China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2015 and 2014 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
China Development Financial Holding Corporation

We have audited the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and subsidiaries as of June 30, 2015, December 31, 2014 and June 30, 2014 and the related consolidated statements of comprehensive income for the three and six months ended June 30, 2015 and 2014, changes in equity and cash flow for the six 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 audits.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Regulation Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Corporation as of June 30, 2015, December 31, 2014 and June 30, 2014, and their consolidated financial performance and their consolidated cash flows for the six months ended June 30, 2015 and 2014, 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.

August 24, 2015

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

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

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2015		December 31, 2014 (Audited after Restated)		June 30, 2014 (Audited after Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 50)	$ 29,154,651	3	$ 25,228,480	3	$ 39,518,557	5
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7 and 51)	75,433,971	8	41,616,681	4	56,122,192	8
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 50 and 51)	128,137,287	14	151,177,813	16	118,813,658	16
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10 and 51)	122,366,363	14	139,610,600	15	106,820,537	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	49,112,441	5	32,871,543	4	38,639,831	5
RECEIVABLES, NET (Notes 12, 13, 50 and 51)	134,725,187	15	131,789,029	14	135,312,854	18
CURRENT TAX ASSETS (Note 4)	853,690	-	720,044	-	632,097	-
DISCOUNT AND LOANS, NET (Notes 14 and 50)	221,182,539	24	225,777,475	25	125,043,317	17
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Note 15)	142,564	-	18,790,000	2	230,165	-
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 16 and 51)	10,330,090	1	8,562,987	1	7,844,176	1
RESTRICTED ASSETS (Notes 17, 51 and 52)	33,933,981	4	24,425,207	3	20,520,157	3
FINANCIAL ASSETS MEASURED AT COST (Note 18)	23,043,629	3	31,962,391	3	31,774,854	4
OTHER FINANCIAL ASSETS (Notes 19, 50 and 51)	37,649,594	4	41,792,876	5	35,172,495	5
INVESTMENT PROPERTY, NET (Notes 20 and 51)	2,064,638	-	2,070,706	-	1,770,408	-
PROPERTY AND EQUIPMENT, NET (Notes 21 and 51)	14,357,752	2	14,393,809	2	9,095,442	1
INTANGIBLE ASSETS, NET (Note 22)	8,865,512	1	8,896,357	1	6,598,982	1
DEFERRED TAX ASSETS (Notes 4 and 47)	5,579,665	1	5,834,810	1	671,046	-
OTHER ASSETS, NET (Notes 23 and 51)	13,077,976	1	14,180,410	1	7,873,040	1
TOTAL	$ 910,011,530	100	$ 919,701,218	100	$ 742,453,808	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Notes 24 and 50)	$ 3,141,056	-	$ 12,680,778	1	$ 4,915,702	1
Financial liabilities at fair value through profit or loss (Notes 8 and 50)	29,468,553	3	35,082,307	4	23,491,753	3
Derivative financial liabilities for hedging (Note 25)	-	-	20,659	-	43,039	-
Notes and bonds issued under repurchase agreements (Notes 8, 9, 10 and 26)	116,949,579	13	132,826,606	14	121,568,103	17
Commercial paper payable, net (Notes 27 and 51)	22,035,374	3	13,925,045	2	15,409,615	2
Payables (Notes 28 and 50)	74,675,211	8	58,243,555	6	61,265,832	8
Current tax liabilities (Note 4)	930,048	-	1,994,883	-	2,312,919	-
Deposits and remittances (Notes 29 and 50)	329,569,141	36	304,557,970	33	162,080,804	22
Bonds payable (Notes 30 and 50)	26,577,343	3	34,660,984	4	33,604,075	5
Other borrowings (Notes 31, 50 and 51)	41,363,779	5	35,204,646	4	37,908,386	5
Provisions (Notes 4, 32 and 33)	987,898	-	1,215,264	-	1,153,074	-
Principal received on structured notes (Note 34)	53,018,670	6	74,150,578	8	76,206,108	10
Customers' equity accounts - futures (Note 50)	30,243,317	3	23,754,390	3	21,971,046	3
Other financial liabilities (Note 8)	380,349	-	392,027	-	358,317	-
Deferred tax liabilities (Notes 4 and 47)	1,477,654	-	1,423,785	-	1,210,140	-
Other liabilities (Note 35)	12,266,259	2	13,544,034	2	10,102,565	1
Total liabilities	743,084,231	82	743,677,511	81	573,601,478	77
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 36 and 37)						
Capital						
Common stock	151,644,303	16	153,438,493	17	150,369,666	20
Advance receipts for capital stock	250	-	5,969	-	-	-
Capital surplus	599,342	-	590,923	-	519,008	-
Retained earnings						
Legal reserve	4,161,475	1	3,077,853	-	3,077,853	1
Special reserve	765,041	-	1,123,858	-	1,123,858	-
Unappropriated earnings	10,540,754	1	15,275,884	2	9,163,085	1
Other						
Exchange differences on translation of foreign financial statements	(708,235)	-	201,379	-	(1,992,054)	-
Unrealized gains (losses) on available-for-sale financial assets	(1,216,531)	-	(177,929)	-	1,319,187	-
Unrealized loss on cash flow hedges	-	-	(20,659)	-	(43,039)	-
Others	(60,983)	-	(26,956)	-	(49,672)	-
Treasury shares	(2,376,748)	-	(3,298,709)	(1)	(2,170,286)	-
Total equity attributable to owners of parent	163,348,668	18	170,190,106	18	161,317,606	22
NON-CONTROLLING INTERESTS	3,578,631	-	5,833,601	1	7,534,724	1
Total equity	166,927,299	18	176,023,707	19	168,852,330	23
TOTAL	$ 910,011,530	100	$ 919,701,218	100	$ 742,453,808	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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2015		2014 (Audited after Restated)		2015		2014 (Audited after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 38 and 50)	$ 3,836,591	48	$ 2,734,811	43	$ 7,750,014	49	$ 5,393,023	42
INTEREST EXPENSE (Notes 38 and 50)	(1,343,698)	(17)	(955,606)	(15)	(2,771,123)	(18)	(1,826,741)	(14)
INTEREST PROFIT, NET	2,492,893	31	1,779,205	28	4,978,891	31	3,566,282	28
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Note 39)	2,815,281	36	1,723,592	27	4,857,670	30	3,422,011	26
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 40)	1,526,092	19	2,251,626	36	2,914,326	18	2,219,174	17
Realized gain on available-for-sale financial assets, net (Note 41)	621,758	8	2,146,608	34	1,256,403	8	4,552,481	35
Foreign exchange gain (loss), net	113,470	2	(1,425,597)	(23)	245,018	2	(1,371,582)	(11)
Impairment loss on assets, net (Note 42)	(131,826)	(2)	(791,622)	(12)	(155,173)	(1)	(832,914)	(6)
Share of the profit of associates	106,548	1	145,491	2	305,220	2	238,371	2
Gain (loss) on financial assets measured at cost, net (Note 43)	(328,722)	(4)	21,098	-	321,730	2	287,136	2
Others (Notes 44 and 50)	705,529	9	483,023	8	1,213,670	8	876,072	7
Total noninterest profits and gains, net	5,428,130	69	4,554,219	72	10,958,864	69	9,390,749	72
TOTAL NET REVENUES	7,921,023	100	6,333,424	100	15,937,755	100	12,957,031	100
REVERSAL OF ALLOWANCE (ALLOWANCE) FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	425,156	5	(6,499)	-	590,403	4	67,089	1
OPERATING EXPENSES (Notes 4, 33, 45, 46 and 50)								
Employee benefits	(3,417,452)	(43)	(2,279,795)	(36)	(6,537,972)	(41)	(4,614,604)	(36)
Depreciation and amortization	(355,882)	(4)	(288,807)	(5)	(703,505)	(5)	(567,726)	(4)
Other general and administrative expenses	(1,804,388)	(23)	(1,285,650)	(20)	(3,355,344)	(21)	(2,290,127)	(18)
Total operating expenses	(5,577,722)	(70)	(3,854,252)	(61)	(10,596,821)	(67)	(7,472,457)	(58)
NET PROFIT BEFORE INCOME TAX	2,768,457	35	2,472,673	39	5,931,337	37	5,551,663	43
INCOME TAX EXPENSE (Notes 4 and 47)	(394,622)	(5)	(408,942)	(7)	(775,017)	(5)	(752,688)	(6)
NET PROFIT FOR THE PERIOD	2,373,835	30	2,063,731	32	5,156,320	32	4,798,975	37

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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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2015		2014 (Audited after Restated)		2015		2014 (Audited after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss, net of income tax								
Remeasurement of defined benefit plan	$ (1,087)	-	$ -	-	$ (1,087)	-	$ -	-
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of foreign financial statements	(407,990)	(5)	(639,439)	(10)	(812,050)	(5)	(60,966)	(1)
Unrealized loss on available-for-sale financial assets	(1,152,728)	(15)	(163,263)	(2)	(1,092,277)	(7)	(376,443)	(3)
Unrealized gain on cash flow hedges	9,691	-	8,833	-	20,659	-	1,708	-
Share of the other comprehensive income of associates	(73,240)	(1)	(63,906)	(1)	(45,062)	-	104,417	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 47)	472	-	73,040	1	(337)	-	260,594	2
Other comprehensive income for the period, net of income tax	(1,624,882)	(21)	(784,735)	(12)	(1,930,154)	(12)	(70,690)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 748,953	9	$ 1,278,996	20	$ 3,226,166	20	$ 4,728,285	36
NET PROFIT ATTRIBUTABLE TO:								
Owners of parent	$ 2,347,082	30	$ 2,052,097	33	$ 5,092,257	32	$ 4,741,205	37
Non-controlling interests	26,753	-	11,634	-	64,063	-	57,770	-
	$ 2,373,835	30	$ 2,063,731	33	$ 5,156,320	32	$ 4,798,975	37
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	$ 723,190	9	$ 1,269,318	20	$ 3,163,614	20	$ 4,672,049	36
Non-controlling interests	25,763	-	9,678	-	62,552	-	56,236	-
	$ 748,953	9	$ 1,278,996	20	$ 3,226,166	20	$ 4,728,285	36
EARNINGS PER SHARE (Note 48)								
Basic	$ 0.16		$ 0.14		$ 0.34		$ 0.32	
Diluted	$ 0.16		$ 0.14		$ 0.34		$ 0.32	

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)

	Equity Attributable to Owners of Parent – Capital – Common Stock	Capital – Advance Receipts for Capital Stock	Capital Surplus	Retained Earnings – Legal Reserve	Retained Earnings – Special Reserve	Retained Earnings – Unappropriated Earnings	Other Equity – Exchange Differences on Translation of Foreign financial statements	Other Equity – Unrealized Gains (Losses) on Available-for-sale Financial Assets	Other Equity – Unrealized Gain (Loss) on Cash Flow Hedges	Other Equity – Others	Treasury Shares	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2014	$ 150,308,833	$ -	$ 535,087	$ 2,247,453	$ 3,609,815	$ 8,799,179	$ (1,945,718)	$ 1,343,715	$ (44,747)	$ (24,126)	$ (2,170,286)	$ 162,659,205	$ 6,443,449	$ 169,102,654
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(18,069)	-	-	-	-	-	(18,069)	-	(18,069)
BALANCE AT JANUARY 1, 2014 AS RESTATED	150,308,833	-	535,087	2,247,453	3,609,815	8,781,110	(1,945,718)	1,343,715	(44,747)	(24,126)	(2,170,286)	162,641,136	6,443,449	169,084,585
Appropriation of the 2013 earnings														
Legal reserve	-	-	-	830,400	-	(830,400)	-	-	-	-	-	-	-	-
Cash dividends - NT$0.4 per share	-	-	-	-	-	(6,014,787)	-	-	-	-	-	(6,014,787)	-	(6,014,787)
Special reserve reversed	-	-	-	-	(2,485,957)	2,485,957	-	-	-	-	-	-	-	-
	-	-	-	830,400	(2,485,957)	(4,359,230)	-	-	-	-	-	(6,014,787)	-	(6,014,787)
Net profit for the six months ended June 30, 2014 as restated	-	-	-	-	-	4,741,205	-	-	-	-	-	4,741,205	57,770	4,798,975
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	-	(46,336)	(24,528)	1,708	-	-	(69,156)	(1,534)	(70,690)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	4,741,205	(46,336)	(24,528)	1,708	-	-	4,672,049	56,236	4,728,285
Difference between consideration and carrying amount adjusted arising from changes in percentage of ownership in subsidiaries	-	-	(9,023)	-	-	-	-	-	-	-	-	(9,023)	-	(9,023)
Share-based payments	60,833	-	(7,056)	-	-	-	-	-	-	(25,546)	-	28,231	-	28,231
Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1,035,039	1,035,039
BALANCE AT JUNE 30, 2014	$ 150,369,666	$ -	$ 519,008	$ 3,077,853	$ 1,123,858	$ 9,163,085	$ (1,992,054)	$ 1,319,187	$ (43,039)	$ (49,672)	$ (2,170,286)	$ 161,317,606	$ 7,534,724	$ 168,852,330
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
Appropriation of the 2014 earnings														
Legal reserve	-	-	-	1,083,622	-	(1,083,622)	-	-	-	-	-	-	-	-
Cash dividends - NT$0.6 per share	-	-	-	-	-	(9,098,673)	-	-	-	-	-	(9,098,673)	-	(9,098,673)
Special reserve reversed	-	-	-	-	(358,817)	358,817	-	-	-	-	-	-	-	-
	-	-	-	1,083,622	(358,817)	(9,823,478)	-	-	-	-	-	(9,098,673)	-	(9,098,673)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	391	-	-	-	-	-	-	-	-	391	-	391
Net profit for the six months ended June 30, 2015	-	-	-	-	-	5,092,257	-	-	-	-	-	5,092,257	64,063	5,156,320
Other comprehensive income for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	(1,086)	(909,614)	(1,038,602)	20,659	-	-	(1,928,643)	(1,511)	(1,930,154)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	5,091,171	(909,614)	(1,038,602)	20,659	-	-	3,163,614	62,552	3,226,166
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)	-	(972,909)
Cancel of treasury shares	(1,888,880)	-	(5,990)	-	-	-	-	-	-	-	1,894,870	-	-	-
Share-based payments	94,690	(5,719)	14,018	-	-	(2,823)	-	-	-	(34,027)	-	66,139	-	66,139
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,317,522)	(2,317,522)
BALANCE AT JUNE 30, 2015	$ 151,644,303	$ 250	$ 599,342	$ 4,161,475	$ 765,041	$ 10,540,754	$ (708,235)	$ (1,216,531)	$ -	$ (60,983)	$ (2,376,748)	$ 163,348,668	$ 3,578,631	$ 166,927,299

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)

	For the Six Months Ended June 30	
	2015	**2014 (Audited after Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 5,931,337	$ 5,551,663
Adjustments to reconcile net profit (loss)		
Depreciation expenses	273,498	210,910
Amortization expenses	430,007	356,816
Reversal of allowance for bad debts and losses on guarantees, net	(590,403)	(67,089)
Interest expense	2,771,123	1,846,274
Interest income	(7,750,014)	(6,033,774)
Dividend income	(395,949)	(246,796)
Share of the profit of associates	(280,626)	(232,284)
Gain on disposal of investments	(1,081,582)	(4,175,856)
Loss on financial asset impairment	155,173	800,873
Loss on nonfinancial asset impairment	-	32,041
Others	170,215	(341,199)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(6,272,729)	(3,367,775)
Financial assets at fair value through profit or loss	23,040,526	(20,810,451)
Available-for-sale financial assets	(94,659,557)	-
Securities purchased under resell agreements	(13,417,819)	(1,186,043)
Receivables	(1,506,317)	(6,639,144)
Discount and loans	5,150,406	(18,263,602)
Held to maturity financial assets	18,600,000	-
Other financial assets	4,203,832	(1,521,319)
Other assets	(6,592,441)	3,826,660
Deposits from the Central Bank and banks	(9,539,722)	(1,795,918)
Financial liabilities at fair value through profit or loss	(5,613,754)	913,772
Notes and bonds issued under repurchase agreements	(15,877,027)	9,593,099
Payables	7,092,309	(4,318,616)
Deposits and remittances	25,011,171	47,271,912
Other financial liabilities	(16,790,182)	9,265,345
Other liabilities	5,949,523	473,142
Interest received	9,162,005	5,962,955
Dividend received	356,178	179,778
Interest paid	(3,266,024)	(2,165,331)
Income tax paid	(1,701,907)	(410,513)
Net cash generated from (used in) operating activities	(77,038,750)	14,709,530

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2015	2014 (Audited after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (21,871,442)	$ (7,728,562)
Proceeds from sale of available-for-sale financial assets	133,110,022	21,580,634
Acquisition of held-to-maturity financial assets	(102,564)	-
Acquisition of financial assets measured at cost	(1,311,858)	(1,541,170)
Proceeds from sale of financial assets measured at cost	5,326,875	3,879,218
Capital return on financial assets measured at cost	75,614	146,759
Acquisition of equity-method investments	(920,193)	(1,932,190)
Acquisition of subsidiaries	-	(1,188,041)
Proceeds from capital return on equity method investments	506,219	164,329
Acquisition of property and equipment	(160,066)	(158,327)
Proceeds from disposal of property and equipment	250,032	458
Others	344,821	422,037
Net cash generated from investing activities	115,247,460	13,645,145
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	6,766,591	19,139,020
Increase in commercial paper payable	8,329,347	5,293,390
Proceeds from issue of corporate bonds	13,000,000	-
Repayments of corporate bonds	(11,100,000)	-
Repayments of bonds payable	(10,000,000)	(3,500,000)
Proceeds of long-term borrowings	379	500,059
Repayments of long-term borrowings	(490,824)	(415,092)
Cash dividend paid	(9,098,673)	-
Purchase of treasury shares	(972,909)	-
Acquisition of equity interest in subsidiaries	-	(111,150)
Changes in non-controlling interests	(150,954)	(114,395)
Others	(119,156)	(234)
Net cash generated from (used in) financing activities	(3,836,199)	20,791,598
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(78,700)	(122,124)
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,293,811	49,024,149
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	84,850,996	68,014,561
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 119,144,807	$ 117,038,710

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2015 and 2014:

	June 30	
	2015	2014 (Audited after Restated)
Cash and cash equivalents in consolidated balance sheets	$ 29,154,651	$ 39,518,557
Due from the Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of in IAS 7	55,121,724	50,219,821
Securities purchased under agreements to resell qualifying as cash and cash equivalents under the definition of in IAS 7	34,868,432	27,300,332
Cash and cash equivalents in consolidated statements of cash flows	$ 119,144,807	$ 117,038,710

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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, the transaction is approved by Financial Supervisory Commission in accordance with Rule No. 10400053521, and the chairman was authorized by the board of directors to approve the date of transfer of business on May 1, 2015.

Before the transfer of business, industrial banking operations of which CDIB engages in 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, derivative financial instruments and other activities under the authority approval. After the transfer of business, CDIB engages in industrial banking operations which 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 June 30, 2015, KGI Securities had a head office and 84 branches which included head office.

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

KGI Bank was established on January 14, 1992. As of June 30, 2015, KGI Bank had a main office, a trust department, various business departments, an offshore banking unit (OBU), and 50 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 8 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on August 24, 2015.

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

a. Initial application of the amendment to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulation Governing the Preparation of Financial Reports by Securities Firms, Regulation Governing the Preparation of Financial Reporting by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC).

   Rule No. 10310006010, No. 10300346801 and No. 1030010325 issued by the FSC, stipulated that the Corporation and subsidiaries should apply the 2013 version of IFRS, IAS, IFRIC, SIC (collectively, the "IFRSs") and 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 issued by the IASB and endorsed by the FSC starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Corporation and subsidiaries' accounting policies:

1) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Corporation and subsidiaries consider whether it have control over other entities for consolidation. The Corporation and subsidiaries have control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

Under IFRS 10, the Company will recognize control over CDIB Capital Asia Partners L.P. since the acquisition date. Prior to the application of IFRS 10, the subsidiary of the Companies' ownership interest in CDIB Capital Asia Partners L.P. is treated as an investment in associate and thus accounted for this investment using the equity method.

The anticipated impact of the initial application of IFRS 10 is detailed as follows:

Impact on Assets, Liabilities and Equity	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2014			
Cash and cash equivalents	$ 25,130,691	$ 97,789	$ 25,228,480
Receivables, net	131,858,663	(69,634)	131,789,029
Investment accounted for using equity method, net	10,637,078	(2,074,091)	8,562,987
Financial assets measured at cost	27,778,085	4,184,306	31,962,391
Payables	58,230,976	12,579	58,243,555
Retained earnings	19,579,851	(86,259)	19,493,592
Exchange differences on translation of foreign financial statements	205,176	(3,797)	201,379
Non-controlling interests	3,617,754	2,215,847	5,833,601
June 30, 2014			
Receivables, net	135,356,284	(43,430)	135,312,854
Investments accounted for using the equity method, net	9,055,451	(1,211,275)	7,844,176
Financial assets measured at cost	29,473,731	2,301,123	31,774,854
Payable	61,309,262	(43,430)	61,265,832
Other liabilities	10,180,282	(77,717)	10,102,565
Retained earnings	13,462,802	(80,973)	13,381,829
Exchange differences on translation of foreign financial statements	(1,992,979)	925	(1,992,054)
Non-controlling interests	6,287,111	1,247,613	7,534,724

(Continued)

Impact on Total Comprehensive Income for the Three Months Ended June 30, 2014	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Noninterest profits and gains, net			
Share of the profit of associates	$ 124,138	$ 21,353	$ 145,491
Gain on financial assets measured at cost, net	102,071	(80,973)	21,098
Operating expense	(3,811,423)	(43,347)	(3,854,770)
Other profits and gains, net	5,751,394	-	5,751,394
Total effect on net profit for the three months ended June 30, 2014	2,166,180	(102,967)	2,063,213
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	(640,364)	925	(639,439)
Other comprehensive income, net	(145,296)	-	(145,296)
Total effect on other comprehensive income for the three months ended June 30, 2014	$ 1,380,520	$ (102,042)	$ 1,278,478
Impact on net profit attributable to:			
Owners of parent	$ 2,132,552	$ (80,973)	$ 2,051,579
Non-controlling interests	33,628	(21,994)	11,634
	$ 2,166,180	$ (102,967)	$ 2,063,213
Impact on total comprehensive income attributable to:			
Owners of parent	$ 1,348,848	$ (80,048)	$ 1,268,800
Non-controlling interests	31,672	(21,994)	9,678
	$ 1,380,520	$ (102,042)	$ 1,278,478
Impact on earnings per share			
Basic earnings per share	$ 0.14	$ -	$ 0.14
Diluted earnings per share	$ 0.14	$ -	$ 0.14
Noninterest profits and gains			
Share of the profit of associates	$ 217,018	$ 21,353	$ 238,371
Gain on financial assets measured at cost, net	368,109	(80,973)	287,136
Operating expenses	(7,430,146)	(43,347)	(7,473,493)
Other profits and gains, net	11,745,925	-	11,745,925
Total effect on net profit for the six months ended June 30, 2014	4,900,906	(102,967)	4,797,939

(Continued)

Impact on Total Comprehensive Income for the Three Months Ended June 30, 2014	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	$ (61,891)	$ 925	$ (60,966)
Other comprehensive income, net	(9,724)	-	(9,724)
Total effect on other comprehensive income for the six months ended June 30, 2014	$ 4,829,291	$ (102,042)	$ 4,727,249
Impact on net profit attributable to:			
Owners of parent	$ 4,821,142	$ (80,973)	$ 4,740,169
Non-controlling interests	79,764	(21,994)	57,770
	$ 4,900,906	$ (102,967)	$ 4,797,939
Impact on total comprehensive income attributable to:			
Owners of parent	$ 4,751,061	$ (80,048)	$ 4,671,013
Non-controlling interests	78,230	(21,994)	56,236
	$ 4,829,291	$ (102,042)	$ 4,727,249
Impact on earnings per share			
Basic earnings per share	$ 0.33	$ (0.01)	$ 0.32
Diluted earnings per share	$ 0.33	$ (0.01)	$ 0.32
Impact on cash flows for the six months ended June 30, 2014			
Net cash inflow from operating activities	$ 14,830,594	$ (121,064)	$ 14,709,530
Net cash inflow from investing activities	13,515,552	129,593	13,645,145
Net cash inflow from financing activities	20,791,598	-	20,791,598
Effects of exchange rate changes on the balance of cash held in foreign currencies	(113,595)	(8,529)	(122,124)
Net increase in cash and cash equivalents	$ 49,024,149	$ -	$ 49,024,149

(Concluded)

2) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

3) Revision to IAS 28 “Investments in Associates and Joint Ventures”

Revised IAS 28 requires when a portion of an investment in an associate meets the criteria to be classified as held for sale, that portion is classified as held for sale. Any retained portion that has not been classified as held for sale is accounted for using the equity method. Under current IAS 28, when a portion of an investment in associates meets the criteria to be classified as held for sale, the entire investment is classified as held for sale and ceases to apply the equity method.

4) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 55 for related disclosures.

5) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Corporation and subsidiaries will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of (associates/joint ventures) accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translation of foreign financial statements, unrealized gains (losses) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (losses) arising from defined benefit plans) of (associates/joint ventures) accounted for using the equity method.

6) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to employee benefits and retained earnings. In addition, in preparing the consolidated financial statements for the six months ended June 30, 2015, the Company would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

The impact on the current period is set out below:

Impact on Assets, Liabilities and Equity	June 30, 2015
Decrease in provisions	$ 1,036
Increase in retained earnings	$ 1,036

Impact on Total Comprehensive Income	For the Three Months Ended June 30, 2015	For the Six Months Ended June 30, 2015
Decrease in employee benefits	$ 518	$ 1,036

The impact on the prior period is set out below:

Impact on Assets, Liabilities and Equity	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
December 31, 2014			
Provisions	$ 1,199,267	$ 15,997	$ 1,215,264
Retained earnings	19,579,851	(15,997)	19,563,854
June 30, 2014			
Provisions	1,136,041	17,033	1,153,074
Retained earnings	13,462,802	(17,033)	13,445,769

Impact on Total Comprehensive Income	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
For the three months ended June 30, 2014			
Employee benefits	$ 2,280,313	$ (518)	$ 2,279,795
For the six months ended June 30, 2014			
Employee benefits	4,615,640	(1,036)	4,614,604

7) Annual Improvements to IFRSs: 2009-2011 Cycle

The amendments to IAS 1 clarify that an entity is required to present a balance sheet as at the beginning of the preceding period when a) it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassifies items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period. The amendments also clarify that related notes are not required to accompany the balance sheet at the beginning of the preceding period.

8) Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reporting by Futures Commission Merchants and Regulations Governing the Preparation of Financial Reports by Securities Issuers for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

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

The Corporation and subsidiaries has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

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"	January 1, 2016 (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, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

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:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

For the 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:

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

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

Except for above, all other financial assets are measured at fair value through profit or loss. However, the 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.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement”, the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets”, introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Corporation and subsidiaries is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) 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.

4) 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.

5) 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.

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

7) 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.

8) 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. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Corporation and subsidiaries includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

9) Amendment to IAS 1 “Disclosure Initiative”

The amendment clarifies that the consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its consolidated financial statements, the Corporation and subsidiaries should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Corporation and subsidiaries should consider the understandability and comparability of its consolidated financial statements to determine a systematic order in presenting its footnotes.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Corporation and subsidiaries is continuingly 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 complete.

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, 2014, 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 June 30, 2015, December 31, 2014 and June 30, 2014, the consolidated entities included in the consolidated financial statements included 80, 81 and 76 companies, respectively (please refer to the attached Table 8 for details).

Retirement Benefit Costs

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and prior service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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 is 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, 2014.

6. CASH AND CASH EQUIVALENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Cash in banks	$ 15,966,173	$ 12,662,406	$ 13,748,480
Due from banks	5,507,765	6,965,259	22,358,576
Short-term transactions instruments with maturities of up to three months	3,955,394	2,920,850	2,126,836
Future excess margin	1,381,812	933,022	862,109
Cash on hand	1,205,205	1,232,232	302,043
Others	1,138,302	514,711	120,513
	$ 29,154,651	$ 25,228,480	$ 39,518,557

Cash and cash equivalents as of December 31, 2014 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 June 30, 2015 and 2014:

	December 31, 2014
Cash and cash equivalents in consolidated balance sheet	$ 25,228,480
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7	27,577,163
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	32,045,353
Cash and cash equivalents in consolidated statement of cash flow	$ 84,850,996

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

	June 30, 2015	December 31, 2014	June 30, 2014
Due from the Central Bank	$ 62,264,162	$ 30,139,236	$ 50,159,991
Call loans to banks	13,169,809	11,477,445	5,962,201
	$ 75,433,971	$ 41,616,681	$ 56,122,192

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 June 30, 2015, December 31, 2014 and June 30, 2014, these reserves included $7,671,781 thousand, $7,849,296 thousand and $5,099,630 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 $142,922 thousand, $142,731 thousand and $53,847 thousand as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively.

For the Corporation and subsidiaries' issued certificates of deposits pledged as collaterals for day-term overdraft, please refer to Note 51.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2015	December 31, 2014	June 30, 2014
Financial assets held for trading			
Derivative instrument			
Currency swap contracts	$ 4,348,201	$ 14,122,818	$ 2,746,261
Interest rate swap contracts	3,997,756	4,633,155	3,913,038
Premiums paid on option contracts	1,903,956	2,453,718	1,355,537
Others	2,140,687	2,160,349	884,266
Non-derivative financial assets			
Operating securities (Note 9)	73,711,441	89,807,323	83,484,766
Bank debentures	23,789,895	21,008,563	11,139,413
Mutual funds	6,891,065	6,320,256	6,247,635
Corporate bonds	4,913,953	5,306,309	4,424,431
Convertible (exchangeable) corporate bonds	2,598,003	2,733,520	2,266,561
Others	2,937,340	2,398,116	2,157,357
	127,232,297	150,944,127	118,619,265
Financial assets designated as at FVTPL			
Convertible (exchangeable) corporate bonds	222,770	233,686	194,393
Others	682,220	-	-
	904,990	233,686	194,393
Financial assets at FVTPL	$ 128,137,287	$ 151,177,813	$ 118,813,658

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Financial liabilities held for trading			
Derivative instrument			
Interest rate swap contracts	$ 4,483,825	$ 4,739,291	$ 3,844,713
Currency swap contracts	3,716,813	14,432,034	1,888,612
Premiums received on option contracts	3,249,817	3,305,838	3,021,430
Others	2,994,918	4,241,427	4,155,406
Non-derivative financial liabilities			
Borrowed securities payable	7,986,119	4,495,468	6,922,975
Securities purchased under resell agreement - securities financing	1,113,831	830,616	1,539,252
	23,545,323	32,044,674	21,372,388
Financial liabilities designated as at FVTPL			
Bank debentures payable	4,096,656	1,071,148	1,077,685
Structured products	1,826,574	1,966,485	1,041,680
	5,923,230	3,037,633	2,119,365
Financial liabilities at FVTPL	$ 29,468,553	$ 35,082,307	$ 23,491,753

(Concluded)

As of June 30, 2015, December 31, 2014 and June 30, 2014, bank debentures issued by the Corporation and subsidiaries and designated as at FVTPL were as follows:

Bank Debenture Number	June 30, 2015	December 31, 2014	June 30, 2014	Issuance Period	Method of Paying Principles and Interests	Interest Rate
No. 940301	$ 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	3,293,420	-	-	March 24, 2015 - March 24, 2045 (Note)	Principal due on maturity	0%
	4,343,420	1,050,000	1,050,000			
Valuation adjustments	(246,764)	21,148	27,685			
	$ 4,096,656	$ 1,071,148	$ 1,077,685			

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 June 30, 2015, December 31, 2014 and June 30, 2014 are summarized as follows:

	Contract Amount		
	June 30, 2015	December 31, 2014	June 30, 2014
Currency swap contracts	$ 801,641,217	$ 926,590,408	$ 728,571,698
Interest rate swap contracts	692,796,389	627,897,252	609,141,721
Option and Futures contracts	360,056,646	396,248,979	527,131,618
Forward exchange contracts	34,871,120	40,037,779	30,205,666
Cross-currency swap contracts	13,586,699	28,535,005	42,994,238
Assets swap contracts	13,039,830	14,375,313	10,490,771
Structured note contracts	10,289,188	15,856,879	13,417,411
Equity derivative financial contracts	3,180,269	7,906,629	5,697,996
Non-deliverable forward contracts	1,932,530	3,478,777	2,782,189
Others	1,645,620	847,553	3,518,805

As of June 30, 2015, December 31, 2014 and June 30, 2014, financial assets held for trading with aggregate carrying values of $83,658,733 thousand, $87,841,744 thousand and $73,880,354 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$372,151 thousand based on the exchange rate of June 30, 2015) 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 51.

9. OPERATING SECURITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Dealing			
Oversea securities	$ 21,283,776	$ 34,870,590	$ 24,317,888
Corporate bonds	18,182,725	27,719,299	27,667,176
Government bonds	13,271,717	10,607,709	10,243,238
Listed, OTC and emerging market stocks	8,988,335	6,619,532	8,332,311
Others	984,731	1,896,953	1,634,563
	62,711,284	81,714,083	72,195,176
Underwriting			
Corporate bonds	1,276,087	1,082,488	1,186,357
Listed and OTC stocks	1,051,974	922,894	791,877
	2,328,061	2,005,382	1,978,234
Hedge positions			
Listed and OTC stocks	7,874,503	5,504,487	8,824,978
Oversea securities	674,317	439,853	345,859
Others	123,276	143,518	140,519
	8,672,096	6,087,858	9,311,356
	$ 73,711,441	$ 89,807,323	$ 83,484,766

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Government bonds	$ 74,438,629	$ 77,621,553	$ 39,999,803
Listed, OTC and emerging market stocks	22,600,649	25,378,584	27,557,720

(Continued)

	June 30, 2015	December 31, 2014	June 30, 2014
Bank debentures	$ 14,098,850	$ 18,033,182	$ 20,813,570
Corporate bonds	10,675,762	17,924,278	16,179,244
Others	552,473	653,003	2,270,200
	$ 122,366,363	$ 139,610,600	$ 106,820,537

(Concluded)

As of June 30, 2015, December 31, 2014 and June 30, 2014, available-for-sale financial assets, with aggregate carrying values of $29,923,291 thousand, 41,869,805 thousand and $46,271,833 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

For the information on available-for-sale financial assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 51.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Commercial paper	$ 26,978,842	$ 14,572,223	$ 22,515,640
Bank debentures	8,950,644	3,997,992	2,879,058
Government bonds	7,969,791	11,592,393	10,319,222
Corporate bonds	5,213,164	2,708,935	2,925,911
	$ 49,112,441	$ 32,871,543	$ 38,639,831
Resold amounts	$ 49,075,884	$ 32,855,968	$ 38,657,254
Last maturity date	September 2015	February 2015	September 2014

12. RECEIVABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Receivables on margin loans, refinancing margin and refinancing deposits receivable	$ 50,161,924	$ 46,260,170	$ 54,076,835
Accounts receivable - forfeiting	34,519,324	44,598,847	40,021,327
Receivable accounts for settlement	24,502,201	16,146,392	23,637,910
Lease receivables (Note 13)	6,820,741	6,718,267	6,262,142
Settlement price	3,530,406	5,579,197	5,040,705
Credit card receivables	3,271,694	2,522,220	-
Interest receivable	2,851,407	3,335,519	2,302,742
Acquired loans	2,595,430	2,648,465	2,682,891
Others	9,445,991	7,065,403	3,323,201
	137,699,118	134,874,480	137,347,753
Less: Allowance for bad debts	(2,973,931)	(3,085,451)	(2,034,899)
	$ 134,725,187	$ 131,789,029	$ 135,312,854

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

	For the Six Months Ended June 30	
	2015	**2014**
Balance, January 1	$ 3,085,451	$ 2,131,059
Reversal	(30,768)	(92,364)
Loans reclassified to nonperforming loans	(356)	-
Write-off	(56,459)	(11)
Effect of exchange rate changes	(23,937)	(3,785)
Balance, June 30	$ 2,973,931	$ 2,034,899

For the information on impairment loss analysis of receivables, please refer to Note 56.

The amount of receivables pledged as collateral for the Corporation and subsidiaries please refer to Note 51.

13. LEASE RECEIVABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Gross investment in the lease	$ 7,406,583	$ 7,309,548	$ 6,865,720
Less: Unearned finance income	(585,842)	(591,281)	(603,578)
	6,820,741	6,718,267	6,262,142
Less: Allowance for impairment loss	(110,238)	(126,402)	(157,017)
Present value of minimum lease payments receivable	$ 6,710,503	$ 6,591,865	$ 6,105,125

Finance lease receivables were secured over the plant and machinery leased. The Corporation and subsidiaries were not permitted to sell or replete the collateral in the absence of default by the lessee.

14. DISCOUNTS AND LOANS

	June 30, 2015	December 31, 2014	June 30, 2014
Short-term loans	$ 41,040,849	$ 42,485,133	$ 14,098,082
Medium-term loans	134,567,081	133,677,487	96,428,993
Long-term loans	47,091,651	50,596,458	12,043,875
Export negotiations	924,679	1,895,072	4,465,656
Loans reclassified to nonperforming loans	554,147	633,353	-
Discounts	1,328	-	-
	224,179,735	229,287,503	127,036,606
Less: Allowance for bad debts	(2,944,725)	(3,447,239)	(1,888,700)
Less: Discounts on loans	(52,471)	(62,789)	(104,589)
	$ 221,182,539	$ 225,777,475	$ 125,043,317

For the six months ended June 30, 2015 and 2014, the Corporation and subsidiaries carried out legal procedures required before writing off certain credits.

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

	For the Six Months Ended June 30	
	2015	**2014**
Balance, January 1	$ 3,447,239	$ 1,779,774
Allowance (reversal)	(555,470)	78,233
Recovery of written-off credits	642,872	31,247
Write-off	(579,186)	-
Reduction and exemption	(9,859)	-
Effects of exchange rate changes	(871)	(554)
Balance, June 30	$ 2,944,725	$ 1,888,700

For the information on impairment loss analysis of discounts and loans, please refer to Note 56.

15. HELD-TO-MATURITY FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Bank debentures	$ 102,564	$ -	$ -
Corporate bonds	40,000	190,000	230,165
Negotiable certificate of deposit issued by CBC	-	18,600,000	-
	$ 142,564	$ 18,790,000	$ 230,165

The Corporation and subsidiaries did not pledge any held-to-maturity financial assets as collateral.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
CDIB & Partner Investment Holding Corporation	$ 4,777,044	34	$ 4,821,872	34	$ 3,976,089	29
KGI Securities (Thailand) Public Company Limited	1,943,657	35	2,164,679	35	1,914,161	35
CDIB Capital Asia Partners L.P.	1,176,490	-	-	-	-	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	683,563	-	702,508	-	680,509	-
CPEC Huachuang Private Management Management (Kushan) Enterprise (Limited Partnership)	602,430	-	-	-	-	-
CDIB CME Found Ltd.	580,752	40	304,752	40	291,084	40
Others	566,154		569,176		982,333	
	$ 10,330,090		$ 8,562,987		$ 7,844,176	

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 51 for investments under equity method pledged as collateral.

17. RESTRICTED ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Restricted demand deposits	$ 32,621,143	$ 23,844,623	$ 19,531,931
Checking accounts - restricted for agent's stock transfer purposes	953,055	231,601	608,744
Stocks	149,392	149,392	149,392
Accounts receivables	97,539	101,800	113,277
Impound account	68,048	53,759	78,220
Accrued revenue	30,288	28,127	22,326
Due from banks	14,516	15,905	16,267
	$ 33,933,981	$ 24,425,207	$ 20,520,157

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 Hong Kong.

For the information on restricted assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 51.

After the filing of a certain complaint against Morgan Stanley (Note 52), 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".

18. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2015	December 31, 2014	June 30, 2014
Unlisted stocks - common stock	$ 9,363,001	$ 12,913,135	$ 11,931,891
Unlisted overseas partnership fund	7,451,200	12,327,771	12,263,656
Others	6,229,428	6,721,485	7,579,307
	$ 23,043,629	$ 31,962,391	$ 31,774,854
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 22,201,705	$ 26,962,138	$ 28,718,428
Financial assets at FVTPL	841,924	5,000,253	3,056,426
	$ 23,043,629	$ 31,962,391	$ 31,774,854

CDIB and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $4,752,213 thousand, $2,750,122 thousand, $5,184,688 thousand and $3,764,964 thousand during the three and six months ended June 30, 2015 and 2014, respectively, recognizing disposal loss of $431,438, loss of $14,383 thousand, gain of $142,187 thousand and gain of $114,254 thousand, respectively.

19. OTHER FINANCIAL ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Guarantee deposits received on futures contracts	$ 31,118,551	$ 24,310,737	$ 22,145,136
Time deposits with original maturities over three months	2,977,059	12,487,419	8,839,685
Debt instruments with no active market	2,568,559	2,680,996	2,965,610
Pledged time deposit	772,949	1,980,802	1,197,837
Others	212,476	332,922	24,227
	$ 37,649,594	$ 41,792,876	$ 35,172,495

For the information on other financial assets pledged as collateral for loans, please refer to Note 51.

20. INVESTMENT PROPERTY

	June 30, 2015	December 31, 2014	June 30, 2014
Land	$ 1,788,409	$ 1,790,154	$ 1,517,373
Buildings and facilities	276,229	280,552	253,035
	$ 2,064,638	$ 2,070,706	$ 1,770,408

Except for depreciation recognized, the Corporation and subsidiaries' had no significant addition, disposal and impairment of investment property during the three and six months ended June 30, 2015 and 2014.

The above items of investment property were depreciated on a straight-line basis at the following rates per annum:

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 June 30, 2015, December 31, 2014 and June 30, 2014 were $3,314,972 thousand, $3,310,420 thousand and $2,960,187 thousand, respectively. In addition to the fair value of KGI Bank's investment property use the evaluation by the non-related Real Estate Appraisers. The fair value valuation had not been performed by independent qualified professional values; however, management of the Corporation and subsidiaries used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

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 51.

21. PROPERTY AND EQUIPMENT

	June 30, 2015	December 31, 2014	June 30, 2014
Land	$ 8,915,396	$ 8,914,058	$ 5,750,399
Buildings and facilities	4,582,798	4,643,337	2,555,291
Computer equipment	361,487	314,221	296,060
Transportation equipment	13,338	17,925	8,072
Other equipment	248,465	270,917	261,019
Leasehold improvements	121,154	129,671	150,125
Leased assets	96,994	76,851	44,401
	14,339,632	14,366,980	9,065,367
Prepayments for acquisition of properties	18,120	26,829	30,075
	$ 14,357,752	$ 14,393,809	$ 9,095,442

Except for depreciation recognized, the Corporation and subsidiaries' had no significant addition, disposal and impairment of property and equipment during the three and six months ended June 30, 2015 and 2014.

The above items of property and equipment were depreciated on a straight-line basis at the following rates per annum:

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
Computer equipment	3-8 years
Transportation equipment	2-15 years
Other equipment	
Office furniture and equipment	1-8 years
Others	10 years
Leasehold improvements	1-6 years
Leased assets	1-5 years

For the information on property and equipment pledged as collateral, please refer to Note 51.

22. INTANGIBLE ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Operation rights	$ 6,543,566	$ 6,884,636	$ 5,666,398
Goodwill	1,838,043	1,509,125	625,643
Computer software	447,507	466,200	270,545
Others	36,396	36,396	36,396
	$ 8,865,512	$ 8,896,357	$ 6,598,982

The changes in the Corporation and subsidiaries' intangible assets were as follows:

	Operation Rights	Computer Software	Goodwill	Others	Total
Cost					
Balance at January 1, 2014	$ 7,002,074	$ 673,280	$ -	$ 51,994	$ 7,727,348
Additions	-	41,715	-	-	41,715
Effect of change on consolidated subsidiaries	-	-	620,738	-	620,738
Disposals	-	(9,800)	-	-	(9,800)
Reclassification	-	10,786	-	-	10,786
Effect of exchange rate changes	-	-	4,905	-	4,905
Balance at June 30, 2014	7,002,074	715,981	625,643	51,994	8,395,692
Accumulated amortization and impairment					
Balance at January 1, 2014	(1,039,764)	(394,807)	-	(15,598)	(1,450,169)
Amortization	(295,912)	(60,429)	-	-	(356,341)
Disposals	-	9,800	-	-	9,800
Balance at June 30, 2014	(1,335,676)	(445,436)	-	(15,598)	(1,796,710)
Balance at June 30, 2014, net	$ 5,666,398	$ 270,545	$ 625,643	$ 36,396	$ 6,598,982
Cost					
Balance at January 1, 2015	$ 8,542,562	$ 946,684	$ 1,509,125	$ 51,994	$ 11,050,365
Additions	-	59,666	-	-	59,666
Effect of change on consolidated subsidiaries	-	-	370,023	-	370,023
Disposals	-	(277,521)	-	-	(277,521)
Reclassification	-	7,336	-	-	7,336
Effect of exchange rate changes	-	(196)	(41,105)	-	(41,301)
Balance at June 30, 2015	8,542,562	735,969	1,838,043	51,994	11,168,568
Accumulated amortization and impairment					
Balance at January 1, 2015	(1,657,926)	(480,484)	-	(15,598)	(2,154,008)
Amortization	(341,070)	(84,609)	-	-	(425,679)
Disposals	-	276,831	-	-	276,831
Reclassification	-	(229)	-	-	(229)
Effect of exchange rate changes	-	29	-	-	29
Balance at June 30, 2015	(1,998,996)	(288,462)	-	(15,598)	(2,303,056)
Balance at June 30, 2015, net	$ 6,543,566	$ 447,507	$ 1,838,043	$ 36,396	$ 8,865,512

The above items of intangible assets were amortized on a straight-line basis at the following rates per annum:

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

23. OTHER ASSETS

	June 30, 2015	December 31, 2014	June 30, 2014
Guarantee deposits paid	$ 9,236,621	$ 9,942,929	$ 3,440,703
Operating guarantee deposits	1,458,079	1,957,465	2,073,749
Prepaid expense	971,167	919,105	528,697
Settlement funds	562,406	558,736	568,055
Competitive bid transactions guarantee	335,111	357,225	559,586
Collaterals assumed	163,760	187,832	183,499
Others	350,832	257,118	518,751
	$ 13,077,976	$ 14,180,410	$ 7,873,040

As of June 30, 2015, December 31, 2014 and June 30, 2014, the above collaterals were net of accumulated impairment losses of $57,373 thousand, $62,415 thousand and $19,365 thousand, respectively.

For the information on other assets pledged as collateral, please refer to Note 51.

24. DEPOSITS FROM THE CNETRAL BANK AND BANKS

	June 30, 2015	December 31, 2014	June 30, 2014
Call loans from banks	$ 1,849,876	$ 11,375,025	$ 4,128,270
Deposits from Chunghwa Post Co., Ltd.	1,291,180	1,305,753	787,432
	$ 3,141,056	$ 12,680,778	$ 4,915,702

25. DERIVATIVE FINANCIAL LIABILITIES

	Designated as Hedging Instruments								
		June 30, 2015		December 31, 2014		June 30, 2014			
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	$ 20,659	$ 2,350,000	$ 43,039	2008-2015	2008-2015

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Adjustment of equity in the current period	$ (86)	$ (1,200)	$ (276)	$ (1,547)
Deducted from equity and charged to current gain	9,777	11,459	20,935	22,823

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	June 30, 2015	December 31, 2014	June 30, 2014
Bank debentures	$ 49,521,271	$ 48,653,105	$ 37,037,387
Corporate bonds	41,757,113	57,355,571	58,200,610
Government bonds	25,671,195	26,817,930	26,193,011
Others	-	-	137,095
	$ 116,949,579	$ 132,826,606	$ 121,568,103
Repurchased amounts	$ 117,380,311	$ 133,045,357	$ 121,734,686
Last maturity date	October 2015	April 2015	October 2014

27. COMMERCIAL PAPER PAYABLE

	June 30, 2015	December 31, 2014	June 30, 2014
Commercial paper payable	$ 22,044,856	$ 13,932,591	$ 15,417,097
Less: Unamortized discount	(9,482)	(7,546)	(7,482)
	$ 22,035,374	$ 13,925,045	$ 15,409,615
Rate	0.40%-1.64%	0.40%-1.64%	0.40%-1.69%
Last maturity date	August 2015	February 2015	September 2014

As of June 30, 2015, Bank of Taipei, Dah Chang Bills Finance Corporation, Taishin International Bank, Mega Bills Finance Corporation, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Taichung Bank, Grand Bills Finance Corporation and Ta Chong Bank guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $14,955,087 thousand, had no guarantee.

As of December 31, 2014, Grand Bills Finance Corp., Dah Chang Bills Finance Corporation, Taichung Bank, Taiwan Business Bank, Sunny Bank, Ta Ching Finance Corporation, Bank of Taiwan, Bank of Taipei, Shanghai Commercial Bank, Mega Bills Finance Co., 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 $11,659,090 thousand, had no guarantee.

As of June 30, 2014, Grand Bills Finance Corp., First Commercial Bank, Dah Chang Bills Finance Corporation, Taishin International Bank, Taichung Bank, Mega Bills Finance Co., Industrial Bank of Taiwan, Entie Commercial Bank, China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Ta Chong Bank and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $13,828,894 thousand, had no guarantee.

28. PAYABLES

	June 30, 2015	December 31, 2014	June 30, 2014
Accounts payable for settlement	$ 37,911,215	$ 30,975,299	$ 34,419,706
Guaranteed price deposits received from securities borrowers	12,629,253	12,232,091	9,930,436
Dividends payable	9,165,278	-	6,147,275
Accrued expenses	3,108,808	4,095,721	2,227,467
Settlement proceeds	2,791,503	2,009,320	2,112,554
Securities financing guarantee deposits	2,467,077	3,611,630	2,229,583
Checks for clearing	1,018,003	394,711	513
Others	5,584,074	4,924,783	4,198,298
	$ 74,675,211	$ 58,243,555	$ 61,265,832

29. DEPOSITS AND REMITTANCES

	June 30, 2015	December 31, 2014	June 30, 2014
Time deposits	$ 216,967,159	$ 197,415,654	$ 155,181,239
Saving deposits	86,414,470	85,397,967	-
Demand deposits	24,438,741	20,528,977	6,527,277
Checking deposits	1,616,202	1,150,400	64,956
Negotiable CDs	96,300	55,900	-
Inward remittance	36,269	9,072	307,332
	$ 329,569,141	$ 304,557,970	$ 162,080,804

30. BONDS PAYABLE

	June 30, 2015	December 31, 2014	June 30, 2014
Corporate bonds payable	$ 24,001,400	$ 22,120,680	$ 21,100,000
Bank debentures payable	2,575,943	12,540,304	12,504,075
	$ 26,577,343	$ 34,660,984	$ 33,604,075

Corporate Bonds Payable

	June 30, 2015	December 31, 2014	June 30, 2014
1st corporate bonds in 2009 - the Corporation	$ 1,000,000	$ 6,000,000	$ 6,000,000
1st corporate bonds in 2011 - the Corporation	6,000,000	6,000,000	6,000,000
1st corporate bonds in 2011 - KGI Securities	-	3,100,000	3,100,000
1st corporate bonds in 2008 - the Corporation	-	3,000,000	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	-	-
1st corporate bonds in 2014 - KGI Securities	1,001,400	1,020,680	-
1st corporate bonds in 2015 - KGI Securities	7,000,000	-	-
	$ 24,001,400	$ 22,120,680	$ 21,100,000

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% and 1.577%-3.40% for the six months ended June 30, 2015 and 2014, 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 March 2012, KGI Securities issued $3,100,000 thousand of 1st unsecured corporate bonds in 2011 with par value of $10,000 thousand. The bond terms were as follows:

a. Issue period: Three years.

b. Issue coupon/interest rate: 1.15% fixed annual interest rate.

c. Method of paying principal and interest:

Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bond will mature in March 2015.

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	June 30, 2015	December 31, 2014	June 30, 2014	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%
No. 960301	-	9,000,000	9,000,000	2008.01.30-2015.01.30	Principal due on maturity; interest payable annually	3.00%
No. 960401	-	1,000,000	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	12,750,000	12,750,000			
Unamortized discount	(174,057)	(209,696)	(245,925)			
Net amount	$ 2,575,943	$ 12,540,304	$ 12,504,075			

31. OTHER BORROWINGS

	June 30, 2015	December 31, 2014	June 30, 2014
Short-term credit borrowings	$ 23,000,161	$ 18,876,228	$ 17,149,790
Short-term secured borrowings	12,769,829	10,452,427	18,092,647
Note issuance facility	5,418,301	5,198,903	1,599,294
Long-term credit borrowings	170,238	338,808	262,657
Long-term secured borrowings	5,250	338,280	803,998
	$ 41,363,779	$ 35,204,646	$ 37,908,386
Rate	0.50%-5.75%	0.73%-7.12%	0.60%-6.40%
Last maturity date	October 2017	August 2018	August 2018

32. PROVISIONS

	June 30, 2015	December 31, 2014	June 30, 2014
Provisions for employee benefits	$ 689,884	$ 887,355	$ 831,992
Provisions for guarantee liabilities	112,307	109,498	103,161
Others	185,707	218,411	217,921
	$ 987,898	$ 1,215,264	$ 1,153,074

33. 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, 2014 and 2013, and recognized in their respective periods.

The Corporation recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $12,848 thousand, $14,985 thousand, $21,370 thousand and $23,719 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $87,283 thousand, $60,830 thousand, $166,921 thousand and $118,422 thousand, respectively for the three and six months ended June 30, 2015 and 2014.

34. PRINCIPAL RECEIVED ON STRUCTURED NOTES

	June 30, 2015	December 31, 2014	June 30, 2014
Structured products - host contracts	$ 41,005,241	$ 60,671,951	$ 64,613,300
Structured-note contracts - principal-guaranteed notes	12,013,429	13,478,627	11,592,808
	$ 53,018,670	$ 74,150,578	$ 76,206,108

35. OTHER LIABILITIES

	June 30, 2015	December 31, 2014	June 30, 2014
Guarantee deposits received	$ 9,002,648	$ 10,468,931	$ 8,228,256
Collections for others	1,916,710	1,496,018	747,430
Temporary receipts and suspense accounts	651,628	589,503	353,277
Advance receipts	540,455	881,782	723,747
Others	154,818	107,800	49,855
	$ 12,266,259	$ 13,544,034	$ 10,102,565

36. EQUITY

a. Share capital

Common stock

	June 30, 2015	December 31, 2014	June 30, 2014
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)	15,164,455	15,344,446	15,036,967
Shares issued	$ 151,644,553	$ 153,444,462	$ 150,369,666

On April 8, 2014, the Corporations' stockholders approved the acquisition of KGI Bank through a share swap, and KGI Bank will be the Corporation's wholly owned subsidiary after the share swap. The boards of directors decided to increase capital by 306,147 thousand shares, NT$10 per share, total $3,061,467 thousand on August 11, 2014 and set the date of capital increase and conversion as September 15, 2014.

b. Capital surplus

	June 30, 2015	December 31, 2014	June 30, 2014
Arising from treasury stock transactions	$ 331,218	$ 337,166	$ 337,166
Difference between consideration and carrying amounts adjusted arising from changes in percentage of ownership in subsidiaries	183,071	183,071	183,071
Share-based payments awards	67,897	56,971	(14,567)
Arising from share of changes in capital surplus of associates	13,729	13,338	13,338
Capital surplus-issue of stock in excess	3,427	377	-
	$ 599,342	$ 590,923	$ 519,008

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

The provisions of the Corporation's Articles of Incorporation were summarized as follows:

The sequence of earnings appropriation is to 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. Employees' bonus will be appropriated at least 1% of the remainder and remuneration to directors will be 1% at most. The board of directors has its discretion to propose the appropriation of the final remainder of the earnings given the unappropriated earnings at the beginning of the period. The stockholders have the final authority to approve the appropriation of earnings. In addition, subsidiaries' qualified employees are eligible to receive stock bonus when appropriated.

The appropriation amount of the aforesaid remuneration to directors is resolved by the Corporation's stockholders.

To continually expand the Corporation's operations and increase its profitability as well as comply with the Company 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 Corporation'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.

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 June 12, 2015 and June 20, 2014, the board of the stockholders approved the resolution on the appropriations from the earnings of 2014 and 2013, respectively, including bonus to employees and remuneration to directors and supervisors, as follows:

	Earnings Appropriation		Dividends Per Share	
	2014	**2013**	**2014**	**2013**
Legal reserve	$ 1,083,622	$ 830,400		
Reversal of special reserve	358,817	2,485,957		
Cash dividends	9,098,673	6,014,787	$ 0.6	$ 0.4

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 Corporation expects to make consequential amendments to the Company's Articles of Incorporation to be approved during the 2016 annual shareholders' meeting.

For the six months ended June 30, 2015 and 2014, employees' bonus and remuneration to directors and supervisors of $54,857 thousand and $84,403 thousand, respectively, were estimated and accrued on the basis of past experience. If there are material differences between such estimated amounts and the amounts proposed by the board of directors in the following year, the differences are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the stockholders' meeting.

On June 12, 2015 and June 20, 2014, the board of the stockholders approved the resolution on bonus to employees and remuneration to directors and supervisors of 2014 and 2013, respectively, as follows:

	2014	**2013**
	Cash Bonus	**Cash Bonus**
Bonus to employees	$ 102,000	$ 98,000
Remuneration to directors	75,000	70,000

	Bonus to Employee	**Remuneration to Directors**
2014		
Amounts approved by the board of the directors	$ 102,000	$ 75,000
The accrued amount recognized in the annual financial statements	102,000	75,000
	$ -	$ -

(Continued)

	Bonus to Employee	Remuneration to Directors
2013		
Amounts approved by the board of the stockholders	$ 98,000	$ 70,000
The accrued amount recognized in the annual financial statements	98,000	70,000
	$ -	$ -

(Concluded)

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 Six Months Ended June 30	
	2015	2014
Balance at January 1	$ 5,833,601	$ 6,443,449
Attributable to non-controlling interests		
Share of profit for the period	64,063	57,770
Exchange difference on translation of foreign financial statements	(1,274)	(1,553)
Unrealized losses on available-for-sale financial assets	(237)	19
Payment of cash dividends	(101,675)	(132,441)
Non-controlling interest acquired by cash payment	-	(102,127)
Effect of decrease in consolidated subsidiaries	(2,215,847)	1,269,607
Balance at June 30	$ 3,578,631	$ 7,534,724

37. TREASURY SHARES

Reason for Repurchase	Shares at Beginning of Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of Period (In Thousands)
For the six months ended June 30, 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	188,888	323,232

(Continued)

Reason for Repurchase	Shares at Beginning of Period (In Thousands)	Share Increase During the Period (In Thousands)	Share Decrease During the Period (In Thousands)	Shares at End of Period (In Thousands)
For the six months ended June 30, 2014				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	302,586	-	-	302,586

(Concluded)

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 $3,540,254 thousand and $2,971,392 thousand on June 30, 2015 and 2014, 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 $241,560 thousand on June 30, 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.

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.

38. NET INTEREST PROFIT

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest revenues				
Discounts and loans	$ 1,889,357	$ 682,054	$ 3,803,831	$1,309,554
Margin loans and refinancing margin	799,766	652,596	1,503,961	1,301,780
Securities	416,252	359,888	898,092	716,670
Account receivable - forfeiting	273,794	307,928	582,929	671,208
Due from and call loans to banks	170,327	399,073	366,303	780,502
Others	287,095	333,272	594,898	613,309
	3,836,591	2,734,811	7,750,014	5,393,023

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Interest expenses				
Deposits	782,917	425,509	1,609,201	762,647
Notes and bonds issued under repurchase agreements	147,394	140,081	320,266	276,273
Borrowing interest expense	124,205	58,245	240,471	94,449
Corporate bonds	83,629	81,258	164,017	161,592
Structured notes	50,583	73,845	98,812	148,477
Bank debentures	20,380	94,219	67,197	201,384
Others	134,590	82,449	271,159	181,919
	1,343,698	955,606	2,771,123	1,826,741
Interest revenues, net	$ 2,492,893	$ 1,779,205	$ 4,978,891	$ 3,566,282

(Concluded)

39. NET SERVICE FEE REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Service fee revenue				
Brokerage	$ 2,865,211	$ 1,864,558	$ 4,816,632	$ 3,662,642
Trust	203,367	77,968	395,704	154,657
Others	303,662	53,448	617,762	90,549
	3,372,240	1,995,974	5,830,098	3,907,848
Service fee expense				
Brokerage	361,429	204,719	657,026	351,671
Agency	39,523	22,063	82,590	43,337
Others	156,007	45,600	232,812	90,829
	556,959	272,382	972,428	485,837
Service fee, net	$ 2,815,281	$ 1,723,592	$ 4,857,670	$ 3,422,011

40. GAIN ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating securities	$ 941,397	$ 2,006,035	$ 2,463,186	$ 2,951,874
Bonds	271,732	(53,412)	910,598	292,125
Liabilities for issuance of call (put) warrants	159,407	(352,447)	242,640	(519,414)
Mutual funds	105,360	156,096	324,669	296,876
Derivatives	(60,573)	45,343	(1,152,583)	(846,878)
Others	108,769	450,011	125,816	44,591
	$ 1,526,092	$ 2,251,626	$ 2,914,326	$ 2,219,174

For the three and six months ended June 30, 2015 and 2014, the Corporation and subsidiaries' financial assets and liabilities at fair value through profit or loss included interest revenue of $378,694 thousand, $333,338 thousand, $815,923 thousand and $640,751 thousand, respectively, dividend income of $77,442 thousand, $35,105 thousand, $80,448 thousand and $35,467 thousand, respectively and interest expense of $41,928 thousand, $5,629 thousand, $50,364 thousand and $11,195 thousand, respectively.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Gain on stock disposal	$ 312,629	$ 1,967,069	$ 814,194	$ 3,965,277
Gain on bond disposal	187,605	96,574	305,613	105,461
Dividend income	119,423	80,324	133,634	92,244
Gain on conversion of convertible bonds interest	-	-	-	385,329
Others	2,101	2,641	2,962	4,170
	$ 621,758	$ 2,146,608	$ 1,256,403	$ 4,552,481

42. IMPAIRMENT LOSS ON ASSETS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Debts investment without active market	$ 71,863	$ -	$ 71,863	$ -
Financial assets measured at cost	55,914	152,049	73,593	181,116
Available-for-sale financial assets	476	619,757	476	619,757
Others	3,573	19,816	9,241	32,041
	$ 131,826	$ 791,622	$ 155,173	$ 832,914

43. GAIN (LOSS) ON FINANCIAL ASSETS MEASURED AT COST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Gain (loss) on security disposal	$ (440,142)	$ 11,054	$ 139,282	$ 167,213
Dividend income	86,040	64,288	133,443	92,897
Distributions of fund capital gain (loss)	25,052	(54,768)	48,423	26,189
Others	328	524	582	837
	$ (328,722)	$ 21,098	$ 321,730	$ 287,136

44. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Management income	$ 331,186	$ 132,339	$ 500,767	$ 226,955
Revenue from underwriting	123,767	77,941	259,047	261,846
Commission revenues	69,176	48,475	111,939	80,566
Consignment settlement and delivery expense	(61,122)	(37,824)	(106,302)	(71,924)
Gain on sale of nonperforming	44,310	49,486	94,674	4,317
Revenue from providing agency service for stock affairs	36,630	37,376	68,248	72,516
Others	161,582	175,230	285,297	301,796
	$ 705,529	$ 483,023	$ 1,213,670	$ 876,072

45. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Employee benefit expense				
Salaries and wages	$ 3,040,921	$ 1,978,969	$ 5,725,847	$ 3,982,608
Employee insurance	150,134	101,184	309,214	228,760
Pension	100,131	75,815	188,291	142,141
Others	126,266	123,827	314,620	261,095
	$ 3,417,452	$ 2,279,795	$ 6,537,972	$ 4,614,604
Depreciation and amortization expenses	$ 355,882	$ 288,807	$ 703,505	$ 567,726

46. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Taxation	$ 449,374	$ 282,773	$ 797,404	$ 490,067
Rental	241,803	171,743	479,468	345,285
Professional services	185,222	117,705	350,995	229,944
Postage	105,823	92,001	236,313	162,460
Repair	111,395	113,780	201,875	160,552
Computer information	108,978	82,869	184,330	136,522
Others	601,793	424,779	1,104,959	765,297
	$ 1,804,388	$ 1,285,650	$ 3,355,344	$ 2,290,127

47. 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 recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Current income tax				
Current year	$ 40,206	$ 250,397	$ 266,758	$ 591,548
Prior years	192,294	84,532	192,690	96,975
	232,500	334,929	459,448	688,523
Deferred income tax				
Current year	162,122	74,013	315,569	64,165
Income tax expense recognized in profit or loss	$ 394,622	$ 408,942	$ 775,017	$ 752,688

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Deferred income tax				
Unrealized gain (loss) on available-for-sale financial assets	$ (472)	$ (73,040)	$ 337	$ (260,594)

c. Integrated income tax

	June 30, 2015	December 31, 2014	June 30, 2014
Present value of defined benefit obligation	$ 2,820,592	$ 1,363,552	$ 2,037,549

The Corporation's creditable tax ratio for the distribution of earnings of 2014 and 2013 were 17.32% (estimated) and 16.22%, 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 Corporation had no unappropriated earnings generated before January 1, 1998.

d. Income tax assessments

The Corporation's income tax returns through 2009 had been examined by the tax authorities. The Corporation disagreed with the tax authorities' assessments of its 2007 to 2009 tax returns and thus filed tax appeals.

CDIB's income tax returns through 2009 had been examined by the tax authorities. However, CDIB disagreed with the tax authorities' assessments of its 2007 tax returns and thus filed tax appeals.

Income tax returns of China Venture Management Inc., China Development Asset Management Corp., CHG3, CHG4, Development Industrial Bank Asset Management Corp. and CDIB Capital Management Corp. (formerly named CDIB Equity Inc.) through 2013 had been examined by the tax authorities. Income tax returns of R.O.C. Strategic Company Ltd., CDIB Strategic Venture Fund, Ltd. and CDIB Venture Capital Corporation through 2012 had been examined by the tax authorities. However, CDIB Venture Capital Corporation disagreed with the tax authorities' assessments of its 2010 tax return and thus filed tax appeals.

The income tax returns of formerly Grand Cathay through 2009 had been examined by the tax authorities. Formerly Grand Cathay disagreed with the tax authorities' assessments of its 2007 to 2009 tax returns and thus filed tax appeals.

The income tax returns of KGI Securities for the years through 2011 had been examined by the tax authorities. The income tax returns of Taishin Securities Co., Ltd., KGI Securities Investment Trust Co., Ltd. through 2009 had been examined. 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. As a result, KGI Securities filed tax appeals.

Income tax returns of KGI Securities Investment Advisory Co., Ltd., KGI Insurance Brokers Co., Ltd., GSFC, KGI Venture Capital Co., Ltd., KGI Futures Co., Ltd., KGI Securities Investments Trust Co., Ltd. and formerly GCFC, formerly GCIS, and through 2013 had been examined by the tax authorities.

Income tax returns of KGI Bank for the years through 2011 and 2013 had been examined by the tax authorities. Income tax returns of KGI Bank Insurance Brokerage Company, CDC Financial & Leasing Corporation and CDIB Management Consulting Corporation for the years through 2013 had been examined by the tax authorities.

48. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Basic EPS	$ 0.16	$ 0.14	$ 0.34	$ 0.32
Diluted EPS	$ 0.16	$ 0.14	$ 0.34	$ 0.32

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 June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Earnings used in the computation of EPS	$ 2,347,082	$ 2,052,097	$ 5,092,257	$ 4,741,205

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Weighted average number of common shares outstanding in computation of basic EPS	14,829,438	14,724,238	14,835,821	14,724,238
Effect of dilutive potentially common shares:				
Employee share options	14,830	-	14,927	-
Restricted shares	6,521	4,629	6,337	4,334
Weighted average number of common shares outstanding in computation of diluted EPS	14,850,789	14,728,867	14,857,085	14,728,572

49. 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 Company's capital surplus, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

	For the Six Months Ended June 30, 2015	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	83,231	$ 9.48
Options exercised	(3,197)	9.32
Options invalid	(1,285)	9.82
Balance at June 30	78,749	9.48
Options exercisable, end of period	34,509	9.40
Weighted-average remaining contractual life (years)	6.13	

The weighted-average share prices at the date of exercise of share options from January 1 to June 30, 2015 were $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	$7.68-$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

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

Compensation costs for the six months ended June 30, 2015 were $8,806 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 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 six months ended June 30, 2015 and 2014, the Corporation recognized $27,530 thousand and $28,231 thousand as compensation cost.

50. 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	%
June 30, 2015	$ 8,260	-
December 31, 2014	8,769	-
June 30, 2014	23,507	-

For the three and six months ended June 30, 2015 and 2014, the interest revenues from cash in bank were $104 thousand, $95 thousand, $122 thousand and $112 thousand, respectively.

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

	Amount	%
June 30, 2015	$ 214,163	-
December 31, 2014	59,533	-
June 30, 2014	10,676	-

For the three and six months ended June 30, 2015 and 2014, the interest revenues from due from banks were $0 thousand.

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

	Amount	%
June 30, 2015	$ 36,279	-
December 31, 2014	16,218	-
June 30, 2014	382,720	-

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2015		
Other related parties	$ 952,934	$ 3,368,313
For the six months ended June 30, 2014		
Other related parties	3,199,474	649,486

5) Purchase and sale of securities

	Purchase of securities	Sale of securities
For the six months ended June 30, 2014		
Other related parties	$ 111,150	$ -

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

	Amount	%
June 30, 2015	$ 11,970	-
December 31, 2014	10,070	-
June 30, 2014	13,749	-

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

	Amount	%
June 30, 2015	$ 42,952	-
December 31, 2014	8,272	-

8) Revenue receivable (recognized as receivables, net)

	Amount	%
June 30, 2015	$ 476,779	-
June 30, 2014	216,115	-

9) Other receivables (recognized as receivables, net)

	Amount	%
June 30, 2015	$ 520,241	-

10) Discounts and loans, net

	Amount	%	Interest Rate (%)
June 30, 2015	$ 952,231	-	1.48-18.25
December 31, 2014	485,119	-	1.21-18.25

For the three and six months ended June 30, 2015 and 2014, the interest revenues from discounts and loans were $4,233 thousand, $859 thousand, $7,342 thousand and $1,884 thousand, respectively.

Balance as of June 30, 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
Employees' consumer loans	24	$ 16,077	$ 12,931	$ 12,931	$ -	-	Yes
Residential mortgage loans	47	881,475	834,485	834,485	-	Real estate	Yes
Others	Other related parties	112,658	104,815	104,815	-	Real estate/ deposit	Yes

Balance as of December 31, 2014

(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
Employees' consumer loans	20	$ 12,883	$ 11,888	$ 11,888	$ -	-	Yes
Residential mortgage loans	26	479,198	468,829	468,829	-	Real estate	Yes
Others	Other related parties	705,193	4,402	4,402	-	Real estate/ deposit	Yes

Balance as of June 30, 2014

(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
Employees' consumer loans	-	$ 53	$ -	$ -	$ -	-	Yes
Others	Other related parties	700,000	-	-	-	-	Yes

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

	Amount	%
June 30, 2015	$ 61,477	-
December 31, 2014	64,255	-
June 30, 2014	64,639	-

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

	June 30, 2014	
	Amount	%
Other related parties	$ 2,692,350	55

For the three and six months ended June 30, 2015 and 2014, the interest expenses from call loans from banks were $934 thousand, $79 thousand, $1,563 thousand and $3,142 thousand, respectively.

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

	Amount	%
June 30, 2015	$ 21,511	-
December 31, 2014	36,099	-
June 30, 2014	24,225	-

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

	Amount	%
June 30, 2015	$ 23,306	-
December 31, 2014	39,915	-
June 30, 2014	26,784	-

15) Deposits and remittances

	Amount	%	Interest Rate (%)
June 30, 2015	$ 672,453	-	0-6.5
December 31, 2014	443,734	-	0-6.5
June 30, 2014	132,941	-	0-6.5

For the three and six months ended June 30, 2015 and 2014, the interest expenses from deposits and remittances were $2,223 thousand, $686 thousand, $4,285 thousand and $1,262 thousand, respectively.

16) Corporate bonds payable (recognized as bonds payables)

	Amount	%
June 30, 2015	$ 500,700	2
December 31, 2014	510,340	1

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

	Amount	%
June 30, 2015	$ 380,698	1
December 31, 2014	324,605	1
June 30, 2014	204,490	1

For the three and six months ended June 30, 2015 and 2014, the interest expenses from short-term borrowings were $4,811 thousand, $653 thousand, $6,047 thousand and $1,417 thousand, respectively.

18) Customers' equity accounts - futures

	Amount	%
June 30, 2015	$ 61,477	-
December 31, 2014	64,255	-
June 30, 2014	64,639	-

19) Other operating revenue (recognized as net other noninterest profit and gain)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	Amount	**%**	**Amount**	**%**
2015	$ 12,437	2	$ 15,501	1
2014	9,803	2	17,232	2

20) Administrative expense revenue (recognized as net other noninterest profit and gain)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	Amount	**%**	**Amount**	**%**
2015	$ 232,442	33	$ 306,222	25
2014	3,572	-	7,143	-

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	Amount	**%**	**Amount**	**%**
2015	$ -	-	$ 30,000	1
2014	-	-	20,000	2

22) Outstanding derivative financial instruments

<u>KGIB</u>

June 30, 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	November 26, 2014 - April 14, 2016	$ 5,761,263	$ 486,027	Financial assets held for trading	$ 61,913
					Financial liabilities held for trading	3,295

CDIB

December 31, 2014

(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	February 7, 2014 - July 21, 2015	$ 12,208,213	$ (400,616)	Financial assets held for trading	$ 27,325
					Financial liabilities held for trading	454,734

June 30, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Associates	Interest rate swap contracts	August 3, 2010 - March 10, 2016	$ 1,150,000	$ (4,071)	Financial assets held for trading	$ 10,679
Other related parties	Currency swap contracts	October 29, 2013 - March 19, 2015	21,373,025	151,820	Financial assets held for trading	140,685
					Financial liabilities held for trading	15,659

23) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Salary and short-term benefits	$ 59,138	$ 80,035	$ 180,115	$ 199,095
Share-based payment	12,692	12,705	28,499	25,409
Post-employment benefits	1,046	1,151	2,167	2,303
	$ 72,876	$ 93,891	$ 210,781	$ 226,807

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 Commercial Bank Co., Ltd.	Subsidiary of the parent company (Note)
Others	Other related parties

Note: Since CDFH acquired 100% equity of KGI Bank through a share swap, it became related party of CDIB.

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

	June 30, 2015	
	Amount	**%**
Subsidiary of the parent company	$ 5,678,955	34

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

	June 30, 2015		December 31, 2014	
	Amount	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 5,114,211	31	$ 111,968	31

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2015		
Subsidiary of the parent company	$ 1,583,244	$ 2,211,662
For the six months ended June 30, 2014		
Subsidiary of the parent company	234,332	2,442,061

4) Purchase and sale of securities

	Purchase of Securities	Sale of Securities
For the six months ended June 30, 2014		
Other related parties	$ 111,150	$ -

5) Revenue receivable (recognized as receivable, net)

	June 30, 2015		June 30, 2014	
	Amount	**%**	**Amount**	**%**
Other related parties	$ 440,387	15	$ 140,940	-

6) Other receivable (recognized as receivable, net)

	June 30, 2015	
	Amount	**%**
Other related parties	$ 501,063	8

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

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 713,685	99	$ 530,220	99	$ 1,542,051	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

Balance as of June 30, 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 December 31, 2014

(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	$ 700,000	$ -	$ -	$ -	-	Yes

Balance as of June 30, 2014

(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	$ 700,000	$ -	$ -	$ -	-	Yes

9) Available-for-sale financial assets

	June 30, 2015		December 31, 2014	
	Amount	%	Amount	%
<u>Stock</u>				
Parent company	$ 241,560	2	$ 208,526	-

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

	June 30, 2014	
	Amount	%
Other related parties	$ 2,692,350	55

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

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 181,439	56	$ 237,069	52	$ 206,295	40

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 (%)
December 31, 2014			
Parent company	$ 1,410,296	1	0-0.35
Subsidiary of the parent company	3,683,057	2	0-3.00
June 30, 2014			
Parent company	15,095,391	8	0-0.35
Subsidiary of the parent company	5,488,147	3	0-1.12

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

	December 31, 2014	
	Amount	%
Other related parties	$ 109,297	3

14) Advisory services income

	For the Three Months Ended June 30, 2015		For the Six Months Ended June 30, 2015	
	Amount	%	Amount	%
Other related parties	$ 165,351	71	$ 205,833	67

15) Outstanding derivative financial instruments

December 31, 2014

(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	February 7 2014 - July 21, 2015	$ 12,208,213	$ (400,616)	Financial assets held for trading	$ 27,325
					Financial liabilities held for trading	454,734
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(5,403)	Financial assets held for trading	2,140
	Asset swap-option contracts	April 17, 2014 - July 14, 2017	103,900	(6,844)	Financial liabilities held for trading	6,844
	Asset swap-interest rate swap contracts	April 17, 2014 - July 30, 2017	103,900	2,071	Financial assets held for trading	2,071
	Equity option contracts	January 13, 2014 - October 27, 2015	7,832,000	853,057	Financial assets held for trading	1,019,026
	Exchange rate swap option contract	November 4, 2014 - June 15, 2015	532,457	3,870	Financial assets held for trading	3,870

June 30, 2014

(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	Interest rate swap contracts	August 3, 2010 - March 10, 2016	$ 1,150,000	$ (4,071)	Financial assets held for trading	$ 10,679
	Currency swap contracts	October 29, 2013 - March 19, 2015	21,373,025	151,820	Financial assets held for trading	140,685
					Financial liabilities held for trading	15,659
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(2,614)	Financial assets held for trading	4,929
	Equity option contracts	December 9, 2013 - May 27, 2015	5,576,000	557,821	Financial assets held for trading	723,789

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 (Note)
Others	Other related parties

Note: Since CDFH acquired 100% equity of KGI Bank through a share swap, it became related party of KGI Securities.

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

	June 30, 2015 Amount	%	December 31, 2014 Amount	%	June 30, 2014 Amount	%
Subsidiary of the parent company	$ 1,276,053	13	$ 3,683,057	27	$ 5,488,147	40

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

	June 30, 2014 Amount	%
Other related parties	$ 382,720	-

3) Available-for-sale financial assets

	June 30, 2015 Amount	%	December 31, 2014 Amount	%	June 30, 2014 Amount	%
Stock						
Parent company	$ 3,540,254	39	$ 3,056,117	39	$ 2,971,392	94

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2015		
Subsidiary of the parent company	$ 3,644,997	$ 2,189,116
Other related parties	952,934	3,368,313
For the six months ended June 30, 2014		
Subsidiary of the parent company	2,442,061	234,332
Other related parties	3,149,862	649,486

5) Current tax assets

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 122,581	27	$ 122,581	42	$ 122,581	43

6) Restricted assets (recognized as other current assets)

	June, 30 2015		December 31, 2014	
	Amount	**%**	**Amount**	**%**
Subsidiary of the parent company	$ 799,902	2	$ 886,521	3

7) Short-term loans

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Other related parties	$ 248,560	1	$ 190,308	1	$ 179,490	1

8) Current tax liabilities

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 503,353	41	$ 411,405	20	$ 1,070,613	40

9) Corporate bonds payable

	June 30, 2015		December 31, 2014	
	Amount	**%**	**Amount**	**%**
Other related parties	$ 500,700	6	$ 510,340	50

10) Outstanding derivative financial instruments

a) Interest rate swap contracts

	June 30, 2015	December 31, 2014	June 30, 2014
	Contract Amount (Principal)	**Contract Amount (Principal)**	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 300,000	$ 800,000	$ 800,000

b) Asset swap IRS contracts

	December 31, 2014
	Contract Amount (Principal)
Subsidiary of the parent company	$ 103,900

c) Asset swap option contracts - call

	December 31, 2014
	Contract Amount (Principal)
Subsidiary of the parent company	$ 103,900

d) Equity option contracts

	June 30, 2015	December 31, 2014	June 30, 2014
	Contract Amount (Principal)	**Contract Amount (Principal)**	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 3,100,000	$ 7,832,000	$ 5,576,000

KGI Bank and subsidiaries

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

Note: Since KGI Bank is acquired by CDFH of 100% equity through a share swap, it became the related party of the Corporation, CDIB and KGIS.

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

	June 30, 2015	
	Amount	%
Other related parties	$ 207,871	2

2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the six months ended June 30, 2015		
Other related parties	$ 605,872	$ 1,433,335

3) Discounts and loans, net

	Amount	%	Interest Rate (%)
June 30, 2015			
Other related parties	$ 100,000	-	1.48-18.25

Balance as of June 30, 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

4) Deposits

	Amount	%	Interest Rate (%)
June 30, 2015			
Parent company	$ 12,225,382	34	0-0.17
Subsidiary of the parent company	12,869,121	36	0-1.35
June 30, 2014			
Subsidiary of the parent company	998,489	1	0-0.17

5) Short-term borrowings

	June 30, 2015	
	Amount	%
Other related parties	$ 107,138	3

6) Outstanding derivative financial instrument

June 30, 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	November 26, 2014 - April 14, 2016	$ 5,761,263	$ 486,027	Financial assets held for trading	$ 61,913
					Financial liabilities held for trading	3,295
Subsidiaries of the parent company	Interest rate swap contracts	September 20, 2010 - September 23, 2015	300,000	1,820	Financial assets held for trading	320
	Equity option contracts	July 9, 2014 - October 27, 2015	3,100,000	(578,737)	Financial assets held for trading	440,289

December 31, 2014

(In Thousands of New Taiwan Dollars)

Related Party	Contract Type	Contract Period	Contract Amount	Valuation Gain (Loss)	Balance Sheet Account	Balance Sheet Balance
Subsidiary of the parent company	Exchange rate swap option contracts	November 4, 2014 - June 15, 2015	$ 532,457	$ (371)	Financial liabilities held for trading	$ 2,545

51. 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, overdraft and deposits for business operations; (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) guarantee deposit for CDS contracts; (f) guarantee deposit for structured products; (g) pledged as compensation reserve for wealth management; (h) pledged as guarantee deposit for oversees bonds sold with repurchase agreement; (i) pledged as foreign exchange margin trading; and (j) other derivative transactions security deposit.

	June 30, 2015	December 31, 2014	June 30, 2014
Property and equipment, net	$ 4,776,745	$ 4,794,003	$ 4,811,262
Available-for-sale financial assets - bonds and stocks	3,231,108	2,817,664	2,582,259
Lease receivables	3,196,750	3,098,130	3,305,419
Checking accounts - restricted for agent’s stock transfer purposes	953,055	231,601	608,744
Investments accounted for using the equity method	1,672,800	1,863,168	1,647,396
Operating guarantee deposits	1,458,079	1,957,465	2,073,749
Other financial assets - pledged time deposits	772,949	1,980,802	1,197,837
Guarantee deposits paid	608,372	732,877	513,494
Investment property, net	378,940	371,340	373,142
Competitive bid transactions guarantee	335,111	357,225	559,586
Restricted assets - impound account	68,048	53,759	78,220
Financial assets at fair value through profit or loss - bonds and stocks	50,760	71,145	20,244

To comply with the Central Bank's clearing system requirements for real-time gross settlement (RTGS), CDIB pledged negotiable certificates of deposit, excluding the above, aggregating $10,200,000 thousand, $11,300,000 thousand and $11,000,000 thousand, as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively, as collaterals for day-term overdraft. The pledged amount may be adjusted anytime.

52. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

As of June 30, 2015, commitments and contingencies of the Corporation and subsidiaries, except for those disclosed in Notes 55 and 56 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 June 30, 2015.

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 awsuit 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 (formerly named CDIB Equity Inc.) 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. As of June 30, 2015, the lawsuit was pending before the Taiwan High Court. Thus, CDIB could not estimate the related possible loss because the final outcome of the lawsuit is uncertain. 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 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. 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 $1,098,832 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 June 30, 2015.

53. BUSINESS COMBINATION

a. KGI Ong Capital Pte. Limited, TG Holborn (HK) Limited and KGI Asset Management Limited

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 Ong Capital Pte. Ltd.'s (KGI Ong) on April 29, 2014. KGI Ong is a non-listed company located in Singapore specialized in the futures related business.

For the purpose of expanding foreign operating scale and enhancing the group's business, KGI Limited acquired TG Holborn (HK) Limited and KGI Asset Management Limited ("TG Holborn and KGI Asset Management") 100% voting shares on December 22, 2014. TG Holborn and KGI Asset Management are a non-listed company located in Hong Kong specialized in the financial consult planning and the wealth management related business.

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

	Fair Value on Acquisition Date
Assets	
Financial assets (include cash and cash equivalent NT$87,981)	$ 7,396,296
Non-financial assets	73,930
Assets subtotal	7,470,226
Liabilities	
Financial liabilities	(6,780,125)
Non-financial liabilities	(41,858)
Liabilities subtotal	(6,821,983)
Identifiable net assets	$ 648,243

2) Goodwill of KGI Ong $620,738 thousand raised from the acquisition consideration (cash transaction cost of acquisition) $1,243,830 thousand minus the fair value of identifiable net assets $623,092 thousand.

Goodwill of TG Holborn and KGI Asset Management $23,945 thousand raised from the acquisition consideration (cash transaction cost of acquisition) $49,096 thousand minus the fair value of identifiable net asset $25,151 thousand.

b. KGI Bank

CDFH made KGI Bank a subsidiary through a share swap on September 15, 2014, in order to stabilize earnings streams, generate cross-selling synergies, and enhance shareholders' return on equity.

1) Acquisition cost and the type and amount of shares issued as a result of the acquisition:

	Amount
Cash payment	$ 18,510,902
New shares issued	3,061,467
Issuance of employee share options	67,625
	$ 21,639,994

2) Assets acquired and liabilities assumed at the date of acquisition

	Amount
Financial asset (cash and cash equivalents included $7,113,213)	$ 179,069,547
Property, equipment and investment property	5,886,778
Intangible asset	1,740,818
Other asset	6,088,102
Financial liability	(167,372,451)
Other liability	(4,593,765)
	$ 20,819,029

3) Acquired KGI Bank goodwill $820,965 thousand composed. Transaction cost of acquisition $21,639,994 thousand as well as took net identifiable asset and identifiable intangible asset sum of $20,819,029 thousand off.

c. 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)	$ 3,227,806
Other assets	38,986
Assets subtotal	3,266,792
Liabilities	
Financial liabilities	(2,652,507)
Identifiable net assets	$ 614,285

2) KGI Fraser's goodwill, $370,023 thousand, was resulted from the difference between consideration of the acquisition (cash transaction cost of acquisition) $984,308 thousand and the fair value of identifiable net assets $614,285 thousand.

3) Effects of results of operations caused by business combination

Net revenue and net loss before income tax from acquiree were $104,488 thousand and $97,552 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 period ended June 30, 2015 would be $16,037,137 thousand and $5,137,608 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.

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

Consolidated Profitability

(%)

Items		June 30	
		2015	2014
Return on total assets	Before income tax	1.30	1.60
	After income tax	1.13	1.38
Return on net worth	Before income tax	6.92	6.57
	After income tax	6.01	5.68
Profit margin		32.35	37.04

Profitability of CDFH

(%)

Items		June 30	
		2015	2014
Return on total assets	Before income tax	5.50	5.27
	After income tax	5.30	5.06
Return on net worth	Before income tax	6.31	6.07
	After income tax	6.11	5.85
Profit margin		89.61	88.78

Profitability of CDIB

(%)

Items		June 30	
		2015	2014
Return on total assets	Before income tax	2.06	1.87
	After income tax	2.21	1.90
Return on net worth	Before income tax	6.14	7.10
	After income tax	6.58	7.24
Profit margin		85.06	85.33

Profitability of KGI Securities

(%)

Items		June 30	
		2015	2014
Return on total assets	Before income tax	2.92	2.12
	After income tax	2.67	1.82
Return on net worth	Before income tax	8.56	5.45
	After income tax	7.84	4.69
Profit margin		46.61	32.65

Profitability of KGI Bank

(%)

Items		**June 30, 2015**
Return on total assets	Before income tax	1.25
	After income tax	1.09
Return on net worth	Before income tax	12.33
	After income tax	10.79
Profit margin		56.67

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

55. 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:

June 30, 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	$ 21,754,505	$ -	$ -	$ 21,754,505
Bond investments	50,486,619	34,296,062	-	84,782,681
Others	542,541	7,761,970	-	8,304,511
Financial assets designated as at FVTPL	-	682,220	222,770	904,990
Available-for-sale financial assets				
Stock investments	22,600,649	537,209	-	23,137,858
Bond investments	27,626,441	71,280,760	306,040	99,213,241
Others	15,264	-	-	15,264
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	5,961,411	3,138,539	-	9,099,950
Financial liabilities designated as at FVTPL	-	4,096,656	-	4,096,656
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	981,777	10,509,207	899,616	12,390,600
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	894,586	12,012,590	1,538,197	14,445,373
Financial liabilities designated as at FVTPL	-	-	1,826,574	1,826,574

December 31, 2014

(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	$ 17,745,383	$ -	$ -	$ 17,745,383
Bond investments	60,392,112	42,970,217	-	103,362,329
Others	751,923	5,714,452	-	6,466,375
Financial assets designated as at FVTPL	-	-	233,686	233,686
Available-for-sale financial assets				
Stock investments	25,378,584	644,331	-	26,022,915
Bond investments	37,344,600	75,923,259	311,154	113,579,013
Others	8,672	-	-	8,672
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,065,703	2,260,381	-	5,326,084
Financial liabilities designated as at FVTPL	-	1,071,148	-	1,071,148
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	630,405	21,764,650	974,985	23,370,040
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	836,999	23,767,440	2,114,151	26,718,590
Financial liabilities designated as at FVTPL	-	-	1,966,485	1,966,485
Derivative financial liabilities for hedging	-	-	20,659	20,659

June 30, 2014

(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	$ 20,779,508	$ -	$ -	$ 20,779,508
Bond investments	40,993,579	41,412,593	142,573	82,548,745
Others	940,434	5,451,476	-	6,391,910
Financial assets designated as at FVTPL	-	-	194,393	194,393
Available-for-sale financial assets				
Stock investments	27,557,720	2,260,728	-	29,818,448
Bond investments	37,625,617	39,075,329	291,671	76,992,617
Others	9,472	-	-	9,472
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	3,725,999	4,736,228	-	8,462,227
Financial liabilities designated as at FVTPL	-	1,077,685	-	1,077,685
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL	394,664	7,735,014	769,424	8,899,102
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,473,401	9,881,853	1,554,907	12,910,161
Financial liabilities designated as at FVTPL	-	-	1,041,680	1,041,680
Derivative financial liabilities for hedging	-	-	43,039	43,039

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.

Fair values of derivative instruments without quoted market prices are based on estimates using discounted cash flow techniques, Black-Scholes model, binomial pricing or Monet Carlo simulation, etc.

The fair values of forward exchange contracts are estimated on the basis of forward rates quoted by Reuters. Fair values of interest rate derivative products are estimated on the basis of market interest rates, quotations by Reuters or Bloomberg through the models mentioned above except those of structured financial products, of which fair value are estimated on the basis of market quotations provided by the counter-party.

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) Reconciliation of Level III items of financial instruments

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

For the Six Months Ended June 30, 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	Sale, Disposal or Settlement	Transfer from Level III	
Financial assets at FVTPL							
Financial assets held for trading	$ 974,985	$ 2,588,513	$ 207,857	$ -	$ (2,871,739)	$ -	$ 899,616
Financial assets designated as at FVTPL	233,686	(10,916)	-	-	-	-	222,770
Available-for-sale financial assets	311,154	(5,114)	-	-	-	-	306,040

For the Six Months Ended June 30, 2014

(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	$ 1,108,312	$ (64,219)	$ 1,389,330	$ -	$ (1,521,426)	$ -	$ 911,997
Financial assets designated as at FVTPL	237,898	(43,505)	-	-	-	-	194,393
Available-for-sale financial assets	290,515	1,156	-	-	-	-	291,671
Derivative financial assets for hedging	19,568	-	-	-	(19,568)	-	-

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

For the Six Months Ended June 30, 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	Sale, Disposal or Settlement	Transfer from Level III	
Financial liabilities at FVTPL							
Financial liabilities held for trading	$ 2,114,151	$ 3,231,167	$ 659,303	$ -	$ (4,466,424)	$ -	$ 1,538,197
Financial liabilities designated as at FVTPL	1,966,485	27,502	630,100	-	(797,513)	-	1,826,574
Derivative financial liabilities for hedging	20,659	(20,659)	-	-	-	-	-

For the Six Months Ended June 30, 2014

(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	$ 1,059,957	$ 92,581	$ 934,433	$ -	$ (532,064)	$ -	$ 1,554,907
Financial liabilities designated as at FVTPL	1,084,495	1,685	294,200	-	(338,700)	-	1,041,680
Derivative financial liabilities for hedging	64,315	(21,276)	-	-	-	-	43,039

The total gains or losses for the three and six months ended June 30, 2015 and 2014 included a gain of $534,681 thousand, a gain of $54,221 thousand a loss of $186,229 thousand and a loss of $178,440 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

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

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:

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial assets				
Derivative instruments				
Financial assets at FVTPL				
Structured products - option	Martingale Pricing Technique	History Volatility	10.11%-39.13%	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	36.90%-39.60%	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	7.27%-26.6%	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	14.79%-28.07%	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	37bps-402bps	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. Besides, use of credit spread adopted by Reduced Form Pricing Technique has to follow the definition of input parameters regulated by the contract.

Pricing techniques and significant unobservable inputs used in KGI Securities and subsidiaries on June 30, 2015 are the same compare with it used on December 31, 2014 and June 30, 2014. The relationship of quantification information as well as inputs and fair value is in conformity with IFRS 13 transitional provisions. KGI Securities and subsidiaries have deferred to adopt transitional provisions of IFRS 13 since January 1, 2015 therefore KGI Securities and subsidiaries is not applicable to the comparative information disclosed before January 1, 2015.

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 six months ended June 30, 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%	$ 354	$ 320
Equity derivative instruments-premium - options (call options)	History Volatility	+25%/-25%	44	13
			$ 398	$ 333
Financial liabilities				
Derivative instruments				
Structured notes - options	History Volatility	-25%/+25%	$ -	$ -
Equity derivative instruments-premium - options (put options)	History Volatility	-25%/+25%	1,110	1,116
Financial liabilities designated as FVTPL - structured	Credit spread	50bps/-50bps	12,299	11,695
			$ 13,409	$ 12,811

For the six months ended June 30, 2014

	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%	$ 620	$ 509
FVTPL - bond investments	Prepayment rate	-20%/+20%	334	213
			$ 954	$ 722
Financial liabilities				
Derivative instruments				
Structured notes -options	History volatility	-25%/+25%	$ -	$ -
Equity derivative instruments-premium - options (put options)	History volatility	-25%/+25%	1,588	1,573
Financial liabilities designated as FVTPL - structured	Credit spread	50bps/-50bps	7,946	8,064
			$ 9,534	$ 9,637

KGI Bank and subsidiaries

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

	Fair Value at June 30, 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	$ 306,040	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	1,342,486	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	1,528,625	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.

6) 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

The carrying amounts of cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, bonds investment, receivables, discount and loans, restricted assets, other financial assets, deposits form the Central Bank and banks, notes and bonds issued under repurchase agreements, payables, deposits and remittances, bank debentures payable, and other financial liabilities' book value is approximate to their fair values, as a result the Corporation and subsidiaries do not disclose their fair value.

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.

56. 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.

KGI Bank and subsidiaries

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

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

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

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

KGI Bank's risk management divisions are as follows:

1) Board of directors

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

2) Risk management committee

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

3) Business and management departments

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

4) Risk management department

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

5) Internal audit department

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

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

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 June 30, 2015, December 31, 2014 and June 30, 2014 were as follows:

Items	June 30, 2015	December 31, 2014	June 30, 2014
Off-balance-sheet commitments and guarantees	$ -	$ 14,755,597	$ 16,302,098

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 June 30, 2015, December 31, 2014 and June 30, 2014, CDIB's most significant concentrations of credit risk were as follows:

a) Credit risk profile by counter-party

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
Private sector	$ -	-	$ 127,992,280	99.85	$ 126,805,716	99.82
Public enterprises	-	-	191,300	0.15	229,568	0.18
Consumer	-	-	2,758	-	1,322	-
Total	-	-	128,186,338	100.00	127,036,606	100.00

b) Credit risk profile by industry sector

	June 30, 2015		December 31, 2014		June 30, 2014	
	Amount	%	Amount	%	Amount	%
Electricity industry	$ -	-	$ 28,664,694	22.36	$ 28,340,060	22.31
Chemistry	-	-	12,155,329	9.48	12,877,332	10.14
Information and communication industry	-	-	6,251,280	4.88	7,751,683	6.10
Others	-	-	81,115,035	63.28	78,067,531	61.45
Total	-	-	128,186,338	100.00	127,036,606	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

June 30, 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	$ -	$ -	$ -	$ -	$ -	$ 2,892,662	$ 2,892,662	$ 306,571	$ 982,924	$ 1,603,127
Discounts and loans	-	-	-	-	-	-	-	-	-	-

December 31, 2014	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	$ 45,656,810	$ -	$ 1,039,894	$ 46,696,704	$ -	$ 3,158,725	$ 49,855,429	$ 415,334	$ 1,458,113	$ 47,981,982
Discounts and loans	110,533,565	16,616,703	626,335	127,776,603	-	409,735	128,186,338	858,738	1,225,208	126,102,392

June 30, 2014	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	$ 47,025,767	$ 112,906	$ 961,754	$ 48,100,427	$ -	$ 3,175,252	$ 51,275,679	$ 451,785	$ 1,460,741	$ 49,363,153
Discounts and loans	108,105,879	18,525,670	405,057	127,036,606	-	-	127,036,606	683,441	1,205,259	125,147,906

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:

December 31, 2014	Neither Past Due Nor Impaired			
	Good/Moderate	**Substandard**	**Unrated**	**Total**
Consumer finance				
Micro credit	$ -	$ -	$ 2,758	$ 2,758
Corporate banking				
Secured	44,335,380	7,995,860	-	52,331,240
Unsecured	66,198,185	8,620,843	623,577	75,442,605
Total	110,533,565	16,616,703	626,335	127,776,603

June 30, 2014	Neither Past Due Nor Impaired			
	Good/Moderate	**Substandard**	**Unrated**	**Total**
Consumer finance				
Micro credit	$ -	$ -	$ 1,322	$ 1,322
Corporate banking				
Secured	43,326,075	9,089,879	9,214	52,425,168
Unsecured	64,779,804	9,435,791	394,521	74,610,116
Total	108,105,879	18,525,670	405,057	127,036,606

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

June 30, 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	$ 157,889	$ -	$ -	$ 157,889	$ -	$ -	$ 157,889	$ -	$ 157,889

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $14,576,222 thousand, loss on valuation of $3,428,370 thousand and accumulated impairment of $68,648 thousand.

Note 2: Financial assets measured at cost have an initial cost of $22,838,345 thousand and accumulated impairments of $1,675,922 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,761,594 thousand and accumulated impairments of $218,035 thousand.

December 31, 2014	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	$ 103,068,335	$ -	$ -	$ 103,068,335	$ -	$ -	$ 103,068,335	$ -	$ 103,068,335

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $21,874,206 thousand, loss on valuation of $1,224,941 thousand and accumulated impairment of $68,172 thousand.

Note 2: Financial assets measured at cost have an initial cost of $31,807,057 thousand and accumulated impairments of $1,649,398 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,802,168 thousand and accumulated impairments of $146,172 thousand.

June 30, 2014	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	$ 76,619,455	$ -	$ -	$ 76,619,455	$ -	$ -	$ 76,619,455	$ -	$ 76,619,455

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $24,418,431 thousand, gain on valuation of $458,204 thousand and accumulated impairment of $693,062 thousand.

Note 2: Financial assets measured at cost have an initial cost of $31,885,353 thousand and accumulated impairments of $1,489,373 thousand.

Note 3: Debt instruments with no active markets have initial costs of $3,014,919 thousand and accumulated impairments of $74,309 thousand.

7) Impairment of discounts and loans and receivables

Items		Discounts and Loans			Allowance for Bad Debts		
		June 30, 2015	December 31, 2014	June 30, 2014	June 30, 2015	December 31, 2014	June 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ -	$ 5,588,794	$ 6,343,424	$ -	$ 858,738	$ 683,441
With no objective evidence of impairment	Assessment of collective impairment	-	122,597,544	120,693,182	-	1,225,208	1,205,259

Items		Receivables			Allowance for Bad Debts		
		June 30, 2015	December 31, 2014	June 30, 2014	June 30, 2015	December 31, 2014	June 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 1,725,011	$ 1,991,952	$ 2,023,113	$ 306,571	$ 415,334	$ 451,785
With no objective evidence of impairment	Assessment of collective impairment	1,167,651	47,863,477	49,252,566	982,924	1,458,113	1,460,741

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 June 30, 2015, December 31, 2014 and June 30, 2014, the carrying amounts of the collaterals were $129,559 thousand, $153,631 thousand and $183,499 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			June 30, 2014				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ -	$ 52,425,168	-	$ 1,079,964	-
	Unsecured		-	74,610,116	-	808,723	-
Consumer loan	Mortgage (Note 4)		-	-	-	-	-
	Cash card		-	-	-	-	-
	Micro credit (Note 5)		-	1,322	-	13	-
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured					
Total			-	127,036,606	-	1,888,700	-
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			-	-	-	-	-
Account receivable - factored without recourse (Note 8)			-	1,706,637	-	17,066	-

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

June 30, 2014

(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)	$ 9,708,253	8.46
2	B Group (012641 LCD and related components manufacturing)	6,910,803	6.03
3	C Group (016022 cable and other pay programs broadcasting)	4,751,683	4.14
4	D Group (011850 artificial fiber manufacturing)	3,949,150	3.44
5	E Group (016700 real estate development)	3,832,522	3.34
6	F Group (010319 manufacture of computers, electronic and optical products)	3,000,000	2.62
7	G Group (017112 engineering activities and related technical consultancy)	2,927,801	2.55
8	H Group (010303 manufacture of textile)	2,141,338	1.87
9	I Group (012611 IC manufacturing)	1,995,675	1.74
10	J Group (010315 manufacture of other non-metallic mineral products)	1,869,540	1.63

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

June 30, 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	$ 15,380,777	$ 35,400	$ 125,058	$ -	$ -	$ -	$ -	$ 15,541,235
Financial assets measured at FVTPL - current	55,450,284	477,111	5,503,765	-	-	-	-	61,431,160
Available-for-sale financial assets - current	58,186	-	-	-	-	-	-	58,186
Bonds purchased under resell agreements	18,465,821	300,222	-	-	-	-	-	18,766,043
Receivables	58,610,583	14,596,875	3,707,925	864,686	-	-	-	77,780,069
Customers' margin accounts - futures	31,146,935	-	-	-	-	-	-	31,146,935
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,288,981	827,812	-	-	-	-	-	4,116,793
Other financial assets - current	2,839,529	44,900	-	-	-	-	-	2,884,429
Other current assets	35,325,388	26,100	-	-	-	-	-	35,351,488
Financial assets measured at FVTPL - noncurrent	50,760	-	-	-	-	-	-	50,760
Available-for-sale financial assets - noncurrent	-	-	31,692	-	-	-	-	31,692
Held to maturity financial assets - noncurrent	40,000	-	-	-	-	-	-	40,000
Others noncurrent assets	3,786,782	-	50,000	-	-	-	-	3,836,782
Total	$ 224,444,026	$ 16,308,420	$ 9,418,440	$ 864,686	$ -	$ -	$ -	$ 251,035,572
Percentage	89.41%	6.50%	3.75%	0.34%	-	-	-	100.00%

December 31, 2014

(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	$ 13,332,088	$ 180,612	$ -	$ -	$ -	$ -	$ -	$ 13,512,700
Financial assets measured at FVTPL - current	71,674,163	1,092,242	8,448,563	-	-	-	-	81,214,968
Available-for-sale financial assets - current	60,571	-	-	-	-	-	-	60,571
Bonds purchased under resell agreements	8,457,201	1,000,000	-	-	-	-	-	9,457,201
Receivables	55,661,329	12,816,313	1,150,477	59,796	-	-	-	69,687,915
Customers' margin accounts - futures	24,346,463	-	-	-	-	-	-	24,346,463
Stock borrowing collateral price and guarantee deposits - borrowed securities	2,069,095	277,680	-	-	-	-	-	2,346,775
Other financial assets - current	7,511,423	42,400	-	-	-	-	-	7,553,823
Other current assets	26,737,703	26,100	-	-	-	-	-	26,763,803
Financial assets measured at FVTPL - noncurrent	71,145	-	-	-	-	-	-	71,145
Available-for-sale financial assets - noncurrent	-	-	31,176	-	-	-	-	31,176
Held to maturity financial assets - noncurrent	190,000	-	-	-	-	-	-	190,000
Others noncurrent assets	3,911,721	-	50,000	-	-	-	-	3,961,721
Total	$ 214,022,902	$ 15,435,347	$ 9,680,216	$ 59,796	$ -	$ -	$ -	$ 239,198,261
Percentage	89.48%	6.45%	4.05%	0.02%	-	-	-	100.00%

June 30, 2014

(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	$ 13,646,974	$ 101,836	$ -	$ -	$ -	$ -	$ -	$ 13,748,810
Financial assets measured at FVTPL - current	60,691,041	1,022,736	9,238,725	-	-	-	-	70,952,502
Bonds purchased under resell agreements	12,583,022	249,023	-	-	-	-	-	12,832,045
Receivables	74,558,491	7,890,071	533,434	55,359	-	-	-	83,037,355
Customers' margin accounts - futures	22,173,104	-	-	-	-	-	-	22,173,104
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,379,275	238,275	-	-	-	-	-	1,617,550
Other financial assets - current	8,793,285	46,400	-	-	-	-	-	8,839,685
Other current assets	21,595,857	26,100	-	-	-	-	-	21,621,957
Financial assets measured at FVTPL - noncurrent	20,244	-	-	-	-	-	-	20,244
Available-for-sale financial assets - noncurrent	50,042	-	31,449	-	-	-	-	81,491
Held to maturity financial assets - noncurrent	230,165	-	-	-	-	-	-	230,165
Others noncurrent assets	4,021,416	-	50,000	-	-	-	-	4,071,416
Total	$ 219,742,916	$ 9,574,441	$ 9,853,608	$ 55,359	$ -	$ -	$ -	$ 239,226,324
Percentage	91.86%	4.00%	4.12%	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

It refers to the principal and discounted value of coupon rate listed in unsecured subordinated debentures issued by Hwatai 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

Based on the risk assessment of the credit counterparty and transactions, KGI Bank requires high liquidity and sufficient collateral or transfer of credit guarantee and guarantee association (for instance, Small and Medium Enterprise Credit Guarantee Fund) to strengthen the guarantee of loans. In order to avoid and control risks, KGI Bank not only requires the provision of necessary legal documents, but also conducts field survey on the status of collateral and determines whether to reassess the value of collateral and demand for additional collateral or adjust the credit amount. The lists of management conduct by KGI Bank are as follows:

a) Setting the value of collateral and management measures, including types of acceptable collateral, valuation process, frequency of revaluation, market assessment and law enforcement procedures;

b) The liquidity and value of collateral and the degree of law enforcement should be assessed by independent party;

c) The selection of appraise or appraisal institute, the requirements of appraisal and its related fees should be in compliance with the internal management procedures.

d) Transfer of collateral, authority setting and other insurance procedures should be completed before being appropriated, and the amount set, insured and other legal aspects should be complied with KGI Bank regulations.

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:

Items	**June 30, 2015**	**December 31, 2014**	**June 30, 2014**
Off-balance-sheet commitments and guarantees	$ 92,343,278	$ 85,385,327	$ 85,470,087

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	June 30, 2015		December 31, 2014	
	Amount	%	Amount	%
Public and private enterprise	$ 148,907,947	66.42	$ 28,104,073	27.80
Natural person	74,690,155	33.32	72,852,537	72.06
Non-profit organization	581,633	0.26	144,555	0.14
Total	$ 224,179,735	100.00	$ 101,101,165	100.00

b) By region

Region	June 30, 2015		December 31, 2014	
	Amount	%	Amount	%
Domestic	$ 174,143,913	77.68	$ 92,928,504	91.92
Overseas	50,035,822	22.32	8,172,661	8.08
Total	$ 224,179,735	100.00	$ 101,101,165	100.00

c) By collateral

Collateral	June 30, 2015		December 31, 2014	
	Amount	%	Amount	%
Non-collateral	$ 131,742,174	58.77	$ 48,910,380	48.38
Collateral				
Financial collateral	5,795,428	2.59	1,226,009	1.21
Receivables	1,328	-	819,758	0.81
Property	58,490,249	26.09	45,311,877	44.82
Guarantee	23,332,510	10.41	4,456,092	4.41
Other	4,818,046	2.14	377,049	0.37
Total	$ 224,179,735	100.00	$ 101,101,165	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, 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

June 30, 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	$ 39,492,389	$ 63,090	$ 74,734	$ 39,630,213	$ 42,846	$ 394,093	$ 39,193,274
- other	8,936,067	3,080	2,105,871	11,045,018	1,094,472	58,893	9,891,653
Discount and loans	221,487,171	1,682,355	1,010,209	224,179,735	503,391	2,441,334	221,235,010

December 31, 2014	Neither Overdue Nor Impaired Amount (A)	Overdue But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Loss Recognized (D) With Objective Evidence of Impairment	Loss Recognized (D) Without Objective Evidence of Impairment	Net Amount (A)+(B)+(C)-(D)
Receivables							
- credit card and credit business	$ 8,330,949	$ 42,659	$ 73,213	$ 8,446,821	$ 40,359	$ 89,268	$ 8,317,194
- other	682,670	3,380	1,491,471	2,177,521	975,476	3,770	1,198,275
Discount and loans	98,620,331	1,328,635	1,152,199	101,101,165	452,115	911,178	99,737,872

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

June 30, 2015	Neither Overdue Nor Impaired Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 17,309,849	$ 8,245,315	$ 16,781	$ -	$ 25,571,945
- cash card	8,222,620	2,737,452	616,606	3,562,903	15,139,581
- micro credit loans	15,198,228	1,999,300	101,661	93,784	17,392,973
- other-secured	11,956,500	1,238,801	121,794	27,278	13,344,373
- other - unsecured	61,246	-	-	5,136	66,382
Corporate banking					
- secured	22,773,940	19,829,144	12,241,008	3,153,322	57,997,414
- unsecured	20,882,632	50,218,497	16,459,943	4,413,431	91,974,503
Total	$ 96,405,015	$ 84,268,509	$ 29,557,793	$ 11,255,854	$ 221,487,171

December 31, 2014	Neither Overdue Nor Impaired Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 16,173,010	$ 8,316,938	$ 17,173	$ -	$ 24,507,121
- cash card	8,563,226	2,934,221	652,072	3,926,071	16,075,590
- small-scale credit loans	14,503,294	1,880,094	112,833	109,733	16,605,954
- other-secured	11,278,202	1,327,377	106,743	33,029	12,745,351
- other-unsecured	69,070	-	-	7,668	76,738
Corporate banking					
- secured	1,527,483	3,980,268	6,102,909	644,588	12,255,248
- unsecured	4,749,644	6,633,052	4,426,048	545,585	16,354,329
Total	$ 56,863,929	$ 25,071,950	$ 11,417,778	$ 5,266,674	$ 98,620,331

June 30, 2015	Neither Overdue Nor Impaired Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 1,017,740	$ 685,316	$ 891,429	$ 519,265	$ 3,113,750
- credit card and acceptances - forfaiting	17,350,872	16,021,774	-	1,146,678	34,519,324
- accounts receivable factoring - no recourse	27,110	520,796	-	651,899	1,199,805
- acceptances	-	623,095	36,415	-	659,510
Total	$ 18,395,722	$ 17,850,981	$ 927,844	$ 2,317,842	$ 39,492,389

December 31, 2014	Neither Overdue Nor Impaired Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 662,666	$ 450,289	$ 889,440	$ 397,732	$ 2,400,127
- credit card and acceptances - forfaiting	5,804,956	-	-	-	5,804,956
- accounts receivable factoring - no recourse	-	-	94,829	1,055	95,884
- acceptances	-	-	29,982	-	29,982
Total	$ 6,467,622	$ 450,289	$ 1,014,251	$ 398,787	$ 8,330,949

c) Securities investment credit quality analysis

June 30, 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	$ 98,965,474	$ -	$ -	$ 98,965,474	$ -	$ -	$ 98,965,474	$ -	$ 98,965,474

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $5,790,278 thousand, loss on valuation of $288,731 thousand and accumulated impairment of $0 thousand.

Note 2: Financial assets measured at cost have an initial cost of $301,299 thousand and accumulated impairments of $38,380 thousand.

December 31, 2014	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	$ 10,107,777	$ -	$ -	$ 10,107,777	$ -	$ -	$ 10,107,777	$ -	$ 10,107,777

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $1,502 thousand, loss on valuation of $5,496 thousand and accumulated impairment of $0 thousand.

Note 2: Held-to-maturity financial assets measured at cost have an initial cost of $18,600,000 thousand and accumulated impairments of $0 thousand.

Note 3: 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 assessment of impairment in loans and receivables, 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:

	June 30, 2015		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 42,831	$ 20,259	$ 63,090
Discount and loans			
Consumer banking			
- mortgage loans	412,134	46,407	458,541
- cash card	364,856	86,047	450,903
- small-scale credit loans	444,449	74,291	518,740
- other - secured	164,501	13,642	178,143
- other - unsecured	779	-	779
Corporate banking			
- secured	60,515	6,193	66,708
- unsecured	5,528	3,013	8,541
Total	1,452,762	229,593	1,682,355

	December 31, 2014		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 21,998	$ 20,661	$ 42,659
Discount and loans			
Consumer banking			
- mortgage loans	232,061	71,494	303,555
- cash card	316,982	81,040	398,022
- small-scale credit loans	382,806	50,771	433,577
- other - secured	107,607	19,948	127,555
- other - unsecured	844	33	877
Corporate banking			
- secured	20,938	33,642	54,580
- unsecured	3,499	6,970	10,469
Total	1,064,737	263,898	1,328,635

8) Analysis of impairment for financial assets

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

Items		June 30, 2015	
		Discounts and Loans	**Allowance for Possible Losses**
With objective evidence of impairment	Individual assessment	$ 212,094	$ 52,618
	Collective assessment	798,115	450,773
Without objective evidence of impairment	Collective assessment	223,169,526	2,441,334
Total		$ 224,179,735	$ 2,944,725

Items		December 31, 2014	
		Discounts and Loans	**Allowance for Possible Losses**
With objective evidence of impairment	Individual assessment	$ 374,516	$ 40,003
	Collective assessment	777,683	412,112
Without objective evidence of impairment	Collective assessment	99,948,966	911,178
Total		$ 101,101,165	$ 1,363,293

Items		June 30, 2015	
		Receivables	**Allowance for Possible Losses**
With objective evidence of impairment	Individual assessment	$ 4,174,898	$ 1,079,299
	Collective assessment	89,049	58,019
Without objective evidence of impairment	Collective assessment	46,411,284	452,986
Total		$ 50,675,231	$ 1,590,304

Items		December 31, 2014	
		Receivables	**Allowance for Possible Losses**
With objective evidence of impairment	Individual assessment	$ 1,480,505	$ 966,988
	Collective assessment	84,179	48,847
Without objective evidence of impairment	Collective assessment	9,059,658	93,038
Total		$ 10,624,342	$ 1,108,873

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 June 30, 2015, December 31, 2014 and June 30, 2014, 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			June 30, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 167,819	$ 58,215,839	0.29%	$ 726,376	432.83%
	Unsecured		156,817	92,141,135	0.17%	1,057,762	674.52%
Consumer loan	Mortgage (Note 4)		70,203	26,112,309	0.27%	308,542	439.50%
	Cash card		209,130	15,984,180	1.31%	465,925	222.79%
	Micro credit (Note 5)		110,639	18,119,902	0.61%	242,754	219.41%
	Other (Note 6)	Secured	14,309	13,537,606	0.11%	142,671	997.07%
		Unsecured	2,821	68,764	4.10%	695	24.65%
Total			731,739	224,179,735	0.33%	2,944,725	402.43%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			34,850	3,250,256	1.07%	73,085	209.71%
Account receivable - factored without recourse (Note 7)			42	1,201,123	0.00%	12,066	28,909.90%

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.

b) Exemption of nonperforming loans and overdue receivables

Items	June 30, 2015	
	Discounts and Loans	Allowance for Possible Losses
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 65,789	$ 293
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	42,529	4,222
Total	$ 108,318	$ 4,515

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

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group-011700 Petroleum and coal products manufacturing	$ 7,893,722	13.95
2	B Group-016100 Telecommunication industry	5,510,700	9.74
3	C Group-016022 Cable and other pay programs broadcasting	4,330,836	7.65
4	D Group-016700 Real estate brokerage	4,183,522	7.39
5	E Group-012711 Computer manufacturing	4,048,060	7.15
6	F Group-017112 Engineering activities and related technical consultancy	3,992,321	7.05
7	G Group-012611 IC manufacturing	3,285,800	5.81
8	H Group-012740 Data storage media	2,900,000	5.12
9	I Group-012641 LCD and related components manufacturing	2,595,553	4.59
10	J Group-012611 IC manufacturing	2,427,420	4.29

c. Liquidity risk

<u>CDIB</u>

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)

June 30, 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	29,107	3,711	2,825	124,879	842,214	1,002,736
Subtotal	$ 29,107	$ 3,711	$ 2,825	$ 124,879	$ 842,214	$ 1,002,736

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 4,555,100	$ 215,704	$ 259,430	$ 253,740	$ -	$ 5,283,974
Notes and bonds issued under repurchase agreements	7,058,297	-	-	-	-	7,058,297
Payables	305,475	41,911	18,655	1,038	-	367,079
Deposits and remittances	20,573,553	26,176,002	40,443,980	4,567,915	4,668	91,766,118
Bank debentures payable	10,071,148	-	1,000,000	-	2,750,000	13,821,148
Other capital outflow on maturity	748,807	373,762	13,205	6,026	1,328,265	2,470,065
Subtotal	$ 43,312,380	$ 26,807,379	$ 41,735,270	$ 4,828,719	$ 4,082,933	$ 120,766,681

(In Thousands of New Taiwan Dollars)

June 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 24,885	$ 101,300	$ 131,013	$ 530,234	$ -	$ 787,432
Notes and bonds issued under repurchase agreements	10,926,423	250,181	-	-	-	11,176,604
Payables	48,699	15,063	18,467	129,680	-	211,909
Deposits and remittances	24,869,370	46,594,903	48,148,140	2,251,742	4,668	121,868,823
Bank debentures payable	1,077,685	-	-	10,000,000	2,750,000	13,827,685
Other capital outflow on maturity	97,508	48,848	2,406	275,174	1,220,672	1,644,608
Subtotal	$ 37,044,570	$ 47,010,295	$ 48,300,026	$ 13,186,830	$ 3,975,340	$ 149,517,061

(In Thousands of U.S. Dollars)

June 30, 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	-	-	-	11,695	11,855	25,550
Subtotal	$ -	$ -	$ -	$ 11,695	$ 11,855	$ 25,550

(In Thousands of U.S. Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 135,000	$ -	$ -	$ -	$ -	$ 135,000
Notes and bonds issued under repurchase agreements	728,574	857,481	187,119	-	-	1,773,174
Payables	1,291	1,507	926	483	-	4,207
Deposits and remittances	1,912,304	210,908	300,092	119,167	-	2,542,471
Other capital outflow on maturity	20,966	2,525	197	-	11,995	35,683
Subtotal	$ 2,798,135	$ 1,072,421	$ 488,334	$ 119,650	$ 11,995	$ 4,490,535

(In Thousands of U.S. Dollars)

June 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the Central Bank and banks	$ 138,000	$ -	$ -	$ -	$ -	$ 138,000
Notes and bonds issued under repurchase agreements	432,766	1,128,954	152,359	-	-	1,714,079
Payables	1,531	1,946	1,044	167	-	4,688
Deposits and remittances	1,481,707	181,717	185,421	117,311	-	1,966,156
Other capital outflow on maturity	37,654	16,466	1,124	-	14,451	69,695
Subtotal	$ 2,091,658	$ 1,329,083	$ 339,948	$ 117,478	$ 14,451	$ 3,892,618

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. Interest rate derivatives instruments: Interest rate swap option contracts and others.

iii. Equity derivatives instruments: Equity option.

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)

December 31, 2014	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	$ 4,665	$ -	$ -	$ -	$ -	$ 4,665

(In Thousands of U.S. Dollars)

June 30, 2014	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	$ (126)	$ -	$ -	$ -	$ -	$ (126)

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.

iii. Credit derivatives: All credit default swaps are presented at gross amounts paid regularly to credit protection sellers and at the amounts representing one-time payments of proceeds to credit protection buyers when credit risk events occur.

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)

December 31, 2014	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	$ (147,438,705)	$ (184,409,292)	$ (38,203,727)	$ (28,640,724)	$ -	$ (398,692,448)
Cash inflow	136,466,137	185,324,338	58,780,013	28,041,051	-	408,611,539
Interest rate derivatives instruments						
Cash outflow	(1,698,393)	(1,398,701)	(9,942,210)	(4,142,367)	(52,040,127)	(69,221,798)
Cash inflow	188,739	1,338,243	8,316,423	900,000	1,241,199	11,984,604
Cash outflow subtotal	(149,137,098)	(185,807,993)	(48,145,937)	(32,783,091)	(52,040,127)	(467,914,246)
Cash inflow subtotal	136,654,876	186,662,581	67,096,436	28,941,051	1,241,199	420,596,143
Net cash flow	$ (12,482,222)	$ 854,588	$ 18,950,499	$ (3,842,040)	$ (50,798,928)	$ (47,318,103)

(In Thousands of New Taiwan Dollars)

June 30, 2014	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	$ (117,316,453)	$ (147,361,151)	$ (30,604,610)	$ (8,260,659)	$ -	$ (303,542,873)
Cash inflow	121,763,890	148,319,487	73,628,149	9,335,041	-	353,046,567
Interest rate derivatives instruments						
Cash outflow	(228,542)	(3,143,902)	(2,285,261)	(11,913,155)	(62,261,793)	(79,832,653)
Cash inflow	183,700	3,050,782	2,277,112	12,205,048	1,002,093	18,718,735
Cash outflow subtotal	(117,544,995)	(150,505,053)	(32,889,871)	(20,173,814)	(62,261,793)	(383,375,526)
Cash inflow subtotal	121,947,590	151,370,269	75,905,261	21,540,089	1,002,093	371,765,302
Net cash flow	$ 4,402,595	$ 865,216	$ 43,015,390	$ 1,366,275	$ (61,259,700)	$ (11,610,224)

(In Thousands of U.S. Dollars)

December 31, 2014	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	$ (6,161,353)	$ (6,294,339)	$ (1,959,846)	$ (1,015,204)	$ -	$ (15,430,742)
Cash inflow	6,530,571	6,241,225	1,294,217	1,051,239	-	15,117,252
Interest rate derivatives instruments						
Cash outflow	(31,961)	(88,811)	(91,544)	(48,329)	(97,808)	(358,453)
Cash inflow	31,715	57,856	88,893	18,140	40,000	236,604
Cash outflow subtotal	(6,193,314)	(6,383,150)	(2,051,390)	(1,063,533)	(97,808)	(15,789,195)
Cash inflow subtotal	6,562,286	6,299,081	1,383,110	1,069,379	40,000	15,353,856
Net cash flow	$ 368,972	$ (84,069)	$ (668,280)	$ 5,846	$ (57,808)	$ (435,339)

(In Thousands of U.S. Dollars)

June 30, 2014	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	$ (4,823,725)	$ (5,263,065)	$ (2,504,416)	$ (369,647)	$ -	$ (12,960,853)
Cash inflow	5,018,468	5,747,952	1,096,696	354,557	-	12,217,673
Interest rate derivatives instruments						
Cash outflow	(27,688)	(131,032)	(126,846)	(262,610)	(77,275)	(625,451)
Cash inflow	12,184	137,321	127,161	232,589	8,376	517,631
Cash outflow subtotal	(4,851,413)	(5,394,097)	(2,631,262)	(632,257)	(77,275)	(13,586,304)
Cash inflow subtotal	5,030,652	5,885,273	1,223,857	587,146	8,376	12,735,304
Net cash flow	$ 179,239	$ 491,176	$ (1,407,405)	$ (45,111)	$ (68,899)	$ (851,000)

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)

December 31, 2014	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	$ 770,777	$ 1,272,047	$ 824,525	$ 2,241,210	$ 9,647,038	$ 14,755,597

(In Thousands of New Taiwan Dollars)

June 30, 2014	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	$ 1,081,538	$ 1,168,879	$ 1,286,462	$ 1,477,686	$ 11,287,533	$ 16,302,098

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)

December 31, 2014	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,803,497	$ 3,506,051	$ -	$ 7,309,548
Financial lease present value incomes (lessor)	3,447,214	3,271,053	-	6,718,267

(In Thousands of New Taiwan Dollars)

June 30, 2014	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,505,543	$ 3,360,177	$ -	$ 6,865,720
Financial lease present value incomes (lessor)	3,290,531	2,971,611	-	6,262,142

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)

June 30, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Cash inflow	$ 5,085,555	$ 388,752	$ 2,651,643	$ 1,987,202	$ 396	$ 58,913,379	$ 69,026,927
Cash outflow	13,719	15,388	3,711	2,825	124,879	67,609,494	67,770,016
Gap	5,071,836	373,364	2,647,932	1,984,377	(124,483)	(8,696,115)	1,256,911

(In Thousands of New Taiwan Dollars)

June 30, 2014	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Cash inflow	$ 87,705,882	$ 110,281,303	$ 179,122,404	$ 90,235,811	$ 28,461,575	$ 147,980,170	$ 643,787,145
Cash outflow	59,839,935	101,166,886	208,847,564	95,003,222	52,476,823	208,504,835	725,839,265
Gap	27,865,947	9,114,417	(29,725,160)	(4,767,411)	(24,015,248)	(60,524,665)	(82,052,120)

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

(In Thousands of U.S. Dollars)

June 30, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 11,756	$ -	$ -	$ -	$ 1,208	$ 12,964
Cash outflow	-	-	-	11,695	45,538	57,233
Gap	11,756	-	-	(11,695)	(44,330)	(44,269)

(In Thousands of U.S. Dollars)

June 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 5,987,151	$ 6,583,377	$ 1,735,360	$ 1,792,192	$ 1,611,075	$ 17,709,155
Cash outflow	7,070,393	6,948,019	3,245,275	1,129,012	731,199	19,123,898
Gap	(1,083,242)	(364,642)	(1,509,915)	663,180	879,876	(1,414,743)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2015	Collection Period					Total
	Spot	In 3 Months	3-12 Months	1-5 Years	Over 5 Years	
Cash and cash equivalents	$ 9,627,431	$ 5,913,804	$ -	$ -	$ -	$ 15,541,235
Financial assets measured at FVTPL - current	63,722,936	9,319,058	10,438,829	312,110	253,401	84,046,334
Financial assets at cost - current	406,890	-	-	-	-	406,890
Available-for-sale financial assets - current	9,073,473	-	-	-	-	9,073,473
Bond purchased under resale agreements	-	18,713,405	-	-	-	18,713,405
Receivable	47,816,974	6,210,361	20,372,421	3,380,313	-	77,780,069
Customers' margin accounts	31,146,935	-	-	-	-	31,146,935
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,366,206	64,207	686,380	-	-	4,116,793
Other financial assets - current	-	100,000	2,784,429	-	-	2,884,429
Income tax assets	-	-	11,078	4	446,163	457,245
Other current assets	34,215,910	596,024	539,554	-	-	35,351,488
Financial assets measured at FVTPL - noncurrent	-	1,000	-	51,000	-	52,000
Financial assets at cost - noncurrent	-	-	-	415	1,077,891	1,078,306
Available-for-sale financial assets - noncurrent	-	-	31,692	-	102,021	133,713
Held-to-maturity financial assets - noncurrent	-	40,000	-	-	-	40,000
Investments accounted for using the equity method	-	-	-	-	2,008,364	2,008,364
Others noncurrent assets	80,000	-	100,332	438,490	3,255,172	3,873,994
Total	$ 199,456,755	$ 40,957,859	$ 34,964,715	$ 4,182,332	$ 7,143,012	$ 286,704,673
Percentage	69.57%	14.29%	12.19%	1.46%	2.49%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2015	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 23,264,418	$ 9,568,093	$ -	$ -	$ -	$ 32,832,511
Commercial papers payable, net	-	14,340,274	-	-	-	14,340,274
Financial liabilities measured at FVTPL - current	5,519,902	2,481,902	5,452,453	1,448,918	259,258	15,162,433
Bonds sold under repurchase agreements	-	56,497,229	-	-	-	56,497,229
Payables	50,881,742	130,895	4,977,958	297,039	-	56,287,634
Guarantee deposits - borrowed securities	-	1,439,103	6,860,617	-	-	8,299,720
Futures customers' equity	30,261,318	-	-	-	-	30,261,318
Other current liabilities	429,395	3,318,871	1,011,309	108	-	4,759,683
Other financial liability - current	-	8,413,857	2,596	-	-	8,416,453
Income tax liability	-	10,157	262,405	920,239	20,164	1,212,965
Bonds payable	-	-	-	8,001,400	-	8,001,400
Liabilities reserve - noncurrent	-	-	-	-	160,181	160,181
Others noncurrent liabilities	-	-	-	361,028	50,434	411,462
Total	$ 110,356,775	$ 96,200,381	$ 18,567,338	$ 11,028,732	$ 490,037	$ 236,643,263
Percentage	46.63%	40.65%	7.85%	4.66%	0.21%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2015	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 199,456,755	$ 40,957,859	$ 34,964,715	$ 4,182,332	$ 7,143,012	$ 286,704,673
Cash outflow	110,356,775	96,200,381	18,567,338	11,028,732	490,037	236,643,263
Amount of cash flow gap	$ 89,099,980	(55,242,522)	$ 16,397,377	$ (6,846,400)	$ 6,652,975	$ 50,061,410

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

December 31, 2014	Collection Period					Total
	Spot	In 3 Months	3-12 Months	1-5 Years	Over 5 Years	
Cash and cash equivalents	$ 6,938,833	$ 6,573,867	$ -	$ -	$ -	$ 13,512,700
Financial assets measured at FVTPL - current	75,930,453	8,620,059	14,156,780	143,940	66,476	98,917,708
Financial assets at cost - current	374,818	-	-	-	-	374,818
Available-for-sale financial assets - current	4,617,323	-	3,056,117	-	-	7,673,440
Bond purchased under resale agreements	-	9,427,733	-	-	-	9,427,733
Receivable	38,132,891	7,011,254	21,464,255	3,079,515	-	69,687,915
Customers' margin accounts	24,346,463	-	-	-	-	24,346,463
Stock borrowing collateral price and guarantee deposits - borrowed securities	1,832,480	-	514,295	-	-	2,346,775
Other financial assets - current	-	-	7,553,823	-	-	7,553,823
Income tax assets	-	-	18,456	4	270,951	289,411
Other current assets	25,323,644	884,690	555,469	-	-	26,763,803
Financial assets measured at FVTPL - noncurrent	-	20,450	1,000	51,000	-	72,450
Financial assets at cost - noncurrent	-	-	-	9,268	1,068,031	1,077,299
Available-for-sale financial assets - noncurrent	-	-	-	31,176	112,593	143,769
Held-to-maturity financial assets - noncurrent	-	-	190,000	-	-	190,000
Investments accounted for using the equity method	-	-	-	-	2,222,317	2,222,317
Others noncurrent assets	-	-	200,000	359,740	3,473,394	4,033,134
Total	$ 177,496,905	$ 32,538,053	$ 47,710,195	$ 3,674,643	$ 7,213,762	$ 268,633,558
Percentage	66.07%	12.11%	17.76%	1.37%	2.69%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

December 31, 2014	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 15,928,632	$ 10,554,787	$ -	$ -	$ -	$ 26,483,419
Commercial papers payable, net	-	9,258,974	-	-	-	9,258,974
Financial liabilities measured at FVTPL - current	2,620,787	2,756,717	4,749,195	1,731,368	70,683	11,928,750
Bonds sold under repurchase agreements	-	64,141,723	-	-	-	64,141,723
Payables	40,958,027	748,879	6,598,447	635,676	-	48,941,029
Guarantee deposits - borrowed securities	-	2,737,946	7,367,695	-	-	10,105,641
Futures customers' equity	23,790,080	-	-	-	-	23,790,080
Other current liabilities	526,013	1,471,442	2,447,202	73	-	4,444,730
Other financial liability - current	-	13,480,317	8,218	-	-	13,488,535
Income tax liability	-	829,760	57,789	1,149,100	9,211	2,045,860
Long-term liability matured in one year or the operating cycle	-	3,100,000	-	-	-	3,100,000
Bonds payable	-	-	-	1,020,680	-	1,020,680
Liabilities reserve - noncurrent	-	-	-	-	197,613	197,613
Others noncurrent liabilities	-	-	-	353,703	43,867	397,570
Total	$ 83,823,539	$ 109,080,545	$ 21,228,546	$ 4,890,600	$ 321,374	$ 219,344,604
Percentage	38.21%	49.73%	9.68%	2.23%	0.15%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

December 31, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 177,496,905	$ 32,538,053	$ 47,710,195	$ 3,674,643	$ 7,213,762	$ 268,633,558
Cash outflow	83,823,539	109,080,545	21,228,546	4,890,600	321,374	219,344,604
Amount of cash flow gap	$ 93,673,366	$ (76,542,492)	$ 26,481,649	$ (1,215,957)	$ 6,892,388	$ 49,288,954

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

June 30, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash and cash equivalents	$ 7,176,389	$ 6,572,421	$ -	$ -	$ -	$ 13,748,810
Financial assets measured at FVTPL - current	71,555,116	6,931,111	12,823,098	134,537	5,921	91,449,783
Financial assets at cost - current	292,801	-	-	-	-	292,801
Available-for-sale financial assets - current	4,339,389	-	-	-	-	4,339,389
Bonds purchased under resell agreements		12,831,748	-	-	-	12,831,748
Receivables	50,568,532	6,148,971	24,328,424	3,608,978	-	84,654,905
Other financial assets - current		-	8,839,685	-	-	8,839,685
Guarantee deposits received on futures contracts	22,173,104	-	-	-	-	22,173,104
Income tax assets	-	-	9,516	81	276,228	285,825
Other current assets	19,843,787	650,813	1,127,357	-	-	21,621,957
Financial assets measured at FVTPL - noncurrent	-	-	20,450	-	-	20,450
Financial assets at cost - noncurrent	-	-	-	9,268	947,009	956,277
Available-for-sale financial assets - noncurrent	-	50,042	-	31,449	3,075,771	3,157,262
Held-to-maturity financial assets - noncurrent	-	-	-	230,165	-	230,165
Investments accounted for using the equity method	-	-	-	-	1,964,685	1,964,685
Others noncurrent assets	175,000	-	400,000	362,435	3,122,316	4,059,751
Total	$ 176,124,118	$ 33,185,106	$ 47,548,530	$ 4,376,913	$ 9,391,930	$ 270,626,597
Percentage	65.08%	12.26%	17.57%	1.62%	3.47%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

June 30, 2014	Payment Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Short-term borrowings	$ 19,853,793	12,004,197	$ -	$ -	$ -	$ 31,857,990
Commercial papers payable, net	-	6,686,421	-	-	-	6,686,421
Financial liabilities measured at FVTPL - current	3,570,473	2,570,641	8,054,588	1,102,810	21,976	15,320,488
Bonds sold under repurchase agreements	-	58,847,193	364,521	-	-	59,211,714
Payables	44,226,692	39,954	4,354,954	447,319	-	49,068,919
Guarantee deposits - borrowed securities	-	1,003,819	7,054,983	-	-	8,058,802
Futures customers' equity	21,998,999	-	-	-	-	21,998,999
Other current liabilities	500,837	1,136,047	1,706,521	108	-	3,343,513
Other financial liability - current	-	11,558,607	39,278	-	-	11,597,885
Income tax liability	-	-	188,263	2,464,636	5,563	2,658,462
Long-term liability matured in one year or the operating cycle	-	-	3,100,000	-	-	3,100,000
Liabilities reserve - noncurrent	-	-	-	22,448	191,765	214,213
Others noncurrent liabilities	-	-	-	464,106	60,069	524,175
Total	$ 90,150,794	$ 93,846,879	$ 24,863,108	$ 4,501,427	$ 279,373	$ 213,641,581
Percentage	42.20%	43.93%	11.64%	2.10%	0.13%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

June 30, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 176,124,118	$ 33,185,106	$ 47,548,530	$ 4,376,913	$ 9,391,930	$ 270,626,597
Cash outflow	90,150,794	93,846,879	24,863,108	4,501,427	279,373	213,641,581
Amount of cash flow gap	$ 85,973,324	$ (60,661,773)	$ 22,685,422	$ (124,514)	$ 9,112,557	$ 56,985,016

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 June 30, 2015, December 31, 2014 and June 30, 2014, show that the sums from deducting cash outflow from cash inflow are $50,061,410 thousand, $49,288,954 thousand and $56,985,016 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 69.57% 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 June 30, 2015, December 31, 2014 and June 30, 2014, net cash inflow calculated from net spot financial assets are respectively $89,099,980 thousand, $93,673,366 thousand and $85,973,324 thousand, which are sufficient to cover the net cash outflows of $62,088,922 thousand, $77,758,449 thousand and $60,786,287 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

KGI Bank carries out its liquidity management procedures respectively and is monitored by their respective independent risk management departments. The procedures include:

a) Daily capital movements: Monitoring future cash flows in order to ensure all requirements are fulfilled.

b) Maintain adequate stock of liquid assets to buffer unexpected events that may interrupt cash flows.

c) Monitor liquidity ratios of balance sheets in accordance with the internal management purposes and external regulatory requirements. The monitoring and reporting procedures are based on the estimation of future 1 month, 1-3 months, 3-6 months, 6-12 months and one-year capital flow. The estimation of future cash flow is based on the contract maturity date of financial liabilities and the estimated collection date of financial assets. KGI Bank monitors the interest rate risk, structure of assets and liabilities, and the liquidity conditions based on the related report and indices in ALCO and set alert and limits or MAT based on the key indices. Related information is regularly provided to the risk management committee and BOD.

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)

June 30, 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	$ 84,824	$ 121,416	$ 507,501	$ 577,439	$ -	$ 1,291,180
Notes and bonds issued under repurchase agreement	6,574,557	300,000	-	-	-	6,874,557
Payables	140,496	26,766	36,707	31,182	5,401	240,552
Deposits and remittances	39,127,665	57,547,388	65,305,684	47,187,911	22,518,907	231,687,555
Other financial liabilities	-	-	-	1,063,698	2,750,000	3,813,698
Other capital outflow on maturity	1,504,722	174,430	242,189	335,516	1,159,152	3,416,009
Total	$ 47,432,264	$ 58,170,000	$ 66,092,081	$ 49,195,746	$ 26,433,460	$ 247,323,551

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Deposits from the central bank and banks	$ 1,729,026	$ 32,752	$ -	$ 460,002	$ -	$ 2,221,780
Notes and bonds issued under repurchase agreement	4,848,420	680,194	-	-	-	5,528,614
Payables	710,548	605,982	46,740	93,658	211,979	1,668,907
Deposits and remittances	10,100,322	16,956,209	20,665,931	35,277,871	32,022,727	115,023,060
Other capital outflow on maturity	115,700	1,602	2,403	181,725	149,266	450,696
Total	$ 17,504,016	$ 18,276,739	$ 20,715,074	$ 36,013,256	$ 32,383,972	$ 124,893,057

(In Thousands of U.S. Dollars)

June 30, 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	$ 27,000	$ -	$ -	$ -	$ -	$ 27,000
Notes and bonds issued under repurchase agreement	501,286	984,198	235,433	-	-	1,720,917
Payables	1,904	1,434	1,074	1,750	-	6,162
Deposits and remittances	2,175,351	472,991	545,279	370,001	267	3,563,889
Other financial liabilities	-	-	-	-	97,617	97,617
Other capital outflow on maturity	15,826	8,064	918	4,485	8,080	37,373
Total	$ 2,721,367	$ 1,466,687	$ 782,704	$ 376,236	$ 105,964	$ 5,452,958

(In Thousands of U.S. Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Payables	$ 623	$ 156	$ 88	$ 45	$ 20	$ 932
Deposits and remittances	62,919	68,828	82,555	76,690	106,783	397,775
Other capital outflow on maturity	230	95	-	-	-	325
Total	$ 63,772	$ 69,079	$ 82,643	$ 76,735	$ 106,803	$ 399,032

4) Maturity analysis of derivative financial liabilities

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 liabilities is as follows:

(In Thousands of New Taiwan Dollars)

June 30, 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	$ (146,014,961)	$ (133,153,739)	$ (68,215,162)	$ (23,712,766)	$ (460,500)	$ (371,557,128)
Cash inflow	133,270,107	121,987,535	68,188,832	21,867,922	1,381,230	346,695,626
Interest rate derivatives instruments						
Cash outflow	(485,183)	(683,702)	(2,394,587)	(827,785)	(36,931,481)	(41,322,738)
Cash inflow	174,334	435,524	36,381	22,637	47,332	716,208
Others						
Cash outflow	(363,781)	-	-	-	-	(363,781)
Cash inflow	363,786	-	-	-	-	363,786
Cash outflow subtotal	(146,863,925)	(133,837,441)	(70,609,749)	(24,540,551)	(37,391,981)	(413,243,647)
Cash inflow subtotal	133,808,227	122,423,059	68,225,213	21,890,559	1,428,562	347,775,620
Net cash flow	$ (13,055,698)	$ (11,414,382)	$ (2,384,536)	$ (2,649,992)	$ (35,963,419)	$ (65,468,027)

(In Thousands of U.S. Dollars)

June 30, 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	$ (5,906,945)	$ (4,327,124)	$ (2,478,043)	$ (876,737)	$ (50,875)	$ (13,639,724)
Cash inflow	6,417,159	4,621,559	2,520,927	928,147	20,031	14,507,823
Interest rate derivatives instruments						
Cash outflow	(8,990)	(20,943)	(7,722)	(497)	(100,320)	(138,472)
Cash inflow	8,244	18,152	6,679	-	-	33,075
Others						
Cash outflow	(768)	-	-	-	-	(768)
Cash inflow	655	-	-	-	-	655
Cash outflow subtotal	(5,916,703)	(4,348,067)	(2,485,765)	(877,234)	(151,195)	(13,778,964)
Cash inflow subtotal	6,426,058	4,639,711	2,527,606	928,147	20,031	14,541,553
Net cash flow	$ 509,355	$ 291,644	$ 41,841	$ 50,913	$ (131,164)	$ 762,589

(In Thousands of New Taiwan Dollars)

December 31, 2014	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	$ (3,094)	$ -	$ -	$ -	$ -	$ (3,094)
Cash inflow	3,093	-	-	-	-	3,093
Net cash flow	(1)	-	-	-	-	(1)

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)

June 30, 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	$ 3,768,910	$ 7,614,948	$7,664,034	$ 26,883,691	$ 46,411,695	$ 92,343,278

(In Thousands of New Taiwan Dollars)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments guarantees, and letters of credit	$ 6,091,204	$ 9,975,067	$ 6,482,447	$ 25,716,416	$ 37,120,193	$ 85,385,327

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)

June 30, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease commitments				
Financial lease gross income (lessor)	$ 4,296,447	$ 3,110,136	$ -	$ 7,406,583
Financial lease present value income (lessor)	3,954,933	2,865,808	-	6,820,741
Operating lease payment (lessee)	251,351	527,905	7,988	787,244
Operating lease income (lessor)	16,152	45,255	264	61,671
Present value of financial lease payment (lessee)	4,642	2,777	-	7,419

(In Thousands of New Taiwan Dollars)

December 31, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease commitments				
Operating lease payment (lessee)	$ 174,511	$ 301,580	$ 8,498	$ 484,589
Operating lease income (lessor)	11,292	25,994	1,056	38,342
Present value of financial lease payment (lessee)	7,431	4,683	-	12,114

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)

June 30, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Main capital inflow on maturity	$ 134,990,229	$ 176,273,877	$ 155,735,573	$ 92,398,684	$ 59,467,604	$ 89,465,372	$ 708,331,339
Main capital outflow on maturity	93,374,849	126,638,681	242,860,180	175,934,696	100,250,655	157,229,043	896,288,104
Gap	41,615,380	49,635,196	(87,124,607)	(83,536,012)	(40,783,051)	(67,763,671)	(187,956,765)

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

(In Thousands of U.S. Dollars)

June 30, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Years	Total
Main capital inflow on maturity	$ 8,366,454	$ 5,603,943	$ 3,057,620	$ 1,645,359	$ 857,942	$ 19,531,318
Main capital outflow on maturity	9,108,011	6,754,579	3,968,482	1,255,239	270,204	21,356,515
Gap	(741,557)	(1,150,636)	(910,862)	390,120	587,738	(1,825,197)

d. Market risk

<u>CDIB and subsidiaries</u>

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)

	June 30, 2015			December 31, 2014			June 30, 2014		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Value at risk of foreign exchange rate	$ -	$ -	$ -	$ 8,322	$ 17,544	$ 1,955	$ 8,269	$ 20,779	$ 2,367
Value at risk of interest rate	-	-	-	65,735	100,306	6,725	10,652	37,100	3,695
Value at risk of equity stocks	-	-	-	15,416	18,764	12,103	10,850	14,782	7,612
Total value at risks	-	-	-	69,064	-	-	17,379	-	-

6) Interest risk management of banking book

The interest rate risk management strategy involving CDIB'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 CDIB'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.

7) 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)

	June 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 193,148	31.070	$ 6,001,121
HKD	137,129	4.008	549,598
EUR	6,955	34.697	241,317
RMB	47,886	5.007	239,765
KRW	5,828,858	0.028	162,316
JPY	425,038	0.254	108,002
Nonmonetary items			
HKD	29,977	4.008	112,131
Investment accounted for using equity method			
RMB	256,701	5.007	1,285,300
USD	38,050	31.070	1,182,229
Financial liabilities			
Monetary items			
USD	221,807	31.070	6,891,542

	December 31, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 4,545,083	31.718	$ 144,160,953
RMB	2,245,478	5.103	11,459,573
HKD	280,055	4.090	1,145,342
EUR	21,178	38.550	816,398
AUD	12,695	25.960	329,557
JPY	1,171,895	0.265	310,786
KRW	6,202,560	0.029	180,339
Nonmonetary items			
HKD	446,456	4.090	1,825,869
RMB	20,364	5.103	103,918
Investment accounted for using equity method			
RMB	137,655	5.103	702,508

(Continued)

	June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities			
Monetary items			
USD	$ 3,253,661	31.718	$ 103,199,634
RMB	1,597,356	5.103	8,151,944
NZD	17,638	24.853	438,346
EUR	9,844	38.550	379,477
AUD	10,141	25.960	263,250
JPY	920,698	0.265	244,169
KRW	5,504,389	0.029	160,040
ZAR	37,845	2.740	103,687

(Concluded)

	June 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,195,799	29.915	$ 155,432,333
RMB	7,565,428	4.824	36,494,110
HKD	212,392	3.860	819,746
JPY	1,273,681	0.295	375,863
AUD	8,848	28.137	248,942
KRW	6,554,040	0.030	193,780
Nonmonetary items			
HKD	434,276	3.860	1,676,133
Financial liabilities			
Monetary items			
USD	4,244,382	29.915	126,970,692
RMB	1,160,897	4.824	5,599,936
NZD	17,128	26.147	447,848
JPY	772,767	0.295	228,044
KRW	7,399,603	0.030	218,791
AUD	7,330	28.137	206,247
EUR	2,991	40.843	122,154
ZAR	36,789	2.825	103,944

8) 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
June 30, 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	$ 4,657,375	$ -	$ -	$ 516,328	$ 5,173,703
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	4,657,375	-	-	516,328	5,173,703
Net worth					66,767,280
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					7.75

Analysis of Interest Rate-sensitive Assets and Liabilities
June 30, 2014

(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	$ 115,199,582	$ 7,139,085	$ 840,000	$ 44,294,823	$ 167,473,490
Interest rate-sensitive liabilities	89,002,011	42,526,798	12,226,842	3,832,353	147,588,004
Interest rate sensitivity gap	26,197,571	(35,387,713)	(11,386,842)	40,462,470	19,885,486
Net worth					112,908,060
Ratio of interest rate-sensitive assets to liabilities (%)					113
Ratio of interest rate-sensitive gap to net worth (%)					18

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
June 30, 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	$ 11,756	$ -	$ -	$ -	$ 11,756
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	11,756	-	-	-	11,756
Net worth					31,683
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					37.11

Analysis of Interest Rate-sensitive Assets and Liabilities
June 30, 2014
(In Thousands of U.S. Dollars, %)

Item	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 2,150,464	$ 292,947	$ 693,651	$ 1,778,898	$ 4,915,960
Interest rate-sensitive liabilities	3,363,145	337,780	117,311	-	3,818,236
Interest rate sensitivity gap	(1,212,681)	(44,833)	576,340	1,778,898	1,097,724
Net worth					56,959
Ratio of interest rate-sensitive assets to liabilities (%)					129
Ratio of interest rate-sensitive gap to net worth (%)					1,927

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).

<u>KGI Securities and subsidiaries</u>

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. 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).

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	June 30, 2015	December 31, 2014	June 30, 2014
Interest rate risk	$ 9,709	$ 9,004	$ 6,034
Equity securities risk	18,004,428	15,841,025	17,229,321
Exchange rate risk	1,842,044	1,245,900	26,329

2) Risk value

Risk value ("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 portfolio held by KGI Securities and subsidiaries are as follows:

	For the Six Months Ended June 30, 2015			June 30, 2015
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 366,916	$ 173,167	$ 693,508	$ 614,583
Interest rate	80,907	45,744	131,062	94,557
Exchange rate	7,582	1,264	16,892	8,889

	For the Six Months Ended June 30, 2014			June 30, 2014
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 247,461	$ 166,725	$ 327,766	$ 220,129
Interest rate	58,345	42,887	79,078	61,442
Exchange rate	3,282	1	13,717	12,265

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**	**June 30, 2015**	**December 31, 2014**	**June 30, 2014**
Interest exposures	Yield curve	+ 50 bps	$ (485,440)	$ (450,117)	$ (397,853)
Equity exposures	Equity index	- 25%	(4,501,107)	(3,960,256)	(5,050,129)
Exchange rate exposures	Exchange rate to USD	- 7%	(128,943)	(87,213)	(1,843)

4) Foreign currency exchange rate financial assets and liabilities information

(In Thousands of Foreign Currencies New Taiwan Dollars)

	June 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 2,454,996	31.07	$ 76,240,835
HKD	173,292	4.01	694,183
GBP	1,033	48.68	50,290
JPY	1,071,018	0.25	270,369
EUR	1,181	34.61	40,878
RMB	577,912	5.01	2,893,607
AUD	262	23.89	6,258

(Continued)

	June 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
USD	$ 811,794	31.07	$ 25,222,431
HKD	35,619	4.01	142,757
RMB	855,018	5.01	4,281,075
AUD	1,985	23.86	47,374
JPY	42,367	0.25	10,766
NZD	1,809	21.15	38,254
Investments accounted for using the equity method			
USD	64,447	31.07	2,002,354
<u>Financial liabilities</u>			
Monetary items			
USD	3,935,675	31.06	122,245,549
HKD	57,332	4.00	229,427
GBP	354	48.48	17,140
JPY	1,044,174	0.25	263,550
EUR	515	34.44	17,737
RMB	1,125,112	5.01	5,633,436
Nonmonetary items			
USD	182,733	31.07	5,677,507
JPY	42,367	0.25	10,766
RMB	338,318	5.01	1,693,958
AUD	1,985	23.87	47,374
NZD	1,809	21.15	38,254

(Concluded)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	$ 1,707,274	31.72	$ 54,144,135
HKD	138,252	4.09	565,282
GBP	131	49.32	6,460
JPY	339,254	0.26	89,772
EUR	831	38.53	32,006
RMB	865,261	5.10	4,415,774
AUD	486	25.96	12,620
Nonmonetary items			
USD	1,079,037	31.72	34,224,909
HKD	144,710	4.09	591,822
RMB	1,346,593	5.10	6,872,202
AUD	458	25.96	11,902
Investments accounted for using the equity method			
USD	69,872	31.72	2,216,211

(Continued)

	December 31, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary items			
USD	$ 3,265,209	31.72	$ 103,558,649
HKD	28,071	4.09	114,674
GBP	63	49.27	3,100
JPY	328,501	0.26	86,921
EUR	184	38.47	7,066
RMB	1,068,724	5.10	5,454,127
Nonmonetary items			
USD	314,816	31.72	9,985,342
HKD	34,360	4.09	140,522
RMB	158,675	5.10	809,782
AUD	458	25.96	11,902

(Concluded)

	June 30, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,695,556	29.92	$ 80,633,098
HKD	67,851	3.86	261,626
GBP	250	50.88	12,726
JPY	425,997	0.29	125,510
EUR	577	40.79	23,536
RMB	1,206,637	4.82	5,815,265
Nonmonetary items			
USD	316,153	29.92	9,457,707
HKD	139,384	3.86	537,967
RMB	160,643	4.82	774,205
Investments accounted for using the equity method			
USD	65,506	29.92	1,959,611
Financial liabilities			
Monetary items			
USD	3,493,186	29.92	104,494,313
HKD	58,611	3.86	225,967
GBP	196	50.87	9,946
JPY	461,025	0.29	135,818
EUR	455	40.78	18,545
RMB	9,568	4.82	46,113
Nonmonetary items			
USD	217,275	29.92	6,499,790
RMB	35,402	4.82	170,617

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 Six Months Ended June 30, 2015			For the Year Ended 2014		
	Average	**Maximum**	**Minimum**	**Average**	**Maximum**	**Minimum**
Price risk of interest rate instruments	$ 44,634	$ 147,893	$ -	$ 344	$ 3,506	$ -
Price risk of equity instruments (includes hedged position)	11,284	18,642	4,977	5,254	12,926	1,627
Price risk of exchange rate instruments	8,337	24,882	197	1,466	7,868	12

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 New Taiwan Dollars/Foreign Currencies)

	June 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,085,563	31.070	$ 158,008,434
RMB	3,095,988	5.007	15,501,613
EUR	50,576	34.697	1,754,837
JPY	4,351,573	0.254	1,105,735
HKD	130,129	4.008	521,545
AUD	7,686	23.863	183,403
Nonmonetary items			
HKD	438,799	4.008	1,758,662
Financial liabilities			
Monetary items			
USD	5,995,748	31.070	185,045,076
RMB	2,240,981	5.007	11,220,590
ZAR	424,217	2.538	1,076,791
JPY	3,824,618	0.254	971,835
EUR	22,250	34.697	772,014
AUD	31,350	23.863	748,100
HKD	186,530	4.008	747,592
NZD	19,277	21.148	407,667
KRW	7,257,290	0.028	202,094

	December 31, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 437,070	31.72	$ 13,862,985
RMB	1,663,010	5.10	8,487,005
ZAR	238,781	2.74	654,213
AUD	13,812	25.96	358,569
JPY	859,866	0.27	228,036
Financial liabilities			
Monetary items			
USD	402,089	31.72	12,753,461
RMB	1,658,465	5.10	8,463,812
ZAR	239,106	2.74	655,103
AUD	13,747	25.96	356,883
JPY	859,402	0.27	227,913

6) 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)

June 30, 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	$ 227,107,127	$ 10,601,637	$ 2,321,526	$ 83,965,721	$ 323,996,011
Interest rate-sensitive liabilities	159,086,549	51,941,839	22,790,914	7,344,807	241,164,109
Interest rate sensitivity gap	68,020,578	(41,340,202)	(20,469,388)	76,620,914	82,831,902
Net worth					56,204,070
Ratio of interest rate-sensitive assets to liabilities (%)					134.35
Ratio of interest rate-sensitive gap to net worth (%)					147.38

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)

June 30, 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	$ 2,425,131	$ 453,802	$ 216,226	$ 1,699,653	$ 4,794,812
Interest rate-sensitive liabilities	4,405,430	724,265	181,844	97,884	5,409,423
Interest rate sensitivity gap	(1,980,299)	(270,463)	34,382	1,601,769	(614,611)
Net worth					13,045
Ratio of interest rate-sensitive assets to liabilities (%)					88.64
Ratio of interest rate-sensitive gap to net worth (%)					(4,711.47)

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

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:

June 30, 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	$ 56,274,495	$ 56,142,691	$ 56,274,495	$ 56,142,691	$ 131,804
Transaction - borrowed securities	18,045	25,263	18,045	25,263	(7,218)

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:

June 30, 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	$ 10,477,400	$ 546,105	$ 546,105	$ -	$ 546,105

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.

June 30, 2015						
Types of Continuing Involvement	**Spot**	**3 Months**	**3-12 Months**	**1-5 Years**	**Over 5 Years**	**Total**
Call option	$ -	$ 389,700	$ 3,043,300	$ 7,044,400	$ -	$ 10,477,400

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.

June 30, 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	$(127,184)	$(144,026)	$(271,210)

<u>KGI Bank and subsidiaries</u>

Among daily operations of KGI Bank and subsidiaries (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:

June 30, 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**
Notes and bonds issued under repurchase agreements					
Financial assets at FVTPL	$ 29,082,295	$ 27,516,042	$ 29,082,295	$ 27,516,042	$ 1,566,253
Available-for-sale financial assets	31,309,683	29,923,291	31,309,683	29,923,291	1,386,392

f. Offsetting financial assets and financial liabilities

CDIB

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.

December 31, 2014						
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	$ 22,073,934	$ -	$ 22,073,934	$ 6,649,308	$ 141,921	$ 15,282,705
Securities purchased under resell agreements	23,414,342	-	23,414,342	23,414,342	-	-
Total	$ 45,488,276	$ -	$ 45,488,276	$ 30,063,650	$ 141,921	$ 15,282,705

December 31, 2014						
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	$ 23,279,859	$ -	$ 23,279,859	$ 6,649,308	$ 5,884,374	$ 10,746,177
Notes and bonds issued under repurchase agreements	63,299,830	-	63,299,830	63,299,830	-	-
Total	$ 86,579,689	$ -	$ 86,579,689	$ 69,949,138	$ 5,884,374	$ 10,746,177

June 30, 2014						
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	$ 8,277,344	$ -	$ 8,277,344	$ 4,169,438	$ 150,547	$ 3,957,359
Securities purchased under resell agreements	25,807,786	-	25,807,786	25,807,786	-	-
Total	$ 34,085,130	$ -	$ 34,085,130	$ 29,977,224	$ 150,547	$ 3,957,359

June 30, 2014						
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	$ 7,820,536	$ -	$ 7,820,536	$ 4,169,438	$ 351,480	$ 3,299,618
Notes and bonds issued under repurchase agreements	62,453,284	-	62,453,284	62,453,284	-	-
Total	$ 70,273,820	$ -	$ 70,273,820	$ 66,622,722	$ 351,480	$ 3,299,618

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

<u>KGI Securities and subsidiaries</u>

KGI Securities and subsidiaries' (KGI Securities) transactions of derivative assets and liabilities do not correspond to the provisions of IAS 32-42, 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 32-42 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:

June 30, 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 financial instruments	$ 1,891,209	$ -	$ 1,891,209	$ -	$ 96,123	$ 1,795,086
Securities purchased under resell agreements	18,766,043	-	18,766,043	18,766,043	-	-
Total	$ 20,657,252	$ -	$ 20,657,252	$ 18,766,043	$ 96,123	$ 1,795,086

June 30, 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	$ 2,938,427	$ -	$ 2,938,427	$ -	$ 1,528,849	$ 1,409,578
Notes and bonds issued under repurchase agreements	56,142,691	-	56,142,691	56,142,691	-	-
Total	$ 59,081,118	$ -	$ 59,081,118	$ 56,142,691	$ 1,528,849	$ 1,409,578

December 31, 2014						
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	$ 1,759,443	$ -	$ 1,759,443	$ -	$ 10,181	$ 1,749,262
Securities purchased under resell agreements	9,457,201	-	9,457,201	9,457,201	-	-
Total	$ 11,216,644	$ -	$ 11,216,644	$ 9,457,201	$ 10,181	$ 1,749,262

December 31, 2014						
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	$ 3,701,786	$ -	$ 3,701,786	$ -	$ 856,449	$ 2,845,337
Notes and bonds issued under repurchase agreements	63,998,162	-	63,998,162	63,998,162	-	-
Total	$ 67,699,948	$ -	$ 67,699,948	$ 63,998,162	$ 856,449	$ 2,845,337

June 30, 2014						
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	$ 979,139	$ -	$ 979,139	$ -	$ 57,597	$ 921,542
Securities purchased under resell agreements	12,832,045	-	12,832,045	$ 12,832,045	-	-
Total	$ 13,811,184	$ -	$ 13,811,184	$ 12,832,045	$ 57,597	$ 921,542

June 30, 2014						
Financial Liabilities Subject to Offsetting, Enforceable Master Netting Arrangements or Similar Agreements						
Types of Financial Instruments	**Gross Amounts of Recognized Financial Liabilities (a)**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet (b)**	**Net Amounts of Financial Liabilities Presented in the Balance Sheet (c)=(a)-(b)**	**Amounts not Offset in the Balance Sheet (d)**		**Net Amount (e)=(c)-(d)**
				Financial Instruments (Note)	**Cash Collateral Received**	
Derivative financial instruments	$ 4,270,213	$ -	$ 4,270,213	$ -	$ 397,488	$ 3,872,725
Notes and bonds issued under repurchase agreements	59,114,820	-	59,114,820	59,114,820	-	-
Total	$ 63,385,033	$ -	$ 63,385,033	$ 59,114,820	$ 397,488	$ 3,872,725

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:

June 30, 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	$ 30,346,398	$ -	$ 30,346,398	$ 30,346,398	$ -	$ -
Derivative financial instruments	10,089,696	-	10,089,696	2,783,027	433,011	6,873,658
Total	$ 40,436,094	$ -	$ 40,436,094	$ 33,129,425	$ 433,011	$ 6,873,658

June 30, 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	$ 60,806,888	$ -	$ 60,806,888	$ 60,806,888	$ -	$ -
Derivative financial instruments	11,071,140	-	11,071,140	2,783,027	3,158,044	5,130,069
Total	$ 71,878,028	$ -	$ 71,878,028	$ 63,589,915	$ 3,158,044	$ 5,130,069

December 31, 2014						
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	$ 5,528,614	$ -	$ 5,528,614	$ 5,528,614	$ -	$ -

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

57. CAPITAL MANAGEMENT

a. Group's capital adequacy ratio (CAR)

(In Thousands of New Taiwan Dollars; %)

Company \ Items	June 30, 2015		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 163,341,658	$ 185,916,374
CDIB	100.00	8,054,633	1,520,128
KGI	100.00	21,880,644	10,066,493
KGIB	100.00	51,349,289	27,183,067
Deduct items		184,131,029	184,131,029
Subtotal		60,495,195 (A)	40,555,033 (B)
Group's CAR (C)=(A)÷(B)			149.17 (C)

(In Thousands of New Taiwan Dollars; %)

Company \ Items	December 31, 2014		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 170,289,931	$ 194,153,928
CDIB	100.00	45,327,171	20,453,387
KGI	100.00	23,195,681	10,147,407
KGIB	100.00	16,294,778	10,139,165
Deduct items		192,309,403	192,309,403
Subtotal		62,798,158 (A)	42,584,484 (B)
Group's CAR (C)=(A)÷(B)			147.47 (C)

(In Thousands of New Taiwan Dollars; %)

Company \ Items	June 30, 2014		
	% of Ownership	**Group's Eligible Capital**	**Group's Legal Capital Demand**
The Corporation		$ 161,407,615	$ 179,004,943
CDIB	100.00	43,565,976	19,035,398
KGI	100.00	29,627,927	10,640,993
Deduct items		176,977,994	176,977,994
Subtotal		57,623,524 (A)	31,703,340 (B)
Group's CAR (C)=(A)÷(B)			181.76 (C)

Note 1: Group's capital adequacy ratio = Group's eligible capital, net/Group's legal capital demand

b. Financial holding companies’ net eligible capital

(In Thousands of New Taiwan Dollars)

	June 30, 2015	December 31, 2014	June 30, 2014
Common stock	$ 151,644,303	$ 153,438,493	$ 150,369,666
Capital instruments of comply with Tier 1 capital requirement	-	-	-
Other preferred stock and subordinated bonds	-	-	-
Reserve for raising capital	250	5,969	-
Capital surplus	599,342	590,923	519,008
Legal reserve	4,161,475	3,077,853	3,077,853
Special reserve	765,041	1,123,858	1,123,858
Retained earnings	10,540,754	15,378,140	9,261,091
Equity adjustment	(1,985,749)	(20,368)	(766,503)
Deduction: Capital items	(2,383,758)	(3,304,937)	(2,177,358)
	$ 163,341,658	$ 170,289,931	$ 161,407,615

The Group’s CARs were 149.17%, 147.47% and 181.76% as of June 30, 2015, December 31, 2014 and June 30, 2014, respectively. Since the Financial Holding Company Act and related regulations require, the Group’s CAR should be at least 100%, the Group’s CARs met its requirement.

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”.

c. Capital adequacy ratio

Items			June 30, 2015	December 31, 2014	June 30, 2014
Eligible capital	Common stockholders’ equity		$ 8,054,633	$ 45,327,171	$ 43,565,976
	Other Tier 1 capita		-	-	-
	Tier 2 capital		-	-	-
	Eligible capital		8,054,633	45,327,171	43,565,976
Risk-weighted assets	Credit risk	Standardized approach	4,749,799	213,061,881	206,104,353
		Internal rating-based approach	NA	NA	NA
		Securitization	-	-	-
	Operational risk	Basic indicator approach	12,540,050	12,540,050	9,167,125
		Standardized approach/ alternative standardized approach	NA	NA	NA
		Advanced measurement approach	NA	NA	NA
	Market risk	Standardized approach	1,711,754	30,065,413	22,671,000
		Internal model approach	NA	NA	NA
	Total risk-weighted assets		19,001,603	255,667,344	237,942,478
Capital adequacy ratio			42.39%	17.73%	18.31%
Ratio of common stockholders’ equity to risk-weighted assets			42.39%	17.73%	18.31%
Ratio of Tier 1 capital to risk-weighted assets			42.39%	17.73%	18.31%
Leverage ratio			80.41%	7.71%	7.86%

Note 1: The above table was filled in accordance with the “Regulations Governing the Capital Adequacy Ratio of Banks” and related calculation tables.

Note 2: The Bank should disclose the capital adequacy ratios of the current and previous periods in annual financial reports. For semiannual financial reports, the Bank should disclose the capital adequacy ratios of the current and previous periods, and of the previous year-end.

Note 3: The formulas used in calculating the above table entries were as follows:

1) Eligible capital = Common stockholder’s equity + Other Tier 1 capital + Tier 2 capital.

2) Total risk-weighted asset = Risk-weighted assets for credit risk + (Capital requirement for operational risk + Capital requirements for market risk) × 12.5.

3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.

4) Ratio of common stockholders’ equity to risk-weighted assets = Common stock/Total risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Stockholders’ equity + Other Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Tier 1 capital/Total exposure.

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’s internal capital requires an assessment framework, which is based on the risk assessment, and it is classified into three pillars. The first pillar deals with maintenance of regulatory capital, where the capital provided should comply with the “Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks”. The second pillar includes risk assessments not covered in the first pillar (such as interest rate risk in KGI Banking book, liquidity risk, and other risks) The third pillars is external risk information, which assesses the capital requirement based on the operating environment and legislative change with regard to the principle of materiality.

c. Capital adequacy ratio

Items \ Year			June 30, 2015	December 31, 2014
Eligible capital	Common stockholders’ equity		$ 51,349,289	$ 16,294,778
	Other Tier 1 capital		-	-
	Tier 2 capital		-	-
	Eligible capital		51,349,289	16,294,778
Risk-weighted assets	Credit risk	Standardized approach	294,911,082	113,492,529
		Internal rating-based approach	NA	NA
		Securitization	-	-
	Operational risk	Basic indicator approach	11,389,552	11,389,552
		Standardized approach/alternative standardized approach	NA	NA
		Advanced measurement approach	NA	NA
	Market risk	Standardized approach	33,407,700	1,857,484
		Internal model approach	NA	NA
	Total risk-weighted assets		339,788,334	126,739,565
Capital adequacy ratio			15.11%	12.86%
Ratio of common stockholders’ equity to risk-weighted assets			15.11%	12.86%
Ratio of Tier 1 capital to risk-weighted assets			15.11%	12.86%
Leverage ratio			8.87%	8.59%

Note 1: The above table was filled in accordance with the "Regulations Governing the Capital Adequacy Ratio of Banks" and related calculation tables.

Note 2: The formulas used in calculating the above table entries were as follows:

1) Eligible capital = Common stockholder's equity + Other Tier 1 capital + Tier 2 capital.

2) Total risk-weighted asset = Risk-weighted assets for credit risk + (Capital requirement for operational risk + Capital requirements for market risk) × 12.5.

3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.

4) Ratio of common stockholders' equity to risk-weighted assets = Common stock/Total risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Stockholders' equity + Other Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Tier 1 capital/Total exposure.

58. 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	June 30, 2015	December 31, 2014	June 30, 2014	Trust Liabilities	June 30, 2015	December 31, 2014	June 30, 2014
Bank deposits	$ -	$ 585,031	$ 493,347	Payables	$ -	$ 2,210	$ 510
Financial assets at FATPL	-	5,076,358	4,662,262	Other liabilities - beneficiary	-	1,280,000	1,280,000
Financial assets measured at cost	-	1,400,000	1,400,000	Trust capital	-	6,500,406	7,807,714
Real estate, net	-	797,943	1,151,662	Reversal and cumulative deficit			
Other assets	-	1,117,998	2,421,950	Accumulated deficit	-	1,156,851	1,156,831
				Appropriation of income	-	(100,391)	(60,735)
				Net income		138,254	(55,099)
				Total capital surplus and related earnings	-	1,194,714	1,040,997
Total	$ -	$ 8,977,330	$ 10,129,221	Total	$ -	$ 8,977,330	$ 10,129,221

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Trust income and gains				
Gain on financial assets at FATPL, net	$ 101,756	$ (48,255)	$ 225,466	$ -
Interest income	7,971	28,896	15,721	36,842
Rental income	213	2,588	1,025	5,385
Cash dividend revenue	-	35,445	-	35,445
Other revenue	-	22	-	22
Total trust income and gains	109,940	18,696	242,212	77,694

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Trust expenses				
Interest expense	$ 3,315	$ 13,005	$ 19,635	$ 13,005
Trust administrative expense	39	8,136	188	10,216
Loss on financial assets at FATPL, net	-	105,299	-	105,299
Professional services	-	-	-	2,000
Other expenses	10	204	34	2,273
Total trust expenses	3,364	126,644	19,857	132,793
Net income before income tax	$ 106,576	$ (107,948)	$ 222,355	$ (55,099)

(Concluded)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2015	December 31, 2014	June 30, 2014
Bank deposits	$ -	$ 585,031	$ 493,347
Financial assets at FVTPL	-	5,076,358	4,662,262
Financial assets measured at cost	-	1,400,000	1,400,000
Real estate, net	-	797,943	1,151,662
Payments for others	-	1,115,230	2,376,428
Other assets	-	2,768	45,522
	$ -	$ 8,977,330	$ 10,129,221

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	June 30, 2015	December 31, 2014	June 30, 2014	Trust Liabilities	June 30, 2015	December 31, 2014	June 30, 2014
Bank deposits	$ 963,387	$ 819,113	$ 362,246	Payables	$ 47,745	$ 19,781	$ 5,490
Financial assets	17,540,643	18,687,157	16,721,137	Trust capital	17,477,863	18,177,476	15,740,184
Receivables	104,333	34,370	53,694	Reserves and retained earnings	1,082,755	1,343,383	1,391,403
Total	$ 18,608,363	$ 19,540,640	$ 17,137,077	Total	$ 18,608,363	$ 19,540,640	$ 17,137,077

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014**	**2015**	**2014**
Trust income	$ 6,200	$ 546,570	$ 1,797,200	$ 1,640,692
Trust expenses	(308,125)	93,700	(1,236,967)	(535,920)
Income before income tax	$ (301,925)	$ 640,270	$ 560,233	$ 1,104,772

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	**June 30, 2015**	**December 31, 2014**	**June 30, 2014**
Bank deposits	$ 963,387	$ 819,113	$ 362,246
Stocks	7,809,127	9,769,102	7,946,592
Funds	6,940,828	5,768,699	5,444,319
Lending securities	2,672,955	3,049,388	3,190,741
Structured notes	117,733	99,968	139,485
Receivables	104,333	34,370	53,694
Total	$ 18,608,363	$ 19,540,640	$ 17,137,077

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)

Assets	**June 30, 2015**	**December 31, 2014**	**Liabilities and Equity**	**June 30, 2015**	**December 31, 2014**
Bank deposits	$ 960,009	$ 184,143	Payables	$ 152,598	$ 155,241
Short-term investment	34,709,275	35,482,654	Beneficiary	1,280,000	-
			Other liabilities	69,080	3,741
Receivables	125,983	132	Trust capital	41,737,334	36,467,188
Payments for others	1,159,802	-	Accumulated earnings	1,132,135	25,746
Financial assets measured at cost	1,400,000	-			
Financial assets at FVTPL	4,229,165	-			
Real estate - beneficiary	797,943	-			
Intangible assets - surface rights	984,534	984,534			
Other assets	4,436	453			
Total	$ 44,371,147	$ 36,651,916	Total	$ 44,371,147	$ 36,651,916

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended June 30, 2015	For the Six Months Ended June 30, 2015
Trust income and gains		
Profit income	$ 51,396	$ 51,585
Interest income	429,819	836,219
Rental income	7,763	15,639
Gain on financial assets at FATPL, net	682,311	806,021
Others income	132	692
Total trust income and gains	1,171,421	1,710,156
Property transactions gain or loss	(254,074)	(411,996)
Trust expenses		
Administrative expenses	9,269	16,373
Operating costs	1,107	2,128
Sales expenses	-	-
Operating expenses	175	313
Interest expense	16,320	32,640
Service expense	42	42
Other expense	-	3
Total trust expenses	26,913	51,499
Net income	$ 890,434	$ 1,246,661

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	June 30, 2015	December 31, 2014
Bank deposits	$ 960,009	$ 184,143
Short-term investments		
Funds	33,483,556	34,503,272
Bonds	890,983	574,247
Common shares	82,900	86,120
Structured notes	208,302	286,689
ETF	43,534	32,326
Financial assets at FVTPL	4,229,165	-
Financial assets measured at cost	1,400,000	-
Payment for others	1,159,802	-
Real estate - beneficiary	797,943	-
Receivables	125,983	132
Other assets	4,436	453
Intangible assets - surface	984,534	984,534
Total	$ 44,371,147	$ 36,651,916

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

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

Please refer to Table 9 (attached).

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

Please refer to Table 10 (attached).

61. 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 50 to the consolidated financial statements.

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

Please refer to Note 52 to the consolidated financial statements. Information on disaster damages: None.

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

Please refer to Notes 54 and 56 to the consolidated financial statements.

64. 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.

65. 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	June 30, 2015 Formula	June 30, 2015 %	December 31, 2014 Formula	December 31, 2014 %	June 30, 2014 Formula	June 30, 2014 %	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,808,942 / $777,798	=2.33	$1,011,350 / $466,132	=2.17	$949,572 / $236,975	=4.01	≧1	Yes
17	Current assets / Current liabilities	$2,536,285 / $353,327	=7.18	$1,434,251 / $143,281	=10.01	$1,150,483 / $19,505	=58.98	≧1	Yes
22	Equities / Capital stock	$1,808,942 / $400,000	=452.24%	$1,011,350 / $400,000	=252.84%	$949,572 / $400,000	=237.39%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,235,281 / $464,277	=266.07%	$658,514 / $463,206	=142.16%	$784,514 / $229,364	=342.04%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	June 30, 2015 Formula	%	December 31, 2014 Formula	%	June 30, 2014 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,348,768 / $471,768	=4.98	$2,330,514 / $203,524	=11.45	$2,147,397 / $305,116	=7.04	≧1	Yes
17	Current assets / Current liabilities	$17,466,793 / $15,707,592	=1.11	$13,763,599 / $12,063,412	=1.14	$13,152,189 / $11,595,883	=1.13	≧1	Yes
22	Equities / Capital stock	$2,348,768 / $760,000	=309.05%	$2,330,514 / $760,000	=306.65%	$2,147,397 / $760,000	=282.55%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,966,151 / $3,022,610	=65.05%	$1,978,098 / $2,310,489	=85.61%	$1,790,311 / $2,516,610	=71.14%	≧20% ≧15%	Yes

66. 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	$ 5,284,687	$ -
Available-for-sale financial assets	-	5,284,687
	$ 5,284,687	$ 5,284,687

The carrying amounts and fair values of the reclassified financial assets as of June 30, 2015, December 31, 2014 and June 30, 2014 were as follows:

	June 30, 2015		December 31, 2014		June 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
KGI Securities and subsidiaries						
Available-for-sale financial assets	$ 5,284,687	$ 5,284,687	$ 4,448,814	$ 4,448,814	$ 4,264,712	$ 4,264,712

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before June 30, 2015 and 2014) for the three and six months ended June 30, 2015 and 2014 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2015		2014		2015		2014	
	Gains (Losses) Recorded	Pro Forma Gains	Gains (Losses) Recorded	Pro Forma Gains	Gains (Losses) Recorded	Pro Forma Gains	Gains (Losses) Recorded	Pro Forma Losses
KGI Securities and subsidiaries								
Available-for-sale financial assets	$ -	$ 621,513	$ -	$ 112,592	$ -	$ 835,874	$ -	$ (164,373)

67. DISCLOSURES REQUIRED BY THE FINANCIAL SUPERVISORY COMMISSION

KGI's investments in foreign enterprises are registered in a country whose securities and futures market regulators are not members of the International Organization of Securities Commissions (IOSCO), and these companies have no Multilateral Memorandum of Understanding (MMOU) members or didn't get the securities or futures licenses signed by the IOSCO. Thus, KGI disclose their foreign investees' business conditions and information on related-party transactions as follows:

a. Balance sheet: Tables 13-1 to 13-5 (attached).

b. Income statement: Tables 14-1 to 14-5 (attached).

c. Securities held: None

d. Derivative instruments and related capital resources: None

e. Asset management revenues, service and litigation matters: Note 52(c)

f. Related party transactions or dealings among foreign enterprises: None

68. 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): 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: 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 50 and Table 5 (attached).

9) Sold nonperforming loans: Please refer to Table 7 (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: Please refer to Table 6 (attached).

13) Derivative transactions of the Corporation and subsidiaries: Please refer to Notes 8, 55 and 56 to the consolidated financial statements.

c. Subsidiaries investment in Mainland China: Please refer to Table 11 (attached).

d. Business relationships and significant transactions among the Corporation and its subsidiaries: Please refer to Table 12 (attached).

69. 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

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

	Industrial Banking	Securities	Commercial Banking	Other	Total
For the three months ended June 30, 2015					
Interest profit (loss), net	$ 341,276	$ 675,220	$ 1,669,204	$ (192,807)	$ 2,492,893
Noninterest profit (loss), net	306,768	4,493,321	639,541	(11,500)	5,428,130
Net profit (loss)	648,044	5,168,541	2,308,745	(204,307)	7,921,023
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	39,708	(23,104)	408,552	-	425,156
Operating expenses	(554,884)	(3,505,421)	(1,199,337)	(318,080)	(5,577,722)
Income (loss) before income tax	132,868	1,640,016	1,517,960	(522,387)	2,768,457
Income tax benefit (expense)	222,249	(237,314)	(242,148)	(137,409)	(394,622)
Net income (loss)	$ 355,117	$ 1,402,702	$ 1,275,812	$ (659,796)	$ 2,373,835

(Continued)

For the three months ended June 30, 2014	Industrial Banking	Securities	Commercial Banking	Other	Total
Interest profit (loss), net	$ 1,190,802	$ 676,240	$ -	$ (87,837)	$ 1,779,205
Noninterest profit, net	1,297,677	3,255,940	-	602	4,554,219
Net profit (loss)	2,488,479	3,932,180	-	(87,235)	6,333,424
Allowance for bad debts and losses on guarantees, net	(4,625)	(1,874)	-	-	(6,499)
Operating expenses	(746,798)	(2,809,786)	-	(297,668)	(3,854,252)
Income (loss) before income tax	1,737,056	1,120,520	-	(384,903)	2,472,673
Income tax benefit (expense)	53,717	(254,934)	-	(207,725)	(408,942)
Net income (loss)	$ 1,790,773	$ 865,586	$ -	$ (592,628)	$ 2,063,731

(Concluded)

For the six months ended June 30, 2015	Industrial Banking	Securities	Commercial Banking	Other	Total
Interest profit (loss), net	$ 1,315,030	$ 1,261,530	$ 2,789,769	$ (387,438)	$ 4,978,891
Noninterest profit (loss), net	1,819,805	8,084,900	1,070,750	(16,591)	10,958,864
Net profit (loss)	3,134,835	9,346,430	3,860,519	(404,029)	15,937,755
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	88,102	(20,736)	523,037	-	590,403
Operating expenses	(1,297,656)	(6,462,814)	(2,161,434)	(674,917)	(10,596,821)
Income (loss) before income tax	1,925,281	2,862,880	2,222,122	(1,078,946)	5,931,337
Income tax benefit (expense)	155,527	(407,041)	(351,550)	(171,953)	(775,017)
Net income (loss)	$ 2,080,808	$ 2,455,839	$ 1,870,572	$ (1,250,899)	$ 5,156,320
For the six months ended June 30, 2014					
Interest profit (loss), net	$ 2,411,674	$ 1,329,270	$ -	$ (174,662)	$ 3,566,282
Noninterest profit, net	3,398,354	5,983,910	-	8,485	9,390,749
Net profit (loss)	5,810,028	7,313,180	-	(166,177)	12,957,031
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	69,365	(2,276)	-	-	67,089
Operating expenses	(1,491,646)	(5,350,176)	-	(630,635)	(7,472,457)
Income (loss) before income tax	4,387,747	1,960,728	-	(796,812)	5,551,663
Income tax expense	(231,291)	(347,556)	-	(173,841)	(752,688)
Net income (loss)	$ 4,156,456	$ 1,613,172	$ -	$ (970,653)	$ 4,798,975

b. Segment assets and liabilities

	Industrial Banking	Securities	Commercial Banking	Other	Total
June 30, 2015					
Assets	$ 58,757,701	$ 295,174,361	$ 553,942,740	$ 2,136,728	$ 910,011,530
Liabilities	$ 2,691,839	$ 235,876,613	$ 469,340,957	$ 35,174,822	$ 743,084,231
December 31, 2014					
Assets	$ 472,026,367	$ 275,341,172	$ 170,120,501	$ 2,213,178	$ 919,701,218
Liabilities	$ 352,533,842	$ 218,503,782	$ 146,900,607	$ 25,739,280	$ 743,677,511
June 30, 2014					
Assets	$ 462,746,131	$ 277,117,137	$ -	$ 2,590,540	$ 742,453,808
Liabilities	$ 328,220,964	$ 212,535,438	$ -	$ 32,845,076	$ 573,601,478

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(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	$ 6,835,400	$ 6,835,400	$ 3,728,400	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 12,403,517	$ 12,403,517 (Note 1)
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	2,951,650	1,553,500	-	Floating	Short-term financing	-	Capital increase	-	-	-	3,262,350 (Note 2)	10,563,800 (Note 2)
		KGI Futures (Hong Kong) Limited	Receivables, net	Yes	932,100	-	-	Floating	Short-term financing	-	Capital increase	-	-	-	932,100	
		KGI International Finance Limited	Receivables, net	Yes	4,660,500	4,660,500	4,571,826	Floating	Short-term financing	-	Working capital	-	-	-	4,660,500	

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 borrowing company, the financing amount should not exceed 10% of the net worth of the financing company, but the restriction of 40% of the borrower's net worth will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by KGI; the limit set by the financing company should be approved by the board of directors and risk management committee.

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 SIX MONTHS ENDED JUNE 30, 2015
(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	CDIB Management Consulting Corporation	CDIB International Leasing Corp.	Note 1	$ 8,343,613	$ 4,812,845	$ 4,562,495	$ 2,329,603	$ -	273.41%	$ 8,343,613 (Note 2)	No	No	Yes
2	KGI Securities Co., Ltd.	KGI Fraser Securities Pte. Ltd.	Note 1	6,245,767	1,174,073	1,155,555	1,155,555	-	1.85%	24,983,068 (Note 3)	No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	6,245,767	1,174,073	1,155,555	1,155,555	-	1.85%		No	No	No
3	KGI International Holdings Limited	KGI Asia Limited	Note 1	3,728,400	912,060	911,873	728,281	-	7.34%	10,719,150 (Note 4)	No	No	No
		KGI Alliance Corporation	Note 1	1,864,200	1,864,200	1,864,200	-	-	15.01%		No	No	No
		KGI International Finance Limited	Note 1	3,728,400	621,400	621,400	601,173	-	5.00%		No	No	No
		KGI Asia Limited/KGI International Finance Limited	Note 1	-	2,330,250	2,330,250	1,011,795	-	18.76%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	310,700	186,420	186,420	-	-	1.50%		No	No	No
		KGI Finance Limited	Note 1	310,700	77,675	77,675	-	-	0.63%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	1,242,800	932,100	932,100	-	-	7.50%		No	No	No
		KGI International Finance Limited/KGI International (Hong Kong) Limited/KGI Finance Limited	Note 1	-	211,276	211,276	-	-	1.70%		No	No	No
		KGI Capital (Singapore) Pte. Ltd.	Note 1	621,400	155,350	-	-	-	0.00%		No	No	No
		KGI Asia Limited/KGI Futures (Hong Kong) Limited	Note 1	-	46,605	46,605	-	-	0.38%		No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	621,400	621,400	621,400	-	-	5.00%		No	No	No

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

Note 2: 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 3: 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 4: 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 20% of the guarantee provider's net asset value. The restriction of 20% of the guarantee provider's net asset value will not apply to subsidiaries whose voting shares are 100% owned, directly or indirectly, by KGI. The limit of guarantee amount provided should be approved by the board of directors and risk management committee.

Note 5: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
R.O.C. Strategic Company Ltd.	Stocks							
	Lion Travel Service Co., Ltd.	-	Available-for-sale financial assets	281,000	$ 47,068	0.40	$ 47,068	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	100,000	2,880	0.76	2,880	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,229	0.17	1,229	
	HIM International Music Inc.	-	Available-for-sale financial assets	477,900	62,605	1.35	62,605	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	1,281,735	108,050	1.45	108,050	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	640,000	2,240	1.83	5,082	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	4,284	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	7,682	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	2.11	3,594	
	Evervision Electronics Co., Ltd.	-	Financial assets measured at cost	596,222	11,599	2.59	18,406	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	1,830	
	CBA Sports International Limited	-	Financial assets measured at cost	160,714	24,364	0.28	25,174	
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	44,584	-	89,438	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	111,385	-	111,385	
CDIB Strategic Venture Fund, Ltd.	Stocks							
	Lion Travel Service Co., Ltd.	-	Available-for-sale financial assets	80,000	13,400	0.11	13,400	
	Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	743,847	14,282	0.73	14,282	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	100,000	2,880	0.76	2,880	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	8,840	0.04	8,840	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,229	0.17	1,229	
	HIM International Music Inc.	-	Available-for-sale financial assets	477,900	62,605	1.35	62,605	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	497,878	41,971	0.56	41,971	
	Cando Corporation	-	Available-for-sale financial assets	1,110,583	6,042	0.28	6,042	
	Alpha Imaging Technology Corp.	-	Available-for-sale financial assets	156,375	5,551	0.28	5,551	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,280,000	4,480	3.66	10,165	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	4,284	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	7,682	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	2.11	3,594	
	CBA Sports International Limited	-	Financial assets measured at cost	354,107	53,682	0.62	55,467	
	Derbysoft Holdings Limited - preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	41.69	142,024	(Note 4)
	Derbysoft Holdings Limited - preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	31,552	(Note 4)
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	98,234	-	197,061	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	111,385	-	111,385	
China Venture Management Inc.	Stocks							
	CDIB CME Fund Ltd.	Associate	Investments accounted for using equity method	1,500,000	14,592	1.00	14,592	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using equity method	875,000	8,459	1.00	8,459	
	Giga Solution Tech. Co., Ltd.	-	Available-for-sale financial assets	440,916	9,480	0.37	9,480	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,229	0.17	1,229	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
China Venture Management Inc.	Stocks							
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	$ 25,500	0.68	$ 25,500	
	Alpha Imaging Technology Corp.	-	Available-for-sale financial assets	11,727	416	0.02	416	
	Progate Group Corporation	-	Financial assets measured at cost	27,274	325	0.08	261	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	950	
CDIB Capital Management Inc.	Stocks							
(Formerly CDIB Equity Inc.)	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	57,486	0.41	57,486	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	5,995	0.05	5,995	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,299	3,367	0.18	3,367	
	Transcend Information, Inc.	-	Available-for-sale financial assets	90,933	10,321	0.02	10,321	
	Hua Jung Components Co., Ltd.	-	Available-for-sale financial assets	5,252	30	-	30	
	ASRock Inc.	-	Available-for-sale financial assets	54,022	3,052	0.05	3,052	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	177,736	7,154	0.30	7,154	
	Altek Corporation	-	Available-for-sale financial assets	70,708	1,994	0.03	1,994	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	659	
	Wells Tech Optical Co., Ltd.	-	Financial assets measured at cost	327,364	3,274	0.51	3,274	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	21,078	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	1,318	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	848	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,442,883	13,645	2.16	14,648	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using equity method	51,900,000	204,496	100.00	204,496	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Subsidiary	Investments accounted for using equity method	-	HK$ 5,033	65.00	HK$ 5,033	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using equity method	-	HK$ 237	4.53	HK$ 237	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Stocks							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using equity method	-	RMB 3,891	93.02	RMB 3,891	
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Fund							
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using equity method	-	RMB 3,964	-	RMB 3,964	
CDIB Venture Capital Corporation	Stocks							
	Iron Force Industrial Co., Ltd.	-	Available-for-sale financial assets	750,000	103,500	1.05	103,500	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	208,490	1.91	208,490	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	88,645	3.69	88,645	
	Twi Pharmaceuticals, Inc.	-	Available-for-sale financial assets	1,341,260	279,653	1.19	279,653	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	13,575	0.77	13,575	
	K Laser Technology Inc.	-	Available-for-sale financial assets	703,148	9,985	0.45	9,985	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	4,117,158	39,113	6.56	39,113	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	32,851	1.15	32,851	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	2,170	0.02	2,170	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	4,040,100	172,108	1.13	172,108	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,584,328	94,674	1.51	94,674	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	2,621,996	54,923	0.30	54,923	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,605	52,292	0.42	52,292	
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	16,030	0.73	16,030	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	789,462	73,894	0.44	73,894	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	4,250,961	21,637	2.23	21,637	
	Hua Jung Co., Ltd.	-	Available-for-sale financial assets	4,829,475	27,382	2.71	27,382	
	Chipsip Technology Co., Ltd.	-	Available-for-sale financial assets	428,928	3,024	1.02	3,024	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	23,328	6.16	23,328	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	23,982	0.37	23,982	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	213,284	8,585	0.36	8,585	
	Cando Corporation	-	Available-for-sale financial assets	3,737,475	21,944	0.96	20,332	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	1,273,387	19,101	2.00	19,101	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015				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							
	ADDA Corp.	-	Available-for-sale financial assets	4,015,430	$ 27,626	2.75	$ 27,626	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	64,845	1.58	64,845	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	66,842	2.30	66,842	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	1,110,000	69,930	2.93	69,930	
	Focal Tech Corporation, Ltd.	-	Available-for-sale financial assets	706,497	24,763	0.17	24,763	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	101,188	0.45	101,188	
	Enterex International Limited	-	Available-for-sale financial assets	3,750,000	112,125	3.73	112,125	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,660,875	38,273	2.01	31,391	
	Global Mobile Corp.	-	Financial assets measured at cost	2,272,338	25,915	0.82	12,340	
	Allied Biotech Corp.	-	Financial assets measured at cost	2,750,000	27,500	2.91	33,193	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	5,164	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	6,665	
	Compliance Certification Services Inc.	-	Financial assets measured at cost	749,271	15,000	2.12	17,064	
	Kentec Inc.	-	Financial assets measured at cost	1,512,000	45,720	1.64	38,955	
	Top Green Technologies Inc.	-	Financial assets measured at cost	2,000,000	20,000	0.89	11,430	
	Biodenta Corporation	-	Financial assets measured at cost	4,333,333	68,000	3.32	31,200	
	M2Communication, Inc.	-	Financial assets measured at cost	5,090,000	74,610	17.13	118,695	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.48	46,861	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	10.17	44,812	
	Interactive Digital Technologies Inc.	-	Financial assets measured at cost	2,895,000	59,483	6.89	147,935	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	718	
	Solar PV Corporation	-	Financial assets measured at cost	14,000,000	168,264	9.14	29,345	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	225,463	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Financial assets measured at cost	2,990,000	44,445	9.09	64,212	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	79,565	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	109,087	19.47	178,106	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	186,118	
	Crown Bioscience, International	-	Financial assets measured at cost	6,076,476	105,485	2.59	167,259	
	Cvie Therapeutics Company Limited	-	Financial assets measured at cost	66,006	7,252	0.49	5,094	
	Dyaco Co., Ltd.	-	Financial assets measured at cost	5,310,000	175,230	6.80	184,469	
	Andes Technologies Co., Ltd.	-	Financial assets measured at cost	1,130,385	75,736	3.17	124,763	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	119,000	(Note 4)
	DL-tek Co., Ltd.	-	Financial assets measured at cost	3,650,000	51,100	1.05	51,100	
	Cvie Therapeutics Co., Ltd.	-	Financial assets measured at cost	1,302,518	54,131	4.15	64,223	
	Deanfa Corporation - preferred stock	-	Financial assets measured at cost	901,963	255,383	17.45	244,914	
	Zentera Systems, Inc. - preferred stock	-	Financial assets measured at cost	1,324,503	61,900	17.98	62,140	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	420,000,000	1,580,224	100.00	1,580,224	
	Depositary receipt							
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	3,200,000	15,264	0.21	15,264	
CDIB Venture Capital (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 10,357	100.00	HK$ 10,357	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 14,481	70.00	HK$ 14,481	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,353	56.00	HK$ 8,353	
	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 165,722	-	HK$ 165,722	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using equity method	-	HK$ 145,358	-	HK$ 145,358	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Stock							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using equity method	-	RMB 2,388	20.00	RMB 2,388	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
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 3,867	-	RMB 3,867	
CDIB Capital Investment I Limited	Stocks							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 87	100.00	US$ 87	
	Samson Holding Ltd.	-	Available-for-sale financial assets	11,830,000	US$ 1,572	0.39	US$ 1,572	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 5,659	4.74	US$ 5,659	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	28,000,000	US$ 1,987	1.83	US$ 1,987	
	B&M Holdings, Inc.	-	Financial assets measured at cost	199,999	US$ 8,828	10.00	US$ 11,875	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 5,423	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 21,690	(Note 4)
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 1,099	(Note 4)
	Touch Media International Holdings - preferred stock - B	-	Financial assets measured at cost	8,097,973	US$ 8,826	60.44	US$ 13,280	(Note 4)
	Rock Mobile (Cayman) Co. - preferred stock - C	-	Financial assets measured at cost	840,336	US$ 1,000	3.26	US$ 984	(Note 4)
	Fund							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using equity method	-	US$ 37,866	-	US$ 37,866	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 9,958	-	US$ 8,465	
	Ripley Cable Holdings I, L.P.	-	Financial assets measured at cost	-	US$ 6,556	-	US$ 32,093	
	Calera XV, LLC	-	Financial assets measured at cost	-	US$ 15,154	-	US$ 18,756	
	Option							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Financial assets measured at cost	-	US$ 2,705	-	US$ 21,853	
	Convertible (exchangeable) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,619	-	US$ 6,860	
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$ 2,420	0.72	US$ 2,420	
	Indostar Capital	-	Financial assets measured at cost	927,500	US$ 9,275	4.66	US$ 20,440	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	927,500	US$ 9,275	9.73	US$ 20,333	(Note 4)
	Sungjoo Design Tech & Distribution Inc. - preferred stock A	-	Debt instruments with no active markets	3,334	US$ 11,545	50.01	US$ 11,602	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 2,583	
	Options							
	Sungjoo Design Tech & Distribution Inc.	-	Financial assets measured at cost	-	US$ 1,833	-	US$ 14,858	
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 9,177	
	Fund							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 21,263	-	US$ 38,002	
CDIB Global Markets I Limited	Stock							
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ 1	
	Fund							
	Adams Street Direct Co. Investment Fund, L.P.	-	Financial assets measured at cost	-	US$ 3,851	-	US$ 4,249	
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,645	-	US$ 4,797	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 5,002	-	US$ 6,803	
	Thomas H. Lee Parallel Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 11,384	-	US$ 13,801	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 8,853	-	US$ 7,602	
	THL Equity Fund VI Investors (Clear Channel), L.P.	-	Financial assets measured at cost	-	US$ 12,476	-	US$ 6,238	
	Platinum Equity Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 3,099	-	US$ 5,311	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
CDIB Global Markets I Limited	Fund							
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 5,765	-	US$ 6,176	
CDIB Global Markets II Limited	Stock							
	Facebook Inc.	-	Available-for-sale financial assets	4,297	US$ 369	-	US$ 369	
	Gopro Inc.	-	Available-for-sale financial assets	22,793	US$ 1,202	-	US$ 1,202	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	746	US$ 19,980	39.98	US$ 27,507	(Note 4)
	Fund							
	GS TDN Investors Offshore, L.P.	-	Financial assets measured at cost	-	US$ 21,000	-	US$ 16,088	
	CX Partners Fund Alpha Limited	-	Financial assets measured at cost	-	US$ 8,919	-	US$ 9,681	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 9,668	-	US$ 9,838	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 11,659	-	US$ 15,970	
	ECP II (Cayman) Ltd. A	-	Financial assets measured at cost	-	US$ 6,525	-	US$ 7,650	
	Sino-Century China Private Equity II L.P.	-	Financial assets measured at cost	-	US$ 520	-	US$ 654	
	KKR Asian Fund II L.P.	-	Financial assets measured at cost	-	US$ 2,477	-	US$ 3,062	
	Carlyle Giovanna Partners, L.P.	-	Financial assets measured at cost	-	US$ 20,531	-	US$ 40,012	
	Industry Ventures Fund VI, L.P.	-	Financial assets measured at cost	-	US$ 5,016	-	US$ 5,854	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,008	-	US$ 4,450	
CDIB Global Markets III Limited	Stocks							
	Sonics, Inc. - preferred stock-B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ 278	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 30	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 18	(Note 4)
	Optoplex Corporation - preferred stock-A	-	Financial assets measured at cost	7,956	US$ 23	0.42	US$ 6	(Note 4)
	Optoplex Corporation - preferred stock-B	-	Financial assets measured at cost	20,602	US$ 31	0.75	US$ 17	(Note 4)
	Good Technology Corporation - preferred stock-C	-	Financial assets measured at cost	1,218,026	US$ 5,000	8.32	US$ 6,744	(Note 4)
	Fund							
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 6,038	-	US$ 5,216	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 2,663	-	US$ 2,756	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 3,482	-	US$ 2,927	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 5,084	100.00	US$ 5,084	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,373	100.00	US$ 5,373	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,457	100.00	US$ 1,457	
	CDIB Capital Asia Partners Limited	Subsidiary	Investments accounted for using the equity method	-	US$ (14)	100.00	US$ (14)	
CDIB Biotech USA Investment Co., Ltd.	Stocks							
	Amphastar Pharmaceuticals, Inc.	-	Available-for-sale financial assets	40,000	US$ 500	0.11	US$ 703	
	Confor MIS - preferred stock	-	Financial assets measured at cost	563,276	US$ 111	16.52	US$ 111	(Note 4)
China Development Asset Management Corp.	Stocks							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	120,000,000	1,375,938	100.00	1,375,938	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	300,000,000	3,193,228	100.00	3,193,228	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	27,000,000	284,859	100.00	284,859	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	47,377	12.25	48,498	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,598,788	8,672	1.07	104,342	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
Chung Hwa Growth 3 Asset Management Corp.	Bonds							
	Bank of Kaohsiung - subordinated bank debenture	-	Held-to-maturity financial assets	100,000,000	$ 102,564	-	$ 102,564	
CDIB Management Consulting Corp.	Stocks							
	CDC Finance & Leasing Corp.			58,238,460	654,775	76.04	654,775	
	CDIB International Leasing Corp.			-	959,101	100.00	959,101	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	1,120	19.00	1,120	
	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets	738,836	13,964	0.01	13,964	(Note 5)
Global Securities Finance Corporation	Stocks							
	Chailease Holding Company Limited	-	Financial assets at fair value through profit or loss	170,000	12,648	-	12,648	
	Macauto Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	80,000	9,360	-	9,360	
	Aerospace Industrial Development Corporation	-	Financial assets at fair value through profit or loss	470,000	20,045	-	20,045	
	Ruentex Development Co., Ltd.	-	Financial assets at fair value through profit or loss	100,000	7,060	-	7,060	
	FB SSE 180	-	Financial assets at fair value through profit or loss	800,000	29,736	-	29,736	
	Namchow Chemical Industrial Ltd.	-	Financial assets at fair value through profit or loss	150,000	10,125	-	10,125	
	Nissan Motor Corporation	-	Financial assets at fair value through profit or loss	24,000	7,512	-	7,512	
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	155,000	17,360	-	17,360	
	Sinbon Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	100,000	5,750	-	5,750	
	Innolux Corporation	-	Financial assets at fair value through profit or loss	650,000	10,465	-	10,465	
	Brogent Technology Inc.	-	Financial assets at fair value through profit or loss	10,000	3,320	-	3,320	
	Depo Auto Parts Ind Co., Ltd.	-	Financial assets at fair value through profit or loss	35,000	3,675	-	3,675	
	Taiwan Top 50 ETF	-	Financial assets at fair value through profit or loss	50,000	3,470	-	3,470	
	Yuanta/P-shares SSE50 ETF	-	Financial assets at fair value through profit or loss	900,000	29,457	-	29,457	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	400,000	9,720	-	9,720	
	Eva Airways Corporation	-	Financial assets at fair value through profit or loss	360,000	7,578	-	7,578	
	Yuanta Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	650,000	10,855	-	10,855	
	Novatek Microelectronics Corp.	-	Financial assets at fair value through profit or loss	30,000	4,470	-	4,470	
	Advanced Ceramic X Corporation	-	Financial assets at fair value through profit or loss	21,000	5,513	-	5,513	
	Primax Electronics Ltd.	-	Financial assets at fair value through profit or loss	140,000	5,474	-	5,474	
	Casetek Holdings Limited	-	Financial assets at fair value through profit or loss	40,000	7,640	-	7,640	
	Flytech Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	80,000	9,840	-	9,840	
	Powertech Technology Inc.	-	Financial assets at fair value through profit or loss	110,000	7,348	-	7,348	
	Taiwan Sakura Corporation	-	Financial assets at fair value through profit or loss	600,000	12,600	-	12,600	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	751,269	415	6.25	409	
	Chou-chin Industrial Co., Ltd.	-	Financial assets measured at cost	88,072	-	0.18	-	
	Operating securities							
	KGI Economic Moat TWD	The fund of KGI's manager	Financial assets at fair value through profit or loss	2,000,000	20,020	-	20,020	
	Capital Global Biotech TWD	-	Financial assets at fair value through profit or loss	1,616,160	19,701	-	19,701	
	Prudential Financial Glbl BioHealth TWD	-	Financial assets at fair value through profit or loss	140,964	5,176	-	5,176	
	China SMID Fund	-	Financial assets at fair value through profit or loss	968,191	13,429	-	13,429	
	PineBridge Global Multi-Strat Hi Yld A	-	Financial assets at fair value through profit or loss	1,187,244	15,079	-	15,079	
	Allianz Glbl Inv All Seasons Hvst FOBF A	-	Financial assets at fair value through profit or loss	1,283,346	14,878	-	14,878	
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss	5,047,895	50,577	-	50,577	
	Yuanta RMB Money Market TWD	-	Financial assets at fair value through profit or loss	4,824,671	51,549	-	51,549	
	Capital RMB Money Market TWD	-	Financial assets at fair value through profit or loss	9,748,853	99,900	-	99,900	
	Franklin Templeton SnAn China A ShEq TWD	-	Financial assets at fair value through profit or loss	1,412,440	20,777	-	20,777	
	Hua Nah Io T	-	Financial assets at fair value through profit or loss	1,000,000	9,960	-	9,960	
	Corporate bonds							
	Taiwan Power Company 3rd Unsecured Corporate Bond-A issue in 2010	-	Held-to-maturity financial assets	40,000,000	40,000	-	40,018	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
Global Securities Finance Corporation	Bank debentures							
	Hwatai Bank 1st Subordinate Financial Debentures-A issue in 2010	-	Available-for-sale financial assets	30,000,000	$ 31,692	-	$ 31,692	
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other assets	150,000,000	152,179	-	151,967	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other assets	50,000,000	50,000	-	50,254	
	Government bond							
	A90106	-	Other assets	150,000,000	155,111	-	155,111	

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.

Note 3: Market prices of listed and OTC stocks were calculated at the closing prices of June 30, 2015. 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 611,659 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 SIX MONTHS ENDED JUNE 30, 2015
(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 (The Bank)	Stock													
	CDIB Management Consulting Corporation	Investment accounted for using equity method	KGI Bank	Subsidiary	153,171,873	$ 1,655,048	-	$ -	153,171,873	$ 1,589,115	$ 1,565,817 (Note 1)	$ 23,298	-	$ -
	R.O.C. Strategic Company Ltd.	Investment accounted for using equity method	-	-	97,300,000	1,047,662	-	-	57,200,000 (Note 2)	-	518,454 (Note 3)	-	40,100,000	529,208
	CDIB Strategic Venture Fund Ltd.	Investment accounted for using equity method	-	-	152,200,000	3,133,528	-	-	100,000,000 (Note 4)	-	2,289,485 (Note 5)	-	52,200,000	844,043
KGI Bank	Stock													
	CDIB Management Consulting Corporation	Investment accounted for using equity method	China Development Industrial Bank (The Bank)	Subsidiary	-	-	153,171,873 (Note 6)	1,621,468 (Note 7)	-	-	-	-	153,171,873	1,621,468
CDIB Venture Capital Corporation	Stock													
	CDIB Venture Capital (Hong Kong) Corporation Limited	Investment accounted for using equity method	-	-	270,000,000	996,622	150,000,000	583,602 (Note 6)	-	-	-	-	420,000,000	1,580,224
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund													
	CPEC Huachuang private Equity Management (Kunshan) Enterprise (Limited Partnership)	Investment accounted for using equity method	-	-	-	-	-	HK$ 145,358 (Note 9)	-	-	-	-	-	HK$ 145,358
CDIB Capital Investment I Limited	Fund													
	CDIB Capital Asia Partners L.P.	Investment accounted for using equity method	-	-	-	US$ 65,392	-	-	-	-	US$ 27,526 (Note 10)	-	-	US$ 37,866
CDIB Global Market I Limited	Fund													
	KKR 2006 Fund L.P.	Financial assets measured at cost	-	-	-	US$ 17,625	-	US$ 18	-	US$ 16,679	US$ 17,643	US$ (964)	-	-
	Sun Capital Partners V,L.P.	Financial assets measured at cost	-	-	-	US$ 12,521	-	US$ 295	-	US$ 13,141	US$ 12,816	US$ 325	-	-
	Silver Lake Partners III, L.P.	Financial assets measured at cost	-	-	-	US$ 11,617	-	US$ 20	-	US$ 11,392	US$ 11,638	US$ (245)	-	-
CDIB Global Market II Limited	Fund													
	Clayton, Dubilier & Rice Fund VIII, L.P.	Financial assets measured at cost	-	-	-	US$ 7,444	-	US$ 24	-	US$ 10,852	US$ 7,468	US$ 3,384	-	-
CDIB Global Market III Limited	Fund													
	New Mountain Partners III, L.P.	Financial assets measured at cost	-	-	-	US$ 10,828	-	US$ 53	-	US$ 13,438	US$ 10,881	US$ 2,557	-	-

Note 1: Consists of $48,779 cash dividends, exchange loss on translating foreign operations of $58,221 thousand, investment gain of $19,983 thousand, unrealized loss on available-for-sale financial assets of $2,182 thousand, additional paid-in capital increase $32 thousand and sold investment cost $1,476,586.

Note 2: 57,200,000 shares were proceeds from return of stocks.

Note 3: Consists of reduction of the Bank's capital of $500,000 thousand, investment gain of $12,578 thousand and unrealized loss on available-for-sale of $31,032 thousand.

Note 4: 100,000,000 shares were proceeds from return of stocks.

Note 5: Consists of reduction of the Bank's capital of $1,000,000 thousand, cash dividend $1,239,374, investment gain $22,891 thousand, and unrealized loss on available-for-sale of $73,002 thousand.

Note 6: Transferred of 153,171,873 shares of CDIB Management Consulting Corporation to KGI Bank.

Note 7: Transferred of $1,597,389 thousand, gain on exchange differences on translating foreign operations of $11,009 thousand, gain on investment of $13,340 thousand, unrealized loss on available-for-sale financial assets of $281 thousand, and gain on changes of capital surplus of $11 thousand.

Note 8: Consists of $606,300 thousand from new issue, exchange loss on translating foreign operations of $32,857 thousand and investment gain of $10,159 thousand.

Note 9: Consists of HK$148,832 thousand from new issue, exchange loss on translating foreign operations of HK$2,167 thousand and investment loss HK$1,307 thousand.

Note 10: Consists of reduction of the Bank's capital of US$31,148 thousand, investment gain US$2,562 thousand and adjustments of retained earnings US$1,060 thousand.

Note 11: The above companies which are the subsidiaries of the CDIB Industrial Bank were eliminated from the consolidated financial statements.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
JUNE 30, 2015
(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 Financial Holding Corporation (the “Corporation”)	KGI Securities Co., Ltd.	Subsidiary	$ 503,353	-	$ -	-	$ -	$ -
China Development Industrial Bank	The Corporation	Parent company	713,685	-	-	-	-	-

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTED ENTERPRISES
JUNE 30, 2015
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company (Note 1)	Location	Main Business	Percentage of Ownership, End of Period	Carrying Value, End of Period (Note 3)	Investment Gain (Loss)	Consolidated Investment (Note 1)				Note
							Present Shares	Virtual Shares (Note 2)	Total		
									Shares	Percentage of Ownership	
China Development Financial Holding Corporation (the "Corporation")	China Development Industrial Bank	Taiwan	Industrial bank	100.00	$ 66,559,019	$ 2,080,079	2,060,399,410	-	2,060,399,410	100.00	
	KGI Securities Co., Ltd.	Taiwan	Financial service	100.00	57,138,869	2,212,576	3,798,812,320	-	3,798,812,320	100.00	
	KGI Bank	Taiwan	Financial service	100.00	60,433,141	1,579,325	4,606,162,291	-	4,606,162,291	100.00	

Note 1: All present shares and virtual shares of investee company held by the Company, directors, supervisors, the Corporation's managers and affiliates should be included.

Note 2: a. The virtual shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed and linked to investee company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 36, Item 2 and Article 37 of the Company Act.

b. The equity securities mentioned above are specified as those securities under the provision of Article 11, Item 1 of the bylaws to the ROC Securities and Exchange Act, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS 39, for example, stock option.

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

SOLD NONPERFORMING LOANS
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(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
2015.03.24	A	Real estate mortgages	$ 6,662	$ 9,060	$ 2,398	-	-

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 8

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2015	December 31, 2014	June 30, 2014	
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	-	
China Development Industrial Bank	China Venture Management Inc.	Management company of venture fund	100.00	100.00	100.00	
	R.O.C. Strategic Company Ltd.	Venture fund	100.00	100.00	100.00	
	CDIB Capital Management Corporation (formerly named CDIB Equity Inc.)	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	100.00	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	100.00	
	CDIB Global Markets I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Global Markets III Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment I Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital Investment II Limited	Venture fund	100.00	100.00	100.00	
	CDIB Capital International Corporation	Management company of venture fund	100.00	100.00	100.00	
CDIB Capital Investment I Limited	Subicvest Inc.	Leasing	100.00	100.00	100.00	
	CDIB Capital Asia Partners L.P.	Private equity fund	(Note 1)	(Note 1)	(Note 1)	
CDIB Capital Asia Partners L.P.	CBTL Holdings Corporation	Venture fund	(Note 1)	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	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			June 30, 2015	December 31, 2014	June 30, 2014	
CDIB Capital International Corporation	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 2)
CDIB Venture Capital Corporation	CDIB Venture Capital (Hong Kong) Corporation Limited	Venture fund	100.00	100.00	100.00	
CDIB Venture Capital (Hong Kong) Corporation Limited	CDIB Private Equity Management Corporation	Management and consulting	100.00	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 Private Equity (Hong Kong) Corporation Limited	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	65.00	65.00	-	
	CPEC Huachuang private Equity Management (Kunshan) Enterprise (Limited Partnership)	Management and consulting	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	-	
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 3)
Richpoint Company Limited	KG Investments Holdings Limited	Investment holdings	100.00	100.00	100.00	
KG Investments Holdings Limited	KGI International Holdings Limited	Investment holdings	100.00	100.00	100.00	
	ANEW Holdings Limited	Investment holdings	100.00	100.00	100.00	
KGI International Holdings Limited	KG Investments Pacific Limited	Investment services	100.00	100.00	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	100.00	100.00	
	KGI Limited	Investment holdings	100.00	100.00	100.00	
	Supersonic Services Inc.	Investment holdings	100.00	100.00	100.00	
	KGI International Limited	Investment holdings	100.00	100.00	100.00	
	Bauhinia 88 Ltd.	Investment holdings	100.00	100.00	100.00	

(Continued)

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership June 30, 2015	December 31, 2014	June 30, 2014	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	100.00	100.00	
	KGI Nominees (Hong Kong) Limited	Trust agent	100.00	100.00	100.00	
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	100.00	100.00	
	KGI Hong Kong Limited	Management services	100.00	100.00	100.00	
	KGI Asia Limited	Securities investment	100.00	100.00	100.00	
	KGI Capital Asia Limited	Securities investment	100.00	100.00	100.00	
	Bauhinia 8 Fund	Fund company	100.00	100.00	100.00	
	KGI Global Asset Management Limited	Asset management	100.00	100.00	100.00	
	Grand Cathay Securities (Hong Kong) Limited	Securities investment	100.00	100.00	100.00	
	KGI Asset Management Limited	Asset Management	100.00	100.00	-	(Note 4)
	TG Holborn (HK) Limited	Insurance brokerage	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 5)
	Jubilant Dynasty Limited	Investment services	100.00	100.00	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	100.00	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	-	-	(Note 6)
KGI Bank	Cosmos Insurance Brokers Co., Ltd.	Life and property insurance Brokers	100.00	100.00	-	
	CDIB Management Consulting Corporation	Management and consulting	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
			June 30, 2015	December 31, 2014	June 30, 2014	
China Development Industrial Bank	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of June 30, 2015, 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.
Chung Hwa Growth 3 Asset Management Corp.	Qing-Xing-Xing Industrial Corp.	House and building development leasing	-	-	100.00	Qing-Xing-Xing Industrial Corp. was approbated to liquidate by the Board of Director on December 23, 2013, therefore, Qing-Xing-Xing Industrial Corp. was not included in the consolidated financial statement and it was liquidated in October 2014.
	Cheng-Xi Asset Management Corp.	Trading and management of nonperforming loans of financial institutions	-	-	100.00	Cheng-Xi I Management Corp. was approbated to liquidate by the Board of Director on December 23, 2013, therefore, Cheng-Xi I Management Corp. was not included in the consolidated financial statement and it was liquidated in March 2015.
CDC Finance & Leasing Corp.	CDC Finance & Leasing (BVI) Corp.	Leasing	-	-	100.00	CDC Finance & Leasing (BVI) Corp. was approbated to liquidate by the board of director on July 31, 2014, therefore, was not included in the consolidated financial statement and it was liquidated in October 2014.
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: Under IFRS 10, the Company will recognize control over CDIB Capital Asia Partners L.P. and CBTL Holdings Corporation, a wholly owned subsidiary of CDIB Asia Partners L.P. since the acquisition date. But prior to the application of IFRS 10, the subsidiary of the Companies' ownership interest in both of the companies are treated as investments in associate and thus accounted the investments as investments accounted for using the equity method. The Company no longer has control over neither of the Company due to the decrease of the percentage owned by the Company since March 31, 2015.

Note 2: CDIB Capital Asia Partners Limited conducted registration of establishment on March 21, 2014, however, CDIB had not invested any capital as of June 30, 2015.

Note 3: 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 4: KGI Limited the invested enterprises of KGI Securities Co., Ltd. purchase TG Holborn (HK) Limited and Alpha Global Asset Management Limited was approved by the government of Taiwan and Singapore, complete the procedure on December 22, 2014. Alpha Global Asset Management Limited changed its name to KGI Asset Management Limited on March 6, 2015 and approved by rule No. 1030029490 issued by the FSC on September 16, 2014.

Note 5: 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 6: KGI Asia (Holdings) Pte. Ltd., the invested enterprises of KGI Securities Co., Ltd., purchase AmFraser Securities Pte. Ltd., completing the procedure on January 30, 2015 after approved by the government of Taiwan and Singapore, and changed its name from AmFraser Securities Pte.Ltd.to KGI Fraser Securities Pte. Ltd. after approved by rule No. 1030039427 issued by the FSC on October 23, 2014. Therefore, since the first quarter of 2015, the Company was included from the consolidated financial statements.

(Concluded)

TABLE 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

DECLARATION OF SUBSIDIARIES' CREDITS, ENDORSEMENTS OR OTHER TRANSACTIONS WITH THE SAME PERSON, RELATED PARTY OR AFFILIATE
JUNE 30, 2015
(In Millions of New Taiwan Dollars; %)

China Development Industrial Bank (CDIB)

Counter-party	Total Amounts of Credits, Endorsements and Other Transactions	Ratio to Net Asset Value of the Corporation (%)
1. The same customer		
Taipower Corporation	$ 16,074	9.84
KGI Investment Holdings Limited	10,786	6.60
China Merchants Bank Co., Ltd.	6,833	4.18
China CITIC Bank Corporation Limited	6,387	3.91
Citi Group Inc.	5,630	3.45
Bank of America Corp.	5,168	3.16
Ping An Bank Co., Ltd.	4,569	2.80
CDIB & Partners Investment Holding Corporation	4,862	2.98
JP Morgan Chase & Co.	5,885	3.60
China Life Insurance Company Limited	4,479	2.74
China Development Asset Management Corp.	4,353	2.66
Farglory Group	4,814	2.95
Industrial Bank Co., Ltd.	4,362	2.67
China MinSheng Bank	3,599	2.20
Far EasTone Telecommunication Co., Ltd.	3,352	2.05
CTCI Corporation	4,098	2.51
Taiwan Semiconductor Manufacturing Company Limited	3,372	2.06
China Construction Bank (Asia) Corporation Limited	3,845	2.35
CPC Corporation, Taiwan	4,298	2.63
Total	$ 106,766	65.34
2. The same group		
Formosa Plastics Group	$ 10,210	6.25
China CITIC Group	7,040	4.31
Fubon Group	5,397	3.30
Foxconn Technology Group	5,575	3.41
The Far Eastern Group	7,374	4.51
BenQ Group	6,799	4.16
Farglory Group	4,840	2.96
Qsan Technology Group	4,417	2.70
CTCI Group	4,560	2.79
TSMC Group	3,421	2.09
YFY Group	3,526	2.16
Walsin Group	3,417	2.09
Total	$ 66,576	40.73

TABLE 10

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONDENSED BALANCE SHEETS AND STATEMENTS OF INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

China Development Financial Holding Corporation

1. Balance sheets

Assets	June 30, 2015	December 31, 2014 (Audited after Restated)	June 30, 2014 (Audited after Restated)
Cash and cash equivalents	$ 12,166,198	$ 1,458,812	$ 15,103,649
Available-for-sale financial assets	1,236,877	1,293,830	1,492,250
Receivables, net	139	155	1,124
Current tax assets	1,152,001	1,114,182	1,742,616
Investments accounted for using the equity method, net	184,131,029	192,203,350	176,880,913
Other financial assets	300	300	300
Property and equipment, net	10,196	12,251	10,933
Other assets, net	544,843	544,217	529,414
Total	$ 199,241,583	$ 196,627,097	$ 195,761,199
Liabilities and Equity			
Derivative financial liabilities for hedging	$ -	$ 20,659	$ 43,039
Commercial paper payable	5,799,981	2,999,869	7,099,983
Payables	9,556,140	1,000,906	6,581,735
Current tax liabilities	901,518	791,615	2,080,932
Bonds payable	16,000,000	18,000,000	18,000,000
Other borrowings	3,599,952	3,599,573	599,927
Provisions	25,322	24,161	27,689
Other liabilities	10,002	208	10,288
Total liabilities	35,892,915	26,436,991	34,443,593
Equity			
Share capital			
Share capital - common	151,644,303	153,438,493	150,369,666
Advance receipts for share capital - common	250	5,969	-
Capital surplus	599,342	590,923	519,008
Retained earnings			
Legal reserve	4,161,475	3,077,853	3,077,853
Special reserve	765,041	1,123,858	1,123,858
Unappropriated earnings	10,540,754	15,275,884	9,163,085
Other			
Exchange differences on translation of foreign financial statements	(708,235)	201,379	(1,992,054)
Unrealized gains (losses) on available-for-sale financial assets	(1,216,531)	(177,929)	1,319,187
Unrealized loss on cash flow hedges	-	(20,659)	(43,039)
Others	(60,983)	(26,956)	(49,672)
Treasury shares	(2,376,748)	(3,298,709)	(2,170,286)
Total equity	163,348,668	170,190,106	161,317,606
Total	$ 199,241,583	$ 196,627,097	$ 195,761,199

(Continued)

2. Statements of comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014 (Audited after Restated)**	**2015**	**2014 (Audited after Restated)**
REVENUES				
Investment income recognized using the equity method	$ 2,767,855	$ 2,542,156	$ 5,872,556	$ 5,514,603
Others	3,098	3,607	3,282	3,898
Total revenues	2,770,953	2,545,763	5,875,838	5,518,501
EXPENSES AND LOSSES				
Operating expenses	(190,984)	(196,190)	(418,575)	(425,058)
Others	(95,478)	(89,752)	(193,053)	(178,398)
Total expenses and losses	(286,462)	(285,942)	(611,628)	(603,456)
NET PROFIT BEFORE INCOME TAX	2,484,491	2,259,821	5,264,210	4,915,045
INCOME TAX BENEFIT (EXPENSE)	(137,409)	(207,724)	(171,953)	(173,840)
NET PROFIT FOR THE PERIOD	2,347,082	2,052,097	5,092,257	4,741,205
OTHER COMPREHENSIVE INCOME				
Unrealized gain (loss) on available-for-sale financial assets	(32,191)	32,582	(56,953)	52,131
Unrealized gain on cash flow hedges	9,691	10,259	20,659	21,277
Share of the other comprehensive income (loss) of associates	(1,601,862)	(898,662)	(1,892,013)	(403,158)
Income tax relating to components of other comprehensive income	470	73,042	(336)	260,594
Other comprehensive income (loss) for the period, net of income tax	(1,623,892)	(782,779)	(1,928,643)	(69,156)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 723,190	$ 1,269,318	$ 3,163,614	$ 4,672,049
BASIC EARNINGS PER SHARE	$0.16	$0.14	$0.34	$0.32
DILUTED EARNINGS PER SHARE	$0.16	$0.14	$0.34	$0.32

(Continued)

3. Statements of changes in equity

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

	Share Capital			Retained Earnings			Other Equity					
	Common Stock	**Advance Receipts for Share Capital - Common**	**Capital Surplus**	**Legal Reserve**	**Special Reserve**	**Unappropriated Earnings**	**Exchange Differences on Translating Foreign Operations**	**Unrealized Gain (Loss) on Available-for-sale Financial Assets**	**Unrealized Gain (Loss) on Cash Flow Hedges**	**Others**	**Treasury Shares**	**Total Equity Attributable to Stockholders of Parent Company**
BALANCE AT JANUARY 1, 2014	$ 150,308,833	$ -	$ 535,087	$ 2,247,453	$ 3,609,815	$ 8,799,179	$ (1,945,718)	$ 1,343,715	$ (44,747)	$ (24,126)	$ (2,170,286)	$ 162,659,205
Effect of retrospective application and retrospective restatement	-	-	-	-	-	(18,069)	-	-	-	-	-	(18,069)
BALANCE AT JANUARY 1, 2014 AS RESTATED	150,308,833	-	535,087	2,247,453	3,609,815	8,781,110	(1,945,718)	1,343,715	(44,747)	(24,126)	(2,170,286)	162,641,136
Appropriation of 2013 earnings												
Legal reserve	-	-	-	830,400	-	(830,400)	-	-	-	-	-	-
Cash dividends - NT$0.4 per share	-	-	-	-	-	(6,014,787)	-	-	-	-	-	(6,014,787)
Reversal of special reserve	-	-	-	-	(2,485,957)	2,485,957	-	-	-	-	-	-
	-	-	-	830,400	(2,485,957)	(4,359,230)	-	-	-	-	-	(6,014,787)
Net profit for the six months ended June 30, 2014 as restated	-	-	-	-	-	4,741,205	-	-	-	-	-	4,741,205
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	-	(46,336)	(24,528)	1,708	-	-	(69,156)
Total comprehensive income for the six months ended June 30, 2014	-	-	-	-	-	4,741,205	(46,336)	(24,528)	1,708	-	-	4,672,049
Difference between stock price and book value resulting from acquisition or disposal of subsidiaries	-	-	(9,023)	-	-	-	-	-	-	-	-	(9,023)
Share-based payment	60,833	-	(7,056)	-	-	-	-	-	-	(25,546)	-	28,231
BALANCE AT JUNE 30, 2014	$ 150,369,666	$ -	$ 519,008	$ 3,077,853	$ 1,123,858	$ 9,163,085	$ (1,992,054)	$ 1,319,187	$ (43,039)	$ (49,672)	$ (2,170,286)	$ 161,317,606
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
Appropriation of 2014 earnings												
Legal reserve	-	-	-	1,083,622	-	(1,083,622)	-	-	-	-	-	-
Cash dividends - NT$0.6 per share	-	-	-	-	-	(9,098,673)	-	-	-	-	-	(9,098,673)
Reversal of special reserve	-	-	-	-	(358,817)	358,817	-	-	-	-	-	-
	-	-	-	1,083,622	(358,817)	(9,823,478)	-	-	-	-	-	(9,098,673)
Change in capital surplus from investments in associates and joint ventures accounted for by using equity method	-	-	391	-	-	-	-	-	-	-	-	391
Net profit for the six months ended June 30, 2015	-	-	-	-	-	5,092,257	-	-	-	-	-	5,092,257
Other comprehensive income for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	(1,086)	(909,614)	(1,038,602)	20,659	-	-	(1,928,643)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	5,091,171	(909,614)	(1,038,602)	20,659		-	3,163,614
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(972,909)	(972,909)
Retirement of treasury stock	(1,888,880)	-	(5,990)	-	-	-	-	-		-	1,894,870	-
Share-based payment	94,690	(5,719)	14,018	-	-	(2,823)	-	-	-	(34,027)	-	66,139
BALANCE AT JUNE 30, 2015	$ 151,644,303	$ 250	$ 599,342	$ 4,161,475	$ 765,041	$ 10,540,754	$ (708,235)	$ (1,216,531)	$ -	$ (60,983)	$ (2,376,748)	$ 163,348,668

(Continued)

4. Statements of cash flows

	For the Six Months Ended June 30	
	2015	**2014 (Audited after Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 5,264,210	$ 4,915,045
Adjustments for:		
Depreciation and amortization expenses	2,435	2,492
Interest expense	179,858	174,664
Interest income	(749)	(3,079)
Share-based payment compensation cost	31,157	28,231
Share of the profit of associates	(5,871,980)	(5,513,715)
Others	24	1
Changes in operating assets and liabilities		
Receivables	15	13
Other assets	(872)	8,094
Payables	8,735,316	(15,644)
Other liabilities	10,955	11,528
Interest paid	(359,939)	(343,882)
Interest received	749	2,111
Dividend received	10,057,521	6,538,984
Income tax returned (paid)	(99,422)	83,197
Net cash used in by operating activities	17,949,278	5,888,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(604)	(284)
Purchase of equity investments under equity method	(38,000,000)	-
Proceeds of capital return on investments accounted for using the equity method	36,000,000	-
Capital reserve be distributable as dividend shares by cash on investments accounted for using the equity method	4,000,000	912,033
Net cash used in investing activities	1,999,396	911,749
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in commercial paper payable	2,800,112	600,043
Proceeds from issue of corporate Bonds	6,000,000	-
Repayments of corporate Bonds	(8,000,000)	-
Exercise of employee share options	29,803	-
Purchase of treasury stock	(972,909)	-
Increase in other borrowings	379	91
Cash dividend paid	(9,098,673)	-
Net cash generated from financing activities	(9,241,288)	600,134

(Continued)

	For the Six Months Ended June 30	
	2015	2014 (Audited after Restated)
NET DECREASE IN CASH AND CASH EQUIVALENTS	$ 10,707,386	$ 7,399,923
CASH AND CASH EQUIVALENTS, AT THE BEGINNING OF THE PERIOD	1,458,812	7,703,726
CASH AND CASH EQUIVALENTS, AT THE END OF THE PERIOD	$ 12,166,198	$ 15,103,649

(Continued)

China Development Industrial Bank

1. Condensed balance sheets

	June 30, 2015	December 31, 2014 (Audited after Restated)	June 30, 2014 (Audited after Restated)
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 5,224,036	$ 39,410,515	$ 78,747,980
Financial assets at fair value through profit or loss	112,106	52,822,232	27,931,890
Securities purchased under resell agreements	-	23,414,342	25,807,786
Receivables, net	1,820,865	42,088,269	44,924,645
Current tax assets	713,685	530,230	1,542,051
Discounts and loans, net	-	126,039,603	125,043,317
Available-for-sale financial assets	8,450,225	119,820,629	95,621,788
Investments accounted for using the equity method, net	40,248,509	45,589,993	43,660,293
Restricted assets	291,735	295,224	301,262
Financial assets measured at cost	9,536,779	10,132,065	12,232,793
Other financial assets	1,358,430	1,446,150	1,524,966
Properties and equipment, net	1,227,955	1,774,402	1,822,113
Investment property, net	602,165	93,740	67,166
Other assets, net	78,664	6,042,167	534,746
Total assets	$ 69,665,154	$ 469,499,561	$ 459,762,796
Deposits from the Central Bank and banks	$ -	$ 10,331,413	$ 4,915,702
Financial liabilities at fair value through profit or loss	-	24,351,007	8,905,901
Notes and bonds issued under repurchase agreements	-	63,299,830	62,453,284
Payables	926,082	3,185,114	2,818,669
Current tax liabilities	281,092	405,749	374,975
Deposits and remittances	-	179,209,448	186,732,984
Bank debentures payable	-	12,540,304	12,504,075
Principal received on structured notes	-	60,671,951	64,613,300
Other financial liabilities	372,151	379,913	358,317
Provisions	98,546	404,643	366,831
Deferred tax liabilities	241,555	241,555	241,555
Other liabilities	42,288	861,273	883,532
Total liabilities	1,961,714	355,882,200	345,169,125
Share capital	20,603,994	56,603,994	61,603,994
Capital surplus	24,699,396	28,696,849	28,695,657
Retained earnings	25,978,729	28,835,450	24,716,264
Exchange differences on translation of foreign financial statements	(994,576)	(357,161)	(1,907,906)
Unrealized gains (losses) on available-for-sale financial assets	(2,584,103)	(161,771)	1,485,662
Total equity	67,703,440	113,617,361	114,593,671
Total liabilities and equity	$ 69,665,154	$ 469,499,561	$ 459,762,796

(Continued)

2. Condensed statements of comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	**2014 (Audited after Restated)**	**2015**	**2014 (Audited after Restated)**
Interest revenue	$ 470,005	$ 1,755,175	$ 1,963,518	$ 3,495,241
Interest expense	(213,326)	(697,889)	(871,410)	(1,333,949)
Interest profit, net	256,679	1,057,286	1,092,108	2,161,292
Noninterest profits and gains, net	1,032,018	993,631	2,414,562	2,689,554
Total net revenues	1,288,697	2,050,917	3,506,670	4,850,846
Reversal of allowance for bad debts and losses on guarantees, net	52,578	18,224	108,223	89,023
Operating expenses	(315,705)	(422,559)	(832,425)	(883,220)
Net profit before income tax	1,025,570	1,646,582	2,782,468	4,056,649
Income tax benefit	243,187	148,424	200,472	82,351
Net profit for the period	1,268,757	1,795,006	2,982,940	4,139,000
Other comprehensive income for the period, net of income tax	(2,731,863)	(573,600)	(3,059,747)	594,038
Total comprehensive income for the period	$ (1,463,106)	$ 1,221,406	$ (76,807)	$ 4,733,038
Basic earnings per share	$0.38	$0.29	$0.66	$0.67

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

	June 30, 2015	December 31, 2014	June 30, 2014
Current assets	$ 144,490,887	$ 151,867,008	$ 148,999,841
Noncurrent assets	33,550,207	32,744,788	35,242,326
Total assets	$ 178,041,094	$ 184,611,796	$ 184,242,167
Current liabilities	$ 106,218,304	$ 120,924,753	$ 116,205,435
Noncurrent liabilities	9,517,810	2,525,188	1,558,360
Total liabilities	115,736,114	123,449,941	117,763,795
Share capital - common	37,988,123	37,988,123	45,988,123
Capital surplus	8,637,480	8,634,882	8,633,552
Retained earnings	13,629,240	13,590,391	11,821,668
Others	2,050,137	948,459	35,029
Total equity	62,304,980	61,161,855	66,478,372
Total liabilities and equity	$ 178,041,094	$ 184,611,796	$ 184,242,167

2. Condensed statements of comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2015	2014	2015	2014
Operating revenues	$ 2,662,467	$ 2,672,797	$ 5,191,734	$ 4,846,043
Operating expenses	(2,056,480)	(2,073,170)	(4,073,130)	(3,928,271)
Profit from operations	605,987	599,627	1,118,604	917,772
Share of the profit of subsidiaries, associates and joint ventures	717,287	216,649	1,167,916	479,484
Other revenue and expense	211,327	254,823	356,328	443,313
	928,614	471,472	1,524,244	922,797
Net profit before income tax	1,534,601	1,071,099	2,642,848	1,840,569
Income tax expense	(148,423)	(216,867)	(223,161)	(258,121)
Net profit for the period	1,386,178	854,232	2,419,687	1,582,448
Other comprehensive income	839,595	83,850	1,100,591	(488,482)
Total comprehensive income for the period	$ 2,225,773	$ 938,082	$ 3,520,278	$ 1,093,966
Basic earnings per share	$0.37	$0.18	$0.64	$0.34

(Continued)

KGI Bank

1. Condensed balance sheets

	June 30, 2015	December 31, 2014 (Audited after Restated)
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 83,432,516	$ 40,170,687
Financial assets at fair value through profit or loss	44,513,563	53,033,387
	30,346,398	23,414,342
Receivables, net	42,753,251	51,890,828
Current tax assets	66,499	82,730
Discounts and loans, net	221,182,539	225,777,475
Available-for-sale financial assets	104,453,057	119,135,284
Held-to-maturity financial assets, net	-	18,600,000
Investments accounted for using the equity method, net	2,375,075	2,419,309
Other financial assets	355,549	4,281,540
Properties and equipment, net	5,544,923	5,706,400
Investment property, net	603,713	463,264
Deferred tax assets	4,983,578	5,222,411
Other assets, net	3,955,232	6,705,235
	$ 544,565,893	$ 556,902,892
Deposits from the Central Bank and banks	$ 2,861,426	$ 12,680,778
Financial liabilities at fair value through profit or loss	15,167,796	24,353,584
Notes and bonds issued under repurchase agreements	60,806,888	68,828,445
Payables	5,300,168	4,235,315
Current tax liabilities	19,992	-
Deposits and remittances	354,877,042	316,636,032
Bank debentures payable	2,575,943	12,540,304
Principal received on structured notes	44,603,142	60,671,951
Other financial liabilities	7,418	12,114
Provisions	268,686	495,049
Deferred tax liabilities	109,911	90,441
Other liabilities	1,367,870	1,426,969
Total liabilities	487,966,282	501,970,982
Share capital - common	46,061,623	15,307,334
Capital surplus	7,246,155	137,331
Retained earnings	2,703,008	3,464,147
Others	588,825	4,847
Equity of prior interest under common control	-	36,018,251
Total equity	56,599,611	54,931,910
Total liabilities and equity	$ 544,565,893	$ 556,902,892

(Continued)

2. Condensed statements of comprehensive income

	For the Six Months Ended June 30, 2015
Interest revenue	$ 5,785,820
Interest expense	(1,976,643)
Interest profit, net	3,809,177
Noninterest profits and gains, net	1,499,852
Total net revenues	5,309,029
Reversal of allowance for bad debts and losses on guarantees, net	652,413
Operating expenses	(2,523,354)
Net profit before income tax	3,438,088
Income tax expense	(429,658)
Net profit for the period	3,008,430
Other comprehensive income for the period, net of income tax	496,997
Total comprehensive income for the period	$ 3,505,427
Net profit attributable to	
Owners of parent company	$ 1,842,520
Prior interest under common control	1,165,910
	$ 3,008,430
Total comprehensive income attributed to	
Owners of parent company	$ 1,523,678
Prior interest under common control	1,981,749
	$ 3,505,427
Basic earnings per share	$0.65

(Concluded)

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
JUNE 30, 2015
(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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2015	Accumulated Inward Remittance of Earnings as of June 30, 2015
					Outflow	Inflow						
China Healthcare Multi-services, Inc.	Third party medical services under emergency	RMB 41,192 thousand	Note 1. c.	US$ 1,871 thousand	$ -	$ -	US$ 1,871 thousand	(Note 3)	10.76	$ -	$ 59,591	$ -
China Peptides (Wuhan) Co., Ltd.	Sale and R&D protein drugs	US$ 11,000 thousand	Note 1. c.	US$ 2,262 thousand	US$ 167 thousand (Note 10)	-	US$ 2,429 thousand	(Note 3)	16.67	-	73,044	-
JHL Biotech, Inc. (Wuhan)	R&D protein drugs	RMB 50,000 thousand	Note 1. c.	US$ 734 thousand	-	-	US$ 734 thousand	(Note 3)	8.00	-	22,118	-
Beauty Essential International Ltd.	Sale and R&D the cosmetic	US$ 2,000 thousand	Note 1. c.	US$ 2,262 thousand	-	-	US$ 2,262 thousand	(Note 3)	8.71	-	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. c.	US$ 2,800 thousand	-	-	US$ 2,800 thousand	(Note 3)	41.69 (Note 5)	-	91,938	-
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1. c.	US$ 464 thousand	-	-	US$ 464 thousand	(Note 3)	9.26 (Note 5)	-	15,297	-
Triplex International Biosciences (Fujian)	Manufacture, sale and R&D medical diagnostic reagents and instruments	US$ 35,200 thousand	Note 1. c.	US$ 1,400 thousand	-	-	US$ 2,400 thousand	(Note 3)	1.66	-	45,003	-
Solar PV Corp.	Solar cell manufacture and sell	US$ 79,940 thousand	Note 1. c.	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. c.	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. c.	US$ 1 dollar	-	-	US$ 1 dollar	(Note 3)	6.75	-	-	-
Strong LED Lighting Systems (Suzhou) Corporation	LED lighting system	US$ 10,000 thousand	Note 1. c.	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. c.	US$ 228 thousand	-	-	US$ 228 thousand	(Note 3)	1.79	-	7,084	-
Touch Equipment Leasing (Shanghai) Co., Ltd.	Mobile interactive LCD equipment leasing	US$ 8,000 thousand	Note 1. c.	US$ 669 thousand	-	-	US$ 669 thousand	(Note 3)	9.61	-	20,786	-
Touch Multimedia Technology (Shanghai) Co., Ltd.	Multimedia technology, network technology, computer software development, design production and sales	RMB 114,660 thousand	Note 1. c.	US$ 1,080 thousand	-	-	US$ 1,080 thousand	(Note 3)	9.61	-	33,556	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2015	Accumulated Inward Remittance of Earnings as of June 30, 2015
					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. c.	EUR 140 thousand	$ -	$ -	EUR 140 thousand	(Note 3)	5.00	$ -	$ 4,858	$ -
Chengdu Le Me Shi Jia Trading Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 18,500 thousand	Note 1. c.	US$ 699 thousand	-	-	US$ 699 thousand	(Note 3)	2.26	-	5,661	-
Chengdu Le Me Shi Jia Information Technology Co., Ltd.	Furniture wholesale, metal building materials wholesale and transport service	US$ 400 thousand	Note 1. c.	US$ 33 thousand	-	-	US$ 33 thousand	(Note 3)	2.26	-	267	-
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 50,669 thousand	Note 1. c.	RMB 1,016 thousand	RMB 1,310 thousand	-	RMB 2,326 thousand	(Note 3)	2.26	-	3,036	-
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. c.	US$ 42 thousand	-	-	US$ 42 thousand	(Note 3)	2.26	-	337	-
CDIB Private Equity Management Corporation	Management and consulting	US$ 4,000 thousand	Note 1. b.	US$ 4,000 thousand	-	-	US$ 4,000 thousand	6,056	100.00	6,051	41,511	-
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Management and consulting	RMB 10,000 thousand	Note 1. b.	RMB 7,000 thousand	-	-	RMB 7,000 thousand	21,916	70.00	15,330	58,040	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Management and consulting	RMB 12,000 thousand	Note 1. b.	RMB 6,720 thousand	-	-	RMB 6,720 thousand	(124)	70.00	(87)	45,434	-
CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Equity investment	RMB 400,000 thousand	Note 1. b.	RMB 141,200 thousand	-	-	RMB 141,200 thousand	(8,058)	-	(5,660)	677,761	-
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Management and consulting	RMB 7,000 thousand	Note 1. b.	RMB 4,550 thousand	-	-	RMB 4,550 thousand	(2,750)	65.00	(1,786)	20,173	-
CPEC Huachuang Private Equity Management (Kushan) Enterprise (Limited Partnership)	Management and consulting	RMB 4,300 thousand	Note 1. b.	RMB 195 thousand	-	-	RMB 195 thousand	(246)	65.00	(160)	20,443	-
CPEC Huachuang Private Equity (Kushan) Enterprise (Limited Partnership)	Equity investment	RMB 363,200 thousand	Note 1. c.	-	RMB 121,400 thousand	-	RMB 121,400 thousand	(16,315)	-	(5,364)	592,908	-
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. c.	US$ 16,612 thousand	-	-	US$ 16,612 thousand	(Note 3)	0.94	-	516,142	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of June 30, 2015	Accumulated Inward Remittance of Earnings as of June 30, 2015
					Outflow	Inflow						
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. c.	US$ 4,371 thousand	$ -	$ -	US$ 4,371 thousand	(Note 3)	0.94	$ -	$ 135,812	$ -
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. c.	US$ 875 thousand	-	-	US$ 875 thousand	(Note 3)	0.94	-	27,176	-
Shanghai OOH Advertising Co., Ltd.	Domestic and foreign advertisement design, production, releases and agent	US$ 400 thousand	Note 1. c.	US$ 174 thousand	-	-	US$ 174 thousand	(Note 3)	0.94	-	5,408	-
GSD Industrial Co., Ltd.	Pumps manufacture and sale	RMB 50,000 thousand	Note 1. c.	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. c.	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. c.	US$ 202 thousand	-	-	US$ 202 thousand	(Note 3)	13.48	-	6,060	-
Guohui (China) Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 313,432 thousand	Note 1. c.	US$ 1,750 thousand	-	-	US$ 1,750 thousand	(Note 3)	7.73	-	54,374	-
Fujian Guohui Footwear Co., Ltd.	Manufacturing and sale sport apparel, footwear and accessories	HK$ 195,686 thousand	Note 1. c.	US$ 1,357 thousand	-	-	US$ 1,357 thousand	(Note 3)	7.73	-	42,160	-
KGI Investment advisory (Shanghai) Co., Ltd.	Investment consultancy	US$ 2,000 thousand	Note 1. c.	US$ 2,000 thousand	-	-	US$ 2,000 thousand	(12,761)	100.00	(12,761)	31,249	-
CDIB International Leasing Corporation	Financial Leasing and management business consulting	RMB 187,750 thousand	Note 1. d.	US$ 30,000 thousand	-	-	US$ 30,000 thousand	11,779	100.00	11,779	959,101	-

Accumulated Investment in Mainland China as of June 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$5,197,755	US$298,904 thousand	$92,591,608

Note 1: The investment types are as follows:

a. Remittances through a third place.
b. Reinvested through a new founded company at a third place.
c. Reinvested through an investee company at a third place.
d. Direct investments.
e. Other.

(Continued)

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 audited by an international CPA firm having a cooperative relation with CPA firms in the Republic of China;
2) Financial statements audited 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: 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 5: 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 6: The Corporation formerly indirectly invested in Wuxi Paiho Testiles Co., Ltd. and Dongguan Paihong Corporation Ltd. through its subsidiary's investment in Paiho Shih Holdings Corporation. Because Paiho Shih Holdings Corporation has been listed on the Taiwan Stock Exchange on August 17, 2011, refer to its financial report for the information.

Note 7: The Corporation formerly indirectly invested in Focal Tech System Co., Ltd. through its subsidiary's investment in Focal Tech Corporation Ltd. has been listed on the Taiwan Stock Exchange on November 8, 2013, refer to its financial report for the information.

Note 8: The Corporation formerly indirectly invested in Kunshan Xinkuangtai Photoelectric Technology Co., Ltd. and Taizhou Kuangli Photoelectric Technology Co., Ltd. through its subsidiary's investment in Kuangli Photoelectric Technology Co., Ltd. has been listed on the Taiwan Stock Exchange on October 31, 2014, refer to its financial report for the information.

Note 9: The Corporation formerly indirectly invested in Yangzhou Enteres Auto Parts Manufacturing Co., Ltd., Yanghou Enteres Industrial Co., Ltd. Yangzhou Enterex Automotive Air-Conditioning Industrial Co., Ltd. and Yangzhou Enterex Auto Parts Distribution Co., Ltd. through its subsidiary investment in Enteres International Limited has been listed on the Taiwan Stock Exchange on October 16, 2014, refer to its financial report for the information.

Note 10: The Corporation formerly indirectly invested in China Petides (Wuhan) Co., Ltd. through its subsidiary's investment in JHL, Biotech, Ltd. JHL Biotech, Ltd. increased shares in this investment by its own capital. As a result, outward remittance are proportionally recognized rather than actual remitted amount.

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 SIX MONTHS ENDED JUNE 30, 2015
(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 liability	$ 713,685	Note 4	0.08%
1	China Development Industrial Bank	The Corporation	2	Current tax asset	713,685	Note 4	0.08%
0	The Corporation	China Development Industrial Bank	1	Current tax asset	181,439	Note 4	0.02%
1	China Development Industrial Bank	The Corporation	2	Current tax liabilities	181,439	Note 4	0.02%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax assets	503,353	Note 4	0.06%
2	KGI Securities Co., Ltd.	The Corporation	2	Current tax liabilities	503,353	Note 4	0.06%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax liabilities	122,581	Note 4	0.01%
2	KGI Bank Co., Ltd.	The Corporation	2	Current tax asset	122,581	Note 4	0.01%
0	The Corporation	KGI Bank Co., Ltd.	1	Cash and cash equivalents	12,225,382	Note 4	1.34%
3	KGI Bank Co., Ltd.	The Corporation	2	Deposit and remittances	12,225,382	Note 4	1.34%
1	China Development Industrial Bank	KGI Bank Co., Ltd.	3	Cash and cash equivalents	5,114,211	Note 4	0.56%
3	KGI Bank Co., Ltd.	China Development Industrial Bank	3	Deposit and remittances	5,114,211	Note 4	0.56%
2	KGI Securities Co., Ltd. and its subsidiaries	KGI Bank Co., Ltd.	3	Cash and cash equivalents	1,276,053	Note 4	0.14%
3	KGI Bank Co., Ltd.	KGI Securities Co., Ltd. and its subsidiaries	3	Deposit and remittances	1,276,053	Note 4	0.14%
2	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Financial liabilities at fair value through profit or loss	440,289	Note 4	0.04%
3	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Financial assets at fair value through profit or loss	440,289	Note 4	0.04%

(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)
2	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Restricted assets	$ 799,902	Note 4	0.09%
3	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Deposit and remittances	799,902	Note 4	0.09%
1	China Development Industrial Bank	CDIB Venture Capital Corporation	3	Receivables, net	1,000,000	Note 4	0.05%
4	CDIB Venture Capital Corporation	China Development Industrial Bank	3	Payables	1,000,000	Note 4	0.05%
1	China Development Industrial Bank	CDIB Strategic Venture Fund Ltd.	3	Receivables, net	500,000	Note 4	0.11%
5	CDIB Strategic Venture Fund Ltd.	China Development Industrial Bank	3	Payables	500,000	Note 4	0.11%
1	China Development Industrial Bank	CDIB Global Markets II Limited	3	Payables	210,344	Note 4	0.02%
6	CDIB Global Markets II Limited	China Development Industrial Bank	3	Receivables, net	210,344	Note 4	0.02%
1	China Development Industrial Bank	CDIB Global Markets I Limited	3	Payables	190,010	Note 4	0.02%
7	CDIB Global Markets I Limited	China Development Industrial Bank	3	Receivables, net	190,010	Note 4	0.02%
1	China Development Industrial Bank	CDIB Global Markets III Limited	3	Payables	125,518	Note 4	0.01%
8	CDIB Global Markets III Limited	China Development Industrial Bank	3	Receivables, net	125,518	Note 4	0.01%
3	KGI Bank Co., Ltd.	CDIB Capital Investment I Limited and its subsidiaries	3	Deposit and remittances	1,615,474	Note 4	0.18%
9	CDIB Capital Investment I Limited and its subsidiaries	KGI Bank Co., Ltd.	3	Cash and cash equivalents	1,615,474	Note 4	0.18%
3	KGI Bank Co., Ltd.	CDIB Global Markets II Limited	3	Deposit and remittances	944,881	Note 4	0.10%
10	CDIB Global Markets II Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	944,881	Note 4	0.10%
3	KGI Bank Co., Ltd.	CDIB Global Markets III Limited	3	Deposit and remittances	955,408	Note 4	0.10%
11	CDIB Global Markets III Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	955,408	Note 4	0.10%
3	KGI Bank Co., Ltd.	CDIB Capital Investment II Limited	3	Deposit and remittances	255,983	Note 4	0.03%
12	CDIB Capital Investment II Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	255,983	Note 4	0.03%
3	KGI Bank Co., Ltd.	CDIB Global Markets I Limited	3	Deposit and remittances	1,386,179	Note 4	0.15%

(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)
7	CDIB Global Markets I Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	$ 1,386,179	Note 4	0.15%
3	KGI Bank Co., Ltd.	CDIB Venture Capital Corp.	3	Deposit and remittances	521,030	Note 4	0.06%
13	CDIB Venture Capital Corp.	KGI Bank Co., Ltd.	3	Cash and cash equivalents	521,030	Note 4	0.06%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service fee, net	128,336	Note 4	1.62%
14	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service fee, net	128,336	Note 4	1.62%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial assets at fair value through profit or loss	331,540	Note 4	0.04%
14	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Customers’ equity accounts - futures	331,540	Note 4	0.04%
2	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Receivables, net	198,640	Note 4	0.02%
14	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Payables	198,640	Note 4	0.02%
2	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	493,720	Note 4	0.05%
15	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	493,720	Note 4	0.05%
2	KGI Securities Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Financial assets at fair value through profit or loss	229,748	Note 4	0.03%
16	KGI Ong Capital Pte. Ltd.	KGI Securities Co., Ltd.	3	Customers’ equity accounts - futures	229,748	Note 4	0.03%
17	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Other operating and administrative expenses	116,364	Note 4	0.73%
18	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Net other noninterest profit and gain	116,364	Note 4	0.73%
19	Richpoint Company Limited	KG Investments Holdings Limited	3	Receivables, net	3,735,770	Note 4	0.41%
20	KG Investments Holdings Limited	Richpoint Company Limited	3	Other borrowings	3,735,770	Note 4	0.41%
14	KGI Futures Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Other financial assets	393,759	Note 4	0.04%
16	KGI Ong Capital Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers’ equity accounts - futures	393,759	Note 4	0.04%

(Continued)

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)

TABLE 13-1

BALANCE SHEETS
JUNE 30, 2015
(Expressed in U.S. Dollars)

ASSETS	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	ANEW Holdings Limited
CURRENT ASSETS				
Cash and cash equivalents	$ 429,421	$ 85,197	$ 12,758	$ 160
Other receivable - related parties	120,000,000	-	244,450,589	2,773,238
Prepayments	58,623	-	-	-
Other current assets	1,738,022	-	2,036,471	-
Total current assets	122,226,066	85,197	246,499,818	2,773,398
NONCURRENT ASSETS				
Financial assets measured at cost - noncurrent	3,806,347	-	-	-
Long-term equity investments using the equity method	409,805,802	274,845,447	384,731,382	55,894,414
Total noncurrent assets	413,612,149	274,845,447	384,731,382	55.894,414
TOTAL	$ 535,838,215	$ 274,930,644	$ 631,231,200	$ 58,667,812
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings	$ 119,630,255	$ 141,284,555	$ 147,147,705	$ -
Commercial paper payable	-	-	143,330,448	-
Other payable	79,227	239,715	2,117,475	-
Other payable - related parties	-	38,825,579	-	-
Total current liabilities	119,709,482	180,349,849	292,595,628	-
Total liabilities	119,709,482	180,349,849	292,595,628	-
EQUITY				
Common stock	158,949,597	86,062,690	138,446,788	55,924,236
Capital reserve	828,878	16,988	54,601,695	-
Special reserve	-	2,935,555	387,913	-
Retained earnings	252,761,667	5,565,562	145,199,176	2,743,576
Other equity				
Translation adjustments	3,416,309	-	-	-
Unrealized loss on available-for-sales financial assets	172,282	-	-	-
Total equity	416,128,733	94,580,795	338,635,572	58,667,812
TOTAL	$ 535,838,215	$ 274,930,644	$ 631,231,200	$ 58,667,812

TABLE 13-2

BALANCE SHEETS
JUNE 30, 2015
(Expressed in U.S. Dollars)

ASSETS	KG Investments Pacific Limited	KG Investments Asset Management (International) Limited	Pacific Glory Finance One Limited	KGI Limited
CURRENT ASSETS				
Other receivable - related parties	$ -	$ -	$ 937,867	$ -
NONCURRENT ASSETS				
Long-term equity investments using the equity method	-	-	-	341,954,678
TOTAL	$ -	$ -	$ 937,867	$ 341,954,678
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable - related parties	$ -	$ -	$ -	$ 62,034,135
Total liabilities	-	-	-	62,034,135
EQUITY				
Common stock	10,000	10,000	2	308,341,129
Retained earnings (accumulated deficit)	(10,000)	(10,000)	937,865	(28,420,586)
Total equity	-	-	937,867	279,920,543
TOTAL	$ -	$ -	$ 937,867	$ 341,954,678

BALANCE SHEETS
JUNE 30, 2015
(Expressed in U.S. Dollars)

ASSETS	Supersonic Services Inc.	KGI International Limited	Bauhinia 88 Ltd.	KGI Capital (Hong Kong) Limited
CURRENT ASSETS				
Other receivable - related parties	$ -	$ -	$ -	$ 894,429
NONCURRENT ASSETS				
Long-term equity investments using the equity method	-	33,694,290	-	-
TOTAL	$ -	$ 33,694,290	$ -	$ 894,429
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable - related parties	$ -	$ 2,633,036	$ -	$ -
Total liabilities	-	2,633,036	-	-
EQUITY				
Common stock	100	42,462,411	2	2,579,048
Capital reserve	-	-	-	15,990
Accumulated deficit	(100)	(11,401,157)	(2)	(1,700,609)
Total equity	-	31,061,254	-	894,429
TOTAL	$ -	$ 33,694,290	$ -	$ 894,429

BALANCE SHEETS
JUNE 30, 2015
(Expressed in U.S. Dollars)

ASSETS	**KGI Nominees (Hong Kong) Limited**	**Global Treasure Investments Limited**	**KGI Nominees Limited**	**KGI Hong Kong Limited**	**Bauhinia 8 Fund**
CURRENT ASSETS					
Cash and cash equivalents	$ -	$ -	$ -	$ 973,297	$ -
Other receivable - related parties	1	-	-	-	28,242
Prepayments	-	-	-	3,912,449	-
Total current assets	1	-	-	4,885,746	28,242
NONCURRENT ASSETS					
Properties and equipment	-	-	-	2,292,405	-
TOTAL	$ 1	$ -	$ -	$ 7,178,151	$ 28,242
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Other payable	$ -	$ -	$ -	$ 22,910,524	$ -
Other payable - related parties	-	-	-	17,019,165	-
Total current liabilities	-	-	-	39,929,689	-
Total liabilities	-	-	-	39,929,689	-
EQUITY					
Common stock	1	-	1	15,000	10
Special reserve	-	-	-	17,766	-
Retained earnings (accumulated deficit)	-	-	(1)	(32,784,304)	28,232
Total equity	1	-	-	(32,751,538)	28,242
TOTAL	$ 1	$ -	$ -	$ 7,178,151	$ 28,242

TABLE 13-5

BALANCE SHEETS
JUNE 30, 2015
(Expressed in U.S. Dollars)

ASSETS	KGI Global Asset Management Limited	KGI Korea Limited	KGI Asia (Holdings) Pte. Ltd.	Jubilant Dynasty Limited
CURRENT ASSETS				
Cash and cash equivalents	$ -	$ -	$ 298,609	$ -
Other receivable - related parties	1,284,160	72,652	-	-
Prepayments	-	-	8,359	-
Other current assets	-	-	-	-
Total current assets	1,284,160	72,652	306,968	-
NONCURRENT ASSETS				
Investments accounted for using equity method	-	-	99,917,616	-
TOTAL	$ 1,284,160	$ 72,652	$ 100,224,584	$ -
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Other payable	$ -	$ -	$ 10,736,818	$ -
Other payable - related parties	-	-	55,270,818	-
Total current liabilities	-	-	66,007,636	-
Total liabilities	-	-	66,007,636	-
EQUITY				
Common stock	100,000	10,000	36,700,000	1
Special reserve	-	-	(992,192)	-
Retained earnings (accumulated deficit)	1,184,160	62,652	(1,490,860)	(1)
Total equity	1,284,160	72,652	34,216,948	-
TOTAL	$ 1,284,160	$ 72,652	$ 100,224,584	$ -

TABLE 14-1

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In U.S. Dollars)

	Richpoint Company Limited	KG Investments Holdings Limited	KGI International Holdings Limited	ANEW Holdings Limited
REVENUES				
Interest revenue	$ -	$ 5	$ 1,387,923	$ -
Dividend revenue	-	-	-	-
Other income revenue	-	-	-	-
Total revenues	-	5	1,387,923	-
COSTS AND EXPENSES				
Financial cost	1,006,657	1,225,227	1,934,169	-
Other operating expenses	938,237	32,295	21,390,704	-
Total costs and expenses	1,944,894	1,257,522	23,324,873	-
PROFIT (LOSS) FROM OPERATIONS	(1,944,894)	(1,257,517)	(21,936,950)	-
SHARE OF THE PROFIT OF ASSOCIATES AND JOINT VENTURES	30,253,222	-	-	-
OTHER PROFITS	1,001,293	(7,141)	(17,330,126)	-
NON-OPERATING REVENUE	31,254,515	(7,141)	(17,330,126)	-
NET PROFIT/(LOSS) FOR THE PERIOD	29,309,621	(1,264,658)	(39,267,076)	-
OTHER COMPREHENSIVE LOSS				
Items that will not be reclassified subsequently to profit or loss				
Share of the profit of associates and joint ventures - not be reclassified subsequently to profit or loss	(34,984)	-	-	-
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	(1,228,856)	-	-	-
Share of the other comprehensive loss of associates	(48,753)	-	-	-
Other comprehensive loss for the period	(1,312,593)	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 27,997,028	$ (1,264,658)	$ (39,267,076)	$ -

TABLE 14-2

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In U.S. Dollars)

	KG Investments Pacific Limited	KG Investments Asset Management (International) Limited	Pacific Glory Finance One Limited	KGI Limited
REVENUES				
Gains (losses) on disposal of trading securities - dealing, net	$ -	$ -	$ -	$ (733,388)
Other revenue	-	12,049,814	-	-
Total revenues	-	12,049,814	-	(733,388)
PROFIT/(LOSS) FROM OPERATIONS	-	12,049,814	-	(733,388)
OTHER PROFITS (LOSSES)	-	-	-	(559)
NON-OPERATING REVENUE AND EXPENSE	-	-	-	(559)
NET PROFIT (LOSS) FOR THE PERIOD	-	12,049,814	-	(733,947)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ -	$ 12,049,814	$ -	$ (733,947)

TABLE 14-3

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In U.S. Dollars)

	Supersonic Services Inc.	KGI International Limited	Bauhinia 88 Ltd.	KGI Capital (Hong Kong) Limited
REVENUES				
Other operating revenues and profits	$ -	$ -	$ -	$ -
COSTS AND EXPENSES				
Other operating expense	100	-	2	-
LOSS FROM OPERATIONS	(100)	-	(2)	-
OTHER REVENUE AND EXPENSE	-	(8,637,795)	-	71
NON-OPERATING REVENUE AND EXPENSE	-	(8,637,795)	-	71
NET PROFIT (LOSS) FOR THE PERIOD	(100)	(8,637,795)	(2)	71
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (100)	$ (8,637,795)	$ (2)	$ 71

TABLE 14-4

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(In U.S. Dollars)

	KGI Nominees (Hong Kong) Limited	Global Treasure Investments Limited	KGI Nominees Limited	KGI Hong Kong Limited	Bauhinia 8 Fund
REVENUES					
Interest revenue	$ -	$ -	$ -	$ 75	$ -
Other income revenue	-	9,314,845	-	55,277,723	-
Total revenues	-	9,314,845	-	55,277,798	-
COSTS AND EXPENSES					
Employee benefits	-	-	-	54,272,108	-
Depreciation and amortization	-	-	-	890,896	-
Other operating expenses	-	594	1	7,916,711	-
Total costs and expenses	-	594	1	63,079,715	-
PROFIT (LOSS) FROM OPERATIONS	-	9,314,251	(1)	(7,801,917)	-
OTHER REVENUE AND EXPENSE	-	-	-	(27,290)	5,161
NON-OPERATING REVENUE AND EXPENSE	-	-	-	(27,290)	5,161
NET PROFIT (LOSS) FOR THE PERIOD	-	9.314,251	(1)	(7,829,207)	5,161
OTHER COMPREHENSIVE INCOME	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ -	$ 9,314,251	$ (1)	$ (7,829,207)	$ 5,161

TABLE 14-5

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(In U.S. Dollars)

	KGI Global Asset Management Limited	KGI Korea Limited	KGI Asia (Holdings) Pte. Ltd.	Jubilant Dynasty Limited
REVENUES				
Interest revenue	$ -	$ -	$ 192,999	$ -
COSTS AND EXPENSES				
Financial cost	-	-	50,000	-
Other operating expenses	-	-	584,843	1
Total costs and expenses	-	-	634,843	1
LOSS FROM OPERATIONS	-	-	(441,844)	(1)
OTHER REVENUE AND EXPENSE		(41)	(228,573)	
NON-OPERATING REVENUE AND EXPENSE	-	(41)	(228,573)	-
NET PROFIT/(LOSS) FOR THE PERIOD	-	(41)	(670,417)	(1)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ -	$ (41)	$ (670,417)	$ (1)