China Development Financial Holding Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2015 and 2014 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
China Development Financial Holding Corporation

We have reviewed the accompanying consolidated balance sheets of China Development Financial Holding Corporation (the "Corporation") and subsidiaries as of September 30, 2015 and 2014, and the related consolidated statements of comprehensive income for the three and nine months ended September 30, 2015 and 2014, changes in equity and cash flows for the nine months then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements of China Development Financial Holding Corporation and subsidiaries (as of and for the three and nine months ended September 30, 2015) referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

November 23, 2015

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2015 (Reviewed)		December 31, 2014 (Audited after Restated)		September 30, 2014 (Reviewed after Restated)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 6 and 49)	$ 40,049,356	4	$ 25,228,480	3	$ 16,895,958	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Notes 7 and 50)	66,493,430	7	41,616,681	4	77,995,504	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8, 9, 49, 50 and 55)	160,572,710	18	151,177,813	16	120,118,280	13
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 10 and 50)	91,878,205	10	139,610,600	15	132,700,853	14
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	66,396,944	7	32,871,543	4	29,789,716	3
RECEIVABLES, NET (Notes 12, 13, 49, 50 and 55)	111,257,479	12	131,789,029	14	138,839,249	15
CURRENT TAX ASSETS	1,000,577	-	720,044	-	842,151	-
DISCOUNT AND LOANS, NET (Notes 14, 49, 51 and 55)	223,684,373	24	225,777,475	25	230,493,422	25
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Note 15)	102,564	-	18,790,000	2	20,090,014	2
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 16 and 50)	10,334,917	1	8,562,987	1	8,376,750	1
RESTRICTED ASSETS (Notes 17, 50 and 51)	32,881,460	4	24,425,207	3	27,364,803	3
FINANCIAL ASSETS MEASURED AT COST (Note 18)	22,553,823	2	31,962,391	3	30,827,214	3
OTHER FINANCIAL ASSETS (Notes 19, 49 and 50)	37,280,045	4	41,792,876	5	42,605,161	5
INVESTMENT PROPERTY, NET (Notes 20 and 50)	2,059,928	-	2,070,706	-	1,759,915	-
PROPERTY AND EQUIPMENT, NET (Notes 21 and 50)	14,470,847	2	14,393,809	2	15,197,645	2
INTANGIBLE ASSETS, NET (Note 22)	8,728,501	1	8,896,357	1	9,807,643	1
DEFERRED TAX ASSETS (Note 46)	5,672,234	1	5,834,810	1	6,027,489	1
OTHER ASSETS, NET (Notes 23 and 50)	22,824,626	3	14,180,410	1	13,369,784	1
TOTAL	$ 918,242,019	100	$ 919,701,218	100	$ 923,101,551	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and banks (Notes 24 and 49)	$ 20,377,407	2	$ 12,680,778	1	$ 7,609,584	1
Financial liabilities at fair value through profit or loss (Notes 8 and 49)	49,623,463	5	35,082,307	4	29,415,120	3
Derivative financial liabilities for hedging (Note 25)	-	-	20,659	-	31,580	-
Notes and bonds issued under repurchase agreements (Notes 8, 10 and 26)	124,086,674	14	132,826,606	14	123,382,032	13
Commercial paper payable, net (Notes 27 and 50)	15,442,066	2	13,925,045	2	22,938,918	2
Payables (Notes 28 and 49)	69,325,090	8	58,243,555	6	66,539,046	7
Current tax liabilities	823,649	-	1,994,883	-	2,505,916	-
Deposits and remittances (Notes 29 and 49)	319,690,978	35	304,557,970	33	311,800,387	34
Bonds payable (Notes 30 and 49)	28,637,537	3	34,660,984	4	33,622,190	4
Other borrowings (Notes 31, 49 and 50)	41,532,070	5	35,204,646	4	32,245,282	3
Provisions (Notes 32 and 33)	994,526	-	1,215,264	-	1,297,163	-
Principal received on structured notes	37,478,533	4	74,150,578	8	79,021,582	9
Customers' equity accounts - futures (Note 49)	31,113,371	3	23,754,390	3	23,820,817	3
Other financial liabilities (Note 8)	402,678	-	392,027	-	378,740	-
Deferred tax liabilities (Note 46)	1,567,954	-	1,423,785	-	1,281,319	-
Other liabilities (Note 34)	10,034,880	1	13,544,034	2	16,137,378	2
Total liabilities	751,130,876	82	743,677,511	81	752,027,054	81
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Notes 35 and 36)						
Capital						
Common stock	151,644,553	16	153,438,493	17	153,431,133	16
Advance receipts for capital stock	16,288	-	5,969	-	5,459	-
Capital surplus	602,750	-	590,923	-	588,370	-
Retained earnings						
Legal reserve	4,161,475	1	3,077,853	-	3,077,853	-
Special reserve	765,041	-	1,123,858	-	1,123,858	-
Unappropriated earnings	11,532,832	1	15,275,884	2	12,347,117	2
Other						
Exchange differences on translation of foreign financial statements	1,893,058	-	201,379	-	(1,344,894)	-
Unrealized losses on available-for-sale financial assets	(4,638,493)	-	(177,929)	-	(535,575)	-
Unrealized losses on cash flow hedges	-	-	(20,659)	-	(31,580)	-
Others	(46,378)	-	(26,956)	-	(37,762)	-
Treasury shares	(2,395,508)	-	(3,298,709)	(1)	(2,376,747)	-
Total equity attributable to owners of parent	163,535,618	18	170,190,106	18	166,247,232	18
NON-CONTROLLING INTERESTS	3,575,525	-	5,833,601	1	4,827,265	1
Total equity	167,111,143	18	176,023,707	19	171,074,497	19
TOTAL	$ 918,242,019	100	$ 919,701,218	100	$ 923,101,551	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 September 30				For the Nine Months Ended September 30			
	2015 (Reviewed)		2014 (Reviewed after Restated)		2015 (Reviewed)		2014 (Reviewed after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 37 and 49)	$ 3,475,114	62	$ 3,054,600	40	$ 11,225,128	52	$ 8,447,623	41
INTEREST EXPENSE (Notes 37 and 49)	(1,232,787)	(22)	(1,085,915)	(14)	(4,003,910)	(18)	(2,912,656)	(14)
INTEREST PROFIT, NET	2,242,327	40	1,968,685	26	7,221,218	34	5,534,967	27
NONINTEREST PROFITS AND GAINS, NET								
Service fee and commission, net (Notes 38 and 49)	2,220,876	40	1,941,048	26	7,092,864	33	5,364,086	26
Gain on financial assets or liabilities measured at fair value through profit or loss, net (Note 39)	(111,314)	(2)	152,378	2	2,788,694	13	2,370,525	12
Realized gain on available-for-sale financial assets, net (Note 40)	1,532,455	27	1,320,286	17	2,788,858	13	5,872,767	29
Foreign exchange gain (loss), net	(1,223,145)	(22)	527,655	7	(978,127)	(5)	(843,927)	(4)
Impairment loss on assets, net (Note 41)	(358,174)	(6)	(261,387)	(3)	(516,248)	(3)	(1,094,301)	(5)
Share of the profit of associates	(104,194)	(2)	172,715	2	201,026	1	411,086	2
Gain on financial assets measured at cost, net (Note 42)	775,822	14	1,188,745	16	1,100,453	5	1,475,881	7
Consulting service revenue (Note 49)	314,851	6	177,997	2	832,419	4	487,756	2
Others (Notes 43 and 49)	310,001	5	372,962	5	1,006,103	5	908,308	4
Total noninterest profits and gains, net	3,357,178	60	5,592,399	74	14,316,042	66	14,952,181	73
TOTAL NET REVENUES	5,599,505	100	7,561,084	100	21,537,260	100	20,487,148	100
REVERSAL OF ALLOWANCE (ALLOWANCE) FOR BAD DEBTS AND LOSSES ON GUARANTEES, NET	300,605	5	(117,409)	(2)	891,008	4	(50,320)	-
OPERATING EXPENSES (Notes 4, 33, 44, 45 and 49)								
Employee benefits	(3,006,634)	(54)	(2,389,331)	(32)	(9,544,606)	(44)	(7,003,935)	(34)
Depreciation and amortization	(351,197)	(6)	(296,307)	(4)	(1,054,702)	(5)	(864,033)	(4)
Other general and administrative expenses	(1,684,086)	(30)	(1,390,764)	(18)	(5,039,430)	(23)	(3,649,924)	(18)
Total operating expenses	(5,041,917)	(90)	(4,076,402)	(54)	(15,638,738)	(72)	(11,517,892)	(56)

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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 September 30				For the Nine Months Ended September 30			
	2015 (Reviewed)		2014 (Reviewed after Restated)		2015 (Reviewed)		2014 (Reviewed after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT BEFORE INCOME TAX	$ 858,193	15	$ 3,367,273	44	$ 6,789,530	32	$ 8,918,936	44
INCOME TAX BENEFIT (EXPENSE) (Note 46)	134,532	3	(171,195)	(2)	(640,485)	(3)	(923,883)	(5)
NET PROFIT FOR THE PERIOD	992,725	18	3,196,078	42	6,149,045	29	7,995,053	39
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss, net of income tax								
Share of the other comprehensive income of associates - items that will not be reclassified subsequently to profit or loss	(1,929)	-	-	-	(3,016)	-	-	-
Items that will be reclassified subsequently to profit or loss, net of income tax								
Exchange differences on translation of foreign financial statements	2,434,162	43	575,497	8	1,622,112	8	514,531	3
Unrealized loss on available-for-sale financial assets	(2,918,274)	(52)	(1,862,621)	(25)	(4,010,551)	(19)	(2,239,064)	(11)
Unrealized gain on cash flow hedges	-	-	11,459	-	20,659	-	13,167	-
Share of the other comprehensive income of associates	(335,227)	(6)	79,300	1	(380,289)	(2)	183,712	1
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 46)	(901)	-	(1,598)	-	(1,238)	-	259,001	1
Other comprehensive income for the period, net of income tax	(822,169)	(15)	(1,197,963)	(16)	(2,752,323)	(13)	(1,268,653)	(6)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 170,556	3	$ 1,998,115	26	$ 3,396,722	16	$ 6,726,400	33
NET PROFIT ATTRIBUTABLE TO:								
Owners of parent	$ 996,261	18	$ 3,187,036	42	$ 6,088,518	28	$ 7,928,241	39
Non-controlling interests	(3,536)	-	9,042	-	60,527	1	66,812	-
	$ 992,725	18	$ 3,196,078	42	$ 6,149,045	29	$ 7,995,053	39

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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 September 30				For the Nine Months Ended September 30			
	2015 (Reviewed)		2014 (Reviewed after Restated)		2015 (Reviewed)		2014 (Reviewed after Restated)	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of parent	$ 173,662	3	$ 1,990,893	26	$ 3,337,276	16	$ 6,662,942	33
Non-controlling interests	(3,106)	-	7,222	-	59,446	-	63,458	-
	$ 170,556	3	$ 1,998,115	26	$ 3,396,722	16	$ 6,726,400	33
EARNINGS PER SHARE (Note 47)								
Basic	$ 0.07		$ 0.22		$ 0.41		$ 0.54	
Diluted	$ 0.07		$ 0.22		$ 0.41		$ 0.54	

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

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of Parent													
	Capital			Retained Earnings			Other Equity							
	Common Stock	Advance Receipts for Capital Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Unrealized Gains (Losses) on Cash Flow Hedges	Others	Treasury Shares	Total Equity Attributable to Owners of 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 nine months ended September 30, 2014 as restated	-	-	-	-	-	7,928,241	-	-	-	-	-	7,928,241	66,812	7,995,053
Other comprehensive income for the nine months ended September 30, 2014 as restated, net of income tax	-	-	-	-	-	-	600,824	(1,879,290)	13,167	-	-	(1,265,299)	(3,354)	(1,268,653)
Total comprehensive income for the nine months ended September 30, 2014 as restated	-	-	-	-	-	7,928,241	600,824	(1,879,290)	13,167	-	-	6,662,942	63,458	6,726,400
Issuance of common stock for acquisition of ownership in subsidiaries	3,061,467	-	-	-	-	-	-	-	-	-	-	3,061,467	-	3,061,467
Reclassification of the Corporation's stock held by subsidiaries from financial assets	-	-	-	-	-	-	-	-	-	-	(206,461)	(206,461)	-	(206,461)
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	5,459	62,306	-	-	(3,004)	-	-	-	(13,636)	-	111,958	-	111,958
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(1,679,642)	(1,679,642)
BALANCE AT SEPTEMBER 30, 2014 AS RESTATED	$ 153,431,133	$ 5,459	$ 588,370	$ 3,077,853	$ 1,123,858	$ 12,347,117	$ (1,344,894)	$ (535,575)	$ (31,580)	$ (37,762)	$ (2,376,747)	$ 166,247,232	$ 4,827,265	$ 171,074,497
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 nine months ended September 30, 2015	-	-	-	-	-	6,088,518	-	-	-	-	-	6,088,518	60,527	6,149,045
Other comprehensive income for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	(3,016)	1,691,679	(4,460,564)	20,659	-	-	(2,751,242)	(1,081)	(2,752,323)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	6,085,502	1,691,679	(4,460,564)	20,659	-	-	3,337,276	59,446	3,396,722
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(991,669)	(991,669)	-	(991,669)
Cancel of treasury shares	(1,888,880)	-	(5,990)	-	-	-	-	-	-	-	1,894,870	-	-	-
Share-based payments	94,940	10,319	17,426	-	-	(5,076)	-	-	-	(19,422)	-	98,187	-	98,187
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	(2,317,522)	(2,317,522)
BALANCE AT SEPTEMBER 30, 2015	$ 151,644,553	$ 16,288	$ 602,750	$ 4,161,475	$ 765,041	$ 11,532,832	$ 1,893,058	$ (4,638,493)	$ -	$ (46,378)	$ (2,395,508)	$ 163,535,618	$ 3,575,525	$ 167,111,143

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 Nine Months Ended September 30	
	2015 (Reviewed)	**2014 (Reviewed after Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 6,789,530	$ 8,918,936
Adjustments to reconcile net profit (loss)		
Depreciation expenses	395,133	322,008
Amortization expenses	659,569	542,025
Allowance (reversal of allowance) for bad debts and losses on guarantees, net	(891,008)	50,320
Interest expense	4,031,774	2,929,541
Interest income	(12,499,691)	(9,399,859)
Dividend income	(2,001,321)	(2,167,994)
Share of the profit of associates	(174,606)	(403,077)
Gain on disposal of investments	(1,152,886)	(5,277,596)
Loss on financial asset impairment	500,491	1,050,487
Loss on nonfinancial asset impairment	15,757	43,814
Others	190,244	(647,914)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(7,207,181)	(4,871,589)
Financial assets at fair value through profit or loss	(9,394,897)	(21,747,036)
Available-for-sale financial assets	(66,718,953)	-
Securities purchased under resell agreements	(13,785,890)	2,100,088
Receivables	21,029,978	3,060,704
Discount and loans	2,839,399	(24,417,240)
Held to maturity financial assets	18,600,000	-
Other financial assets	4,209,050	(5,335,781)
Other assets	(19,024,583)	(7,868,953)
Deposits from the Central Bank and banks	7,696,629	(525,433)
Financial liabilities at fair value through profit or loss	14,541,156	6,827,783
Notes and bonds issued under repurchase agreements	(8,739,932)	7,388,242
Payables	(26,152)	(1,456,006)
Deposits and remittances	15,133,008	39,200,708
Other financial liabilities	(31,035,688)	17,578,947
Other liabilities	8,094,019	2,953,400
Interest received	13,301,654	9,086,037
Dividend received	2,004,489	1,837,726
Interest paid	(4,321,507)	(3,098,304)
Income tax paid	(1,812,349)	(627,776)
Net cash generated from (used in) operating activities	(58,754,764)	16,046,208

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CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2015 (Reviewed)	2014 (Reviewed after Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (22,216,844)	$ (28,563,305)
Proceeds from sale of available-for-sale financial assets	133,916,279	25,940,135
Proceeds of debt investments with no active market	999,992	57,363
Acquisition of held-to-maturity financial assets	(102,564)	-
Acquisition of financial assets measured at cost	(1,649,096)	(2,010,992)
Proceeds from sale of financial assets measured at cost	7,493,660	4,259,378
Proceeds from capital return on financial assets measured at cost	124,971	251,358
Acquisition of equity-method investments	(1,220,224)	(1,011,871)
Proceeds from sale of equity-method investments	3,482	157,196
Acquisition of subsidiaries	-	6,678,321
Proceeds from capital return on equity method investments	1,086,522	293,385
Acquisition of property and equipment	(449,926)	(210,945)
Proceeds from sale of investment property	246,622	113,673
Others	597,425	555,343
Net cash generated from investing activities	118,830,299	6,509,039
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	7,514,194	10,117,302
Increase in commercial paper payable	1,517,021	12,822,693
Proceeds from issue of corporate bonds	15,000,000	-
Repayments of corporate bonds	(11,100,000)	-
Repayments of bonds payable	(10,000,000)	(3,500,000)
Proceeds of long-term borrowings	-	3,498,631
Repayments of long-term borrowings	(1,186,770)	(128,349)
Cash dividend paid	(9,098,673)	(6,014,787)
Purchase of treasury shares	(991,669)	-
Acquisition of equity interest in subsidiaries	-	(111,150)
Changes in non-controlling interests	(101,675)	(1,628,131)
Others	(225,964)	147,728
Net cash generated from (used in) financing activities	(8,673,536)	15,203,937
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	827,956	(39,368)

(Continued)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2015 (Reviewed)	2014 (Reviewed after Restated)
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 52,229,955	$ 37,719,816
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	84,850,996	75,907,801
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 137,080,951	$ 113,627,617

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

	September 30	
	2015 (Reviewed)	2014 (Reviewed after Restated)
Cash and cash equivalents in consolidated balance sheets	$ 40,049,356	$ 16,895,958
Due from the Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of in IAS 7	45,246,731	67,051,793
Securities purchased under agreements to resell qualifying as cash and cash equivalents under the definition of in IAS 7	51,784,864	29,679,866
Cash and cash equivalents in consolidated statements of cash flows	$ 137,080,951	$ 113,627,617

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 NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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 September 30, 2015, KGI Securities had a head office and 83 branches which included head office.

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

KGI Bank was established on January 14, 1992. As of September 30, 2015, KGI Bank had a main office, international banking department, a trust department, various business departments, an offshore banking unit (OBU), and 51 domestic branches.

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the board of directors and issue on November 23, 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
September 30, 2014			
Cash and cash equivalents	$ 16,877,444	$ 18,514	$ 16,895,958
Receivables, net	138,876,461	(37,212)	138,839,249
Investments accounted for using the equity method, net	9,592,749	(1,215,999)	8,376,750
Financial assets measured at cost	28,486,013	2,341,201	30,827,214
Payables	66,524,508	14,538	66,539,046
Other liabilities	16,216,448	(79,070)	16,137,378
Retained earnings	16,646,130	(80,787)	16,565,343
Exchange differences on translation of foreign financial statements	(1,344,238)	(656)	(1,344,894)
Non-controlling interests	3,574,786	1,252,479	4,827,265

Impact on Total Comprehensive Income for the Three Months Ended September 30, 2014	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Noninterest profits and gains, net			
Share of the profit of associates	$ 156,524	$ 16,191	$ 172,715
Gain on financial assets measured at cost, net	1,188,559	186	1,188,745
Operating expenses	(4,074,878)	(2,042)	(4,076,920)
Other profits and gains, net	5,941,845	(30,825)	5,911,020
Total effect on net profit for the three months ended September 30, 2014	3,212,050	(16,490)	3,195,560
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign financial statements	577,078	(1,581)	575,497
Other comprehensive income, net	(1,773,460)	-	(1,773,460)
Total effect on other comprehensive income for the three months ended September 30, 2014	$ 2,015,668	$ (18,071)	$ 1,997,597
Impact on net profit attributable to:			
Owners of parent	$ 3,186,332	$ 186	$ 3,186,518
Non-controlling interests	25,718	(16,676)	9,042
	$ 3,212,050	$ (16,490)	$ 3,195,560
Impact on total comprehensive income attributable to:			
Owners of parent	$ 1,991,770	$ (1,395)	$ 1,990,375
Non-controlling interests	23,898	(16,676)	7,222
	$ 2,015,668	$ (18,071)	$ 1,997,597
Impact on earnings per share			
Basic earnings per share	$ 0.22	$ -	$ 0.22
Diluted earnings per share	$ 0.22	$ -	$ 0.22

Impact on Total Comprehensive Income for the Nine Months Ended September 30, 2014	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Noninterest profits and gains			
Share of the profit of associates	$ 373,542	$ 37,544	$ 411,086
Gain on financial assets measured at cost, net	1,556,668	(80,787)	1,475,881
Operating expenses	(11,505,024)	(14,422)	(11,519,446)
Other profits and gains, net	17,687,770	(61,792)	17,625,978
Total effect on net profit for the nine months ended September 30, 2014	8,112,956	(119,457)	7,993,499

(Continued)

Impact on Total Comprehensive Income for the Nine Months Ended September 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	$ 515,187	$ (656)	$ 514,531
Other comprehensive income, net	(1,783,184)	-	(1,783,184)
Total effect on other comprehensive income for the nine months ended September 30, 2014	$ 6,844,959	$ (120,113)	$ 6,724,846
Impact on net profit attributable to:			
Owners of parent	$ 8,007,474	$ (80,787)	$ 7,926,687
Non-controlling interests	105,482	(38,670)	66,812
	$ 8,112,956	$ (119,457)	$ 7,993,499
Impact on total comprehensive income attributable to:			
Owners of parent	$ 6,742,831	$ (81,443)	$ 6,661,388
Non-controlling interests	102,128	(38,670)	63,458
	$ 6,844,959	$ (120,113)	$ 6,724,846
Impact on earnings per share			
Basic earnings per share	$ 0.54	$ -	$ 0.54
Diluted earnings per share	$ 0.54	$ -	$ 0.54

(Concluded)

Impact on Cash Flows for the Nine Months Ended September 30, 2014	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Net cash inflow from operating activities	$ 16,149,741	$ (103,533)	$ 16,046,208
Net cash inflow from investing activities	7,634,242	(1,125,203)	6,509,039
Net cash inflow from financing activities	13,951,458	1,252,479	15,203,937
Effects of exchange rate changes on the balance of cash held in foreign currencies	(34,139)	(5,229)	(39,368)
Net increase in cash and cash equivalents	$ 37,701,302	$ 18,514	$ 37,719,816

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 54 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 nine months ended September 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	**September 30, 2015**
Decrease in provisions	$ 1,554
Increase in retained earnings	$ 1,554

Impact on Total Comprehensive Income	**For the Three Months Ended September 30, 2015**	**For the Nine Months Ended September 30, 2015**
Decrease in employee benefits	$ 518	$ 1,554

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
September 30, 2014			
Provisions	1,280,648	16,515	1,297,163
Retained earnings	16,646,130	(16,515)	16,629,615

Impact on Total Comprehensive Income	**Carrying Amount**	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
For the three months ended September 30, 2014			
Employee benefits	$ 2,389,849	$ (518)	$ 2,389,331
For the nine months ended September 30, 2014			
Employee benefits	7,005,489	(1,554)	7,003,935

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, 2018
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

(Continued)

New IFRSs	Effective Date Announced by IASB (Note 1)
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

(Concluded)

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 September 30, 2015, December 31, 2014 and September 30, 2014, the consolidated entities included in the consolidated financial statements included 80, 81 and 78 companies, respectively (please refer to the attached Table 7 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

	September 30, 2015	December 31, 2014	September 30, 2014
Cash in banks	$ 30,075,030	$ 12,662,406	$ 9,949,723
Short-term transactions instruments with maturities of up to three months	3,599,851	2,920,850	2,573,331
Due from banks	3,182,452	6,965,259	2,208,751
Cash on hand	1,353,345	1,232,232	1,153,707
Future excess margin	1,145,251	933,022	701,800
Others	693,427	514,711	308,646
	$ 40,049,356	$ 25,228,480	$ 16,895,958

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 September 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

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Due from the Central Bank	$ 54,191,232	$ 30,139,236	$ 68,636,249
Call loans to banks	12,302,198	11,477,445	9,359,255
	$ 66,493,430	$ 41,616,681	$ 77,995,504

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 September 30, 2015, December 31, 2014 and September 30, 2014, these reserves included $7,618,734 thousand, $7,849,296 thousand and $8,345,585 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 $152,389 thousand, $142,731 thousand and $130,875 thousand as of September 30, 2015, December 31, 2014 and September 30, 2014, respectively.

For the Corporation and subsidiaries' issued certificates of deposits pledged as collaterals for day-term overdraft, please refer to Note 50.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Financial assets held for trading			
Derivative instrument			
Currency swap contracts	$ 18,968,502	$ 14,122,818	$ 6,251,564
Interest rate swap contracts	5,254,298	4,633,155	4,818,644
Premiums paid on option contracts	3,082,167	2,453,718	2,118,641
Others	2,889,081	2,160,349	1,752,386

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Non-derivative financial assets			
Operating securities (Note 9)	$ 72,552,864	$ 89,807,323	$ 79,425,581
Bank debentures	34,893,336	21,008,563	9,598,349
Mutual funds	6,781,680	6,320,256	6,027,959
Corporate bonds	2,389,489	5,306,309	5,093,451
Government bonds	2,310,476	1,326,407	1,360,034
Convertible (exchangeable) corporate bonds	1,542,965	2,733,520	2,473,502
Others	541,362	1,071,709	1,002,804
	151,206,220	150,944,127	119,922,915
Financial assets designated as at FVTPL			
Government bonds	8,296,489	-	-
Convertible (exchangeable) corporate bonds	202,864	233,686	195,365
Others	867,137	-	-
	9,366,490	233,686	195,365
Financial assets at FVTPL	$ 160,572,710	$ 151,177,813	$ 120,118,280
Financial liabilities held for trading			
Derivative instrument			
Currency swap contracts	$ 17,643,622	$ 14,432,034	$ 5,780,836
Interest rate swap contracts	6,245,466	4,739,291	4,585,048
Premiums received on option contracts	4,616,895	3,305,838	4,097,085
Others	4,351,532	4,241,427	4,421,296
Non-derivative financial liabilities			
Borrowed securities payable	8,171,842	4,495,468	5,584,671
Securities purchased under resell agreement - securities financing	2,265,726	830,616	1,352,142
Others	-	-	548,114
	43,295,083	32,044,674	26,369,192
Financial liabilities designated as at FVTPL			
Bank debentures payable	4,417,110	1,071,148	1,073,509
Structured products	1,911,270	1,966,485	1,972,419
	6,328,380	3,037,633	3,045,928
Financial liabilities at FVTPL	$ 49,623,463	$ 35,082,307	$ 29,415,120

(Concluded)

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

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

Bank Debenture Number	September 30, 2015	December 31, 2014	September 30, 2014	Issuance Period	Method of Paying Principles and Interests	Interest Rate
15KGIB1	$ 3,511,568	$ -	$ -	March 24, 2015 - March 24, 2045 (Note)	Principal due on maturity	0%
04 KGIB 1	1,050,000	1,050,000	1,050,000	May 18, 2006 - May 18, 2016	Principal due on maturity; interest payable annually	2.15%
	4,561,568	1,050,000	1,050,000			
Valuation adjustments	(144,458)	21,148	23,509			
	$ 4,417,110	$ 1,071,148	$ 1,073,509			

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

	Contract Amount		
	September 30, 2015	December 31, 2014	September 30, 2014
Currency swap contracts	$ 938,312,313	$ 926,590,408	$ 836,868,776
Interest rate swap contracts	697,058,515	627,897,252	620,298,816
Option and Futures contracts	491,343,756	396,248,979	599,781,133
Forward exchange contracts	68,704,647	40,037,779	38,741,141
Assets swap contracts	13,586,172	14,375,313	13,457,405
Structured note contracts	12,788,992	15,856,879	14,487,507
Cross-currency swap contracts	9,632,662	28,535,005	43,686,416
Non-deliverable forward contracts	5,578,296	3,478,777	4,262,895
Equity derivative financial contracts	2,539,478	7,906,629	5,704,865
Credit default swap contracts	2,105,407	634,360	2,191,392
Commodity swap	1,729,354	213,193	204,576

As of September 30, 2015, December 31, 2014 and September 30, 2014, financial assets held for trading with aggregate carrying values of $94,588,794 thousand, $87,841,744 thousand and $71,252,774 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$396,801 thousand based on the exchange rate of September 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 50.

9. OPERATING SECURITIES

	September 30, 2015	December 31, 2014	September 30, 2014
Dealing			
Government bonds	$ 21,162,705	$ 10,607,709	$ 5,248,356
Corporate bonds	19,323,871	27,719,299	31,845,247
Oversea securities	17,890,769	34,870,590	25,961,835
Listed, OTC and emerging market stocks	8,055,928	6,619,532	6,915,968
Others	79,165	1,896,953	1,495,323
	66,512,438	81,714,083	71,466,729
Underwriting			
Listed and OTC stocks	1,089,757	922,894	919,434
Oversea securities	777,014	-	-
Corporate bonds	671,093	1,082,488	1,178,225
Others	75,000	-	5,000
	2,612,864	2,005,382	2,102,659
Hedge positions			
Listed and OTC stocks	2,572,001	5,504,487	5,444,398
Oversea securities	626,497	439,853	264,409
Listed and OTC warrant	229,064	143,518	147,386
	3,427,562	6,087,858	5,856,193
	$ 72,552,864	$ 89,807,323	$ 79,425,581

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Government bonds	$ 46,574,742	$ 77,621,553	$ 63,601,647
Listed, OTC and emerging market stocks	19,655,856	25,378,584	25,211,745
Bank debentures	16,297,655	18,033,182	22,767,643
Corporate bonds	8,827,496	17,924,278	20,423,685
Others	522,456	653,003	696,133
	$ 91,878,205	$ 139,610,600	$ 132,700,853

As of September 30, 2015, December 31, 2014 and September 30, 2014, available-for-sale financial assets, with aggregate carrying values of $27,382,079 thousand, 41,869,805 thousand and $50,105,442 thousand, respectively, had been sold under repurchase agreements (recognized as notes and bonds issued under repurchase agreements).

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

For the information on available-for-sale financial assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 50.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Commercial paper	$ 44,645,739	$ 14,572,223	$ 8,408,393
Government bonds	10,822,367	11,592,393	15,153,677
Bank debentures	5,839,780	3,997,992	3,960,948
Corporate bonds	5,089,058	2,708,935	2,266,698
	$ 66,396,944	$ 32,871,543	$ 29,789,716
Resold amounts	$ 66,387,326	$ 32,855,968	$ 29,800,161
Last maturity date	December 2015	February 2015	December 2014

12. RECEIVABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Receivables on margin loans, refinancing margin and refinancing deposits receivable	$ 35,543,366	$ 46,260,170	$ 49,001,942
Accounts receivable - forfeiting	23,996,590	44,598,847	42,300,054
Receivable accounts for settlement	28,182,312	16,146,392	27,988,579
Lease receivables (Note 13)	7,402,318	6,718,267	6,509,796
Settlement price	2,927,149	5,579,197	2,223,905
Credit card receivables	2,884,525	2,522,220	2,653,263
Interest receivable	2,388,261	3,335,519	2,928,998
Acquired loans	2,166,091	2,648,465	2,663,064
Others	8,599,003	7,065,403	5,671,165
	114,089,615	134,874,480	141,940,766
Less: Allowance for bad debts	(2,832,136)	(3,085,451)	(3,101,517)
	$ 111,257,479	$ 131,789,029	$ 138,839,249

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

	For the Nine Months Ended September 30	
	2015	2014
Balance, January 1	$ 3,085,451	$ 2,131,059
Reversal	(160,083)	(127,236)
Loans reclassified to nonperforming loans	(1,759)	(73)
Write-off	(125,964)	(582)
Effect of exchange rate changes	34,491	14,792
Effect of increase in consolidated subsidiaries	-	1,083,557
Balance, September 30	$ 2,832,136	$ 3,101,517

For the information on impairment loss analysis of receivables, please refer to Note 55.

The amount of receivables pledged as collateral for the Corporation and subsidiaries please refer to Note 50.

13. LEASE RECEIVABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Gross investment in the lease	$ 8,001,222	$ 7,309,548	$ 7,145,446
Less: Unearned finance income	(598,904)	(591,281)	(635,650)
	7,402,318	6,718,267	6,509,796
Less: Allowance for impairment loss	(115,454)	(126,402)	(156,503)
Present value of minimum lease payments receivable	$ 7,286,864	$ 6,591,865	$ 6,353,293

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

	September 30, 2015	December 31, 2014	September 30, 2014
Short-term loans	$ 44,433,545	$ 42,485,133	$ 42,078,128
Medium-term loans	134,520,185	133,677,487	136,802,658
Long-term loans	46,388,735	50,596,458	50,237,642
Export negotiations	759,407	1,895,072	4,332,050
Loans reclassified to nonperforming loans	541,913	633,353	614,779
Discounts			
	226,643,785	229,287,503	234,065,257
Less: Allowance for bad debts	(2,918,444)	(3,447,239)	(3,478,004)
Less: Discounts on loans	(40,968)	(62,789)	(93,831)
	$ 223,684,373	$ 225,777,475	$ 230,493,422

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

	For the Nine Months Ended September 30	
	2015	2014
Balance, January 1	$ 3,447,239	$ 1,779,774
Allowance (reversal)	(757,272)	215,083
Recovery of written-off credits	921,962	125,211
Write-off	(705,179)	(21,621)
Reduction and exemption	(14,983)	-
Effects of exchange rate changes	26,677	8,573
Effect of increase in consolidated subsidiaries	-	1,370,984
Balance, September 30	$ 2,918,444	$ 3,478,004

For the information on impairment loss analysis of discounts and loans, please refer to Note 55.

15. HELD-TO-MATURITY FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Bank debentures	$ 102,564	$ -	$ -
Negotiable certificate of deposit issued by CBC	-	18,600,000	19,900,000
Corporate bonds	-	190,000	190,014
	$ 102,564	$ 18,790,000	$ 20,090,014

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

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
CDIB & Partner Investment Holding Corporation	$ 4,477,692	34	$ 4,821,872	34	$ 4,805,456	34
KGI Securities (Thailand) Public Company Limited	1,995,828	35	2,164,679	35	2,033,544	35
CDIB Capital Asia Partners L.P.	1,185,474	-	-	-	-	-
CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	699,147	-	702,508	-	697,588	-
CPEC Huachuang Private Management Equity (Kunshan) Enterprise (Limited Partnership)	606,744	-	-	-	-	-
CDIB Biomedical Venture Capital Corporation	587,162	34	295,839	34	298,656	34
CDIB CME Fund Ltd.	578,983	40	304,752	40	292,226	40
Others	203,887		273,337		249,280	
	$ 10,334,917		$ 8,562,987		$ 8,376,750	

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 50 for investments under equity method pledged as collateral.

17. RESTRICTED ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Restricted demand deposits	$ 32,394,286	$ 23,844,623	$ 26,441,962
Stocks	149,392	149,392	149,392
Checking accounts - restricted for agent's stock transfer purposes	109,077	231,601	500,090
Accounts receivables	105,984	101,800	106,752

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Impound account	$ 78,816	$ 53,759	$ 122,285
Accrued revenue	30,288	28,127	28,127
Due from banks	13,617	15,905	16,195
	$ 32,881,460	$ 24,425,207	$ 27,364,803

(Concluded)

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

For the information on restricted assets pledged as collateral for the Corporation and subsidiaries, please refer to Note 50.

After the filing of a certain complaint against Morgan Stanley (Note 51), 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

	September 30, 2015	December 31, 2014	September 30, 2014
Unlisted stocks - common stock	$ 8,708,121	$ 12,913,135	$ 11,488,067
Unlisted overseas partnership fund	7,356,508	12,327,771	12,265,635
Others	6,489,194	6,721,485	7,073,512
	$ 22,553,823	$ 31,962,391	$ 30,827,214
Classified according to financial asset measurement categories			
Available-for-sale financial assets	$ 21,209,491	$ 26,962,138	$ 27,754,610
Financial assets at FVTPL	1,344,332	5,000,253	3,072,604
	$ 22,553,823	$ 31,962,391	$ 30,827,214

CDIB and subsidiaries disposed of certain financial assets measured at cost with carrying amount of $1,621,241 thousand, $1,945,606 thousand, $6,805,929 thousand and $3,450,155 thousand during the three and nine months ended September 30, 2015 and 2014, respectively, recognizing disposal gain of $545,544 thousand, $694,969 thousand, $687,731 thousand and $809,223 thousand, respectively.

19. OTHER FINANCIAL ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Guarantee deposits received on futures contracts	$ 32,140,282	$ 24,310,737	$ 23,886,625
Time deposits with original maturities over three months	2,264,785	12,487,419	14,598,067
Debt instruments with no active market	1,622,068	2,680,996	2,872,147
Pledged time deposit	849,536	1,980,802	1,140,388
Others	403,374	332,922	107,934
	$ 37,280,045	$ 41,792,876	$ 42,605,161

For the information on other financial assets pledged as collateral for loans, please refer to Note 50.

20. INVESTMENT PROPERTY

	September 30, 2015	December 31, 2014	September 30, 2014
Land	$ 1,786,160	$ 1,790,154	$ 1,503,200
Buildings and facilities	273,768	280,552	256,715
	$ 2,059,928	$ 2,070,706	$ 1,759,915

The changes in the Corporation and subsidiaries' investment properties were as follows:

	For the Nine Months Ended September 30	
	2015	2014
Cost		
Beginning balance	$ 2,698,832	$ 2,459,034
Disposal	(3,774)	(116,751)
Reclassification	(2,229)	(4,675)
Effect of increase in consolidated subsidiaries	-	23,297
Ending balance	2,692,829	2,360,905
Accumulated depreciation		
Beginning balance	(126,765)	(101,597)
Depreciation	(6,556)	(5,781)
Disposal	688	9,630
Reclassification	(346)	2,076
Effect of decrease in consolidated subsidiaries	-	(3,815)
Ending balance	(132,979)	(99,487)

(Continued)

	For the Nine Months Ended September 30	
	2015	2014
Accumulated impairment		
Beginning balance	$ (501,361)	$ (527,239)
Disposal	-	25,000
Reversal of impairment	1,439	736
Ending balance	(499,922)	(501,503)
Carrying amount	$ 2,059,928	$ 1,759,915

(Concluded)

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 September 30, 2015, December 31, 2014 and September 30, 2014 were $3,282,832 thousand, $3,310,420 thousand and $2,989,615 thousand, respectively. In addition to the fair value of KGI Bank's investment properties is reviewed by KGI Bank's management that consider the validity of appraisal report in 2014 and 2013 and regard the fair value as effective. 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 50.

21. PROPERTY AND EQUIPMENT

	September 30, 2015	December 31, 2014	September 30, 2014
Land	$ 8,915,396	$ 8,914,058	$ 9,899,186
Buildings and facilities	4,569,762	4,643,337	4,446,145
Computer equipment	415,422	314,221	320,770
Transportation equipment	18,723	17,925	17,941
Other equipment	234,679	270,917	282,088
Leasehold improvements	163,700	129,671	143,762
Leased assets	129,907	76,851	60,219
	14,447,589	14,366,980	15,170,111
Prepayments for acquisition of properties	23,258	26,829	27,534
	$ 14,470,847	$ 14,393,809	$ 15,197,645

	Land	Buildings and Facilities	Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Leased Assets	Prepayments for Acquisition of Properties	Total
Cost and revaluation increment									
Balance at January 1, 2014	$ 5,750,399	$ 3,812,872	$ 1,280,327	$ 16,730	$ 1,819,817	$ 406,120	$ 95,740	$ 30,341	$ 13,212,346
Additions	-	99	86,351	1,591	44,400	67,852	2,509	8,143	210,945
Disposals	-	(4,980)	(94,847)	(7,383)	(22,922)	(29,578)	(172)	(2,349)	(162,231)
Reclassification	-	4,612	18,558	-	(2,160)	4,480	-	(9,080)	16,410
Effect of change on consolidated subsidiaries	4,153,044	2,657,103	1,014,449	145,775	313,458	2,532	28,495	479	8,315,335
Effect of exchange rate changes	-	-	(78)	125	9,098	2,885	-	-	12,030
Balance at September 30, 2014	9,903,443	6,469,706	2,304,760	156,838	2,161,691	454,291	126,572	27,534	21,604,835
Accumulated depreciation and impairment									
Balance at January 1, 2014	-	(1,215,561)	(1,015,304)	(16,578)	(1,560,622)	(272,306)	(44,556)	-	(4,124,927)
Disposals	-	4,980	92,144	7,383	20,009	20,160	74	-	144,750
Depreciation	-	(69,968)	(98,742)	(2,192)	(75,948)	(56,254)	(13,123)	-	(316,227)
Reclassification	-	(1,110)	(11,414)	-	11,414	-	-	-	(1,110)
Effect of change on consolidated subsidiaries	(4,257)	(741,902)	(950,398)	(127,413)	(267,317)	-	(8,748)	-	(2,100,035)
Effect of exchange rate changes	-	-	(276)	(97)	(7,139)	(2,129)	-	-	(9,641)
Balance at September 30, 2014	(4,257)	(2,023,561)	(1,983,990)	(138,897)	(1,879,603)	(310,529)	(66,353)	-	(6,407,190)
Balance at September 30, 2014, net	$ 9,899,186	$ 4,446,145	$ 320,770	$ 17,941	$ 282,088	$ 143,762	$ 60,219	$ 27,534	$ 15,197,645
Cost and revaluation increment									
Balance at January 1, 2015	$ 8,918,315	$ 6,672,839	$ 2,208,253	$ 152,589	$ 2,184,723	$ 464,278	$ 149,728	$ 26,829	$ 20,777,554
Additions	-	29,573	184,642	8,637	19,543	79,490	85,491	42,550	449,926
Disposals	-	(22,060)	(154,335)	(16,587)	(20,029)	(6,991)	(5,364)	(13,914)	(239,280)
Reclassification	1,338	14,453	16,873	-	(4,563)	3,223	(1,203)	(32,207)	(2,086)
Effect of change on consolidated subsidiaries	-	-	21,594	-	16,995	-	-	-	38,589
Effect of exchange rate changes	-	-	65,053	2,201	62,322	22,042	-	-	151,618
Balance at September 30, 2015	8,919,653	6,694,805	2,342,080	146,840	2,258,991	562,042	228,652	23,258	21,176,321
Accumulated depreciation and impairment									
Balance at January 1, 2015	(4,257)	(2,029,502)	(1,894,032)	(134,664)	(1,913,806)	(334,607)	(72,877)	-	(6,383,745)
Disposals	-	21,119	151,953	13,898	19,629	6,963	906	-	214,468
Depreciation	-	(117,005)	(114,990)	(4,968)	(73,875)	(50,063)	(27,676)	-	(388,577)
Reclassification	-	345	(6,271)	-	5,600	206	902	-	782
Effect of exchange rate changes	-	-	(63,318)	(2,383)	(61,860)	(20,841)	-	-	(148,402)
Balance at September 30, 2015	(4,257)	(2,125,043)	(1,926,658)	(128,117)	(2,024,312)	(398,342)	(98,745)	-	(6,705,474)
Balance at September 30, 2015, net	$ 8,915,396	$ 4,569,762	$ 415,422	$ 18,723	$ 234,679	$ 163,700	$ 129,907	$ 23,258	$ 14,470,847

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 50.

22. INTANGIBLE ASSETS

	September 30, 2015	December 31, 2014	September 30, 2014
Operation rights	$ 6,373,030	$ 6,884,636	$ 5,518,443
Goodwill	1,888,269	1,509,125	3,857,559
Computer software	430,806	466,200	395,245
Others	36,396	36,396	36,396
	$ 8,728,501	$ 8,896,357	$ 9,807,643

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

	Operation Rights	Goodwill	Computer Software	Others	Total
Cost					
Balance at January 1, 2014	$ 7,002,074	$ -	$ 673,280	$ 51,994	$ 7,727,348
Additions	-	-	54,915	-	54,915
Additions from consolidated subsidiaries	-	3,840,828	-	-	3,840,828
Disposals	-	-	(10,300)	-	(10,300)
Reclassification	-	-	10,783	-	10,783
Effect of change on consolidated subsidiaries	-	-	146,307	-	146,307
Effect of exchange rate changes	-	16,731	-	-	16,731
Balance at September 30, 2014	7,002,074	3,857,559	874,985	51,994	11,786,612
Accumulated amortization and impairment					
Balance at January 1, 2014	(1,039,764)	-	(394,807)	(15,598)	(1,450,169)
Amortization	(443,867)	-	(95,230)	-	(539,097)
Disposals	-	-	10,300	-	10,300
Effect of exchange rate changes	-	-	(3)	-	(3)
Balance at September 30, 2014	(1,483,631)	-	(479,740)	(15,598)	(1,978,969)
Balance at September 30, 2014, net	$ 5,518,443	$ 3,857,559	$ 395,245	$ 36,396	$ 9,807,643
Cost					
Balance at January 1, 2015	$ 8,542,562	$ 1,509,125	$ 946,684	$ 51,994	$ 11,050,365
Additions	-	-	85,264	-	85,264
Additions from consolidated subsidiaries	-	372,878	-	-	372,878
Disposals	-	-	(280,650)	-	(280,650)
Reclassification	-	-	7,336	-	7,336
Effect of exchange rate changes	-	6,266	248	-	6,514
Balance at September 30, 2015	8,542,562	1,888,269	758,882	51,994	11,241,707
Accumulated amortization and impairment					
Balance at January 1, 2015	(1,657,926)	-	(480,484)	(15,598)	(2,154,008)
Amortization	(511,606)	-	(127,260)	-	(638,866)
Disposals	-	-	279,960	-	279,960
Reclassification	-	-	(230)	-	(230)
Effect of exchange rate changes	-	-	(62)		(62)
Balance at September 30, 2015	(2,169,532)	-	(328,076)	(15,598)	(2,513,206)
Balance at September 30, 2015, net	$ 6,373,030	$ 1,888,269	$ 430,806	$ 36,396	$ 8,728,501

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

	September 30, 2015	December 31, 2014	September 30, 2014
Guarantee deposits paid	$ 18,674,878	$ 9,942,929	$ 5,862,086
Operating guarantee deposits	1,457,910	1,957,465	1,957,132
Prepaid expense	1,151,709	919,105	936,566
Settlement funds	562,408	558,736	570,765
Competitive bid transactions guarantee	384,182	357,225	458,097
Collaterals assumed	158,426	187,832	198,467
Collected for underwriting payment of shares	1,706	4,527	3,046,941
Others	433,407	252,591	339,730
	$ 22,824,626	$ 14,180,410	$ 13,369,784

As of September 30, 2015, December 31, 2014 and September 30, 2014, the above collaterals were net of accumulated impairment losses of $56,509 thousand, $62,415 thousand and $62,986 thousand, respectively.

For the information on other assets pledged as collateral, please refer to Note 50.

24. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	September 30, 2015	December 31, 2014	September 30, 2014
Call loans from banks	$ 19,147,605	$ 11,375,025	$ 6,300,373
Deposits from Chunghwa Post Co., Ltd.	1,229,802	1,305,753	1,309,211
	$ 20,377,407	$ 12,680,778	$ 7,609,584

25. DERIVATIVE FINANCIAL LIABILITIES

		Designated as Hedging Instruments							
		September 30, 2015		December 31, 2014		September 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	$ 31,580	2008-2015	2008-2015

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Adjustment of equity in the current period	$ -	$ (79)	$ (276)	$ (1,626)
Deducted from equity and charged to current gain	-	11,538	20,935	34,361

26. NOTES AND BONDS ISSUED UNDER REPURCHASE AGREEMENTS

	September 30, 2015	December 31, 2014	September 30, 2014
Bank debentures	$ 56,588,558	$ 48,653,105	$ 39,984,553
Corporate bonds	37,051,544	57,355,571	57,259,664
Government bonds	30,446,572	26,817,930	26,137,815
	$ 124,086,674	$ 132,826,606	$ 123,382,032
Repurchased amounts	$ 124,265,656	$ 133,045,357	$ 123,569,545
Last maturity date	December 2015	April 2015	January 2015

27. COMMERCIAL PAPER PAYABLE

	September 30, 2015	December 31, 2014	September 30, 2014
Commercial paper payable	$ 15,452,632	$ 13,932,591	$ 22,955,321
Less: Unamortized discount	(10,566)	(7,546)	(16,403)
	$ 15,442,066	$ 13,925,045	$ 22,938,918
Rate	0.50%-1.54%	0.40%-1.64%	0.50%-1.66%
Last maturity date	September 2016	February 2015	December 2014

As of September 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, Mega Bank, Taichung Bank, Ta Chong Bank, Grand Bills Finance Corporation and Ta Ching Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $13,723,748 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 September 30, 2014, Bank of Taipei, Dah Chang Bills Finance Corporation, Taishin International Bank, Mega Bills Finance Co., China Bills Finance Corporation, International Bills Finance Corporation, Taiwan Finance Corporation, Ta Cheng Bank and Ta Ching Bills Finance Corporation guaranteed the above commercial paper. However, some commercial paper issued by the Corporation and subsidiaries, which amounted to $20,347,662 thousand, had no guarantee.

28. PAYABLES

	September 30, 2015	December 31, 2014	September 30, 2014
Accounts payable for settlement	$ 37,879,797	$ 30,975,299	$ 38,458,371
Guaranteed price deposits received from securities borrowers	15,584,590	12,232,091	11,302,282
Securities financing guarantee deposits	4,085,845	3,611,630	3,168,909
Settlement proceeds	3,266,219	2,009,320	5,016,864
Accrued expenses	3,129,795	4,095,721	3,234,289
Others	5,378,844	5,319,494	5,358,331
	$ 69,325,090	$ 58,243,555	$ 66,539,046

29. DEPOSITS AND REMITTANCES

	September 30, 2015	December 31, 2014	September 30, 2014
Time deposits	$ 204,277,080	$ 197,415,654	$ 202,735,840
Saving deposits	87,645,613	85,397,967	85,279,168
Demand deposits	25,076,531	20,528,977	20,712,356
Checking deposits	2,514,704	1,150,400	2,005,226
Negotiable CDs	106,100	55,900	1,026,800
Inward remittance	70,950	9,072	40,997
	$ 319,690,978	$ 304,557,970	$ 311,800,387

30. BONDS PAYABLE

	September 30, 2015	December 31, 2014	September 30, 2014
Corporate bonds payable	$ 26,043,480	$ 22,120,680	$ 21,100,000
Bank debentures payable	2,594,057	12,540,304	12,522,190
	$ 28,637,537	$ 34,660,984	$ 33,622,190

Corporate Bonds Payable

	September 30, 2015	December 31, 2014	September 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 2015 - the Corporation	2,000,000	-	-
1st corporate bonds in 2014 - KGI Securities	1,043,480	1,020,680	-
1st corporate bonds in 2015 - KGI Securities	7,000,000	-	-
	$ 26,043,480	$ 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 1.563%-3.40% for the nine months ended September 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 September 2015, the Corporation issued $2,000,000 thousand of 1st unsecured corporate bonds in 2015 with par value of $1,000 thousand. The bond terms were as follows:

a. Issue period: Five years.

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

c. Method of paying principal and interests: Principal due on maturity; simple interest payable annually.

d. Pledged: Negative.

The bonds will mature in September 2020.

In 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	September 30, 2015	December 31, 2014	September 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	(155,943)	(209,696)	(227,810)			
Net amount	$ 2,594,057	$ 12,540,304	$ 12,522,190			

31. OTHER BORROWINGS

	September 30, 2015	December 31, 2014	September 30, 2014
Short-term credit borrowings	$ 27,474,982	$ 18,876,228	$ 15,986,858
Short-term secured borrowings	9,158,986	10,452,427	10,293,612
Note issuance facility	4,398,867	5,198,903	4,598,921

(Continued)

	September 30, 2015	December 31, 2014	September 30, 2014
Long-term credit borrowings	$ 497,135	$ 338,280	$ 379,709
Long-term secured borrowings	2,100	338,808	986,182
	$ 41,532,070	$ 35,204,646	$ 32,245,282
Rate	0.28%-7.09%	0.73%-7.12%	0.72%-6.77%
Last maturity date	July 2018	August 2018	August 2018

(Concluded)

32. PROVISIONS

	September 30, 2015	December 31, 2014	September 30, 2014
Provisions for employee benefits	$ 689,548	$ 887,355	$ 972,168
Provisions for guarantee liabilities	117,017	109,498	116,707
Others	187,961	218,411	208,288
	$ 994,526	$ 1,215,264	$ 1,297,163

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 except KGIB's employee benefit expense was calculated using the actuarially determined pension cost discount rate as of June 30, 2015, and recognized in their respectively periods.

The Corporation recognized its contributions under defined benefit plans as pension expenses (recognized as employee benefits) amounting to $8,843 thousand, $12,709 thousand, $24,734 thousand and $36,428 thousand, respectively and recognized pension expenses (recognized as employee benefits) under defined contribution plans amounting to $89,298 thousand, $65,112 thousand, $256,219 thousand and $183,534 thousand, respectively for the three and nine months ended September 30, 2015 and 2014.

34. OTHER LIABILITIES

	September 30, 2015	December 31, 2014	September 30, 2014
Guarantee deposits received	$ 7,168,116	$ 10,468,931	$ 9,621,445
Collections for others	1,541,431	1,496,018	4,745,995
Temporary receipts and suspense accounts	760,002	589,503	598,092
Advance receipts	425,644	881,782	1,047,138
Others	139,687	107,800	124,708
	$ 10,034,880	$ 13,544,034	$ 16,137,378

35. EQUITY

a. Share capital

Common stock

	September 30, 2015	December 31, 2014	September 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)	15,166,084	15,344,446	15,343,659
Shares issued	$ 151,660,841	$ 153,444,462	$ 153,436,592

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

	September 30, 2015	December 31, 2014	September 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	70,929	56,971	54,641
Arising from share of changes in capital surplus of associates	13,729	13,338	13,338
Capital surplus-issue of stock in excess	3,803	377	154
	$ 602,750	$ 590,923	$ 588,370

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 nine months ended September 30, 2015 and 2014, employees' bonus and remuneration to directors and supervisors of $107,510 thousand and $110,562 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
	$ -	$ -
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
	$ -	$ -

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 Nine Months Ended September 30	
	2015	2014
Balance at January 1	$ 5,833,601	$ 6,443,449
Attributable to non-controlling interests		
Share of profit for the period	60,527	66,812
Exchange difference on translation of foreign financial statements	983	(2,455)
Unrealized losses on available-for-sale financial assets	(2,064)	(899)
Capital return of subsidiaries	-	(2,748,169)
Payment of cash dividends	(101,675)	(132,441)
Non-controlling interest acquired by cash payment	-	(102,127)
Effect of change in consolidated subsidiaries	(2,215,847)	1,303,095
Balance at September 30	$ 3,575,525	$ 4,827,265

36. 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 nine months ended September 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	97,623	(188,888)	2,140
	416,637	97,623	(188,888)	325,372
For the nine months ended September 30, 2014				
Reclassification of the Corporation's stock held by subsidiaries and recognized as long-term investment	302,586	20,646	-	323,232

The Corporation's shares held by subsidiaries are regarded as treasury stock. The Corporation's shares held by KGI Securities, calculated at the Corporation's stockholding percentage of book value on the completion day of acquisition and share swap date respectively, were treated as treasury stock. The market prices of the shares were $2,677,884 thousand and $2,826,151 thousand on September 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 $182,718 thousand and $192,835 thousand on September 30, 2015 and 2014.

On November 24, 2014, the board of directors resolved to buy back 200,000 thousand of the Corporation's shares between November 25, 2014 and January 23, 2015 under the regulations of Article 28-2 of the Securities and Exchange Act. The purpose of this buyback was to maintain the Corporation's reputation and the stockholders' equity; the buyback price was set at NT$9.81 to NT$11.08 per share and the buyback would be continued even when the stock price went down below the lower bound of the price interval set, in compliance with Article 2 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. The Corporation had repurchased 188,888 thousand shares at an average price of NT$10.03 per share and retired all the treasury stocks on May 18, 2015.

On August 24, 2015, the board of directors resolved to buy back 200,000 thousand of the Corporation's shares between August 25, 2015 and October 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$8.16 to NT$10.00 per share and the buyback would be continued even when the stock price went down below the lower bound of the price interval set, in compliance with Article 2 of Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies. As the end of September 30, 2015, the Corporation had repurchased 2,140 thousand shares at an average price of NT$8.77.

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.

37. NET INTEREST PROFIT

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Interest revenues				
Discounts and loans	$ 1,827,499	$ 930,418	$ 5,631,330	$ 2,239,972
Margin loans and refinancing margin	583,395	735,139	2,087,356	2,036,919
Securities	412,496	412,975	1,310,588	1,129,645
Account receivable - forfeiting	220,933	325,535	803,862	996,743
Due from and call loans to banks	130,903	276,154	497,206	1,056,656
Others	299,888	374,379	894,786	987,688
	3,475,114	3,054,600	11,225,128	8,447,623
Interest expenses				
Deposits	733,205	493,910	2,342,406	1,256,557
Notes and bonds issued under repurchase agreements	148,781	142,162	468,253	418,435
Borrowing interest expense	122,109	108,180	407,509	251,457
Corporate bonds	91,022	82,198	255,039	243,790
Bank debentures	18,115	93,983	85,312	295,367
Others	119,555	165,482	445,391	447,050
	1,232,787	1,085,915	4,003,910	2,912,656
Interest revenues, net	$ 2,242,327	$ 1,968,685	$ 7,221,218	$ 5,534,967

38. NET SERVICE FEE REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Service fee revenue				
Brokerage	$ 2,031,319	$ 2,063,099	$ 6,847,951	$ 5,725,741
Trust	129,707	109,742	525,411	264,399
Others	270,187	97,755	887,949	188,304
	2,431,213	2,270,596	8,261,311	6,178,444
Service fee expense				
Brokerage	121,742	254,441	778,768	606,112
Agency	36,670	24,002	119,260	67,339
Others	51,925	51,105	270,419	140,907
	210,337	329,548	1,168,447	814,358
Service fee, net	$ 2,220,876	$ 1,941,048	$ 7,092,864	$ 5,364,086

39. GAIN (LOSS) ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FVTPL

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Operating securities	$ (2,903,121)	$ (239,191)	$ (439,935)	$ 2,712,683
Derivatives	1,648,267	(1,202,946)	495,684	(2,049,824)
Stocks	753,865	543,979	843,447	566,166
Bonds	371,631	231,147	1,282,229	952,106
Call (put) warrants	308,152	741,621	550,792	222,207
Others	(290,108)	77,768	56,477	(32,813)
	$ (111,314)	$ 152,378	$ 2,788,694	$ 2,370,525

For the three and nine months ended September 30, 2015 and 2014, the Corporation and subsidiaries' financial assets and liabilities at fair value through profit or loss included interest revenue of $458,640 thousand, $311,485 thousand, $1,274,563 thousand and $952,236 thousand, respectively, dividend income of $498,068 thousand, $671,671 thousand, $578,516 thousand and $707,138 thousand, respectively and interest expense of $43,911 thousand, $5,690 thousand, $94,275 thousand and $16,885 thousand, respectively.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Dividend income	$ 846,409	$ 745,661	$ 980,043	$ 837,905
Gain on bond disposal	549,236	10,639	854,849	116,100
Gain on stock disposal	116,537	543,440	930,731	4,508,717
Gain on conversion of convertible bonds interest	-	-	-	385,329
Others	20,273	20,546	23,235	24,716
	$ 1,532,455	$ 1,320,286	$ 2,788,858	$ 5,872,767

41. IMPAIRMENT LOSS ON ASSETS

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Financial assets measured at cost	$ 318,034	$ 212,474	$ 394,528	$ 393,590
Available-for-sale financial assets	33,624	37,140	34,100	656,897
Debts investment without active market	-	-	71,863	-
Others	6,516	11,773	15,757	43,814
	$ 358,174	$ 261,387	$ 516,248	$ 1,094,301

42. GAIN ON FINANCIAL ASSETS MEASURED AT COST

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Gain on security disposal	$ 511,529	$ 679,199	$ 650,811	$ 846,412
Dividend income	207,031	423,678	340,474	516,575
Distributions of fund capital gain	53,865	80,187	102,288	106,376
Others	3,397	5,681	6,880	6,518
	$ 775,822	$ 1,188,745	$ 1,100,453	$ 1,475,881

43. NET OTHER NONINTEREST PROFIT AND GAIN

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Revenue from underwriting	$ 145,786	$ 213,802	$ 404,833	$ 475,648
Commission revenues	116,065	53,262	285,570	133,828
Consignment settlement and delivery expense	(72,460)	(55,004)	(178,762)	(126,928)
Gain on sale of nonperforming	57,009	56,165	151,683	60,482
Revenue from providing agency service for stock affairs	40,820	40,133	109,068	112,649
Others	22,781	64,604	233,711	252,629
	$ 310,001	$ 372,962	$ 1,006,103	$ 908,308

44. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Employee benefit expense				
Salaries and wages	$ 2,560,025	$ 2,088,113	$ 8,285,872	$ 6,070,721
Employee insurance	139,824	111,455	449,038	340,215
Pension	98,141	77,821	280,953	219,962
Others	208,644	111,942	528,743	373,037
	$ 3,006,634	$ 2,389,331	$ 9,544,606	$ 7,003,935
Depreciation and amortization expenses	$ 351,197	$ 296,307	$ 1,054,702	$ 864,033

45. OTHER GENERAL ADMINISTRATIVE EXPENSES

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Taxation	$ 392,370	$ 358,739	$ 1,189,774	$ 848,806
Rental	243,498	187,532	722,966	532,817
Professional services	154,908	141,560	505,903	371,504
Repair	122,975	80,068	324,850	240,620
Computer information	101,564	76,745	285,894	213,267
Postage	97,616	87,131	333,929	249,591
Others	571,155	458,989	1,676,114	1,193,319
	$ 1,684,086	$ 1,390,764	$ 5,039,430	$ 3,649,924

46. 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 (benefit) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Current income tax				
Current year	$ 34,311	$ 146,743	$ 471,546	$ 738,291
Prior years	(184,947)	80,598	(131,221)	177,573
	(150,636)	227,341	340,325	915,864
Deferred income tax	16,104	(56,146)	300,160	8,019
Income tax expense recognized in profit or loss	$ (134,532)	$ 171,195	$ 640,485	$ 923,883

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Deferred income tax				
Unrealized gain (loss) on available-for-sale financial assets	$ 901	$ 1,598	$ 1,238	$ (259,001)

c. Integrated income tax

	September 30, 2015	**December 31, 2014**	**September 30, 2014**
Imputation credits accounts - the Corporation	$ 1,101,373	$ 1,363,552	$ 1,351,499

The Corporation's creditable tax ratio for the distribution of earnings of 2014 and 2013 were 17.32% 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 and 2013 had been examined by the tax authorities. KGI Securities disagreed with the tax authorities' rejection of the tax withheld from interest income earned by predecessors, respective operating costs and other tax-exempt income of 2006 through 2011 and 2013. As a result, KGI 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, and through 2013 had been examined by the tax authorities.

Income tax returns of KGI Bank, 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.

47. EARNINGS PER SHARE

(New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Basic EPS	$ 0.07	$ 0.22	$ 0.41	$ 0.54
Diluted EPS	$ 0.07	$ 0.22	$ 0.41	$ 0.54

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 September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Earnings used in the computation of EPS	$ 996,261	$ 3,187,036	$ 6,088,518	$ 7,928,241

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Weighted average number of common shares outstanding in computation of basic EPS	14,830,382	14,774,586	14,833,988	14,741,205
Effect of dilutive potentially common shares:				
Employee share options	6,957	5,045	6,990	4,979
Restricted shares	14,735	340	15,026	114
Weighted average number of common shares outstanding in computation of diluted EPS	14,852,074	14,779,971	14,856,004	14,746,298

48. SHARE-BASED PAYMENT ARRANGEMENTS

a. Employee share option plan of the Corporation

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

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

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

Information on employee share options was as follows:

	For the Nine Months Ended September 30, 2015		For the Nine Months Ended September 30, 2014	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	83,231	$ 9.48	-	$ -
Options granted	-	-	41,950	9.38
Options exercised	(4,826)	8.93	(546)	7.68
Options invalid	(3,523)	9.56	-	-
Balance at September 30	74,882	9.01	41,404	9.40
Options exercisable, end of period	31,042	8.93	41,404	9.40
Weighted-average fair value of options granted	$ -		$ 1.612	
Weighted-average remaining contractual life (years)	5.88		6.67	

The weighted-average share prices at the date of exercise of share options from January 1 to September 30, 2015 and from September 15 to September 30, 2014 were $10.52 and $9.90.

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

Grant-date share price	$9.54-$10
Exercise price	$7.29-$9.99
Expected volatility	14.94%-15.45%
Expected life	6.64-7 years
Expected dividend yield	1.50%
Risk-free interest rate	1.5647%-1.6283%
Early exercise of the multiplier	1.63

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

Compensation costs for the three and nine months ended September 30, 2015 and 2014 were $4,150 thousand $0 thousand, $12,956 thousand and $0 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 three and nine months ended September 30, 2015 and 2014, the Corporation recognized $14,604 thousand, $11,909 thousand, $42,134 thousand and $40,140 thousand as compensation cost.

49. 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	%
September 30, 2015	$ 9,026	-
December 31, 2014	8,769	-
September 30, 2014	75,978	-

For the three and nine months ended September 30, 2015 and 2014, the interest revenues from cash in bank were $13 thousand, $13 thousand, $135 thousand and $125 thousand, respectively.

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

	Amount	%
September 30, 2015	$ 154,580	-
December 31, 2014	59,533	-
September 30, 2014	244,135	1

For the three and nine months ended September 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	%
September 30, 2015	$ 36,079	-
December 31, 2014	16,218	-
September 30, 2014	51,444	-

4) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2015		
Other related parties	$ 1,559,085	$ 5,372,364
For the nine months ended September 30, 2014		
Other related parties	4,397,350	2,495,350

5) Purchase and sale of securities

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

6) Revenue receivable (recognized as receivables, net)

	Amount	%
September 30, 2015	$ 399,718	-
December 31, 2014	2,421	-
September 30, 2014	20,479	-

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

	Amount	%
September 30, 2015	$ 11,490	-
December 31, 2014	10,070	-
September 30, 2014	8,266	-

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

	Amount	%
September 30, 2015	$ 23,527	-
December 31, 2014	8,272	-
September 30, 2014	4,611	-

9) Discounts and loans, net

	Amount	%	Interest Rate (%)
September 30, 2015	$ 1,081,239	-	1.47-18.25
December 31, 2014	485,119	-	1.21-18.25
September 30, 2014	145,784	-	1.21-18.25

For the three and nine months ended September 30, 2015 and 2014, the interest revenues from discounts and loans were $4,593 thousand, $20 thousand, $11,935 thousand and $1,474 thousand, respectively.

Balance as of September 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
Consumer loans	30	$ 20,965	$ 15,885	$ 15,885	$ -	-	Yes
Residential mortgage loans	53	1,040,560	958,178	958,178	-	Real estate	Yes
Others	Other related parties	112,812	107,176	107,176	-	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
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 September 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
Consumer loans	12	$ 5,200	$ 5,073	$ 5,073	$ -	-	Yes
Residential mortgage loans	13	137,419	137,397	137,397	-	Real estate	Yes
Others	Other related parties	704,669	3,314	3,314	-	Real estate/ deposit	Yes

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

	Amount	%
September 30, 2015	$ 58,948	-
December 31, 2014	64,255	-
September 30, 2014	63,856	-

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

	September 30			
	2015		2014	
	Amount	%	Amount	%
Other related parties	$ 3,809,720	19	$ 1,113,080	15

For the three and nine months ended September 30, 2015 and 2014, the interest expenses from call loans from banks were $2,441 thousand, $3,782 thousand, $4,005 thousand and $6,924 thousand, respectively.

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

	Amount	%
September 30, 2015	$ 38,140	-
December 31, 2014	36,099	-
September 30, 2014	27,315	-

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

	Amount	%
September 30, 2015	$ 35,524	-
December 31, 2014	39,915	-
September 30, 2014	30,184	-

14) Deposits and remittances

	Amount	%	Interest Rate (%)
September 30, 2015	$ 748,789	-	0-6.5
December 31, 2014	443,734	-	0-6.5
September 30, 2014	351,656	-	0-6.5

For the three and nine months ended September 30, 2015 and 2014, the interest expenses from deposits and remittances were $2,064 thousand, $917 thousand, $6,349 thousand and $2,179 thousand, respectively.

15) Corporate bonds payable (recognized as bonds payables)

	Amount	%
September 30, 2015	$ 521,740	2
December 31, 2014	510,340	1

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

	Amount	%
September 30, 2015	$ 406,187	1
December 31, 2014	324,605	1
September 30, 2014	207,616	1

For the three and nine months ended September 30, 2015 and 2014, the interest expenses from short-term borrowings were $5,221 thousand, $666 thousand, $11,268 thousand and $2,083 thousand, respectively.

17) Customers' equity accounts - futures

	Amount	%
September 30, 2015	$ 58,948	-
December 31, 2014	64,255	-
September 30, 2014	63,856	-

18) Brokerage service fee revenue (recognized as net service fee revenue)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2015	$ 7,115	-	$ 16,483	-
2014	4,469	-	10,219	-

19) Net other noninterest profit and gain

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2015	$ 6,684	2	$ 13,643	1
2014	8,906	2	16,543	2

20) Consulting service revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2015	$ 131,427	42	$ 445,995	54
2014	13,608	8	37,983	8

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2015	$ -	-	$ 30,000	1
2014	7,000	1	27,000	1

22) Other operating expense (recognized as other operating and administrative expense)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	Amount	%	Amount	%
2015	$ 9,371	1	$ 13,913	-
2014	3,652	-	5,867	-

23) Outstanding derivative financial instruments

KGIB

September 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	April 10, 2015 - July 13, 2016	$ 1,600,722	$ 470,817	Financial assets held for trading	$ 64,267
					Financial liabilities held for trading	20,860

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
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

September 30, 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	October 29, 2013 - March 19, 2015	$ 15,349,348	$ (98,397)	Financial assets held for trading	$ 70,885
					Financial liabilities held for trading	196,075

23) Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Salary and short-term benefits	$ 102,673	$ 67,479	$ 282,788	$ 266,574
Share-based payment	12,057	9,709	40,556	35,118
Post-employment benefits	1,001	1,217	3,168	3,520
	$ 115,731	$ 78,405	$ 326,512	$ 305,212

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

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

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

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

CDIB and subsidiaries

Related Party	Relationship with the Bank and Subsidiaries
China Development Financial Holding Corporation	Parent company
KGI Securities Co., Ltd.	Subsidiary of the parent company
KGI Bank	Subsidiary of the parent company (Note 1)
Others	Other related parties (Note 2)

Note 1: Since CDFH acquired 100% equity of KGI Bank through a share swap, it became related party of CDIB.

Note 2: CDC Financial & Leasing Corporation was no longer the subsidiary of the CDIB after the transfer date of May 1, 2015.

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

	September 30, 2015	
	Amount	%
Subsidiary of the parent company	$ 8,717,639	39

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

	September 30, 2015		December 31, 2014	
	Amount	%	Amount	%
Subsidiary of the parent company	$ 8,248,657	37	$ 111,968	1

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2015		
Subsidiary of the parent company	$ 1,583,244	$ 2,211,662
For the nine months ended September 30, 2014		
Subsidiary of the parent company	2,944,440	2,908,167

4) Purchase and sale of securities

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

5) Revenue receivable (recognized as receivable, net)

	September 30, 2015	
	Amount	%
Other related parties	$ 398,172	8

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

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 715,994	97	$ 530,220	99	$ 1,439,821	92

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

7) Discounts and loans, net

Balance as of September 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 September 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

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

	September 30, 2015		December 31, 2014	
	Amount	**%**	**Amount**	**%**
Stock				
Parent company	$ 182,718	2	$ 208,526	-

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

	September 30, 2014	
	Amount	**%**
Other related parties	$ 913,080	15

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

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Parent company	$ 181,439	54	$ 237,069	52	$ 233,726	41

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

11) 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
September 30, 2014			
Parent company	399,390	-	0-0.35
Subsidiary of the parent company	5,034,850	3	0-1.35

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

	December 31, 2014	
	Amount	%
Other related parties	$ 109,297	2

13) Consulting service revenue

	For the Three Months Ended September 30, 2015		For the Nine Months Ended September 30, 2015	
	Amount	%	Amount	%
Other related parties	$ 78,005	55	$ 283,838	64

14) 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 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
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

September 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	Currency swap contracts	October 29, 2013 - March 19, 2015	$ 15,349,348	$ (98,397)	Financial assets held for trading	$ 70,885
					Financial liabilities held for trading	196,075
Subsidiary of the parent company	Interest rate swap contracts	April 1, 2010 - September 23, 2015	800,000	(4,121)	Financial assets held for trading	3,422
	Price index option contracts	December 9, 2013 - September 30, 2015	5,587,000	544,264	Financial assets held for trading	710,332
	Asset swap-option contracts	April 8, 2014 - July 14, 2017	104,500	(10,336)	Financial liabilities held for trading	10,336
	Asset swap-interest rate swap contracts	April 8, 2014 - July 30, 2017	104,500	2,403	Financial assets held for trading	2,480
					Financial liabilities held for trading	77

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)

	September 30, 2015 Amount	%	December 31, 2014 Amount	%	September 30, 2014 Amount	%
Subsidiary of the parent company	$ 146,656	-	$ 3,683,057	27	$ 5,034,850	46

2) Available-for-sale financial assets

	September 30, 2015 Amount	%	December 31, 2014 Amount	%	September 30, 2014 Amount	%
Stock						
Parent company	$ 2,677,884	35	$ 3,056,117	39	$ 2,826,151	39

3) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2015		
Subsidiary of the parent company	$ 7,093,142	$ 3,772,227
Other related parties	1,559,085	5,372,364
For the nine months ended September 30, 2014		
Subsidiary of the parent company	2,908,167	2,944,440
Other related parties	4,397,350	2,495,350

4) Current tax assets

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 122,581	21	$ 122,581	42	$ 122,581	43

5) Restricted assets (recognized as other current assets)

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Subsidiary of the parent company	$ 1,249,958	4	$ 886,521	3	$ 854,051	3

6) Short-term loans

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Other related parties	$ 265,024	1	$ 190,308	1	$ 182,616	1

7) Current tax liabilities

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Parent company	$ 502,326	46	$ 411,405	20	$ 1,057,098	39

8) Corporate bonds payable

	September 30, 2015		December 31, 2014	
	Amount	%	Amount	%
Other related parties	$ 521,740	7	$ 510,340	50

9) Outstanding derivative financial instruments

a) Interest rate swap contracts

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

b) Asset swap IRS contracts

	December 31, 2014	September 30, 2014
	Contract Amount (Principal)	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 103,900	$ 104,500

c) Asset swap option contracts - call

	December 31, 2014	September 30, 2014
	Contract Amount (Principal)	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 103,900	$ 104,500

d) Equity option contracts

	September 30, 2015	December 31, 2014	September 30, 2014
	Contract Amount (Principal)	**Contract Amount (Principal)**	**Contract Amount (Principal)**
Subsidiary of the parent company	$ 2,500,000	$ 7,832,000	$ 5,587,000

KGI Bank and subsidiaries

Related Party	Relationship with the Bank 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)

	September 30					
	2015			2014		
	Amount		%	Amount		%
Other related parties	$	148,288	3	$	230,312	5

2) Purchase and sale of bonds

	Purchase of Bonds	Sale of Bonds
For the nine months ended September 30, 2015		
Subsidiary of the parent company	$ 2,188,983	$ 4,881,480

3) Discounts and loans, net

	Amount	%	Interest Rate (%)
September 30, 2015			
Other related parties	$ 100,000	-	1.47-1.52

Balance as of September 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) Call loan from other banks (recognized as due from the Central Bank and call loans from banks)

	September 30					
	2015			2014		
	Amount		%	Amount		%
Other related parties	$	3,809,720	19	$	200,000	3

5) Dividend payable (recognized as other payable)

	September 30, 2014		
	Amount		%
Parent company	$	2,000,913	27

6) Deposits

	Amount	%	Interest Rate (%)
September 30, 2015			
Parent company	$ 3,062,580	1	0-0.17
Subsidiary of the parent company	18,362,910	5	0-1.35
December 31, 2014			
Subsidiary of the parent company	998,489	-	0-0.17
September 30, 2014			
Subsidiary of the parent company	854,051	-	0-0.17

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

	September 30, 2015	
	Amount	%
Other related parties	$ 116,163	2

8) Outstanding derivative financial instrument

September 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	April 10, 2015 - July 13, 2016	$ 1,600,722	$ 470,817	Financial assets held for trading	$ 64,267
					Financial liabilities held for trading	20,860
Subsidiaries of the parent company	Equity option contracts	October 27, 2014 - October 27, 2015	2,500,000	(698,312)	Financial assets held for trading	320,714

December 31, 2014

(In Thousands of New Taiwan Dollars)

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

50. PLEDGED ASSETS

The following assets had been (a) pledged to various financial institutions as guarantees and collaterals for short-term loans, commercial papers payable, long-term loans, and overdraft; (b) pledged with GreTai Securities Market for the government bond bidding; (c) required by the Central Bank for posting a bid bond and as a guarantee deposit for the bills business; (d) pledged as part of the requirements for filing a petition for tax reassessment; (e) pledged as compensation reserve; (f) pledged as guarantee deposit for oversees bonds sold with repurchase agreement; (g) pledged as foreign exchange margin trading; and (h) derivative transactions security deposit.

	September 30, 2015	December 31, 2014	September 30, 2014
Due from the Central Bank and call loans to banks	$ 8,300,000	$ 11,300,000	$ 11,500,000
Property and equipment, net	4,781,749	4,807,872	4,816,580
Lease receivables	3,375,510	3,360,837	3,457,562
Available-for-sale financial assets - bonds and stocks	2,543,069	2,817,664	2,635,268
Investments accounted for using the equity method	1,717,736	1,863,168	1,750,221
Operating guarantee deposits	1,457,910	1,957,465	1,957,132
Other financial assets - pledged time deposits	849,536	1,980,802	1,140,388
Guarantee deposits paid	544,616	732,877	518,011
Competitive bid transactions guarantee	384,182	357,225	458,097
Investment property, net	377,896	380,773	381,731
Checking accounts - restricted for agent's stock transfer purposes	109,077	231,601	500,090
Restricted assets - impound account	78,816	53,759	122,285
Financial assets at fair value through profit or loss - bonds and stocks	50,610	71,145	71,229

51. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

As of September 30, 2015, commitments and contingencies of the Corporation and subsidiaries, except for those disclosed in Notes 54 and 55 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 September 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 lawsuit is currently proceeded by the Taipei District Court. However, Taiwan Kolin Co., Ltd. is under the procedure of reorganization, this lawsuit is withdrawn now.

c. Plaintiffs, Digital Imaging Solution Global Ltd. ("Digital") and Minda Consulting Ltd. ("Minda"), advocated that GT based on stock pledge generated from loans of HK$10,000 thousand with Minda and Minda transferred its pledge right on Digital to GT, GT transferred a pledge right of 35,000 thousand shares of eCyberChina to Minda in exchange. However, GT and its fund managers, including KGI Limited, disposed the 2,000 thousand shares of eCyberChina without Minda's approval and thus violated the pledge agreement. Therefore, Digital and Minda filed a lawsuit to the GT in November 2007 and requested for compensation of HK$119,130 thousand and related expenses and interest. In February 2008, Digital and Minda added KGI Limited as a defendant. On July 21, 2008, the appeal was dismissed by courts of Hong Kong and the plaintiffs appealed to a higher court. In December 2008, the courts of appeals dismissed the appeal by Digital while the appeal by Minda is still pending in the courts of appeals. According to the loan contract signed on May 9, 2000, Global Treasure Investments Limited (GT) loaned HK$10,000 thousand to Minda. Because Minda broke the contract by not making loan repayments, GT filed a lawsuit against Minda on October 31, 2002, and requested the return of HK$9,192 thousand plus interest. The case is still pending in the courts of Hong Kong.

d. Securities and Futures Investors Protection Center sued CDIB Capital Management Corporation (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 September 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 $1,060,615 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 September 30, 2015.

52. 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.

3) Effects of results of operations causing by business combination

   From the acquisition date to September 30, 2014, net revenues from investee company is $132,941 thousand, net loss before income tax is $8,800 thousand. Should the acquisition occurred on the beginning of the accounting period, the pro-forma revenue and net income of the Company and subsidiaries' for the nine months ended would be $20,599,088 thousand, and $8,003,983 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 also should not be used to predict future operation outcome.

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.

4) Impact of acquisitions on the results of the Group

   From the acquisition date to September 30, 2014, net revenues from investee company is $276,581 thousand, net income before income tax is $55,252 thousand. Should the acquisition occurred on the beginning of the accounting period, the pro-forma revenue and net income of the Company and subsidiaries' for the nine months ended would be $24,980,678 thousand, and $9,782,151 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 also should not be used to predict future operation outcome.

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)	$ 3,227,104
Other assets	38,986
Assets subtotal	3,266,090
Liabilities	
Financial liabilities	(2,647,608)
Identifiable net assets	$ 618,482

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

3) Effects of results of operations caused by business combination

Net revenue and net loss before income tax from acquiree were $212,526 thousand and $151,986 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 September 30, 2015 would be 21,636,786 thousand and $6,130,305 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.

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

Consolidated Profitability

(%)

Items		September 30, 2015	September 30, 2014
Return on total assets	Before income tax	0.99	1.51
	After income tax	0.89	1.36
Return on net worth	Before income tax	5.28	6.99
	After income tax	4.78	6.27
Profit margin		28.55	39.02

Profitability of CDFH

(%)

Items		**September 30, 2015**	**September 30, 2014**
Return on total assets	Before income tax	4.45	5.76
	After income tax	4.33	5.66
Return on net worth	Before income tax	4.96	6.51
	After income tax	4.87	6.43
Profit margin		88.81	91.61

Profitability of CDIB

(%)

Items		**September 30, 2015**	**September 30, 2014**
Return on total assets	Before income tax	1.72	2.10
	After income tax	1.82	2.08
Return on net worth	Before income tax	5.09	8.16
	After income tax	5.39	8.08
Profit margin		83.35	83.41

Profitability of KGI Securities

(%)

Items		**September 30, 2015**	**September 30, 2014**
Return on total assets	Before income tax	1.53	1.94
	After income tax	1.47	1.75
Return on net worth	Before income tax	4.66	5.33
	After income tax	4.47	4.81
Profit margin		32.52	32.49

Profitability of KGI Bank (Note)

(%)

Items		**September 30, 2015**	**September 30, 2014**
Return on total assets	Before income tax	1.11	1.02
	After income tax	0.98	0.85
Return on net worth	Before income tax	10.98	10.26
	After income tax	9.72	8.63
Profit margin		55.01	43.96

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

54. 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:

September 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	$ 15,157,648	$ -	$ -	$ 15,157,648
Bond investments	58,839,377	38,572,468	-	97,411,845
Others	462,397	7,980,282	-	8,442,679
Financial assets designated as at FVTPL	987,382	8,176,244	202,864	9,366,490
Available-for-sale financial assets				
Stock investments	19,652,525	514,616	-	20,167,141
Bond investments	27,064,635	44,307,953	327,305	71,699,893
Others	11,171	-	-	11,171
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	5,834,967	4,602,601	-	10,437,568
Financial liabilities designated as at FVTPL	-	4,417,110	-	4,417,110
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	1,064,299	27,025,168	2,104,581	30,194,048
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	933,560	29,339,297	2,584,658	32,857,515
Financial liabilities designated as at FVTPL	-	1,911,270	-	1,911,270

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				
Financial assets held for trading	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

September 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	$ 16,324,201	$ -	$ -	$ 16,324,201
Bond investments	41,414,380	41,025,599	50,354	82,490,333
Others	550,222	5,616,924	-	6,167,146
Financial assets designated as at FVTPL	-	-	195,365	195,365
Available-for-sale financial assets				
Stock investments	25,211,746	686,532	-	25,898,278
Bond investments	50,507,130	55,988,942	296,903	106,792,975
Others	9,600	-	-	9,600
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	4,605,282	2,879,645	-	7,484,927
Financial liabilities designated as at FVTPL	-	1,073,509	-	1,073,509
Derivative financial instruments				
Financial assets				
Financial assets at FVTPL				
Financial assets held for trading	892,979	12,838,366	1,209,890	14,941,235
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	1,133,887	16,009,367	1,741,011	18,884,265
Financial liabilities designated as at FVTPL	-	-	1,972,419	1,972,419
Derivative financial liabilities for hedging	-	-	31,580	31,580

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 Nine Months Ended September 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	$ 1,687,479	$ 91,190	$ 1,819	$ (650,892)	$ -	$ 2,104,581
Financial assets designated as at FVTPL	233,686	(30,822)	-	-	-	-	202,864
Available-for-sale financial assets	311,154	16,151	-	-	-	-	327,305

For the Nine Months Ended September 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	$ (115,594)	$ 2,046,737	$ -	$ (1,779,211)	$ -	$ 1,260,244
Financial assets designated as at FVTPL	237,898	(42,533)	-	-	-	-	195,365
Available-for-sale financial assets	290,515	6,388	-	-	-	-	296,903
Derivative financial assets for hedging	19,568	-	-	-	(19,568)	-	-

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

For the Nine Months Ended September 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	$ 1,326,818	$ 200,990	$ 2,234	$ (1,059,535)	$ -	$ 2,584,658
Financial liabilities designated as at FVTPL	1,966,485	(24,710)	888,400	-	(933,575)	(1,896,600)	-
Derivative financial liabilities for hedging	20,659	(20,659)	-	-	-	-	-

For the Nine Months Ended September 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	$ 361,440	$ 1,413,316	$ -	$ (1,093,702)	$ -	$ 1,741,011
Financial liabilities designated as at FVTPL	1,084,495	(8,076)	1,320,000	-	(424,000)	-	1,972,419
Derivative financial liabilities for hedging	64,315	(32,735)	-	-	-	-	31,580

The total gains or losses for the three and nine months ended September 30, 2015 and 2014 included a loss of $94,160 thousand, a loss of $22,381 thousand a loss of $280,389 thousand and a loss of $200,821 thousand relating to assets and liabilities measured at fair value on Level III fair value measurement and held at the end of reporting date.

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

CDIB and subsidiaries

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

	Fair Value at September 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					
Financial assets at FVTPL	$ 202,864	Market approach	Income multiplier lake of liquidity discount	3.75 15%	When the higher income multiplier, the higher of fair value; when the higher lake of liquidity discount, the lower of fair value.

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	30.68%-53.37%	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	18.74%-26.17%	According to condition of contract, fair value of asset may be higher or lower.

(Continued)

	Valuation Techniques	Significant Unobservable Inputs	Quantification Information	The Relationship Between Inputs and Fair Value
Financial liabilities				
Derivative instruments				
Structured products - option	Martingale pricing technique	History volatility	10.32%-67.75%	According to condition of contract, fair value of liabilities may be higher or lower.
Equity derivatives - premium - equity option (put option)	Martingale pricing technique	History volatility	18.54%-42.03%	According to condition of contract, fair value of liabilities may be higher or lower.
Financial liabilities designated as FVTPL - structured	Reduced from pricing technique	Credit spread	NA	NA

(Concluded)

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.

In addition to modify the evaluation technology of the credit linked structured commodity in the 3rd quarter 2015, pricing techniques and significant unobservable inputs used in KGI Securities and subsidiaries on September 30, 2015 are the same compare with it used on December 31, 2014 and September 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 nine months ended September 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%	$ 1,239	$ 1,477
Equity derivative instruments - premium - options (call options)	History volatility	+25%/-25%	8	7
			$ 1,247	$ 1,484

(Continued)

	Sensitivity Analysis of Relationship Between Inputs and Fair Value		Recognized to Profit or Loss	
	Inputs	Positive/ Negative Change	Positive Impact	Negative Impact
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ 42	$ 151
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	1	1
			$ 43	$ 152

(Concluded)

For the nine months ended September 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%	$ 2,194	$ 2,047
Equity derivative instruments - premium - options (call options)	History volatility	+25%/-25%	6	15
FVTPL - bond investments	Prepayment rate	-25bps/+25bps	481	481
			$ 2,681	$ 2,543
Financial liabilities				
Derivative instruments				
Structured notes - options	History volatility	-25%/+25%	$ (26)	$ 30
Equity derivative instruments - premium - options (put options)	History volatility	-25%/+25%	145	81
Financial liabilities designated as FVTPL - structured	Credit spread	50bps/-50bps	17,242	17,563
			$ 17,361	$ 17,674

KGI Bank and subsidiaries

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

	Fair Value at September 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	$ 327,305	Discounted cash flow	3 months USD Libor	Inapplicable	Changes of 3 months USD Libor do not affect fair value apparently.
Derivative financial assets					
Financial assets at FVTPL	2,420,718	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	2,570,501	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, held to maturity financial assets, 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.

55. FINANCIAL RISK MANAGEMENT

a. Risk management policies and framework

The Corporation

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

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

CDIB and subsidiaries

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

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

KGI Securities and subsidiaries

1) Financial risk management objectives

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

2) Risk management organization

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

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

Functions and responsibilities of committees: RMS executes risk management decisions made by board of directors, which include reviewing KGI Securities' every department's risk-based budget, risk-based limit and their management system, reviewing guidelines regarding risk management, and inspecting related countermeasures according to risk reports submitted by departments; IRC examines underwriting of securities, assisting of business projects and general long-term investments; and Merchandise Review Committee (MRC) sets up the reviewing system of evaluating commodities and assessing the government examinations of commodities being traded on the market.

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

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

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

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

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

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

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

3) Risk management system

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

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

4) Risk management mechanism

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

a) Market risk

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

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

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

b) Credit risk

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

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

c) Liquidity risk

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

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

d) Operating risk and other risks

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

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

5) Risk hedge and mitigation strategy

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

<u>KGI Bank and subsidiaries</u>

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

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

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

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

KGI Bank's risk management divisions are as follows:

1) Board of directors

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

2) Risk management committee

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

3) Business and management departments

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

4) Risk management department

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

5) Internal audit department

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

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

b. Credit risk

<u>CDIB and subsidiaries</u>

1) Sources and definition of credit risk

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

2) Management policies

a) Strategy and objectives

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

b) Policies and procedures

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

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

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

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

4) Maximum exposure to credit risk

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

The amounts of financial contracts with off-balance-sheet credit risks as of September 30, 2015, December 31, 2014 and September 30, 2014 were as follows:

Items	**September 30, 2015**	**December 31, 2014**	**September 30, 2014**
Off-balance-sheet commitments and guarantees	$ -	$ 14,755,597	$ 16,760,895

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

a) Credit risk profile by counter-party

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Private sector	$ -	-	$ 127,992,280	99.85	$ 132,408,574	99.84
Public enterprises	-	-	191,300	0.15	210,434	0.16
Consumer	-	-	2,758	-	3,065	-
Total	-	-	128,186,338	100.00	132,622,073	100.00

b) Credit risk profile by industry sector

	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**
Electricity industry	$ -	-	$ 28,664,694	22.36	$ 27,905,616	21.04
Chemistry	-	-	12,155,329	9.48	16,125,352	12.16
Information and communication industry	-	-	6,251,280	4.88	7,451,481	5.62
Others	-	-	81,115,035	63.28	81,139,624	61.18
Total	-	-	128,186,338	100.00	132,622,073	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

September 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	$ -	$ -	$ -	$ -	$ -	$ 2,448,437	$ 2,448,437	$ 216,427	$ 969,026	$ 1,262,984
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

September 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	$ 43,842,661	$ 2,319	$ 1,357,502	$ 45,202,482	$ -	$ 3,209,678	$ 48,412,160	$ 445,923	$ 1,442,740	$ 46,523,497
Discounts and loans	113,292,894	18,006,353	1,011,907	132,311,154	-	310,919	132,622,073	750,972	1,264,740	130,606,361

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

September 30, 2014	Neither Past Due Nor Impaired			
	Good/Moderate	**Substandard**	**Unrated**	**Total**
Consumer finance				
Micro credit	$ -	$ -	$ 3,065	$ 3,065
Corporate banking				
Secured	45,493,751	8,516,640	-	54,010,391
Unsecured	67,799,143	9,489,713	1,008,842	78,297,698
Total	113,292,894	18,006,353	1,011,907	132,311,154

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

September 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	$ 159,647	$ -	$ -	$ 159,647	$ -	$ -	$ 159,647	$ -	$ 159,647

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $14,495,671 thousand, loss on valuation of $5,403,605 thousand and accumulated impairment of $99,798 thousand.

Note 2: Financial assets measured at cost have an initial cost of $22,185,670 thousand and accumulated impairments of $1,969,619 thousand.

Note 3: Debt instruments with no active markets have initial costs of $1,840,102 thousand and accumulated impairments of $218,034 thousand.

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

September 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	$ 96,004,025	$ -	$ -	$ 96,004,025	$ -	$ -	$ 96,004,025	$ -	$ 96,004,025

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $22,002,152 thousand, loss on valuation of $780,350 thousand and accumulated impairment of $717,326 thousand.

Note 2: Financial assets measured at cost have an initial cost of $30,862,684 thousand and accumulated impairments of $1,662,597 thousand.

Note 3: Debt instruments with no active markets have initial costs of $2,921,457 thousand and accumulated impairments of $74,310 thousand.

7) Impairment of discounts and loans and receivables

Items		Discounts and Loans			Allowance for Bad Debts		
		September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ -	$ 5,588,794	$ 6,087,583	$ -	$ 858,738	$ 750,972
With no objective evidence of impairment	Assessment of collective impairment	-	122,597,544	126,534,490	-	1,225,208	1,264,740

Items		Receivables			Allowance for Bad Debts		
		September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 1,309,551	$ 1,991,952	$ 2,092,351	$ 216,427	$ 415,334	$ 445,923
With no objective evidence of impairment	Assessment of collective impairment	1,138,886	47,863,477	46,319,809	969,026	1,458,113	1,442,740

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 September 30, 2015, December 31, 2014 and September 30, 2014, the carrying amounts of the collaterals were $124,225 thousand, $153,631 thousand and $164,266 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			September 30, 2014				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ -	$ 54,010,391	-	$ 1,069,522	-
	Unsecured		310,919	78,608,617	0.40	946,159	304.31
Consumer loan	Mortgage (Note 4)		-	-	-	-	-
	Cash card		-	-	-	-	-
	Micro credit (Note 5)		-	3,065	-	31	-
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured					
Total			310,919	132,622,073	0.23	2,015,712	648.31
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card (Note 7)			-	-	-	-	-
Account receivable - factored without recourse (Note 8)			-	1,658,064	-	16,581	-

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

September 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)	$ 11,096,252	9.99
2	D Group (011850 artificial fiber manufacturing)	5,347,350	4.81
3	B Group (012641 LCD and related components manufacturing)	4,709,295	4.24
4	C Group (016022 cable and other pay programs broadcasting)	4,651,481	4.19
5	E Group (016700 real estate development)	3,832,522	3.45
6	F Group (010319 manufacture of computers, electronic and optical products)	3,608,720	3.25
7	G Group (017112 engineering activities and related technical consultancy)	2,933,367	2.64
8	I Group (012611 IC manufacturing)	2,187,680	1.97
9	H Group (010303 manufacture of textile)	2,036,272	1.83
10	J Group (010315 manufacture of other non-metallic mineral products)	1,924,796	1.73

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.

<u>KGI Securities and subsidiaries</u>

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

September 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	$ 28,965,567	$ 166,279	$ 204,464	$ -	$ -	$ -	$ -	$ 29,336,310
Financial assets measured at FVTPL - current	61,641,761	370,932	4,409,692	-	-	-	-	66,422,385
Available-for-sale financial assets - current	58,419	-	-	-	-	-	-	58,419
Bonds purchased under resell agreements	18,154,986	300,419	-	-	-	-	-	18,455,405
Receivables	51,857,963	9,778,105	1,195,351	1,339,596	-	-	-	64,171,015
Customers' margin accounts - futures	32,157,713	-	-	-	-	-	-	32,157,713
Stock borrowing collateral price and guarantee deposits - borrowed securities	5,009,859	3,707,205	-	-	-	-	-	8,717,064
Other financial assets - current	2,195,985	68,800	-	-	-	-	-	2,264,785
Other current assets	34,746,858	26,100	-	-	-	-	-	34,772,958
Financial assets measured at FVTPL - noncurrent	50,610	-	-	-	-	-	-	50,610
Available-for-sale financial assets - noncurrent	-	-	30,297	-	-	-	-	30,297
Others noncurrent assets	3,379,181	-	50,000	-	-	-	-	3,429,181
Total	$ 238,218,902	$ 14,417,840	$ 5,889,804	$ 1,339,596	$ -	$ -	$ -	$ 259,866,142
Percentage	91.67%	5.55%	2.27%	0.51%	-	-	-	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%

September 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	$ 10,805,081	$ 163,930	$ -	$ -	$ -	$ -	$ -	$ 10,969,011
Financial assets measured at FVTPL - current	60,073,048	401,474	10,681,799	-	-	-	-	71,156,321
Bonds purchased under resell agreements	13,373,208	-	-	-	-	-	-	13,373,208
Receivables	60,391,001	16,746,959	2,780,805	135,381	-	-	-	80,054,146
Customers' margin accounts - futures	23,915,029	-	-	-	-	-	-	23,915,029
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,510,507	242,422	-	-	-	-	-	3,752,929
Other financial assets - current	10,635,577	54,300	-	-	-	-	-	10,689,877
Other current assets	32,286,161	26,100	-	-	-	-	-	32,312,261
Financial assets measured at FVTPL - noncurrent	71,229	-	-	-	-	-	-	71,229
Available-for-sale financial assets - noncurrent	-	-	31,023	-	-	-	-	31,023
Held to maturity financial assets - noncurrent	190,014	-	-	-	-	-	-	190,014
Others noncurrent assets	3,739,344	-	50,000	-	-	-	-	3,789,344
Total	$ 218,990,199	$ 17,635,185	$ 13,543,627	$ 135,381	$ -	$ -	$ -	$ 250,304,392
Percentage	87.49%	7.05%	5.41%	0.05%	-	-	-	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

Considering the asset hedge market and liquidity, KGI Bank takes the necessary risk reduction strategies, mainly on loan objects and hedge transactions involving assets with doubtful collectibility or a long period of duration, including methods for increasing appropriate collaterals with good liquidity, or transferring to credit guarantee institutions such as the Small and Medium Credit Guarantee Fund to maximize the collateral. Financial restrictions will be required for cases with poor credit ratings to ensure the clients' repayment capacity, and KGI Bank will reject transactions if their features and profitability cannot match related risk costs. For determining the value of foreclosed collaterals, liquid securities will be evaluated at their market value; other collaterals will be subject to field surveys by appraisal firms for their fair value assessment, which will be used as a basis for demanding additional collaterals or adjusting the credit amount to ensure that risks are within KGI Bank's tolerance range.

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

4) Maximum exposure credit risk

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

Items	September 30, 2015	December 31, 2014	September 30, 2014
Off-balance-sheet commitments and guarantees	$ 93,841,939	$ 85,385,327	$ 84,545,339

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	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Public and private enterprise	$ 150,676,275	66.48	$ 28,104,073	27.80	$ 30,194,758	29.76
Natural person	75,422,161	33.28	72,852,537	72.06	71,077,458	70.07
Non-profit organization	545,349	0.24	144,555	0.14	170,968	0.17
Total	$ 226,643,785	100.00	$ 101,101,165	100.00	$ 101,443,184	100.00

b) By region

Region	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Domestic	$ 178,005,732	78.54	$ 92,928,504	91.92	$ 93,120,907	91.80
Overseas	48,638,053	21.46	8,172,661	8.08	8,322,277	8.20
Total	$ 226,643,785	100.00	$ 101,101,165	100.00	$ 101,443,184	100.00

c) By collateral

Collateral	September 30, 2015		December 31, 2014		September 30, 2014	
	Amount	%	Amount	%	Amount	%
Non-collateral	$ 138,978,978	61.32	$ 48,910,380	48.38	$ 49,836,937	49.13
Collateral						
Financial collateral	6,051,510	2.67	1,226,009	1.21	1,234,144	1.22
Receivables	-	-	819,758	0.81	1,079,881	1.06
Property	58,591,641	25.85	45,311,877	44.82	44,309,954	43.68
Guarantee	18,315,358	8.08	4,456,092	4.41	4,552,068	4.49
Other	4,706,298	2.08	377,049	0.37	430,200	0.42
Total	$ 226,643,785	100.00	$ 101,101,165	100.00	$ 101,443,184	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

September 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	$ 28,231,952	$ 61,830	$ 72,561	$ 28,366,343	$ 41,024	$ 316,856	$ 28,008,463
- other	11,872,095	7,228	2,194,088	14,073,411	1,103,430	88,205	12,881,776
Discount and loans	221,719,282	3,915,998	1,008,505	226,643,785	486,197	2,432,247	223,725,341

December 31, 2014	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	$ 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

September 30, 2014	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	$ 8,043,377	$ 43,668	$ 70,776	$ 8,157,821	$ 46,527	$ 106,851	$ 8,004,443
- other	593,965	3,725	1,457,521	2,055,211	953,556	3,725	1,097,930
Discount and loans	98,861,864	1,424,613	1,156,707	101,443,184	440,949	1,021,343	99,980,892

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

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

September 30, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 17,406,696	$ 8,074,500	$ 16,583	$ -	$ 25,497,779
- cash card	8,591,654	2,544,738	650,824	3,388,031	15,175,247
- micro credit loans	14,129,385	1,923,158	83,366	90,403	16,226,312
- other-secured	12,002,507	1,205,445	104,761	55,391	13,368,104
- other - unsecured	56,878	-	-	5,319	62,197
Corporate banking					
- secured	19,541,279	21,151,945	11,271,411	3,310,480	55,275,115
- unsecured	21,861,636	53,882,482	16,528,002	3,842,408	96,114,528
Total	$ 93,590,035	$ 88,782,268	$ 28,654,947	$ 10,692,032	$ 221,719,282

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

September 30, 2014	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Consumer banking					
- mortgage loans	$ 15,244,257	$ 8,248,513	$ 23,894	$ 675	$ 23,517,339
- cash card	8,701,814	2,880,450	648,632	4,096,762	16,327,658
- micro credit loans	13,881,009	1,770,154	107,405	120,421	15,878,989
- other-secured	10,703,778	1,375,527	108,616	35,830	12,223,751
- other - unsecured	74,442	-	-	8,931	83,373
Corporate banking					
- secured	1,830,979	4,267,418	6,152,598	709,290	12,960,285
- unsecured	5,787,887	6,631,844	4,893,254	557,484	17,870,469
Total	$ 56,224,166	$ 25,173,906	$ 11,934,399	$ 5,529,393	$ 98,861,864

September 30, 2015	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 891,237	$ 648,451	$ 852,730	$ 332,564	$ 2,724,982
- credit card and acceptances - forfaiting	12,529,137	10,554,444	-	913,009	23,996,590
- accounts receivable factoring - no recourse	26,911	586,427	-	71,752	685,090
- acceptances	-	810,527	14,763	-	825,290
Total	$ 13,447,285	$ 12,599,849	$ 867,493	$ 1,317,325	$ 28,231,952

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

September 30, 2014	Neither Overdue Nor Impaired				
	Excellent	Good	Normal	No Ratings	Total (A)
Credit card and credit business					
- credit card business	$ 762,986	$ 500,487	$ 884,323	$ 391,617	$ 2,539,413
- credit card and acceptances - forfaiting	5,336,673	-	-	-	5,336,673
- accounts receivable factoring - no recourse	-	-	108,771	1,136	109,907
- acceptances	-	-	57,384	-	57,384
Total	$ 6,099,659	$ 500,487	$ 1,050,478	$ 392,753	$ 8,043,377

c) Securities investment credit quality analysis

September 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	$ 71,451,530	$ -	$ -	$ 71,451,530	$ -	$ -	$ 71,451,530	$ -	$ 71,451,530

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $6,422,147 thousand, loss on valuation of $1,039,949 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.

September 30, 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	$ 10,461,024	$ -	$ 10,461,024	$ -	$ -	$ -	$ 10,461,024	$ -	$ 10,461,024

Note 1: Available-for-sale financial assets other than the above investment in bonds have an initial cost of $1,502 thousand, gain on valuation of $3,852 thousand and accumulated impairment of $0 thousand.

Note 2: Held-to-maturity financial assets measured at cost have an initial cost of $19,900,000 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:

	September 30, 2015		
	1 Month	**Over 1 Month - 3 Months**	**Total**
Credit card business	$ 35,363	$ 26,467	$ 61,830
Discount and loans			
Consumer banking			
- mortgage loans	720,833	29,989	750,822
- cash card	438,643	88,684	527,327
- small-scale credit loans	1,936,826	63,758	2,000,584
- other - secured	287,454	10,800	298,254
- other - unsecured	1,407	-	1,407
Corporate banking			
- secured	265,769	11,798	277,567
- unsecured	55,799	4,238	60,037
Total	3,706,731	209,267	3,915,998

	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

	September 30, 2014		
	1 Month	Over 1 Month - 3 Months	Total
Credit card business	$ 23,663	$ 20,005	$ 43,668
Discount and loans			
Consumer banking			
- mortgage loans	306,302	78,262	384,564
- cash card	357,831	76,427	434,258
- small-scale credit loans	326,642	52,233	378,875
- other - secured	148,629	21,169	169,798
- other - unsecured	1,374	214	1,588
Corporate banking			
- secured	45,124	1,539	46,663
- unsecured	8,207	660	8,867
Total	1,194,109	230,504	1,424,613

8) Analysis of impairment for financial assets

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

Items		Discounts and Loans			Allowance for Bad Debts		
		September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 202,135	$ 374,516	$ 376,050	$ 48,732	$ 40,003	$ 40,000
	Assessment of collective impairment	806,370	777,683	780,657	437,465	412,112	400,949
Without objective evidence of impairment	Assessment of collective impairment	225,635,280	99,948,966	100,286,477	2,432,247	911,178	1,021,343
Total		$ 226,643,785	$ 101,101,165	$ 101,443,184	$ 2,918,444	$ 1,363,293	$ 1,462,292

Items		Receivables			Allowance for Bad Debts		
		September 30, 2015	December 31, 2014	September 30, 2014	September 30, 2015	December 31, 2014	September 30, 2014
With objective evidence of impairment	Assessment of individual impairment	$ 2,180,692	$ 1,480,505	$ 1,447,653	$ 1,090,394	$ 966,988	$ 945,757
	Assessment of collective impairment	85,957	84,179	80,644	54,060	48,847	54,326
Without objective evidence of impairment	Assessment of collective impairment	40,173,105	9,059,658	8,684,735	405,061	93,038	110,576
Total		$ 42,439,754	$ 10,624,342	$ 10,213,032	$ 1,549,515	$ 1,108,873	$ 1,110,659

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 September 30, 2015, December 31, 2014 and September 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			September 30, 2015				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 173,675	$ 54,950,830	0.32%	$ 621,471	357.83%
	Unsecured		146,498	97,082,299	0.15%	1,117,943	763.11%
Consumer loan	Mortgage (Note 4)		65,566	26,324,635	0.25%	301,285	459.52%
	Cash card		218,497	16,102,247	1.36%	472,227	216.12%
	Micro credit (Note 5)		122,101	18,438,029	0.66%	248,166	203.25%
	Other (Note 6)	Secured	13,941	13,680,538	0.10%	156,606	1,123.33%
		Unsecured	2,752	65,207	4.22%	746	27.12%
Total			743,030	226,643,785	0.33%	2,918,444	392.78%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			36,171	2,859,292	1.27%	53,666	148.37%
Account receivable - factored without recourse (Note 7)			60	685,172	0.01%	8,003	13,439.09%

Item			September 30, 2014				
			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		$ 46,919	$ 13,245,666	0.35%	$ 24,287	51.76%
	Unsecured		29,395	18,099,855	0.16%	326,467	1,110.61%
Consumer loan	Mortgage (Note)		31,404	23,940,897	0.13%	5,093	16.22%
	Cash card		212,622	17,211,371	1.24%	797,698	375.17%
	Micro credit (Note)		87,558	16,443,215	0.53%	305,066	348.41%
	Other (Note)	Secured	17,683	12,415,537	0.14%	3,513	19.87%
		Unsecured	1,946	86,643	2.25%	168	8.62%
Total			427,527	101,443,184	0.42%	1,462,292	342.04%
			Overdue Receivable	Account Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			30,911	2,653,787	1.16%	94,820	306.75%
Account receivable - factored without recourse (Note 7)			45	109,978	0.04%	4,605	10,293.36%

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	September 30, 2015		September 30, 2014	
	Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
Amounts of executed contracts on negotiated debts not reported (Note 1)	$ 59,821	$ 240	$ 82,569	$ 356
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	38,710	4,111	47,866	3,572
Total	$ 98,531	$ 4,351	$ 130,435	$ 3,928

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

September 30, 2015

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	A Group-011700 Petroleum and coal products manufacturing	$ 7,981,172	13.87
2	B Group-016100 Telecommunication industry	5,020,000	8.72
3	C Group-016700 Real estate brokerage	4,265,522	7.41
4	D Group-016022 Cable and other pay programs broadcasting	4,210,594	7.32
5	E Group-012711 Computer manufacturing	4,064,524	7.06
6	F Group-017112 Engineering activities and related technical consultancy	4,027,898	7.00
7	G Group-012712 Monitors and Terminals Manufacturing	3,433,965	5.97
8	H Group-012641 LCD and related components manufacturing	3,233,980	5.62
9	I Group-012740 Data storage media	3,100,000	5.39
10	J Group-012611 IC manufacturing	2,423,186	4.21

September 30, 2014

(In Thousands of New Taiwan Dollars, %)

Top 10 Ranking	Group (Industry Category)	Total Credit	Percentage of Net Worth
1	K Group-016700 real estate development	$ 683,200	3.70
2	L Group-130220 offshore companies firms group	608,720	3.29
3	M Group-014100 construction of buildings	486,269	2.63
4	N Group-012831 manufacture of electric wires and cables	416,270	2.25
5	O Group-016812 real estate agencies activities	379,000	2.05
6	P Group-015510 short-term accommodation activities	368,615	1.99
7	Q Group-016491 financial leasing	350,000	1.89
8	R Group-019329 other amusement and recreation activities	330,001	1.79
9	S Group-015911 Films Manufacturing	324,600	1.76
10	T Group-016811 real estate sale and rental of owned or leased property	313,000	1.69

c. Liquidity risk

CDIB

1) Source and definition of liquidity risk

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

2) Management policies

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

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

a) Financial assets held for liquidity management

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

b) Nonderivative financial liabilities

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

(In Thousands of New Taiwan Dollars)

September 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	8,979	2,097	184,761	5,490	839,632	1,040,959
Subtotal	$ 8,979	$ 2,097	$ 184,761	$ 5,490	$ 839,632	$ 1,040,959

(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)

September 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	$ 18,763	$ 112,250	$ 270,804	$ 385,615	$ -	$ 787,432
Notes and bonds issued under repurchase agreements	9,235,549	500,435	-	-	-	9,735,984
Payables	52,003	10,121	214,907	10,025	-	287,056
Deposits and remittances	22,908,509	29,008,258	36,974,414	5,452,332	4,667	94,348,180
Bank debentures payable	1,073,509	-	9,000,000	1,000,000	2,750,000	13,823,509
Other capital outflow on maturity	769,934	60,313	379,170	5,800	1,198,050	2,413,267
Subtotal	$ 34,058,267	$ 29,691,377	$ 46,839,295	$ 6,853,772	$ 3,952,717	$ 121,395,428

(In Thousands of U.S. Dollars)

September 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	-	-	-	2	13,855	13,857
Subtotal	$ -	$ -	$ -	$ 2	$ 13,855	$ 13,857

(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)

September 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	$ 135,000	$ -	$ -	$ -	$ -	$ 135,000
Notes and bonds issued under repurchase agreements	544,306	904,660	246,655	-	-	1,695,621
Payables	1,757	1,886	513	351	-	4,507
Deposits and remittances	2,353,290	246,584	143,689	91,662	-	2,835,225
Other capital outflow on maturity	61,344	12,191	956	-	12,346	86,837
Subtotal	$ 3,095,697	$ 1,165,321	$ 391,813	$ 92,013	$ 12,346	$ 4,757,190

4) Maturity analysis of derivative instruments

a) Net settled derivative instruments

Net settled derivative instruments of CDIB include:

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

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

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

(In Thousands of New Taiwan Dollars)

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						
Equity derivatives instruments	$ 4,665	$ -	$ -	$ -	$ -	$ 4,665

(In Thousands of New Taiwan Dollars)

September 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						
Equity derivatives instruments	$ 1,839	$ -	$ -	$ -	$ -	$ 1,839

(In Thousands of U.S. Dollars)

September 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	$ (653)	$ -	$ -	$ -	$ -	$ (653)

b) Gross settled derivative instruments

Gross settled derivative instruments of CDIB include:

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

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

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

(In Thousands of New Taiwan Dollars)

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)

September 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	$ (143,320,780)	$ (171,007,721)	$ (58,197,744)	$ (9,037,063)	$ -	$ (381,563,308)
Cash inflow	115,550,182	160,705,961	92,449,392	9,768,213	-	378,473,748
Interest rate derivatives instruments						
Cash outflow	(1,969,552)	(6,943,696)	(1,763,610)	(11,833,110)	(58,947,204)	(81,457,172)
Cash inflow	920,200	6,459,606	607,184	9,512,173	1,238,483	18,737,646
Cash outflow subtotal	(145,290,332)	(177,951,417)	(59,961,354)	(20,870,173)	(58,947,204)	(463,020,480)
Cash inflow subtotal	116,470,382	167,165,567	93,056,576	19,280,386	1,238,483	397,211,394
Net cash flow	$ (28,819,950)	$ (10,785,850)	$ 33,095,222	$ (1,589,787)	$ (57,708,721)	$ (65,809,086)

(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)

September 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	$ (5,405,694)	$ (5,697,550)	$ (3,124,867)	$ (356,805)	$ -	$ (14,584,916)
Cash inflow	6,303,666	6,013,012	1,994,340	364,505	-	14,675,523
Interest rate derivatives instruments						
Cash outflow	(119,125)	(269,586)	(64,650)	(143,836)	(87,488)	(684,685)
Cash inflow	48,334	269,211	43,370	103,647	40,000	504,562
Cash outflow subtotal	(5,524,819)	(5,967,136)	(3,189,517)	(500,641)	(87,488)	(15,269,601)
Cash inflow subtotal	6,352,000	6,282,223	2,037,710	468,152	40,000	15,180,085
Net cash flow	$ 827,181	$ 315,087	$ (1,151,807)	$ (32,489)	$ (47,488)	$ (89,516)

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)

September 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	$ 708,590	$ 1,621,378	$ 1,441,649	$ 2,643,996	$ 10,345,282	$ 16,760,895

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)

September 30, 2014	Within 1 Year	Over 1 Year-5 Years	Over 5 Years	Total
Financial lease gross incomes (lessor)	$ 3,405,661	$ 3,739,785	$ -	$ 7,145,446
Financial lease present value incomes (lessor)	3,046,125	3,463,671	-	6,509,796

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)

September 30, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 8,728,691	$ 309,552	$ 1,573,501	$ 2,968	$ 1,912	$ 58,434,741	$ 69,051,365
Cash outflow	4,036	4,943	2,097	184,761	5,490	67,500,006	67,701,333
Gap	8,724,655	304,609	1,571,404	(181,793)	(3,578)	(9,065,265)	1,350,032

(In Thousands of New Taiwan Dollars)

September 30, 2014	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 109,627,018	$ 128,482,807	$ 196,134,351	$ 103,391,405	$ 28,186,083	$ 124,939,609	$ 690,761,273
Cash outflow	80,213,578	105,477,268	218,842,554	120,452,518	46,616,685	200,572,044	772,174,647
Gap	29,413,440	23,005,539	(22,708,203)	(17,061,113)	(18,430,602)	(75,632,435)	(81,413,374)

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

(In Thousands of U.S. Dollars)

September 30, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 49	$ -	$ -	$ -	$ 1,208	$ 1,257
Cash outflow	-	-	-	2	45,779	45,781
Gap	49	-	-	(2)	(44,571)	(44,524)

(In Thousands of U.S. Dollars)

September 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Cash inflow	$ 7,506,951	$ 6,880,404	$ 2,925,003	$ 1,602,462	$ 1,223,394	$ 20,138,214
Cash outflow	8,748,143	7,357,834	3,856,053	972,840	763,588	21,698,458
Gap	(1,241,192)	(477,430)	(931,050)	629,622	459,806	(1,560,244)

KGI Securities and subsidiaries

1) Cash flow analysis

Statement of Cash Flow Analysis for Financial Assets

(In Thousands of New Taiwan Dollars)

September 30, 2015	Collection Period					Total
	Spot	In 3 Months	3-12 Months	1-5 Years	Over 5 Years	
Cash and cash equivalents	$ 25,871,193	$ 3,465,117	$ -	$ -	$ -	$ 29,336,310
Financial assets measured at FVTPL - current	63,151,080	10,106,594	9,270,869	489,944	253,325	83,271,812
Financial assets at cost - current	889,942	-	-	-	-	889,942
Available-for-sale financial assets - current	7,500,969	-	-	-	-	7,500,969
Bond purchased under resale agreements	-	18,421,664	-	-	-	18,421,664
Receivable	43,124,064	4,111,443	13,600,329	3,335,179	-	64,171,015
Customers' margin accounts	32,157,713	-	-	-	-	32,157,713
Stock borrowing collateral price and guarantee deposits - borrowed securities	7,378,207	369,428	969,429	-	-	8,717,064
Other financial assets - current	-	200,000	2,064,785	-	-	2,264,785
Income tax assets	-	-	9,806	768	562,259	572,833
Other current assets	33,836,116	561,250	375,592	-	-	34,772,958
Financial assets measured at FVTPL - noncurrent	-	-	51,000	-	-	51,000
Financial assets at cost - noncurrent	-	-	-	415	1,026,405	1,026,820
Available-for-sale financial assets - noncurrent	-	-	30,297	-	110,071	140,368
Investments accounted for using the equity method	-	-	-	-	2,038,799	2,038,799
Others noncurrent assets	-	-	-	81,420	3,384,535	3,465,955
Total	$ 213,909,284	$ 37,235,496	$ 26,372,107	$ 3,907,726	$ 7,375,394	$ 288,800,007
Percentage	74.07%	12.89%	9.13%	1.35%	2.56%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 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	$ -	$ 34,885,691	$ -	$ -	$ -	$ 34,885,691
Commercial papers payable, net	-	8,074,722	-	-	-	8,074,722
Financial liabilities measured at FVTPL - current	4,292,076	4,503,624	7,148,159	1,679,040	254,912	17,877,811
Bonds sold under repurchase agreements	-	57,805,607	-	-	-	57,805,607
Payables	52,309,646	138,175	7,285,416	425,769	-	60,159,006
Guarantee deposits - borrowed securities	-	1,021,092	5,378,158	-	-	6,399,250
Futures customers' equity	31,131,372	-	-	-	-	31,131,372
Other current liabilities	412,183	2,626,193	979,610	106	-	4,018,092
Other financial liability - current	-	9,705,862	2,705	-	-	9,708,567
Income tax liability	-	-	259,583	803,938	39,648	1,103,169
Bonds payable	-	-	-	8,043,480	-	8,043,480
Liabilities reserve - noncurrent	-	-	-	-	160,256	160,256
Others noncurrent liabilities	-	-	-	365,805	47,955	413,760
Total	$ 88,145,277	$ 118,760,966	$ 21,053,631	$ 11,318,138	$ 502,771	$ 239,780,783
Percentage	36.76%	49.53%	8.78%	4.72%	0.21%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 30, 2015	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 213,909,284	$ 37,235,496	$ 26,372,107	$ 3,907,726	$ 7,375,394	$ 288,800,007
Cash outflow	88,145,277	118,760,966	21,053,631	11,318,138	502,771	239,780,783
Amount of cash flow gap	$ 125,764,007	$ (81,525,470)	$ 5,318,476	$ (7,410,412)	$ 6,872,623	$ 49,019,224

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)

September 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	$ 6,957,114	$ 4,011,897	$ -	$ -	$ -	$ 10,969,011
Financial assets measured at FVTPL - current	67,415,054	7,103,261	12,988,119	136,519	5,132	87,648,085
Financial assets at cost - current	264,000	-	-	-	-	264,000
Available-for-sale financial assets - current	4,348,840	-	-	-	-	4,348,840
Bonds purchased under resell agreements	-	13,373,104	-	-	-	13,373,104
Receivables	47,422,331	6,773,711	22,491,475	3,366,629	-	80,054,146
Customers’ margin accounts	23,915,029	-	-	-	-	23,915,029
Stock borrowing collateral price and guarantee deposits - borrowed securities	3,512,078	-	240,851	-	-	3,752,929
Other financial assets - current	-	210,000	10,479,877	-	-	10,689,877
Income tax assets	-	-	15,025	1,426	270,920	287,371
Other current assets	29,977,722	537,268	1,797,271	-	-	32,312,261
Financial assets measured at FVTPL - noncurrent	-	-	21,450	51,000	-	72,450
Financial assets at cost - noncurrent	-	-	-	9,268	1,001,243	1,010,511
Available-for-sale financial assets - noncurrent	-	-	-	31,023	2,934,148	2,965,171
Held-to-maturity financial assets - noncurrent	-	-	190,014	-	-	190,014
Investments accounted for using the equity method	-	-	-	-	2,084,714	2,084,714
Others noncurrent assets	-	200,000	258,098	152,682	3,185,641	3,796,421
Total	$ 183,812,168	$ 32,209,241	$ 48,482,180	$ 3,748,547	$ 9,481,798	$ 277,733,934
Percentage	66.18%	11.60%	17.46%	1.35%	3.41%	100.00%

Statement of Cash Flow Analysis for Financial Liabilities

(In Thousands of New Taiwan Dollars)

September 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	$ 17,797,171	$ 4,959,291	$ -	$ -	$ -	$ 22,756,462
Commercial papers payable, net	-	19,347,978	-	-	-	19,347,978
Financial liabilities measured at FVTPL - current	4,976,714	3,148,286	5,583,316	1,713,946	18,914	15,441,176
Bonds sold under repurchase agreements	-	58,146,039	-	-	-	58,146,039
Payables	49,969,438	379,408	5,887,251	660,176	-	56,896,273
Guarantee deposits - borrowed securities	-	1,518,825	7,701,958	-	-	9,220,783
Futures customers’ equity	23,851,193	-	-	-	-	23,851,193
Other current liabilities	3,552,582	1,359,922	2,415,688	119	-	7,328,311
Other financial liability - current	-	11,079,277	43,750	-	-	11,123,027
Income tax liability	-	618,441	210,993	1,908,790	832	2,739,056
Long-term liability matured in one year or the operating cycle	-	-	3,100,000	-	-	3,100,000
Liabilities reserve - noncurrent	-	-	-	22,849	176,623	199,472
Others noncurrent liabilities	-	-	-	469,780	59,051	528,831
Total	$ 100,147,098	$ 100,557,467	$ 24,942,956	$ 4,775,660	$ 255,420	$ 230,678,601
Percentage	43.42%	43.59%	10.81%	2.07%	0.11%	100.00%

Statement of Capital Liquidation Gap

(In Thousands of New Taiwan Dollars)

September 30, 2014	Collection Period					Total
	Spot	In 3 Months	Over 3 Months-12 Months	Over 1 Year-5 Years	Over 5 Years	
Cash inflow	$ 183,812,168	$ 32,209,241	$ 48,482,180	$ 3,748,547	$ 9,481,798	$ 277,733,934
Cash outflow	100,147,098	100,557,467	24,942,956	4,775,660	255,420	230,678,601
Amount of cash flow gap	$ 83,665,070	$ (68,348,226)	$ 23,539,224	$ (1,027,113)	$ 9,226,378	$ 47,055,333

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 September 30, 2015, December 31, 2014 and September 30, 2014, show that the sums from deducting cash outflow from cash inflow are $49,019,224 thousand, $49,288,954 thousand and $47,055,333 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 74.07% 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 September 30, 2015, December 31, 2014 and September 30, 2014, net cash inflow calculated from net spot financial assets are respectively $125,764,007 thousand, $93,673,366 thousand and $83,665,070 thousand, which are sufficient to cover the net cash outflows of $88,935,882 thousand, $77,758,449 thousand and $69,375,339 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)

September 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	$ 10,039,050	$ 468,450	$ 318,009	$ 404,293	$ -	$ 11,229,802
Notes and bonds issued under repurchase agreement	5,219,023	80,000	-	-	-	5,299,023
Payables	109,657	62,629	30,234	34,626	8,795	245,941
Deposits and remittances	57,453,954	43,204,045	47,817,473	60,977,483	22,263,024	231,715,979
Other financial liabilities	-	-	-	1,060,085	2,750,000	3,810,085
Other capital outflow on maturity	1,953,062	290,135	802,849	53,476	1,191,679	4,291,201
Total	$ 74,774,746	$ 44,105,259	$ 48,968,565	$ 62,529,963	$ 26,213,498	$ 256,592,031

(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 New Taiwan Dollars)

September 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	$ 1,023,746	$ 356,200	$ 61,778	$ 80,056	$ -	$ 1,521,780
Notes and bonds issued under repurchase agreement	4,018,786	-	-	-	-	4,018,786
Payables	2,760,439	159,805	234,774	68,420	231,343	3,454,781
Deposits and remittances	10,951,428	18,547,843	23,007,234	31,975,244	33,332,230	117,813,979
Other capital outflow on maturity	128,280	1,578	2,367	206,538	139,552	478,315
Total	$ 18,882,679	$ 19,065,426	$ 23,306,153	$ 32,330,258	$ 33,703,125	$ 127,287,641

(In Thousands of U.S. Dollars)

September 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	$ 120,000	$ 115,000	$ -	$ -	$ -	$ 235,000
Notes and bonds issued under repurchase agreement	840,066	1,003,805	-	-	-	1,843,871
Payables	2,134	1,977	548	636	2,442	7,737
Deposits and remittances	1,586,593	658,875	287,913	361,213	560	2,895,154
Other financial liabilities	-	-	-	-	101,335	101,335
Other capital outflow on maturity	4,509	2,855	3,909	1,060	6,043	18,376
Total	$ 2,553,302	$ 1,782,512	$ 292,370	$ 362,909	$ 110,380	$ 5,101,473

(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

(In Thousands of U.S. Dollars)

September 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Payables	$ 803	$ 850	$ 80	$ 47	$ 20	$ 1,800
Deposits and remittances	73,573	100,020	59,111	54,641	102,722	390,067
Other capital outflow on maturity	3	9	1	-	-	13
Total	$ 74,379	$ 100,879	$ 59,192	$ 54,688	$ 102,742	$ 391,880

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)

September 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	$ (131,351,500)	$ (158,082,858)	$ (119,865,041)	$ (12,733,858)	$ (460,500)	$ (422,493,757)
Cash inflow	113,420,998	171,690,987	79,781,899	23,027,876	789,200	388,710,960
Interest rate derivatives instruments						
Cash outflow	(3,989,533)	(475,206)	(822,092)	(13,864)	(18,430,012)	(23,730,707)
Cash inflow	190,729	428,716	11,532	22,637	49,851	703,465
Others						
Cash outflow	(311,617)	-	-	-	-	(311,617)
Cash inflow	311,622	-	-	-	-	311,622
Cash outflow subtotal	(135,652,650)	(158,558,064)	(120,687,133)	(12,747,722)	(18,890,512)	(446,536,081)
Cash inflow subtotal	113,923,349	172,119,703	79,793,431	23,050,513	839,051	389,726,047
Net cash flow	$ (21,729,301)	$ 13,561,639	$ (40,893,702)	$ 10,302,791	$ (18,051,461)	$ (56,810,034)

(In Thousands of U.S. Dollars)

September 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	$ (4,549,767)	$ (5,783,018)	$ (2,772,708)	$ (970,461)	$ (72,708)	$ (14,148,662)
Cash inflow	5,111,154	5,364,091	3,967,982	629,118	61,864	15,134,209
Interest rate derivatives instruments						
Cash outflow	(8,426)	(17,814)	(6,334)	(2,763)	(98,990)	(134,327)
Cash inflow	9,169	17,501	1,346	2,644	-	30,660
Others						
Cash outflow	(349)	-	-	-	-	(349)
Cash inflow	350	-	-	-	-	350
Cash outflow subtotal	(4,558,542)	(5,800,832)	(2,779,042)	(973,224)	(171,698)	(14,283,338)
Cash inflow subtotal	5,120,673	5,381,592	3,969,328	631,762	61,864	15,165,219
Net cash flow	$ 562,131	$ (419,240)	$ 1,190,286	$ (341,462)	$ (109,834)	$ 881,881

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

(In Thousands of U.S. Dollars)

September 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	$ (6,570)	$ -	$ -	$ -	$ -	$ (6,570)
Cash inflow	6,340	-	-	-	-	6,340
Net cash flow	$ (230)	$ -	$ -	$ -	$ -	$ (230)

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)

September 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	$ 4,855,637	$ 6,405,906	$ 8,502,159	$ 29,351,893	$ 44,726,344	$ 93,841,939

(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

(In Thousands of New Taiwan Dollars)

September 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	$ 5,601,329	$ 9,620,272	$ 6,760,371	$ 25,787,497	$ 36,775,870	$ 84,545,339

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)

September 30, 2015	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Financial lease gross income (lessor)	$ 4,071,570	$ 3,929,652	$ -	$ 8,001,222
Financial lease present value income (lessor)	3,713,994	3,688,324	-	7,402,318
Operating lease payment (lessee)	249,197	485,355	4,620	739,172
Operating lease income (lessor)	16,376	42,466	-	58,842
Present value of financial lease payment (lessee)	4,070	1,807	-	5,877

(In Thousands of New Taiwan Dollars)

December 31, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
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

(In Thousands of New Taiwan Dollars)

September 30, 2014	Less Than 1 Year	1-5 Years	Over 5 Years	Total
Lease agreement				
Operating lease payment (lessee)	$ 194,602	$ 365,848	$ 2,270	$ 562,720
Operating lease income (lessor)	12,724	28,099	1,452	42,275
Present value of financial lease payment (lessee)	8,658	5,525	-	14,183
Capital expenditure commitments	3,250	-	-	3,250

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)

September 30, 2015	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 115,588,686	$ 170,560,451	$ 212,801,161	$ 104,375,250	$ 57,136,313	$ 91,028,544	$ 751,490,405
Main capital outflow on maturity	98,840,771	136,684,742	251,668,497	208,299,097	102,320,279	138,457,915	936,271,301
Gap	$ 16,747,915	$ 33,875,709	$ (38,867,336)	$ (103,923,847)	$ (45,183,966)	$ (47,429,371)	$ (184,780,896)

(In Thousands of New Taiwan Dollars)

September 30, 2014	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 13,118,684	$ 17,628,400	$ 10,186,465	$ 10,655,903	$ 16,069,508	$ 73,203,713	$ 140,862,673
Main capital outflow on maturity	10,174,408	14,010,715	28,191,904	29,630,631	57,844,991	87,881,950	227,734,599
Gap	$ 2,944,276	$ 3,617,685	$ (18,005,439)	$ (18,974,728)	$ (41,775,483)	$ (14,678,237)	$ (86,871,926)

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

(In Thousands of U.S. Dollars)

September 30, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 7,114,515	$ 6,293,771	$ 4,509,444	$ 1,202,911	$ 583,804	$ 19,704,445
Main capital outflow on maturity	7,645,497	8,650,655	3,865,229	1,337,443	320,281	21,819,105
Gap	$ (530,982)	$ (2,356,884)	$ 644,215	$ (134,532)	$ 263,523	$ (2,114,660)

(In Thousands of U.S. Dollars)

September 30, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Main capital inflow on maturity	$ 62,669	$ 86,310	$ 29,980	$ 27,779	$ 254,687	$ 461,425
Main capital outflow on maturity	80,519	109,568	65,312	56,704	126,223	438,326
Gap	$ (17,850)	$ (23,258)	$ (35,332)	$ (28,925)	$ 128,464	$ 23,099

d. Market risk

CDIB and subsidiaries

1) Source and definition of market risk

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

2) Risk management policies

To have a common-language of market risk management, definition, communication and measurement, CDIB has developed “Market Risk Policy” based on Regulations Governing the Capital Adequacy Ratio of Banks and on market risk calculation tables announced by FSC, international standards, and CDFH’s market risk management policy framework.

The “Market Risk Policy” is applicable to “Trading Book” positions defined by the Regulations Governing the Capital Adequacy Ratio of Banks related market risk calculation tables and CDIB’s book management approach to financial instrument handling.

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

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

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

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

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

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

4) Mitigation of risks or hedging of market risk

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

5) Valuation techniques of market risk

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

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

(In Thousands of New Taiwan Dollars)

	September 30, 2015			December 31, 2014			September 30, 2014		
	Average	Highest	Lowest	Average	Highest	Lowest	Average	Highest	Lowest
Value at risk of foreign exchange rate	$ -	$ -	$ -	$ 8,322	$ 17,544	$ 1,955	$ 5,844	$ 13,059	$ 2,184
Value at risk of interest rate	-	-	-	65,735	100,306	6,725	6,051	8,421	4,097
Value at risk of equity stocks	-	-	-	15,416	18,764	12,103	13,693	18,177	8,864
Total value at risks	-	-	-	69,064	-	-	17,197	-	-

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)

	September 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 255,344	33.128	$ 8,459,048
HKD	144,193	4.275	616,368
RMB	41,677	5.217	217,444
KRW	5,988,393	0.028	167,531
JPY	427,500	0.276	118,033
Investment accounted for using equity method			
RMB	250,295	5.217	1,305,891
USD	35,947	33.128	1,190,862
Financial liabilities			
Monetary items			
USD	15,029	33.128	497,875

	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)

	December 31, 2014		
	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)

	September 30, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 5,291,449	30.436	$ 161,050,545
RMB	2,600,405	4.938	12,840,020
HKD	226,856	3.921	889,390
EUR	11,978	38.593	462,268
JPY	1,653,220	0.278	459,760
AUD	15,613	26.615	415,532
KRW	6,821,103	0.029	196,837
NZD	4,543	23.681	107,583
Nonmonetary items			
USD	200,808	30.436	6,111,787
HKD	431,736	3.921	1,692,619
RMB	166,406	4.938	821,661
Financial liabilities			
Monetary items			
USD	5,398,706	30.436	164,315,011
RMB	903,885	4.938	4,463,113
NZD	20,148	23.681	477,129
JPY	1,619,864	0.278	450,484
HKD	111,847	3.921	438,496
AUD	13,169	26.615	350,497
EUR	7,674	38.593	296,168
KRW	6,363,304	0.029	183,626
GBP	2,945	49.494	145,750
ZAR	37,306	2.708	101,015

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
September 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	$ 8,398,514	$ -	$ -	$ 518,086	$ 8,916,600
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	8,398,514	-	-	518,086	8,916,600
Net worth					66,660,373
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					13.38

Analysis of Interest Rate-sensitive Assets and Liabilities
September 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	$ 108,903,344	$ 7,547,572	$ 951,350	$ 62,265,288	$ 179,667,554
Interest rate-sensitive liabilities	64,548,659	43,685,631	6,439,307	3,828,177	118,501,774
Interest rate sensitivity gap	44,354,685	(36,138,059)	(5,487,957)	58,437,111	61,165,780
Net worth					108,655,649
Ratio of interest rate-sensitive assets to liabilities (%)					152
Ratio of interest rate-sensitive gap to net worth (%)					56

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
September 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	$ 49	$ -	$ -	$ -	$ 49
Interest rate-sensitive liabilities	-	-	-	-	-
Interest rate sensitivity gap	49	-	-	-	49
Net worth					31,924
Ratio of interest rate-sensitive assets to liabilities (%)					-
Ratio of interest rate-sensitive gap to net worth (%)					0.15

Analysis of Interest Rate-sensitive Assets and Liabilities
September 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	$ 1,673,788	$ 681,907	$ 768,426	$ 1,768,577	$ 4,892,698
Interest rate-sensitive liabilities	4,183,841	390,344	91,662	-	4,665,847
Interest rate sensitivity gap	(2,510,053)	291,563	676,764	1,768,577	226,851
Net worth					79,843
Ratio of interest rate-sensitive assets to liabilities (%)					105
Ratio of interest rate-sensitive gap to net worth (%)					284

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

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

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

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

KGI Securities and subsidiaries

Market risk is the risk of potential economic value reduction for securities or financial contracts that KGI Securities and subsidiaries hold due to the fluctuations of the market risk factors. Such factors include interest rates (including credit spread) and risk of equity securities and exchange rates. 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	September 30, 2015	December 31, 2014	September 30, 2014
Interest rate risk	$ 9,606	$ 9,004	$ 2,331
Equity securities risk	15,190,602	15,841,025	15,510,423
Exchange rate risk	2,731,071	1,245,900	20,858

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 Nine Months Ended September 30, 2015			September 30, 2015
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 487,697	$ 169,099	$ 1,034,748	$ 669,987
Interest rate	81,970	41,769	134,906	94,241
Exchange rate	7,927	1,264	16,892	16,714

	For the Nine Months Ended September 30, 2014			September 30, 2014
	Average VAR	Minimum VAR	Maximum VAR	Ending VAR
Equity securities	$ 312,847	$ 65,182	$ 365,112	$ 300,357
Interest rate	76,277	56,653	106,506	66,303
Exchange rate	50,685	9,683	283,963	23,454

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**	**September 30, 2015**	**December 31, 2014**	**September 30, 2014**
Interest exposures	Yield curve	+ 50 bps	$ (480,318)	$ (450,117)	$ (72,627)
Equity exposures	Equity index	- 25%	(3,797,650)	(3,960,256)	(4,307,306)
Exchange rate exposures	Exchange rate to USD	- 7%	(191,175)	(87,213)	(1,460)

4) Foreign currency exchange rate financial assets and liabilities information

(In Thousands of Foreign Currencies New Taiwan Dollars)

	September 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,823,622	33.13	$ 93,489,006
JPY	2,493,177	0.27	683,152
HKD	44,028	4.27	187,969
RMB	29,038	5.22	151,489
Nonmonetary items			
USD	692,375	33.13	22,936,996
RMB	932,761	5.22	4,866,588
AUD	9,453	23.21	219,436
HKD	39,185	4.27	167,500

(Continued)

	September 30, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Investments accounted for using the equity method			
USD	$ 61,453	33.13	$ 2,035,810
Financial liabilities			
Monetary items			
USD	3,513,192	33.13	116,333,121
RMB	767,706	5.22	4,005,417
JPY	2,367,450	0.27	648,445
Nonmonetary items			
USD	287,561	33.13	9,526,335
RMB	179,507	5.22	936,558
AUD	5,962	23.21	138,389

(Concluded)

	December 31, 2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 1,707,274	31.72	$ 54,144,135
RMB	865,261	5.10	4,415,774
HKD	138,252	4.09	565,282
Nonmonetary items			
USD	1,079,037	31.72	34,224,909
RMB	1,346,593	5.10	6,872,202
HKD	144,710	4.09	591,822
Investments accounted for using the equity method			
USD	69,872	31.72	2,216,211
Financial liabilities			
Monetary items			
USD	3,265,209	31.72	103,558,649
RMB	1,068,724	5.10	5,454,127
HKD	28,071	4.09	114,674
Nonmonetary items			
USD	314,816	31.72	9,985,342
RMB	158,675	5.10	809,782
HKD	34,360	4.09	140,522

	September 30, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 2,532,283	30.44	$ 77,071,090
RMB	967,255	4.94	4,776,015
HKD	77,589	3.92	304,131
Nonmonetary items			
USD	331,784	30.44	10,098,183
RMB	335,002	4.94	1,654,141
HKD	158,936	3.92	623,108
Investments accounted for using the equity method			
USD	68,327	30.44	2,079,600
Financial liabilities			
Monetary items			
USD	3,625,924	30.44	110,357,146
RMB	112,510	4.94	555,543
HKD	93,349	3.92	365,921
Nonmonetary items			
USD	180,362	30.44	5,489,488
RMB	31,264	4.94	154,374

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 Nine Months Ended September 30, 2015			For the Year Ended 2014			For the Nine Months Ended September 30, 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum	Average	Maximum	Minimum
Price risk of interest rate instruments	$ 54,278	$ 118,218	$ 11,394	$ 344	$ 3,506	$ -	$ 467	$ 3,506	$ -
Price risk of equity instruments (includes hedged position)	16,656	28,568	11,664	5,254	12,926	1,627	4,467	7,584	1,627
Price risk of exchange rate instruments	7,103	22,763	1,514	1,466	7,868	12	1,928	7,868	51

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)

	September 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,315,007	33.13	$ 176,075,565
RMB	2,407,748	5.22	12,562,184
EUR	53,762	37.21	2,000,536
HKD	286,768	4.28	1,225,816
ZAR	450,460	2.39	1,078,221
JPY	3,844,893	0.28	1,061,575
AUD	19,027	23.21	441,670
Nonmonetary items			
HKD	380,164	4.28	1,625,049
Financial liabilities			
Monetary items			
USD	6,098,238	33.13	202,022,414
RMB	2,285,505	5.22	11,924,396
ZAR	1,038,665	2.39	2,486,147
AUD	63,803	23.21	1,481,055

(Continued)

	September 30, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
HKD	$ 288,104	4.28	$ 1,231,529
JPY	4,246,803	0.28	1,172,542
EUR	29,107	37.21	1,083,105
NZD	20,262	21.14	428,279
KRW	5,771,441	0.03	161,427

(Concluded)

	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

	September 30, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 430,479	30.44	$ 13,102,061
RMB	1,634,010	4.94	8,068,252
HKD	49,019	3.92	192,180
JPY	861,820	0.28	239,707
AUD	11,859	26.61	315,587
Financial liabilities			
Monetary items			
USD	399,516	30.44	12,159,672
RMB	1,631,460	4.94	8,055,661
AUD	11,803	26.61	314,106
JPY	610,084	0.28	169,689
HKD	15,894	3.92	62,311

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

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

September 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	$ 255,185,917	$ 10,978,001	$ 2,114,373	$ 64,827,967	$ 333,106,258
Interest rate-sensitive liabilities	167,324,872	35,406,397	37,571,097	7,976,127	248,278,493
Interest rate sensitivity gap	87,861,045	(24,428,396)	(35,456,724)	56,851,840	84,827,765
Net worth					56,290,955
Ratio of interest rate-sensitive assets to liabilities (%)					134.17
Ratio of interest rate-sensitive gap to net worth (%)					150.70

September 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	$ 115,510,466	$ 572,827	$ 537,756	$ 11,587,361	$ 128,208,410
Interest rate-sensitive liabilities	39,901,069	52,471,469	22,635,442	5,635,747	120,643,727
Interest rate sensitivity gap	75,609,397	(51,898,642)	(22,097,686)	5,951,614	7,564,683
Net worth					18,452,075
Ratio of interest rate-sensitive assets to liabilities (%)					106.27
Ratio of interest rate-sensitive gap to net worth (%)					41.00

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)

September 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	$ 1,818,293	$ 149,869	$ 320,530	$ 1,867,588	$ 4,156,280
Interest rate-sensitive liabilities	4,542,807	237,497	193,161	101,895	5,075,360
Interest rate sensitivity gap	(2,724,514)	(87,628)	127,369	1,765,693	(919,080)
Net worth					38,204
Ratio of interest rate-sensitive assets to liabilities (%)					81.89
Ratio of interest rate-sensitive gap to net worth (%)					(2,405.72)

September 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	$ 256,756	$ 40,025	$ 5,005	$ 31,819	$ 333,605
Interest rate-sensitive liabilities	155,349	179,734	54,641	-	389,724
Interest rate sensitivity gap	101,407	(139,709)	(49,636)	31,819	(56,119)
Net worth					1,052
Ratio of interest rate-sensitive assets to liabilities (%)					85.60
Ratio of interest rate-sensitive gap to net worth (%)					(5,334.51)

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:

September 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	$ 57,853,173	$ 57,703,884	$ 57,853,173	$ 57,703,884	$ 149,289
Transaction - borrowed securities	9,307	13,030	9,307	13,030	(3,723)

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:

September 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	$ 11,332,200	$ 385,583	$ 385,583	$ -	$ 385,583

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.

September 30, 2015						
Types of Continuing Involvement	Spot	3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Call option	$ -	$ 561,400	$ 3,008,600	$ 7,762,200	$ -	$ 11,332,200

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.

September 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	$ (171,261)	$ (342,185)	$ (513,446)

KGI Bank and subsidiaries

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:

September 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	$ 38,231,099	$ 36,884,910	$ 38,231,099	$ 36,884,910	$ 1,346,189
Available-for-sale financial assets	28,718,561	27,382,079	28,718,561	27,382,079	1,336,482

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

September 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	$ 13,666,489	$ -	$ 13,666,489	$ 5,950,724	$ 185,259	$ 7,530,506
Securities purchased under resell agreements	16,416,508	-	16,416,508	16,416,508	-	-
Total	$ 30,082,997	$ -	$ 30,082,997	$ 22,367,232	$ 185,259	$ 7,530,506

September 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	$ 13,699,703	$ -	$ 13,699,703	$ 5,950,724	$ 591,771	$ 7,157,208
Notes and bonds issued under repurchase agreements	61,343,931	-	61,343,931	61,343,931	-	-
Total	$ 75,043,634	$ -	$ 75,043,634	$ 67,294,655	$ 591,771	$ 7,157,208

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, only in the circumstances of default, insolvency or bankruptcy will KGI Securities have the rights to offset derivative assets and liabilities.

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

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

September 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	$ 2,773,099	$ -	$ 2,773,099	$ -	$ 68,517	$ 2,704,582
Securities purchased under resell agreements	18,455,405	-	18,455,405	18,455,405	-	-
Total	$ 21,228,504	$ -	$ 21,228,504	$ 18,455,405	$ 68,517	$ 2,704,582

September 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	$ 4,300,287	$ -	$ 4,300,287	$ -	$ 1,788,604	$ 2,511,683
Notes and bonds issued under repurchase agreements	57,703,884	-	57,703,884	57,703,884	-	-
Total	$ 62,004,171	$ -	$ 62,004,171	$ 57,703,884	$ 1,788,604	$ 2,511,683

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

September 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	$ 1,208,331	$ -	$ 1,208,331	$ -	$ 52,071	$ 1,156,260
Securities purchased under resell agreements	13,373,208	-	13,373,208	13,373,208	-	-
Total	$ 14,581,539	$ -	$ 14,581,539	$ 13,373,208	$ 52,071	$ 1,156,260

September 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	$ 4,785,180	$ -	$ 4,785,180	$ -	$ 771,523	$ 4,013,657
Notes and bonds issued under repurchase agreements	58,019,315	-	58,019,315	58,019,315	-	-
Total	$ 62,804,495	$ -	$ 62,804,495	$ 58,019,315	$ 771,523	$ 4,013,657

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:

September 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	$ 26,989,996	$ -	$ 26,989,996	$ 8,399,960	$ 512,643	$ 18,077,393
Securities purchased under resell agreements	47,941,539	-	47,941,539	47,941,539	-	-
Total	$ 74,931,535	$ -	$ 74,931,535	$ 56,341,499	$ 512,643	$ 18,077,393

September 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	$ 27,963,202	$ -	$ 27,963,202	$ 8,399,960	$ 8,686,113	$ 10,877,129
Notes and bonds issued under repurchase agreements	66,382,790	-	66,382,790	66,382,790	-	-
Total	$ 94,345,992	$ -	$ 94,345,992	$ 74,782,750	$ 8,686,113	$ 10,877,129

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	$ -	$ -

September 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**	
Securities purchased under resell agreements	$ 7,580	$ -	$ 7,580	$ -	$ -	$ 7,580

September 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	$ 6,989	$ -	$ 6,989	$ -	$ -	$ 6,989
Notes and bonds issued under repurchase agreements	4,018,786	-	4,018,786	4,018,786	-	-
Total	$ 4,025,775	$ -	$ 4,025,775	$ 4,018,786	$ -	$ 6,989

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

56. CAPITAL MANAGEMENT

CDIB and subsidiaries

a. Objectives

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

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

b. Capital management procedures

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

KGI and subsidiaries

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

KGI Bank and subsidiaries

a. Objectives

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

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

b. Capital management procedures

KGI Bank'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.

57. 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	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ -	$ 585,031	$ 410,084
Financial assets at FATPL	-	5,076,358	5,078,408
Financial assets measured at cost	-	1,400,000	1,400,000
Real estate, net	-	797,943	1,159,170
Other assets	-	1,117,998	2,438,149
Total	$ -	$ 8,977,330	$ 10,485,811

Trust Liabilities	September 30, 2015	December 31, 2014	September 30, 2014
Payables	$ -	$ 2,210	$ 2,059
Other liabilities - beneficiary	-	1,280,000	1,280,000
Trust capital	-	6,500,406	8,310,812
Reversal and cumulative deficit			
Accumulated deficit	-	1,156,851	1,156,850
Appropriation of income	-	(100,391)	(67,710)
Net income (loss)	-	138,254	(196,200)
Total capital surplus and related earnings	-	1,194,714	892,940
Total	$ -	$ 8,977,330	$ 10,485,811

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014**	**2015**	**2014**
Trust income and gains				
Gain on financial assets at FATPL, net	$ -	$ -	$ 225,466	$ -
Interest income	-	7,953	15,721	44,795
Rental income	-	3,458	1,025	8,843
Cash dividend revenue	-	130,677	-	166,122
Other revenue	-	1,178	-	1,200
Total trust income and gains	-	143,266	242,212	220,960
Trust expenses				
Loss on financial assets at FATPL, net	-	248,922	-	354,221
Interest expense	-	16,320	19,635	29,325
Trust administrative expense	-	761	188	10,977
Other expenses	-	18,364	34	22,637
Total trust expenses	-	284,367	19,857	417,160
Net income (loss) before income tax	$ -	$ (141,101)	$ 222,355	$ (196,200)

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ -	$ 585,031	$ 410,084
Financial assets at FVTPL	-	5,076,358	5,078,408
Financial assets measured at cost	-	1,400,000	1,400,000
Real estate, net	-	797,943	1,159,170
Payments for others	-	1,115,230	-
Other assets	-	2,768	2,438,149
	$ -	$ 8,977,330	$ 10,485,811

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	September 30, 2015	December 31, 2014	September 30, 2014	Trust Liabilities	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ 843,425	$ 819,113	$ 455,383	Payables	$ 22,890	$ 19,781	$ 8,600
Financial assets	16,454,334	18,687,157	20,528,024	Trust capital	17,805,629	18,177,476	20,409,341
Receivables	113,550	34,370	68,634	Reserves and retained earnings	(417,210)	1,343,383	634,100
Total	$ 17,411,309	$ 19,540,640	$ 21,052,041	Total	$ 17,411,309	$ 19,540,640	$ 21,052,041

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Trust income	$ (281,960)	$ (126,181)	$ 1,515,240	$ 1,514,511
Trust expenses	(1,128,875)	(589,793)	(2,365,842)	(1,125,713)
Income before income tax	$ (1,410,835)	$ (715,974)	$ (850,602)	$ 388,798

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ 843,425	$ 819,113	$ 455,383
Stocks	5,670,861	9,769,102	11,368,545
Funds	6,905,760	5,768,699	6,301,777
Lending securities	3,806,227	3,049,388	2,772,614
Structured notes	71,486	99,968	85,088
Receivables	113,550	34,370	68,634
Total	$ 17,411,309	$ 19,540,640	$ 21,052,041

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	September 30, 2015	December 31, 2014	September 30, 2014	Liabilities and Equity	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ 833,204	$ 184,143	$ 200,705	Payables	$ 153,853	$ 155,241	$ 84,664
Short-term investment	32,821,674	35,482,654	35,085,517	Other liabilities	1,343,765	3,741	3,733
Receivables	62,610	132	6,649	Trust capital	39,492,003	36,467,188	36,070,051
Payments for others	1,166,833	-	-	Accumulated earnings	688,366	25,746	120,226
Financial assets measured at cost	1,400,000	-	-				
Financial assets at FVTPL	3,606,382	-	-				
Real estate, net	797,943	-	-				
Intangible assets - surface rights	984,534	984,534	984,534				
Other assets	4,807	453	1,269				
Total	$ 41,677,987	$ 36,651,916	$ 36,278,674	Total	$ 41,677,987	$ 36,651,916	$ 36,278,674

Income Statements of Trust Accounts

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Trust income and gains				
Profit income	$ 104,709	$ 1,072	$ 156,294	$ 1,573
Interest income	401,136	388,399	1,221,634	1,031,801
Rental income	8,299	7,007	22,913	21,021
Gain (loss) on financial assets at FATPL, net	(536,116)	-	44,439	-
Others income	1,533	181	2,225	477
Total trust income and gains	(20,439)	396,659	1,447,505	1,054,872
Property transactions gain or loss	(498,911)	2,988	(910,907)	(35,112)
Trust expenses				
Administrative expenses	11,627	8,052	27,812	25,706
Interest expense	16,320	-	29,325	-
Other expense	1,768	1,205	4,220	3,581
Total trust expenses	29,715	9,257	61,357	29,287
Net income (loss)	$ (549,065)	$ 390,390	$ 475,241	$ 990,473

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

Trust Property Accounts

(In Thousands of New Taiwan Dollars)

Investment Portfolio	September 30, 2015	December 31, 2014	September 30, 2014
Bank deposits	$ 833,204	$ 184,143	$ 200,705
Short-term investments			
Funds	31,513,849	34,503,272	34,086,498
Bonds	958,245	574,247	519,489
Structured notes	215,731	286,689	344,510
Common shares	82,400	86,120	86,030
ETF	51,449	32,326	48,990
Financial assets at FVTPL	3,606,382	-	-
Financial assets measured at cost	1,400,000	-	-
Intangible assets - surface	984,534	984,534	984,534
Real estate, net	797,943	-	-
Other assets	1,234,250	585	7,918
Total	$ 41,677,987	$ 36,651,916	$ 36,278,674

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

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

Please refer to Table 8 (attached).

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

Please refer to Table 9 (attached).

60. 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 49 to the consolidated financial statements.

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

Please refer to Note 51 to the consolidated financial statements. Information on disaster damages: None.

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

Please refer to Notes 53 and 55 to the consolidated financial statements.

63. 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.

64. 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	September 30, 2015 Formula	%	December 31, 2014 Formula	%	September 30, 2014 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$1,807,220 / $578,084	=3.13	$1,011,350 / $466,132	=2.17	$769,978 / $320,493	=2.40	≧1	Yes
17	Current assets / Current liabilities	$2,333,033 / $425,791	=5.48	$1,434,251 / $143,281	=10.01	$1,051,372 / $98,287	=10.70	≧1	Yes
22	Equities / Capital stock	$1,807,220 / $400,000	=451.81%	$1,011,350 / $400,000	=252.84%	$769,978 / $400,000	=192.50%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$1,059,610 / $258,726	=409.55%	$658,514 / $463,206	=142.16%	$408,718 / $536,998	=76.11%	≧20% ≧15%	Yes

b. KGI Futures Corp.

Rule No.	Formula	September 30, 2015 Formula	%	December 31, 2014 Formula	%	September 30, 2014 Formula	%	Standard	Meet Standard
17	Equities / Total liabilities minus customers' equity accounts	$2,533,359 / $286,255	=8.85	$2,330,514 / $203,524	=11.45	$2,213,112 / $199,668	=11.08	≧1	Yes
17	Current assets / Current liabilities	$19,993,629 / $18,058,083	=1.11	$13,763,599 / $12,063,412	=1.14	$13,237,687 / $11,643,869	=1.14	≧1	Yes
22	Equities / Capital stock	$2,533,359 / $760,000	=333.34%	$2,330,514 / $760,000	=306.65%	$2,213,112 / $760,000	=291.20%	≧60% ≧40%	Yes
22	Adjusted net capital / Client and proprietary account	$2,183,406 / $3,545,101	=61.59%	$1,978,098 / $2,310,489	=85.61%	$1,804,826 / $2,474,877	=72.93%	≧20% ≧15%	Yes

65. ACCOUNT RECLASSIFICATION

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

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

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

	September 30, 2015		December 31, 2014		September 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
KGI Securities and subsidiaries						
Available-for-sale financial assets	$ 4,413,444	$ 4,413,444	$ 4,448,814	$ 4,448,814	$ 4,204,146	$ 4,204,146

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized before September 30, 2015 and 2014) for the three and nine months ended September 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 September 30				For the Nine Months Ended September 30			
	2015		2014		2015		2014	
	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Losses	Gains (Losses) Recorded	Pro Forma Losses
KGI Securities and subsidiaries								
Available-for-sale financial assets	$ -	$ (871,243)	$ -	$ (60,567)	$ -	$ (35,369)	$ 532,263	$ (224,940)

66. ADDITIONAL DISCLOSURES

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

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

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

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

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

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

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

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

8) Receivables from related parties amounting to NT$300 million or 10% of the issued capital: Please refer to Note 49 and Table 5 (attached).

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

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

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

12) The information of investees: None.

13) Derivative transactions of the Corporation and subsidiaries: Please refer to Notes 8, 54 and 55 to the consolidated financial statements.

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

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

67. 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 September 30, 2015					
Interest profit (loss), net	$ 82,444	$ 496,237	$ 1,835,205	$ (171,559)	$ 2,242,327
Noninterest profit, net	914,622	1,906,461	450,195	85,900	3,357,178
Net profit (loss)	997,066	2,402,698	2,285,400	(85,659)	5,599,505
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	90,327	(35,744)	246,022	-	300,605
Operating expenses	(409,007)	(2,951,482)	(1,339,999)	(341,429)	(5,041,917)
Income (loss) before income tax	678,386	(584,528)	1,191,423	(427,088)	858,193
Income tax benefit (expense)	(20,955)	173,971	(65,789)	47,305	134,532
Net income (loss)	$ 657,431	$ (410,557)	$ 1,125,634	$ (379,783)	$ 992,725
For the three months ended September 30, 2014					
Interest profit (loss), net	$ 1,165,147	$ 711,170	$ 183,519	$ (91,151)	$ 1,968,685
Noninterest profit, net	2,474,628	2,970,160	92,273	55,338	5,592,399
Net profit (loss)	3,639,775	3,681,330	275,792	(35,813)	7,561,084
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	(88,189)	91	(29,311)	-	(117,409)
Operating expenses	(689,669)	(2,918,330)	(168,097)	(300,306)	(4,076,402)
Income (loss) before income tax	2,861,917	763,091	78,384	(336,119)	3,367,273
Income tax benefit (expense)	(181,454)	(34,417)	(23,921)	68,597	(171,195)
Net income (loss)	$ 2,680,463	$ 728,674	$ 54,463	$ (267,522)	$ 3,196,078
For the nine months ended September 30, 2015					
Interest profit (loss), net	$ 1,397,474	$ 1,757,767	$ 4,624,974	$ (558,997)	$ 7,221,218
Noninterest profit, net	2,734,427	9,991,361	1,520,945	69,309	14,316,042
Net profit (loss)	4,131,901	11,749,128	6,145,919	(489,688)	21,537,260
Reversal of allowance (allowance) for bad debts and losses on guarantees, net	178,429	(56,480)	769,059	-	891,008
Operating expenses	(1,706,663)	(9,414,296)	(3,501,433)	(1,016,346)	(15,638,738)
Income (loss) before income tax	2,603,667	2,278,352	3,413,545	(1,506,034)	6,789,530
Income tax benefit (expense)	134,572	(233,070)	(417,339)	(124,648)	(640,485)
Net income (loss)	$ 2,738,239	$ 2,045,282	$ 2,996,206	$ (1,630,682)	$ 6,149,045
For the nine months ended September 30, 2014					
Interest profit (loss), net	$ 3,576,821	$ 2,040,440	$ 183,519	$ (265,813)	$ 5,534,967
Noninterest profit, net	5,842,015	8,954,070	92,273	63,823	14,952,181
Net profit (loss)	9,418,836	10,994,510	275,792	(201,990)	20,487,148
Allowance for bad debts and losses on guarantees, net	(18,824)	(2,185)	(29,311)	-	(50,320)
Operating expenses	(2,150,348)	(8,268,506)	(168,097)	(930,941)	(11,517,892)
Income (loss) before income tax	7,249,664	2,723,819	78,384	(1,132,931)	8,918,936
Income tax expense	(412,745)	(381,973)	(23,921)	(105,244)	(923,883)
Net income (loss)	$ 6,836,919	$ 2,341,846	$ 54,463	$ (1,238,175)	$ 7,995,053

b. Segment assets and liabilities

	Industrial Banking	Securities	Commercial Banking	Other	Total
September 30, 2015					
Assets	$ 52,780,509	$ 298,846,908	$ 564,352,569	$ 2,262,033	$ 918,242,019
Liabilities	$ 2,686,868	$ 239,500,756	$ 482,510,523	$ 26,432,729	$ 751,130,876
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
September 30, 2014					
Assets	$ 466,493,700	$ 283,764,660	$ 170,719,945	$ 2,123,246	$ 923,101,551
Liabilities	$ 350,526,304	$ 229,528,858	$ 146,133,559	$ 25,838,333	$ 752,027,054

TABLE 1

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ 7,288,160	$ 7,288,160	$ 3,975,360	Floating	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 13,785,522 (Note 1)	$ 13,785,522 (Note 1)
		KGI International Holdings Limited	Receivables, net	Yes	5,631,760	5,631,760	-	Floating	Short-term financing	-	Working capital	-	-	-	13,785,522	
2	KGI International Holdings Limited	KGI Asia Limited	Receivables, net	Yes	3,147,160	1,656,400	-	Floating	Short-term financing	-	Capital increase	-	-	-	11,218,333 (Note 2)	11,218,333 (Note 2)
		KGI Futures (Hong Kong) Limited	Receivables, net	Yes	993,840	-	-	Floating	Short-term financing	-	Capital increase	-	-	-	11,218,333	
		KGI International Finance Limited	Receivables, net	Yes	4,969,200	4,969,200	2,097,201	Floating	Short-term financing	-	Working capital	-	-	-	11,218,333	

Note 1: Richpoint Company Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 2: KGI International Holdings Limited's financing limit is based on the "Loan of Funds Making Guideline". The guideline states that, for each and for all of the borrowing companies, the total amount available for financing should not exceed the net worth of the financing company.

Note 3: The above companies which are the subsidiaries of the Corporation were eliminated from the consolidated financial statements.

TABLE 2

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

COLLATERALS/GUARANTEE PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 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	$ 8,107,205	$ 5,420,478	$ 3,271,312	$ 1,519,076	$ -	201.75%	$ 8,107,205 (Note 2)	No	No	Yes
2	KGI Securities Co., Ltd.	KGI Fraser Securities Pte. Ltd.	Note 1	6,230,498	1,251,841	1,163,952	1,163,952	-	1.87%	24,921,992 (Note 3)	No	No	No
		KGI Ong Capital Pte Ltd.	Note 1	6,230,498	1,251,841	1,163,952	1,163,952	-	1.87%		No	No	No
3	KGI International Holdings Limited	KGI Asia Limited	Note 1	11,218,333	972,472	972,472	346,188	-	8.67%	11,218,333 (Note 4)	No	No	No
		KGI Alliance Corporation	Note 1	11,218,333	1,987,680	-	-	-	-		No	No	No
		KGI International Finance Limited	Note 1	11,218,333	662,560	662,560	-	-	5.91%		No	No	No
		KGI Asia Limited/KGI International Finance Limited	Note 1	-	2,484,600	2,484,600	1,022,164	-	22.15%		No	No	No
		KGI Futures (Hong Kong) Limited	Note 1	11,218,333	198,768	198,768	-	-	1.77%		No	No	No
		KGI Finance Limited	Note 1	11,218,333	82,820	82,820	-	-	0.74%		No	No	No
		KGI International (Hong Kong) Limited	Note 1	11,218,333	993,840	993,840	-	-	8.86%		No	No	No
		KGI International Finance Limited/KGI International (Hong Kong) Limited/KGI Finance Limited	Note 1	-	225,270	225,270	-	-	2.01%		No	No	No
		KGI International Finance/KGI International (Hong Kong) Limited	Note 1	-	1,358,248	1,358,248	-	-	12.11%		No	No	No
		KGI Capital (Singapore) Pte. Ltd.	Note 1	11,218,333	165,640	-	-	--	-		No	No	No
		KGI Asia Limited/KGI Futures (Hong Kong) Limited	Note 1	-	49,692	49,692	-	-	0.44%		No	No	No
		KGI Ong Capital Pte. Ltd.	Note 1	11,218,333	662,560	662,560	-	-	5.91%		No	No	No
		KGI Asia (Holdings) Pte Limited	Note 1	11,218,333	1,083,484	1,047,540	1,047,540	-	9.34%		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 the guarantee provider's net asset value.

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

TABLE 3

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 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	September 30, 2015				Note
				Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	
R.O.C. Strategic Company Ltd.	Stocks							
	Lion Travel Service Co., Ltd.	-	Available-for-sale financial assets	225,000	$ 36,113	0.32	$ 36,113	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	100,000	2,650	0.76	2,650	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,264	0.17	1,264	
	HIM International Music Inc.	-	Available-for-sale financial assets	573,480	48,918	1.35	48,918	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	1,666,255	108,307	1.45	108,307	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	640,000	2,240	1.83	3,347	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	3,154	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	13,066	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	1.74	5,768	
	Evervision Electronics Co., Ltd.	-	Financial assets measured at cost	476,977	10,406	2.07	8,972	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	630,518	8,995	1.87	2,472	
	CBA Sports International Limited	-	Financial assets measured at cost	160,714	24,364	0.28	23,864	
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	44,584	-	94,725	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	101,432	-	101,432	
CDIB Strategic Venture Fund, Ltd.	Stocks							
	Newmax Technology Co., Ltd.	-	Available-for-sale financial assets	743,847	11,269	0.73	11,269	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	43,000	1,140	0.33	1,140	
	Capital Securities Corporation	-	Available-for-sale financial assets	884,887	7,946	0.04	7,946	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,264	0.17	1,264	
	HIM International Music Inc.	-	Available-for-sale financial assets	573,480	48,918	1.35	48,918	
	Victory New Materials Limited Company	-	Available-for-sale financial assets	741	48	-	48	
	Cando Corporation	-	Available-for-sale financial assets	1,110,583	3,332	0.28	3,332	
	Alpha Imaging Technology Corp.	-	Financial assets measured at cost	156,375	8,697	0.28	5,786	
	Greatland Electronics Taiwan Ltd.	-	Financial assets measured at cost	1,280,000	4,480	3.66	6,694	
	Azotek Co., Ltd.	-	Financial assets measured at cost	412,250	13,823	0.82	3,154	
	AMPAK Technology Inc.	-	Financial assets measured at cost	604,325	12,398	0.72	13,066	
	Pai Lung Machinery Mill Co., Ltd.	-	Financial assets measured at cost	750,000	16,500	1.74	5,768	
	CBA Sports International Limited	-	Financial assets measured at cost	354,107	53,682	0.62	52,581	
	Derbysoft Holdings Limited - preferred stock A	-	Financial assets measured at cost	28,000,000	91,938	41.69	36,680	(Note 4)
	Derbysoft Holdings Limited - preferred stock B	-	Financial assets measured at cost	4,643,469	15,297	9.26	6,083	(Note 4)
	Option							
	CBA Sports International Limited - preferred stock	-	Financial assets measured at cost	-	98,234	-	208,694	
	Convertible (exchangeable) corporate bond							
	Capital Excel Investment Limited	-	Financial assets at fair value through profit or loss	-	101,432	-	101,432	
China Venture Management Inc.	Stocks							
	CDIB CME Fund Ltd.	Associate	Investments accounted for using the equity method	1,500,000	14,547	1.00	14,547	
	CDIB Biomedical Venture Capital Corporation	Associate	Investments accounted for using the equity method	1,750,000	17,126	1.00	17,126	
	Giga Solution Tech. Co., Ltd.	-	Available-for-sale financial assets	440,916	8,113	0.37	8,113	
	Victory Circuit Co., Ltd.	-	Available-for-sale financial assets	100,000	1,264	0.17	1,264	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
China Venture Management Inc.	Stocks							
	Pili International Multimedia Co., Ltd.	-	Available-for-sale financial assets	300,000	$ 24,000	0.68	$ 24,000	
	Alpha Imaging Technology Corp.	-	Financial assets measured at cost	11,727	652	0.02	434	
	Progate Group Corporation	-	Financial assets measured at cost	27,274	325	0.08	281	
	MCM Stamping Co., Ltd.	-	Financial assets measured at cost	70,000	2,100	0.22	1,190	
CDIB Capital Management Inc. (Formerly CDIB Equity Inc.)	Stocks							
	Tong Hsing Electronic Industries, Ltd.	-	Available-for-sale financial assets	660,000	55,176	0.41	55,176	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	65,660	4,274	0.05	4,274	
	Powertech Industrial Co., Ltd.	-	Available-for-sale financial assets	199,229	3,606	0.18	3,606	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	8,649	350	0.01	350	
	Initio Corporation	-	Financial assets measured at cost	93,285	684	0.52	333	
	Arcoa Communication Co., Ltd.	-	Financial assets measured at cost	783,000	7,493	0.58	20,464	
	Beyond Innovation Technology Co., Ltd.	-	Financial assets measured at cost	235,474	4,485	0.70	923	
	EVA Technologies Co., Ltd.	-	Financial assets measured at cost	744,058	12,060	1.44	4,251	
	Luminous Town Electric Co., Ltd.	-	Financial assets measured at cost	1,442,883	13,645	2.16	12,851	
	CDIB Private Equity (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	51,900,000	221,420	100.00	221,420	
CDIB Private Equity (Hong Kong) Corporation Limited	Stocks							
	CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 5,855	65.00	HK$ 5,855	
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 229	4.53	HK$ 229	
CPEC Huachuang Private Equity (Kunshan) Co, Ltd.	Stocks							
	CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 3,856	93.02	RMB 3,856	
CPEC Huachuang Private Management (Kushan) Enterprise (Limited Partnership)	Fund							
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	RMB 3,942	-	RMB 3,942	
CDIB Venture Capital Corporation	Stocks							
	Iron Force Industrial Co., Ltd.	-	Available-for-sale financial assets	765,061	120,497	1.04	120,497	
	Aten International Co., Ltd.	-	Available-for-sale financial assets	2,283,567	148,660	1.91	148,660	
	Anpec Electronics Corporation	-	Available-for-sale financial assets	3,709,011	66,762	3.69	66,762	
	Twi Pharmaceuticals, Inc.	-	Available-for-sale financial assets	910,260	194,796	0.80	194,796	
	Macroblock, Inc.	-	Available-for-sale financial assets	250,000	9,800	0.77	9,800	
	K Laser Technology Inc.	-	Available-for-sale financial assets	523,148	7,847	0.36	7,847	
	Taihan Precision Technology Co., Ltd.	-	Available-for-sale financial assets	4,117,158	34,749	6.56	34,749	
	Dynamic Electronics Co., Ltd.	-	Available-for-sale financial assets	3,285,131	30,289	1.15	30,289	
	Formosa Advanced Technologies Co., Ltd.	-	Available-for-sale financial assets	100,000	1,970	0.02	1,970	
	Chicony Power Technology Co., Ltd.	-	Available-for-sale financial assets	4,008,322	149,310	1.09	149,310	
	Solartech Energy Corp.	-	Available-for-sale financial assets	5,584,328	80,190	1.51	80,190	
	Neo Solar Power Corp.	-	Available-for-sale financial assets	2,621,996	42,418	0.30	42,418	
	Lextar Electronics Corp.	-	Available-for-sale financial assets	2,608,065	35,470	0.42	35,470	
	Gallant Precision Machine Co., Ltd.	-	Available-for-sale financial assets	1,247,499	15,095	0.76	15,095	
	Shin Zu Shing Co., Ltd.	-	Available-for-sale financial assets	789,462	78,236	0.44	78,236	
	Hua Jung Co., Ltd.	-	Available-for-sale financial assets	4,445,275	20,448	2.49	20,448	
	Chipsip Technology Co., Ltd.	-	Available-for-sale financial assets	428,928	1,222	1.02	1,222	
	Sunfun Info Co., Ltd.	-	Available-for-sale financial assets	810,000	21,465	6.13	21,465	
	ASRock Inc.	-	Available-for-sale financial assets	424,462	15,875	0.37	15,875	
	Share Hope Medicine Co., Ltd.	-	Available-for-sale financial assets	223,663	9,047	0.38	9,047	
	Cando Corporation	-	Available-for-sale financial assets	3,737,475	11,212	0.96	11,212	
	Hotron Precision Electronic Industrial Co., Ltd.	-	Available-for-sale financial assets	1,273,387	15,472	2.00	15,472	
	ADDA Corp.	-	Available-for-sale financial assets	4,015,430	26,622	2.75	26,622	
	Topoint Technology Co., Ltd.	-	Available-for-sale financial assets	2,513,383	63,463	1.58	63,463	
	Aces Connectors Co., Ltd.	-	Available-for-sale financial assets	2,850,421	60,856	2.30	60,856	
	China Communications Media Group Co., Ltd.	-	Available-for-sale financial assets	1,110,000	52,115	2.93	52,115	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 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							
	FocalTech Corporation, Ltd.	-	Available-for-sale financial assets	706,497	$ 16,285	0.17	$ 16,285	
	Sino-American Silicon Products Inc.	-	Available-for-sale financial assets	2,594,562	88,993	0.45	88,993	
	Enterex International Limited	-	Available-for-sale financial assets	3,750,000	106,875	3.73	106,875	
	Trea Xtal Technology Corp.	-	Available-for-sale financial assets	4,250,961	13,646	2.23	13,646	
	Dee Van Enterprise Co., Ltd.	-	Financial assets measured at cost	1,660,875	38,273	2.37	21,575	
	Global Mobile Corp.	-	Financial assets measured at cost	2,272,338	25,915	0.82	11,161	
	Allied Biotech Corp.	-	Financial assets measured at cost	2,750,000	27,500	2.91	28,738	
	Yenyo Technology Co., Ltd.	-	Financial assets measured at cost	500,000	5,250	1.24	4,380	
	Chain Yarn Co., Ltd.	-	Financial assets measured at cost	843,653	11,504	0.55	6,589	
	Compliance Certification Services Inc.	-	Financial assets measured at cost	749,271	15,000	2.12	16,761	
	Kentec Inc.	-	Financial assets measured at cost	1,512,000	45,720	1.64	35,132	
	Top Green Technologies Inc.	-	Financial assets measured at cost	2,000,000	20,000	0.89	16,405	
	Biodenta Corporation	-	Financial assets measured at cost	4,333,333	68,000	3.32	32,067	
	M2Communication, Inc.	-	Financial assets measured at cost	5,090,000	74,610	17.13	71,409	
	Jochu Technology Co., Ltd.	-	Financial assets measured at cost	3,725,007	107,176	4.48	39,634	
	STL Technology Co., Ltd.	-	Financial assets measured at cost	7,002,053	255,605	10.17	40,415	
	Interactive Digital Technologies Inc.	-	Financial assets measured at cost	2,881,000	59,195	6.86	103,716	
	Luxtaltek Corporation	-	Financial assets measured at cost	124,474	2,197	0.20	718	
	Excelsior Medical Co., Ltd.	-	Financial assets measured at cost	33,000	146,075	4.81	212,739	
	Strong LED Lighting Systems (Cayman) Co., Ltd.	-	Financial assets measured at cost	2,990,000	44,445	9.09	64,321	
	Hartec Asia Pte. Ltd.	-	Financial assets measured at cost	2,800,000	99,603	10.23	57,733	
	GSD Technologies Co., Ltd.	-	Financial assets measured at cost	5,841,702	108,946	19.47	157,610	
	Shengzhuang Holding Limited	-	Financial assets measured at cost	610,590	151,150	6.11	182,221	
	Crown Bioscience, International	-	Financial assets measured at cost	6,076,476	105,485	2.59	204,400	
	Dyaco Co., Ltd.	-	Financial assets measured at cost	5,575,500	175,230	6.80	170,053	
	Andes Technologies Co., Ltd.	-	Financial assets measured at cost	930,385	62,336	2.61	73,770	
	Fukuta Co., Ltd.	-	Financial assets measured at cost	1,400,000	119,000	4.91	127,669	
	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	1,302,647	61,969	4.15	68,322	
	Zentera Systems, Inc. - preferred stock	-	Financial assets measured at cost	1,324,503	61,900	17.98	101,186	(Note 4)
	Greenvines Biotech Co., Ltd.	-	Financial assets measured at cost	136,363	12,000	13.11	12,000	
	CDIB Venture Capital (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	420,000,000	1,628,658	100.00	1,628,658	
	Depositary receipt							
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	3,200,000	7,840	0.21	7,840	
CDIB Venture Capital (Hong Kong) Corporation Limited	Stocks							
	CDIB Private Equity Management Corporation	Subsidiary	Investments accounted for using the equity method	-	HK$ 11,322	100.00	HK$ 11,322	
	CPEC Huakai Private Equity (Fujian) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	-	HK$ 15,541	70.00	HK$ 15,541	
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	HK$ 8,135	56.00	HK$ 8,135	
	Fund							
	CPEC Huachuang Private Equity (Fujian) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 158,925	-	HK$ 158,925	
	CPEC Huachuang Private Equity (Kunshan) Enterprise (Limited Partnership)	Associate	Investments accounted for using the equity method	-	HK$ 141,203	-	HK$ 141,203	
CPEC Huakai Private Equity (Fujian) Co., Ltd.	Stocks							
	CPEC Huachuang Private Equity Management (Fujian) Enterprise (Limited Partnership)	Subsidiary	Investments accounted for using the equity method	-	RMB 2,380	20.00	RMB 2,380	
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 3,796	-	RMB 3,796	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
CDIB Capital Investment I Limited	Stocks							
	Subicvest Inc.	Subsidiary	Investments accounted for using the equity method	200,000	US$ 84	100.00	US$ 84	
	Samson Holding Ltd.	-	Available-for-sale financial assets	10,070,000	US$ 1,273	0.33	US$ 1,273	
	Da Chan Food (Asia) Ltd.	-	Available-for-sale financial assets	48,210,000	US$ 4,603	4.74	US$ 4,603	
	Global Sweeteners Holdings Ltd.	-	Available-for-sale financial assets	28,000,000	US$ 1,192	1.83	US$ 1,192	
	B&M Holdings, Inc.	-	Financial assets measured at cost	199,999	US$ 8,828	10.00	US$ 12,269	
	BP SCI, LLC	-	Financial assets measured at cost	30,000	US$ 3,000	18.61	US$ 5,209	
	BP SCI, LLC - preferred stock	-	Financial assets measured at cost	12,000	US$ 12,000	18.61	US$ 20,836	(Note 4)
	Great Team Backend Foundry Inc. - preferred stock	-	Financial assets measured at cost	1,636,800	US$ 818	1.91	US$ 955	(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$ 769	(Note 4)
	Fund							
	CDIB Capital Asia Partners L.P.	Associate	Investments accounted for using the equity method	-	US$ 35,785	-	US$ 35,785	
	Carlyle Asia Partners II, L.P.	-	Financial assets measured at cost	-	US$ 9,958	-	US$ 8,323	
	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$ 16,080	
	Convertible (exchangeable) corporate bond							
	Garden Fresh (HK) Fruit & Vegetable Beverage Co., Ltd.	-	Debt instruments with no active markets	-	US$ 6,619	-	US$ 6,704	
Subicvest, Inc.	Stocks							
	SPEC Protertices, Inc.	-	Financial assets measured at cost	242,683	PHP 2,590	3.44	PHP 2,590	
CDIB Capital Investment II Limited	Stocks							
	Neo-neon Holdings Ltd.	-	Available-for-sale financial assets	14,000,000	US$ 1,915	0.72	US$ 1,915	
	Indostar Capital	-	Financial assets measured at cost	992,674	US$ 9,927	4.66	US$ 22,566	
	Indostar Everstone - preferred stock	-	Financial assets measured at cost	992,332	US$ 9,923	9.37	US$ 20,974	(Note 4)
	Sungjoo Design Tech & Distribution Inc. - preferred stock A	-	Debt instruments with no active markets	3,334	US$ 11,545	50.01	US$ 10,931	(Note 4)
	CBA Sports International Ltd.	-	Financial assets measured at cost	508,929	US$ 2,733	0.89	US$ 2,299	
	Option							
	Sungjoo Design Tech & Distribution Inc.	-	Financial assets measured at cost	-	US$ 1,833	-	US$ 11,833	
	CBA Sports International Ltd.	-	Financial assets measured at cost	-	US$ 4,867	-	US$ 9,125	
	Fund							
	Miare Asset Partners Private Equity Fund VII	-	Financial assets measured at cost	-	US$ 19,971	-	US$ 38,124	
CDIB Global Markets I Limited	Stocks							
	Light Sciences Oncology, Inc.	-	Financial assets measured at cost	250,000	US$ 6	0.28	US$ 1	
	Fund			-		-		
	Tenaya Capital V, L.P.	-	Financial assets measured at cost	-	US$ 5,460	-	US$ 4,448	
	THL Equity Fund VI Investors (Ceridian), L.P.	-	Financial assets measured at cost	-	US$ 4,401	-	US$ 5,521	
	Platinum Equity Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 8,320	-	US$ 6,028	
	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$ 3,412	-	US$ 5,106	
	Tenaya Capital VI, L.P.	-	Financial assets measured at cost	-	US$ 5,765	-	US$ 6,171	
	Gopro Inc.	-	Available-for-sale financial assets	12,793	US$ 399	-	US$ 399	
	Flemingo International (BVI) Ltd. - preferred stock	-	Debt instruments with no active markets	746	US$ 19,980	39.98	US$ 27,746	(Note 4)

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 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 II Limited	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$ 9,991	-	US$ 12,688	
	Carlyle Asia Partners III, L.P.	-	Financial assets measured at cost	-	US$ 9,668	-	US$ 10,428	
	Riverwood Capital Partners, L.P.	-	Financial assets measured at cost	-	US$ 10,350	-	US$ 13,743	
	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$ 2,738	-	US$ 3,864	
	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$ 4,537	-	US$ 5,202	
	Formation8 Partners Fund I, L.P.	-	Financial assets measured at cost	-	US$ 2,008	-	US$ 4,664	
CDIB Global Markets III Limited	Stocks							
	Sonics, Inc. - preferred stock-B	-	Financial assets measured at cost	114,359	US$ 333	14.74	US$ 267	(Note 4)
	Microfabrica, Inc. - Preferred Series B	-	Financial assets measured at cost	13,091	US$ 27	0.12	US$ 17	(Note 4)
	Microfabrica, Inc. - Preferred Series AC	-	Financial assets measured at cost	7,749	US$ 13	0.48	US$ 10	(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$ 16	(Note 4)
	Good Technology Corporation - preferred stock-C	-	Financial assets measured at cost	1,218,026	US$ 5,000	8.32	US$ 6,847	(Note 4)
	Fund							
	Carlyle Asia Partners IV, L.P.	-	Financial assets measured at cost	-	US$ 7,292	-	US$ 6,470	
	Blue Point Capital Partners III, L.P.	-	Financial assets measured at cost	-	US$ 3,462	-	US$ 3,660	
	Riverwood Capital Partners II, L.P.	-	Financial assets measured at cost	-	US$ 4,719	-	US$ 4,164	
CDIB Capital International Corporation	Stocks							
	CDIB Capital International (Hong Kong) Corporation Limited	Subsidiary	Investments accounted for using the equity method	15,400,000	US$ 5,249	100.00	US$ 5,249	
	CDIB Capital International (Korea) Corporation	Subsidiary	Investments accounted for using the equity method	1,848,000	US$ 5,118	100.00	US$ 5,118	
	CDIB Capital International (USA) Corporation	Subsidiary	Investments accounted for using the equity method	8,000,000	US$ 1,471	100.00	US$ 1,471	
	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$ 468	0.11	US$ 468	
	Confor MIS-common stock	-	Available-for-sale financial assets	306,707	US$ 5,539	0.78	US$ 5,539	
China Development Asset Management Corp.	Stocks							
	Development Industrial Bank Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	120,000,000	1,384,939	100.00	1,384,939	
	Chung Hwa Growth 3 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	300,000,000	3,307,729	100.00	3,307,729	
	Chung Hwa Growth 4 Asset Management Corp.	Subsidiary	Investments accounted for using the equity method	27,000,000	286,485	100.00	286,485	
	Pine Street Asset Management Corp.	-	Financial assets measured at cost	3,886,190	47,377	12.25	47,681	
	Waterland Securities Co., Ltd.	-	Financial assets measured at cost	9,598,788	8,672	1.07	103,643	
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.	Subsidiary	Investments accounted for using the equity method	58,328,460	665,064	76.04	665,064	
	CDIB International Leasing Corp.	Subsidiary	Investments accounted for using the equity method	-	887,477	100.00	887,477	
CDC Finance & Leasing Corp.	Stocks							
	Hwahong Corporation	Associate	Investments accounted for using the equity method	23,750	1,077	19.00	1,077	
	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets	786,860	11,803	0.01	11,803	(Note 5)
Global Securities Finance Corporation	Stocks							
	Aerospace Industrial Development Corporation	-	Financial assets at fair value through profit or loss	285,000	11,215	-	11,215	
	FB SSE 180	-	Financial assets at fair value through profit or loss	1,800,000	52,830	-	52,830	

(Continued)

Holding Company	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	September 30, 2015 Shares/Face Value/Units	Carrying Value (Note 2)	Percentage of Ownership	Market Value or Net Asset Value (Note 3)	Note
Global Securities Finance Corporation	Stocks							
	Foxconn Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	156,550	$ 14,747	-	$ 14,747	
	Sinbon Electronic Co., Ltd.	-	Financial assets at fair value through profit or loss	1,376	76	-	76	
	Yuanta/P-shares SSE50 ETF	-	Financial assets at fair value through profit or loss	200,000	5,444	-	5,444	
	CTBC Financial Holding Co., Ltd.	-	Financial assets at fair value through profit or loss	62,400	1,058	-	1,058	
	Eva Airways Corporation	-	Financial assets at fair value through profit or loss	460,000	8,464	-	8,464	
	Advanced Ceramic X Corporation	-	Financial assets at fair value through profit or loss	26,000	5,395	-	5,395	
	Primax Electronics Ltd.	-	Financial assets at fair value through profit or loss	190,000	8,113	-	8,113	
	Compeq Manufacturing Co., Ltd.	-	Financial assets at fair value through profit or loss	420,000	9,933	-	9,933	
	Taiwan Semiconductor. Manufacturing Company Limited	-	Financial assets at fair value through profit or loss	65,000	8,450	-	8,450	
	Chin-Poon Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	100,000	4,490	-	4,490	
	Micro-Star International Co., Ltd.	-	Financial assets at fair value through profit or loss	50,000	1,395	-	1,395	
	Chian Hsing Forging Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	55,000	3,493	-	3,493	
	Parade Technologies, Ltd.	-	Financial assets at fair value through profit or loss	15,000	3,600	-	3,600	
	Taiwan Fu Hsing Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	70,000	3,391	-	3,391	
	Globe Union Industrial Corp.	-	Financial assets at fair value through profit or loss	200,000	2,920	-	2,920	
	Honpang Venture Capital Corp.	-	Financial assets measured at cost	751	415	6.25	659	
	Chou-chin Industrial Co., Ltd.	-	Financial assets measured at cost	88	-	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	19,800	-	19,800	
	China SMID Fund	-	Financial assets at fair value through profit or loss	3,139,335	33,120	-	33,120	
	FSITC RMB Money Market TWD	-	Financial assets at fair value through profit or loss	473,934	4,971	-	4,971	
	Bank debentures							
	Hwatai Bank 1st Subordinate Financial Debentures-A issue in 2010	-	Available-for-sale financial assets	30,000,000	30,297	-	30,297	
	Bank SinoPac Third Subordinated Bank Debentures issued in 2011	-	Other assets	150,000,000	152,010	-	151,825	
	E.SUN Bank 1st Subordinate Financial Debentures-A issue in 2014	-	Other assets	50,000,000	50,000	-	50,243	
	Bonds							
	A90106	-	Other assets	150,000,000	154,182	-	154,182	

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 September 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 NINE MONTHS ENDED SEPTEMBER 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)	-	546,413 (Note 3)	-	40,100,000	501,249
	CDIB Strategic Venture Fund Ltd.	Investment accounted for using equity method	-	-	152,200,000	3,133,528	-	-	100,000,000 (Note 4)	-	2,316,502 (Note 5)	-	52,200,000	817,026
	Star Energy Power Corp.	Financial assets measured at cost	-	-	30,000,000	300,000	-	-	21.500,000	478,012	215,000	263,012	8,500,000	85,000
	Cleanaway Company Limited	Available-for-sale financial assets	-	-	2,040,000	298,860	-	-	1,900,000	349,527	287,072	62,455	140,000	11,788
	Taiwan High Speed Rail Corporation - preferred stock	Debt measurements with no active market	-	-	107,526,000	999,992	-	-	107,526,000	999,992	999,992	-	-	-
KGI Bank	Stock													
	CDIB Management Consulting Corporation	Investment accounted for using equity method	China Development Industrial Bank	Subsidiary	-	-	153,171,873 (Note 6)	1,555,398 (Note 7)	-	-	-	-	153,171,873	1,555,398
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	632,036 (Note 8)	-	-	-	-	420,000,000	1,628,658
	Deanfa Corporation - preferred stock	Financial assets measured at cost	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Affiliates	901,963	255,383	-	-	901,963	305,117	255,383	49,734	-	-
CDIB Venture Capital (Hong Kong) Corporation Limited	Fund													
	CPEC Huachuang Private Equity Management (Kunshan) Enterprise (Limited Partnership)	Investment accounted for using equity method	-	-	-	-	-	HK$ 141,203 (Note 9)	-	-	-	-	-	HK$ 141,203
CDIB Capital Investment I Limited	Fund													
	CDIB Capital Asia Partners L.P.	Investment accounted for using equity method	-	-	-	US$ 65,392	-	-	-	-	US$ 29,607 (Note 10)	-	-	US$ 35,785
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$ 11,637	(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 thousand 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 thousand.

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 $6,792 thousand and unrealized loss on available-for-sale of $53,205 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 thousand, investment gain $33,808 thousand, and unrealized loss on available-for-sale of $110,936 thousand.

(Continued)

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 $47,546 thousand, loss on investment of $87,642 thousand, unrealized loss on available-for-sale financial assets of $1,924 thousand, and gain on changes of capital surplus of $29 thousand.

Note 8: Consists of $606,300 thousand from new issue, exchange loss on translating foreign operations of $38,225 thousand and investment loss of $12,489 thousand.

Note 9: Consists of HK$148,832 thousand from new issue, exchange loss on translating foreign operations of HK$5,508 thousand and investment loss HK$2,121 thousand.

Note 10: Consists of reduction of the Bank's capital of US$32,556 thousand, investment gain US$1,817 thousand and adjustments of retained earnings US$1,132 thousand.

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

(Concluded)

TABLE 5

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
SEPTEMBER 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	$ 502,326	-	$ -	-	$ -	$ -
China Development Industrial Bank	The Corporation	Parent company	715,994	-	-	-	-	-

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

SOLD NONPERFORMING LOANS
FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	-
2015.07.17	B	Real estate mortgages	9,065	17,100	8,035	-	-
2015.07.17	C	Real estate mortgages	-	200	200	-	-
2015.07.17	D	Real estate mortgages	-	200	200	-	-
2015.07.17	E	Real estate mortgages	4,042	5,300	(3,261)	-	-
2015.07.17	F	Real estate mortgages	1,670	1,700	(1)	-	-
2015.09.17	G	Real estate mortgages	147,620	225,000	19,053	-	-
2015.09.25	H	Real estate mortgages	13,019	14,009	(2,185)	-	-
2015.09.25	I	Real estate mortgages	50,217	53,822	(6,858)	-	-
2015.09.25	J	Real estate mortgages	53,936	57,509	(5,615)	-	-
2015.09.25	K	Real estate mortgages	-	280	280	-	-
2015.09.25	L	Real estate mortgages	-	380	380	-	-
2015.09.25	M	Real estate mortgages	-	380	380	-	-
2015.09.25	N	Real estate mortgages	-	240	240	-	-
2015.09.25	O	Real estate mortgages	-	380	380	-	-

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

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

TABLE 7

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

Consolidated entities

Investor Company	Subsidiaries	Main Business and Products	Percentage of Ownership			Note
			September 30, 2015	December 31, 2014	September 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 September 30, 2015	Percentage of Ownership December 31, 2014	Percentage of Ownership September 30, 2014	Note
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	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 September 30, 2015	Percentage of Ownership December 31, 2014	Percentage of Ownership September 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	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
			September 30, 2015	December 31, 2014	September 30, 2014	
China Development Industrial Bank	CDIB Biotech USA Investment Co., Ltd.	Venture fund	50.00	50.00	50.00	As of September 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.
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 September 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 8

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 9

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

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

China Development Financial Holding Corporation

1. Balance sheets

Assets	**September 30, 2015**	**December 31, 2014 (After Restated)**	**September 30, 2014 (After Restated)**
Cash and cash equivalents	$ 3,158,740	$ 1,458,812	$ 410,138
Available-for-sale financial assets	1,111,827	1,293,830	1,238,115
Receivables, net	165	155	2,001,067
Current tax assets	1,201,615	1,114,182	1,756,532
Investments accounted for using the equity method, net	184,608,108	192,203,350	187,635,708
Other financial assets	300	300	300
Property and equipment, net	9,637	12,251	10,502
Other assets, net	584,654	544,217	528,346
Total	$ 190,675,046	$ 196,627,097	$ 193,580,708
Liabilities and Equity			
Derivative financial liabilities for hedging	$ -	$ 20,659	$ 31,580
Commercial paper payable	4,999,428	2,999,869	1,999,970
Payables	600,856	1,000,906	637,810
Current tax liabilities	903,827	791,615	2,025,976
Bonds payable	18,000,000	18,000,000	18,000,000
Other borrowings	2,599,427	3,599,573	4,599,483
Provisions	25,859	24,161	28,364
Other liabilities	10,031	208	10,293
Total liabilities	27,139,428	26,436,991	27,333,476
Equity			
Share capital			
Share capital - common	151,644,553	153,438,493	153,431,133
Advance receipts for share capital - common	16,288	5,969	5,459
Capital surplus	602,750	590,923	588,370
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	11,532,832	15,275,884	12,347,117
Other			
Exchange differences on translation of foreign financial statements	1,893,058	201,379	(1,344,894)
Unrealized losses on available-for-sale financial assets	(4,638,493)	(177,929)	(535,575)
Unrealized loss on cash flow hedges	-	(20,659)	(31,580)
Others	(46,378)	(26,956)	(37,762)
Treasury shares	(2,395,508)	(3,298,709)	(2,376,747)
Total equity	163,535,618	170,190,106	166,247,232
Total	$ 190,675,046	$ 196,627,097	$ 193,580,708

(Continued)

2. Statements of comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**	**2015**	**2014 (After Restated)**
REVENUES				
Investment income recognized using the equity method	$ 1,172,534	$ 3,368,249	$ 7,045,090	$ 8,882,852
Others	74,686	39,719	77,968	43,617
Total revenues	1,247,220	3,407,968	7,123,058	8,926,469
EXPENSES AND LOSSES				
Operating expenses	(224,197)	(195,977)	(642,772)	(621,035)
Others	(74,068)	(93,551)	(267,121)	(271,949)
Total expenses and losses	(298,265)	(289,528)	(909,893)	(892,984)
NET PROFIT BEFORE INCOME TAX	948,955	3,118,440	6,213,165	8,033,485
INCOME TAX BENEFIT (EXPENSE)	47,306	68,596	(124,647)	(105,244)
NET PROFIT FOR THE PERIOD	996,261	3,187,036	6,088,518	7,928,241
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss, net of income tax				
Share of the other comprehensive income of associates - items that will net be reclassified subsequently to profit or loss	(1,929)	-	(3,016)	-
Items that will be reclassified subsequently to profit or loss, net of income tax				
Unrealized gain (loss) on available-for-sale financial assets	(125,050)	(161,049)	(182,003)	(108,918)
Unrealized gain on cash flow hedges	-	11,458	20,659	32,735

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**	**2015**	**2014 (After Restated)**
Share of the other comprehensive income (loss) of associates	$ (694,722)	$ (1,044,959)	$ (2,585,648)	$ (1,448,117)
Income tax relating to components of other comprehensive income	(898)	(1,593)	(1,234)	259,001
Other comprehensive income (loss) for the period, net of income tax	(822,599)	(1,196,143)	(2,751,242)	(1,265,299)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 173,662	$ 1,990,893	$ 3,337,276	$ 6,662,942
BASIC EARNINGS PER SHARE	$0.07	$0.22	$0.41	$0.54
DILUTED EARNINGS PER SHARE	$0.07	$0.22	$0.41	$0.54

(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 the 2013 earnings												
Legal reserve	-	-	-	830,400	-	(830,400)	-	-	-	-	-	-
Cash dividends - NT$0.4 per share	-	-	-	-	-	(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)
Net profit for the nine months ended September 30, 2014 as restated	-	-	-	-	-	7,928,241	-	-	-	-	-	7,928,241
Other comprehensive income for the nine months ended September 30, 2014 as restated, net of income tax	-	-	-	-	-	-	600,824	(1,879,290)	13,167	-	-	(1,265,299)
Total comprehensive income for the nine months ended September 30, 2014 as restated	-	-	-	-	-	7,928,241	600,824	(1,879,290)	13,167	-	-	6,662,942
Issuance of common stock for acquisition of ownership in subsidiaries	3,061,467	-	-	-	-	-	-	-	-	-	-	3,061,467
Reclassification of the Corporation's stock held by subsidiaries from financial assets	-	-	-	-	-	-	-	-	-	-	(206,461)	(206,461)
Difference between consideration and carrying amount adjusted arising from changes in percentage of ownership in subsidiaries	-	-	(9,023)	-	-	-	-	-	-	-	-	(9,023)
Share-based payments	60,833	5,459	62,306	-	-	(3,004)	-	-	-	(13,636)	-	111,958
BALANCE AT SEPTEMBER 30, 2014 AS RESTATED	$ 153,431,133	$ 5,459	$ 588,370	$ 3,077,853	$ 1,123,858	$ 12,347,117	$ (1,344,894)	$ (535,575)	$ (31,580)	$ (37,762)	$ (2,376,747)	$ 166,247,232
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 the 2014 earnings												
Legal reserve	-	-	-	1,083,622	-	(1,083,622)	-	-	-	-	-	-
Cash dividends - NT$0.6 per share	-	-	-	-	-	(9,098,673)	-	-	-	-	-	(9,098,673)
Special reserve reversed	-	-	-	-	(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 nine months ended September 30, 2015	-	-	-	-	-	6,088,518	-	-	-	-	-	6,088,518
Other comprehensive income for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	(3,016)	1,691,679	(4,460,564)	20,659	-	-	(2,751,242)
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	-	-	6,085,502	1,691,679	(4,460,564)	20,659	-	-	3,337,276
Buyback of ordinary shares	-	-	-	-	-	-	-	-	-	-	(991,669)	(991,669)
Cancel of treasury shares	(1,888,880)	-	(5,990)	-	-	-	-	-	-	-	1,894,870	-
Share-based payments	94,940	10,319	17,426	-	-	(5,076)	-	-	-	(19,422)	-	98,187
BALANCE AT SEPTEMBER 30, 2015	$ 151,644,553	$ 16,288	$ 602,750	$ 4,161,475	$ 765,041	$ 11,532,832	$ 1,893,058	$ (4,638,493)	$ -	$ (46,378)	$ (2,395,508)	$ 163,535,618

(Continued)

4. Statements of cash flows

	For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit before income tax	$ 6,213,165	$ 8,033,485
Adjustments for:		
Depreciation and amortization expenses	3,615	3,687
Interest expense	247,625	265,815
Interest income	(756)	(4,882)
Dividend income	(74,287)	(55,715)
Loss on disposal of investment	-	18,061
Share-based payment compensation cost	47,530	40,140
Share of the profit of associates	(7,044,225)	(8,881,530)
Others	474	10
Changes in operating assets and liabilities		
Receivables	(10)	(2,000,898)
Other assets	(41,120)	8,739
Payables	(276,574)	(28,420)
Provision	1,698	2,025
Other liabilities	9,823	10,184
Dividend received	10,131,808	6,594,698
Interest paid	(371,102)	(351,394)
Interest received	756	4,882
Income tax returned (paid)	(99,867)	82,921
Net cash generated from operating activities	8,748,553	3,741,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash consideration of share swap	-	(18,510,902)
Proceeds of capital return on investments accounted for using the equity method	36,000,000	13,000,000
Purchase of equity investments under equity method	(38,000,000)	-
Proceeds from sale of available-for-sale financial assets	-	75,025
Capital reserve be distributable as dividend shares by cash on investments accounted for using the equity method	4,000,000	912,033
Purchase of property and equipment	(794)	(637)
Net cash generated from (used in) investing activities	1,999,206	(4,524,481)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial paper payable	1,999,559	(4,499,969)
Proceeds from issue of corporate Bonds	8,000,000	-
Repayments of corporate Bonds	(8,000,000)	-
Increase (decrease) in other borrowings	(1,000,146)	3,999,647
Cash dividend paid	(9,098,673)	(6,014,787)
Exercise of employee share options	43,098	4,194
Purchase of treasury stock	(991,669)	-
Net cash used in financing activities	(9,047,831)	(6,510,915)

(Continued)

	For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 1,699,928	$ (7,293,588)
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	$ 3,158,740	$ 410,138

(Continued)

China Development Industrial Bank

1. Condensed balance sheets

	September 30, 2015	December 31, 2014 (After Restated)	September 30, 2014 (After Restated)
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 8,399,010	$ 39,410,515	$ 71,566,442
Financial assets at fair value through profit or loss	100,772	52,822,232	32,636,361
Securities purchased under resell agreements	-	23,414,342	16,416,508
Receivables, net	102,296	42,088,269	40,748,647
Current tax assets	715,994	530,230	1,439,821
Discounts and loans, net	-	126,039,603	130,512,530
Available-for-sale financial assets	6,925,598	119,820,629	112,271,219
Investments accounted for using the equity method, net	41,553,162	45,589,993	44,378,028
Restricted assets	299,281	295,224	300,466
Financial assets measured at cost	8,877,733	10,132,065	11,167,194
Other financial assets	358,439	1,446,150	1,524,966
Properties and equipment, net	1,212,486	1,774,402	1,812,970
Investment property, net	620,564	93,740	66,508
Other assets, net	73,670	6,042,167	770,825
Total assets	$ 69,239,005	$ 469,499,561	$ 465,612,485
Deposits from the Central Bank and banks	$ -	$ 10,331,413	$ 6,087,804
Financial liabilities at fair value through profit or loss	-	24,351,007	14,786,212
Notes and bonds issued under repurchase agreements	-	63,299,830	61,343,931
Payables	408,942	3,185,114	4,650,133
Current tax liabilities	281,092	405,749	402,406
Deposits and remittances	-	179,209,448	184,907,445
Bank debentures payable	-	12,540,304	12,522,190
Principal received on structured notes	-	60,671,951	67,903,921
Other financial liabilities	396,801	379,913	364,557
Provisions	96,917	404,643	365,483
Deferred tax liabilities	241,555	241,555	241,555
Other liabilities	34,869	861,273	1,019,946
Total liabilities	1,460,176	355,882,200	354,595,583
Share capital	20,603,994	56,603,994	56,603,994
Capital surplus	24,700,079	28,696,849	28,695,657
Retained earnings	26,663,708	28,835,450	27,395,406
Exchange differences on translation of foreign financial statements	763,690	(357,161)	(1,450,348)
Unrealized gains (losses) on available-for-sale financial assets	(4,952,642)	(161,771)	(227,807)
Total equity	67,778,829	113,617,361	111,016,902
Total liabilities and equity	$ 69,239,005	$ 469,499,561	$ 465,612,485

(Continued)

2. Condensed statements of comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**	**2015**	**2014 (After Restated)**
Interest revenue	$ 71,441	$ 1,726,295	$ 2,034,959	$ 5,221,536
Interest expense	(12,771)	(697,741)	(884,181)	(2,031,690)
Interest profit, net	58,670	1,028,554	1,150,778	3,189,846
Noninterest profits and gains, net	835,045	2,294,847	3,249,607	4,984,401
Total net revenues	893,715	3,323,401	4,400,385	8,174,247
Reversal of allowance for bad debts and losses on guarantees, net	1,410	(63,201)	109,633	25,822
Operating expenses	(212,440)	(431,065)	(1,044,865)	(1,314,285)
Net profit before income tax	682,685	2,829,135	3,465,153	6,885,784
Income tax benefit	2,294	(149,993)	202,766	(67,642)
Net profit for the period	684,979	2,679,142	3,667,919	6,818,142
Other comprehensive income for the period, net of income tax	(610,273)	(1,255,911)	(3,670,020)	(661,873)
Total comprehensive income for the period	$ 74,706	$ 1,423,231	$ (2,101)	$ 6,156,269
Basic earnings per share	$0.33	$0.45	$1.00	$1.12

(Continued)

KGI Securities Co., Ltd.

1. Condensed balance sheets

	September 30, 2015	December 31, 2014	September 30, 2014
Current assets	$ 152,221,147	$ 151,867,008	$ 154,004,695
Noncurrent assets	36,370,936	32,744,788	34,756,504
Total assets	$ 188,592,083	$ 184,611,796	$ 188,761,199
Current liabilities	$ 117,943,133	$ 120,924,753	$ 127,945,004
Noncurrent liabilities	9,583,502	2,525,188	1,569,604
Total liabilities	127,526,635	123,449,941	129,514,608
Share capital - common	37,988,123	37,988,123	37,988,123
Capital surplus	8,638,580	8,634,882	8,633,552
Retained earnings	13,258,245	13,590,391	12,545,662
Others	1,180,500	948,459	79,254
Total equity	61,065,448	61,161,855	59,246,591
Total liabilities and equity	$ 188,592,083	$ 184,611,796	$ 188,761,199

2. Condensed statements of comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	2014	2015	2014
Operating revenues	$ 1,402,364	$ 2,252,442	$ 6,305,021	$ 7,098,485
Operating expenses	(2,204,421)	(2,170,469)	(6,277,551)	(6,098,740)
Profit from operations	(802,057)	81,973	27,470	999,745
Share of the profit of subsidiaries, associates and joint ventures	(42,447)	301,895	1,125,469	781,379
Other revenue and expense	339,777	332,096	985,182	775,409
	297,330	633,991	2,110,651	1,556,788
Net profit before income tax	(504,727)	715,964	2,138,121	2,556,533
Income tax expense	135,661	8,030	(87,500)	(250,091)
Net profit for the period	(369,066)	723,994	2,050,621	2,306,442
Other comprehensive income	(871,566)	44,225	229,025	(444,257)
Total comprehensive income for the period	$ (1,240,632)	$ 768,219	$ 2,279,646	$ 1,862,185
Basic earnings per share	$(0.10)	$0.17	$0.54	$0.51

(Continued)

KGI Bank

1. Condensed balance sheets

	September 30, 2015	December 31, 2014 (After Restated)	September 30, 2014 (After Restated)
Cash and cash equivalents, due from the Central Bank and call loans to banks	$ 71,448,233	$ 40,170,687	$ 73,636,296
Financial assets at fair value through profit or loss	77,550,508	53,033,387	32,863,586
Securities purchased under resell agreements	47,941,539	23,414,342	16,416,508
Receivables, net	33,927,111	51,890,828	50,075,337
Current tax assets	66,499	82,730	81,897
Discounts and loans, net	223,684,373	225,777,475	230,493,422
Available-for-sale financial assets	76,821,925	119,135,284	112,179,050
Held-to-maturity financial assets, net	-	18,600,000	19,900,000
Investments accounted for using the equity method, net	2,280,598	2,419,309	2,360,190
Other financial assets	262,919	4,281,540	4,181,282
Properties and equipment, net	5,591,380	5,706,400	6,174,966
Investment property, net	603,056	463,264	19,482
Deferred tax assets	5,077,570	5,222,411	5,281,198
Other assets, net	9,481,376	6,705,235	1,438,062
	$ 554,737,087	$ 556,902,892	$ 555,101,276
Deposits from the Central Bank and banks	$ 19,549,207	$ 12,680,778	$ 7,609,584
Financial liabilities at fair value through profit or loss	32,380,312	24,353,584	14,793,201
Notes and bonds issued under repurchase agreements	66,382,790	68,828,445	65,362,717
Payables	5,345,521	4,235,315	7,452,484
Current tax liabilities	53,476	-	25,047
Deposits and remittances	341,267,684	316,636,032	324,076,707
Bank debentures payable	2,594,057	12,540,304	12,522,190
Principal received on structured notes	27,773,694	60,671,951	67,903,921
Other financial liabilities	5,877	12,114	14,183
Provisions	275,505	495,049	490,332
Deferred tax liabilities	180,755	90,441	67,541
Other liabilities	1,371,787	1,426,969	1,577,876
Total liabilities	497,180,665	501,970,982	501,895,783
Share capital - common	46,061,623	15,307,334	15,307,334
Capital surplus	7,246,754	137,331	137,311
Retained earnings	3,796,140	3,464,147	3,097,361
Others	451,905	4,847	(60,583)
Equity of prior interest under common control	-	36,018,251	34,724,070
Total equity	57,556,422	54,931,910	53,205,493
Total liabilities and equity	$ 554,737,087	$ 556,902,892	$ 555,101,276

(Continued)

2. Condensed statements of comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2015	**2014 (After Restated)**	**2015**	**2014 (After Restated)**
Interest revenue	$ 2,639,828	$ 1,882,001	$ 8,425,648	$ 4,985,834
Interest expense	(900,596)	(503,366)	(2,877,239)	(1,285,728)
Interest profit, net	1,739,232	1,378,635	5,548,409	3,700,106
Noninterest profits and gains, net	408,142	859,455	1,907,994	1,564,255
Total net revenues	2,147,374	2,238,090	7,456,403	5,264,361
Reversal of allowance for bad debts and losses on guarantees, net	318,485	191,989	970,898	655,677
Operating expenses	(1,270,889)	(1,362,392)	(3,794,243)	(3,168,462)
Net profit before income tax	1,194,970	1,067,687	4,633,058	2,751,576
Income tax expense	(101,838)	(117,732)	(531,496)	(437,171)
Net profit for the period	1,093,132	949,955	4,101,562	2,314,405
Other comprehensive income for the period, net of income tax	(136,920)	(402,673)	360,077	(282,172)
Total comprehensive income for the period	$ 956,212	$ 547,282	$ 4,461,639	$ 2,032,233
Net profit attributable to				
Owners of parent company	$ 1,093,132	$ 674,244	$ 2,935,652	$ 2,038,694
Prior interest under common control	-	275,711	1,165,910	275,711
	$ 1,093,132	$ 949,955	$ 4,101,562	$ 2,314,405
Total comprehensive income attributed to				
Owners of parent company	$ 956,212	$ 636,147	$ 2,479,890	$ 2,121,098
Prior interest under common control	-	(88,865)	1,981,749	(88,865)
	$ 956,212	$ 547,282	$ 4,461,639	$ 2,032,233
Basic earnings per share	$0.24	$0.46	$0.89	$1.36

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

(Concluded)

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
SEPTEMBER 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 September 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2015	Accumulated Inward Remittance of Earnings as of September 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$ 15,000 thousand	Note 1. c.	US$ 2,262 thousand	US$ 726 thousand (Note 10)	-	US$ 2,988 thousand	(Note 3)	13.97	-	90,791	-
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)	8.86	-	67,521	-
Derby Software (Shanghai) Co., Ltd.	The next-generation electronic distribution channel operator serving China's hotel industry	US$ 10,000 thousand	Note 1. c.	US$ 2,800 thousand	-	-	US$ 2,800 thousand	(Note 3)	41.69 (Note 5)	-	91,938	-
	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$ 1,400 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	-	7,553	-
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	-	22,163	-
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	-	35,778	-

(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 September 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2015	Accumulated Inward Remittance of Earnings as of September 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	$ -	$ 5,210	$ -
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)	2.14	-	5,716	-
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)	2.14	-	270	-
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)	2.14	-	2,996	-
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)	2.14	-	340	-
CDIB Private Equity Management Corporation	Management and consulting	US$ 4,000 thousand	Note 1. b.	US$ 4,000 thousand	-	-	US$ 4,000 thousand	11,046	100.00	11,046	48,398	-
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	32,201	70.00	21,142	66,431	-
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	(312)	70.00	(218)	43,470	-
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	(48,947)	-	(18,269)	699,147	-
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	3,199	65.00	2,080	25,026	-
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	(437)	65.00	(284)	21,110	-
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	(26,738)	-	(8,835)	606,744	-
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	-	550,329	-

(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 September 30, 2015	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2015	Accumulated Inward Remittance of Earnings as of September 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	$ -	$ 144,808	$ -
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	-	28,976	-
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	-	5,766	-
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	-	57,976	-
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	-	44,953	-
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	(21,040)	24,776	-
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	(96,381)	887,477	-

Accumulated Investment in Mainland China as of September 30, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
$5,507,713	US$299,463 thousand	$92,219,563

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

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

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

Note 4: 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)

TABLE 11

CHINA DEVELOPMENT FINANCIAL HOLDING CORPORATION AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 asset	$ 181,439	Note 4	0.02%
1	China Development Industrial Bank	The Corporation	2	Current tax liability	181,439	Note 4	0.02%
0	The Corporation	China Development Industrial Bank	1	Current tax liability	715,994	Note 4	0.08%
1	China Development Industrial Bank	The Corporation	2	Current tax asset	715,994	Note 4	0.08%
0	The Corporation	KGI Bank Co., Ltd.	1	Cash and cash equivalents	3,062,580	Note 4	0.33%
2	KGI Bank Co., Ltd.	The Corporation	2	Deposit and remittances	3,062,580	Note 4	0.33%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax asset	502,326	Note 4	0.05%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax liability	502,326	Note 4	0.05%
0	The Corporation	KGI Securities Co., Ltd.	1	Current tax liability	122,581	Note 4	0.01%
3	KGI Securities Co., Ltd.	The Corporation	2	Current tax asset	122,581	Note 4	0.01%
1	China Development Industrial Bank	KGI Bank Co., Ltd.	3	Cash and cash equivalents	8,248,657	Note 4	0.90%
2	KGI Bank Co., Ltd.	China Development Industrial Bank	3	Deposit and remittances	8,248,657	Note 4	0.90%
2	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Financial asset at fair value through profit or loss	324,332	Note 4	0.04%
3	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Financial liabilities at fair value through profit or loss	324,332	Note 4	0.04%
2	KGI Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Deposit and remittances	146,656	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Cash and cash equivalents	146,656	Note 4	0.02%

(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 Bank Co., Ltd.	KGI Securities Co., Ltd.	3	Deposit and remittances	$ 1,249,958	Note 4	0.14%
3	KGI Securities Co., Ltd.	KGI Bank Co., Ltd.	3	Restricted assets	1,249,958	Note 4	0.14%
4	CDIB Capital Investment II Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	272,166	Note 4	0.03%
2	KGI Bank Co., Ltd.	CDIB Capital Investment II Limited	3	Deposit and remittances	272,166	Note 4	0.03%
5	CDIB Global Markets I Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	2,313,243	Note 4	0.25%
2	KGI Bank Co., Ltd.	CDIB Global Markets I Limited	3	Deposit and remittances	2,313,243	Note 4	0.25%
6	CDIB Global Markets II Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	1,462,320	Note 4	0.16%
2	KGI Bank Co., Ltd.	CDIB Global Markets II Limited	3	Deposit and remittances	1,462,320	Note 4	0.16%
7	CDIB Venture Capital Corp.	KGI Bank Co., Ltd.	3	Cash and cash equivalents	854,432	Note 4	0.09%
2	KGI Bank Co., Ltd.	CDIB Venture Capital Corp.	3	Deposit and remittances	854,432	Note 4	0.09%
8	CDIB Capital Investment I Limited and its subsidiaries	KGI Bank Co., Ltd.	3	Cash and cash equivalents	2,311,741	Note 4	0.25%
2	KGI Bank Co., Ltd.	CDIB Capital Investment I Limited and its subsidiaries	3	Deposit and remittances	2,311,741	Note 4	0.25%
9	CDIB Global Markets III Limited	KGI Bank Co., Ltd.	3	Cash and cash equivalents	1,363,499	Note 4	0.15%
2	KGI Bank Co., Ltd.	CDIB Global Markets III Limited	3	Deposit and remittances	1,363,499	Note 4	0.15%
10	CDIB Capital International Corporation	KGI Bank Co., Ltd.	3	Cash and cash equivalents	140,240	Note 4	0.02%
2	KGI Bank Co., Ltd.	CDIB Capital International Corporation	3	Deposit and remittances	140,240	Note 4	0.02%
3	KGI Securities Co., Ltd.	KGI Asia Limited	3	Receivables, net	140,374	Note 4	0.02%
11	KGI Asia Limited	KGI Securities Co., Ltd.	3	Payables	140,374	Note 4	0.02%
12	Richpoint Company Limited	KG Investments Holdings Limited	3	Receivables, net	3,979,402	Note 4	0.43%
13	KG Investments Holdings Limited	Richpoint Company Limited	3	Other borrowings	3,979,402	Note 4	0.43%
14	KGI Futures Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Other financial asset	2,788,567	Note 4	0.30%

(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)
15	KGI Ong Capital Pte. Ltd.	KGI Futures Co., Ltd.	3	Customers' equity accounts - futures	$ 2,788,567	Note 4	0.30%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Service fee and commission, net	213,688	Note 4	0.99%
14	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Service fee and commission, net	213,688	Note 4	0.99%
3	KGI Securities Co., Ltd.	KGI Insurance Brokers Co., Ltd.	3	Net other noninterest profit and gain	132,875	Note 4	0.62%
16	KGI Insurance Brokers Co., Ltd.	KGI Securities Co., Ltd.	3	Net other noninterest profit and gain	132,875	Note 4	0.62%
3	KGI Securities Co., Ltd.	KGI Securities Investment Advisory Co., Ltd.	3	Other operating and administrative expense	132,429	Note 4	0.61%
17	KGI Securities Investment Advisory Co., Ltd.	KGI Securities Co., Ltd.	3	Net other noninterest profit and gain	132,429	Note 4	0.61%
3	KGI Securities Co., Ltd.	KGI Futures Co., Ltd.	3	Financial asset at fair value through profit or loss	529,173	Note 4	0.06%
14	KGI Futures Co., Ltd.	KGI Securities Co., Ltd.	3	Customers' equity accounts - futures	529,173	Note 4	0.06%
3	KGI Securities Co., Ltd.	KGI Ong Capital Pte. Ltd.	3	Financial asset at fair value through profit or loss	142,777	Note 4	0.02%
15	KGI Ong Capital Pte. Ltd.	KGI Securities Co., Ltd.	3	Customers' equity accounts - futures	142,777	Note 4	0.02%
18	CDIB Capital International (Hong Kong) Corporation Limited	CDIB Capital International Corporation	3	Consulting service revenue	182,079	Note 4	0.85%
10	CDIB Capital International Corporation	CDIB Capital International (Hong Kong) Corporation Limited	3	Other operating and administrative expense	182,079	Note 4	0.85%

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)