts.

ii. Interest rate derivatives instruments: Interest rate swap contracts, cross-currency swap contracts, asset swap contracts and interest rate future contracts.

The following tables show the cash outflows on CDIB's gross-settled derivative instruments by period from the consolidated balance sheet dates to contract maturity dates. Assessment of contractual maturities was a basis of understanding derivative instruments presented in the consolidated balance sheets. Amounts disclosed in the tables were based on the contractual cash flows; thus, some amounts will not match those in the consolidated balance sheets. Maturity analyses of gross settled derivative instruments were as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	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	$ (167,499,453)	$ (161,468,501)	$ (72,365,074)	$ (14,796,166)	$ -	$ (416,129,194)
Cash inflow	142,056,966	146,109,340	89,234,874	13,276,436	-	390,677,616
Interest rate derivatives instruments						
Cash outflow	(735,386)	(8,878,904)	(3,627,302)	(4,350,211)	(35,443,245)	(53,035,048)
Cash inflow	187,083	8,801,896	4,073,627	1,199,340	44,589	14,306,535
Cash outflow subtotal	(168,234,839)	(170,347,405)	(75,992,376)	(19,146,377)	(35,443,245)	(469,164,242)
Cash inflow subtotal	142,244,049	154,911,236	93,308,501	14,475,776	44,589	404,984,151
Net cash flow	$ (25,990,790)	$ (15,436,169)	$ 17,316,125	$ (4,670,601)	$ (35,398,656)	$ (64,180,091)

(In Thousands of U.S. Dollars)

March 31, 2015	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	$ (6,548,170)	$ (5,169,225)	$ (3,181,448)	$ (635,494)	$ -	$ (15,534,337)
Cash inflow	7,719,514	5,662,600	2,609,612	701,302	-	16,693,028
Interest rate derivatives instruments						
Cash outflow	(29,558)	(80,475)	(144,880)	(46,752)	(127,800)	(429,465)
Cash inflow	28,862	79,246	108,405	49,022	-	265,535
Cash outflow subtotal	(6,577,728)	(5,249,700)	(3,326,328)	(682,246)	(127,800)	(15,963,802)
Cash inflow subtotal	7,748,376	5,741,846	2,718,017	750,324	-	16,958,563
Net cash flow	$ 1,170,648	$ 492,146	$ (608,311)	$ 68,078	$ (127,800)	$ 994,761

5) Maturity analysis of off-balance sheet items

The following table sorts CDIB's off-balance sheet items by period from the consolidated balance sheet dates to contract maturity dates. Amounts disclosed in the table were based on as the contractual cash flows; thus some amounts will not match those in the consolidated balance sheets.

(In Thousands of New Taiwan Dollars)

March 31, 2015	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	$ 708,701	$ 737,155	$ 1,914,573	$ 956,948	$ 9,588,955	$ 13,906,332

6) Maturity analysis of lease commitments and capital outflow commitments

CDIB and subsidiaries' lease commitments included operating and finance leases. Operating lease commitments were the future minimum payments under noncancellable operating lease where the Bank or its subsidiary is the lessee or lessor. The maturity analyses of lease commitments and capital outflow commitments are as follows:

(In Thousands of New Taiwan Dollars)

March 31, 2015	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,954,993	$ 3,412,678	$ -	$ 7,367,671
Financial lease present value incomes (lessor)	3,604,196	3,171,143	-	6,775,339

7) Regulations Governing the Preparation of Financial Reports by Public Banks, and the required disclosures are summarized as follows:

a) Maturity analysis of New Taiwan dollars of CDIB

(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
Cash inflow	$ 2,947,995	$ 1,113,939	$ 11,571,934	$ 600,821	$ 511,262	$ 54,081,473	$ 70,827,424
Cash outflow	845	6,554	1,811	3,185	81,915	70,452,154	70,546,464
Gap	2,947,150	1,107,385	11,570,123	597,636	429,347	(16,370,681)	280,960

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 106,349,568	$ 169,711,525	$ 176,232,121	$ 107,007,219	$ 28,397,676	$ 99,719,017	$ 687,417,126
Cash outflow	86,241,859	117,856,150	206,262,645	136,590,284	43,821,053	186,795,918	777,567,909
Gap	20,107,709	51,855,375	(30,030,524)	(29,583,065)	(15,423,377)	(87,076,901)	(90,150,783)

b) Maturity analysis of U.S. dollars of CDIB

(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
Cash inflow	$ 34	$ -	$ -	$ -	$ 1,208	$ 1,242
Cash outflow	-	-	-	-	13,855	13,855
Gap	34	-	-	-	(12,647)	(12,613)

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 9,434,836	$ 6,469,024	$ 3,648,593	$ 1,613,424	$ 927,569	$ 22,093,446
Cash outflow	10,516,345	7,055,243	4,061,111	1,230,900	949,857	23,813,456
Gap	(1,081,509)	(586,219)	(412,518)	382,524	(22,288)	(1,720,010)

KGI Securities and subsidiaries

1) Cash flow analysis

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
Bond purchased under resale agreements	-	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
Income 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 sold 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
Income tax liability	-	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
Liabilities reserve - 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

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2015	Collection Period					Total
	Spot	In 3 Months	3 Months- 12 Months	Over 1 Year- 5 Years	Over 5 Years	
Cash and cash equivalents	$ 5,839,696	$ 6,611,881	$ -	$ -	$ -	$ 12,451,577
Financial assets measured at FVTPL - current	62,155,405	9,365,078	6,510,869	416,553	212,593	78,660,498
Financial assets at cost - current	891,740	-	-	-	-	891,740
Available-for-sale financial assets - current	7,361,442	-	-	-	-	7,361,442
Bond purchased under resale agreements	-	16,432,569	-	-	-	16,432,569
Receivable	33,383,882	3,647,879	16,383,520	3,421,677	-	56,836,958
Customers’ margin accounts	31,684,109	-	-	-	-	31,684,109
Stock borrowing collateral price and guarantee deposits - borrowed securities	5,349,578	608,916	1,051,212	-	-	7,009,706
Other financial assets - current	-	-	4,566,804	-	-	4,566,804
Income tax assets	-	-	11,114	6	562,305	573,425
Other current assets	33,972,455	375,795	358,730	-	-	34,706,980
Financial assets measured at FVTPL - noncurrent	-	-	51,000	-	-	51,000
Financial assets at cost - noncurrent	-	-	-	415	917,684	918,099
Available-for-sale financial assets - noncurrent	-	30,403	-	-	251,401	281,804
Held-to-maturity finance asset - noncurrent	-	-	-	-	300,000	300,000
Investments accounted for using the equity method	-	-	-	-	2,102,991	2,102,991
Others noncurrent assets	-	-	-	231,589	3,555,338	3,786,927
Total	$ 180,638,307	$ 37,072,521	$ 28,933,249	$ 4,070,240	$ 7,902,312	$ 258,616,629
Percentage	69.85%	14.33%	11.19%	1.57%	3.06%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2015	Payment Period					Total
	Spot	In 3 Months	3 Months- 12 Months	Over 1 Year- 5 Years	Over 5 Years	
Short-term borrowings	$ -	$ 15,800,326	$ -	$ -	$ -	$ 15,800,326
Commercial papers payable, net	-	5,102,353	-	-	-	5,102,353
Financial liabilities measured at FVTPL - current	3,613,207	3,456,835	5,013,474	1,744,111	211,648	14,039,275
Bonds sold under repurchase agreements	-	58,659,345	-	-	-	58,659,345
Payables	41,587,463	1,560,608	5,265,050	340,386	-	48,753,507
Guarantee deposits - borrowed securities	-	1,757,169	4,906,343	-	-	6,663,512
Futures customers’ equity	30,716,503	-	-	-	-	30,716,503
Other current liabilities	4,014,203	1,317,802	2,172,534	106	-	7,504,645
Other financial liability - current	-	12,079,347	2,609	-	-	12,081,956
Income tax liability	-	-	197,482	852,172	-	1,049,654
Long-term liabilities - current portion	-	-	1,006,520	-	-	1,006,520
Bonds payable	-	-	-	7,000,000	-	7,000,000
Liabilities reserve - noncurrent	-	-	-	23,248	132,326	155,574
Others noncurrent liabilities	-	-	-	616,578	78,746	695,324
Total	$ 79,931,376	$ 99,733,785	$ 18,564,012	$ 10,576,601	$ 422,720	$ 209,228,494
Percentage	38.20%	47.67%	8.87%	5.06%	0.20%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2015	Collection Period					Total
	Spot	In 3 Months	3 Months- 12 Months	Over 1 Year- 5 Years	Over 5 Years	
Cash inflow	$ 180,638,307	$ 37,072,521	$ 28,933,249	$ 4,070,240	$ 7,902,312	$ 258,616,629
Cash outflow	79,931,376	99,733,785	18,564,012	10,576,601	422,720	209,228,494
Amount of cash flow gap	$ 100,706,931	(62,661,264)	$ 10,369,237	$ (6,506,361)	$ 7,479,592	$ 49,388,135

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

March 31, 2015	Collection Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Cash and cash equivalents	$ 6,027,691	$ 5,636,420	$ -	$ -	$ -	$ 11,664,111
Financial assets measured at FVTPL - current	63,447,388	10,544,767	11,056,748	267,959	156,004	85,472,866
Financial assets at cost - current	353,462	-	-	-	-	353,462
Available-for-sale financial assets - current	8,061,990	-	-	-	-	8,061,990
Bond purchased under resale agreements	-	13,382,727	-	-	-	13,382,727
Receivable	69,333,592	5,827,711	24,598,190	2,707,617	-	102,467,110
Customers' margin accounts	33,435,818	-	-	-	-	33,435,818
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,997,932	-	407,798	-	-	2,405,730
Other financial assets - current	-	-	5,300,388	-	-	5,300,388
Income tax assets	-	-	25,274	4	270,997	296,275
Other current assets	25,468,014	613,383	273,221	-	-	26,354,618
Financial assets measured at FVTPL - noncurrent	-	-	1,000	51,000	-	52,000
Financial assets at cost - noncurrent	-	-	-	9,268	1,055,728	1,064,996
Available-for-sale financial assets - noncurrent	-	-	31,131	-	114,530	145,661
Held-to-maturity financial assets - noncurrent	-	150,000	40,000	-	-	190,000
Investments accounted for using the equity method	-	-	-	-	2,282,359	2,282,359
Others noncurrent assets	100,000	-	200,000	358,829	2,866,483	3,525,312
Total	$ 208,225,887	$ 36,155,008	$ 41,933,750	$ 3,394,677	$ 6,746,101	$ 296,455,423
Percentage	70.24%	12.20%	14.14%	1.14%	2.28%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

March 31, 2015	Payment Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Short-term borrowings	$ 45,534,225	$ 8,211,153	$ -	$ -	$ -	$ 53,745,378
Commercial papers payable, net	-	23,807,655	-	-	-	23,807,655
Financial liabilities measured at FVTPL - current	2,788,140	2,573,927	3,440,424	2,039,308	158,250	11,000,049
Bonds sold under repurchase agreements	-	57,983,796	-	-	-	57,983,796
Payables	38,794,792	612,701	2,569,372	147,084	-	42,123,949
Guarantee deposits - borrowed securities	-	1,799,307	6,071,751	-	-	7,871,058
Futures customers' equity	32,036,598	-	-	-	-	32,036,598
Other current liabilities	3,524,132	1,327,629	1,714,256	74	-	6,566,091
Other financial liability - current	-	9,091,744	8,147	-	-	9,099,891
Income tax liability	-	301,990	119,487	863,660	14,072	1,299,209
Bonds payable	-	-	-	1,012,200	-	1,012,200
Liabilities reserve - noncurrent	-	-	-	-	159,805	159,805
Others noncurrent liabilities	-	-	-	507,904	45,066	552,970
Total	$ 122,677,887	$ 105,709,902	$ 13,923,437	$ 4,570,230	$ 377,193	$ 247,258,649
Percentage	49.62%	42.75%	5.63%	1.85%	0.15%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

March 31, 2015	Collection Period: Spot	In 3 Months	3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	Total
Cash inflow	$ 208,225,887	$ 36,155,008	$ 41,933,750	$ 3,394,677	$ 6,746,101	$ 296,455,423
Cash outflow	122,677,887	105,709,902	13,923,437	4,570,230	377,193	247,258,649
Amount of cash flow gap	$ 85,548,000	$ (69,554,894)	$ 28,010,313	$ (1,175,553)	$ 6,368,908	$ 49,196,774

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, 2016, December 31, 2015 and March 31, 2015, show that the sums from deducting cash outflow from cash inflow are $49,392,043 thousand, $49,388,135 thousand and $49,196,774 thousand, respectively, all indicating sufficient fund liquidity.

Due to operational characteristics of securities firms, 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 71.66% 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, 2016, December 31, 2015 and March 31, 2015, net cash inflow calculated from net spot financial assets are respectively $110,723,228 thousand, $100,706,931 thousand and $85,548,000 thousand, which are sufficient to cover the net cash outflows of $80,864,096 thousand, $69,167,625 thousand and $70,730,447 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>KGI Bank and subsidiaries</u>

1) The source and definition of liquidity risk

Liquidity risk of KGI 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. Liquidity risk is inherent risk in banking operations and can be affected by various industry-specific or overall market events, including but are not limited to credit events, mergers or acquisitions, systemic shocks and natural disasters.

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) To manage liquidity risk of financial assets hold and non-derivative financial liabilities maturity analysis

a) To manage liquidity risk of financial assets held

The financial assets include cash and assets that are of highly liquid and high quality for the purpose of paying liabilities and capital movement during emergency. The assets held for managing liquidity risk include cash and cash equivalents, due from the central bank and call loans to banks, financial assets at FVTPL, discounts and loans, available-for-sale financial assets, and held-to-maturity financial assets.

b) Maturity analysis for non-derivative financial liabilities

KGI Bank's non-derivative financial liabilities are based both on the maturing of assets and liabilities, and the corresponding interest rate and controlled gaps that do not match. As the transaction conditions are uncertain and are of different types, the maturity of assets and liabilities usually does not match. This may result in gains or losses. The following table shows the maturity analysis of liquidity based on liabilities.

(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 New Taiwan Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 1,184,126	$ 233,883	$ 259,430	$ 649,290	$ -	$ 2,326,729
Notes and bonds issued under repurchase agreement	3,555,537	439,228	-	-	-	3,994,765
Deposits and remittances	38,936,723	74,633,425	38,705,271	62,391,930	19,763,994	234,431,343
Bank debentures payable	-	-	1,056,148	-	2,750,000	3,806,148
Other capital outflow on maturity	1,149,059	626,503	329,557	210,316	993,105	3,308,540
Total	$ 44,825,445	$ 75,933,039	$ 40,350,406	$ 63,251,536	$ 23,507,099	$ 247,867,525

(In Thousands of New Taiwan Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 2,000,000	$ -	$ 80,056	$ 430,224	$ -	$ 2,510,280
Notes and bonds issued under repurchase agreement	630,726	-	-	-	-	630,726
Payables	629,129	230,493	46,203	185,434	220,731	1,311,990
Deposits and remittances	10,870,400	19,020,263	23,306,293	33,078,005	32,895,636	119,170,597
Other capital outflow on maturity	93,399	10,939	2,436	185,967	148,695	441,436
Total	$ 14,223,654	$ 19,261,695	$ 23,434,988	$ 33,879,630	$ 33,265,062	$ 124,065,029

(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

(In Thousands of U.S. Dollars)

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 72,000	$ 129,000	$ -	$ -	$ -	$ 201,000
Notes and bonds issued under repurchase agreement	1,326,354	397,933	-	-	-	1,724,287
Deposits and remittances	1,615,814	562,184	532,550	367,017	14,143	3,091,708
Bank debentures payable	-	-	-	-	99,690	99,690
Other capital outflow on maturity	4,570	7,355	2,647	446	9,713	24,731
Total	$ 3,018,738	$ 1,096,472	$ 535,197	$ 367,463	$ 123,546	$ 5,141,416

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ -	$ -	$ -	$ -	$ -	$ -
Notes and bonds issued under repurchase agreement	-	-	-	-	-	-
Payables	1,953	723	53	65	20	2,814
Deposits and remittances	81,552	73,548	41,777	84,808	106,861	388,546
Other capital outflow on maturity	-	100	-	750	-	850
Total	$ 83,505	$ 74,371	$ 41,830	$ 85,623	$ 106,881	$ 392,210

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, 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 New Taiwan Dollars)

December 31, 2015	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	$ (210,247,189)	$ (193,308,282)	$ (154,000,151)	$ (16,434,098)	$ (327,000)	$ (574,316,720)
Cash inflow	208,228,429	193,153,076	112,725,144	36,762,530	-	550,869,179
Interest rate derivatives instruments						
Cash outflow	(1,311,706)	(642,549)	(24,974)	(1,001,557)	(11,936,792)	(14,917,578)
Cash inflow	186,298	430,290	33,537	-	52,369	702,494
Others						
Cash outflow	(770)	-	-	-	-	(770)
Cash inflow	-	-	-	-	-	-
Cash outflow subtotal	(211,559,665)	(193,950,831)	(154,025,125)	(17,435,655)	(12,263,792)	(589,235,068)
Cash inflow subtotal	208,414,727	193,583,366	112,758,681	36,762,530	52,369	551,571,673
Net cash flow	$ (3,144,938)	$ (367,465)	$ (41,266,444)	$ 19,326,875	$ (12,211,423)	$ (37,663,395)

(In Thousands of New Taiwan Dollars)

March 31, 2015	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	$ (576)	$ (344)	$ (3,738)	$ -	$ (8,237)	$ (12,895)
Cash inflow	-	14	603	-	-	617
Net cash flow	$ (576)	$ (330)	$ (3,135)	$ -	$ (8,237)	$ (12,278)

(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

(In Thousands of U.S. Dollars)

December 31, 2015	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	$ (7,415,898)	$ (6,183,680)	$ (3,596,863)	$ (1,520,370)	$ (62,396)	$ (18,779,207)
Cash inflow	7,281,650	6,166,764	4,903,978	831,482	72,396	19,256,270
Interest rate derivatives instruments						
Cash outflow	(9,019)	(19,479)	(6,388)	(3,985)	(193,715)	(232,586)
Cash inflow	7,759	17,486	4,269	3,615	-	33,129
Others						
Cash outflow	(460)	-	-	-	-	(460)
Cash inflow	259	-	-	-	-	259
Cash outflow subtotal	(7,425,377)	(6,203,159)	(3,603,251)	(1,524,355)	(256,111)	(19,012,253)
Cash inflow subtotal	7,289,668	6,184,250	4,908,247	835,097	72,396	19,289,658
Net cash flow	$ (135,709)	$ (18,909)	$ 1,304,996	$ (689,258)	$ (183,715)	$ 277,405

(In Thousands of U.S. Dollars)

March 31, 2015	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	$ (68)	$ (86)	$ (122)	$ (258)	$ (434)	$ (968)
Cash inflow	-	-	19	-	-	19
Net cash flow	$ (68)	$ (86)	$ (103)	$ (258)	$ (434)	$ (949)

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, 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

(In Thousands of New Taiwan Dollars)

December 31, 2015	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	$ 3,955,556	$ 7,293,085	$ 8,414,438	$ 29,975,155	$ 46,090,223	$ 95,728,457

(In Thousands of New Taiwan Dollars)

March 31, 2015	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	$ 5,839,115	$ 10,003,353	$ 6,531,231	$ 26,897,503	$ 37,604,949	$86,876,151

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.

Lease maturity analysis of contractual commitments is as follows:

(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

(In Thousands of New Taiwan Dollars)

December 31, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 3,719,977	$ 3,742,954	$ -	$ 7,462,931
Financial lease present value income (lessor)	3,408,517	3,532,798	-	6,941,315
Operating lease payment (lessee)	250,983	475,217	3,630	729,830
Operating lease income (lessor)	36,748	63,091	-	99,839
Present value of financial lease payment (lessee)	3,916	876	-	4,792

(In Thousands of New Taiwan Dollars)

March 31, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Operating lease payment (lessee)	$ 178,078	$ 285,975	$ 6,600	$ 470,653
Operating lease income (lessor)	15,792	52,992	660	69,444
Present value of financial lease payment (lessee)	6,051	3,730	-	9,781

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, 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)

(In Thousands of New Taiwan Dollars)

March 31, 2015	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	$ 15,622,241	$ 14,310,062	$ 8,337,849	$ 9,429,088	$ 17,144,375	$ 71,594,569	$ 136,438,184
Main capital outflow on maturity	9,521,144	12,152,823	25,189,022	29,806,330	59,866,047	89,753,074	226,288,440
Gap	6,101,097	2,157,239	(16,851,173)	(20,377,242)	(42,721,672)	(18,158,505)	(89,850,256)

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

(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)

(In Thousands of U.S. Dollars)

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 118,537	$ 50,044	$ 41,316	$ 64,491	$ 194,760	$ 469,148
Main capital outflow on maturity	86,464	75,775	52,611	109,117	117,677	441,644
Gap	32,073	(25,731)	(11,295)	(44,626)	77,083	27,504

d. Market risk

CDIB 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

To have a common-language of market risk management, definition, communication and measurement, CDIB 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 Banks related market risk calculation tables and CDIB's book management approach to financial instrument handling.

Following the "Market Risk Policy", CDIB 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

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

Risk factors analyzed through CDIB'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.

CDIB'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 CDIB 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

CDIB'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

CDIB uses the VaR model and/or stress testing to evaluate the potential and/or 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)

	March 31, 2016			December 31, 2015			March 31, 2015		
	Average	**Highest**	**Lowest**	**Average**	**Highest**	**Lowest**	**Average**	**Highest**	**Lowest**
Value at risk of foreign exchange rate	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,135	$ 24,882	$ 3,767
Value at risk of interest rate	-	-	-	-	-	-	94,667	147,893	50,131
Value at risk of equity stocks	-	-	-	-	-	-	13,209	17,082	8,475
Total value at risks	-	-	-	-	-	-	93,474	-	-

6) Foreign currency rate risk information

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

(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

	December 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 277,125	33.066	$ 9,163,406
HKD	128,796	4.266	549,495
RMB	46,867	5.033	238,862
KRW	6,146,111	0.028	172,816
Investment accounted for using the equity method			
USD	39,808	33.066	1,316,305
RMB	252,073	5.033	1,266,917

(Continued)

	December 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 18,379	33.066	$ 607,724

(Concluded)

	March 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,418,492	31.401	$ 170,146,057
RMB	2,330,241	5.061	11,793,351
EUR	30,672	33.761	1,035,531
HKD	249,401	4.049	1,009,899
JPY	2,350,639	0.261	614,222
AUD	14,031	23.898	335,322
KRW	6,035,495	0.028	170,811
Nonmonetary items			
USD	98,200	31.401	3,083,578
HKD	385,698	4.049	1,561,806
RMB	136,920	5.061	692,954
Investment accounted for using the equity method			
USD	51,527	31.401	1,618,006
RMB	136,407	5.061	690,358
Financial liabilities			
Monetary items			
USD	6,057,410	31.401	190,208,724
RMB	1,054,894	5.061	5,338,818
EUR	17,875	33.761	603,474
JPY	1,965,557	0.261	513,600
NZD	18,286	23.458	428,946
AUD	12,112	23.898	289,453
KRW	6,644,616	0.028	188,049

7) Disclosures 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)

Analysis of Interest Rate-sensitive Assets and Liabilities
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	$ 12,714,788	$ -	$ -	$ 161,837	$ 12,876,625
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	12,714,788	-	-	161,837	12,876,625
Net worth					69,482,489
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					19

Analysis of Interest Rate-sensitive Assets and Liabilities
March 31, 2015

(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	$ 107,882,978	$ 6,985,793	$ 305,100	$ 84,359,269	$ 199,533,140
Interest rate-sensitive liabilities	53,713,577	42,242,195	3,107,825	3,822,321	102,885,918
Interest rate sensitivity gap	54,169,401	(35,256,402)	(2,802,725)	80,536,948	96,647,222
Net worth					114,071,475
Ratio of interest rate-sensitive assets to liabilities (%)					194
Ratio of interest rate-sensitive gap to net worth (%)					85

Note 1: The above amounts included only New Taiwan dollar amounts held in the domestic and overseas branches (i.e., excluding foreign currencies).

Note 2: Interest rate-sensitive assets and liabilities refer to 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 (interest rate-sensitive assets and interest rate-sensitive liabilities are in New Taiwan dollars).

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

Analysis of Interest Rate-sensitive Assets and Liabilities
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	$ 34	$ -	$ -	$ -	$ 34
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	34	-	-	-	34
Net worth					-
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					-

Analysis of Interest Rate-sensitive Assets and Liabilities
March 31, 2015

(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	$ 1,781,397	$ 663,560	$ 393,946	$ 2,040,694	$ 4,879,597
Interest rate-sensitive liabilities	5,044,751	413,051	101,148	102,195	5,661,145
Interest rate sensitivity gap	(3,263,354)	250,509	292,798	1,938,499	(781,548)
Net worth					26,702
Ratio of interest rate-sensitive assets to liabilities (%)					86
Ratio of interest rate-sensitive gap to net worth (%)					(2,927)

Note 1: The above amounts included only U.S. dollar amounts held in the domestic and overseas branches and OBU (i.e., excluding contingency assets and liabilities).

Note 2: Interest rate-sensitive assets and liabilities refer to 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 (interest rate-sensitive assets and interest rate-sensitive liabilities are in U.S. dollars).

KGI Securities and subsidiaries

Market risk is the risk of potential economic value reduction for securities or financial contracts 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 and subsidiaries 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, 2016	December 31, 2015	March 31, 2015
Interest rate risk	$ 14,936	$ 12,186	$ 8,377
Equity securities risk	16,334,140	15,566,569	17,122,184
Exchange rate risk	1,926,268	589,868	1,096,776
Commodity risk	222	4,465	-

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 reliability 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, 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

	For the Three Months Ended March 31, 2015			March 31, 2015
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 240,742	$ 180,136	$ 327,990	$ 211,599
Interest rate	75,164	45,807	120,445	77,837
Exchange rate	7,274	3,901	16,892	10,864

3) Stress test

Stress test mainly examines the effects of extreme changes in market risk factors in an investment portfolio. It can serve as an assistive tool in monitoring and controlling of VAR. Since VAR is only an estimated value under certain statistical assumptions, it only reflects possible losses under normal market situations especially since it does not take into considerations the liquidity of an investment portfolio. Stress test can help a company's 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 sensitivity test and scenario analysis. Scenario analysis includes historic and hypothetical scenario analysis.

a) Sensitivity test

For certain risk factors in an investment portfolio, this test analyzes possible changes of profit/loss in exposure under given changes.

b) Scenario analysis

i. Historic scenario analysis: Using incidents that strongly impacted the market before such as Lehman Brothers in 2008 and subprime mortgage crisis in 2007, and this analysis applies the continuous changes of the risk factors of these incidents to the current market and portfolios and analyze how the profit/loss changes accordingly.

ii. Hypothetical scenarios analysis

i) This analysis utilizes pressure scenarios defined by Derivative Policy Group. Test items include yield curve horizontal shift, yield curve twist, yield curve horizontal shift and twist, changes in stock index and changes in exchange rates in major countries.

ii) Expected incidents: considering the economic and political developments inside and outside Taiwan and referring to similar experience from the past, this analysis predicts all kinds of possible impacts to the market when a certain incident takes place in the future and examines the possible changes to the profit/loss of KGI Securities' holding position. For example, the increasing possibility of war due to the rising intensity in Middle East may lead to the booming price of energy such as crude oil. Meanwhile, the global financial market would have greater fluctuation, resulting in expected inflation. Therefore, anticipate the potential policy adopted by Central Bank to determine the effect of series events on the risk factor of holding position, and further analyze the possible exposure.

Results of stress test based on the change of sensitivity as follows:

			Loss		
Risk Factor	**Risk Indicators**	**Changes**	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Interest exposures	Yield curve	+ 50 bps	$ (746,797)	$ (609,298)	$ (418,831)
Equity exposures	Equity index	- 25%	(4,083,535)	(3,891,642)	(4,280,546)
Exchange rate exposures	Exchange rate to USD	- 7%	(134,839)	(41,291)	(76,774)
Commodity exposures	Price of commodity	- 25%	(56)	(1,116)	-

4) Foreign currency exchange rate financial assets and liabilities information

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	March 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
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

(Continued)

	March 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
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
Financial liabilities			
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

(Concluded)

	December 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 1,986,796	33.07	$ 65,631,077
JPY	3,174,913	0.27	867,667
RMB	142,098	5.03	715,099
HKD	42,428	4.26	180,852
EUR	4,387	35.89	157,479
Nonmonetary items			
USD	678,354	33.07	22,430,463
RMB	569,182	5.03	2,864,465
Investments accounted for using the equity method			
USD	63,490	33.07	2,099,349
Financial liabilities			
Monetary items			
USD	3,019,284	33.07	99,771,345
RMB	239,563	5.03	1,205,603
JPY	3,084,976	0.27	842,970
EUR	4,159	35.88	149,214

(Continued)

	December 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
USD	$ 208,276	33.07	$ 6,886,852
RMB	468,906	5.03	2,359,815

(Concluded)

	March 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 2,889,305	31.39	$ 90,706,635
RMB	461,896	5.06	2,337,654
HKD	38,919	4.04	157,417
Nonmonetary items			
USD	837,264	31.40	26,290,918
RMB	1,192,502	5.06	6,035,253
HKD	105,046	4.05	425,363
Investments accounted for using the equity method			
USD	72,488	31.40	2,276,186
Financial liabilities			
Monetary items			
USD	4,159,550	31.40	130,591,462
RMB	1,064,893	5.06	5,389,423
Nonmonetary items			
USD	188,415	31.40	5,916,408
RMB	194,793	5.06	985,849

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/or stress testing to evaluate the potential and/or 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, 2016			For the Year Ended December 31, 2015			For the Three Months Ended March 31, 2015		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Price risk of interest rate instruments	$ 31,029	$ 49,768	$ 17,493	$ 47,779	$ 118,218	$ 11,394	$ -	$ -	$ -
Price risk of equity instruments (includes hedged position)	7,417	12,389	3,885	15,831	28,568	7,542	6,338	8,511	4,977
Price risk of exchange rate instruments	38,695	68,827	18,915	8,539	27,412	1,514	724	1,684	197

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 KGI 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 Foreign Currencies/New Taiwan Dollars)

	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

	December 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 7,048,458	33.07	$ 233,064,309
EUR	107,545	36.14	3,886,770
RMB	589,247	5.03	2,965,446
JPY	6,099,692	0.27	1,675,585
HKD	287,940	4.27	1,228,467
GBP	4,641	49.04	227,599
AUD	7,311	24.16	176,650
Nonmonetary items			
HKD	377,926	4.27	1,612,385
<u>Financial liabilities</u>			
Monetary items			
USD	7,400,004	33.07	244,688,523
EUR	73,888	36.14	2,670,401
JPY	9,047,194	0.27	2,485,264
AUD	53,950	24.16	1,303,487
GBP	16,720	49.04	819,945
HKD	152,150	4.27	649,133
NZD	20,986	22.69	476,137
RMB	72,551	5.03	365,121

	March 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 434,158	31.40	$ 13,632,988
RMB	1,319,301	5.06	6,676,984
ZAR	290,142	2.57	746,942
AUD	17,463	23.90	417,331
JPY	876,076	0.26	228,919
<u>Financial liabilities</u>			
Monetary items			
USD	393,806	31.40	12,365,910
RMB	1,315,767	5.06	6,659,094
ZAR	291,046	2.57	749,269
AUD	17,476	23.90	417,650
JPY	888,913	0.26	232,273

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, 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

March 31, 2015

(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	$ 113,082,185	$ 518,915	$ 639,569	$ 8,747,830	$ 122,988,499
Interest rate-sensitive liabilities	33,584,357	56,790,011	22,788,574	4,992,914	118,155,856
Interest rate sensitivity gap	79,497,828	(56,271,096)	(22,149,005)	3,754,916	4,832,643
Net worth					19,393,702
Ratio of interest rate-sensitive assets to liabilities (%)					104.09
Ratio of interest rate-sensitive gap to net worth (%)					24.92

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

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

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)

March 31, 2015

(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	$ 302,373	$ 29,423	$ 3,000	$ 39,780	$ 374,576
Interest rate-sensitive liabilities	116,981	186,613	85,558	78	389,230
Interest rate sensitivity gap	185,392	(157,190)	(82,558)	39,702	(14,654)
Net worth					4,103
Ratio of interest rate-sensitive assets to liabilities (%)					96.24
Ratio of interest rate-sensitive gap to net worth (%)					(357.15)

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).

e. Transfers of financial assets

CDIB and subsidiaries

Among daily operations of CDIB, transactions of transferred financial assets not qualifying for full derecognition are securities sold under repurchase agreements. Such transactions are liable to bear an obligation to repurchase the transferred financial assets at a fixed price in the future, and the transferred financial assets cannot be sold or pledged for the duration of the transaction. CDIB does not derecognize it entirely because CDIB 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 as follows:

March 31, 2015					
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
Securities sold under repurchase agreements					
Financial assets at FVTPL	$ 32,036,206	$ 28,624,525	$ 32,036,206	$ 28,624,525	$ 3,411,681
Available-for-sale financial assets	41,876,498	34,385,069	41,876,498	34,385,069	7,491,332

KGI Securities and subsidiaries

1) Transferred financial assets not qualifying for full derecognition

Among daily operations of KGI Securities and subsidiaries (KGI Securities), 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 and subsidiaries 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, 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)

December 31, 2015					
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	$ 58,663,263	$ 58,601,838	$ 58,663,263	$ 58,601,838	$ 61,425
Transaction - borrowed securities	54,860	76,804	54,860	76,804	(21,944)

March 31, 2015					
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	$ 57,644,700	$ 57,506,658	$ 57,644,700	$ 57,506,658	$ 138,042
Transaction - borrowed securities	306,038	428,454	306,038	428,454	(122,416)

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, 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

December 31, 2015					
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	$ 11,345,800	$ 447,127	$ 447,127	$ -	$ 447,127

March 31, 2015					
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	$ 11,294,800	$ 876,508	$ 876,508	$ -	$ 876,508

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, 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

December 31, 2015						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 835,600	$ 3,293,700	$ 7,216,500	$ -	$ 11,345,800

March 31, 2015						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 840,000	$ 2,295,400	$ 8,159,400	$ -	$ 11,294,800

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, 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	Revenues or Expenses Recognized During the Period
Call option	$ (232,250)	$ (79,919)	$ (312,169)

December 31, 2015			
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**	**Revenues or Expenses Recognized During the Period**
Call option	$ (176,259)	$ (257,532)	$ (433,791)

March 31, 2015			
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**	**Revenues or Expenses Recognized During the Period**
Call option	$ (92,735)	$ 56,788	$ (35,947)

<u>KGI Bank and subsidiaries</u>

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, 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**
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

f. Offsetting financial assets and financial liabilities

<u>CDIB</u>

CDIB 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 not. One can choose net settlement if the other side of the transaction is in the breach of contract.

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	$ 12,203,734	$ -	$ 12,203,734	$ 5,556,094	$ 253,841	$ 6,393,799
Securities purchased under resell agreements	16,369,914	-	16,369,914	16,369,914	-	-
Total	$ 28,573,648	$ -	$ 28,573,648	$ 21,926,008	$ 253,841	$ 6,393,799

March 31, 2015						
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	$ 14,389,355	$ -	$ 14,389,355	$ 5,556,094	$ 3,083,281	$ 5,749,980
Notes and bonds issued under repurchase agreements	64,715,924	-	64,715,924	64,715,924	-	-
Total	$ 79,105,279	$ -	$ 79,105,279	$ 70,272,018	$ 3,083,281	$ 5,749,980

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

KGI Securities and subsidiaries

KGI Securities and subsidiaries' (KGI Securities) 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, 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 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 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

December 31, 2015						
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 instruments	$ 1,857,035	$ -	$ 1,857,035	$ -	$ 76,126	$ 1,780,909
Securities purchased under resell agreements	16,445,429	-	16,445,429	16,445,429	-	-
Total	$ 18,302,464	$ -	$ 18,302,464	$ 16,445,429	$ 76,126	$ 1,780,909

December 31, 2015						
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 instruments	$ 4,284,302	$ -	$ 4,284,302	$ -	$ 656,140	$ 3,628,162
Notes and bonds issued under repurchase agreements	58,601,838	-	58,601,838	58,601,838	-	-
Total	$ 62,886,140	$ -	$ 62,886,140	$ 58,601,838	$ 656,140	$ 3,628,162

March 31, 2015						
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 instruments	$ 1,895,210	$ -	$ 1,895,210	$ -	$ 98,844	$ 1,796,366
Securities purchased under resell agreements	13,384,514	-	13,384,514	13,384,514	-	-
Total	$ 15,279,724	$ -	$ 15,279,724	$ 13,384,514	$ 98,844	$ 1,796,366

March 31, 2015						
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 instruments	$ 2,988,719	$ -	$ 2,988,719	$ -	$ 559,383	$ 2,429,336
Notes and bonds issued under repurchase agreements	57,506,658	-	57,506,658	57,506,658	-	-
Total	$ 60,495,377	$ -	$ 60,495,377	$ 57,506,658	$ 559,383	$ 2,429,336

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

KGI Bank and subsidiaries

KGI Bank 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, 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

December 31, 2015						
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	$ 36,176,824	$ -	$ 36,176,824	$ 36,176,824	$ -	$ -
Derivative financial instruments	19,974,577	-	19,974,577	7,673,054	510,105	11,791,418
Total	$ 56,151,401	$ -	$ 56,151,401	$ 43,849,878	$ 510,105	$ 11,791,418

December 31, 2015						
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	$ 61,010,030	$ -	$ 61,010,030	$ 60,540,403	$ 469,627	$ -
Derivative financial instruments	21,832,157	-	21,832,157	7,673,054	7,390,082	6,769,021
Total	$ 82,842,187	$ -	$ 82,842,187	$ 68,213,457	$ 7,859,709	$ 6,769,021

March 31, 2015						
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	$ 2,283,330	$ -	$ 2,283,330	$ 2,283,330	$ -	$ -

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

55. CAPITAL MANAGEMENT

CDIB and subsidiaries

a. Objectives

CDIB's eligible capital should be higher than statutorily required capital and should meet the authorities' minimum requirements for capital adequacy ratio. This is the fundamental principle of capital management.

Capital is needed to cover any future losses. Capital management is the main tool of financial institutions to developing business and risk strategies. To effectively manage CDIB's capital as well as meet the regulatory authorities' minimum requirements, CDIB follows the principle "Capital bears risk as well as requires compensation", thus, under an effective capital management framework, CDIB balances risk control and business development and achieves the business objective of maximizing stockholder value.

b. Capital management procedures

CDIB 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 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"

56. TRUST BUSINESS OPERATIONS UNDER THE TRUST ENTERPRISES ACT

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

Balance Sheets of Trust Accounts

(In Thousands of New Taiwan Dollars)

Trust Assets	**March 31, 2015**	**Trust Liabilities**	**March 31, 2015**
Bank deposits	$ 659,538	Payables	$ 143
Financial assets at FATPL	4,601,599	Other liabilities - beneficiary	1,280,000
Financial assets measured at cost	1,400,000	Trust capital	6,206,201
Real estate, net	797,943	Reversal and cumulative deficit	
Other assets	1,136,292	Accumulated deficit	1,100,614
		Appropriation of income	(107,365)
		Net income	115,779
		Total capital surplus and related earnings	1,109,028
Total	$ 8,595,372	Total	$ 8,595,372

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31, 2015
Trust income and gains	
Gain on financial assets at FATPL, net	$ 123,710
Interest income	7,750
Rental income	812
Total trust income and gains	132,272
Trust expenses	
Interest expense	16,320
Trust administrative expense	149
Other expenses	24
Total trust expenses	16,493
Net income before income tax	$ 115,779

Note: CDIB will not engage in trust operations from the date of transfer of business on May 1, 2015.

The above income from trust operations were excluded from CDIB's income.

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	March 31, 2015
Bank deposits	$ 659,538
Financial assets at FVTPL	4,601,599
Financial assets measured at cost	1,400,000
Real estate, net	797,943
Payments for others	1,135,042
Other assets	1,250
	$ 8,595,372

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, 2016	December 31, 2015	March 31, 2015	Trust Liabilities	March 31, 2016	December 31, 2015	March 31, 2015
Bank deposits	$ 724,924	$ 876,118	$ 991,307	Payables	$ 6,060	$ 30,124	$ 64,564
Financial assets	21,621,538	22,837,422	18,033,969	Trust capital	22,426,750	23,578,392	17,556,104
Receivables	50,672	99,904	92,949	Reserves and retained earnings	(35,676)	204,928	1,497,557
Total	$ 22,397,134	$ 23,813,444	$ 19,118,225	Total	$ 22,397,134	$ 23,813,444	$ 19,118,225

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	**2015**
Trust income	$ 1,341,317	$ 1,791,000
Trust expenses	(2,311,797)	(928,842)
Income before income tax	$ (970,480)	$ 862,158

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, 2016	December 31, 2015	March 31, 2015
Bank deposits	$ 724,924	$ 876,118	$ 991,307
Stocks	14,564,157	15,470,397	11,955,769
Funds	7,010,300	7,320,525	5,888,411
Structured notes	47,081	46,500	189,789
Receivables	50,672	99,904	92,949
Total	$ 22,397,134	$ 23,813,444	$ 19,118,225

c. 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, 2016	December 31, 2015	March 31, 2015	Trust Liabilities	March 31, 2016	December 31, 2015	March 31, 2015
Bank deposits	$ 705,771	$ 654,161	$ 220,328	Payables	$ 186,058	$ 154,615	$ 182,737
Short-term investment	30,769,142	31,338,483	34,981,934	Other liabilities	1,334,996	1,336,311	77,374
Financial assets at FVTPL	3,484,380	3,697,006	-	Trust capital	36,979,663	37,805,193	35,966,468
Receivables	44,838	51,927	70,553	Accumulated earnings	857,818	795,758	32,227
Payments for others	1,166,795	1,166,813	-				
Financial assets measured at cost	1,401,426	1,401,010	-				
Real estate, net	797,943	797,943	-				
Intangible assets - surface rights	984,534	984,534	984,534				
Other assets	3,706	-	1,457				
Total	$ 39,358,535	$ 40,091,877	$ 36,258,806	Total	$ 39,358,535	$ 40,091,877	$ 36,258,806

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31 2016	For the Three Months Ended March 31 2015
Trust income and gains		
Profit income	$ 9,129	$ 189
Interest income	306,243	398,650
Rental income	7,101	7,064
Gain on financial assets at FATPL, net	462,606	-
Others income	20,386	581
Total trust income and gains	805,465	406,484
Property transaction losses	(534,816)	(157,922)
Trust expenses		
Administrative expenses	5,660	6,955
Interest expenses	16,320	1,021
Service fee	17	-
Other expenses	4,920	138
Total trust expenses	26,917	8,114
Net income	$ 243,732	$ 240,448

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, 2016	December 31, 2015	March 31, 2015
Bank deposits	$ 705,771	$ 654,161	$ 220,328
Short-term investments			
Funds	28,972,683	29,808,756	33,877,467
Bonds	1,375,464	1,113,036	723,969
Common shares	80,900	81,400	83,400
Structured notes	212,677	215,507	247,973
ETF	127,418	119,784	49,125
Financial assets at FVTPL	3,484,380	3,697,006	-
Financial assets measured at cost	1,401,426	1,401,010	-
Real estate, net	797,943	797,943	-
Intangible assets - surface	984,534	984,534	984,534
Payments for others	1,166,795	1,166,813	-
Other assets	48,544	51,927	72,010
Total	$ 39,358,535	$ 40,091,877	$ 36,258,806

d. Trust business operations under the Trust Enterprises Act: Please refer to Note 1 to the consolidated financial statements.

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

Please refer to Table 8 (attached).

58. CONDENSED INDIVIDUAL BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF THE CORPORATION AND ITS SUBSIDIARIES

Please refer to Table 9 (attached).

59. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM COOPERATION AND RESOURCE SHARING BETWEEN THE CORPORATION AND SUBSIDIARIES

For the resource sharing between the Corporation and subsidiaries, please refer to Note 48 to the consolidated financial statements.

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

Please refer to Note 50 to the consolidated financial statements. Information on disaster damages: None.

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

Please refer to Notes 52 and 54 to the consolidated financial statements.

62. SPECIFIC RISK FROM FUTURES DEALING

The futures dealer needs to maintain adequate liquidity in case 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.

63. 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, 2016 Formula	March 31, 2016 %	December 31, 2015 Formula	December 31, 2015 %	March 31, 2015 Formula	March 31, 2015 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,954,254 / $436,495	=4.48	$1,965,939 / $407,338	=4.83	$1,354,746 / $451,348	=3.00	≧1	Yes
17	Current assets / Current liabilities	$2,344,852 / $252,714	=9.28	$2,320,730 / $238,942	=9.71	$1,758,929 / $176,974	=9.94	≧1	Yes
22	Equities / Capital stock	$1,954,254 / $400,000	=488.56%	$1,965,939 / $400,000	=491.48%	$1,354,746 / $400,000	=338.69%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,399,395 / $313,801	=445.95%	$1,417,650 / $215,941	=656.50%	$907,267 / $436,928	=207.65%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	March 31, 2016 Formula	%	December 31, 2015 Formula	%	March 31, 2015 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,768,441 / $352,184	=7.86	$2,624,668 / $372,168	=7.05	$2,404,763 / $174,280	=13.80	≧1	Yes
17	Current assets / Current liabilities	$22,392,790 / $20,238,283	=1.11	$20,589,705 / $18,589,073	=1.11	$18,551,219 / $16,744,871	=1.11	≧1	Yes
22	Equities / Capital stock	$2,768,441 / $760,000	=364.27%	$2,624,668 / $760,000	=345.35%	$2,404,763 / $760,000	=316.42%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$2,356,731 / $4,529,806	=52.03%	$2,221,296 / $3,662,040	=60.66%	$2,014,059 / $3,747,668	=53.74%	≧20% ≧15%	Yes

64. ACCOUNT RECLASSIFICATION

KGI Securities and its subsidiaries 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 and its subsidiaries 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 and subsidiaries		
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, 2016, December 31, 2015 and March 31, 2015 were as follows:

	March 31, 2016		December 31, 2015		March 31, 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
KGI Securities and subsidiaries						
Available-for-sale financial assets	$ 4,346,809	$ 4,346,809	$ 4,358,869	$ 4,358,869	$ 4,663,175	$ 4,663,175

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before March 31, 2016, December 31, 2015 and March 31, 2015) for the three months ended March 31, 2016, December 31, 2015 and March 31, 2015 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Three Months Ended March 31			
	2016		2015	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Losses
KGI Securities and subsidiaries				
Available-for-sale financial assets	$ -	$ (12,060)	$ -	$214,361

65. ADDITIONAL DISCLOSURES

a. and b. following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and subsidiaries:

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

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

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

4) Subsidiaries are 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 Corporation, KGI Bank and subsidiaries: None. Not applicable to KGI Securities and subsidiaries. For CDIB 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 Corporation and other subsidiaries' information: None.

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

7) Discount on service fees received from related parties amounting to NT$5 million: For the Corporation and other subsidiaries' information: None.

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 48 and Table 5 (attached).

9) Sold nonperforming loans: Please refer to Table 6 (attached).

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 Corporation and subsidiaries: Please refer to Notes 8, 53 and 54 to the consolidated financial statements.

c. Subsidiaries investment in Mainland China: Please refer to Table 10 (attached).

d. Business relationships and significant transactions among the Corporation and its subsidiaries: Please refer to Table 11 (attached).

66. SEGMENT INFORMATION

The reportable segments of the Corporation are Industrial banking, Securities and Commercial banking. Under the Regulations Governing the Establishment Criteria and Administration of Industrial Banks and relevant regulations, Industrial Banking engaged in principal investment business, global financial market business and corporate banking business. Under the Securities and Exchange Act and relevant regulations, Securities engaged in wealth management business, trading business and investment banking business. 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.

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.

a. Segment revenues and results

Following is an analysis of the Corporation and subsidiaries' operating revenue and results by reportable segment:

	Industrial Banking	**Securities**	**Commercial Banking**	**Other**	**Total**
For the three months ended March 31, 2016					
Interest profit (loss), net	$ 12,691	$ 437,396	$ 1,408,208	$ (151,469)	$ 1,706,826
Noninterest profit, net	803,033	2,967,038	1,039,914	(4,068)	4,805,917
Net profit (loss)	815,724	3,404,434	2,448,122	(155,537)	6,512,743
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	6,779	(368,492)	31,527	-	(330,186)
Operating expenses	(303,675)	(2,868,512)	(1,396,631)	(345,458)	(4,914,276)
Income (loss) before income tax	518,828	167,430	1,083,018	(500,995)	1,268,281
Income tax benefit (expense)	(4,358)	(103,761)	(28,455)	23,591	(112,983)
Net income (loss)	$ 514,470	$ 63,669	$ 1,054,563	$ (477,404)	$ 1,155,298
For the three months ended March 31, 2015					
Interest profit (loss), net	$ 973,754	$ 586,310	$ 1,120,565	$ (194,631)	$ 2,485,998
Noninterest profit, net	1,513,037	3,591,579	431,209	(5,091)	5,530,734
Net profit (loss)	2,486,791	4,177,889	1,551,774	(199,722)	8,016,732
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	48,394	2,368	114,485	-	165,247
Operating expenses	(742,772)	(2,957,393)	(962,097)	(356,837)	(5,019,099)
Income (loss) before income tax	1,792,413	1,222,864	704,162	(556,559)	3,162,880
Income tax benefit (expense)	(66,722)	(169,727)	(109,402)	(34,544)	(380,395)
Net income (loss)	$ 1,725,691	$ 1,053,137	$ 594,760	$ (591,103)	$ 2,782,485

b. Segment assets and liabilities

	Industrial Banking	Securities	Commercial Banking	Other	Total
March 31, 2016					
Assets	$ 47,952,860	$ 294,508,444	$ 532,463,526	$ 2,192,826	$ 877,117,656
Liabilities	$ 2,446,778	$ 236,186,057	$ 443,561,312	$ 26,714,737	$ 708,908,884
December 31, 2015					
Assets	$ 48,569,509	$ 267,093,626	$ 548,775,549	$ 2,280,491	$ 866,719,175
Liabilities	$ 2,885,387	$ 209,307,827	$ 459,034,084	$ 26,721,139	$ 697,948,437
March 31, 2015					
Assets	$ 465,760,421	$ 306,267,096	$ 165,428,570	$ 2,282,238	$ 939,738,325
Liabilities	$ 349,241,349	$ 246,396,676	$ 141,756,942	$ 26,984,429	$ 764,379,396

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(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	$ 7,102,040	$ 3,873,840	$ 3,615,584	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 14,658,231 (Note 1)	$ 14,658,231 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	5,487,940	5,487,940	-	Floating	Short-term financing	-	Working capital	-	-	-	14,658,231	-
		KGI Investment Advisory (Shanghai) Company Limited	Receivables, net	Yes	25,826	25,826	-	Floating	Short-term financing	-	Working capital	-	-	-	14,658,231	-
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	1,614,100	1,614,100	-	Floating	Short-term financing	-	Capital increase	-	-	-	15,707,000 (Note 2)	15,707,000 (Note 2)
		KGI International Finance Limited	Receivables, net	Yes	4,842,300	4,842,300	1,210,575	Floating	Short-term financing	-	Working capital	-	-	-	15,707,000	-
		KGI Ong Capital Pte. Ltd	Receivables, net	Yes	115,376	-	-	Floating	Short-term financing	-	Capital increase	-	-	-	15,707,000	-

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: 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, 2016
(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 Co., Ltd.	KGI Fraser Securities Pte. Ltd.	Note 1	$ 6,110,118	$ 1,196,339	$ 1,196,339	$ 1,196,339	$ -	1.96%	$ 24,440,472 (Note 2)	No	No	No
		KGI Ong Capital Pte Ltd.	Note 1	6,110,118	1,196,339	1,196,339	1,196,339	-	1.96%		No	No	No
2	KGI International Holdings Limited	KGI Asia Limited	Note 1	15,707,000	947,283	947,283	332,311	-	6.03%	15,707,000 (Note 3)	No	No	No
		KGI International Finance Limited	Note 1	15,707,000	645,640	645,640	-	-	4.11%		No	No	No
		KGI Asia Limited/KGI International Finance Limited	Note 1	-	2,421,150	2,421,150	862,059	-	15.41%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	15,707,000	193,692	193,692	-	-	1.23%		No	No	No
		KGI Finance Limited	Note 1	15,707,000	80,705	80,705	-	-	0.51%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	15,707,000	968,460	968,460	-	-	6.17%		No	No	No
		KGI International Finance Limited/KGI International (Hong Kong) Limited/KGI Finance Limited	Note 1	-	219,518	219,518	-	-	1.40%		No	No	No
		KGI International Finance Limited/KGI International (Hong Kong) Limited	Note 1	-	1,323,562	1,323,562	-	-	8.43%		No	No	No
		KGI Asia Limited/KGI Futures (Hong Kong) Limited	Note 1	-	48,423	48,423	-	-	0.31%		No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	15,707,000	645,640	645,640	-	-	4.11%		No	No	No
		KGI Asia (Holdings) Pte Limited	Note 1	15,707,000	1,076,702	1,076,702	1,076,702	-	6.85%		No	No	No
3	CDIB Management Consulting Corporation	CDIB International Leasing Corp.	Note 1	6,905,230	3,090,171	2,767,351	1,097,588	-	200.38%	6,905,230 (Note 4)	No	No	Yes

Note 1: The Corporation and subsidiary owns directly or indirectly over 50% ownership of the investee company.

Note 2: The limit of maximum guarantee provided by KGI Securities Co., Ltd.'s 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: 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 5: 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, 2016
(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, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Management Inc.	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	$ 61,314	0.41	$ 61,314	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	4,905	0.05	4,905	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	2,749	0.18	2,749	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	101,240	1,585	0.14	1,585	
	Giga Solution Tech. Co., Ltd.	-	Available-for-sale financial assets	440,916	9,105	0.37	9,105	
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	26,250	0.68	26,250	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	1,122	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	19,157	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	1,150	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	6,825	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,442,883	13,645	2.16	16,809	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	1,009	
	Progate Group Corporation	-	Financial assets measured at cost	27,274	325	0.08	336	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	217,017	100.00	217,017	
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	1,500,000	14,470	1.00	14,470	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	1,750,000	16,970	1.00	16,970	
	CDIB Innovation Advisors Corporation Limited	Subsidiary	Investments accounted for using the equity method	1,200,000	11,936	60.00	11,936	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 6,346	65.00	HK$ 6,346	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 222	4.53	HK$ 222	
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 3,803	93.02	RMB 3,803	
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 3,924	-	RMB 3,924	
CDIB Venture Capital Corporation	Stocks							
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	170,582	1.91	170,582	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	87,162	3.69	87,162	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	13,625	0.77	13,625	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	4,117,158	32,896	6.56	32,896	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	30,289	1.17	30,289	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	2,315	0.02	2,315	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	4,008,322	152,917	1.09	152,917	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,215,328	83,570	1.41	83,570	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	2,133,996	38,391	0.25	38,391	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	42,772	0.45	42,772	
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	20,209	0.76	20,209	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	613,462	70,548	0.34	70,548	
	Hua Jung Co., Ltd.	-	Available-for-sale financial assets	307,000	1,860	0.17	1,860	
	Chipsip Technology Co., Ltd.	-	Available-for-sale financial assets	428,928	2,831	1.02	2,831	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	20,817	6.32	20,817	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	18,125	0.37	18,125	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Venture Capital Corporation	Stocks							
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	223,663	$ 10,154	0.35	$ 10,154	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	1,273,387	20,438	2.01	20,438	
	ADDA Corp.	-	Available-for-sale financial assets	4,015,430	27,104	2.75	27,104	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	58,310	1.58	58,310	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	96,059	2.30	96,059	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	1,110,000	33,966	2.93	33,966	
	FocalTech Corporation, Ltd.	-	Available-for-sale financial assets	495,352	13,845	0.17	13,845	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	93,145	0.45	93,145	
	Enterex International Limited	-	Available-for-sale financial assets	3,750,000	112,875	3.73	112,875	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	4,250,961	8,162	2.23	8,162	
	HIM International Music Inc.	-	Available-for-sale financial assets	1,136,960	138,141	2.66	138,141	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	7,769	0.04	7,769	
	Andes Technologies Co., Ltd.	-	Available-for-sale financial assets	930,385	62,066	2.59	62,066	
	Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	743,847	11,418	0.73	11,418	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	6,400,000	8,260	0.42	8,260	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	202,480	12,596	0.29	12,596	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Available-for-sale financial assets	2,990,000	104,052	8.08	104,052	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,408,659	35,751	2.01	15,988	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	4,644	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	5,636	
	Compliance Certification Services Inc.	-	Financial assets measured at cost	749,271	15,000	2.12	24,633	
	Kentec Inc.	-	Financial assets measured at cost	1,512,000	45,720	1.64	31,121	
	Top Green Technologies Inc.	-	Financial assets measured at cost	2,000,000	20,000	0.89	13,044	
	Biodenta Corporation	-	Financial assets measured at cost	1,299,999	32,500	3.32	13,013	
	M2Communication, Inc.	-	Financial assets measured at cost	5,090,000	74,610	17.13	127,953	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.48	38,405	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	9.95	49,767	
	Interactive Digital Technologies Inc.	-	Financial assets measured at cost	2,881,000	59,195	6.86	135,407	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	612	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	203,346	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	101,676	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	108,946	19.47	215,976	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	199,630	
	Dyaco Co., Ltd.	-	Financial assets measured at cost	5,575,500	175,230	6.80	267,624	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	154,693	
	DL-tek Co., Ltd.	-	Financial assets measured at cost	3,697,639	51,100	1.05	57,990	
	Cvie Therapeutics Limited	-	Financial assets measured at cost	846,351	40,262	4.15	63,029	
	Zentera Systems, Inc. - preferred stock	-	Financial assets measured at cost	1,324,503	61,900	17.98	108,445	(Note 4)
	Greenvines Biotech Co., Ltd.	-	Financial assets measured at cost	136,363	12,000	13.11	17,944	
	AMPAK Technology Inc.	-	Financial assets measured at cost	1,208,650	24,795	1.44	27,303	
	Azotek Co., Ltd.	-	Financial assets measured at cost	824,500	27,645	-	10,846	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	1,500,000	33,000	4.22	31,450	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	3,080	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,920,000	6,720	5.50	21,156	
	Cando Corporation	-	Financial assets measured at cost	4,848,058	2,473	1.24	2,495	
	CBA Sports International Ltd.	-	Financial assets measured at cost	514,821	78,046	-	55,853	
	Derbysoft Holdings Limited-preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	45.78	97,418	(Note 4)
	Derbysoft Holdings Limited-preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	16,156	(Note 4)
	Crown Bioscience, International	-	Financial assets measured at cost	3,645,886	105,485	2.78	236,582	
	Cvie Therapeutics Company Limited	-	Financial assets measured at cost	560,000	21,708	4.15	21,428	
	Pharmira Laboratories, Inc.	-	Financial assets measured at cost	3,000,000	96,000	20.00	96,000	
	iCHEF Co., Ltd.	-	Financial assets measured at cost	11,167,513	73,874	40.74	71,020	
	FUNP Co., Ltd.	-	Financial assets measured at cost	400,000	48,283	20.00	46,486	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	545,000,000	2,122,878	100.00	2,122,878	
	Option							
	CBA Sports International Limited	-	Financial assets measured at cost	-	142,819	-	260,646	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Venture Capital Corporation	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	$ 176,419	-	$ 176,419	
CDIB Venture Capital (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 14,757	100.00	HK$ 14,757	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 16,327	70.00	HK$ 16,327	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,097	56.00	HK$ 8,097	
	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 284,118	-	HK$ 284,118	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 137,973	-	HK$ 137,973	
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 2,414	20.00	RMB 2,414	
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 6,915	-	RMB 6,915	
CDIB Capital Investment I Limited	Stocks							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 82	100.00	US$ 82	
	Samson Holding Ltd.	-	Available-for-sale financial assets	5,121,000	US$ 614	0.17	US$ 614	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 4,974	4.74	US$ 4,974	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	28,000,000	US$ 1,119	1.83	US$ 1,119	
	B&M Holdings, Inc.	-	Financial assets measured at cost	199,999	US$ 8,828	10.00	US$ 10,816	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 4,390	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 17,561	(Note 4)
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 863	(Note 4)
	Touch Media International Holdings - preferred stock - B	-	Financial assets measured at cost	8,097,973	US$ 8,826	60.44	US$ 8,826	(Note 4)
	Rock Mobile (Cayman) Co. - preferred stock - C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 945	(Note 4)
	Fund							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 47,174	-	US$ 47,174	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 7,907	-	US$ 5,481	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 540	-	US$ 9,511	
	Calera XV, LLC	-	Financial assets measured at cost	-	US$ 2,293	-	US$ 3,549	
	Option							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 1,785	-	US$ 9,228	
	Convertible (exchangeable) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 4,368	-	US$ 4,340	
	Corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,398	-	US$ 6,763	
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$ 1,896	0.72	US$ 1,896	
	Indostar Capital	-	Financial assets measured at cost	992,674	US$ 9,927	4.53	US$ 19,961	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	992,332	US$ 9,923	9.37	US$ 19,860	(Note 4)
	Sungjoo Design Tech & Distribution Inc. - preferred stock A	-	Debt instruments with no active markets	3,334	US$ 11,545	50.01	US$ 11,332	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 1,710	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Capital Investment II Limited	<u>Option</u>							
	Sungjoo Design Tech & Distribution Inc.	-	Financial assets measured at cost	-	US$ 1,833	-	US$ 19,373	
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 7,982	
	<u>Fund</u>							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 19,971	-	US$ 39,229	
CDIB Global Markets Limited	<u>Stocks</u>							
	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$ 260	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 29	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 16	(Note 4)
	Optoplex Corporation - preferred stock-A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 5	(Note 4)
	Optoplex Corporation - preferred stock-B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 14	(Note 4)
	Optoplex Corporation - common stock		Financial assets measured at cost	55	US$ -	-	US$ -	
	Gopro Inc.	-	Available-for-sale financial assets	51,878	US$ 620	0.04	US$ 620	
	Globant S.A.	-	Available-for-sale financial assets	10,549	US$ 326	-	US$ 326	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	834	US$ 19,980	39.94	US$ 32,960	(Note 4)
	<u>Fund</u>							
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,460	-	US$ 4,541	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 3,679	-	US$ 3,979	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 8,298	-	US$ 5,788	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 4,993	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 5,292	-	US$ 6,842	
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 5,813	-	US$ 6,190	
	GS TDN Investors Offshore, L.P.	-	Financial assets measured at cost	-	US$ 21,000	-	US$ 12,216	
	CX Partners Fund Alpha Limited	-	Financial assets measured at cost	-	US$ 9,991	-	US$ 12,437	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 6,891	-	US$ 9,040	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 8,908	-	US$ 10,239	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,825	-	US$ 7,491	
	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$ 3,095	-	US$ 4,271	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 14,750	-	US$ 88,350	
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 4,258	-	US$ 5,094	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,258	-	US$ 5,794	
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 10,065	-	US$ 9,257	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 4,183	-	US$ 4,609	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,554	-	US$ 3,994	
	Huaxing Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 1,817	-	US$ 1,692	
	THL Equity Fund VI Investors (Ceridian) VI, L.P.	-	Financial assets measured at cost	-	US$ 5,000	-	US$ 5,000	
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$ 5,568	100.00	US$ 5,568	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,367	100.00	US$ 5,367	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,506	100.00	US$ 1,506	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (34)	100.00	US$ (34)	
CDIB Biotech USA Investment Co., Ltd.	<u>Stocks</u>							
	Amphastar Pharmaceuticals, Inc.	-	Available-for-sale financial assets	40,000	US$ 480	0.11	US$ 480	
	Confor MIS-common stock	-	Available-for-sale financial assets	306,707	US$ 3,297	0.78	US$ 3,297	
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	199,622	100.00	199,622	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	226,000,000	2,459,801	100.00	2,459,801	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	19,000,000	204,185	100.00	204,185	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	46,795	12.25	46,641	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,748,769	8,672	1.07	102,797	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2016 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.	Subsidiary	Investments accounted for using the equity method	58,328,460	$ 698,196	76.04	$ 698,196	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	666,603	100.00	666,603	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	940	19.00	940	
	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets	786,860	12,511	0.01	12,511	(Note 5)
Global Securities Finance Corporation	Stocks							
	FB SSE 180	-	Financial assets at fair value through profit or loss	700,000	19,509	-	19,509	
	Capital SZSE SME Price Index Exchange Traded Fund	-	Financial assets at fair value through profit or loss	700,000	11,368	-	11,368	
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	-	Financial assets at fair value through profit or loss	400,000	6,660	-	6,660	
	ZIG Sheng Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	800,000	7,216	-	7,216	
	A Yih Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	30,000	2,448	-	2,448	
	Compeq Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	10,300	-	10,300	
	Aerospace Industrial Development Corporation	-	Financial assets at fair value through profit or loss	500,000	21,100	-	21,100	
	Advanced Ceramic X Corporation	-	Financial assets at fair value through profit or loss	7,000	1,264	-	1,264	
	Pacific Hospital Supply Co., Ltd.	-	Financial assets at fair value through profit or loss	70,000	5,698	-	5,698	
	Chlitina Holding Limited	-	Financial assets at fair value through profit or loss	15,000	4,155	-	4,155	
	Netronix,Inc.	-	Financial assets at fair value through profit or loss	60,000	3,780	-	3,780	
	Hu Lane Associate Inc.	-	Financial assets at fair value through profit or loss	35,000	5,372	-	5,372	
	Sitronix Technology Corp.	-	Financial assets at fair value through profit or loss	60,000	5,592	-	5,592	
	Dadi Early-Childhood Education Group Ltd.	-	Financial assets at fair value through profit or loss	20,000	3,290	-	3,290	
	Taiwan Fu Hsing Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	50,000	2,245	-	2,245	
	Globe Union Industrial Corp.	-	Financial assets at fair value through profit or loss	150,000	2,310	-	2,310	
	Nak Sealing Technologies Corporation	-	Financial assets at fair value through profit or loss	20,000	1,640	-	1,640	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	751,000	415	6.25	1,491	
	Operating securities							
	KGI Economic Moat TWD	The fund of KGI's manager	Financial assets at fair value through profit or loss	180,000	1,987	-	1,987	
	China SMID Fund TWD	-	Financial assets at fair value through profit or loss	1,010,000	10,117	-	10,117	
	FSITC China Century Fund TWD	-	Financial assets at fair value through profit or loss	495,000	4,954	-	4,954	
	Hua Nan Global IoT on MSCI Custom ACWI plus All China Index Fund A TWD	-	Financial assets at fair value through profit or loss	100,000	985	-	985	
	PineBridge Asia Pacific High Yield Bond Fund A TWD	-	Financial assets at fair value through profit or loss	500,000	5,112	-	5,112	
	PineBridge Global Multi-Asset A TWD	-	Financial assets at fair value through profit or loss	500,000	4,995	-	4,995	
	Upamc China Fund	-	Financial assets at fair value through profit or loss	521,000	5,057	-	5,057	
	PineBridge Global Multi-Strategy High Yield Bond Fund A TWD	-	Financial assets at fair value through profit or loss	425,000	5,066	-	5,066	
	Capital China High Yield Bond TWD	-	Financial assets at fair value through profit or loss	466,000	4,934	-	4,934	
	Bank debentures							
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other assets	150,000,000	151,670	-	151,532	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other assets	50,000,000	50,000	-	50,233	
	Sunny Bank Third Subordinated Bank Debentures issued in 2015		Held-to-maturity financial assets	200,000,000	200,000	-	199,985	
	Hwatai Commercial Bank 2st Subordinate Financial Debentures issue in 2015		Held-to-maturity financial assets	100,000,000	100,000	-	99,994	
	Bonds							
	A90106	-	Other assets	150,000,000	151,843	-	151,843	

Note 1: The Corporation and subsidiaries 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.

(Continued)

Note 3: Market prices of listed and OTC stocks were calculated at the closing prices of March 31, 2016. 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: The issued commercial papers as collateral of which 786,860 shares.

Note 6: No securities were treated as collaterals or warrants, except for those disclosed in the Note 5.

Note 7: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

(Concluded)

TABLE 4

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 ISSUED CAPITAL)
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(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
China Development Industrial Bank	Stock													
	CDIB Venture Capital Corporation	Investment accounted for using the equity method	-	-	822,790,915	$ 7,754,037	54,000,000	$ 524,046 (Note 1)	-	$ -	$ -	$ -	876,790,915	$ 8,278,083
	China Development Asset Management Corp.	Investment accounted for using the equity method	-	-	400,000,000	4,509,009	-	-	200,000,000	-	2,170,260 (Note 2)	-	200,000,000	2,338,749
China Development Asset Management Corp.	Stock													
	Development Industrial Bank Asset Management Corp.	Investment accounted for using the equity method	-	-	120,000,000	1,389,860	-	-	118,000,000	-	1,190,238 (Note 3)	-	2,000,000	199,622
	Chung Hwa Growth 3 Asset Management Corp.	Investment accounted for using the equity method	-	-	300,000,000	3,347,955	-	-	74,000,000	-	888,154 (Note 4)	-	226,000,000	2,459,801
CDIB Venture Capital Corporation	Stock													
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment accounted for using the equity method	-	-	420,000,000	1,582,533	125,000,000	540,345 (Note 5)	-	-	-	-	545,000,000	2,122,878
CDIB Venture Capital (Hong Kong) Corporation Limited	Stock													
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Investment accounted for using the equity method	-	-	-	HK$ 152,034	-	HK$ 132,084 (Note 6)	-	-	-	-	-	HK$ 284,118
CDIB Capital Investment I Limited	Fund													
	Calera XV, LLC	Financial assets measured at cost	-	-	-	US$ 15,173	-	US$ 61	-	US$ 18,105	US$ 12,941	US$ 5,164	-	US$ 2,293

Note 1: Consists of $540,000 thousand from new issue, exchange loss on translating foreign operations of $30,772 thousand, investment gain $6,402 thousand, unrealized gain on available-for-sale financial assets of $8,386 thousand and additional paid-in capital increase $30 thousand.

Note 2: Consists of reduction of the Corporation's capital of $2,000,000 thousand, cash dividends of $196,937 thousand, investment gain $26,667 thousand and additional paid-in capital increase $10 thousand.

Note 3: Consists of reduction of the Corporation's capital of $1,180,000 thousand, cash dividends of $11,409 thousand and investment gain $1,171 thousand.

Note 4: Consists of reduction of the Corporation's capital of $740,000 thousand, cash dividends of $167,713 thousand and investment gain $19,559 thousand.

Note 5: Consists of $536,250 thousand from new issue, exchange loss on translating foreign operations of $30,772 thousand and investment gain $34,867 thousand.

Note 6: Consists of HK$122,451 thousand from new issue, exchange gain on translating foreign operations of HK$3,249 thousand and investment gain HK$6,384 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, 2016
(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		
China Development Industrial Bank	China Development Financial Holding Corporation (the "Corporation")	Parent company	$ 691,059	-	$ -	-	$ -	$ -
The Corporation	KGI Securities Co., Ltd.	Subsidiary	506,024	-	-	-	-	-

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

SOLD NONPERFORMING LOANS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

1. Summary of sold nonperforming loans

Transaction Date	Counter Party	Type of Loans	Carrying Value (Note)	Selling Price	Disposal Gain (Loss)	Other Condition	Relationship of Counter-party with the Subsidiaries
2016.02.19	A	Unsecured loans	$ 1,601	$ 10,500	$ 8,899	-	-
2016.02.19	B	Unsecured loans	864	1,500	636	-	-
2016.02.19	C	Real estate mortgages	3,071	3,684	613	-	-
2016.03.14	D	Real estate mortgages	1,479	2,100	621	-	-
2016.03.14	E	Real estate mortgages	-	300	300	-	-

Note: Carrying value = Original amount - Allowance for bad debts

2. Sale of nonperforming loans exceeding NT$1 billion (excluding related-party transactions): For the Corporation and subsidiaries: None.

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2016	December 31, 2015	March 31, 2015	
China Development Financial Holding Corporation (the "Corporation")	China Development Industrial Bank	Industrial bank	100.00	100.00	100.00	
	KGI Securities Co., Ltd.	Financial service	100.00	100.00	100.00	
	KGI Bank	Commercial bank	100.00	100.00	100.00	
China Development Industrial Bank	China Venture Management Inc.	Management company of venture fund	-	-	100.00	
	R.O.C. Strategic Company Ltd.	Venture fund	-	-	100.00	
	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	
	CDIB Strategic Venture Fund Ltd.	Venture fund	-	-	100.00	
	China Development Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	100.00	100.00	100.00	
	CDIB Management Consulting Corporation	Management and consulting	-	-	100.00	
	CDIB Global Markets I Limited	Venture fund	-	100.00	100.00	
	CDIB Global Markets Limited (formerly named CDIB Global Markets II Limited)	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets III Limited	Venture fund	-	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 Investment I Limited	Subicvest Inc.	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	
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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2016	December 31, 2015	March 31, 2015	
CDIB Venture Capital (Hong Kong) Corporation Limited	CDIB Private Equity Management Corporation	Management and consulting	100.00	100.00	100.00	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	70.00	70.00	70.00	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	56.00	56.00	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 (formerly named CDIB Equity Inc.)	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	-	
CDIB Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	65.00	65.00	
	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	4.53	4.53	4.53	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	93.02	93.02	93.02	
KGI Securities Co., Ltd.	Richpoint Company Limited	Investment holdings	100.00	100.00	100.00	
	KGI Securities Investment Advisory Co., Ltd.	Security investment consulting; discretionary investment services	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 services	100.00	100.00	-	
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	-	
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	
KG International Holdings Limited	KG Investments Pacific Limited	Investment services	-	-	100.00	
	KG Investments Asset Management (International) Limited	Investment services	100.00	100.00	100.00	
	Pacific Glory Finance One Limited	Investment services	-	-	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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership March 31, 2016	Percentage of Ownership December 31, 2015	Percentage of Ownership March 31, 2015	Note
ANEW Holdings Limited	KGI Capital (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Wealth Management Limited	Securities investment	-	-	100.00	(Note 4)
	KGI Nominees (Hong Kong) Limited	Trust agent	-	-	100.00	(Note 4)
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 Nominees Limited	Trust agent	-	-	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	
	Bauhinia 8 Fund	Fund company	-	-	100.00	
	KGI Global Asset Management Limited	Asset management	-	-	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	-	(Note 4)
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	-	(Note 4)
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 3)
	Jubilant Dynasty Limited	Investment services	-	-	100.00	
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	
	KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy	-	-	100.00	
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 Ong Capital Pte. Ltd.	Futures investment and foreign - currency services	100.00	100.00	100.00	
	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	100.00	100.00	
	CDIB Management Consulting Corporation	Management and consulting	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	

(Continued)

Unconsolidated subsidiaries

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			March 31, 2016	December 31, 2015	March 31, 2015	
China Development Industrial Bank	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of March 31, 2016, CDIB's investment in CDIB Biotech USA Investment Co., Ltd. of CDIB had amounted to $14,818 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.
KGI Securities Co., Ltd.	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.

Note 1: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB had not invested any capital as of March 31, 2016.

Note 2: KGI Securities Co., Ltd. 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.

Note 3: KGI Capital (Singapore) Pte Ltd. applied for cancellation of business license and out of business for one year was approved by the government of Taiwan in July 2014 and complete the procedure in October 2014.

Note 4: To simplify investment framework of reinvestment of overseas subsidiaries, it transferred 100% interest of KGI Wealth Management Limited and KGI Nominees (Hong Kong) Limited invested by ANEW Holdings Limited to KGI Limited and was approved by the board of directors on July 27, 2015.

(Concluded)

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, 2015
(In Millions of New Taiwan Dollars; %)

China Development Financial Holding Corporation (CDFH)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Taipower Corporation	$ 15,954	9.66
KG Investment Holdings Limited	13,408	8.12
China Merchants Bank Corporation Limited	6,678	4.04
Citi Group Inc.	6,731	4.08
Bank of America Corp.	9,152	5.54
CDIB & Partners Investment Holding Corporation	4,734	2.87
JP Morgan Chase & Co	7,015	4.25
China Life Insurance Company Limited	4,432	2.68
China Development Asset Management Corp.	4,509	2.73
Farglory Group, R.O.C	4,804	2.91
CTCI Corporation	3,257	1.97
CPC corporation, Taiwan	3,647	2.21
Ministry of Finance	68,789	41.65
The Shanghai Commercial & Saving Bank, Ltd.	7,465	4.52
Mizuho Bank, LTD., Tokyo Japan	4,480	2.71
Netronix, INC.	3,701	2.24
Goldman Sachs Group Inc.	3,244	1.96
Quisda Corporation	3,062	1.85
American International Group Inc.	3,041	1.84
Total	$ 178,103	107.83
2. The same group		
Foxconn Technology Group	$ 5,023	3.04
BenQ Group	6,315	3.83
Farglory Group	5,339	3.23
Qsan Technology Group	4,027	2.44
CTCI Group	3,667	2.22
YFY Group	3,138	1.90
China Steel Group	5,521	3.34
Netronix Group	3,704	2.24
UMC Group	3,539	2.14
Evergreen Group	3,391	2.06
Total	$ 43,664	26.44

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

China Development Financial Holding Corporation

1. Balance sheets

Assets	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 1,208,812	$ 2,665,707	$ 1,193,792
Available-for-sale financial assets	1,087,065	1,226,972	1,269,068
Receivables, net	139	139	159
Current tax assets	1,476,702	1,438,314	1,182,978
Investments accounted for using the equity method, net	187,647,995	186,684,329	195,019,834
Other financial assets	300	300	300
Property and equipment, net	8,565	10,094	11,739
Other assets, net	555,735	540,719	540,333
Total	$ 191,985,313	$ 192,566,574	$ 199,218,203
Liabilities and Equity			
Derivative financial liabilities for hedging	$ -	$ -	$ 9,691
Commercial paper payable	5,299,502	5,099,745	3,399,819
Payables	422,556	649,830	575,518
Current tax liabilities	1,036,187	1,021,390	894,509
Bonds payable	18,000,000	18,000,000	19,000,000
Other borrowings	2,600,000	2,599,847	3,599,511
Provisions	32,221	31,627	24,763
Other liabilities	20,683	309	10,006
Total liabilities	27,411,149	27,402,748	27,513,817
Equity			
Capital			
Common stock	151,168,852	151,124,071	153,533,183
Advance receipts for capital stock	1,370	1,370	250
Capital surplus	650,386	654,803	600,999
Retained earnings			
Legal reserve	4,161,475	4,161,475	3,077,853
Special reserve	765,041	765,041	1,123,858
Unappropriated earnings	14,704,942	13,580,644	18,018,236
Other			
Exchange differences on translation of foreign financial statements	814,624	1,741,670	(228,519)
Unrealized losses on available-for-sale financial assets	(4,110,837)	(4,456,314)	(63,750)
Unrealized loss on cash flow hedges	-	-	(9,691)
Others	(54,502)	(32,187)	(76,415)
Treasury shares	(3,527,187)	(2,376,747)	(4,271,618)
Total equity	164,574,164	165,163,826	171,704,386
Total	$ 191,985,313	$ 192,566,574	$ 199,218,203

(Continued)

2. Statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	For the Three Months Ended March 31 2016	For the Three Months Ended March 31 2015
REVENUES		
Share of profit of subsidiaries, associates and joint ventures	$ 1,403,175	$ 3,104,701
Others	248	184
Total revenues	1,403,423	3,104,885
EXPENSES AND LOSSES		
Operating expenses	(224,160)	(227,591)
Others	(76,439)	(97,575)
Total expenses and losses	(300,599)	(325,166)
NET PROFIT BEFORE INCOME TAX	1,102,824	2,779,719
INCOME TAX BENEFIT (EXPENSE)	23,591	(34,544)
NET PROFIT FOR THE PERIOD	1,126,415	2,745,175
OTHER COMPREHENSIVE INCOME (LOSS)		
Items that will be reclassified subsequently to profit or loss, net of income tax		
Unrealized loss on available-for-sale financial assets	(139,907)	(24,762)
Unrealized gain on cash flow hedges	-	10,968
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures	(441,066)	(290,151)
Income tax relating to the items that may be reclassified subsequently to profit or loss	(596)	(806)
Other comprehensive income (loss) for the period, net of income tax	(581,569)	(304,751)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 544,846	$ 2,440,424
BASIC EARNINGS PER SHARE	$0.08	$0.18
DILUTED EARNINGS PER SHARE	$0.08	$0.18

(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	Unrealized Gains (Losses) on Cash Flow Hedges	Others	Treasury Shares	Total Equity Attributable to Stockholders of Parent Company
BALANCE AT JANUARY 1, 2015	$ 153,438,493	$ 5,969	$ 590,923	$ 3,077,853	$ 1,123,858	$ 15,378,140	$ 205,176	$ (177,929)	$ (20,659)	$ (26,956)	$ (3,298,709)	$ 170,296,159
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(102,256)	(3,797)	-	-	-	-	(106,053)
BALANCE AT JANUARY 1, 2015 AS RESTATED	153,438,493	5,969	590,923	3,077,853	1,123,858	15,275,884	201,379	(177,929)	(20,659)	(26,956)	(3,298,709)	170,190,106
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	391	-	-	-	-	-	-	-	-	391
Net profit for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	-	-	-	-	-	2,745,175
Other comprehensive income (loss) for the three months ended March 31, 2015, net of income tax	-	-	-	-	-	-	(429,898)	114,179	10,968	-	-	(304,751)
Total comprehensive income (loss) for the three months ended March 31, 2015	-	-	-	-	-	2,745,175	(429,898)	114,179	10,968	-	-	2,440,424
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)
Share-based payments	94,690	(5,719)	9,685	-	-	(2,823)	-	-	-	(49,459)	-	46,374
BALANCE AT MARCH 31, 2015	$ 153,533,183	$ 250	$ 600,999	$ 3,077,853	$ 1,123,858	$ 18,018,236	$ (228,519)	$ (63,750)	$ (9,691)	$ (76,415)	$ (4,271,618)	$ 171,704,386
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

(Continued)

4. Statements of cash flows

	For the Three Months Ended March 31	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 1,102,824	$ 2,779,719
Adjustments for:		
Depreciation and amortization expenses	1,214	1,221
Interest expense	70,963	90,838
Interest income	(6)	(8)
Share-based payment compensation cost	13,490	13,935
Share of profit of subsidiaries, associates and joint ventures	(1,402,887)	(3,104,413)
Others	-	23
Changes in operating assets and liabilities		
Receivables	-	(4)
Other assets	(14,700)	3,016
Payables	(104,179)	(311,460)
Other liabilities	20,968	10,400
Interest paid	(194,058)	(204,767)
Interest received	6	8
Net cash used in operating activities	(506,365)	(721,492)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	199,757	399,950
Proceeds from issue of corporate bonds	-	6,000,000
Repayments of corporate bonds	-	(5,000,000)
Exercise of employee share options	-	29,803
Purchase of treasury stock	(1,150,440)	(972,909)
Others	153	(62)
Net cash (used in) generated from in financing activities	(950,530)	456,782
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,456,895)	(265,020)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,665,707	1,458,812
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,208,812	$ 1,193,792

(Continued)

China Development Industrial Bank

1. Condensed balance sheets

Assets	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 12,770,570	$ 12,674,958	$ 39,257,399
Financial assets at fair value through profit or loss	98,527	111,208	51,743,033
Securities purchased under resell agreements	-	-	16,369,914
Receivables, net	2,229,332	483,174	40,938,246
Current tax assets	691,068	690,918	530,230
Discount and loans, net	-	-	129,115,951
Available-for-sale financial assets	7,073,435	7,163,974	124,932,782
Investments accounted for using the equity method, net	37,453,695	39,227,506	46,039,577
Restricted assets	304,514	298,982	292,694
Financial assets measured at cost	8,097,834	8,256,971	9,742,721
Other financial assets	358,439	358,439	1,446,150
Property and equipment, net	1,261,253	1,193,686	1,752,944
Investment property, net	568,311	649,142	124,345
Other assets, net	64,477	69,236	3,235,429
Total assets	$ 70,971,455	$ 71,178,194	$ 465,521,415
Deposits from the Central Bank and banks	$ -	$ -	$ 4,181,970
Financial liabilities at fair value through profit or loss	-	-	19,016,266
Notes and bonds issued under repurchase agreements	-	-	64,715,924
Payables	305,293	444,989	4,011,773
Current tax liabilities	348,178	348,635	408,819
Deposits and remittances	-	-	209,335,137
Bank debentures payable	-	-	3,558,025
Principal received on structured notes	-	-	43,492,999
Other financial liabilities	386,668	396,059	376,116
Provisions	154,805	156,440	404,271
Deferred tax liabilities	241,555	241,555	241,555
Other liabilities	36,064	38,271	773,260
Total liabilities	1,472,563	1,625,949	350,516,115
Common Stock	$ 20,603,994	$ 20,603,994	$ 56,603,994
Capital surplus	24,701,094	24,700,436	28,698,489
Retained earnings	28,354,367	27,800,173	30,549,633
Exchange differences on translation of foreign financial statements	54,763	657,557	(641,557)
Unrealized losses on available-for-sale financial assets	(4,215,326)	(4,209,915)	(205,259)
Total equity	69,498,892	69,552,245	115,005,300
Total liabilities and equity	$ 70,971,455	$ 71,178,194	$ 465,521,415

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	For the Three Months Ended March 31	
	2016	**2015**
Interest revenue	$ 15,726	$ 1,493,513
Interest expense	(52)	(658,084)
Interest profit, net	15,674	835,429
Noninterest profits and gains, net	692,875	1,382,544
Total net revenues	708,549	2,217,973
Reversal of allowance for bad debts and losses on guarantees, net	-	55,645
Operating expenses	(154,354)	(516,720)
Net profit before income tax	554,195	1,756,898
Income tax benefit (expense)	-	(42,715)
Net profit for the year	554,195	1,714,183
Other comprehensive income (loss) for the year, net of income tax	(608,206)	(327,884)
Total comprehensive income for the year	$ (54,011)	$ 1,386,299
Basic earnings per share	$0.27	$0.30

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

Assets	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 148,826,569	$ 135,469,806	$ 147,414,131
Noncurrent assets	34,996,730	36,468,292	33,048,924
Total assets	$ 183,823,299	$ 171,938,098	$ 180,463,055
Current liabilities	$ 113,899,056	$ 101,850,410	$ 115,476,986
Noncurrent liabilities	8,823,064	8,804,980	2,528,399
Total liabilities	122,722,120	110,655,390	118,005,385
Common Stock	37,988,123	37,988,123	37,988,123
Capital surplus	8,640,972	8,639,723	8,636,192
Retained earnings	13,593,079	13,534,139	14,623,900
Others	879,005	1,120,723	1,209,455
Total equity	61,101,179	61,282,708	62,457,670
Total liabilities and equity	$ 183,823,299	$ 171,938,098	$ 180,463,055

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	For the Three Months Ended March 31	
	2016	**2015**
Operating revenues	$ 2,392,440	$ 2,529,267
Operating expenses	(1,926,311)	(2,016,650)
Profit from operations	466,129	512,617
Share of profit of subsidiaries, associates and joint ventures	(525,120)	450,629
Other revenues and expenses	192,017	145,001
	(333,103)	595,630
Net profit before income tax	133,026	1,108,247
Income tax expense	(74,086)	(74,738)
Net profit for the year	58,940	1,033,509
Other comprehensive income (loss)	(241,718)	260,996
Total comprehensive income for the year	$ (182,778)	$ 1,294,505
Basic earnings per share	$0.02	$0.27

(Continued)

KGI Bank

1. Condensed balance sheets

Assets	March 31, 2016 (Reviewed)	December 31, 2015 (Audited after Restated)	March 31, 2015 (Reviewed after Restated)
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 73,524,486	$ 94,801,809	$ 59,919,026
Financial assets at fair value through profit or loss	89,271,239	79,062,398	52,046,539
Securities purchased under resell agreements	22,901,166	36,176,824	16,369,914
Receivables, net	28,119,734	34,343,702	49,510,342
Current tax assets	31,273	31,273	90,294
Discount and loans, net	224,291,716	217,780,328	227,403,051
Available-for-sale financial assets	64,240,777	55,238,628	123,031,091
Investments accounted for using the equity method, net	2,144,528	2,159,083	2,457,734
Other financial assets	288,136	267,404	2,760,301
Property and equipment, net	5,633,365	5,639,208	5,692,345
Investment property, net	601,741	602,398	462,699
Deferred tax assets	4,961,904	4,922,153	5,118,415
Other assets, net	7,567,805	8,574,165	3,926,124
	$ 523,577,870	$ 539,599,373	$ 548,787,875
Deposits from the Central Bank and banks	$ 3,573,850	$ 9,561,475	$ 6,768,661
Financial liabilities at fair value through profit or loss	28,421,039	26,184,655	19,036,081
Notes and bonds issued under repurchase agreements	60,658,101	61,010,030	66,999,254
Payables	5,389,633	4,177,835	4,895,042
Current tax liabilities	193,935	181,150	6,175
Deposits and remittances	343,813,590	354,278,809	344,438,539
Bank debentures payable	2,630,089	2,612,172	3,558,025
Principal received on structured notes	18,327,016	22,300,825	44,154,289
Other financial liabilities	3,767	4,792	9,781
Provisions	352,064	358,360	494,745
Deferred tax liabilities	59,681	58,580	76,372
Other liabilities	948,598	1,186,150	1,288,079
Total liabilities	464,371,363	481,914,833	491,725,043
Common Stock	46,061,623	46,061,623	15,307,334
Capital surplus	7,247,812	7,247,278	137,408
Retained earnings	5,778,885	4,785,309	4,057,667
Others	118,187	(409,670)	23,204
Equity of prior interest under common control	-	-	37,537,219
Total equity	59,206,507	57,684,540	57,062,832
Total liabilities and equity	$ 523,577,870	$ 539,599,373	$ 548,787,875

(Continued)

2. Condensed statements of comprehensive income

(In Thousands of New Taiwan Dollars, Except Per Share Amount)

	For the Three Months Ended March 31	
	2016	**2015 (After Restated)**
Interest revenue	$ 2,192,144	$ 2,981,561
Interest expense	(887,179)	(1,025,727)
Interest profit, net	1,304,965	1,955,834
Noninterest profits and gains, net	968,573	628,730
Total net revenues	2,273,538	2,584,564
Reversal of allowance for bad debts and losses on guarantees, net	91,682	170,130
Operating expenses	(1,335,080)	(1,242,825)
Net profit before income tax	1,030,140	1,511,869
Income tax expense	(36,564)	(190,727)
Net profit for the year	993,576	1,321,142
Other comprehensive income for the year, net of income tax	527,857	809,703
Total comprehensive income for the year	$ 1,521,433	$ 2,130,845
Net profit attributable to		
Owners of the parent company	$ 993,576	$ 593,520
Prior interest under common control	-	727,622
	$ 993,576	$ 1,321,142
Total comprehensive income attributed to		
Owners of the parent company	$ 1,521,433	$ 611,877
Prior interest under common control	-	1,518,968
	$ 1,521,433	$ 2,130,845
Basic earnings per share	$0.22	$0.29

Note: The information of KGI Bank included equity to former owner of business combination under common control.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
MARCH 31, 2016
(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, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016
					Outflow	Inflow						
China Healthcare Multi-services, Inc.	Third party medical services under emergency	RMB 41,192 thousand	Note 1,b,1)	US$ 1,871 thousand	$ -	US$ 1,871 thousand	$ -	(Note 3)	-	$ -	$ -	$ -
China Peptides (Wuhan) Co., Ltd.	Sale and R&D protein drugs	US$ 15,000 thousand	Note 1,b,2)	US$ 2,988 thousand	-	US$ 2,988 thousand	-	(Note 3)	-	-	-	-
JHL Biotech, Inc. (Wuhan)	R&D protein drugs	RMB 50,000 thousand	Note 1,b,2)	US$ 734 thousand	-	US$ 734 thousand	-	(Note 3)	-	-	-	-
Beauty Essential International Ltd.	Sale and R&D the cosmetic	US$ 2,000 thousand	Note 1,b,3)	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,4)	US$ 2,800 thousand	-	-	US$ 2,800 thousand	(Note 3)	41.69 (Note 6)	-	91,938	-
	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1,b,4)	US$ 464 thousand	-	-	US$ 464 thousand	(Note 3)	9.26 (Note 6)	-	15,297	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments	US$ 35,200 thousand	Note 1,b,5)	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,6)	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,7)	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,8)	US$ 1	-	-	US$ 1	(Note 3)	6.75	-	-	-
Strong LED Lighting Systems (Suzhou) Corporation	LED lighting system	US$ 10,000 thousand	Note 1,b,9)	US$ 1,260 thousand	-	-	US$ 1,260 thousand	(Note 3)	9.09	-	37,334	-
Great Team Backend Foundry (Dongguan) Ltd.	Analog IC testing and packaging	US$ 87,070 thousand	Note 1,b,10)	US$ 228 thousand	-	-	US$ 228 thousand	(Note 3)	1.79	-	7,360	-
Touch Equipment Leasing (Shanghai) Co., Ltd.	Mobile interactive LCD equipment leasing	US$ 8,000 thousand	Note 1,b,10)	US$ 669 thousand	-	-	US$ 669 thousand	(Note 3)	9.61	-	21,597	-
Touch Multimedia Technology (Shanghai) Co., Ltd.	Multimedia technology, network technology, computer software development, design production and sales	RMB 114,660 thousand	Note 1,b,10)	US$ 1,080 thousand	-	-	US$ 1,080 thousand	(Note 3)	9.61	-	34,865	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016
					Outflow	Inflow						
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,11)	EUR 140 thousand	$	$ -	EUR 140 thousand	(Note 3)	5.00	$ -	$ 5,126	$ -
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 25,000 thousand	Note 1,b,10)	US$ 947 thousand	US$ 8 thousand	-	US$ 955 thousand	(Note 3)	2.16	-	7,612	-
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,10)	US$ 55 thousand	-	-	US$ 55 thousand	(Note 3)	2.16	-	438	-
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; enterprise management consulting; enterprise planning and international transport agent	RMB 104,222 thousand	Note 1,b,10)	RMB 3,483 thousand	-	-	RMB 3,483 thousand	(Note 3)	2.16	-	4,289	-
Tianjin Mu Mu Yuan Household Trading Co., Ltd.	Household items; furniture, building materials, daily commodities, hardware wholesale; enterprise management consulting; enterprise planning and international transport agent	US$ 500 thousand	Note 1,b,10)	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	2.16	-	332	-
CDIB Private Equity Management Corporation	Management and consulting	US$ 4,000 thousand	Note 1,b,12)	US$ 4,000 thousand	-	-	US$ 4,000 thousand	4,324	100.00	4,324	61,435	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	RMB 10,000 thousand	Note 1,b,12)	RMB 7,000 thousand	-	-	RMB 7,000 thousand	6,309	70.00	4,417	67,970	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	RMB 12,000 thousand	Note 1,b,12)	RMB 6,720 thousand	-	-	RMB 6,720 thousand	855	70.00	599	42,137	-
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment	RMB 700,000 thousand	Note 1,b,12)	RMB 141,200 thousand	RMB 105,900 thousand	-	RMB 247,100 thousand	79,761	-	27,919	1,217,294	-
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	RMB 7,000 thousand	Note 1,b,13)	RMB 4,550 thousand	-	-	RMB 4,550 thousand	3,737	65.00	2,429	26,419	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting	RMB 4,300 thousand	Note 1,b,13)	RMB 195 thousand	-	-	RMB 195 thousand	(126)	65.00	(82)	19,900	-
CPEC Huachuang Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment	RMB 389,160 thousand	Note 1,b,12),13)	RMB 121,400 thousand	-	-	RMB 121,400 thousand	(5,331)	-	(1,644)	578,628	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2016 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016
					Outflow	Inflow						
Focus Multimedia Technology (Shanghai) Co., Ltd.	LCD advertising and multimedia network information systems software R&D; multimedia network engineering design consultancy; market research and intermediary service; LCD displays and related electronic product manufacture, assembling, integrating, packing and sale	US$ 38,000 thousand	Note 1,b,14)	US$ 16,612 thousand	$ -	$ -	US$ 16,612 thousand	(Note 3)	0.94	$ -	$ 536,276	$ -
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,14)	US$ 4,371 thousand	-	-	US$ 4,371 thousand	(Note 3)	0.94	-	141,110	-
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,14)	US$ 875 thousand	-	-	US$ 875 thousand	(Note 3)	0.94	-	28,236	-
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent	US$ 400 thousand	Note 1,b,14)	US$ 174 thousand	-	-	US$ 174 thousand	(Note 3)	0.94	-	5,619	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale	RMB 50,000 thousand	Note 1,b,15)	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,16)	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,17)	US$ 337 thousand	-	-	US$ 337 thousand	(Note 3)	13.48	-	10,455	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 313,432 thousand	Note 1,b,11),18)	US$ 1,750 thousand	-	-	US$ 1,750 thousand	(Note 3)	7.73	-	56,496	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 195,686 thousand	Note 1,b,11),18)	US$ 1,357 thousand	-	-	US$ 1,357 thousand	(Note 3)	7.73	-	43,805	-
Stonehenge Indutrial 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$ 452,805 thousand	Note 1,b,10)	-	US$ 1,485 thousand	-	US$ 1,485 thousand	(Note 3)	4.05	-	47,939	-
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	(34,664)	100.00	(34,664)	666,603	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy	US$ 2,000 thousand	Note 1,b,19)	US$ 2,000 thousand	-	-	US$ 2,000 thousand	(8,657)	100.00	(8,657)	9,586	-

(Continued)

Accumulated Investment in Mainland China as of March 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$5,774,256	US$289,734 thousand	$96,675,300

Note 1: The investment types are as follows:

a. Direct investments.
b. Reinvested through a third place by:

1) China Healthcare Multi-Service, Inc.
2) JHL Biotech, Inc.
3) Beauty Essentials International Ltd.
4) Derbysoft Holdings Limited.
5) Capital Excel Investments Limited.
6) Solar PV Corporation
7) Hartec Asia Pte Ltd.
8) Sunfun Info Co., Ltd.
9) Strong LED lighting system (Cayman) Co., Ltd.
10) CDIB Capital Investment I Limited.
11) CDIB Capital Investment II Limited.
12) CDIB Venture Capital (Hong Kong) Corporation Limited.
13) CDIB Private Equity (Hong Kong) Corporation Limited.
14) CDIB Global Markets Limited.
15) GSD Technologies Co., Ltd.
16) Shengzhuang Holdings Limited.
17) Lightel Technologies, Inc.
18) CBA Sport International Limited.
19) Richpoint Company Limited.

c. Other.

Note 2: The column “Investment Gain” should state clearly:

a. If there were no gains or losses during preparation.

b. Income recognition was based on the:

1) Financial statements reviewed by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements reviewed by the CPA firm of the parent company in Taiwan;
3) Other.

c. If information of net income (loss) of the investee is not available.

Note 3: Investee Company was not significantly influenced by the Company, therefore the Corporation cannot acquire the related financial information.

Note 4: Investment amount authorized or soon authorized by Investment Commission, MOEA.

Note 5: The Corporation indirectly invested in Changshu Everbright Material Technology Co., Ltd. through its subsidiary’s investment in Ferro China on which the Corporation fully impaired and recognized an impairment loss in 2008.

Note 6: The ratios of investees’ preferred stock A or B held by subsidiaries was calculated by dividing the number of held preferred shares by the number of preferred shares outstanding.

Note 7: 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 8: 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 9: 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 10: 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 11: 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.

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
0	The Corporation	China Development Industrial Bank	1	Current tax assets	$ 248,526	Note 4	0.03%
1	China Development Industrial Bank	The Corporation	2	Current tax liabilities	248,526	Note 4	0.03%
0	The Corporation	China Development Industrial Bank	1	Current tax liabilities	691,059	Note 4	0.08%
1	China Development Industrial Bank	The Corporation	2	Current tax assets	691,059	Note 4	0.08%
0	The Corporation	KGI Bank Co., Ltd.	1	Cash and cash equivalents	1,192,350	Note 4	0.14%
2	KGI Bank Co., Ltd.	The Corporation	2	Deposit and remittances	1,192,350	Note 4	0.14%
0	The Corporation	KGI Bank Co., Ltd.	1	Current tax assets	193,935	Note 4	0.02%
2	KGI Bank Co., Ltd.	The Corporation	2	Current tax liabilities	193,935	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	506,024	Note 4	0.06%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	506,024	Note 4	0.06%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax liabilities	137,237	Note 4	0.02%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax assets	137,237	Note 4	0.02%
1	China Development Industrial Bank	KGI Bank Co., Ltd.	3	Cash and cash equivalents	12,703,273	Note 4	1.45%
2	KGI Bank Co., Ltd.	China Development Industrial Bank	3	Deposit and remittances	12,703,273	Note 4	1.45%
2	KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and its subsidiaries	3	Deposit and remittances	474,613	Note 4	0.05%
3	KGI Securities Co., Ltd. and its subsidiaries	KGI Bank Co., Ltd.	3	Cash and cash equivalents	474,613	Note 4	0.05%
2	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Deposit and remittances	813,514	Note 4	0.09%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
3	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Restricted assets	$ 813,514	Note 4	0.09%
2	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Deposit and remittances	822,171	Note 4	0.09%
3	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Other financial assets	822,171	Note 4	0.09%
1	China Development Industrial Bank	China Development Asset Management Corp.	3	Receivables, net	2,196,937	Note 4	0.25%
4	China Development Asset Management Corp.	China Development Industrial Bank	3	Payables	2,196,937	Note 4	0.25%
2	KGI Bank Co., Ltd.	CDIB Capital Investment II Limited	3	Deposit and remittances	233,350	Note 4	0.03%
5	CDIB Capital Investment II Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	233,350	Note 4	0.03%
2	KGI Bank Co., Ltd.	CDIB Global Markets Limited	3	Deposit and remittances	4,241,642	Note 4	0.48%
6	CDIB Global Markets Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	4,241,642	Note 4	0.48%
2	KGI Bank Co., Ltd.	CDIB Venture Capital Corp.	3	Deposit and remittances	2,016,855	Note 4	0.23%
7	CDIB Venture Capital Corp.	KGI Bank Co., Ltd.	3	Cash and cash equivalents	2,016,855	Note 4	0.23%
2	KGI Bank Co., Ltd.	CDIB Capital Investment I Limited and its subsidiaries	3	Deposit and remittances	3,811,377	Note 4	0.43%
8	CDIB Capital Investment I Limited and its subsidiaries	KGI Bank Co., Ltd.	3	Cash and cash equivalents	3,811,377	Note 4	0.43%
2	KGI Bank Co., Ltd.	CDIB Capital International Corporation	3	Deposit and remittances	310,964	Note 4	0.04%
9	CDIB Capital International Corporation	KGI Bank Co., Ltd.	3	Cash and cash equivalents	310,964	Note 4	0.04%
4	China Development Asset Management Corp.	Development Industrial Bank Asset Management Corp.	3	Receivables, net	1,191,409	Note 4	0.14%
10	Development Industrial Bank Asset Management Corp.	China Development Asset Management Corp.	3	Payables	1,191,409	Note 4	0.14%
4	China Development Asset Management Corp.	Chung Hwa Growth 3 Asset Management Corp.	3	Receivables, net	907,713	Note 4	0.10%
11	Chung Hwa Growth 3 Asset Management Corp.	China Development Asset Management Corp.	3	Payables	907,713	Note 4	0.10%
3	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	473,012	Note 4	0.05%
12	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	473,012	Note 4	0.05%

(Continued)

No. (Note 1)	Trader Company	Related Party	Flow of Transactions (Note 2)	Content of Transaction (Note 5)			
				Financial Statement Accounts	Amounts	Trading Terms	Transaction Amount/Total Consolidated Revenue or Total Consolidated Assets (Note 3)
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	$ 693,444	Note 4	0.08%
13	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Customers' equity accounts - futures	693,444	Note 4	0.08%
3	KGI Securities Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Financial assets at fair value through profit or loss	137,466	Note 4	0.02%
14	KGI Ong Capital Pte. Ltd.	KGI Securities Co., Ltd.	3	Customers' equity accounts - futures	137,466	Note 4	0.02%
13	KGI Futures Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Other financial assets	2,063,977	Note 4	0.24%
14	KGI Ong Capital Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	2,063,977	Note 4	0.24%
13	KGI Futures Co., Ltd.	KGI Futures (Hong Kong) Limited	3	Other financial assets	107,487	Note 4	0.01%
15	KGI Futures (Hong Kong) Limited	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	107,487	Note 4	0.01%
16	Richpoint Company Limited	KG Investments Holdings Limited	3	Receivables, net	3,618,840	Note 4	0.41%
17	KG Investments Holdings Limited	Richpoint Company Limited	3	Other borrowings	3,618,840	Note 4	0.41%

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.

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)