Stock Code：5865

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017 and 2016
(With Independent Auditors' Report Thereon)

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Independent Auditors' Report

To the Board of Directors
Fubon Life Insurance Co., Ltd.,

Opinion

We have audited the consolidated interim financial statements of Fubon Life Insurance Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of June 30, 2017, December 31, 2016, and June 30, 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2017 and 2016, and notes to the consolidated interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated interim financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2017, December 31, 2016, and June 30, 2016, and its consolidated financial performance and its consolidated cash flows for the three months and six months ended June 30, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and with the International Accounting Standards 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Certification of Financial Industry Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Interim Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated interim financial statements for the six months ended June 30, 2017. These matters were addressed in the context of our audit of the consolidated interim financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. The valuation of financial instruments

   Please refer to Note 4(G) for the related accounting policy regarding the valuation of financial instruments, Note 5 for accounting assumptions and estimation uncertainty of the valuation of financial instruments, Note 6(Z) for details on the information about fair value and fair value hierarchy.

   <u>Risk and descriptions of the key audit matter:</u>

   Financial instruments that are held by the Group, some of them are valued through models. The valuation methods and important parameters require major professional judgment. Therefore, the valuation of financial instruments has been identified as a key audit matter in our audit.

   <u>Procedures performed:</u>

   - Tested internal control procedures applied by management for fair value measurement of financial instruments;
   - For financial assets with quoted market prices in an active market, selected samples to test the appropriateness of quoted prices;
   - For financial assets without quoted market prices in an active market and measured at fair value by valuation techniques, engaged our internal valuation specialists and selected samples to test valuation models and check the reasonableness of the valuation methodology and the underlying parameters in order to assess whether the valuation techniques were properly established in accordance with IFRS13 " Fair Value Measurement";
   - Assessed the presentation and disclosures of financial instruments were in accordance with International Financial Reporting Standards ("IFRSs").

2. The valuation of investment property

   Please refer to Note 4(L) for the related accounting policy regarding the valuation of investment property, Note 5 for accounting assumptions and estimation uncertainty of the valuation of investment property, Note 6(E) for details on the information about the valuation of investment property.

   <u>Risk and descriptions of the key audit matter:</u>

   According to Regulations Governing Preparation of Financial and Operational Reports by Enterprises Engaging in Insurance, the fair value of the investment properties that are held by the Group was determined by the external appraisers using valuation methods and market evidences in accordance with Regulations on Real Estate Appraisal. The selection of valuation methods requires major professional judgment. Therefore, the valuation of investment property has been identified as a key audit matter in our audit.

   <u>Procedures performed:</u>

   - Obtained an understanding of professional appraisal firm's procedures for measuring fair value and disclosures of investment properties to assess whether the professional appraisal firms selected appropriate valuation methods and check whether the firms adopted reasonable key assumption;

- Confirmed the presentation and disclosures of investment property were in accordance with IFRSs and Regulations Governing Preparation of Financial and Operational Reports by Insurance Enterprises;

- Assessed the appropriateness of the fair value of investment property determined by the management based on our understanding of public market information and review report issued by our engaged external appraisal firms.

3. The assessment of insurance liability

Please refer to Note 4(T) for the related accounting policy regarding the assessment of insurance liability, Note 5 for accounting assumptions and estimation uncertainty of insurance liability, Note 6(S) for details on the information about the assessment of insurance liability.

<u>Risk and descriptions of the key audit matter:</u>

The Group measures insurance liabilities in accordance with "Regulations Governing the Provision of Various Reserves" and relevant administrative rules. Key assumptions and parameters of different types of reserves which involve the use of professional judgments in the reserve assessment processes, including life table and interest rate used in calculating the provision of life insurance liability reserve, claim development factor and expected claim rate used in estimating the claim reserve, and mortality rate, lapse rate, morbidity rate, discount rate and other factors used in assessing adequacy of liability reserve, will affect the amount of insurance liabilities and net change in insurance liabilities recognized in the financial statements. Therefore, the assessment of insurance liability has been identified as a key audit matter in our audit.

<u>Procedures performed:</u>

- Tested the effectiveness of internal control procedures related to insurance liability;

- Engaged our internal actuarial specialists to perform relevant audit procedures over insurance liability, including:

  - Inspected whether the methods and parameters of insurance liabilities were in accordance with insurance related regulations and administrative rules and relevant practical principles set by the Actuarial Institute of the Republic of China;

  - Selected samples to inspect the completeness of data used in the calculation of reserves and independently established models to recalculate the amount of reserves;

  - Analyzed movement in insurance liability, including assessing the reasonableness of the amount of reserves appropriated by the management based on the understanding of industry and market;

  - Conducted testing over liability adequacy to assess the reasonableness of test scope and assumptions adopted by the management, including assessing the appropriateness of actuarial assumptions based on the internal data or industry experiences and the characteristics of insurance products.

Other Matter

Fubon Life Insurance Co., Ltd. has prepared its parent-company-only interim financial statement as of and for the six months ended June 30, 2017 and 2016, on which we have issued an unmodified opinion as for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated interim financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and with the International Accounting Standards 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including supervisor) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Interim Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated interim financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated interim financial statements for the six months ended June 30, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Fang, Yen Ling and Chung, Tan Tan.

KPMG

Taipei, Taiwan (Republic of China)
August 23, 2017

The accompanying consolidated interim financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with the IFRSs endorsed by the Financial Supervisory Commission of the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated interim financial statements are those generally accepted and applied in the Republic of China.
The independent accountants' report and the accompanying consolidated interim financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language independent accountants' report and consolidated interim financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2017, December 31, and June 30, 2016

(Expressed In Thousands of New Taiwan Dollars)

		June 30, 2017		December 31, 2016		June 30, 2016	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
11000	Cash and cash equivalents (Notes 6(A))	$ 133,245,806	4	176,831,591	5	238,851,192	8
12000	Receivables	36,528,845	1	35,024,669	1	37,323,441	1
12600	Current tax assets	1,228,262	-	1,064,146	-	2,357,229	-
14110	Financial assets at fair value through profit or loss (Note 6(B))	1,327,350	-	984,485	-	5,972,607	-
14120	Available-for-sale financial assets (Note 6(B))	1,326,899,410	38	1,301,118,170	39	1,270,455,238	40
14130	Hedging derivatives assets (Note 6(B))	465,818	-	282,870	-	1,065,400	-
14140	Financial assets at cost (Note 6(B))	1,155,375	-	1,157,549	-	1,020,197	-
14150	Investments accounted for using equity method, net (Note 6(D))	13,901,970	-	12,901,967	-	14,117,024	-
14160	Bond investments without active market (Note 6(B))	1,368,497,769	39	1,223,582,267	37	1,072,088,391	33
14170	Held-to-maturity financial assets (Note 6(B))	16,340,391	1	16,337,553	1	25,173,189	1
14180	Other financial assets, net (Note 6(B))	35,627,888	1	32,039,668	1	31,493,045	1
14200	Investment property (Note 6(E))	172,852,613	5	171,713,701	5	172,292,547	5
14300	Loans (Note 6(B))	178,746,683	5	165,677,368	5	148,489,954	5
15000	Reinsurance assets (Note 6(G))	1,557,030	-	1,378,571	-	1,274,324	-
16000	Property, plant and equipment (Note 6(H))	18,869,520	1	19,085,535	1	17,736,464	1
17000	Intangible assets (Note 6(I))	226,516	-	274,620	-	252,015	-
17800	Deferred tax assets	11,619,549	-	8,059,745	-	4,183,288	-
18000	Other assets (Note 6(J))	44,227,224	1	43,511,372	1	42,768,609	1
18900	Assets on insurance product, separate account (Note 6(K))	148,207,489	4	142,534,021	4	136,550,248	4
	Total assets	**$ 3,511,525,508**	**100**	**3,353,559,868**	**100**	**3,223,464,402**	**100**

		June 30, 2017		December 31, 2016		June 30, 2016	
	Liabilities and equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Liabilities						
21000	Accounts payable (Note 6(L))	$ 33,653,819	1	22,540,990	1	25,034,861	1
21700	Current tax liabilities	7,793,635	-	4,646,394	-	2,367,192	-
23100	Short-term debts (Note 6(M))	87,760	-	-	-	69,409	-
23200	Financial liabilities at fair value through profit or loss (Note 6(B))	7,396,688	-	14,156,699	-	953,376	-
23300	Hedging derivatives liabilities (Note 6(B))	601,742	-	760,198	-	-	-
23500	Bonds payable (Note 6(N))	35,000,000	1	28,500,000	1	-	-
24000	Insurance liabilities (Note 6(S))	3,013,241,751	86	2,879,604,377	86	2,725,064,654	85
24800	Reserve for insurance with nature of financial instrument (Note 6(T))	3,737,794	-	18,137,335	1	82,573,565	3
24900	Reserve for foreign exchange fluctuation (Note 6(U))	1,140,301	-	4,632,746	-	5,618,120	-
27000	Liabilities reserve (Note 6(O))	6,939,743	-	7,540,923	-	6,420,751	-
28000	Deferred tax liabilities	3,727,791	-	6,586,754	-	8,052,811	-
25000	Other liabilities	8,535,730	1	10,445,060	-	5,584,168	-
26000	Liabilities on insurance product, separate account (Note 6(K))	148,207,489	4	142,534,021	4	136,550,248	4
	Total liabilities	3,270,064,243	93	3,140,085,497	93	2,998,289,155	93
	Equity attributable to owners of parent						
	Share capital (Note 6(P)):						
31100	Ordinary share	69,432,750	2	69,432,750	2	57,320,950	2
31400	Stock dividend to be distributed	13,536,940	-	-	-	12,111,800	-
	Total share capital	82,969,690	2	69,432,750	2	69,432,750	2
	Capital surplus (Note 6(P)):						
32100	Capital surplus, additional paid-in capital	7,052,235	-	7,052,235	-	7,052,235	-
32400	Capital surplus, employee share options	134,778	-	134,778	-	134,778	-
32600	Capital surplus, others	22,211,129	1	21,218,720	1	20,479,708	1
	Total capital surplus	29,398,142	1	28,405,733	1	27,666,721	1
	Retained earnings (Note 6(P)):						
33100	Legal reserve	34,167,456	1	28,429,944	1	28,429,944	1
33200	Special reserve	68,773,910	2	65,637,669	2	65,295,823	2
33300	Unassigned retained earnings	15,440,838	1	34,464,821	1	19,815,649	1
	Total retained earnings	118,382,204	4	128,532,434	4	113,541,416	4
	Other equity interest (Note 6(P)):						
34100	Exchange differences on translation of foreign financial statements	(6,665,486)	-	(6,118,157)	-	(3,308,391)	-
34250	Unrealized gains (losses) on available-for-sale financial assets	17,384,007	-	(6,417,487)	-	16,942,532	-
34300	Gains (losses) on effective portion of cash flow hedges	(124,746)	-	(402,102)	-	884,282	-
34600	Unrealized revaluation surplus	117,454	-	41,200	-	15,937	-
	Total other equity interest	10,711,229	-	(12,896,546)	-	14,534,360	-
	Total equity	241,461,265	7	213,474,371	7	225,175,247	7
	Total liability and equity	**$ 3,511,525,508**	**100**	**3,353,559,868**	**100**	**3,223,464,402**	**100**

(See accompany notes to the consolidated interim financial statements)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and six months ended June 30, 2017 and 2016

(Expressed In Thousands of New Taiwan Dollars)

		For the three months ended June 30,				For the six months ended June 30,			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating Revenues:								
41110	Written premium	$ 117,915,754	77	123,068,160	76	244,174,282	79	244,216,922	78
41120	Reinsurance premium	-	-	-	-	-	-	87	-
	Total premium	117,915,754	77	123,068,160	76	244,174,282	79	244,217,009	78
51100	Less: Reinsurance expense	384,862	-	288,622	-	657,026	-	532,950	-
51310	Net change in unearned premiums reserve	100,320	-	71,461	-	204,678	-	131,453	-
	Retained earned premium (Note 6(W))	117,430,572	77	122,708,077	76	243,312,578	79	243,552,606	78
41300	Reinsurance commission received	8,030	-	10,862	-	14,672	-	20,122	-
41400	Fee income	482,935	-	557,902	-	940,709	-	1,138,063	-
	Net income (loss) from investments								
41510	Revenue from interest	21,023,012	14	19,173,406	13	41,296,451	13	37,731,423	12
41521	Gains (losses) on financial assets or liabilities at fair value through profit or loss	(9,164,910)	(6)	(1,347,324)	(1)	47,069,891	15	14,365,976	5
41522	Realized gains on available-for-sale financial assets	11,692,190	8	14,753,311	9	26,240,699	8	24,142,903	8
41523	Realized gains on financial assets or liabilities at cost	79,733	-	48,234	-	79,733	-	48,651	-
41524	Realized gains on debt investments without active market	860,242	1	2,197,799	1	1,322,865	1	2,768,154	1
41540	Share of gain (loss) of associates and joint ventures accounted under equity method	(79,833)	-	(28,284)	-	(125,896)	-	(282,197)	-
41550	Foreign exchange gains (losses), investments	2,392,356	1	(925,259)	(1)	(67,704,160)	(22)	(22,823,998)	(7)
41560	Net change in reserve for foreign exchange fluctuation (Note 6(U))	(213,752)	-	66,979	-	3,492,445	1	1,860,928	-
41570	Gains on investment property	1,282,641	1	1,403,606	1	2,638,471	1	3,258,696	1
41580	(Reversal of) impairment loss on investments (Note 6(B))	(1,392,408)	(1)	2,514	-	(1,397,787)	-	13,071	-
41590	Other net income (losses) from investments	(162,667)	-	(41,396)	-	(349,852)	-	(242,676)	-
41800	Other operating income	54,275	-	1,074	-	100,374	-	47,289	-
41900	Income on insurance product, separate account (Note 6(K))	7,965,327	5	3,883,134	2	13,550,064	4	6,646,419	2
	Total operating revenue	152,257,743	100	162,464,635	100	310,481,257	100	312,245,430	100
	Operating Costs:								
51200	Insurance claim payment	59,789,757	39	46,305,114	30	104,330,049	34	91,952,691	30
41200	Less: Claims recovered from reinsurers	135,439	-	98,133	-	306,415	-	209,657	-
	Retained claim payment (Note 6(W))	59,654,318	39	46,206,981	30	104,023,634	34	91,743,034	30
51300	Net change in insurance liability	70,757,750	47	86,224,323	53	163,924,241	53	171,469,893	55
51380	Net change in reserve for insurance with nature of financial instrument	35,912	-	277,819	-	85,793	-	657,462	-
51400	Acquisition expense	10,157	-	11,180	-	17,917	-	17,232	-
51500	Commission expense	5,612,634	4	9,635,360	6	13,166,033	4	18,748,652	6
51600	Fee expenses	-	-	-	-	-	-	3	-
51700	Finance costs	272,653	-	-	-	501,043	-	-	-
51800	Other operating costs	426,694	-	468,185	-	1,158,606	-	924,002	-
51900	Disbursements on insurance product, separate account (Note 6(K))	7,965,327	5	3,883,134	2	13,550,064	4	6,646,419	2
	Total operating costs	144,735,445	95	146,706,982	91	296,427,331	95	290,206,697	93
	Operating expenses:								
58100	General expenses	3,006,462	2	3,570,678	2	6,114,403	2	6,813,056	2
58200	Administrative expenses	962,119	1	836,906	-	1,775,647	1	1,705,450	1
58300	Staff training expenses	18,866	-	17,614	-	32,907	-	29,043	-
	Total Operating Expenses	3,987,447	3	4,425,198	2	7,922,957	3	8,547,549	3
	Net Operating Income	3,534,851	2	11,332,455	7	6,130,969	2	13,491,184	4
59000	**Total non-operating income and expenses (Note 6(X))**	69,972	-	118,523	-	55,888	-	224,796	-
	Profit from continuing operations before income tax	3,604,823	2	11,450,978	7	6,186,857	2	13,715,980	4
63000	**Income tax expense (Note 6(Q))**	(985,449)	(1)	593,006	-	(2,413,539)	(1)	720,924	-
	Net profit	**$ 4,590,272**	**3**	**10,857,972**	**7**	**8,600,396**	**3**	**12,995,056**	**4**
83000	**Other comprehensive income:**								
83100	**Items not classified into profit and loss**								
83120	Revaluation of real estate property	$ -	-	-	-	82,501	-	-	-
83130	Share of other comprehensive income of associates and joint ventures accounted for using equity method -Items that are not or may not be reclassified subsequently to profit or loss	(9,250)	-	(11,397)	-	(7,506)	-	(31,427)	-
83180	No reclassification of items related to income taxes	1,572	-	1,937	-	(4,971)	-	5,342	-
		(7,678)	-	(9,460)	-	70,024	-	(26,085)	-
83200	**Items may be classified into profit and loss**								
83210	Exchange differences on translation, before tax	1,501,273	1	(2,228,254)	(1)	(724,121)	-	(4,072,729)	(1)
83220	Unrealized gains or losses on available-for-sale financial assets, before tax	22,963,563	15	12,002,818	7	26,349,520	8	36,625,230	12
83230	Gains or losses on effective instruments of cash flow hedges, before tax	221,893	-	222,658	-	341,404	-	403,425	-
83240	Share of other comprehensive income of associates and joint ventures accounted for using equity method -Items that are or may be reclassified subsequently to profit or loss	707,272	-	224,642	-	744,617	-	269,527	-
83280	Reclassification of items related to income taxes	(3,360,625)	(2)	(2,377,141)	(1)	(3,179,899)	(1)	(3,813,087)	(1)
		22,033,376	14	7,844,723	5	23,531,521	7	29,412,366	10
83000	**Other comprehensive income (after tax)**	22,025,698	14	7,835,263	5	23,601,545	7	29,386,281	10
85000	**Comprehensive income**	**$ 26,615,970**	**17**	**18,693,235**	**12**	**32,201,941**	**10**	**42,381,337**	**14**
	Net profit attributable to :								
86100	Owners of parent	**$ 4,590,272**	**3**	**10,857,972**	**7**	**8,600,396**	**3**	**12,995,056**	**4**
	Comprehensive income attributable to:								
87100	Owners of parent	**$ 26,615,970**	**17**	**18,693,235**	**12**	**32,201,941**	**10**	**42,381,337**	**14**
97500	**Basic earnings per share (expressed in dollars) (Note 6(R))**	**$**	**0.66**		**1.56**		**1.24**		**1.87**

(See accompany notes to the consolidated interim financial statements)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FUBON LIFE INSURANCE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY CHANGE

For the six months ended June 30, 2017 and 2016

(Expressed In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
				Retained earnings				Other equity items					
	Ordinary share	Stock dividends to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available for sale financial assets	Gains or losses on effective portion of cash flow hedge	Unrealized revaluation surplus	Total	Total Equity
Balance, January 1, 2016	$ 57,320,950	-	27,654,605	20,226,317	45,255,942	47,201,986	112,684,245	115,613	(15,558,995)	549,439	15,937	(14,878,006)	182,781,794
Net income**, January 1 to June 30, 2016**	-	-	-	-	-	12,995,056	12,995,056	-	-	-	-	-	12,995,056
Other comprehensive income**, January 1 to June 30, 2016**	-	-	-	-	-	(26,085)	(26,085)	(3,424,004)	32,501,527	334,843	-	29,412,366	29,386,281
Total comprehensive income**, January 1 to June 30, 2016**	-	-	-	-	-	12,968,971	12,968,971	(3,424,004)	32,501,527	334,843	-	29,412,366	42,381,337
Appropriation and distribution :													
Legal reserve	-	-	-	8,203,627	-	(8,203,627)	-	-	-	-	-	-	-
Special reserve from profit after tax	-	-	-	-	4,101,813	(4,101,813)	-	-	-	-	-	-	-
Common stock dividend	-	12,111,800	-	-	-	(12,111,800)	(12,111,800)	-	-	-	-	-	-
Special reserve－Transferred from recovered contingency risk reserves	-	-	-	-	501,286	(501,286)	-	-	-	-	-	-	-
Special reserve－the cost saved from hedging	-	-	-	-	168,514	(168,514)	-	-	-	-	-	-	-
Special reserve－Gains from the fluctuation of subsequent fair value measurement of investment property	-	-	-	-	390,262	(390,262)	-	-	-	-	-	-	-
Special reserve－negative net amount of other equity interest	-	-	-	-	14,878,006	(14,878,006)	-	-	-	-	-	-	-
Other changes in capital surplus:													
Changes in investments in associates and joint ventures for using equity method	-	-	12,116	-	-	-	-	-	-	-	-	-	12,116
Balance, June 30, 2016	**$ 57,320,950**	**12,111,800**	**27,666,721**	**28,429,944**	**65,295,823**	**19,815,649**	**113,541,416**	**(3,308,391)**	**16,942,532**	**884,282**	**15,937**	**14,534,360**	**225,175,247**
Balance, January 1, 2017	$ 69,432,750	-	28,405,733	28,429,944	65,637,669	34,464,821	128,532,434	(6,118,157)	(6,417,487)	(402,102)	41,200	(12,896,546)	213,474,371
Net income**, January 1 to June 30, 2017**	-	-	-	-	-	8,600,396	8,600,396	-	-	-	-	-	8,600,396
Other comprehensive income**, January 1 to June 30, 2017**	-	-	-	-	-	(6,230)	(6,230)	(547,329)	23,801,494	277,356	76,254	23,607,775	23,601,545
Total comprehensive income**, January 1 to June 30, 2017**	-	-	-	-	-	8,594,166	8,594,166	(547,329)	23,801,494	277,356	76,254	23,607,775	32,201,941
Appropriation and distribution :													
Recovered special reserve－negative net amount of other equity interest	-	-	-	-	(1,981,460)	1,981,460	-	-	-	-	-	-	-
Legal reserve	-	-	-	5,737,512	-	(5,737,512)	-	-	-	-	-	-	-
Special reserve from profit after tax	-	-	-	-	2,868,756	(2,868,756)	-	-	-	-	-	-	-
Common stock cash dividend	-	-	-	-	-	(5,207,456)	(5,207,456)	-	-	-	-	-	(5,207,456)
Common stock dividend	-	13,536,940	-	-	-	(13,536,940)	(13,536,940)	-	-	-	-	-	-
Special reserve－Transferred from recovered contingency risk reserves	-	-	-	-	458,706	(458,706)	-	-	-	-	-	-	-
Special reserve－the cost saved from hedging	-	-	-	-	837,868	(837,868)	-	-	-	-	-	-	-
Special reserve－Gains from the fluctuation of subsequent fair value measurement of investment property	-	-	-	-	808,933	(808,933)	-	-	-	-	-	-	-
Special reserve－Other	-	-	-	-	143,438	(143,438)	-	-	-	-	-	-	-
Other changes in capital surplus:													
Changes in investments in associates and joint ventures for using equity method	-	-	992,409	-	-	-	-	-	-	-	-	-	992,409
Balance, June 30, 2017	**$ 69,432,750**	**13,536,940**	**29,398,142**	**34,167,456**	**68,773,910**	**15,440,838**	**118,382,204**	**(6,665,486)**	**17,384,007**	**(124,746)**	**117,454**	**10,711,229**	**241,461,265**

(See accompany notes to the consolidated interim financial statements)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

FUBON LIFE INSURANCE CO., LTD.AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2017 and 2016

(Expressed In Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2017	**2016**
Cash flows from (used in) operating activities:		
Profit before tax	$ 6,186,857	13,715,980
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	199,657	149,157
Amortization expense	261,353	345,358
Provision for bad debt expense	181,453	89,759
Net gain on financial assets or liabilities at fair value through profit or loss	(7,102,876)	(17,461,191)
Net gain on available-for-sale financial assets	(19,376,557)	(14,213,108)
Net gain on bond investments without active market	(1,322,865)	(2,768,154)
Interest expense	523,070	35,929
Interest revenue	(41,296,451)	(37,731,343)
Dividend revenue	(6,943,875)	(9,981,516)
Net change in insurance liabilities	164,128,919	171,601,346
Net change in reserve for insurance with nature of financial instrument	(14,399,541)	(1,043,193)
Net change in reserve for foreign exchange fluctuation	(3,492,445)	(1,860,928)
Profit share of loss of associates and joint ventures under equity method	125,896	282,197
Loss on disposal of property, plant and equipment	12,399	213
Property, plant and equipment transferred to income	(1,849)	(5,279)
Loss on disposal of intangible assets	1,080	-
Impairment loss on financial assets	1,397,787	-
Reversal of impairment loss on financial assets	-	(13,071)
Gain arising from adjusting fair value of investment property	(47,506)	(637,992)
Unrealized foreign exchange loss	63,171,561	25,832,219
Other	28,725	-
Total adjustments to reconcile profit	136,047,935	112,620,403
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in financial assets and liabilities at fair value through profit or loss	-	3,246,341
(Increase) Decrease in available-for-sale financial assets	(5,035,439)	119,494,876
Decrease in financial assets and liabilities at cost	2,174	10,227
Increase in bond investments without active market	(204,652,245)	(205,057,125)
Decrease in accounts receivable	1,426,528	789,643
Increase in reinsurance assets	(99,809)	(20,654)
Increase in other financial assets	(3,671,413)	(2,087,030)
Increase in other assets	(676,590)	(554,610)
Total changes in operating assets	(212,706,794)	(84,178,332)
Changes in operating liabilities:		
Increase in accounts payable	5,404,305	4,667,002
Decrease in liabilities reserve	(606,625)	(1,247,190)
Decrease in other liabilities	(1,909,330)	(2,283,953)
Total changes in operating liabilities	2,888,350	1,135,859
Total changes in operating assets and liabilities	(209,818,444)	(83,042,473)
Total adjustments	(73,770,509)	29,577,930
Cash (outflow) inflow generated from operations	(67,583,652)	43,293,910
Interest received	31,040,577	28,844,501
Dividends received	4,940,249	6,552,037
Interest paid	(21,910)	(35,795)
Income taxes paid	(4,282,856)	(483,965)
Net cash flows (used in) from operating activities	(35,907,592)	78,170,688
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(209,343)	(324,826)
Proceeds from disposal of property, plant and equipment	13	40
(Increase) Decrease in guarantee deposits paid	(308,937)	43,479
Acquisition of intangible assets	(12,202)	(41,108)
Increase in loans	(13,187,182)	(7,059,695)
Acquisition of investment property	(654,995)	(8,449,501)
Net cash flows used in investing activities	(14,372,646)	(15,831,611)
Cash flows from (used in) financing activities:		
Increase in short-term debts	87,760	69,409
Proceeds from issuing bonds	6,500,000	-
Net cash flows from financing activities	6,587,760	69,409
Effect of exchange rate changes on cash and cash equivalents	106,693	(185,265)
Net (Decrease) Increase in cash and cash equivalents	(43,585,785)	62,223,221
Cash and cash equivalents at beginning of period	176,831,591	176,627,971
Cash and cash equivalents at end of period	**$ 133,245,806**	**238,851,192**

(See accompany notes to the consolidated interim financial statements)

1. ORGANIZATION AND BUSINESS ACTIVITY

Fubon Life Insurance Co., Ltd. ("Fubon Life Insurance" or "Company"), formerly ING Life Insurance Co., Ltd. ("ING Life Insurance") was established in March, 2006. The Company primarily conducts life insurance business.

Originally, the Company is one of the ING group members. On October 20, 2008, the Company's former parent company, ING Group, announced that it has reached a cooperation agreement with Fubon Financial Holding Co., Ltd. ("Fubon Financial Holding") to sell the Company effectively on February 11, 2009.

ING Life Insurance swapped shares with Fubon Life Assurance Co. Ltd ("Fubon Life Assurance"). Fubon Life Assurance ceased to legally exist, and the former ING Life Insurance, which was a surviving entity, changed its name to "Fubon Life Insurance Co., Ltd.". The corporate restructuring was permitted by the Financial Supervisory Commission, Executive Yuan through its letter Gin Guan Bao Li No.09802091401 issued on June 1, 2009.

The consolidated interim financial statements as of June 30, 2017 and 2016 comprise the Company and its subsidiaries, refer to Note 4(C) for further information. The parent and ultimate parent company of the Group is Fubon Financial Holding.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

On August 23, 2017, the consolidated interim financial statements were resolved by the board of directors and authorized for issuance afterward.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

(A) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Presentation of Financial Statements-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
Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendments to IAS 36 “ Impairment of Non-Financial assets-Recoverable Amount Disclosures for Non Financial Assets”	January 1, 2014
Amendments to IAS 39 “ Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 “Levies”	January 1, 2014

The Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements.

(B) The impact of IFRSs endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
Amendment to IFRS 2 “Classification and Measurement of Share based Payment Transactions”	January 1, 2018
Amendments to IFRS 4 “Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendment to IAS 7 “Statement of Cash Flows -Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

(a) IFRS 9 “Financial Instruments”

IFRS 9 replaces IAS 39 “ Financial Instruments: Recognition and Measurement” . According to IFRS 9, it amends the classification and measurement, impairment and hedge accounting of financial instruments. The actual impact of adopting IFRS 9 on the Group’s consolidated financial statements in 2018 is unknown and cannot be reliably estimated, because it can only be determined depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that the Group will make in the future. The group has not yet revised its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its financial instruments positions at June 30, 2017 and hedging relationships designated under IAS 39.

(1) The classification and measurement of financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the Group's business model for managing the financial assets and the cash flow characteristics of the financial assets. According to IFRS 9, financial assets are mainly classified as measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL), and the existing categories of available-for-sale financial assets, financial assets at cost, bond investments without active market, and held to maturity financial assets are eliminated. Under IFRS 9, if a hybrid contract contains a host that is an asset within the scope of this standard, an embedded derivative is not separated from the host. Instead, the entire hybrid financial instrument is assessed for classification. In addition, IAS 39 contains an exception from fair value measurement for investments in equity instruments that do not have a quoted price in an active market (and derivatives linked to those investments) and whose fair value cannot be reliably measured. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives linked to those investments) to be measured at fair value.

The Group will reclassify financial assets in accordance with IFRS 9. The Group has not yet determined the impact on its consolidated interim financial statements resulting from the reclassification.

(2) Impairment-Financial assets and contact assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with a forward-looking ‘expected credit loss’ (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The ECL model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, impairment losses are measured on either of the following basis:

- 12-month ECLs: The expected credit losses that result from default events on a financial instruments that are possible within the 12 months after the reporting date; and
- lifetime ECLs: The expected credit losses that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies to those financial assets that have suffered a significant increase in credit risk since initial recognition and 12-month ECL measurement to those which have not. An entity may determine that a financial asset has not suffered a significant increase in credit risk if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies to trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also to trade receivables and contract assets with a significant financing component.

Impairment losses are likely to increase for assets in the scope of the impairment requirements of IFRS 9. However, the Group has not yet finalized the impairment methodologies that will be applied under IFRS 9.

(3) Hedge accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has not yet confirmed the final selection.

(4) Disclosures

IFRS 9 will require extensive new disclosures, in particular about credit risk, expected credit losses, and hedge accounting. The Group's preliminary assessment included an analysis of data that cannot be identified in current internal processes, and the Group plans to implement the system and controls changes to capture the required data.

(5) Transition

IFRS 9 shall be applied retrospectively, except as specified below.

- The Group plans to adopt the exemption of classification and measurement of IFRS 9 (including impairment), therefore it does not have to restate comparative information for prior periods financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in the retained earnings and other component of equity as at 1 January 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation and revocation of previous designations of financial assets and financial liabilities as measured at FVPL.

  - The designation of investments in equity instruments that is not held for trading as at FVOCI.

(b) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Group expects that the amendments mentioned above may change the measurement of deferred income tax asset. The impact will need further analysis.

(c) Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"

The amendments provide the following optional approaches (overlay approach and temporary exemption) to reduce the impact of the differing effective dates of IFRS 9 and the forthcoming IFRS 4 and IFRS 17:

- Provide all companies that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and

- Provide companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments Standard-IAS 39.

The Group will adopt overlay approach after initial assessment to reduce the impact caused by different effective dates of IFRS 9 and IFRS 17. The Group has not yet determined the final decision.

(d) Amendments to IAS 40 "transfer of Investment Property"

The amendments specify that a transfer into, or out of, investment property would be made only when there has been a change in use of a property, supported by evidence that a change in use has occurred. The amendments also clarify that the list of circumstances that provide evidence of a change in use includes the commencement of development with a view to owner-occupation.

The Group expects that the amendments mentioned above may change the transfer timing of investment property. The impact will need further analysis.

(e) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IFRIC 22 clarifies the transaction date used to determine the exchange rate. The transaction date is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration.

The Group expects that the amendments mentioned above may change the recognition of foreign currency transactions. The impact will need further analysis.

(C) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 16 “Leases”	January 1, 2019
IFRS 17 “Insurance Contracts”	January 1, 2021
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 “Leases”	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 18, 2016	IFRS 17 " Insurance Contracts"	The new standard of accounting for insurance contracts contain recognition, measurement, presentation and disclosure of insurance contracts issued, and the main amendments are as follows: ・Recognition: the beginning of the coverage period of the group of contracts, the date when the first payment from a policyholder in the group becomes due and when the group becomes onerous shall recognize a group of insurance contracts it issues from the earliest. ・Measurement: on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. For subsequent measurement, the entity shall estimate the cash flows, discount rates and the adjustment for non-financial risk. ・Presentation and disclosure: the presentation of insurance revenue is based on the provision of service pattern and investment components excluded from insurance revenue.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
June 7, 2017	IFRIC 23 “Uncertainty over Income Tax Treatments”	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the consolidated interim financial statements are set out as below. Unless otherwise stated, the significant accounting policies have been applied consistently to all periods presented in the consolidated interim financial statements.

(A) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises (Hereinafter referred to as the Regulations) and with the International Accounting Standards 34 "Interim Financial Reporting". The consolidated interim financial statements do not include all of the information required for full annual consolidated financial statements prepared in accordance with the international financial reporting standards, international accounting standards, and interpretations endorsed by the FSC. (hereinafter referred to as "International financial reporting guidelines recognized by FSC").

(B) Basis of preparation

The consolidated interim financial statements comprise consolidated balance sheets, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity, consolidated statements of cash flows, and related notes.

The consolidated interim financial statements have been prepared on a historical cost basis, except for the financial instruments (including derivative financial instruments) and investment property which are measured at fair value. The financial statements are presented in New Taiwan Dollar, the functional currency of the Company, and rounded to the nearest thousand, except where otherwise indicated.

(C) Basis of consolidation

In accordance with the "International financial reporting guidelines recognized by FSC", similar underlying assets, liabilities, equity, income and expenses of the consolidated entities are summed up and eliminated, if necessary, in the preparation of the consolidated interim financial statements. The Group prepares its consolidated interim financial statements at the same reporting date.

The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that control commenced until the date that control ceased.

Intra-company balances and transactions, and any unrealized income arising from intra-company transactions, are eliminated in preparing the consolidated interim financial statements. Unless there is evidence that transferred assets are impaired, the intra-company unrealized losses are eliminated.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.

The following entities have been included in the consolidated interim financial statements:

			Stockholder's equity (Holding %)		
Investor Company	**Subsidiary**	**Business Type**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
The Company	Fubon Life Insurance (Vietnam) Co., Ltd.	Life insurance	100 %	100 %	100 %
The Company	Fubon Life Insurance (Hong Kong) Co., Ltd.	Life insurance	100 %	100 %	100 %
The Company	Carter Lane (Guernsey) Ltd.	Investment property and management	100 %	100 %	100 %
The Company	Bow Bells House (Jersey) Ltd.	Investment property and management	100 %	100 %	100 %
The Company	Fubon MTL Property (Jersey) Ltd.	Investment property and management	100 %	100 %	100 %
The Company	Fubon Ellipse (Belgium) S.A.	Investment property and management	100 % (Note 2)	100 %	100 %
The Company	Fubon Ellipse (Jersey) Ltd. (Note 1)	Holding company	100 %	100 %	-

Note 1: Turned into a subsidiary in December 2016.

Note 2: Fubon Ellipse (Belgium) S.A. has issued 1,133,718 shares, of which 1 share is held by Fubon Ellipse (Jersey) Limited.

(D) Foreign exchange

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the individual entities of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates at that date. Translation gains and losses are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was originally determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the original transaction.

Foreign currency differences arising from settlement or retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- non- monetary available-for-sale equity investment;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated to the Company' s functional currency in New Taiwan dollars at the exchange rate at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the foreign currency translation adjustments related to that foreign operation are all reclassified to profit or loss. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant cumulative amount of foreign currency translation adjustments is reattributed proportionately to non-controlling interest. When the Group disposes of only part of investment in an associate or joint venture that includes a foreign operation, the relevant cumulative amount of foreign currency translation adjustments is reclassified proportionately to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered as part of a net investment in foreign operation and are recognized in other comprehensive income.

(E) Principles of classifying assets and liabilities as current and non-current

Due to specific business feature of insurance business, the operating cycle is more difficult to establish, and therefore assets and liabilities are not classified as current or non-current.

(F) Cash and cash equivalents

Cash comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to cash at the known amounts and subject to insignificant risk of value changes. Time deposits that fit the definition above and are used by the Group in the management of its short-term commitments are comprised in cash equivalents.

(G) Financial instruments

Financial assets and liabilities, including derivative instruments, are recognized in the consolidated balance sheet and measured according to its classification under TIFRS.

In accordance with International Accounting Standards 39 "Financial instruments" ("IAS 39") as endorsed by FSC, financial assets are classified into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, hedging derivative assets, financial assets at cost, bond investments without active market, held-to-maturity financial assets, other financial assets, and loans and receivables. Financial liabilities are classified into short-term debts, financial liabilities at fair value through profit or loss, hedging derivative liabilities and bonds payable.

(a) Financial assets

(1) Daily transactions

All financial assets possessed by the Group are recognized and derecognized using trade date accounting.

(2) Loans and receivables

Loans include premium loans, life insurance loans, and secured loans. Premium loans refer to cash advances granted to the insured to settle unpaid premiums in accordance with the insurance contract. Life insurance loans are loans secured by insurance policies issued by the Group. Secured loans include loans collateralized by real estate and special project loans approved by the competent authority.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, excluding:

1) Financial assets held for trading if acquired principally for the purpose of selling in the near term.

2) Financial assets designated as at fair value through profit or loss at initial recognition.

3) Financial assets designated as available-for-sale at initial recognition.

4) Financial assets, other than because of credit deterioration, for which the holder may not recover all of the initial investment.

Loans and receivables, except for which discounted value has insignificant impact, are subsequently measured at amortized cost using the effective interest method and recognized in profit or loss upon disposal, impairment, or amortization.

(3) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term, placing in an investment portfolio for short-term profit taking, or holding as derivative instrument. Financial assets at fair value through profit or loss include financial assets that are held-for-trading or are designated as at fair value through profit or loss at initial recognition.

The financial asset is classified as held-for-trading under one of the following situations:

1) it is acquired primarily for the purpose of selling in the near term

2) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

3) it is a derivative financial instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets are designated as at fair value through profit or loss at initial recognition under one of the following situations:

1) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

2) Performance of the financial asset is evaluated on a fair value basis.

3) Hybrid instrument contains one or more embedded derivatives.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on financial asset, including those earned in the year of investing.

Financial assets at fair value through profit or loss and designated as such at the time of initial recognition are classified as “financial assets at fair value through profit or loss” in the consolidated balance sheet. Changes in fair value are recognized in profit or loss as “gain or loss on financial assets and liabilities at fair value through profit or loss”.

(4) Held-to-maturity financial assets

Debt securities which the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity financial assets. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less provision for impairment.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate and transaction costs) through the expected life of the debt instrument or, when appropriate, a shorter period to the net carrying amount at initial recognition.

If an entity sells or reclassifies a held-to-maturity investment other than in insignificant amounts, all of its other held-to-maturity investments must be reclassified as available-for-sale financial assets for the current and next two financial reporting years.

(5) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investment, or financial assets at fair value through profit or loss.

Available-for-sale financial assets are recognized initially at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, fair value changes due to gain or loss on foreign exchange, interest income calculated using the effective interest method and dividend income on available-for-sale investment are recognized in profit or loss. Other fair value changes were recognized in other comprehensive income until the investment was disposed of or impaired, whereupon the cumulative gains and losses previously recognized in other comprehensive income were reclassified to profit or loss as a reclassification adjustment.

Dividend income is recognized in profit or loss when the Group became entitled to the dividend.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss and are recognized in a separate line item as financial assets at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

(6) Financial assets at cost

At initial recognition, the costs of the equity investments without active market are valued at fair value plus the acquisition costs. The fair value of these assets can be reliably measured if:

1) The variable interval of reasonable fair value estimates are not significant for that asset.

2) The probabilities of the various estimates within the interval can be reasonably assessed and used when measuring fair value.

If a financial asset does not meet both of above conditions, it can not be measured at fair value. Therefore, it is classified as financial asset at cost.

(7) Bond investments without active market

Bond investments without active market are debt investments with fixed or determinable payments that are not quoted in an active market. At initial recognition, the costs of the financial assets are valued at their fair value plus the acquisition costs. Disposal gain or loss is recognized in profit or loss upon derecognition. Bond investments without active market are measured at amortized cost using the effective interest method.

(8) Other financial assets

Other financial assets not classified into the abovementioned financial assets are mainly structured deposits which have rights to collect cash or other financial instruments from counterparties through the contracts. Structured deposits that the Group engaged are recorded at cost as stated in the contracts, and the interest rates are linked to market rates and other financial benchmarks. Interest income thereon is recognized after holding the structured deposits to maturity. Impairment of principals may occur when investors terminate the contract before the maturity date.

(b) Financial liabilities

(1) Short term bonds

Bonds issued under repurchase agreement in financing activities are recorded to short-term debts-notes and bonds issued under repurchase agreement at trading date. When the bonds are repurchased, the difference between the repurchase price and original sale price is recognized as interest expenses.

(2) Financial liabilities at fair value through profit or loss

Financial liabilities held-for-trading and designated upon initial recognition are classified as financial liabilities at fair value through profit or loss.

A financial liability is classified as held-for-trading if:

1) it is acquired or incurred principally for the purpose of selling or repurchasing in the near term;

2) on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

3) it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial liability held-for-trading also includes obligations to deliver financial assets borrowed by a short seller.

Financial liabilities at fair value through profit or loss and those designated as such at initial recognition are recognized as "financial liabilities at fair value through profit or loss" in the consolidated balance sheet. The changes in fair value are recognized as "gain or loss on financial assets and liabilities at fair value through profit or loss" in the consolidated statement of comprehensive income. However, the amount of change in the fair value of the financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, except that the treatment would create or enlarge accounting mismatch or it is a financial guarantee contract, and in this case, an entity shall present all gains or losses on that liability in profit or loss.

(3) Bonds payable

The initial recognition of financial liabilities measured at amortized cost is valued at fair value after deducting transaction costs. After initial recognition, bonds payable is measured at the effective interest method and the interest is recognized in profit or loss during the outstanding period of bonds.

(c) Determination of fair value

Please refer to Note 6 for the fair value of financial instruments and information of fair value hierarchy.

(d) Derecognition of financial assets and liabilities

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

When the Group conducts security lending or borrowing or uses bonds or stocks as collateral for transactions under repurchase agreement, it does not decommission the financial instruments because almost all the risk and reward of the ownership remain with the Group. When the Group executes securitization and part of the risk remains with the Group, the financial assets are not decommissioned either.

When the Group derecognizes a financial asset, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that is recognized in other comprehensive income is recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled, or expires.

(e) Reclassification of financial assets

IAS 39 as endorsed by FSC applies to the reclassification of non-derivative financial assets.

Under IAS 39 as endorsed by FSC, the following principles are adopted relating to the reclassification of financial instruments:

(1) No reclassification of derivative instrument is made out of the fair value measured through profit or loss category while it is held or issued.

(2) No reclassification is made of any financial instrument out of the fair value measured through profit or loss category if it was designated as at fair value measured through profit or loss at initial recognition.

(3) If a financial asset is no longer held for the purpose of selling or repurchasing it in the near term, it is reclassified out of the fair value measured through profit or loss category, but only in rare circumstances.

(4) No reclassification is made of any financial instrument into the fair value measured through profit or loss category subsequent to initial recognition.

(5) If, as a result of a change in intention or ability, it is no longer appropriate to classify an investment as held-to-maturity, it is reclassified as available-for-sale and remeasured at fair value, and the difference between its carrying amount and fair value is recorded in other comprehensive income.

(6) No reclassification is made of any financial assets as held-to-maturity if during the current financial year or during the two preceding financial years, more than an insignificant amount of held-to-maturity investments were sold or reclassified before maturity. Any remaining held-to-maturity investments are reclassified as available-for-sale.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated balance sheet if, and only if, the Group has legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(g) Interest income

Except for financial assets and liabilities reported at fair value through profit or loss, all interests of interest-bearing financial instruments are accrued using the effective interest rate method and are accounted for as interest revenue in consolidated statements of comprehensive income.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest revenue is calculated using the interest rate to discount the future cash flows for the purpose of assessing impairment.

(h) Impairment of financial assets

(1) Financial assets at amortized cost, loans and receivables

At each reporting date, a financial asset or a group of financial assets is assessed whether there is objective evidence of impairment. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows of the asset that can be estimated reliably.

Objective evidence that a financial asset or a group of financial assets is impaired includes:

1) Significant financial difficulty of the issuer or obligor;

2) A breach of contract, such as a default or delinquency in interest or principal payments;

3) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

5) The disappearance of an active market for that financial asset because of the issuer's financial difficulties; or

6) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

(I) Adverse changes in the payment status of borrowers in the group; or

(II) Changes in national or local economic conditions that correlate with defaults on the assets in the group

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Except for estimating the allowance for bad debts arising from the impairment loss above, the allowance for doubtful accounts should be complied with the regulations under the " Guidelines for Handling Assessment of Assets, Loans Overdue, Receivable on Demand and Bad Debts by Insurance Enterprises". The amount of the allowance for doubtful accounts is decided based on the aforementioned two methods, whichever results in higher allowance for doubtful accounts.

(2) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

(3) Financial assets at cost

When there is objective evidence that financial assets at cost are impaired, impairment losses are recognized in profit or loss and shall not be reversed subsequently.

(4) Investments accounted for using equity method

In accordance with IAS 39 Financial Instruments: Recognition and Measurement, the Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the share of profit or loss of an associate in the statement of comprehensive income as required by IAS 36 Impairment of Assets. If using the investment's value in use as the recoverable amount, the Group determines the value in use based on the following estimates:

1) its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

2) the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill included as part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for goodwill impairment testing in IAS 36 Impairment of Assets.

(i) Derivative financial instruments, including hedge accounting

Derivatives are initially recognized at fair value on the contract date and are subsequently remeasured at their fair value. Fair value is determined by using quoted prices in an active market, recent market prices and valuation techniques that include discounted cash flow models and option pricing models. If the result of its valuation at fair value is positive, a derivative instrument is classified as a financial asset, otherwise it is classified as a financial liability.

An embedded derivative shall be separated from the host contract and accounted for as an derivative if the economic characteristics and risk of the embedded derivative is not closely related to the host contract and a separated instrument with the same terms as the embedded derivative would meet the definition of a derivative, unless the hybrid instrument is designated as at fair value through profit or loss.

When a derivative instrument is designated as a hedging instrument, gains or losses arising from change in fair value is recognized based on the type of hedging relationship.

The Group designated certain derivative financial instruments as hedging instrument for cash flow hedge accounting.

(1) Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument shall be recognized as "gains (losses) on financial assets or liabilities at fair value through profit or loss" in the consolidated statement of comprehensive income.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income shall be reclassified from equity to profit or loss in the same period or periods as assets obtained or liabilities borne resulting from the hedged cash flows that affect profit or loss.

When the hedging instrument is expired, sold, or no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, in which case any related cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective shall be reclassified from equity to profit or loss as "gains (losses) on financial assets or liabilities at fair value through profit or loss".

(2) Non-qualifying hedging derivatives

When a derivative does not meet the conditions for hedging accounting, all changes in its fair value are recognized immediately in profit or loss as "gains (losses) on financial assets or liabilities at fair value through profit or loss".

(H) Securities lending

The Group lends securities through the Taiwan Stock Exchange. For fixed-rate and competitive auction transactions, the securities lending fee shall be calculated on a daily and trade-by-trade basis. The total securities lending fee is an accumulative total of the daily closing price multiplied by the outstanding balance of loaned securities and the securities lending fee rate. The securities lending fee is paid by the securities firms at the time of returning loaned securities.

(I) Investment in associates

An associate is an entity in which the Group has significant influence over its financial and operating policies but has no control over it. Investments in associates are accounted for using the equity method and are recognized at cost on acquisition. The cost of investment includes transaction cost.

The carrying amount of investment in associates includes the goodwill identified in initial investment less any accumulated impairment loss. The consolidated interim financial statements include the profit or loss and other comprehensive income recognized based on the equity holding ratio of the invested associates from the date that the Group has significant influence over the investees until the date that the Group loses the significant influence. The accounting policies of the investees and the Group shall be reconciled before the amount is presented in the financial statements.

Unrealized gains resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. The method to eliminate the unrealized losses is the same as that for the unrealized gains but the elimination is limited to the extent that there is no evidence of impairment.

When the Group's share of losses of the associates equals or exceeds its interest in the associates, the Group discontinues recognizing its share of further losses. The Group only recognizes additional losses and relevant liabilities to the extent that it has incurred legal or constructive obligations or has made payments on behalf of the investee.

(J) Joint venture

Jointly controlled entity is an entity which is established as a result of a contractual arrangement between the Group and other ventures to jointly control over its financial policy and operating policy. Consensus for all decisions must be obtained from the ventures. The Group uses equity method to account for the jointly controlled entity.

(K) Lease

(a) Lessor

A lease, of which the Group has not transferred substantially all the risks and rewards incidental to ownership, is classified as an operating lease. Initial direct costs incurred by lessors in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income.

Lease income from an operating lease ought to be recognized in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Incentives for the agreement of an operating lease shall be recognized as a reduction of rental income over the lease term on a straight-line basis.

Contingent rent is recognized as revenue when the leasing adjustment is confirmed.

(b) Lessee

Leases which require the Group to assume substantially all the risks and rewards of ownership of a leased asset are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the leased asset is accounted for in accordance with the related accounting policy.

Other leases are operating leases and are not recognized in the Group's consolidated balance sheet.

Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized as an expense on a straight-line basis over the term of the lease. Lease incentives received are recognized and amortized on a straight-line basis to decrease lease expenses over the term of the lease.

Contingent rent is recognized as expense when the leasing adjustment is confirmed.

If a property held under an operating lease meets the definition of investment property, it may be classified as investment property and measured at fair value. This classification option is applicable upon each property interest on property-by-property basis. Furthermore, the aforementioned lease shall be accounted for as if it were a finance lease and recognized at the lower of the fair value of the asset and the present value of the minimum lease payments. The same amount of liability is recognized at the same time.

(L) Investment property

Investment property held by the Group is either to earn rental income or for capital appreciation or both, rather than for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes, including property held under operating lease. Investment property is measured at cost on initial recognition, including transaction costs. Cost includes expenditure that is directly attributable to the acquisition of the investment property. Costs of self-constructed investment property include the cost of raw materials and direct labor, and any other costs and capitalized costs directly attributable to bring the investment property to a working condition for its intended use. Investment property is subsequently measured at fair value, with any change in fair value shall be recognized in profit or loss. Except the property that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", investment property is accounted for in accordance with IAS 40 "Investment property".

Investment property should be derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal and recognized in profit or loss.

The Group transfers investment property in or out based on its actual use. Transfers between categories should be based on market values and accounting treatment should be conducted in accordance with IAS 40 "Investment property".

(M) Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes any cost directly attributable to the asset and the initial estimated of the cost of dismantlement, removal or restoration.

As the Group has obligations for dismantling, removing and restoring the site on which an item of property, plant and equipment is located, the present value of the cost of the obligation should be recognized as provision.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group and the value of the expenditure can be measured reliably. The carrying amount of those parts that are replaced is derecognized. Significant renewals and improvements meeting the recognition criteria are treated as capital expenditures, on-going repairs and maintenance are expensed as incurred.

Land is not depreciated. Other assets are depreciated on a straight line basis over the estimated useful lives. For the lease asset, if there is reasonable certainty that the Group will obtain ownership by the end of the lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated over the shorter of the lease term and its useful life. The estimated useful lives of property, plant and equipment are as follows:

(a)	Buildings	5-50 years
(b)	Transportation and communication equipment	3-5 years
(c)	Computer and other equipment	3-10 years

The residual values and useful lives of depreciable fixed assets are reviewed at each reporting date. If expectations of depreciation method, useful life and residual value differ from the previous estimates, the change is accounted for as a change in an accounting estimate. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined on the difference between the net disposal proceeds, if any, and carrying amount of the item, and is recognized in profit or loss.

When the holding purpose has changed from own use to investment, the real estate should be reclassified as investment property at fair value. Any resulting increase in the carrying amount due to the fair value at the date of transfer is recognized in profit or loss to the extent of previously accumulated impairment of that property and equipment. The remaining part of the increase is recognized in “Other comprehensive income－Revaluation of real estate property” and accumulated in ”Other equity items－Unrealized revaluation surplus.” Any resulting decrease in the carrying amount should be recognized in profit or loss.

(N) Superficies

Superficies are classified as finance leases or operating leases in accordance with IAS 17. If a superficies is classified as an operating lease, contract value and necessary expenditures should be recognized as prepaid expenses at the beginning of the contract term (on the completion day of registration) and amortized during the superficies period. If a property is developed for investment or owner-occupied purposes, the contract value amortized during the construction period should be recognized as the cost of building. For the superficies held under operating lease but accounted for as if it were a finance lease, please refer to Note 4(K) for the lease accounting policy.

(O) Reinsurance

The Group arranges the reinsurance business based on the business need and the related insurance laws to limit the losses caused by certain events. For reinsurance ceded business, the Group cannot refuse to fulfill their obligations to insured even if the reinsurer refuses to fulfill its obligation.

Reinsurance assets, claims recoverable from reinsurers, reinsurance receivable and funds held by ceding companies are periodically assessed for impairment. If the reinsurance asset is impaired, its carrying amount is reduced accordingly and impairment loss thereon is recognized in profit or loss. A reinsurance asset is impaired if, and only if there is objective evidence that the Group may not receive all amounts due them under the terms of the contract as a result of an event that occurred after initial recognition of the reinsurance asset; and the impact of that event to the amounts that the Group will receive from the reinsurer can be measured reliably.

The Group evaluates the effects of reinsurance with another insurer to whom insurance risks are ceded. If reinsurance contracts only cede significant insurance risks (excluding the underwriter risk and time risk), the reinsurance contract is accounted for using deposit accounting. Under this deposit accounting, the insurance premium minus the Group’ s retained reinsurance premium (or fee) is recognized as a deposit asset or liability.

Changes in amount of the deposit component are charged to profit or loss. Interests arising from the deposit component for the contracts which does not transfer any risk or transfers the timing risk only are recognized as interest income or expense and calculated based on the effective interest rates which are determined by the estimates of future cash flows.

(P) Intangible assets

Intangible assets meeting the relevant recognition criteria are initially measured at cost. The cost of intangible assets acquired in business combinations is the fair value at the acquisition date. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives; intangible assets with indefinite useful lives are not amortized. Most of the Group’s identifiable intangible assets are with finite lives and they are reviewed each reporting period to assess whether future economic benefits have impaired or changed.

The Group selects the cost model to measure subsequent to acquisition. Intangible assets with indefinite useful life are assessed for impairment when they are reviewed each reporting period or when there is an indication of impairment of an asset.

(a) Goodwill

Goodwill is not amortized, but it should be tested for impairment annually or when there is an indication of impairment of goodwill. In terms of investments under equity method, the carrying amount of good is included in the carrying amount of the investments and the impairment losses of such investments are not distributed to goodwill and any other assets. The impairment losses are part of the carrying amount of the investments.

(b) Computer software

Computer software is either software acquired or cost incurred for business purposes. The cost of computer software purchased is capitalized and amortized using straight-line method over its useful life. The estimated useful life of computer software is 3 to 10 years.

(Q) Impairment – Non financial assets

At each reporting date or as circumstance changes, the Group assesses non-financial assets for any indication of impairment in which the recoverable amount of an asset is less than its carrying amount. If the recoverable amount of an asset is less than its carrying amount, the difference between the recoverable amount and carrying amount is recognized as impairment loss. Assets are grouped together into the smallest group of identifiable assets (cash-generating unit) that generates cash inflows. Impairment test is also applied to an individual asset when its fair value less selling cost or its value-in-use can be reliably measured. Impairment loss on non-financial assets (other than goodwill) recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the entity shall estimate the recoverable amount of that asset.

An impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount, as a reversal of a previously recognized impairment loss.

The recoverable amount of goodwill, an intangible asset with an indefinite useful life, and an intangible asset that is not yet available for use are regularly assessed. If the recoverable amount of any of these assets is lower than its carrying amount, impairment loss is recognized. An impairment loss in respect of goodwill is not reversed in subsequent years.

(R) Statutory deposits

In accordance with the ROC Insurance Law, Fubon Life Insurance deposits with the Central Bank of China an amount equal to 15% of its issued capital as guarantee for its insurance business. Fubon Life Insurance made these deposits in the form of government bonds which were approved by the Ministry of Finance.

In accordance with the regulations of Vietnam, an insurance company shall deposit operation guarantee to a local bank at an amount equal to 2% of its paid-in capital and accrue interest income thereon at negotiated interest rate. This guarantee deposit can only be utilized when the liquidity is insufficient and is not refundable until the insurance company discontinues its operation and its liquidation is completed.

(S) Separate account insurance product

The Group is engaged in selling investment-linked insurance policies. The payment of premiums, net of administrative expenses, is recorded in a separate account and is used only in the way agreed to by the policyholder. The assets in this separate account are measured at market value on valuation date. Net assets value is determined in accordance with related government regulations and TIFRS.

Regardless of whether or not the assets and liabilities arise from insurance contracts or investment contracts, such assets and liabilities are recorded as " Assets on insurance product, separate account" and " Liabilities on insurance product, separate account" , respectively.

The income and disbursements recorded in the separate account for the insurance product are the total income and expense amount of insurance product which conform to the definition of the insurance contract under IFRS 4 endorsed by the FSC and are recorded as " Income on insurance product, separate account" and " Disbursements on insurance product, separate account", respectively. Therefore, the net amount of premium of insurance product which is classified as insurance contract minus the preliminary charge and account management fee is recognized as income. The difference between the proceeds from the disposal and the original cost of financial assets or the change in the fair value thereof is recognized in profit or loss.

The financial assets and liabilities arising from the insurance products, separate account which are classified as investment contracts, are evaluated based on IAS39. Therefore, the amount collected or paid is recognized as financial liabilities and assets in separate account, instead of revenue or expense, respectively. The difference between the proceeds from the disposal and the original cost of investment contracts or the change in the fair value thereof is charged to "Reserve-Investment contract", instead of profit or loss.

(T) Insurance liability

The reserve for both the insurance contracts and the investment contracts with or without discretionary participation feature of the Group determines reserves for insurance contracts in accordance with the Regulations Governing the Provision of Various Reserve. The methodologies used to determine the reserve are certified by the appointed actuary who is authorized by the Financial Supervisory Commission Executive Yuan. Except for the reserve for short-term group insurance which shall be calculated on the actual premiums or the premiums conforming to the rule prescribed in Tai Tsai Bao No 852367814 letter, whichever is higher, the bases for determining other reserves or provision for liabilities are as follows:

(a) Unearned Premiums Reserve

Unearned premium reserves for effective insurance contracts with a term below 1 year and injury insurance contracts with a term over 1 year are calculated based on the gross premiums of the insurance contracts which do not matured yet on the balance sheet date.

(b) Claim reserve

Claim reserve is provided based on the incurred but not reported claims and reported but unpaid claims. For reported but unpaid cases, the claim reserves are provided based on the actual claim case by case. For incurred but not reported cases, the reserves are provided as follows:

(1) Health insurance and life insurance with a term below 1 year:

The reserve is provided based on historical claim experiences and expenses along with the insurance types via the method conforming to actuarial principles (eg: Loss Development Triangle Method).

(2) Injury insurance

The reserve is provided based on historical claim experiences and expenses via the method conforming to actuarial principles (eg: Loss Development Triangle Method).

(c) Liability reserve

The provision for future policy benefits is calculated in accordance with both the modified method of article 12 of the Enforcement Rules of Insurance Law and the calculation prescribed by the competent authority.

Starting from 2003, for effective insurance contracts which adopt the dividend calculation formula prescribed under the Tai Tsai Bao No. 800484251 letter, the policy reserve is provided based on the currently reduced amount of dividend caused by the offset between interest margin and mortality margin for long term effective insurance contracts.

Starting from 2012, in accordance with the Gin Guan Bao Tsai No. 10102500530 letter and Article 11 of Value-added and Non-value-added Business Tax Act, a liability reserve based on 3% of sales is provided for purposes of writing off overdue loans or providing allowance for bad debts when the percentage of overdue loans is lower than 1%.

When the Group chooses to adopt the fair value model for investment property, fair value assessment for insurance liability should also be adopted. If fair value of insurance liability exceeds book value, liability reserve should be provided by the difference and adjust retained earnings. Starting from 2014, the Group changed the measurement subsequent to initial recognition of investment property from a cost model to fair value model. Assessed in accordance with the Gin Guan Bao Tsai No. 10302501161 order issued on March 21, 2014, the fair value of insurance liability does not exceed book value; therefore, additional liability reserve is not provided.

(d) Special reserve

(1) The special reserve provided for retention business with a term within 1 year is divided into 2 categories, which are special catastrophic reserve and special contingency risk reserve. The methods for providing these reserves are as follows:

1) Special catastrophic reserve

A special catastrophic reserve covering all types of insurance is provided at a rate prescribed by the competent authority. For the actual catastrophic claim exceeding $30,000, the excess amount is offset against special catastrophic reserve. For special catastrophic reserve that remains outstanding for over 15 years, it is written off based on the evaluation of an actuary and after being reported to the competent authority for inspection. The above-mentioned new provision of special catastrophic reserve, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

2) Special contingency risk reserve

If the net amount of actual claim minus the related special catastrophic reserve is lower than the amount of expected claim, a special contingency risk reserve is provided at a rate of 15% of the difference between the net amount of actual claim and the amount of expected claim.

If the net amount of actual claim minus the related special catastrophic reserve is higher than the expected claim amount, the difference is debited to special contingency risk reserve. However, the amount and type of insurance are reported to the competent authority for inspection. If the total accumulated amount of the special contingency risk reserve is over 30% of the matured retention premium of the year for Fubon Life Insurance, the excess is treated under reclaim rule. The balance for write down or reclaim, net of income tax, is offset against the special reserve for contingency risk of equity in accordance with IAS 12.

The above-mentioned new provision of special reserve for contingency risk, net of income tax pursuant to IAS 12, is accounted for under special reserve of stockholders' equity.

(2) The pre-bonus pre-tax income of participating life insurance policies sold by the Group is assessed separately at the end of the year, in accordance with the Regulations. The income and expense allocation of participating and non-participating life insurance policies is also assessed according to the guidelines, and is reported to the competent authority. Such income is credited/debited to "special reserve - provision for bonus of participating policy". This reserve is written off on the date of bonus announcement. If this reserve is insufficient, an additional "special reserve - provision for risk of bonus" is made to cover for the deficiency.

(3) In accordance with the provision of article 32 item of 4 of “Regulations Governing the Preparation of Financial reports by Insurance Companies”, except the excess amount of fixed assets measured at fair value is offset against the adverse impacts of other reserves caused by first adoption of TIFRSs, the difference generated from the revaluation surplus of fixed assets is accounted for under special reserve of liability. Additionally, commencing from January 1, 2013, the excess amount of the enhancement of liability reserve, calculated in accordance with November 27, 2012 Gin Guan Bao Tsai Order No. 10102515285, could transfer to “liability reserve-Insurance contract liability measured at fair value” in accordance with November 30, 2012 Gin Guan Bao Tsai Order No. 10102515281. For remaining outstanding reserve, it is accounted for under special reserve of stockholders’ equity, either recognized by 80% of which at first year or recovered by 5 years with the restriction up to $10 billion dollars each year.

(e) Premium deficiency reserve

For life insurance, health insurance, and annuities contracts issued commencing from January 1, 2001, whose contract period is longer than one year, a special premium deficiency reserve is provided based on the unpaid premiums deficiency if the written premiums are less than those used for providing policy reserves.

In addition, for effective insurance contracts with a term below 1 year and insurance contracts against injury with a term over 1 year, a premium deficiency reserve is provided by type of insurance if the aggregate amount of unearned premium retention and expected future premium revenue is less than the estimated potential insurance claims and related future expenses.

(f) Liability adequacy reserve

Liability adequacy reserve is a reserve that is provided depending on the results of the liability adequacy test prescribed under IFRS 4 endorsed by the FSC.

In accordance with the “Code of Conduct of Actuarial Practice under IFRS 4” as pronounced by the Actuarial Institute of the Republic of China, the liability adequacy is tested by product type group (or on the overall Company contracts). Under this liability adequacy test, the net book value of the insurance liability minus the deferred acquisition costs and relevant intangible asset is compared to the estimated present value of future cash flow of the insurance contracts. If the net book value is less than the estimated present value of future cash flow of the insurance contracts, then the difference is recognized as current loss.

(U) Reserve for insurance with nature of financial instrument

In accordance with the “Regulations Governing the Provision of Various Reserves”, provision for financial instruments without discretionary participation feature is accounted for using deposit accounting.

(V) Reserve for foreign exchange fluctuation

Commencing from March 1, 2012, part of the special catastrophic reserve and contingency risk reserve covering all types of insurance is transferred to serve as the initial balance of reserve for foreign exchange fluctuation. Subsequent provision or write off of this reserve is made in conformity with the "Guidance for Reserve for Foreign Exchange Fluctuation of Life Insurance Enterprises". Additional provision for special reserve in stockholders' equity is made for the saved hedging cost annually. If the earnings of the year are insufficient to allow provision of special reserve, then it can be made in the subsequent years when there are sufficient earnings. The related special reserve is only used for capital increase or offset against accumulated deficit. In conformity with Article 9 of the "Guidance for Reserve for Foreign Exchange Fluctuation of Life Insurance Enterprises", if life insurance enterprises have earnings after tax in the current year, 10% of which shall be set aside as a special reserve.

(W) Insurance contracts

An insurance contract is a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". The Group defines significant insurance risk as the event which might lead to additional significant payment.

An insurance contract with financial Instruments features means the contract is able to transfer significant financial risk. Financial risk is the risk resulting from possible changes in one or more specified interest rate, financial instrument price, commodity price, foreign exchange rate, price index, tariff index, credit rating, credit index or other variable in the future. If the previously stated variables are non-financial variables, then the variables do not belong to any specific side of the contract.

Once a contract has qualified as an insurance contract, it remains an insurance contract until all rights and obligations are extinguished or expired, even if insurance risk becomes insignificant or non-existent. However, some contracts do not transfer any insurance risk to the Group at inception, although they do transfer insurance risk at a later time. In those cases, the contract is not considered an insurance contract until the risk transfer happens.

Insurance contracts and insurance contracts with financial instruments features can be further classified as to whether they are insurance with discretionary participation feature or not. Except for guaranteed benefits, a discretionary participation feature is a contractual right to receive. This right also has the following features as shown below:

(a) Likely to be a significant portion of the total contractual benefits;

(b) The additional payments or timing of distribution belong to the Group's discretionary participation and

(c) The additional payments are contractually based on:

(1) The performance of a specified pool of contracts or a specified type of contract;

(2) Return on investment of specific asset portfolio, or

(3) The profit or loss of the Group, fund or other entity.

An embedded derivative is accounted for separately from the host contract when it is not closely related to the host contract, and the contract is measured at fair value through profit or loss. If the embedded derivative conforms to definition of an insurance contract, the Group need not recognize it separately, except when the entire contract is measured at fair value through profit or loss.

(X) Revenue recognition

(a) The Company

(1) Premium income and policy acquisition cost

For insurance contracts and financial products with discretionary participation feature, the first and the subsequent period premium is recognized as revenue when the insurance underwriting process is complete and the date for premium payment is due. The policy acquisition costs, such as commission expenses, are recognized as current expenses when the insurance contract becomes effective.

Premiums on insurance contracts, which do not belong to investment-linked insurance and which are classified as financial products without discretionary participation feature, are recognized as "provision for insurance contracts with financial product features". The insurance acquisition costs are offset against "provision for insurance contracts with financial product features" when the insurance contracts become effective.

Premiums on insurance contracts, which belong to investment-linked insurance and which are classified as financial products without discretionary participation feature, are recognized as "Liabilities on Insurance Product – Separate Account", net of related expenses such as the front-end load and investment administration service charge. The insurance acquisition costs relating to investment administration service, including commission expenses and additional charges for the issuance of new contracts, are recognized as "deferred acquisition costs".

(2) Accounting for service charge on investment-linked insurance contracts classified as financial products without discretionary participation feature.

The service charges normally collected from the policyholder of insurance contracts, which do not belong to investment-linked insurance and which are classified as financial products non- discretionary participation feature, include contract administrative charge, investment administrative charge, rescinding charge and others. These charges are recognized as revenue upon collection. When the Company receives certain service charge which makes them obligated to provide future service (ex: front-end load), this service charge is initially treated as a deferred revenue and is recognized as revenue when the service is provided.

(b) Subsidiary: Fubon Life Insurance (Vietnam) Co., Ltd.

The recognition of income and expenses for the insurance industry is in accordance with the relevant accounting standards published by the local government. Premium income from direct insurance business typically follows common insurance practice. When the insurance premium is received and the receipt is issued, the income should be recognized for the fiscal year. Relevent expenditure, such as commission expense and underwriting expense, should be recognized under the accrual basis of accounting.

(c) Subsidiary: Fubon Life Insurance (Hong Kong) Co., Ltd.

Premium income from direct insurance business typically follows common insurance practice. The first installment premium is recognized at the time of receipt and upon the completion of the insurance policy. Renewal premiums are recognized on receivable basis. Expenses for acquiring policy such as commission expense etc. are recognized as current expenses along with the recognition of premiums.

(Y) Employee benefits

(a) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Overseas subsidiaries have implemented defined benefit plans which are subject to local laws to make contributions on a regular basis and recognize as an employee benefit expense in the current period.

(b) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’s net obligation in respect of defined benefit pension plans is calculated, performed annually by a qualified actuary using the projected unit credit method, separately for each plan by discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost. The fair value of any plan assets from the present value of the defined benefit obligation should be deducted.

The discount rate should be reflected the estimated timing of benefit payments, and it also shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.

When the benefits of a plan are improved, any related costs added in current period due to the employees' past service should be recognized in profit and loss immediately.

Determining the re-measurements of the net defined benefit liability (asset), to be recognized in other comprehensive income, comprising: (1) actuarial gains and losses; (2) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (3) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The group transfers the amount reorganized in other comprehensive income to the retained earnings.

Gains or losses on curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting the change in the fair value of plan assets and the change in the present value of defined benefit obligation.

During the period, Pension costs are calculated using an actuarial basis in accordance with the pension cost rate from the beginning to the end; adjustments will be made due to major market volatility in the future, significant plan amendments, liquidation or other significant one-time events.

(c) Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(d) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(Z) Income Tax

Income tax expense is the aggregate amount in respect of current tax and deferred tax. Current and deferred tax is recognized in profit or loss for the period, unless the tax arises from a business combination or a transaction or event that is recognized outside profit or loss, either in other comprehensive income or directly in equity.

(a) Current income tax

Income tax expense is calculated by the pre-tax profit multiplied by management's estimated effective tax rate and is recognized under current income tax expense.

The 10% income tax for undistributed earnings calculated in accordance with the Income Tax Act is recognized as income tax expense the year in which the distribution proposal is approved in the shareholders' meeting.

(b) Deferred Tax

The measurement of deferred tax assets and liabilities should be based upon realized or expected future tax assets and liabilities at the consolidated balance sheet date or the date where the tax legislation has been established. Deferred tax is recognized as the temporary differences between the carrying amount of assets and liabilities in the consolidated interim financial statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that the taxable profits will be available against which those deductible temporary difference can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that neither affects the taxable profit nor accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill.

Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities are recognized for taxable temporary difference associated with investment in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

The Group and its parent company, under article 49 governing financial institutions, elect the financial holding company to be the tax payer and jointly declare and report consolidated profit-seeking enterprise income tax in accordance with the Income Tax Act.

(AA) Earnings per share

Earnings per share (EPS) is computed based on net income (or loss) divided by the weighted-average number of common shares outstanding during the period. The number of shares issued due to capitalization of retained earnings or capital surplus is retroactively adjusted.

(AB) Segment information

Operating segment is the component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The result of operating segment is regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Discrete financial information is available is from operating segment.

5. MAJOR SOURCES OF ACCOUNTING ASSUMPTIONS, JUDGMENTS AND ESTIMATION UNCERTAINTY

The preparation of the consolidated interim financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses in accordance with Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 - Interim Financial Reporting approved by the Financial Supervisory Commission. The management will continue assessing estimates and assumptions and recognize the change in accounting estimates in the period of the change and affected future periods.

Classification of financial assets involves significant judgments and has significant influence on amounts recognized in the consolidated interim financial statements. The management is required to apply judgments when classifying financial assets, and different classification will have effect on methods of accounting calculation and the Group's financial position and operating results.

The information below is related to major sources of underlying assumption and estimation uncertainty of future forecast, the assumption and estimation uncertainty may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(A) Impairment losses on loans, account receivables, and financial assets measured at amortized cost

The Group reviews loan portfolios and receivables to assess impairment on a regular basis. In determining whether an impairment loss should be recognized, the Group makes judgments as to whether there is any observable data indicating that an impairment loss occurs. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers, national or local economic conditions that correlate with defaults on the assets. For the purpose of assessing impairment, the management determines the future cash flows in the portfolio using estimates based on historical loss experience for financial assets grouped on the basis of similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to decrease any difference between estimated loss and actual loss.

The inherent risks of the impairment evaluation for financial assets include the following:

(a) The actual result in the market may differ from the expectation,

(b) The event and the condition may change in the future and differ from the original estimations and assumptions, or

(c) The Group may decide to sell its related assets due to the changes in condition in the future.

(B) Fair value of financial instruments

Pricing of non-active market or non-open market financial instruments are based on pricing model and pricing quoted from counter parties. If pricing model was used to determine the fair value, the data input into the model should be based on observable information and not human inputs. The observable information is based on long-term stability of the market parameters to avoid differences caused by the changes in source data. Testing and verification has to be done repeatedly to achieve the adequate results.

Note 6(AA) for the sensitivity analysis of financial instruments.

(C) Fair value of investment property

The fair value of investment property is derived from valuation techniques, such as income approach, sales comparison method or cost approach. Assumptions which are used in applying valuation techniques will have impacts on the fair value of investment property.

(D) Insurance liability and provision for investment-linked insurance contracts

The Group measures insurance liabilities in accordance with “Regulations Governing the Provision of Various Reserves”.

Provision of life insurance liability reserve applies lock-in assumption, under which fixed interest rate at the time the policy is issued, instead current market interest rate, is used for providing this reserve.

Reserve for unearned premium is calculated according to the risk of respective insurance, and is decided by the actuary based on the characteristic of respective insurance.

Claim reserve is estimated by Loss Development Triangle Method. The final claim cost is calculated using primary assumptions including claim development factor and expected claim rate. The claim development factor and the expected claim rate are based on the historical claim experience and adjusted by the Group policy such as charge rate and claim management.

The estimation of liability adequacy test follows the "Code of Conduct of Actuarial Practice for the Statements of Financial Accounting Standards No 4" pronounced by the Actuarial Institute of the Republic of China. When the Group assesses liability adequacy reserve, the estimated present value of the future cash flow of insurance contract is based on the reasonable estimate of future insurance payment, premium revenue and relevant expenses. Please refer to Note 6(S).

The professional judgment applied to the above-mentioned liability evaluation process will affect the amount recognized for net change in insurance liability, net change in investment-linked insurance contract, insurance liability and provision for investment-linked insurance contract.

6. DETAILS OF MAJOR ACCOUNTS

(A) Cash and cash equivalents

The details of this account are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 33,786	31,836	29,173
Cash in bank	94,047,364	108,151,801	103,907,563
Cash equivalents	39,164,656	68,647,954	134,914,456
	$ 133,245,806	**176,831,591**	**238,851,192**

(B) Financial assets and liabilities

(a) The details of the financial assets are as follows:

(1) Financial assets at fair value through profit or loss:

	June 30, 2017	December 31, 2016	June 30, 2016
Forward exchange contracts	$ 536,334	784,436	991,398
Foreign exchange swaps	791,016	200,049	4,981,209
Total	**$ 1,327,350**	**984,485**	**5,972,607**

(2) Available-for-sale financial assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Treasury bonds	$ -	2,964,821	5,254,368
Stocks	495,916,627	406,434,185	349,610,451
Government bonds	233,189,821	276,929,925	242,107,583
Corporate bonds	248,302,059	279,066,689	300,592,742
Financial bonds	91,311,166	97,055,974	104,159,861
Beneficiary certificate	260,470,746	239,777,217	278,549,176
Asset securitization beneficiary certificate	116,360	142,456	144,640
Sub-total	1,329,306,779	1,302,371,267	1,280,418,821
Less: Accumulated impairment	(2,407,369)	(1,253,097)	(1,007,115)
Statutory deposits	-	-	(8,956,468)
Total	**$ 1,326,899,410**	**1,301,118,170**	**1,270,455,238**

For further information about the government bonds provided as pledged assets for the guarantee of derivatives and collateral for operation guarantee, please refer to Note 8 "pledged assets".

(3) Hedging derivatives assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Interest rate swaps	**$ 465,818**	**282,870**	**1,065,400**

(4) Financial assets at cost:

	June 30, 2017	December 31, 2016	June 30, 2016
Stock investments	$ 1,258,622	1,260,796	1,123,444
Less: Accumulated impairment	(103,247)	(103,247)	(103,247)
Total	**$ 1,155,375**	**1,157,549**	**1,020,197**

Stock investments held by the Group with no quoted market price and which fair value cannot be reliably measured, are stated at cost.

(5) Bond investments without active market:

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds	$ 61,956,475	29,868,027	15,401,674
Corporate bonds	578,842,134	515,636,354	418,344,232
Financial bonds	222,848,052	200,918,115	160,522,590
Zero-coupon bonds	443,840,861	415,189,710	424,149,278
Real estate mortgage bonds	28,296,776	32,688,848	35,837,749
Assets-backed securities	23,519,633	19,810,355	8,238,627
Asset securitization beneficiary certificate	145,196	-	-
Negotiable certificates of deposit	9,048,642	9,470,858	9,594,241
Total	**$ 1,368,497,769**	**1,223,582,267**	**1,072,088,391**

The bond investments without active market held by the Group with repurchase agreements in an inactive market:

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds	**$ 73,356**	-	**58,015**

(6) Held-to-maturity financial assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds	$ 26,672,497	26,668,623	25,173,189
Less: Statutory deposits	(10,332,106)	(10,331,070)	-
Total	**$ 16,340,391**	**16,337,553**	**25,173,189**

For more information regarding government bonds as operation guarantee, please refer to Note 8 "Pledged Assets".

(7) Other financial assets:

	June 30, 2017	December 31, 2016	June 30, 2016
Structured deposits	$ 34,802,729	31,242,824	30,684,148
Deposit reservation for settlement	27,738	35,455	38,642
Cash in bank	2,094,664	2,059,755	2,069,134
Less: statutory deposits-other	(1,297,243)	(1,298,366)	(1,298,879)
Total	**$ 35,627,888**	**32,039,668**	**31,493,045**

The deposit contracts are recorded at principal, and the interest revenue thereof is calculated at the normal market rate plus finance index (TAIBOR, or Constant Maturity Swap (CMS), etc.)

The statutory deposits mainly include demand deposit and time deposits provided as pledged assets and were reclassified to refundable deposits. Please refer to Note 8 "pledged assets" for further information.

(8) Financial liabilities at fair value through profit or loss:

	June 30, 2017	December 31, 2016	June 30, 2016
Derivatives			
Forward exchange contracts	$ 1,605,569	1,724,460	733,680
Foreign exchange swaps	5,791,119	12,432,239	219,696
Total	**$ 7,396,688**	**14,156,699**	**953,376**

(9) Hedging derivatives liabilities:

	June 30, 2017	December 31, 2016	June 30, 2016
Interest rate swaps	**$ 601,742**	**760,198**	**-**

(10) Loans:

	June 30, 2017	December 31, 2016	June 30, 2016
Life insurance loans	$ 49,193,890	48,166,793	46,493,323
Premium loans	10,611,755	10,370,197	10,113,733
Secured loans	120,744,225	108,768,843	93,281,192
Overdue receivables	8,098	3,114	938
Less: Allowance for bad debts	(1,811,285)	(1,631,579)	(1,399,232)
Total	**$ 178,746,683**	**165,677,368**	**148,489,954**

(11) The movements of allowance for bad debts of accounts receivable and loans are as follows:

	For the six months ended June 30,			
	2017		2016	
	Accounts receivable	Loans	Accounts receivable	Loans
Beginning balance	$ 105,890	1,631,579	93,630	1,315,564
Add: Current period bad debt expenses	1,748	179,706	6,091	83,668
Less: Exchange influence	(5)	-	(3)	-
Ending balance	$ 107,633	1,811,285	99,718	1,399,232

The impairment assessment of accounts receivable and loans are as follows:

	Accounts receivable			Allowance for doubtful debts		
Item	June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016
There is objective evidence of impairment						
Collective assessment of impairment	$ 117,841	116,005	129,131	106,130	104,526	98,483
There is no objective evidence of impairment						
Collective assessment of impairment	36,518,637	35,014,554	37,294,028	1,503	1,364	1,235
Total	$ 36,636,478	35,130,559	37,423,159	107,633	105,890	99,718

	Loans			Allowance for doubtful debts		
Item	June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	December 31, 2016	June 30, 2016
There is objective evidence of impairment						
Collective assessment of impairment	$ 401,648	381,437	352,203	63,089	60,227	57,878
There is no objective evidence of impairment						
Collective assessment of impairment	180,156,320	166,927,510	149,536,983	1,748,196	1,571,352	1,341,354
Total	$ 180,557,968	167,308,947	149,889,186	1,811,285	1,631,579	1,399,232

(b) The carrying amounts of investments managed by the discretionary investment management companies are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Cash and cash equivalents	$ 12,146,987	12,409,056	10,662,712
Stocks	24,290,229	16,682,623	28,343,985
Beneficiary certificates	558,255	569,288	4,534,311
Financial bonds	7,476,060	6,578,426	6,805,407
Corporate bonds	120,889,889	121,741,363	122,356,477
	$ 165,361,420	**157,980,756**	**172,702,892**

The limits of discretionary investment management agreements are as follows:

(Unit: thousands dollar)

	June 30, 2017	December 31, 2016	June 30, 2016
NTD	**4,000,000**	**4,000,000**	**4,000,000**
USD	**4,900,000**	**4,600,000**	**5,200,000**

(c) The Group assesses impairment for available-for-sale financial assets, financial assets at cost, bond investments without active market, and held-to-maturity financial assets based on whether there is objective evidence of impairment. Impairment losses recognized and/or reversed are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Impairment loss :				
Available-for-sale financial assets	$ (1,392,408)	-	(1,397,787)	-
Reversal of impairment losses:				
Bond investments without active market	-	2,514	-	13,071
Total	**$ (1,392,408)**	**2,514**	**(1,397,787)**	**13,071**

	June 30, 2017	December 31, 2016	June 30, 2016
Accumulated impairment	**$ 2,510,616**	**1,356,344**	**1,110,362**

(C) Derivatives and hedging accounting

(a) Derivatives

(1) The details of the derivatives are as follows:

	June 30, 2017		December 31, 2016		June 30, 2016	
	Book Value	Principal	Book Value	Principal	Book Value	Principal
Financial assets (liabilities)						
Forward exchange contracts	$ (1,069,235)	267,874,133	(940,024)	195,545,706	257,718	155,848,581
Foreign exchange swaps	(5,000,103)	930,931,050	(12,232,190)	832,685,580	4,761,513	813,978,846
Interest rate swaps	(135,924)	38,557,054	(477,328)	37,977,923	1,065,400	27,244,680
Total	$ (6,205,262)	1,237,362,237	(13,649,542)	1,066,209,209	6,084,631	997,072,107

(2) Derivatives are accounted for as follows:

	June 30, 2017			
	Forward Exchange Contracts	Foreign Exchange Swaps	Interest Rate Swaps	Total
Financial assets at fair value through profit or loss	$ 536,334	791,016	-	1,327,350
Financial liabilities at fair value through profit or loss	(1,605,569)	(5,791,119)	-	(7,396,688)
Hedging derivatives assets	-	-	465,818	465,818
Hedging derivatives liabilities	-	-	(601,742)	(601,742)
Total	$ (1,069,235)	(5,000,103)	(135,924)	(6,205,262)

	December 31, 2016			
	Forward Exchange Contracts	Foreign Exchange Swaps	Interest Rate Swaps	Total
Financial assets at fair value through profit or loss	$ 784,436	200,049	-	984,485
Financial liabilities at fair value through profit or loss	(1,724,460)	(12,432,239)	-	(14,156,699)
Hedging derivatives assets	-	-	282,870	282,870
Hedging derivatives liabilities	-	-	(760,198)	(760,198)
Total	$ (940,024)	(12,232,190)	(477,328)	(13,649,542)

	June 30, 2016			
	Forward Exchange Contracts	Foreign Exchange Swaps	Interest Rate Swaps	Total
Financial assets at fair value through profit or loss	$ 991,398	4,981,209	-	5,972,607
Financial liabilities at fair value through profit or loss	(733,680)	(219,696)	-	(953,376)
Hedging derivatives assets	-	-	1,065,400	1,065,400
Total	**$ 257,718**	**4,761,513**	**1,065,400**	**6,084,631**

As of June 30, 2017, December 31, 2016, and June 30, 2016 the Group does not possess derivatives through discretionary investment management agreement.

(3) The Group enters into forward exchange contracts, foreign exchange swap contracts, and interest rate swap contracts primarily to hedge against exchange risk from foreign-currency denominated investments and interest rate fluctuation risk from bond investments.

(4) The unrealized gain or loss resulting from changes in fair value is recognized in gain (loss) on financial assets or liabilities at fair value through profit or loss:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Total	**$ (28,335,269)**	**(13,425,654)**	**7,102,876**	**17,573,567**

(b) Hedge accounting

Cash flow hedge

The Group is exposed to cash flow risk of floating-rate assets held arising from variations in the market interest rates. The Group assessed that the risk might be significant, and therefore entered into interest rate swap contracts to hedge such risk.

The cash flow hedged items and derivatives designated as hedging instruments are as follows:

June 30, 2017				
Hedged Item	Hedging Instrument	Fair value of instrument	Period of anticipated cash flow	Period of gain (loss) expected to be recognized in profit or loss
Floating-rate bonds and secured loans	Interest rate swaps	$ (135,924)	2017.07.17~ 2024.06.27	2017.07.17~ 2024.06.27

December 31, 2016				
Hedged Item	**Hedging Instrument**	**Fair value of instrument**	**Period of anticipated cash flow**	**Period of gain (loss) expected to be recognized in profit or loss**
Floating-rate bonds and secured loans	Interest rate swaps	$ (477,328)	2017.01.16~ 2024.06.26	2017.01.16~ 2024.06.26

June 30, 2016				
Hedged Item	**Hedging Instrument**	**Fair value of instrument**	**Period of anticipated cash flow**	**Period of gain (loss) expected to be recognized in profit or loss**
Floating-rate bonds and secured loans	Interest rate swaps	$ 1,065,400	2016.07.15~ 2024.06.26	2016.07.15~ 2024.06.26

The gains or losses arising from the cash flow hedging were recognized as an adjustment of equity as follows:

Item	June 30, 2017	December 31, 2016	June 30, 2016
Current adjustment for shareholders' equity	$ 341,404	(1,139,304)	403,425
Transferred from shareholders' equity (recognized as deferred income tax assets (liabilities))	$ (58,039)	193,682	(68,582)

(D) Investments accounted for using equity method

The investment under equity method of the Group on the balance sheet date is as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Associates	$ 13,467,894	12,360,630	13,331,364
Joint ventures	434,076	541,337	785,660
Total	$ 13,901,970	12,901,967	14,117,024

(a) Associates

Relevant information of associates of the Group is as follows:

		Ownership interest and voting right percentage		
Name of associate	**Book Value**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
CITIC Capital Holdings Limited	$ 9,115,517	Percentage of ownership interests：18.00% Percentage of voting rights：21.37%	Percentage of ownership interests：18.00% (Note 1) Percentage of voting rights：21.37% (Note 2)	20.00 %
Hyundai Life Insurance Co., Ltd.	4,352,377	48.62 %	48.62 %	48.62 %
	$ 13,467,894			

(Note 1): CITIC Capital Holdings Limited completed cash offering on July 8, 2016. The Group did not purchase the new shares in proportion to the Group's current holding, causing the reduction of shareholding percentage.

(Note 2): CITIC Capital Holdings Limited converted part of ownership interests into nonvoting rights and interests on December 19, 2016. The Group's ownership interests are all valid right to vote, so that it increased the percentage of voting rights owned by the Group.

Summarized financial information of the individually immaterial associates accounted for using equity method was as follows. The financial information was included in the consolidated interim financial statements of the Group.

	For the three months ended June 30,		For the six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Attributable to the Group:				
Profit or loss after tax from continuing operations	$ (48,572)	19,258	(35,478)	(187,216)
Other comprehensive income	695,611	212,940	734,946	250,452
Comprehensive income	$ 647,039	232,198	699,468	63,236

(b) Joint venture interest:

The following summarized Fubon Property & Casualty Insurance Co., Ltd. financial adjustment information of the rights and the carrying amount within the financial report of the Group.

	June 30, 2017	December 31, 2016	June 30, 2016
Proportion of ownership interest	40 %	40 %	40 %
Assets	$ 6,771,816	7,155,938	6,617,319
Liabilities	$ 5,686,626	5,802,595	4,653,169
Net assets of the Group (carrying amount of joint venture)	$ 434,076	541,337	785,660

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Operating revenue	$ 1,133,422	1,005,865	2,254,025	2,106,058
Profit or loss after tax from continuing operations	$ (78,150)	(118,855)	(226,045)	(237,451)
Other comprehensive income	6,029	763	5,413	(30,880)
Comprehensive income	$ (72,121)	(118,092)	(220,632)	(268,331)

	For the three months ended June 30,		For the six months ended June 30,	
Attributable to the Group:	2017	2016	2017	2016
Profit or loss after tax from continuing operations	$ (31,260)	(47,542)	(90,418)	(94,981)
Other comprehensive income	2,411	305	2,165	(12,352)
Comprehensive income	$ (28,849)	(47,237)	(88,253)	(107,333)

(c) Guarantee

The Group does not pledge or guarantee any of its investments accounted for using equity method.

(E) Investment property

	Land	Buildings and other facilities	Construction in progress	Prepayments for building, land and equipment	Others	Total
Balance of January 1, 2017	$ 124,046,836	44,634,327	1,290,754	26,101	1,715,683	171,713,701
Addition	-	512,316	86,570	56,109	-	654,995
Gains (losses) on fair value adjustments	(105,223)	152,743	-	-	(14)	47,506
Reclassification	234,565	588,708	(486,185)	(1,074)	-	336,014
Movement due to exchange rate differences	13,445	91,532	-	-	(4,580)	100,397
Balance of June 30, 2017	**$ 124,189,623**	**45,979,626**	**891,139**	**81,136**	**1,711,089**	**172,852,613**
Balance of January 1, 2016	$ 121,121,805	42,717,925	635,510	2,524	2,428,187	166,905,951
Addition	1,221,127	6,944,378	278,268	5,728	-	8,449,501
Gains (losses) on fair value adjustments	1,577,536	(939,544)	-	-	-	637,992
Reclassification	(35,108)	(4,287)	-	(571)	-	(39,966)
Other changes	-	-	-	-	(5,228)	(5,228)
Movement due to exchange rate differences	(1,400,658)	(1,981,191)	-	-	(273,854)	(3,655,703)
Balance of June 30, 2016	**$ 122,484,702**	**46,737,281**	**913,778**	**7,681**	**2,149,105**	**172,292,547**

If a property held by the Group under an operating lease meets the definition of investment property, the operating lease is accounted for as if it were a finance lease. As of June 30, 2017, December 31, 2016, and June 30, 2016, the carrying amount of assets under finance lease was $212,303, $212,885 and $452,921, respectively. (Please refer to Note 6(L) - Accounts payable - the present value of the minimum lease payments.)

In accordance with the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, the Group engaged appraisers from professional valuation firms listing below to valuate the fair value of investment properties based on the Regulations on Real Estate Appraisal, and the appraisal dates are June 30, 2017, December 31, 2016, and June 30, 2016:

(a) DTZ Cushman & Wakefield Real Estate Appraiser Office: Yang Chang Ta, Lee Ken Yuan, Tsai Chia Ho, Hu Chun Chun

(b) Savills Valuation and Professional Services: Tai Kuang Ping, Chang Hung Kai, Chang Yi Chih, Yeh Yu Fen

(c) REPro International Appraisals: Wu Hong Hsu, Wu Chih Hao, Shih Fu Hsueh

(d) Jin Han Real Estate Appraisers Joint Firm: Wu Yu Chun, Hung Chi Hsiang

(e) G-Beam Real Estate Appraisers Firm: Chang Neng Cheng, Li Fang Cheng

(f) Colliers International Valuation (Taiwan) Ltd.: Ke Fong Ru, Chan Hsiu Ying, Ku Chien Hui

(g) Cheng Da Real Estate Appraisers Joint Firm: Hsiao Li Min, Liu Shih Kai

(h) Areos Real Estate Appraisers Joint Firm: Chen Bi Yuan

(i) Colliers International Valuation (Taiwan) Ltd. and Colliers International Valuation UK LLP: Ku Chien Hui, P C Willis, Patrick Kearon

(j) Jones Lang LaSalle Real Estate Appraiser Firm and Jones Lang LaSalle Limited：Tony Chao, Andrew Pirie, Elizabeth Levingston, James McTighe, David Holt, Roger Meeds

(k) REPro Knight Frank and Knight Frank LLP：Jackie Wu, Matthew Cripps

(l) DTZ Cushman & Wakefield Real Estate Appraiser Office and Winssinger & Associates S.A. (subsidiary of Cushman & Wakefield Group)：Charlie Yang、Emeric Inghels、Christophe Ackermans

(m) Jones Lang LaSalle Limited and Jones Lang LaSalle BVBA：Tony Chao, Roderick Scrivener

The fair value of investment property is valuated by the appraisers from market based evidence. Appraisal methods include Sales Comparison Method, Income Approach (including Direct Capitalization Method and Discounted Cash Flow Method, and Difference Rental Reduction Method), Cost Approach, and Cost Approach -Land Development Analysis, and so on.

Commercial office buildings are appraised by Sales Comparison Method and Income Approach mostly because of the market liquidity, comparable sale and rental cases in the neighboring areas. Shopping malls, hotels and department stores, given its characteristics, terms of lease contracts and reference of similar investment properties, are appraised mainly by Sales Comparison Method as well as Cost Approach, Direct Capitalization Method or DCF method of Income Approach. Special properties such as complex properties of malls and hotels or hospitals are appraised mainly by Cost Approach, as well as Sales Comparison Method, Direct Capitalization Method and DCF Method of Income Approach. On top of all the methods mentioned above, the Difference Rental Reduction Method of Income Approach is also used for superficies development projects.

Vacant land in development with building permit are appraised by Sales Comparison Method and Cost Approach -Land Development Analysis. Factories and buildings planned for urban renewal are appraised by Sales Comparison Method, Cost Approach and Land Development Analysis approach. Vacant land and superficies after completion of construction are appraised by the methods mentioned above regarding the nature of completed buildings.

Parameters primarily used are as below:

	June 30, 2017	December 31, 2016	June 30, 2016
	approx	approx	approx
Capitalization rate	0.98%~5.19%	0.99%~5.11%	0.59%~5.50%
Capitalization rate at the period end	1.81%~6.35%	1.83%~6.35%	1.78%~6.35%
Discount rate	2.30%~7.50%	2.30%~8.20%	3.08%~6.50%

External appraisers use the market extraction method, search several comparable properties similar to the subject property, and consider the liquidity risk and future disposal risk premium to decide the capitalization rate and discount rate.

The land value of Taichung Wenxin Office Building was recognized using the fair value model in 2014. During the construction period, the land was appraised by Sales Comparison Method and Land Development Analysis approach, and the building was recognized at its actual cost (construction in progress). After construction completed, as the Group obtained use permit and initial registration of construction ownership in June 2017, the appraiser used Sales Comparison Method and Direct Capitalization Method of Income Approach to assess the overall value of the real property, regarding the asset type changed from land to real property. The differences between overall fair value of the property and the value of land and construction in progress during construction period were insignificant.

The investment properties held by the Group are subsequently measured at fair value and are classified in the level 3 of the fair value hierarchy. The valuation techniques and significant inputs used by the professional appraisal firms are as follows:

(a) The direct capitalization method of the income approach: When the direct capitalization rate increases, the fair value of investment properties will decrease, and vice versa.

(b) The discounted cash flow analysis method of the income approach: When the discount rate and year-end income capitalization rate increase, the fair value of investment properties will decrease, and vice versa.

Investment properties are primarily held for lease under operating leases, and the main terms of these leases are the same as general lease contracts. Please refer to Note 6(F).

As of June 30, 2017, December 31, 2016, and June 30, 2016, investment properties owned by the Group were not pledged.

(F) Operating lease

(a) Lessee lease

For the movement of rents payable under operating lease, please refer to Note 9(A)

The Group leases a number of offices under operating leases. The leases typically run from 1 to 5 years with renewal options at the end of the lease. Some leases are subject to rent adjustment according to local price index or rental index to reflect market rent price.

The Group's rental expense for operating leases amounted to $186,240 and $159,150 for the three months ended June 30, 2017 and 2016, $348,752 and $318,277 for the six months ended June 30, 2017 and 2016, respectively.

For the lands leased under the creation of superficies, the lease period is between 50 to 70 years. The rents are determined based on certain percentage of the government published land value or the declared land value of the current period.

The Group's operating lease expenses- superficies, including minimum lease payments and contingent rents, are amounted to $197,429 and $255,188 for the three months ended June 30, 2017 and 2016, $425,854, and $510,376 for the six months ended June 30, 2017 and 2016, respectively.

(b) Lessor lease

The Group leases out investment property as operating leases, please refer to Note 6(E). For the maturity analysis of the future minimum rents receivable, please refer to Note 9(A).

	For the three months ended June 30,		For the six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Rental income of investment property	$ 1,502,243	1,506,007	2,962,080	2,976,016
Direct operating expenses arising from the investment property	$ 235,392	317,472	456,562	538,334
Direct operating expenses arising from the investment property that did not generate rental income during the period	$ 9,940	18,845	19,669	25,453

(G) Reinsurance assets

	June 30, 2017	December 31, 2016	June 30, 2016
Claims recoverable from reinsurers	$ 427,577	322,085	240,069
Due from reinsurers and ceding companies	470,031	475,714	479,675
Subtotal	897,608	797,799	719,744
Reinsurance reserve assets:			
Ceded reinsurance unearned premiums reserve	571,825	510,733	461,659
Ceded reinsurance claim reserve	87,198	70,039	92,921
Ceded reinsurance liability reserve	399	-	-
Subtotal	659,422	580,772	554,580
Total	$ 1,557,030	1,378,571	1,274,324

(H) Property, plant and equipment- net

	June 30, 2017			
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Book value
Land	$ 14,798,230	-	1,013,284	13,784,946
Buildings	4,684,003	621,732	45,259	4,017,012
Computer equipment	809,886	430,750	-	379,136
Transportation equipment	6,018	6,011	-	7
Other equipment	952,576	638,294	-	314,282
Leasehold improvements	948,471	774,371	-	174,100
Construction in progress	59,170	-	-	59,170
Prepayments for equipment	140,867	-	-	140,867
Total	$ 22,399,221	2,471,158	1,058,543	18,869,520

	December 31, 2016			
Assets	Cost	Accumulated Depreciation	Accumulated impairment loss	Book value
Land	$ 14,950,294	-	1,013,284	13,937,010
Buildings	4,743,104	573,390	45,259	4,124,455
Computer equipment	1,011,157	572,371	-	438,786
Transportation equipment	6,018	6,010	-	8
Other equipment	965,792	634,482	-	331,310
Leasehold improvements	1,072,071	882,538	-	189,533
Construction in progress	18,716	-	-	18,716
Prepayments for equipment	45,717	-	-	45,717
Total	$ 22,812,869	2,668,791	1,058,543	19,085,535

	June 30, 2016			
Assets	**Cost**	**Accumulated Depreciation**	**Accumulated impairment loss**	**Book value**
Land	$ 13,966,576	-	1,019,730	12,946,846
Buildings	4,579,590	523,459	45,259	4,010,872
Computer equipment	961,632	711,966	-	249,666
Transportation equipment	6,018	6,008	-	10
Other equipment	794,046	644,264	-	149,782
Leasehold improvements	1,047,585	907,371	-	140,214
Construction in progress	2,427	-	-	2,427
Prepayments for equipment	236,647	-	-	236,647
Total	**$ 21,594,521**	**2,793,068**	**1,064,989**	**17,736,464**

The changes in property, plant and equipment of the Group are as follows:

	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress	Prepayments for equipment	Total
Cost									
Balance of January 1, 2017	$ 14,950,294	4,743,104	1,011,157	6,018	965,792	1,072,071	18,716	45,717	22,812,869
Purchase and acquisition	-	-	10,167	-	34,187	24,460	35,535	104,994	209,343
Estimated decommissioning cost	-	-	-	-	-	7,400	-	-	7,400
Disposal	-	-	(211,912)	-	(29,200)	(152,661)	-	-	(393,773)
Written down decommissioning cost	-	-	-	-	-	(1,794)	-	-	(1,794)
Reclassification	(152,064)	(59,101)	2,041	-	(17,542)	458	4,919	(9,844)	(231,133)
Exchange influence	-	-	(1,567)	-	(661)	(1,463)	-	-	(3,691)
Balance of June 30, 2017	14,798,230	4,684,003	809,886	6,018	952,576	948,471	59,170	140,867	22,399,221
Accumulated depreciation									
Balance of January 1, 2017	-	573,390	572,371	6,010	634,482	882,538	-	-	2,668,791
Depreciation	-	58,463	62,444	1	35,682	43,067	-	-	199,657
Disposal	-	-	(203,672)	-	(29,115)	(148,790)	-	-	(381,577)
Written down decommissioning cost	-	-	-	-	-	(1,578)	-	-	(1,578)
Reclassification	-	(10,121)	-	-	(2,476)	-	-	-	(12,597)
Exchange influence	-	-	(393)	-	(279)	(866)	-	-	(1,538)
Balance of June 30, 2017	-	621,732	430,750	6,011	638,294	774,371	-	-	2,471,158
Accumulated impairment loss									
Balance of January 1, 2017	**$ 1,013,284**	**45,259**	-	-	-	-	-	-	**1,058,543**
Balance of June 30, 2017	**$ 1,013,284**	**45,259**	-	-	-	-	-	-	**1,058,543**

	Land	Buildings	Computer equipment	Transportation equipment	Other equipment	Leasehold improvements	Construction in progress	Prepayments for equipment	Total
Cost									
Balance of January 1, 2016	$ 13,931,468	4,574,732	934,410	6,018	765,083	1,019,096	1,108	43,562	21,275,477
Purchase and acquisition	-	-	21,538	-	27,040	44,608	1,319	230,321	324,826
Estimated decommissioning cost	-	-	-	-	-	1,687	-	-	1,687
Disposal	-	-	(1,119)	-	(21,736)	(18,264)	-	-	(41,119)
Written down decommissioning cost	-	-	-	-	-	(4,912)	-	-	(4,912)
Reclassification	35,108	4,858	7,239	-	23,830	5,822	-	(37,236)	39,621
Exchange influence	-	-	(436)	-	(171)	(452)	-	-	(1,059)
Balance of June 30, 2016	13,966,576	4,579,590	961,632	6,018	794,046	1,047,585	2,427	236,647	21,594,521
Accumulated depreciation									
Balance of January 1, 2016	-	468,493	666,915	6,006	647,977	900,570	-	-	2,689,961
Depreciation	-	54,966	46,229	2	18,038	29,922	-	-	149,157
Disposal	-	-	(1,091)	-	(21,691)	(18,084)	-	-	(40,866)
Written down decommissioning cost	-	-	-	-	-	(4,865)	-	-	(4,865)
Exchange influence	-	-	(87)	-	(60)	(172)	-	-	(319)
Balance of June 30, 2016	-	523,459	711,966	6,008	644,264	907,371	-	-	2,793,068
Accumulated impairment loss									
Balance of January 1, 2016	$ 1,019,730	45,259	-	-	-	-	-	-	1,064,989
Balance of June 30, 2016	$ 1,019,730	45,259	-	-	-	-	-	-	1,064,989
Net									
Balance of June 30, 2017	$ 13,784,946	4,017,012	379,136	7	314,282	174,100	59,170	140,867	18,869,520
Balance of December 31, 2016	$ 13,937,010	4,124,455	438,786	8	331,310	189,533	18,716	45,717	19,085,535
Balance of June 30, 2016	$ 12,946,846	4,010,872	249,666	10	149,782	140,214	2,427	236,647	17,736,464

Significant components of buildings include architecture constructions, engineering constructions, elevator equipment constructions, air conditioner constructions, and fire-prevention constructions. These are depreciated based on major useful lives of 50, 10, 15, 8, and 5 years, respectively or the remaining useful lives.

The Group arranged a finance lease of office equipments. The net book value of the leased office equipments was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Leased office equipments	$ 348	527	339

(I) Intangible assets

	June 30, 2017		
Asset	Original cost	Accumulated amortization	Book value
Computer software	$ 941,493	714,977	226,516

	December 31, 2016		
Asset	Original cost	Accumulated amortization	Book value
Computer software	$ 1,056,159	781,539	274,620

	June 30, 2016		
Asset	**Original cost**	**Accumulated amortization**	**Book value**
Computer software	$ 969,789	717,774	252,015

The changes of the computer software are as follows:

	Computer Software
Cost:	
Balance of January 1, 2017	$ 1,056,159
Purchase and acquisition	12,202
Disposal	(129,311)
Reclassification	9,049
Exchange influence	(6,606)
Balance of June 30, 2017	**$ 941,493**
Balance of January 1, 2016	$ 909,480
Purchase and acquisition	41,108
Reclassification	20,474
Exchange influence	(1,273)
Balance of June 30, 2016	**$ 969,789**
Accumulated amortization:	
Balance of January 1, 2017	$ 781,539
Amortization	64,738
Disposal	(128,231)
Reclassification	(221)
Exchange influence	(2,848)
Balance of June 30, 2017	**$ 714,977**
Balance of January 1, 2016	$ 654,209
Amortization	64,170
Exchange influence	(605)
Balance of June 30, 2016	**$ 717,774**

(J) Other assets

	June 30, 2017	December 31, 2016	June 30, 2016
Prepayments	$ 610,833	495,414	745,157
Prepayments- superficies	29,694,252	29,959,611	30,240,230
Deferred acquisition cost	380,680	361,993	353,442
Guarantee deposits paid	12,129,189	11,820,340	10,452,044
Other assets-other	1,412,270	874,014	977,736
Total	**$ 44,227,224**	**43,511,372**	**42,768,609**

Articles 141 and 142 of the Insurance Act require insurance industry to place a government statutory deposit equal to 15% of its paid-in capital. Such deposits will not be returned until cessation of business and liquidation has been completed. In accordance with the regulations of the competent authority in Vietnam, insurance companies shall deposit 2% of legal capital in local banks in Vietnam as operating guarantee deposits. The Group used government bonds and saving deposits for the operating guarantee deposits, the details of which were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds (Book value)	**$ 10,332,106**	**10,331,070**	**8,956,468**
Cash in bank	**$ 18,243**	**19,366**	**19,379**

(K) Insurance product-separate account

	June 30, 2017	December 31, 2016	June 30, 2016
Assets on insurance product, separate account:			
Cash in bank	$ 8,295,249	8,372,541	8,415,782
Securities	135,339,622	130,945,839	127,156,641
Accounts receivable	4,572,618	3,215,641	977,825
Total	**$ 148,207,489**	**142,534,021**	**136,550,248**
Liabilities on insurance product, separate account:			
Reserve-Insurance contract	$ 88,704,226	81,981,447	78,721,949
Reserve-Investment contract	59,501,709	60,552,166	57,827,332
Accounts payable	1,554	408	967
Total	**$ 148,207,489**	**142,534,021**	**136,550,248**

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Income on insurance product, separate account:				
Premiums income	$ 4,997,772	3,423,965	8,867,112	6,638,291
Interest income	95,393	101,555	170,481	180,995
Gains or losses on financial assets and liabilities at fair value through profit or loss	3,023,170	236,602	4,725,749	(462,379)
Gains or losses on foreign exchange	(151,008)	121,012	(213,278)	289,512
Total	**$ 7,965,327**	**3,883,134**	**13,550,064**	**6,646,419**
Disbursements on insurance product, separate account:				
Net changes in reserve, Insurance contract	$ 4,456,552	740,924	6,941,726	601,260
Insurance claims and payment	2,834,845	2,469,738	5,253,891	4,691,718
Administrative expenses	673,930	672,472	1,354,447	1,353,441
Total	**$ 7,965,327**	**3,883,134**	**13,550,064**	**6,646,419**

Sales rebate earned from counterparty for investment-linked insurance products are as follows (recognized in fee income):

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Sales rebate earned from counterparty for investment-linked insurance products	**$ 120,514**	**109,893**	**233,362**	**217,010**

(L) Accounts payable

	June 30, 2017	December 31, 2016	June 30, 2016
Minimum lease payments of finance leases	$ 1,237,483	1,245,816	3,514,697
Less: Unrecognized interests	(1,024,750)	(1,032,296)	(3,061,318)
Present value of minimum lease payments of finance leases	212,733	213,520	453,379
Notes payable	432	662	5,024
Expense payable	3,714,033	4,913,994	4,216,799
Commissions payable	2,478,397	4,649,555	3,553,330
Insurance and reinsurance claims payable	5,211,677	4,727,128	4,544,063
Due to reinsurers and ceding companies	1,054,854	1,015,092	761,498
Dividends payable	5,207,456	-	-
Other payable	15,774,237	7,021,039	11,500,768
	$ 33,653,819	**22,540,990**	**25,034,861**

For the Group's maturity analysis of finance lease payable, please refer to Note 9(A).

(M) Short-term debts

	June 30, 2017	December 31, 2016	June 30, 2016
Notes and bonds issued under repurchase agreement	**$ 87,760**	-	**69,409**
Repurchase price	**$ 88,841**	-	**70,187**
Repurchase interest	**4.6 %**	-	**4.2 %**

(N) Bonds payable

The Group issued perpetual cumulative subordinated corporate bonds, the information was as follows:

Name	Outstanding period: Date of Issuance	Outstanding period: Maturity	Rate % (Note 1)	Face Amount	(Discount)Premium	June 30, 2017	December 31, 2016	June 30, 2016	Note
The first issue of 2016 perpetual cumulative subordinated corporate bond	2016.12.07	No maturity date	3.25 %	$ 28,500,000	-	$ 28,500,000	28,500,000	-	Note2
The first issue of 2017 perpetual cumulative subordinated corporate bond	2017.04.21	No maturity date	3.30 %	6,500,000	-	6,500,000	-	-	Note2
Total						$ 35,000,000	28,500,000	-	

Note1: Fixed rate from the date of issuance, plus 1% if the group does not redeem the bond in 10 years from the date of issuance.

Note2: The corporate bond has no maturity date. After ten years of issuance, if the Group's risk-based capital ratio after redemption, upon calculation, is more than one time of the required minimum risk-based capital ratio at the time of calculation, with the consent of the Competent Authority, the bonds may be redeemed earlier at face value plus accrued interest.

	For the three months ended June 30, 2017	For the six months ended June 30, 2017
Interest Expense	$ 272,653	501,043

(O) Liabilities reserve

	June 30, 2017	December 31, 2016	June 30, 2016
Decommissioning liability	$ 56,766	51,321	49,336
Employee benefits liabilities	6,882,977	7,489,602	6,371,415
	$ 6,939,743	7,540,923	6,420,751

(a) Decommissioning liability

	Decommissioning liability
Balance of January 1, 2017	$ 51,321
Increase of liabilities reserves	7,400
Reversal of liabilities reserves	(1,794)
Discounting and amortization of liabilities reserves	92
Reclassification to other income	(55)
Exchange influence	(198)
Balance of June 30, 2017	**$ 56,766**
Balance of January 1, 2016	$ 52,977
Increase of liabilities reserves	1,687
Reversal of liabilities reserves	(4,912)
Discounting and amortization of liabilities reserves	78
Reclassification to other income	(414)
Exchange influence	(80)
Balance of June 30, 2016	**$ 49,336**

(b) Employee benefit

(1) Defined benefit plan

Due to no significant market volatility, significant reductions, liquidations or other significant events during the last fiscal year, the Group adopted the pension costs for the year ended December 31, 2016 and 2015 to measure and disclose the pension costs for the interim period.

The reported expenses for the Group are as follow:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Pension expenses	$ 113,590	130,550	227,180	261,099
Compensation expenses	2,648	2,481	5,296	4,962
	$ 116,238	**133,031**	**232,476**	**266,061**

(2) Defined contribution plan

The Group's pension expenses under the defined contribution plan were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Pension expenses	**$ 199,214**	**161,760**	**392,275**	**319,503**

(P) Shareholders' equity

(a) Common stock

As of June 30, 2017, December 31, 2016, and June 30, 2016 the Group had authorized capital of $100,000,000 issued common stock of $69,432,750, $69,432,750 and $57,320,950, respectively, with $10 par value per share.

Resolved by the board of directors on behalf of the shareholders on June 28, 2016, the stock dividend of $12,111,800 would be reinvested in the new rights issue of 1,211,180 thousand shares. The record date for the capital increase was September 12, 2016. Registration of change in capital due to the capital increase was completed October 7, 2016.

Resolved by the board of directors on behalf of the shareholders on June 30, 2017, the stock dividend of $13,536,940 will be reinvested in the new rights issue of 1,343,694 thousands shares. The capital increase is in the application phase.

(b) Capital surplus

The capital surplus arising from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the company has no deficit, the capital surplus may be distributed as cash dividends, or transferred to capital (limited to 10% of the paid-in capital and once a year).

(c) Retained earnings and earnings appropriation

(1) Legal reserve

Pursuant to the Insurance Laws, the company, when appropriating its earnings, should set aside 20% of its after-tax earnings as legal reserve. Legal reserve should be appropriated until it equals the paid-in capital. If the company has no deficit and the legal reserve exceeds 25% of paid-in capital, the excess may be transferred to capital or distributed in cash.

(2) Special reserve

	June 30, 2017	December 31, 2016	June 30, 2016
Recovered contingency risk reserves	$ 7,341,090	6,882,384	6,882,384
Major accidents and reserves of fluctuation of risk	5,897,127	5,897,127	5,555,281
Special reserve from profit after tax	13,719,623	10,850,867	10,850,867
Foreign exchange fluctuation reserve	1,670,928	833,060	833,060
Real estate increment recovered	2,609,068	2,609,068	2,609,068
Gains from the fluctuation of subsequent fair value measurement of investment property	24,496,091	23,687,157	23,687,157
Negative net amount of other equity interest	12,896,545	14,878,006	14,878,006
Other	143,438	-	-
Total	**$ 68,773,910**	**65,637,669**	**65,295,823**

In accordance with Tai Tsai Pao No.0920700594, recovered special contingency risk reserves can be transferred to special reserve regardless of whether the Group has earnings next year or not, pursuant to the resolution of the shareholders. Under the "Regulations Governing the Provision of Various Reserves", commencing from January 1, 2011, the special catastrophic reserve and contingency risk reserve for net of reinsurance business with the term below 1 year are provided annually. These reserves, net of income tax, are classified as special reserve under retained earnings. For the special reserve provided for foreign exchange fluctuation, please refer to Note 4(V).

After the adoption of IFRS, the Group changed subsequent measurement of investment properties from a cost model to fair value model. In accordance with Regulations Governing the Preparation of Financial Reports by Insurance Companies No.32, the Group should recognized special reserve under liabilities by the net amount of the effects of first adoption of investment properties subsequently measured at fair value model deducting incremental amounts of liability reserve and should appropriate special reserve under equity when the special reserve under liabilities is reversed. For more details, please refer to Note 4(T).

In 2014, the Group changed its accounting policy for investment property from a cost model to fair value model. In accordance with the Gin Guan Bao Tsai No. 10302501001, the Group should appropriate special reserve restricted distributed earnings, which is the net amount of the effects of first adoption of investment property subsequently measured at fair value model deducting incremental amounts of liability reserve, evaluated the effective insurance contracts by fair values approved by authorities.

The " Net gains from the fluctuation of subsequent fair value measurement of investment property" of investment property adopted subsequent fair value measurement, which is required by the Gin Guan Bao Tsai No. 10402501001 published in January 23, 2015, appropriated the reserve to special reserve for limiting the earnings distribution.

In accordance with the Gin Guan Bao Tsai No. 10102508861 dated June 5, 2012, if the net amount of other shareholders' equity has a debit balance in the current year, the Company appropriates the same amount of special reserve from current profits and prior period's undistributed earnings.

In accordance with the Gin Guan Bao Tsai No.10502066461 dated July 13, 2016, the Company should appropriate special reserve, from 0.5% to 1% of net profit when distributing earnings of the year 2016 through 2018. From the following year of the special reserve appropriated, the Company can reverse the same amount of expenses for the purpose of providing transforming trainings and safeguarding rights and interests of employees within the remaining balance of appropriated special reserve.

(3) Distribution of earnings

Under the Company's amendment, the annual earnings are first used to pay taxes, cover prior years' losses, appropriate reserves in accordance with relevant laws, and appropriate special reserves in accordance with laws or with a resolution of shareholders if necessary. The remaining of earnings can be distributed with a resolution of board of directors and shareholders' approval. If the Company has profits, the Company should allocate an amount ranged from 0.01% to 0.05% of the profits as employee compensation. If there is any difference between the actual distribution and the estimated amount, the difference will be recognized in the profit or loss in the current period.

Employee compensation has been estimated an amount of $3,000 and $6,000 for the year 2016 and 2015, respectively. There is no difference between the actual distribution and the estimated amount.

The information of the employee compensation approved by board of directors can be found on Market Observation Post System.

The Company executed the resolution approved by board of directors on behalf of the shareholders on June 30, 2017 to distribute cash dividends which amounted to $5,207,456 from the earnings of 2016. The record date for the dividend is July 6, 2017.

(d) Other equity items (net-after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Unrealized revaluation surplus	Total
Balance, January 1, 2017	$ (6,118,157)	(6,417,487)	(402,102)	41,200	(12,896,546)
Foreign exchange translation difference:					
Current exchange difference	(641,018)	-	-	-	(641,018)
The translation difference in the share of associates accounted for using equity method	93,689	-	-	-	93,689
Effective portion of cash flow hedges:					
Current adjustments	-	-	283,365	-	283,365
Cash flow hedges in the share of associates accounted for using equity method	-	-	(6,009)	-	(6,009)
Unrealized gains (losses) on available-for-sale financial assets:					
Current adjustments	-	41,251,413	-	-	41,251,413
Realized amounts	-	(19,378,427)	-	-	(19,378,427)
Reclassification adjustments of impairment	-	1,397,787	-	-	1,397,787
Unrealized gains (losses) on available-for-sale financial assets in the share of associates and joint ventures accounted for using equity method	-	530,721	-	-	530,721
Gains (losses) on revaluation:					
Current adjustments	-	-	-	76,254	76,254
Balance, June 30, 2017	**$ (6,665,486)**	**17,384,007**	**(124,746)**	**117,454**	**10,711,229**

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Gains (losses) on effective portion of cash flow hedges	Unrealized revaluation surplus	Total
Balance, January 1, 2016	$ 115,613	(15,558,995)	549,439	15,937	(14,878,006)
Foreign exchange translation difference:					
Current exchange difference	(3,414,690)	-	-	-	(3,414,690)
The translation difference in the share of associates accounted for using equity method	(9,314)	-	-	-	(9,314)
Effective portion of cash flow hedges:					
Current adjustments	-	-	334,843	-	334,843
Unrealized gains (losses) on available-for-sale financial assets :					
Current adjustments	-	46,483,349	-	-	46,483,349
Realized amounts	-	(14,213,108)	-	-	(14,213,108)
Unrealized gains (losses) on available-for-sale financial assets in the share of associates and joint ventures accounted for using equity method	-	231,286	-	-	231,286
Balance, June 30, 2016	**$ (3,308,391)**	**16,942,532**	**884,282**	**15,937**	**14,534,360**

(Q) Income taxes

(a) Income tax expense:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Current expense tax				
Current period	$ 3,454,219	3,245,463	7,465,593	2,391,374
Adjustments for prior period	(340,497)	13,713	(449,841)	13,713
Foreign withholding tax	209,137	272,666	187,667	(181,484)
Subtotal	3,322,859	3,531,842	7,203,419	2,223,603
Deferred expense tax				
(Reversal) recognition of temporary differences	(4,308,308)	(2,938,836)	(9,616,958)	(1,502,679)
Income tax expense	**$ (985,449)**	**593,006**	**(2,413,539)**	**720,924**

The details of income tax (expense) income recognized in other comprehensive profit or loss was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Items not reclassified into profit or loss:				
Revaluation of real estate property	$ -	-	(6,247)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	1,572	1,937	1,276	5,342
Items may be reclassified into profit or loss:				
Exchange differences on translation	(252,249)	374,406	83,104	658,039
Unrealized (losses) gains on available-for-sale financial assets	(2,950,827)	(2,675,558)	(3,078,747)	(4,354,989)
(Losses) gains on effective instruments of cash flow hedges	(37,722)	(37,851)	(58,039)	(68,582)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(119,827)	(38,138)	(126,217)	(47,555)
	$ (3,359,053)	**(2,375,204)**	**(3,184,870)**	**(3,807,745)**

(b) Fubon Financial Holding Company, the parent company of the Group, appointed to be the taxpayer itself; therefore, commencing from 2010, income tax return and undistributed retained earnings based on the income tax return has been filed a combined income tax return with Fubon Financial Holding Company and its qualifying subsidiaries.

(c) The R.O.C. tax authority has assessed income tax returns of the Group for the years prior to 2011. The Group has filed administrative remedy for adjustments determined by the tax authority for the years of 2011 and 2010 within the statutory time limit.

(d) The information about imputation system is as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Undistributed earnings:			
In 1998 and thereafter	$ 15,440,838	34,464,821	19,815,649
Balance of imputed credit	$ 547,268	482,980	860,832

The undistributed earnings disclosed above, which are included the comparative information of different periods, are disclosed under IFRSs as endorsed by the Financial Supervisory Commission R.O.C.

	2016	2015
Tax credit percentage for stock dividend	(estimated) 1.58%	(actual) 5.10%
Tax credit percentage for cash dividend	(actual) 1.59%	(actual) -%

(R) Earnings per share

The Group’s earnings per share calculated based on simple capital structure are as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Profit attributable to ordinary shareholders of the Company	$ 4,590,272	10,857,972	8,600,396	12,995,056
Weighted average number of ordinary shares (thousands shares)	6,943,275	6,943,275	6,943,275	6,943,275
Basic earnings per share (dollar)	$ 0.66	1.56	1.24	1.87

If the stock dividend resolved by the board of directors on behalf of the shareholders on June 30, 2017 is approved before the report date of the consolidated interim financial statements for the period, the EPS for the period would be adjusted retrospectively as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Basic earnings per share (dollar)	$ 0.55	1.31	1.04	1.57

(S) Insurance liabilities

	June 30, 2017	December 31, 2016	June 30, 2016
Unearned premium reserve	$ 8,182,500	7,916,745	7,739,431
Claim reserve	2,193,500	2,143,281	2,018,964
Liability reserve	2,973,574,016	2,839,196,893	2,689,494,683
Special reserve	6,699,197	7,473,248	6,104,298
Premium deficiency reserve	22,592,538	22,874,210	19,707,278
Total	$ 3,013,241,751	2,879,604,377	2,725,064,654

The details of provision for insurance contracts and financial instruments with discretionary participation feature for this account balance and reconciliation were as follows:

(a) The unearned premium reserves for these insurance products are as follows:

	June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 1,755	-	1,755
Individual injury insurance	3,014,808	-	3,014,808
Individual health insurance	3,479,407	-	3,479,407
Group insurance	1,595,550	-	1,595,550
Investment-linked insurance	90,980	-	90,980
Gross reserve	8,182,500	-	8,182,500
Deduction of provision for reinsurance ceded			
Individual life insurance	459,113	-	459,113
Individual injury insurance	21,679	-	21,679
Individual health insurance	2,322	-	2,322
Group insurance	77,368	-	77,368
Investment-linked insurance	11,343	-	11,343
Total ceded reserve	571,825	-	571,825
Net reserve	$ 7,610,675	-	7,610,675

	December 31, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 1,654	-	1,654
Individual injury insurance	2,893,934	-	2,893,934
Individual health insurance	3,375,856	-	3,375,856
Group insurance	1,561,332	-	1,561,332
Investment-linked insurance	83,969	-	83,969
Gross reserve	7,916,745	-	7,916,745
Deduction of provision for reinsurance ceded			
Individual life insurance	405,044	-	405,044
Individual injury insurance	20,726	-	20,726
Individual health insurance	2,048	-	2,048
Group insurance	72,021	-	72,021
Investment-linked insurance	10,894	-	10,894
Total ceded reserve	510,733	-	510,733
Net reserve	**$ 7,406,012**	**-**	**7,406,012**

	June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 1,859	-	1,859
Individual injury insurance	2,732,522	-	2,732,522
Individual health insurance	3,347,822	-	3,347,822
Group insurance	1,568,460	-	1,568,460
Investment-linked insurance	88,768	-	88,768
Gross reserve	7,739,431	-	7,739,431
Deduction of provision for reinsurance ceded			
Individual life insurance	356,299	-	356,299
Individual injury insurance	21,997	-	21,997
Individual health insurance	1,875	-	1,875
Group insurance	69,954	-	69,954
Investment-linked insurance	11,534	-	11,534
Total ceded reserve	461,659	-	461,659
Net reserve	**$ 7,277,772**	**-**	**7,277,772**

The changes in unearned premium reserves for these insurance products are as follows:

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 7,916,745	-	7,916,745
Current provisions	8,182,548	-	8,182,548
Current reclaims	(7,916,745)	-	(7,916,745)
Gain and loss on foreign exchange	(48)	-	(48)
Ending balance	8,182,500	-	8,182,500
Less: Provision for ceded reinsurance			
Beginning balance	510,733	-	510,733
Current provision	571,858	-	571,858
Current reclaim	(510,733)	-	(510,733)
Gain and loss on foreign exchange	(33)	-	(33)
Ending balance	571,825	-	571,825
Net ending balance	**$ 7,610,675**	**-**	**7,610,675**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 7,602,907	-	7,602,907
Current provisions	7,739,442	-	7,739,442
Current reclaims	(7,602,907)	-	(7,602,907)
Gain and loss on foreign exchange	(11)	-	(11)
Ending balance	7,739,431	-	7,739,431
Less: Provision for ceded reinsurance			
Beginning balance	456,599	-	456,599
Current provision	461,681	-	461,681
Current reclaim	(456,599)	-	(456,599)
Gain and loss on foreign exchange	(22)	-	(22)
Ending balance	461,659	-	461,659
Net ending balance	**$ 7,277,772**	**-**	**7,277,772**

(b) The components of claim reserves are as follows:

	June 30, 2017		
	Insurance Contracts	**Financial instruments with discretionary participation**	**Total**
Individual life insurance			
-reported but not paid	$ 466,758	16,420	483,178
-incurred but not reported	3,373	-	3,373
Individual injury insurance			
-reported but not paid	86,804	-	86,804
-incurred but not reported	369,422	-	369,422
Individual health insurance			
-reported but not paid	203,521	-	203,521
-incurred but not reported	500,609	-	500,609
Group insurance			
-reported but not paid	67,973	-	67,973
-incurred but not reported	327,886	-	327,886
Investment-linked insurance			
-reported but not paid	85,340	-	85,340
-incurred but not reported	65,394	-	65,394
Gross reserve	2,177,080	16,420	2,193,500
Deduction of provision for reinsurance ceded:			
Individual life insurance	21,935	-	21,935
Individual injury insurance	40,959	-	40,959
Group insurance	4,806	-	4,806
Investment-linked insurance	19,498	-	19,498
Total ceded reserve	87,198	-	87,198
Net reserve	**$ 2,089,882**	**16,420**	**2,106,302**

	December 31, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
-reported but not paid	$ 406,206	8,163	414,369
-incurred but not reported	3,238	-	3,238
Individual injury insurance			
-reported but not paid	87,848	-	87,848
-incurred but not reported	388,149	-	388,149
Individual health insurance			
-reported but not paid	195,288	-	195,288
-incurred but not reported	513,070	-	513,070
Group insurance			
-reported but not paid	62,641	-	62,641
-incurred but not reported	336,892	-	336,892
Investment-linked insurance			
-reported but not paid	75,837	-	75,837
-incurred but not reported	65,949	-	65,949
Gross reserve	2,135,118	8,163	2,143,281
Deduction of provision for reinsurance ceded:			
Individual life insurance	23,030	-	23,030
Individual injury insurance	31,983	-	31,983
Group insurance	1,689	-	1,689
Investment-linked insurance	13,337	-	13,337
Total ceded reserve	70,039	-	70,039
Net reserve	**$ 2,065,079**	**8,163**	**2,073,242**

	June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance			
-reported but not paid	$ 381,978	4,739	386,717
-incurred but not reported	4,941	-	4,941
Individual injury insurance			
-reported but not paid	110,771	-	110,771
-incurred but not reported	304,972	-	304,972
Individual health insurance			
-reported but not paid	214,072	-	214,072
-incurred but not reported	467,271	-	467,271
Group insurance			
-reported but not paid	77,471	-	77,471
-incurred but not reported	282,340	-	282,340
Investment-linked insurance			
-reported but not paid	125,594	-	125,594
-incurred but not reported	44,815	-	44,815
Gross reserve	2,014,225	4,739	2,018,964
Deduction of provision for reinsurance ceded:			
Individual life insurance	27,893	-	27,893
Individual injury insurance	40,753	-	40,753
Group insurance	4,592	-	4,592
Investment-linked insurance	19,683	-	19,683
Total ceded reserve	92,921	-	92,921
Net reserve	**$ 1,921,304**	**4,739**	**1,926,043**

The movements in claim reserves are as follows:

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 2,135,118	8,163	2,143,281
Current provisions	2,177,664	16,420	2,194,084
Current reclaims	(2,135,118)	(8,163)	(2,143,281)
Gain and loss on foreign exchange	(584)	-	(584)
Ending balance	2,177,080	16,420	2,193,500
Less: Provision for ceded reinsurance			
Beginning balance	70,039	-	70,039
Current provision	87,198	-	87,198
Current reclaim	(70,039)	-	(70,039)
Ending balance	87,198	-	87,198
Net ending balance	**$ 2,089,882**	**16,420**	**2,106,302**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 2,062,076	4,896	2,066,972
Current provisions	2,014,162	4,739	2,018,901
Current reclaims	(2,062,076)	(4,896)	(2,066,972)
Gain and loss on foreign exchange	63	-	63
Ending balance	2,014,225	4,739	2,018,964
Less: Provision for ceded reinsurance			
Beginning balance	124,180	-	124,180
Current provision	92,921	-	92,921
Current reclaim	(124,180)	-	(124,180)
Ending balance	92,921	-	92,921
Net ending balance	**$ 1,921,304**	**4,739**	**1,926,043**

(c) The components of liability reserves are as follows:

	June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	$ 2,587,098,161	-	2,587,098,161
Injury insurance	722,881	-	722,881
Health insurance	234,285,718	-	234,285,718
Annuity insurance	1,245,962	150,145,345	151,391,307
Investment-linked insurance	75,949	-	75,949
Total	2,823,428,671	150,145,345	2,973,574,016
Less: Ceded liability reserve			
Life insurance	399	-	399
Total	399	-	399
Net ending balance	**$ 2,823,428,272**	**150,145,345**	**2,973,573,617**

	December 31, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	$ 2,459,634,713	-	2,459,634,713
Injury insurance	734,263	-	734,263
Health insurance	223,469,105	-	223,469,105
Annuity insurance	1,245,971	154,080,255	155,326,226
Investment-linked insurance	32,586	-	32,586
Total	**$ 2,685,116,638**	**154,080,255**	**2,839,196,893**

	June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Life insurance	$ 2,312,950,715	-	2,312,950,715
Injury insurance	744,114	-	744,114
Health insurance	212,443,589	-	212,443,589
Annuity insurance	1,242,550	162,081,158	163,323,708
Investment-linked insurance	32,557	-	32,557
Total	**$ 2,527,413,525**	**162,081,158**	**2,689,494,683**

The movements in the liability reserves are as follows:

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 2,685,116,638	154,080,255	2,839,196,893
Current provisions	245,240,704	6,830,511	252,071,215
Current reclaims	(76,581,002)	(10,765,421)	(87,346,423)
Gain and loss on foreign exchange	(30,347,669)	-	(30,347,669)
Ending balance	2,823,428,671	150,145,345	2,973,574,016
Less: Ceded liability reserve			
Current provision	400	-	400
Gain and loss on foreign exchange	(1)	-	(1)
Ending balance	399	-	399
Ending balance-net	**$ 2,823,428,272**	**150,145,345**	**2,973,573,617**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 2,377,426,666	155,660,242	2,533,086,908
Current provisions	227,711,897	17,721,741	245,433,638
Current reclaims	(66,241,175)	(11,300,825)	(77,542,000)
Gain and loss on foreign exchange	(11,483,863)	-	(11,483,863)
Ending balance	**$ 2,527,413,525**	**162,081,158**	**2,689,494,683**

(d) The components of special reserves for these insurance products are as follows:

	June 30, 2017			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Dividend provision for participating policies	$ 6,046,930	-	-	6,046,930
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	**$ 6,046,930**	**-**	**652,267**	**6,699,197**

	December 31, 2016			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Dividend provision for participating policies	$ 6,820,981	-	-	6,820,981
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	**$ 6,820,981**	**-**	**652,267**	**7,473,248**

	June 30, 2016			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Dividend provision for participating policies	$ 5,452,031	-	-	5,452,031
Valuation surplus gain for investment property	-	-	652,267	652,267
Total	**$ 5,452,031**	**-**	**652,267**	**6,104,298**

The movements in special reserves are as follows:

	For the six months ended June 30, 2017			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	$ 6,820,981	-	652,267	7,473,248
Written down dividend provision for participating policies	(774,051)	-	-	(774,051)
Ending balance	**$ 6,046,930**	**-**	**652,267**	**6,699,197**

	For the six months ended June 30, 2016			
	Insurance Contracts	Financial instruments with discretionary participation	Others	Total
Beginning balance	$ 5,359,919	-	652,267	6,012,186
Provision for dividend provision for participating policies	92,112	-	-	92,112
Ending balance	**$ 5,452,031**	**-**	**652,267**	**6,104,298**

(e) The components of premium deficiency reserves are as follows:

	June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 22,233,054	-	22,233,054
Individual injury insurance	772	-	772
Individual health insurance	353,609	-	353,609
Group insurance	5,087	-	5,087
Investment-linked instruments	16	-	16
Total	**$ 22,592,538**	**-**	**22,592,538**

	December 31, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 22,461,575	-	22,461,575
Individual injury insurance	8,576	-	8,576
Individual health insurance	380,388	-	380,388
Group insurance	23,653	-	23,653
Investment-linked instruments	18	-	18
Total	**$ 22,874,210**	**-**	**22,874,210**

	June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Individual life insurance	$ 19,261,683	-	19,261,683
Individual injury insurance	8,866	-	8,866
Individual health insurance	414,620	-	414,620
Group insurance	22,089	-	22,089
Investment-linked instruments	20	-	20
Total	**$ 19,707,278**	**-**	**19,707,278**

The movements in premium deficiency reserve are as follows:

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 22,874,210	-	22,874,210
Current provision, net	(59,744)	-	(59,744)
Loss on foreign exchange	(221,928)	-	(221,928)
Ending balance	**$ 22,592,538**	**-**	**22,592,538**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Beginning balance	$ 16,280,468	-	16,280,468
Current provision, net	3,502,955	-	3,502,955
Loss on foreign exchange	(76,145)	-	(76,145)
Ending balance	**$ 19,707,278**	**-**	**19,707,278**

(f) Liability adequacy reserve:

Based on the actuary's liability adequacy test report, the results of reserve testing are as follows:

Insurance contracts	June 30, 2017	December 31, 2016	June 30, 2016
Liability reserve	$ 2,970,209,978	2,837,198,506	2,688,773,189
Unearned premium reserve	8,181,695	7,916,322	7,739,214
Premium deficiency reserve	22,545,249	22,806,116	19,707,274
Special reserve	6,699,197	7,473,248	6,104,298
Claim reserve	2,193,286	2,142,920	2,018,925
The carrying amount of the related insurance liabilities	**$ 3,009,829,405**	**2,877,537,112**	**2,724,342,900**
Current estimate of future cash flows under its insurance liabilities	**$ 2,248,788,683**	**2,118,064,047**	**2,062,184,475**
Total liability adequacy reserve	**$ -**	**-**	**-**

The liability adequacy test method adopted by the Company for June 30, 2017, December 31, 2016, and June 30, 2016:

Test method	Gross Premium Valuation (GPV)
Group	All insurance contracts
Significant assumption	The discount rate assumption for future years was set up based on the assets allocation and best estimate assumptions to predict future return on investment.

The above-mentioned liability adequacy test excludes the provisions of the subsidiaries. The omission of such provisions is due primarily to the fact that they only account for tiny proportion of the total provisions which will not affect the result of the liability adequacy test.

(g) Special reserve (Catastrophic risk and contingency risk reserve):

	June 30, 2017			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Catastrophic risk reserve	$ 3,109,067	-	-	3,109,067
Contingency risk reserve	2,788,060	-	-	2,788,060
Total	**$ 5,897,127**	**-**	**-**	**5,897,127**

	December 31, 2016			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Catastrophic risk reserve	$ 3,109,067	-	-	3,109,067
Contingency risk reserve	2,788,060	-	-	2,788,060
Total	**$ 5,897,127**	**-**	**-**	**5,897,127**

	June 30, 2016			
	Insurance Contracts	**Financial instruments with discretionary participation**	**Others**	**Total**
Catastrophic risk reserve	$ 2,838,083	-	-	2,838,083
Contingency risk reserve	2,717,198	-	-	2,717,198
Total	**$ 5,555,281**	**-**	**-**	**5,555,281**

(T) Reserve for insurance with nature of financial instrument

Financial instruments without discretionary participation features, and the movements in the related reserve are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Life insurance	$ **3,737,794**	**18,137,335**	**82,573,565**

	For the six months ended June 30, 2017	2016
Beginning balance	$ 18,137,335	83,616,757
Current premiums collected	220	442
Current claims payment	(14,485,554)	(1,701,096)
Current net provision for legal reserve	85,793	657,462
Ending balance	$ **3,737,794**	**82,573,565**

(U) Reserve for foreign exchange fluctuation

(a) Hedging strategy and risk exposure

The hedging strategy is primarily perfect hedge, together with currency proxy hedge and natural hedge. To ensure the effectiveness and appropriateness of hedging, the rationality of the hedging cost is considered and the hedging strategy and hedging proportion are dynamically adjusted. The interval of foreign exchange hedge ratio is determined by the bearing capability of foreign exchange fluctuation risk.

(b) The movements in reserve for foreign exchange fluctuation are as follows:

	For the six months ended June 30, 2017	2016
Beginning balance	$ 4,632,746	7,479,048
Current provision:		
Compulsory provision	945,489	1,058,110
Additional provision	-	1,447,836
Subtotal	945,489	2,505,946
Current recovery	(4,437,934)	(4,366,874)
Ending balance	$ **1,140,301**	**5,618,120**

(c) Effect of the reserve for foreign exchange fluctuation

Item	Not applied amount	Applied amount	Effect
June 30, 2017			
Foreign exchange fluctuation reserve	$ -	1,140,301	(1,140,301)
Shareholders' equity	240,733,388	241,461,265	(727,877)
December 31, 2016			
Foreign exchange fluctuation reserve	-	4,632,746	(4,632,746)
Shareholders' equity	215,645,223	213,474,371	2,170,852
June 30, 2016			
Foreign exchange fluctuation reserve	-	5,618,120	(5,618,120)
Shareholders' equity	228,163,960	225,175,247	2,988,713

	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
Item	Not applied amount	Applied amount	Effect	Not applied amount	Applied amount	Effect
Income after tax	$ 5,701,667	8,600,396	(2,898,729)	11,450,486	12,995,056	(1,544,570)
Earnings per share	0.82	1.24	(0.42)	1.65	1.87	(0.22)

(V) Deferred acquisition cost and deferred handling fee

(a) Deferred acquisition cost

The additional transaction costs incurred on investment administrative work were deferred in connection with the sales of investment-linked insurance policies, classified as financial instrument without discretionary participation features. The movements in these deferred acquisition costs are as follows:

	For the six months ended June 30,	
	2017	2016
Beginning balance	$ 361,993	361,843
Addition	43,198	25,678
Amortization	(24,511)	(34,079)
Ending balance	**$ 380,680**	**353,442**

(b) Deferred handling fees

The handling fees incurred on investment administrative work were likewise deferred in connection with the sales of investment-linked insurance policies, classified as financial instrument without discretionary participation features. The movements in these deferred handling fees are as follows:

	For the six months ended June 30, 2017	2016
Beginning balance	$ 968,245	895,031
Addition	114,477	69,964
Amortization	(35,440)	(46,828)
Ending balance	**$ 1,047,282**	**918,167**

(W) Premium

(a) Retained earned premium

	For the three months ended June 30, 2017		
	Insurance Contracts	**Financial instruments with discretionary participation**	**Total**
Direct written premiums	$ 115,121,655	2,794,099	117,915,754
Reinsurance premiums	-	-	-
Premium income	115,121,655	2,794,099	117,915,754
Less: reinsurance premium ceded	(384,862)	-	(384,862)
Net change in unearned premium reserves	(100,320)	-	(100,320)
Subtotal	(485,182)	-	(485,182)
Retained earned premiums	**$ 114,636,473**	**2,794,099**	**117,430,572**

	For the three months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	$ 115,579,268	7,488,892	123,068,160
Reinsurance premiums	-	-	-
Premium income	115,579,268	7,488,892	123,068,160
Less: reinsurance premium ceded	(288,622)	-	(288,622)
Net change in unearned premium reserves	(71,461)	-	(71,461)
Subtotal	(360,083)	-	(360,083)
Retained earned premiums	**$ 115,219,185**	**7,488,892**	**122,708,077**

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	$ 238,699,736	5,474,546	244,174,282
Reinsurance premiums	-	-	-
Premium income	238,699,736	5,474,546	244,174,282
Less: reinsurance premium ceded	(657,026)	-	(657,026)
Net change in unearned premium reserves	(204,678)	-	(204,678)
Subtotal	(861,704)	-	(861,704)
Retained earned premiums	**$ 237,838,032**	**5,474,546**	**243,312,578**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Direct written premiums	$ 227,843,183	16,373,739	244,216,922
Reinsurance premiums	87	-	87
Premium income	227,843,270	16,373,739	244,217,009
Less: reinsurance premium ceded	(532,950)	-	(532,950)
Net change in unearned premium reserves	(131,453)	-	(131,453)
Subtotal	(664,403)	-	(664,403)
Retained earned premiums	**$ 227,178,867**	**16,373,739**	**243,552,606**

(b) Retained claims payment

	For the three months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	$ 54,152,952	5,636,686	59,789,638
Reinsurance claims payment incurred	119	-	119
Insurance claims payment	54,153,071	5,636,686	59,789,757
Less: Claims payment recovered from reinsurers	(135,439)	-	(135,439)
Retained claims payment	**$ 54,017,632**	**5,636,686**	**59,654,318**

	For the three months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	$ 40,946,315	5,358,564	46,304,879
Reinsurance claims payment incurred	235	-	235
Insurance claims payment	40,946,550	5,358,564	46,305,114
Less: Claims payment recovered from reinsurers	(98,133)	-	(98,133)
Retained claims payment	**$ 40,848,417**	**5,358,564**	**46,206,981**

	For the six months ended June 30, 2017		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	$ 93,478,765	10,851,011	104,329,776
Reinsurance claims payment incurred	273	-	273
Insurance claims payment	93,479,038	10,851,011	104,330,049
Less: Claims payment recovered from reinsurers	(306,415)	-	(306,415)
Retained claims payment	**$ 93,172,623**	**10,851,011**	**104,023,634**

	For the six months ended June 30, 2016		
	Insurance Contracts	Financial instruments with discretionary participation	Total
Claims payment incurred	$ 80,570,959	11,381,153	91,952,112
Reinsurance claims payment incurred	579	-	579
Insurance claims payment	80,571,538	11,381,153	91,952,691
Less: Claims payment recovered from reinsurers	(209,657)	-	(209,657)
Retained claims payment	**$ 80,361,881**	**11,381,153**	**91,743,034**

(X) Non-operating income and expenses

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Losses on disposal of assets	$ (614)	(208)	(13,479)	(213)
Other non-operating income and expenses	70,586	118,731	69,367	225,009
Total	**$ 69,972**	**118,523**	**55,888**	**224,796**

(Y) The nature and extent of risks arising from insurance contracts

(a) The objectives, polices, processes and methods used for managing risks arising from insurance contracts.

(1) The organization of risk management

A risk management committee has been set up under the jurisdiction of the board of directors and is convened by independent directors. This committee supervises the overall risk control of the Group and its subsidiary and reports to the board of directors regularly. In order to effectively handle the risk management operation, two special committees were established as follows:

1) Assets and Liabilities Management Committee: The chairman of the Group serves as the chairman of the committee. As part of its oversight responsibility, the committees consider the balance between assets and liabilities, set up strategic target of assets and liabilities and supervise the execution process.

2) Operational Risk Management Committee: This is convened by the Group president to supervise and manage the operational risk of the Group in order to ensure that management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out risk control and to coordinate other risk control affairs, the Group’ s board of directors designates a chief risk officer to handle a risk management department which is independent of all business units. This risk management department executes or assists to execute risk control in accordance with the risk management policy, rules governing the organization of risk management committee and rules governing the organization of risk related committee. The Group has established diverse risk management policy, stop-loss limit order, internal tiers authorization system and criteria for assessment to facilitate effective risk management.

(2) Risk management strategy

A Risk Management Policy was announced with the consent of the board of directors. This policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is in line with the regulation on overall operation target, management strategy and risk management. It aims to establish appropriate risk management system and management procedures purposely to identify, evaluate, measure, supervise, respond to and report potential risk.

(b) Insurance risk management

(1) Underwriting risk management

Underwriting risk refers to the unexpected risk arising from soliciting new insurance policies, and relevant expenditures. In order to manage underwriting risk, the Group has classified underwriting risk into the following types:

1) Risk of policyholder concealment

2) Risk of insurance content

3) Occupational and financial risk

4) Risk of health conditions

5) Risk of the lack of experience of the underwriter

6) Risk of retention

7) Risk of operation quality

Aside from establishing " Underwriting Systems and Procedures" based on the "Regulations Governing New Insurance Solicitation Policy, Underwriting and Claim Settlement of Insurance Enterprises", a code of conduct for underwriting operation is also established to serve as a guide for underwriting risk control. Considering the experience and professional skills of the underwriters, different levels of authorization are established and the underwriting amount for each underwriter personnel is regulated to control the propriety of underwriting assessment and to monitor the accuracy and timeliness of underwriting operation.

(2) Claim risk management

Claim risk refers to the risk arising from adopting inappropriate or negligent procedures on claims settlement procedure. In order to manage claim risk, claim risk is categorized into four management interfaces, such as reason of occurrence, frequency of occurrence of risk, classification of risk and effect of the risk. The property of the claim risk is assessed through the multiple-dimension table and risk tolerance level to control the claim risk. Aside from establishing the " Claim Settlement System and Procedures" based on the " Regulations Governing new insurance policy Soliciting, Underwriting and Claim Settlement of Insurance Enterprises" to enhance professional training and morality of claims personnel as well as the control procedures to lessen operational negligence, the Group also monitors the accuracy, timeliness, policy holder complaint ratio and actual loss ratio through the levels of authority set for claims personnel.

(3) Product design and pricing risk management

Product design and pricing risk refers to the risk arising from the impropriety, inconsistency or unexpected change of the data related to the product content, clauses and rates. To insure risk control at the point of the pre and after sales of insurance products, internal code of conduct and control procedure were established based on " Regulation governing the procedure before the sales of insurance product" issued by authorities for the insurance product design, inspection, sales preparation to control the risk related to each phases and procedure of product development. In terms of product design, feasibility of new product is analyzed and an internal meeting is held before a new product is launched. A pre-market meeting is also convened before product launch to ensure that the related activities are completed. In terms of product pricing, aside from certain quantitative risk control mechanism such as risk control procedure, profit test and sensitivity analysis, an assets allocation plan is also set up. They also set assets allocation plans, which take into the characteristics of the requirement of asset and liabilities management, and conform to sales review meeting regularly after sales.

(4) Reserve-risk management

Reserve-related risk refers to the risk arising from underestimating the liabilities from insufficient written premium provision to cover future obligation. In order to control the reserve-risk, the reserve-risk is categorized into the statutory compliance of reserve provision and completeness of operating procedures. To ensure the legality of reserves provision, the Regulatory self-Inspection Compliance manual has been established and audit procedures are executed regularly to ensure that all sorts of reserves conform to what is required by law. Also, "Standard Operating Procedures" manual is established. The provisions of this manual maybe updated regularly as the law changes. The operating procedures manual covers ranges from system administration, data access and report generation. Furthermore, several control points are established within the framework to ensure the accuracy of the calculation.

(5) Catastrophic risk and reinsurance risk

To avoid risk concentration and catastrophic compensation, the following controls are established.

1) Catastrophic risk

Based on the Group's experience, the retention and reinsurance limits are set up and are regularly reviewed. These limits are also applicable to insurance for calamities like earthquakes, typhoons, and air-crash by using scenario analysis. The catastrophic losses that may arise from life insurance and accident insurance are likewise considered in evaluation of catastrophic risk.

2) Reinsurance risk

An annual reinsurance risk management plan is established in conformity with the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms" as part of the Group's annual reinsurance policy. This plan includes retention risk management, ceded insurance risk management, assumed insurance risk management, intergroup reinsurance risk management.

The credit rating of the reinsurers is also monitored monthly. Such credit rating is based on Article 8 of "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms". Under this Article, reinsurers or insurance organizations with a credit rating above a certain level from an international credit rating agency (The credit rating should be BBB or higher from Standard & Poor's Corporation or comparable rating assigned by other credit rating agencies authorized by the Authority) are eligible as reinsurers to whom an insurance enterprise may cede it business. The Group currently adopts Standard and Poor's A- or above as its guideline.

(6) Assets and liabilities combination risk

1) To enhance the overall assets and liabilities allocation, maintain adequate liquidity, and improve capital performance for the purpose of maximizing the risk management reward, management monitor compliance of the Group with the relevant government regulations. In addition, through the establishment of Assets and Liabilities Management Committee, management keep track of the issues related to the cash flow allocation of assets and liabilities, and to establish assets and liabilities management related regulation which enable the Group to sustain adequate capital to cover the potential risk from business operation.

2) The Assets and Liabilities Management Committee holds meetings monthly and the responsible department in the Group performs the cash flow test using the spot interest rate and estimates the earnings at the end of each year to test the Group’s liquidity. In addition, the Risk-Based Capital ratio is examined and simulated via important elements to execute sensitivity analysis which serves as the reference for capital adequacy decision. Furthermore, the change between Venture Capital and equity fund is analyzed to identify the reason for such changes and capital liquidity risk analysis is performed by using the accumulated net cash flow in a year and the accumulated net cash flow in 5 years as the benchmark for risk management.

(7) Risk management report

1) A Risk Management Committee is set up under the supervision of the Board of Directors. Except for the independent directors acting as the conveners, all other independent directors are members of the committee, which holds a meeting quarterly. According to its organization rules, the major duties of the committee are to

(I) Set up and modify policy and structure of risk management

(II) Set up and modify the quantitative and qualitative criteria for risk measurement.

(III) Adjust risk types as environment change

(IV) Set up risk limit allocation and the way of undertaking risk

(V) Submit risk management report to the board of directors regularly and authorize to competent departments.

2) The committee also reviews the overall risk management. Aside from supervising the implementation of risk management policies to ensure that the Group meets the strategic target, the committee reviews the effectiveness and feasibility of risk management mechanism. It also submits reports to the board of directors to ensure that the risk management is enforced effectively.

(c) Information of insurance risk

(1) Sensitivity of insurance risk－Insurance contracts and financial instrument with discretionary feature

	For the six months ended June 30, 2017			
	Change of assumption		Change of income before tax	Change of stockholder's equity
Mortality/Morbidity	Increase	10 %	(1,243,512)	(1,032,115)
Rate of return	Decrease	0.1 %	(1,650,096)	(1,369,580)
Expense (fixed expense)	Increase	5 %	(171,750)	(142,553)
Lapse and surrender rate	Increase	10 %	101,028	83,853

	For the six months ended June 30, 2016			
	Change of assumption		Change of income before tax	Change of stockholder's equity
Mortality/Morbidity	Increase	10 %	(1,172,017)	(972,774)
Rate of return	Decrease	0.1 %	(1,468,372)	(1,218,749)
Expense (fixed expense)	Increase	5 %	(157,400)	(130,642)
Lapse and surrender rate	Increase	10 %	112,805	93,628

The sensitivity analysis requires evaluating the impact to income before tax/stockholders' equity in which only one element changes and the others remain constant. The change of stockholder's equity was calculated based on the assumption that the tax rate was 17%, the change factors considered include mortality, morbidity, rate of return, expense rate and lapse rate. The sensitivity analysis does not include the information of the subsidiaries, such exclusion is due to the fact that the percentage of the subsidiaries' retained earned premiums to the consolidated retained earned premiums is relatively small and is not expected to affect the result of the sensitivity analysis.

(2) Insurance risk concentration

Insurance contracts sold by the Group include life insurance, annuities, accident insurance and health insurance. As these insurance contracts are primarily issued in Taiwan, the insurance risk is concentrated in Taiwan.

(3) Claim development trend

1) Development trend of claims payment incurred

Cumulative claims payment and adjustment to the consolidated balance sheet are as follows:

June 30, 2017

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2011	3,500,731	4,151,270	4,214,277	4,225,892	4,232,924	4,242,225	4,242,388	-
2012	3,534,236	4,263,656	4,330,262	4,347,231	4,351,260	4,354,660	-	3,969
2013	3,970,050	4,725,262	4,813,040	4,826,369	4,829,413	-	-	8,049
2014	4,172,446	5,113,019	5,173,291	5,179,989	-	-	-	14,253
2015	4,605,165	5,558,277	5,630,210	-	-	-	-	67,316
2016	5,070,166	6,021,529	-	-	-	-	-	686,457
2017	2,145,405	-	-	-	-	-	-	471,849
IBNR Reserve								1,251,893
Plus: RBNA Reserve								926,816
The balance of claim reserve								2,178,709

December 31, 2016

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2010	3,426,842	3,989,417	4,044,102	4,059,304	4,062,735	4,066,811	4,069,076	-
2011	3,500,731	4,151,270	4,214,277	4,225,892	4,232,924	4,242,225	-	-
2012	3,534,236	4,263,656	4,330,262	4,347,231	4,351,260	-	-	7,965
2013	3,970,050	4,725,262	4,813,040	4,826,369	-	-	-	8,813
2014	4,172,446	5,113,019	5,173,291	-	-	-	-	19,598
2015	4,605,165	5,558,277	-	-	-	-	-	109,511
2016	5,070,166	-	-	-	-	-	-	1,146,383
IBNR Reserve								1,292,270
Plus: RBNA Reserve								835,983
The balance of claim reserve								2,128,253

June 30, 2016

Occurrence Year	Development year							Claim Reserve
	1	2	3	4	5	6	7	
2010	3,426,842	3,989,417	4,044,102	4,059,304	4,062,735	4,066,811	4,067,926	-
2011	3,500,731	4,151,270	4,214,277	4,225,892	4,232,924	4,234,348	-	-
2012	3,534,236	4,263,656	4,330,262	4,347,231	4,355,908	-	-	-
2013	3,970,050	4,725,262	4,813,040	4,825,346	-	-	-	5,491
2014	4,172,446	5,113,019	5,171,884	-	-	-	-	47,923
2015	4,605,165	5,371,984	-	-	-	-	-	582,984
2016	2,105,581	-	-	-	-	-	-	452,468
IBNR Reserve								1,088,866
Plus: RBNA Reserve								914,625
The balance of claim reserve								2,003,491

Note 1： Amount shown above excludes investment contracts.

Note 2： As of June 30, 2017, December 31, 2016, and June 30, 2016, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary, from claims payment incurred are not estimated based on claim development trend amounts to $14,791, $15,028 and $15,473, respectively.

2) Development trend of retention claims payments

Cumulative claims payments from prior years are as follows:

June 30, 2017

Occurrence Year	Development year 1	2	3	4	5	6	7	Claim Reserve
2011	3,437,890	3,981,026	4,044,397	4,056,011	4,063,016	4,072,317	4,072,480	-
2012	3,526,249	4,184,487	4,251,072	4,268,016	4,272,044	4,275,443	-	3,939
2013	3,942,698	4,565,096	4,651,774	4,665,103	4,668,147	-	-	7,893
2014	4,166,511	4,992,049	5,052,316	5,059,014	-	-	-	14,035
2015	4,587,144	5,435,512	5,507,171	-	-	-	-	65,909
2016	5,068,488	5,964,242	-	-	-	-	-	679,633
2017	2,138,575	-	-	-	-	-	-	469,424
IBNR Reserve								1,240,833
Plus: RBNA Reserve								852,685
The balance of claim reserve								2,093,518

December 31, 2016

Occurrence Year	Development year 1	2	3	4	5	6	7	Claim Reserve
2010	3,262,624	3,703,188	3,757,543	3,772,737	3,776,169	3,780,233	3,782,497	-
2011	3,437,890	3,981,026	4,044,397	4,056,011	4,063,016	4,072,317	-	-
2012	3,526,249	4,184,487	4,251,072	4,268,016	4,272,044	-	-	7,903
2013	3,942,698	4,565,096	4,651,774	4,665,103	-	-	-	8,523
2014	4,166,511	4,992,049	5,052,316	-	-	-	-	19,290
2015	4,587,144	5,435,512	-	-	-	-	-	107,090
2016	5,068,488	-	-	-	-	-	-	1,145,739
IBNR Reserve								1,288,545
Plus: RBNA Reserve								771,645
The balance of claim reserve								2,060,190

June 30, 2016

Occurrence Year	Development year 1	2	3	4	5	6	7	Claim Reserve
2010	3,262,624	3,703,188	3,757,543	3,772,737	3,776,169	3,780,233	3,781,348	-
2011	3,437,890	3,981,026	4,044,397	4,056,011	4,063,016	4,064,440	-	-
2012	3,526,249	4,184,487	4,251,072	4,268,016	4,276,694	-	-	-
2013	3,942,698	4,565,096	4,651,774	4,664,080	-	-	-	5,406
2014	4,166,511	4,992,049	5,050,914	-	-	-	-	46,906
2015	4,587,144	5,306,360	-	-	-	-	-	575,674
2016	2,105,054	-	-	-	-	-	-	452,266
IBNR Reserve								1,080,252
Plus: RBNA Reserve								832,293
The balance of claim reserve								1,912,545

Note 1： Amount shown above excludes investment contracts.

Note 2： As of June 30, 2017, December 31, 2016 and June 30, 2016, except for the IBNR Reserve of Investment-linked products and the IBNR of the subsidiary, from claims payment incurred are not estimated based on claim development trend amounts to $12,784, $13,052 and $13,498, respectively.

Claims reserves are provided based on the expected claims payment and relevant handling fee of RBNA and IBNR claims. Such provisions involve vast uncertainty, estimates and judgments which are highly complicated. Any change of estimate or judgment is regarded as a change in accounting estimate and the amount of change is recognized as a current gain or loss. For some claims, notifications to the Group may be delayed. In addition, estimating the potential IBNR claims involves vast past loss experience and subjective judgment, therefore, it is difficult to confirm whether the estimated claims reserve on the balance sheet date will equal to the final claim compensation amount. The estimate of claims reserve is based on the information currently available; however, the final result may deviate from the original estimate due to the subsequent development.

The table above demonstrates the development trend of claims (excluding those claims that need confirmation within one year). The vertical shaft represents the year in which the claim event occurred, and the horizontal shaft represents the development years. Each slash represents the accumulated compensation amount at the end of each year. The compensation amount refers to the claims whether they are finalized or not. It explains how the Group estimate the compensation amount of each year as time passes by. The scenario and trend which affect the provision of claims reserve may not be the same as they will be in the future; therefore, the estimated future compensation amount cannot be determined by the claim development trend.

(d) The credit risk, liquidity risk and market risk of insurance contracts

(1) Credit risk

The credit risk from Insurance Contract arises mainly from the inability of reinsurers to fulfill the obligation of reinsurance contracts which result in financial losses. The Group monitors the credit rating of reinsurers monthly to ensure that they meet the minimum regulatory requirements. It also selects reinsurers prudently to reduce the potential loss.

(2) Liquidity risk

The liquidity risk of insurance contract arises mainly from the inability of the Group to obtain sufficient funds or turn assets into cash in order to fulfill payment of financial obligations as they are due. Aside from regularly reviewing the maturity analysis of Insurance Contracts, the Group also reviews short-term and mid-term liquidity risk benchmark through the Assets and Liabilities Management Committee to lower the relevant risk by using Asset Liability Matching (ALM). The Committee sets in advance the response strategy for potential payments in order to enhance timely liquidity risk management and to avoid the situation of inadequate liquidity.

The maturity analysis of Insurance Contracts of the Group is shown below:

(Unit: NT$ million)

June 30, 2017

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note)	Total
Provision	141,585	253,112	130,332	2,253,087	238,211	3,016,327
Proportion	4.7 %	8.4 %	4.3 %	74.7 %	7.9 %	100.0 %

December 31, 2016

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note)	Total
Provision	131,764	262,763	186,440	2,071,208	244,914	2,897,089
Proportion	4.5 %	9.1 %	6.4 %	71.5 %	8.5 %	100.0 %

June 30, 2016

Maturity date	<1 year	1~3 years	3~5 years	>5 years	Unable to classify (Note)	Total
Provision	156,896	300,758	194,844	1,898,265	256,223	2,806,986
Proportion	5.6 %	10.7 %	6.9 %	67.7 %	9.1 %	100.0 %

Note1: Reserve containing preparation having an insurance contract Nature of financial instruments.

Note2: The “Unable to classify” includes interest-linked product, authorized additional provision, and the reserve of allowance for doubtful accounts recognized by business tax saving benefits. The amounts above exclude provision for separate account, foreign exchange fluctuation reserve and revaluation surplus of fixed assets.

(3) Market risk

Market risk refers to the risk caused by the adverse changes in market prices in terms of interest rates, foreign exchange rates, stock prices, and commodity prices.

The Group measures market risk from insurance contract according to discount rate assumption prescribed by the authorities. This assumption may not be consistent with changes in market interest rates. Unless the liability adequacy test disclosed the need to provide more reserve, management is not expecting that the change in market risk factors would have a significant effect on income and equity of the Group.

Guided by Assets and Liabilities Management Committee, the Group takes into account financial environment, all the economic indicators, liability properties and ALM, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee. This is to allow assets and liabilities to match better in terms of payment terms and profits, to pursue long term business and protect the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to the Group.

(Z) Fair value and fair value hierarchy

(a) Fair value information

(1) General description

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial instrument are measured at fair value at initial recognition, which mostly refers to transaction price. Except for those measured at amortized cost, financial instruments are measured at fair value on a recurring basis. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities. If the market is not active, the fair value of financial instruments is determined in accordance with (a) valuation techniques, (b) valuation provided by the professional information providers which are commonly used by market participants, or (c) quoted prices of the counter party.

(2) The definition of fair value hierarchy

1) Level 1 inputs

Level 1 inputs are quoted prices in active markets for identical financial instruments. An active market is a market in which all the following conditions exist: a) the items traded within the market are homogeneous; b) willing buyers and sellers can normally be found at any time; and c) prices are available to the public. Taiwan government bonds, listed equity and debt instruments with active market prices are categorized in Level 1.

2) Level 2 inputs

Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e. derived from prices). Preferred stocks, bond investments and derivative instruments without active market are categorized in Level 2.

3) Level 3 inputs

Level 3 inputs are valuation parameters which are not based on the information available in the market or the quoted price from the counter party. Equity and bond instruments without active market prices but based on quoted prices from counter parties as well as investment property are categorized in Level 3.

(b) Fair value measurement

(1) Fair value hierarchy

The following table presents the fair value hierarchy levels of financial instruments and investment properties which are measured at fair value on a recurring basis.

		June 30, 2017			
Assets and liabilities items		**Total**	**Quoted prices in active markets for identical financial instruments (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring measurements:					
Non-derivative financial instruments					
Assets:					
Available-for-sale financial assets					
Security investment	$	493,520,627	482,654,744	10,819,334	46,549
Bond investment		572,919,406	360,557,417	182,482,574	29,879,415
Others		260,459,377	203,866,835	-	56,592,542
Investment property		172,852,613	-	-	172,852,613
Derivative financial instruments					
Assets:					
Financial assets at fair value through profit or loss	$	1,327,350	-	1,327,350	-
Hedging derivative assets		465,818	-	465,818	-
Liabilities:					
Financial liabilities at fair value through profit or loss		7,396,688	-	7,396,688	-
Hedging derivative liabilities		601,742	-	601,742	-

		December 31, 2016			
Assets and liabilities items		**Total**	**Quoted prices in active markets for identical financial instruments (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring measurements:					
Non-derivative financial instruments					
Assets:					
Available-for-sale financial assets					
Security investment	$	405,192,458	393,869,152	11,265,973	57,333
Bond investment		656,159,865	415,007,851	207,079,644	34,072,370
Others		239,765,847	198,722,049	-	41,043,798
Investment property		171,713,701	-	-	171,713,701
Derivative financial instruments					
Assets:					
Financial assets at fair value through profit or loss	$	984,485	-	984,485	-
Hedging derivative assets		282,870	-	282,870	-
Liabilities:					
Financial liabilities at fair value through profit or loss		14,156,699	-	14,156,699	-
Hedging derivative liabilities		760,198	-	760,198	-

Assets and liabilities items		June 30, 2016 Total	Quoted prices in active markets for identical financial instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring measurements:					
Non-derivative financial instruments					
Assets:					
Available-for-sale financial assets					
Security investment	$	348,614,706	337,297,868	-	11,316,838
Bond investment (Note)		652,259,194	489,239,450	122,198,934	40,820,810
Others		278,537,806	244,137,295	-	34,400,511
Investment property		172,292,547	-	-	172,292,547
Derivative financial instruments					
Assets:					
Financial assets at fair value through profit or loss	$	5,972,607	-	5,972,607	-
Hedging derivative assets		1,065,400	-	1,065,400	-
Liabilities:					
Financial liabilities at fair value through profit or loss		953,376	-	953,376	-

Note: Government bonds provided as statutory deposits were included.

(2) Valuation techniques

1) Financial instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and Taipei Exchange, theoretical prices of government bonds, and net asset value of mutual funds, are all basis for measuring the fair value of listed-stocks in exchange, listed stocks in OTC and debt instruments with quoted prices in the active markets.

If the quoted prices from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities can be obtained timely and frequently, and that the price fairly presents market transaction, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

Except for financial instruments in the active markets, fair value of others financial instruments is determined by valuation techniques, valuation provided by professional finance information providers which are commonly used by market participants, or quoted prices of the counter party. Necessary inputs for valuation techniques include available market information such as yield curve of Taipei Exchange.

The Group uses the valuation techniques commonly accepted by market participants for nonstandard and less complicated financial instruments, such as debt investments without active market. Parameters of valuation models are usually from the observable market information.

Valuation of derivative instruments is based on valuation models commonly accepted by market participants such as discounted cash flow method. Valuation of forward foreign exchange contracts is based on the discounted cash flow models using the quoted forward rate. Valuation of interest rate derivatives is based on discounted cash flow models with inputs from observable market information.

2) Non-financial instruments

The fair value of investment property is determined in accordance with the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and evaluated by the professional appraisal agency with the support of market evidences. Please refer to Note 6(E) for details.

(3) Fair value adjustment

Limitations of valuation models and uncertain inputs

Limitations of valuation models may lead to insufficient reflection of all relevant elements of the financial and non-financial instruments. Therefore, the estimated value will be adjusted based on others parameters when necessary. The model validation process is required before the Group adopts the model price. Therefore, the adjustments are considered to be proper and essential. Price information and parameters for measurement are carefully used and adjusted based on the current market conditions.

(4) Transfer between Level 1 and Level 2

The transfers between Level 1 and Level 2 for the six months ended June 30, 2017 and 2016 are mainly due to changes in valuation source and activeness.

(5) Level 3 movement details

Movements of financial assets categorized in Level 3 are as follows:

	For the six months ended June 30, 2017							
		Valuation profit or loss		Increase		Decrease		
Name	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issuance	Transfer to Level 3 (a)(b)	Sale, disposal or settlement	Transfer from Level 3 (b)(c)	Ending balance
Available-for-sale financial assets	$ 75,173,501	215,459	6,494	18,209,350	1,003,751	4,350,016	3,740,033	86,518,506
Investment property	171,713,701	47,506	100,397	654,995	336,014	-	-	172,852,613
Total	$ 246,887,202	262,965	106,891	18,864,345	1,339,765	4,350,016	3,740,033	259,371,119

(a) Transfer to Level 3 due to lack of observable market data (on such securities due to reduction in market activity).

(b) The Group's policy is to recognize the transfer in and transfer out of Level 3 inputs when the item is transferred or the condition changes. Otherwise, they would have to be recognized at the beginning or the end of the reporting period.

(c) Transfer from Level 3 because observable market data become acquirable.

	For the six months ended June 30, 2016							
		Valuation profit or loss		Increase		Decrease		
Name	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Purchase or issuance	Transfer to Level 3 (a)(b)	Sale, disposal or settlement	Transfer from Level 3 (b)(c)	Ending balance
Available-for-sale financial assets	$ 68,364,053	(783,810)	2,185,992	18,329,204	3,556,940	1,475,944	3,638,276	86,538,159
Investment property	166,905,951	632,764	(3,655,703)	8,449,501	-	-	39,966	172,292,547
Total	$ 235,270,004	(151,046)	(1,469,711)	26,778,705	3,556,940	1,475,944	3,678,242	258,830,706

(a) Transfer to Level 3 due to lack of observable market data (on such securities due to reduction in market activity).

(b) The Group's policy is to recognize the transfer in and transfer out of Level 3 inputs when the item is transferred or the condition changes. Otherwise, they would have to be recognized at the beginning or the end of the reporting period.

(c) Transfer from Level 3 because observable market data become acquirable.

	For the six months ended June 30,	
	2017	2016
Amount recognized in profit or loss for the above-mentioned unrealized gains (losses)	$ (71,817)	429,381
Amount recognized in other comprehensive income for the above-mentioned unrealized gains (losses)	$ 91,019	(1,462,632)

(6) Valuation techniques and inputs for Level 3 fair value measurements

Financial assets designated as fair value through profit or loss, available-for-sale financial assets and investment property of the Group are categorized into Level 3. The Group's available-for-sale financial assets, due to lack of quoted prices in an active market, are categorized into Level 3 which fair value are based on valuation provided by the professional information providers commonly used by market participants or quoted prices of the counter party. The fair value of investment property categorized into Level 3 is determined based on the rule stipulating in the "Regulations Governing the Preparation of Financial Reports by Insurance Enterprises" and evaluated by the professional appraisal agency with the support of market evidences. Please refer to Note 6(E) for details. Because of the inability to comprehensively manage the relationship of significant unobservable input to fair value, quantitative information is not disclosed.

	June 30, 2017	December 31, 2016	June 30, 2016
Ending balance	$ 259,371,119	246,887,202	258,830,706

(7) Valuation procedure of Level 3 inputs

When the Group's fair value measurement uses both unobservable inputs and observable inputs which need a significant adjustment based on the parameters of unobservable inputs, the asset or liability is categorized into Level 3. Level 3 inputs come from:

(a) Prices referring from the professional finance information providers, which are not different for each acquirer and shall be acquired through specific facility.

(b) Prices referring from quoted prices of the counter party. Price information is provided on a monthly basis and shall be kept properly.

Valuation shall be reviewed regularly to ensure the consistency with reference pricing source and the reasonability of the valuation.

Investment property is appraised by professional appraisal firms in accordance with the valuation techniques announced by FSC.

(8) Sensitivity and reasonableness of Level 3 fair value

The fair value measurement of financial instruments and investment property are reasonable because no self-assessment pricing model is applied. Therefore, the Group does not perform alternative or sensitivity test.

(c) Estimated fair value of financial instruments not carried at fair value

(1) Fair value information

Other than the items stated in the table below, the Group's financial instruments that are not measured at fair value include cash and cash equivalents, receivables and other financial assets - deposit reservation for settlement and cash in bank, loans and accounts payable. Since their book value is a reasonable approximation to fair value, there is no fair value disclosure. Financial assets at cost are equity investment carried at acquisition cost since there is no quoted price in active market and fair value can not be reasonably measured.

Items	Carrying amount	Fair value
June 30, 2017		
Financial assets		
Bond investments without active market	$ 1,368,497,769	1,389,566,251
Held-to-maturity financial assets (Note 1)	26,672,497	29,876,541
Other financial assets - structured deposits	34,802,729	34,549,774
Financial liabilities		
Bonds payable	35,000,000	35,551,550
December 31, 2016		
Financial assets		
Bond investments without active market	1,223,582,267	1,217,800,048
Held-to-maturity financial assets (Note 1)	26,668,623	29,213,799
Other financial assets - structured deposits	31,242,824	30,579,692
Financial liabilities		
Bonds payable	28,500,000	28,112,400
June 30, 2016		
Financial assets		
Bond investments without active market	1,072,088,391	1,123,608,029
Held-to-maturity financial assets	25,173,189	29,601,861
Other financial assets - structured deposits	30,684,148	30,889,192

Note 1: Government bonds provided as statutory deposits were included.

Note 2: For fair value adjustments detailed information, refer to Note 6(Z)(b)(3).

(2) The fair value hierarchy information

Assets and liabilities items	June 30, 2017 Total	Quoted prices in active markets for identical financial instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Bond investments without active market	$ 1,389,566,251	29,898,433	1,070,297,667	289,370,151
Held-to-maturity financial assets (Note)	29,876,541	29,876,541	-	-
Other financial assets - structured deposits	34,549,774	-	-	34,549,774
Financial liabilities:				
Bonds payable	35,551,550	-	35,551,550	-

Assets and liabilities items	December 31, 2016 Total	Quoted prices in active markets for identical financial instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Bond investments without active market	$ 1,217,800,048	37,517,720	859,624,200	320,658,128
Held-to-maturity financial assets (Note)	29,213,799	29,213,799	-	-
Other financial assets - structured deposits	30,579,692	-	-	30,579,692
Financial liabilities:				
Bonds payable	28,112,400	-	28,112,400	-

Assets and liabilities items	June 30, 2016 Total	Quoted prices in active markets for identical financial instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Bond investments without active market	$ 1,123,608,029	125,046,746	646,598,374	351,962,909
Held-to-maturity financial assets	29,601,861	29,601,861	-	-
Other financial assets - structured deposits	30,889,192	-	-	30,889,192

Note: Government bonds provided as statutory deposits were included.

(3) Valuation techniques

The methods and hypothesis that the Group used in estimating the financial instrument not measured at fair value are as follows:

1) Fair value of the financial instrument of which the maturity date is short or the future price is closed to the book value is estimated by using its book value. This method applies to cash and cash equivalent, other financial assets - deposit reservation for settlement and cash in bank, loans, accounts receivable and accounts payable.

2) If financial instruments have quoted prices in active market, the fair value will be market price. If there is no market price for reference, the fair value will be estimated by using the valuation technique or refer to the quoted prices of the counter party. This method applies to held-to-maturity financial assets, other financial assets - structured deposits, and bonds payable.

3) Bond investments without active market, including domestic and foreign government bonds, financial bonds, corporate bonds, structured notes, beneficiary certificates, and preferred stocks, are carried at cost because there is no market price for reference at acquisition. The fair value is estimated by using the valuation technique or by referring to the quoted prices of the counter party. Valuation technique is based on discounted cash flow method.

(AA) Financial risk management

(a) Risk management system

(1) The organization structure of risk management

The Company sets management committee which is under the jurisdiction of the board of directors and was convened by independent directors. It is to supervise the overall risk control of the Company and report to the board of directors regularly. In order to effectively examine the Company’s risk management operation, two special committees were established.

1) Assets and Liabilities Management Committee: The chairman of the Company serves as the chairman of the committee. The committee is to consider the balance between assets and liabilities, set up the strategic target of assets and liabilities and supervise the execution progress.

2) Operational Risk Management Committee: It is convened by the president to supervise and manage the operational risk of the Company in order to assure the management adopts appropriate risk management procedures within its authority. Furthermore, in order to assist all business units to carry out the risk control and to facilitate the coordination of other risk control affairs, the Company’s board of directors designates a chief risk officer to be in charge of a

risk management department which is independent of all business units. The risk management department executes or assists to execute risk control duty following the regulation of risk management policy, organization rules governing the risk management committee and organization rules governing the risk related committee. The Company has established diverse risk management policies, risk limits and stop-loss limit, hierarchical authorization, and risk assessment criteria in order to facilitate effective risk management.

The risk management mechanism of the subsidiaries is conducted per the relevant regulations of local authority and the risk management rules of the Company. It is to control certain risks such as market, credit and liquidity risk and measure and evaluate the overall investment position regularly. The risk management staff prepares management and evaluation internal monitoring reports for various risks.

(2) Risk management policies

The Company pronounced Risk Management Policy under the consent of the board of directors. The policy regulates the strategy and target as well as the mechanism of risk management. The risk management strategy is based on the regulation of overall operation target, management strategy and risk management. It is to establish appropriate risk management system and management procedure so as to identify, evaluate, measure, supervise, respond and report potential risk. Through the announcement of the risk management policies, the Company established clear management targets, controlling methods and the responsibilities for respective departments to ensure the operating capital is adequate and to create profit for shareholders.

(3) Risk management process

The process of the Company's risk management includes: Risk identification, risk measurement, risk monitoring and risk report.

1) Risk identification: Risk factors refer to the internal and external factors which may subject the Company to certain risks during the operating process; risk identification is to confirm various risk factors and the sources of the risks from investing activities.

2) Risk measurement: To set up quantitative and qualitative risk management methods、indices and models and generate relevant risk management reports to effectively identify, measure and monitor risk exposure and to adopt effective procedures to diminish, transfer and control the risks under an acceptable extent.

3) Risk monitoring: Through risk management methods, mechanism and reports to continuously monitor various risk exposure in order to control and respond in time.

4) Risk report: Except for the regular report during the monitoring process, the risk management staff shall report immediately when abnormal or other special situation occurs and take appropriate actions (including the diminishing, control, transfer and tolerating of risk) to minimize the possible impact to the Company.

In accordance with the internal risk management policies, the Company controls risks such as market risk, credit risk, liquidity risk, operation risk, insurance risk, assets and liabilities coordination risk. In addition to the arrangement regulated by the authorities, the Company also established measurement and evaluation management mechanism to regularly prepare management and evaluation monitoring report for various risks.

(4) Risk hedging and diminishing strategy

The Company takes capital scale and risk tolerance into consideration and review capital adequacy ratio regularly to ensure the capital is adequate. Furthermore, by combining several business aspects such as the understanding of the market status, the Company's operating strategy, product characteristics and risk control, the Company also analyzes the risk structure and risk level of the overall position and constrains the Company’ s risk within the pre-approved extent or adjusts the Company’s risk to a tolerable extent. The execution of risk hedging and diminishing strategy is adjusted based on the risk tolerance of the Company.

(b) Credit risk analysis

Credit risk refers to the risk resulted from the deterioration of the credit status of the investment, the descending of credit rating, the credit risk event which can be attributed to the default of contracts, and the default of the issuers or counterparties for fulfilling their obligation. The Group may suffer losses from these incidents.

The credit risk of the Group is mainly from the financial instrument transactions resulted from operating activities, including securities investments and loans.

Details are as follows:

(1) Credit risk exposure- by industry

Financial assets	June 30, 2017 Amount	%	December 31, 2016 Amount	%	June 30, 2016 Amount	%
Industrial enterprise	$ 75,213,136	3.44	75,070,054	3.57	66,420,918	3.43
Public business	87,826,877	4.02	89,415,855	4.25	73,626,721	3.80
Diversification	387,124	0.02	381,204	0.02	346,926	0.02
Mortgage backed securities	28,296,776	1.30	32,688,848	1.55	35,837,749	1.85
Financial sector	882,073,980	40.38	828,469,280	39.35	795,075,642	41.06
Consumer staples	146,553,286	6.71	142,094,554	6.75	122,040,657	6.30
Government	323,219,538	14.80	338,834,075	16.09	292,276,029	15.09
Technology	61,825,238	2.83	62,803,043	2.98	60,901,551	3.14
Raw material	56,825,591	2.60	60,855,833	2.89	61,535,102	3.18
Consumer discretionary	54,871,930	2.51	50,914,484	2.42	50,673,254	2.62
Energy	85,387,035	3.91	90,105,965	4.28	83,037,335	4.29
Assets backed securities	23,519,633	1.08	19,810,355	0.94	8,238,627	0.42
Telecommunication	179,482,846	8.22	148,238,773	7.04	138,002,673	7.13
Other	178,746,683	8.18	165,677,368	7.87	148,489,954	7.67
Total	$ 2,184,229,673	100.00	2,105,359,691	100.00	1,936,503,138	100.00

(2) Credit risk exposure- by geographic area

Financial assets	June 30, 2017 Amount	%	December 31, 2016 Amount	%	June 30, 2016 Amount	%
Taiwan	$ 630,500,725	28.86	643,549,528	30.57	595,471,994	30.75
Asia except Taiwan	181,872,608	8.33	179,537,785	8.53	182,116,381	9.40
North America	897,870,284	41.11	846,560,534	40.21	790,961,373	40.84
Middle and South America	24,124,166	1.10	19,530,197	0.93	17,562,427	0.91
Europe	414,120,412	18.96	395,475,237	18.78	340,092,149	17.56
Africa/Middle East	35,741,478	1.64	20,706,410	0.98	10,298,814	0.54
Total	$ 2,184,229,673	100.00	2,105,359,691	100.00	1,936,503,138	100.00

In terms of credit quality, the Group traces the credit rating data of various credit rating institutions regularly for normal assets which are not overdue and not impaired and categories the quality into three levels, which are low risk, medium risk and high risk based on the credit rating. The definition of each level is as follows:

Low risk: The issuers or the counterparties are rated as robust or above to fulfill their obligation of the contracts. Even under various negative news or disadvantageous economic conditions, the companies are capable of dealing with the situations.

Medium risk: The issuers or the counterparties have lower capability of fulfilling their obligation. Negative news or disadvantageous economic conditions may weaken their financial statuses and result in the doubt of asset impairment or the loss of the Group.

High risk: The possibility that the issuers or counterparties fulfill their obligation is remote and mainly relies on the business environment. Negative news or disadvantageous economic conditions will lower their ability and willingness to fulfill their obligation.

The impaired amount refers to the amount provided for all financial assets based on the regulations of accounting standards. Under the principle of prudence, the impaired amount is able to reflect the current value of the impaired assets.

The credit analysis of financial assets, including overdue but not impaired financial assets and the accumulated impairment losses, is as follows:

Credit analysis of financial assets

June 30, 2017						
Low risk	Medium risk	High risk	No credit rating	Overdue but not impaired	Impaired	Accumulated impairment
$ 1,435,082,109	749,213,892	1,343,310	-	-	4,786,798	4,321,901

December 31, 2016						
Low risk	Medium risk	High risk	No credit rating	Overdue but not impaired	Impaired	Accumulated impairment
$ 1,437,667,796	663,926,164	5,015,872	-	-	2,950,180	2,987,923

June 30, 2016						
Low risk	Medium risk	High risk	No credit rating	Overdue but not impaired	Impaired	Accumulated impairment
$ 1,302,451,358	630,342,529	4,756,280	-	-	2,483,782	2,509,594

Note1: Normal assets include debt assets but not funds and stocks. Impaired and accumulated impairment include debt assets and security assets.

Note2: Classified by the credit ratings of the issuers or the guarantee agencies to tier.

Note3: Adopt S&P, Moody's, Fitch and Taiwan Ratings, whichever is lower.

(3) Policies to hedge or mitigate credit risk

1) Collateral

The Group requires full collateral from the borrowers and set up lending policies to decrease credit risk. The amount of loan is evaluated based on borrower's ability to pay back, the type of collateral and the difficulty of its liquidation to ensure collection. Lender preserves the right to decrease line amount, accelerate the loan rendering all loan amount due immediately upon specific credit incidents with articles on debt security, collateral, liquidation in loan agreements.

2) Enhancement of other credits

The Group regulates offsetting terms of loan contracts to define that when a credit default event occurs, the Group is entitled to use the client' s money payment to offset the debt in order to mitigate the risk of loans.

For the clients whom the Group considers to be incompetent to repay the loans, the Group would request one or more joint guarantors to enhance the guarantee for the creditor's right.

(4) The maximum credit risk exposure of the Group

The maximum credit risk exposure of the assets on the consolidated balance sheet, excluding collaterals or other credit enhancement tools, is the carrying amount of the assets.

The maximum exposure of assets used as collaterals, master netting arrangement and other credit enhancements is the carrying amount on the consolidated balance sheet.

(c) Liquidity risk analysis

The liquidity risk of financial instruments is divided into capital liquidity risk and market liquidity risk. Capital liquidity risk refers to the risk that the Group does not possess sufficient cash and is not able to raise funds in time and finally failed to fulfill the obligation (debt repayment); Market liquidity risk refers to the risk that the Group is not able to settle or offset current position with reasonable market price due to the shallow market depth or market disorder or the oversized possession of the investment position and finally the Group may suffer from losses.

In terms of capital liquidity risk, the Group manages it in two aspects, short term and mid-to-long term. In addition to the capital liquidity ratio set up for the index of measurement and control of short-term liquidity, relevant departments have established prompt capital report mechanism and apply proper currency market instruments for daily capital movement; Mid-to-long term capital liquidity management is reviewed by the Assets and Liabilities Management Committee. The Group applies cash flow analysis model to monitor the coordination of assets and liabilities in order to lower related risks.

Regarding the market liquidity risk, the risk management department of the Group established monitoring mechanism in terms of daily transaction concentration, investment position limit and current assets deployment in order to avoid market liquidity risk. In addition, the Group established complete crisis management and responding mechanism to cope with significant capital demand of unusual or emergent situations.

The Group possesses sufficient operating funds, including cash and cash equivalents and securities with excellent liquidity such as government bond, to cover the investments and debt repayments. Therefore, the liquidity risk of the Group is extremely low. In addition, the derivative financial instruments the Group engages in, such as forward exchange contracts and foreign exchange swaps, are all of highly liquid currencies. The possibility that they are not able to be sold at reasonable prices in the market is minimum, and therefore the market liquidity risk is low. Furthermore, forward exchange contracts and foreign exchange swaps which matured are mostly rolled forward and the capital to pay for the settlements is sufficient. Thus, the capital liquidity risk is insignificant.

The maturity structure of the non-derivative financial liabilities of the Group is listed below:

	June 30, 2017				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	$ 33,439,578	2,029	67	212,145	33,653,819
Short-term debts	87,760	-	-	-	87,760
Bonds payable (Note)	1,140,750	2,281,500	2,281,500	40,139,265	45,843,015
Total	**$ 34,668,088**	**2,283,529**	**2,281,567**	**40,351,410**	**79,584,594**

	December 31, 2016				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	$ 22,327,381	812	66	212,731	22,540,990
Bonds payable (Note)	926,250	1,852,500	1,852,500	33,067,808	37,699,058
Total	**$ 23,253,631**	**1,853,312**	**1,852,566**	**33,280,539**	**60,240,048**

Note: The disclosed amounts included estimated interests and thus cannot be equal to the relevant accounts in the financial statements. In addition, the bonds payable has no maturity date, the contractual cash flows were calculated based on a remaining maturity of 10 years.

	June 30, 2016				
	<1 year	1~3 years	3~5 years	>5 years	Total
Accounts payable	$ 24,593,186	39,522	37,534	364,619	25,034,861
Short-term debts	69,409	-	-	-	69,409
Total	**$ 24,662,595**	**39,522**	**37,534**	**364,619**	**25,104,270**

The maturity structure of the derivative financial liabilities of the Group is listed below:

	June 30, 2017				
	<1 year	1~3 years	3~5 years	>5 years	Total
Financial liabilities at fair value through profit or loss	$ 7,396,688	-	-	-	7,396,688
Hedging derivatives liabilities	-	-	13,645	588,097	601,742
Total	**$ 7,396,688**	**-**	**13,645**	**588,097**	**7,998,430**

	December 31, 2016				
	<1 year	1~3 years	3~5 years	>5 years	Total
Financial liabilities at fair value through profit or loss	$ 14,156,699	-	-	-	14,156,699
Hedging derivatives liabilities	-	-	-	760,198	760,198
Total	**$ 14,156,699**	**-**	**-**	**760,198**	**14,916,897**

	June 30, 2016				
	<1 year	1~3 years	3~5 years	>5 years	Total
Financial liabilities at fair value through profit or loss	**$ 953,376**	**-**	**-**	**-**	**953,376**

Note: The statistics of the table is based on the maturity date specified in the contracts (year=Act/365) and the amount is the book value.

(d) Market risk analysis

Market risk refers to the risk that the value of assets decreases due to disadvantageous movement of the market price and this may result in a loss to the Company. The risk factors of the market price fluctuation include interest rates, foreign exchange rates, stock prices, and commodity prices.

Guided by Assets and Liabilities Management Committee, the Company takes financial environment, all the economic indicators, liability risk properties and ALM into account, to choose appropriate investment target through risk control mechanism. Under the consent of regulatory framework and market environment, choosing and acquisition of long-term assets is monitored by the Assets and Liabilities Management Committee. This is to allow assets and liabilities to coordinate better in terms of payment terms and profits, to pursue long term business and protect the rights of policyholders. This will also reduce the influence on insurance contract caused by market risk and eventually lower the potential loss to the Company.

The Company widely applies various risk management instruments to measure market risk. The primary methods adopted would be Value at Risk (VaR) and Sensitivity Analysis. By using these 2 instruments, the Company is able to measure, monitor and manage market risk completely and effectively.

(1) Value at Risk

Value at Risk is to apply statistical techniques to measure the maximum potential loss of the investment portfolio resulted from market risk factor variation in a given period of time and under certain confidence interval. The Company applies 99% as the confidence interval to predict the VaR in the next 10 days.

The VaR model applied to manage risk shall be examined retrospectively and continuously to ensure that the Company is able to measure the maximum potential risk of the portfolios reasonably, completely and accurately.

(2) Sensitivity analysis

Except for using VaR to manage market risk, the Company adopts sensitivity analysis to serve as a basis for corporate risk analysis, risk alert and operation management. Sensitivity analysis is to measure the amount changed in the portfolio value resulted from the variation of single risk factor. This will facilitate the Company to understand how each variation of risk factors may influence the portfolios in certain extreme scenarios.

Sensitivity analysis

Units: NT$'000

June 30, 2017			
Risk factor	**Variation**	**Change in profit or loss**	**Change in Equity**
Equity risk (Price index)	Price incline by 10%	-	51,900,013
	Price decline by 10%	-	(51,900,013)
Interest rate risk (Yield curve)	Interest rate curve(USD) incline by 50BPS	715	(17,216,141)
	Interest rate curve(NTD) incline by 50BPS	(648)	(12,947,324)
	Interest rate curve(Other currency) incline by 50BPS	-	(914,894)
	Interest rate curve(USD) decline by 50BPS	(723)	18,572,996
	Interest rate curve(NTD) decline by 50BPS	651	13,926,372
	Interest rate curve(Other currency) decline by 50BPS	-	951,001
Exchange rate risk (Foreign exchange rate)	NT$ to all currency incline by 3%	(3,363,794)	(7,456,356)
	NT$ to all currency decline by 3%	3,363,794	7,456,356

December 31, 2016			
Risk factor	**Variation**	**Change in profit or loss**	**Change in Equity**
Equity risk (Price index)	Price incline by 10%	-	41,422,938
	Price decline by 10%	-	(41,422,938)
Interest rate risk (Yield curve)	Interest rate curve(USD) incline by 50BPS	41	(18,710,276)
	Interest rate curve(NTD) incline by 50BPS	(182)	(13,782,745)
	Interest rate curve(Other currency) incline by 50BPS	-	(967,449)
	Interest rate curve(USD) decline by 50BPS	(39)	20,239,515
	Interest rate curve(NTD) decline by 50BPS	184	14,757,162
	Interest rate curve(Other currency) decline by 50BPS	-	1,006,175
Exchange rate risk (Foreign exchange rate)	NT$ to all currency incline by 3%	(5,163,400)	(6,120,357)
	NT$ to all currency decline by 3%	5,163,400	6,120,357

June 30, 2016			
Risk factor	**Variation**	**Change in profit or loss**	**Change in Equity**
Equity risk (Price index)	Price incline by 10%	-	35,277,756
	Price decline by 10%	-	(35,277,756)
Interest rate risk (Yield curve)	Interest rate curve(USD) incline by 50BPS	70	(21,408,852)
	Interest rate curve(NTD) incline by 50BPS	(398)	(12,210,912)
	Interest rate curve(Other currency) incline by 50BPS	-	(1,120,846)
	Interest rate curve(USD) decline by 50BPS	(72)	23,210,428
	Interest rate curve(NTD) decline by 50BPS	404	12,928,618
	Interest rate curve(Other currency) decline by 50BPS	-	1,164,281
Exchange rate risk (Foreign exchange rate)	NT$ to all currency incline by 3%	(5,725,249)	(5,771,154)
	NT$ to all currency decline by 3%	5,725,249	5,771,154

Note1: The sensitivity analysis of equity risk and interest rate risk mainly includes financial assets at fair value through profit or loss and available-for-sale financial assets. The scenario of equity risk includes stock and fund but excludes monetary funds and bond funds. As for the scenario of interest rate risk, it includes bonds and bond funds. The sensitivity analysis of exchange rate variation excludes foreign currency insurance policy and OIU assets.

Note2: The abovementioned sensitivity analysis is a scenario assumed that the impact of changes in risk factor on fair value is based on other factors which remained constant.

Note3: Assuming other factors remain the same, an upward parallel shift in the yield curve for individual currency of 1 bps will affect $1, $(3), and $(7) in profit or loss and $(644,119), $(693,176), and $(720,542) in equity on June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

Hong Kong and Vietnam subsidiaries are considered nonsignificant to the consolidated disclosures after the Group's assessment, therefore, the data of Hong Kong and Vietnam subsidiaries are not disclosed.

(e) Transfers of financial assets

The transferred financial assets of the Group that are not qualified for de-recognition in the daily operation are mainly equity securities under lending agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at fixed price in future period, the Group cannot use, sell or pledge these transferred financial assets during the valid transaction period. Therefore, the Group do not completely derecognize the transferred assets. The table below discloses the information of financial assets that are not completely derecognized and the associated financial liabilities:

Units: NT$'000

June 30, 2017					
Type of financial assets	**Carrying amount of the transferred financial assets**	**Carrying amount of associated financial liabilities**	**Fair value of the transferred financial assets**	**Fair value of associated financial liabilities**	**Fair value net position**
Available-for-sale financial assets – Securities lending agreements	546,568	-	546,568	-	546,568
Bond investments without active market-Repurchase agreement	73,356	87,760	87,122	87,760	(638)

Units: NT$'000

December 31, 2016					
Type of financial assets	**Carrying amount of the transferred financial assets**	**Carrying amount of associated financial liabilities**	**Fair value of the transferred financial assets**	**Fair value of associated financial liabilities**	**Fair value net position**
Available-for-sale financial assets – Securities lending agreements	1,328,390	-	1,328,390	-	1,328,390

Units: NT$'000

June 30, 2016					
Type of financial assets	**Carrying amount of the transferred financial assets**	**Carrying amount of associated financial liabilities**	**Fair value of the transferred financial assets**	**Fair value of associated financial liabilities**	**Fair value net position**
Available-for-sale financial assets – Securities lending agreements	328,593	-	328,593	-	328,593
Bond investments without active market-Repurchase agreement	58,015	69,409	65,287	69,409	(4,122)

(f) Offsetting financial assets and financial liabilities

Although the Group engages in transactions that do not meet the offsetting condition in IFRSs, the Group has signed enforceable master netting agreements or similar agreements with counterparties. When both parties choose net settlement, the transactions will be allowed to settle in net amount after offsetting the financial assets and financial liabilities. Otherwise, the transactions will be settled in gross amount. However, if one party defaults, the other party could choose net settlement. Relevant information is shown as follows:

June 30, 2017

Financial assets subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a)-(b)	Related amounts not set off in the balance sheets (d): Financial instruments (Note)	Related amounts not set off in the balance sheets (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments and structured deposits	$ 36,595,897	-	36,595,897	4,180,636	-	32,415,261
Reverse repurchase agreements	32,164,655	-	32,164,655	31,564,700	-	599,955
Securities lending agreements	546,568	-	546,568	546,568	-	-
Total	$ 69,307,120	-	69,307,120	36,291,904	-	33,015,216

June 30, 2017

Financial liabilities subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a) (b)	Related amounts not set off in the balance sheets (d): Financial instruments (Note)	Related amounts not set off in the balance sheets (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instruments	$ 7,998,430	-	7,998,430	4,180,636	287,316	3,530,478
Repurchase agreements	87,760	-	87,760	73,356	-	14,404
Total	$ 8,086,190	-	8,086,190	4,253,992	287,316	3,544,882

December 31, 2016

Financial assets subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a) (b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments and structured deposits	$ 32,510,179	-	32,510,179	6,223,325	-	26,286,854
Reverse repurchase agreements	62,647,954	-	62,647,954	61,719,500	-	928,454
Securities lending agreements	1,328,390	-	1,328,390	1,328,390	-	-
Total	**$ 96,486,523**	**-**	**96,486,523**	**69,271,215**	**-**	**27,215,308**

December 31, 2016

Financial liabilities subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a) (b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	**$ 14,916,897**	**-**	**14,916,897**	**6,223,325**	**-**	**8,693,572**

June 30, 2016

Financial assets subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the balance sheets (b)	Net amounts of financial assets presented in the balance sheets (c)=(a) (b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments and structured deposits	$ 37,722,155	-	37,722,155	911,631	-	36,810,524
Reverse repurchase agreements	131,914,456	-	131,914,456	126,781,800	-	5,132,656
Securities lending agreements	328,593	-	328,593	328,593	-	-
Total	**$ 169,965,204**	**-**	**169,965,204**	**128,022,024**	**-**	**41,943,180**

June 30, 2016

Financial liabilities subject to enforceable master netting agreements and similar agreements

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the balance sheets (b)	Net amounts of financial liabilities presented in the balance sheets (c)=(a) (b)	Related amounts not set off in the balance sheets (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 953,376	-	953,376	911,631	-	41,745
Repurchase agreements	69,409	-	69,409	58,015	-	11,394
Total	**$ 1,022,785**	**-**	**1,022,785**	**969,646**	**-**	**53,139**

(Note) Inclusive of master-netting arrangement and non-cash financial collateral.

(AB) Structured entities

(a) Consolidated structured entities

The consolidated structured entities of the Group are real estate investment and management entities. The structured entities are consolidated because the Group is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. As of June 30, 2017, December 31, 2016 and June 30, 2016, the Group has provided a non-contractual obligation loan of $22,687,382, $22,841,222 and $24,900,032 to the entities, respectively.

(b) Unconsolidated structured entities

(1) The Group hold the following types equity of unconsolidated structured entities. The fund of unconsolidated structured entities is from the Group and an external third-party:

Type of structured entity	Nature and purpose	Rights of the Group
Private fund investment	Invest in private fund issued by outside fund manager to gain profit	Investment the units fund issued or limited partnership rights
Asset securitization product	Invest in asset securitization products to gain profit	Investment in asset-backed securities issued by unconsolidated structured entities

(2) The carrying amounts of the unconsolidated structured entities recognized by the Group were as below:

June 30, 2017	Private fund investment	Asset securitization product
Assets held by the Group		
-Available-for-sale financial assets	$ 46,843,930	6,122,579
-Bond investments without active market	-	51,961,606
Total assets of the Group	**$ 46,843,930**	**58,084,185**

December 31, 2016	Private fund investment	Asset securitization product
Assets held by the Group		
-Available-for-sale financial assets	$ 40,211,311	6,509,526
-Bond investments without active market	-	52,499,203
Total assets of the Group	**$ 40,211,311**	**59,008,729**

June 30, 2016		Private fund investment	Asset securitization product
Assets held by the Group			
-Available-for-sale financial assets	$	33,506,934	7,766,927
-Bond investments without active market		-	44,076,376
Total assets of the Group	$	33,506,934	51,843,303

The maximum exposure of the possible loss from the entity is the carrying amount of the assets possessed.

(3) No financial support is provided for those unconsolidated private fund investments and asset securitization products for the six months ended June 30, 2017 and 2016.

(AC) Capital management

The targets of capital management of the Company, per the regulations of Insurance Bureau, FSC, are to maintain minimum regulatory capital, monitor the adequacy of the ability of discharging, prevent possible risk from operation, protect the interests of the insured and realize the benefit of shareholders and other stakeholders.

Meanwhile, the capital management of the Company is restricted to other domestic regulations such as the operating deposit paid to the National Treasury Administration, legal reserve and special reserve. Please refer to Note 6(J) and (P).

The Company manages capital through monitoring the annual and semi-annual liability adequacy reports in order to ensure that the Company is equipped with adequate ability of discharging and rate of return.

In accordance with "Regulations Governing Capital Adequacy of Insurance Companies", capital adequacy refers to the ratio of the adjusted net capital to the risk-based capital. The competent authority asks that the capital adequacy ratio of insurance companies must not be lower than 200%. The capital adequacy ratio of an insurance company which equals or exceeds 200% is classified as adequate capital. The capital adequacy ratio of an insurance company lower than 200% is divided into three categories: inadequate capital, significantly inadequate capital, and seriously inadequate capital. Where the capital adequacy ratio of an insurance company is lower than 200% or the minimum ratio prescribed by the competent authority, the insurance company shall not buy back its stock shares and distribute the net profit of the year. The competent authority may take certain supervisory procedures which include but not limited to: To request the people in charge of the insurance Group to execute capital increase in a given period of time or to submit other proposal for financial improvements, to request the insurance Group to stop selling insurance products or to limit the start of new insurance products, to limit the use of its capital, to dispatch officers to supervise its operation or conduct other necessary procedures.

The capital adequacy of the Company is located over 200% for the last two years and is above the minimum ratio requested by the competent authority.

As of June 30, 2017, the Group's method of capital management for the year remains the same.

(AD) Other

(a) The Group’s significant financial assets and liabilities denominated in foreign currencies are disclosed as follows:

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD	Foreign Currency	Exchange Rate (Note 2)	NTD
Financial Assets									
Monetary items (Note 1)									
USD	$ 52,311,858	30.436/30.39/30.439	1,592,163,762	45,621,315	32.279/32.263/32.282	1,472,610,472	42,253,025	32.286/32.287/32.291	1,364,181,256
Non-monetary items (Note 1)									
USD	7,260,899	30.436	220,992,721	6,000,951	32.279	193,704,688	6,352,468	32.286	205,095,783
EUR	495,429	34.706	17,194,455	489,834	34.045	16,676,248	459,508	35.983	16,534,354
HKD	11,929,377	3.899	46,516,817	11,816,473	4.163	49,191,270	8,485,978	4.161	35,307,864
CNH	4,585,122	4.489	20,584,219	3,877,648	4.631	17,958,161	3,326,982	4.845	16,119,163
CNY	-	-	-	3,609,857	4.648	16,780,314	3,491,840	4.861	16,975,229
Derivatives Financial Instruments (Note 1)									
USD	-	30.436	4,230,766	-	32.279	991,975	-	32.286	6,248,843
Equity investment under equity method(Note 1)									
CNY	-	-	-	-	-	-	162,263	4.842	785,660
HKD	2,337,792	3.899	9,115,517	2,034,977	4.163	8,471,407	1,736,710	4.160	7,225,234
KRW	163,623,199	0.027	4,352,377	145,120,263	0.027	3,889,223	218,076,089	0.028	6,106,130
Financial Liabilities									
Monetary items (Note 1)									
USD	211,835	30.436	6,447,495	34,262	32.279	1,105,028	144,649	32.286	4,670,629
EUR	-	-	-	4,162	34.045	145,321	-	-	-
CNH	-	-	-	-	-	-	92,000	4.845	445,738
Derivatives Financial Instruments (Note 1)									
USD	-	30.436	765,210	-	32.279	14,916,897	-	32.286	953,376

Note 1: Each balance listed is greater than 5% of total amounts of the item.

Note 2: The adopted currency is based on the nature of the asset and liability.

(b) The amounts of total assets and liabilities which will be recovered or settled within or more than 12 months of the balance sheet date are as follows:

	June 30, 2017		
Assets	**Recovery within 12 months**	**Recovery beyond than 12 months**	**Total**
Cash and cash equivalents	$ 133,245,806	-	133,245,806
Receivables	35,472,636	1,056,209	36,528,845
Current tax assets	8,114	1,220,148	1,228,262
Financial assets at fair value through profit or loss	1,327,350	-	1,327,350
Available-for-sale financial assets	11,827,282	1,315,072,128	1,326,899,410
Hedging derivatives assets	25,675	440,143	465,818
Financial assets at cost	-	1,155,375	1,155,375
Investments accounted for using equity method, net	-	13,901,970	13,901,970
Bond investments without active market	144,922	1,368,352,847	1,368,497,769
Held-to-maturity financial assets	-	16,340,391	16,340,391
Other financial assets, net	13,378,916	22,248,972	35,627,888
Investment property	-	172,852,613	172,852,613
Loans	3,454,463	175,292,220	178,746,683
Reinsurance assets	897,608	659,422	1,557,030
Property, plant and equipment	-	18,869,520	18,869,520
Intangible assets	-	226,516	226,516
Deferred tax assets	6,128	11,613,421	11,619,549
Other assets	1,900,036	42,327,188	44,227,224
Assets on insurance product, separate account	4,572,618	143,634,871	148,207,489
Total assets	**$ 206,261,554**	**3,305,263,954**	**3,511,525,508**

	June 30, 2017		
Liabilities	**Recovery within 12 months**	**Recovery beyond than 12 months**	**Total**
Accounts payable	$ 33,439,578	214,241	33,653,819
Current tax liabilities	7,032,203	761,432	7,793,635
Short-term debts	87,760	-	87,760
Financial liabilities at fair value through profit or loss	7,396,688	-	7,396,688
Hedging derivatives liabilities	-	601,742	601,742
Bonds payable	-	35,000,000	35,000,000
Insurance liabilities	141,584,872	2,871,656,879	3,013,241,751
Reserve for insurance with nature of financial instrument	-	3,737,794	3,737,794
Reserve for foreign exchange fluctuation	-	1,140,301	1,140,301
Liabilities reserve	-	6,939,743	6,939,743
Deferred tax liabilities	-	3,727,791	3,727,791
Other liabilities	4,149,669	4,386,061	8,535,730
Liabilities on insurance product, separate account	1,554	148,205,935	148,207,489
Total liabilities	**$ 193,692,324**	**3,076,371,919**	**3,270,064,243**

	December 31, 2016		
Assets	**Recovery within 12 months**	**Recovery beyond than 12 months**	**Total**
Cash and cash equivalents	$ 176,831,591	-	176,831,591
Receivables	34,041,217	983,452	35,024,669
Current tax assets	-	1,064,146	1,064,146
Financial assets at fair value through profit or loss	984,485	-	984,485
Available-for-sale financial assets	24,635,927	1,276,482,243	1,301,118,170
Hedging derivatives assets	57,445	225,425	282,870
Financial assets at cost	-	1,157,549	1,157,549
Investments accounted for using equity method, net	-	12,901,967	12,901,967
Bond investments without active market	2,134,823	1,221,447,444	1,223,582,267
Held-to-maturity financial assets	-	16,337,553	16,337,553
Other financial assets, net	9,941,462	22,098,206	32,039,668
Investment property	-	171,713,701	171,713,701
Loans	3,251,541	162,425,827	165,677,368
Reinsurance assets	797,799	580,772	1,378,571
Property, plant and equipment	-	19,085,535	19,085,535
Intangible assets	-	274,620	274,620
Deferred tax assets	-	8,059,745	8,059,745
Other assets	1,305,454	42,205,918	43,511,372
Assets on insurance product, separate account	3,215,641	139,318,380	142,534,021
Total assets	**$ 257,197,385**	**3,096,362,483**	**3,353,559,868**

	December 31, 2016		
Liabilities	**Recovery within 12 months**	**Recovery beyond than 12 months**	**Total**
Accounts payable	$ 22,327,381	213,609	22,540,990
Current tax liabilities	3,990,061	656,333	4,646,394
Financial liabilities at fair value through profit or loss	14,156,699	-	14,156,699
Hedging derivatives liabilities	-	760,198	760,198
Bonds payable	-	28,500,000	28,500,000
Insurance liabilities	117,377,673	2,762,226,704	2,879,604,377
Reserve for insurance with nature of financial instrument	14,385,897	3,751,438	18,137,335
Reserve for foreign exchange fluctuation	-	4,632,746	4,632,746
Liabilities reserve	852,434	6,688,489	7,540,923
Deferred tax liabilities	-	6,586,754	6,586,754
Other liabilities	8,438,659	2,006,401	10,445,060
Liabilities on insurance product, separate account	408	142,533,613	142,534,021
Total liabilities	**$ 181,529,212**	**2,958,556,285**	**3,140,085,497**

Assets	June 30, 2016 Recovery within 12 months	Recovery beyond than 12 months	Total
Cash and cash equivalents	$ 238,851,192	-	238,851,192
Receivables	36,414,856	908,585	37,323,441
Current tax assets	-	2,357,229	2,357,229
Financial assets at fair value through profit or loss	5,972,607	-	5,972,607
Available-for-sale financial assets	17,574,741	1,252,880,497	1,270,455,238
Hedging derivatives assets	9,857	1,055,543	1,065,400
Financial assets at cost	-	1,020,197	1,020,197
Investments accounted for using equity method, net	-	14,117,024	14,117,024
Bond investments without active market	2,427,165	1,069,661,226	1,072,088,391
Held-to-maturity financial assets	-	25,173,189	25,173,189
Other financial assets, net	3,357,721	28,135,324	31,493,045
Investment property	-	172,292,547	172,292,547
Loans	2,972,332	145,517,622	148,489,954
Reinsurance assets	719,744	554,580	1,274,324
Property, plant and equipment	-	17,736,464	17,736,464
Intangible assets	-	252,015	252,015
Deferred tax assets	-	4,183,288	4,183,288
Other assets	2,040,238	40,728,371	42,768,609
Assets on insurance product, separate account	977,825	135,572,423	136,550,248
Total assets	**$ 311,318,278**	**2,912,146,124**	**3,223,464,402**

Liabilities	June 30, 2016 Recovery within 12 months	Recovery beyond than 12 months	Total
Accounts payable	$ 24,593,186	441,675	25,034,861
Current tax liabilities	1,671,913	695,279	2,367,192
Short-term debts	69,409	-	69,409
Financial liabilities at fair value through profit or loss	953,376	-	953,376
Insurance liabilities	78,215,594	2,646,849,060	2,725,064,654
Reserve for insurance with nature of financial instrument	78,679,744	3,893,821	82,573,565
Reserve for foreign exchange fluctuation	-	5,618,120	5,618,120
Liabilities reserve	-	6,420,751	6,420,751
Deferred tax liabilities	-	8,052,811	8,052,811
Other liabilities	3,703,166	1,881,002	5,584,168
Liabilities on insurance product, separate account	967	136,549,281	136,550,248
Total liabilities	**$ 187,887,355**	**2,810,401,800**	**2,998,289,155**

7. RELATED PARTY TRANSACTIONS

(A) Names and relationships of related parties

Names of related parties	Relationship with the Group
Fubon Financial Holding Co., Ltd.	Parent company
Fubon Property & Casualty Insurance Co., Ltd.	The Group which held 40%
CITIC Capital Holdings Ltd.	The associate
Hyundai Life Insurance Co., Ltd.	The associate
Fubon Insurance Co., Ltd.	The same parent company
Taipei Fubon Commercial Bank Co., Ltd.	The same parent company
Fubon Securities Co., Ltd.	The same parent company
Fubon Financial Holding Venture Capital	The same parent company
Fubon Assets Management Co., Ltd.	The same parent company
Fubon Direct Marketing Consulting Co., Ltd.	The same parent company
Fubon Bank (Hong Kong) Limited and subsidiaries	The same parent company
Taiwan Sports Lottery	The same parent company
Fubon Securities Investment Trust Co., Ltd.	The same parent company and investee company under equity method
Fubon Futures Co., Ltd.	The same parent company and investee company under equity method
Fubon Securities Investment Consulting Co., Ltd.	The same parent company and investee company under equity method
Fusheng Insurance Agent Co., Ltd.	The same parent company and investee company under equity method
Fubon Sports & Entertainment Co., Ltd.	The same parent company and investee company under equity method
Fusheng Life Insurance Agent Co., Ltd.	The same parent company and investee company under equity method
Fubon Securities Venture Capital	The same parent company and investee company under equity method
Fulee Life Insurance Agent Co., Ltd.	Affiliates
Fubon Property Management Co., Ltd.	Affiliates
Fubon Construction Co., Ltd.	Affiliates
Fubon Real Estate Management Co., Ltd.	Affiliates
Fubon Multimedia Technology Co., Ltd.	Affiliates

Names of related parties	Relationship with the Group
Taipei City Government	Affiliates
TFN Media Co., Ltd.	Affiliates
Taiwan Mobile Co., Ltd.	Affiliates
Taiwan Fixed Network Co., Ltd.	Affiliates
Taiwan Customer Service Technology Co., Ltd.	Affiliates
Taiwan High Speed Railway Co., Ltd.	Affiliates
World Vision Taiwan	Affiliates (Note3)
Fubon Culture and Education Foundation	Affiliates
Fubon Charity Foundation	Affiliates
Fubon Art Foundation	Affiliates
Chung Hsing Construction Co., Ltd.	Affiliates
Ming Tung Investment Co., Ltd.	Affiliates
WinTV Broadcasting Co., Ltd.	Affiliates
Taiwan Academy of Banking and Finance	Affiliates
Taipei New Horizon Co., Ltd.	Affiliates
The Non-Life Insurance Association of the R.O.C.	Affiliates
Taiwan Insurance Institute	Affiliates
One Production Film Co., Ltd.	Affiliates
Safety and Health Technology Center	Affiliates
Taiwan Digital Communications Co., Ltd.	Affiliates
PHYCOS International Co., Ltd.	Affiliates
Formosa Cancer Foundation	Affiliates
Easycard Corporation	Affiliates
China Evangelical Seminary	Affiliates
Taiwan Cogeneration Corporation	Affiliates
China University of Technology	Affiliates
Kbro Media Co., Ltd.	Affiliates
Taiwan Telecommunication Industry Development Association	Affiliates
Taiwan Bio-Development Foundation	Affiliates
Taiwan Private Equity Association	Affiliates
Life Insurance Management Institute of the Republic of China	Affiliates
Capital Securities Corporation	Affiliates (Note2)
Formosa Plastics Corporation	Affiliates
Insurance Anti-Fraud Institute	Affiliates
The Institute of Internal Auditors	Affiliates (Note3)

Names of related parties	Relationship with the Group
Chinese Insurance Service Association	Affiliates
Clevo Co., Ltd.	Affiliates
Chinese Christian Evangelistic Association	Affiliates
Taipei Fubon Commercial Bank Charity Foundation	Affiliates
Straits Exchange Foundation	Affiliates
Taiwan Arts & Culture Television Co., Ltd.	Affiliates
Taroko Development Co., Ltd.	Affiliates
Fupen Construction Co., Ltd.	Affiliates
Fubon Hotels Management Co., Ltd.	Affiliates
DETEKT Technology Inc.	Affiliates
Sunny Pharmtech Inc.	Affiliates
Life Insurance Educational Foundation	Affiliates
HiTi Digital, Inc.	Affiliates
Viewpoint Electronics Co., Ltd.	Affiliates
Chinese Chirstian Relief Association	Affiliates
CR Classification Society	Affiliates
YAHOO! Taiwan Holdings Limited	Affiliates
Lion Travel Service Co., Ltd.	Affiliates
Chinese Taipei Basketball Association	Affiliates
Taipei Young Women's Christian Association	Affiliates (Note1)
The Association of Police's Friends of the Republic of China	Affiliates
Sheng Yen Education Foundation	Affiliates (Note1)
Taiwan Ratings Corp.	Affiliates
Taiwan Pelican Express Co., Ltd.	Affiliates
The Life Insurance Association of the Republic of China	Affiliates
Convoy Financial Service Ltd.	Affiliates
Kbro Co., Ltd.	Affiliates
Full Wang International Development Co., Ltd.	Affiliates
Chien Kuo Construction Co., Ltd.	Affiliates
Other related parties	Directors, supervisors, managers and their close relatives, etc.

Note1: No longer a related party commencing from the fourth quarter of 2016.

Note2: No longer a related party commencing from the third quarter of 2016.

Note3: No longer a related party commencing from the second quarter of 2016.

(B) Significant related party transactions

(a) Deposits with related parties

Nature	June 30, 2017	December 31, 2016	June 30, 2016
Taipei Fubon Commercial Bank Co., Ltd.			
Check deposits	$ 85,874	258,517	90,288
Demand deposits	5,218,602	5,604,484	3,800,715
Time deposits	3,779,000	4,179,000	9,879,500
Structured deposits	2,792,342	2,822,978	2,853,702
Fubon Bank (Hong Kong) Co., Ltd.			
Demand deposits	1,146,787	1,004,437	1,528,239
Time deposits	-	12,489	110,207
Total	$ 13,022,605	13,881,905	18,262,651

Deposits mentioned above exclude investment-linked insurance policy assets. Otherwise, structured deposits were accounted for other financial assets.

(b) Interest receivable with related parties

Name of related party	June 30, 2017	December 31, 2016	June 30, 2016
Taipei Fubon Commercial Bank Co., Ltd.	$ 351,670	329,270	332,203

(c) Other receivable (payable)

Names of related parties	June 30, 2017	December 31, 2016	June 30, 2016
Fubon Financial Holding Co., Ltd.	$ (5,209,783)	(2,309)	(2,088)
Taipei Fubon Commercial Bank Co., Ltd.	(690,131)	(729,159)	(914,952)
Fubon Bank (Hong Kong) Co., Ltd.	(4,937)	(2,537)	(21,878)
Fubon Insurance Co., Ltd.	113,160	97,130	59,253
Fusheng Life Insurance Agency Co., Ltd.	(32,485)	(46,742)	(40,012)
Fubon Securities Investment Consulting Co., Ltd.	(14,420)	(19,895)	(45,767)
Convoy Financial Service Ltd.	-	(10,744)	-
Other (accounts with balance of less than $10,000 or 10% of total transaction balance)	(1,892)	(4,636)	1,368
Total	$ (5,840,488)	(718,892)	(964,076)

(d) Joint declaration of tax

The Company and its parent company as well as its subsidiaries adopted the policy of jointly declaration of tax for declaring income tax and undistributed earnings. (Joint declaration of tax payable includes estimates payable pending for verification.)

	June 30, 2017	December 31, 2016	June 30, 2016
Joint declaration of tax-receivables (current income tax assets)	$ 90,119	90,119	1,599,983
Joint declaration of tax-payable (current income tax liabilities)	7,743,707	4,595,354	2,322,019

(e) Bonds transactions

(1) Purchases

Name of related party	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Taipei Fubon Commercial Bank Co., Ltd.	$ 421,983	3,569,972

(2) Sales

Names of related parties	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Taipei Fubon Commercial Bank Co., Ltd.	$ 18,561,399	18,918,628
Fubon Securities Co., Ltd.	-	1,593,052
Total	**$ 18,561,399**	**20,511,680**

(3) Bonds purchased under resell agreements

Name of related party	For the three months ended June 30, 2017 Interest Revenue	For the six months ended June 30, 2017 Interest Revenue	As of June 30, 2017 Repo of Government Bonds
Fubon Securities Co., Ltd.	$ -	197	-

Names of related parties	For the three months ended June 30, 2016 Interest Revenue	For the six months ended June 30, 2016 Interest Revenue	As of June 30, 2016 Repo of Government Bonds
Capital Securities Corporation	$ 1,365	2,879	920,000
Fubon Securities Co., Ltd.	$ 16	406	160,015
Taipei Fubon Commercial Bank Co., Ltd.	$ -	919	-

(f) Certain investment funds purchased from Fubon Securities Investment Trust Co., Ltd. are as follows:

Names of funds	June 30, 2017	December 31, 2016	June 30, 2016
Fubon Fund	$ 64,800	56,520	69,750
Fubon Chi-Hsiang Money Market Fund	1,501,282	1,500,183	3,503,599
Fubon China Money Market Fund	-	28,747	29,654
Fubon Technology ETF Fund	201,034	175,853	163,758
Fubon Morgan ETF Fund	136,587	118,483	112,600
Fubon Taiwan Eight Industries ETF Fund	155,017	133,939	123,098
Fubon Taiwan Finance ETF Fund	143,781	138,242	117,931
Fubon Strategic High Income-Type B	45,688	45,776	44,216
Fubon Japan ETF Fund	-	-	15,890
Fubon SZSE 100 ETF	136,797	124,664	134,530
Fubon FB NASDAQ Fund	28,963	26,608	23,814
FB H-Share L2XI	25,350	21,390	-
Fubon Taiwan 50	994,770	-	-
Fubon NASDAQ L2XI	13,374	-	-
Fubon Corporate Governance	1,043,000	-	-
Total	$ 4,490,443	2,370,405	4,338,840

(g) The Group recognized Fubon No.1 REIT and Fubon No.2 REIT in Available for Sales Financial Assets:

Names of related parties	June 30, 2017	December 31, 2016	June 30, 2016
Fubon No.1 Real Estate Investment Trust	$ 783,661	854,644	918,814
Fubon No.2 Real Estate Investment Trust	935,499	977,061	990,915
	$ 1,719,160	1,831,705	1,909,729

(h) Property transactions

(1) Payments of investment property are as follows:

Names of related parties	Nature	For the six months ended June 30, 2017	2016
Fubon Construction Co., Ltd.	Consulting fees and etc.	$ 18,478	2,220
Taipei City Government	Rental of public hearing venue and etc.	16,523	9
Other (accounts with balance of less than $10,000 or 10% of total transaction balance)		7,816	-
Total		$ 42,817	2,229

(2) The Group purchased computer equipment from Taiwan Fixed Network Co., Ltd. year ended December 31, 2016 and the proceeds amounted to $1,075.

(i) Loans to related parties are as follows:

(1) Secured loans

June 30, 2017

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Residence mortgage loans	44 affiliates	$ 292,332	287,887	Normal	Real estate	No

December 31, 2016

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Residence mortgage loans	39 affiliates	$ 287,572	278,727	Normal	Real estate	No

June 30, 2016

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Residence mortgage loans	40 affiliates	$ 301,106	287,228	Normal	Real estate	No

No significant difference on the above-mentioned related party transactions on residence mortgage loan and trade conditions with a non-related party.

(2) Life insurance loans:

June 30, 2017

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Life insurance loans	95 affiliates	$ 38,625	32,450	Normal	Policy value	No

December 31, 2016

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Life insurance loans	101 affiliates	$ 49,233	35,719	Normal	Policy value	No

June 30, 2016

Category	Name of related party	Maximum Amount	Ending Balance	Performing situation	Collateral	Collateral terms are the same with other regular clients
Life insurance loans	87 affiliates	$ 37,080	25,949	Normal	Policy value	No

No significant difference on the above-mentioned related party transactions on life insurance loan and trade conditions with a non-related party.

(j) Prepayment

Names of related parties	Nature	June 30, 2017	December 31, 2016	June 30, 2016
Taipei Fubon Commercial Bank Co., Ltd.	Incentives and employee welfares	$ 38,910	45,987	48,345
Fubon Insurance Co., Ltd.	Prepaid insurance expenses	1,972	18,047	2,095
Taipei City Government	Prepaid superficies rent and temporary payment	171,514	1,249	191,897
Fubon Financial Holdings Co., Ltd.	Temporary payments of year end party	10,538	10,538	-
Taiwan Fixed Network Co., Ltd.	Equipment prepayment	56,414	-	-
Other (accounts with balance of less than $10,000 or 10% of total transaction balance)		4,661	3,118	4,475
Total		$ 284,009	78,939	246,812

(k) Rental expense and refundable deposits

The details of rental expenses and guarantee deposit paid to the related parties for the six months ended June 30, 2017, December 31, 2016 and June 30, 2016 are as follows:

Guarantee deposit paid

Names of related parties	June 30, 2017	December 31, 2016	June 30, 2016	Note
Fubon Insurance Co., Ltd.	$ 15,513	13,893	13,815	Office rent
Taipei City Government	1,120,273	1,119,124	1,119,174	Bid Bond / Superficies performance bond
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	8,104	8,039	8,039	Office rent
Total	$ 1,143,890	1,141,056	1,141,028	

Rental expense

Names of related parties	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016	Note
Fubon Insurance Co., Ltd.	$ 22,048	20,722	43,255	41,350	Office rent
Taipei City Government	81,428	81,218	161,960	162,436	Superficies rent
Affiliates	8,756	8,729	17,512	17,339	Office rent
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	3,400	2,949	6,801	5,785	Office rent
Total	**$ 115,632**	**113,618**	**229,528**	**226,910**	

The above-mentioned leases were operating leases and the terms of transactions were similar to those with non-related parties.

(l) Refundable deposits and rental revenue and unearned rental revenue

Guarantee deposits received	June 30, 2017	December 31, 2016	June 30, 2016
Fubon Multimedia Technology Co., Ltd.	$ 27,219	27,219	27,219
Taroko Development Co., Ltd.	35,000	35,000	34,700
Taiwan Fixed Network Co., Ltd.	10,597	10,597	10,597
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	23,408	23,196	19,799
Total	**$ 96,224**	**96,012**	**92,315**

The above-mentioned guarantee deposits are for rental investment properties, a performance guarantee of $26,345 from Kbro Media Co., Ltd. and $27,757 from Chien Kuo Construction Co., Ltd.

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Rental revenue				
Fubon Multimedia Technology Co., Ltd.	$ 26,708	26,701	53,417	53,402
Taipei Fubon Commercial Bank Co., Ltd.	6,328	6,032	12,646	11,726
Taroko Development Co., Ltd.	28,750	28,750	57,500	57,500
Taiwan Fixed Network Co., Ltd.	10,088	10,266	20,229	13,642
Taiwan Mobile Co., Ltd.	7,843	7,406	15,618	11,881
Kbro Media Co., Ltd.	13,317	-	25,690	-
Kbro Co., Ltd.	6,271	-	10,452	-
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	11,581	7,921	23,057	14,919
Total	$ 110,886	87,076	218,609	163,070

Rental revenues from real estate investment amounted to $110,651 and $86,923 for the three months ended June 30, 2017 and 2016, $218,172 and $162,807 for the six months ended June 30, 2017 and 2016, respectively. Rental revenues from real investment property are accounted for gains on investment property.

Unearned rental revenue, accounted for other liabilities, amounted to $32,890, $1,223 and $4,794 as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

(m) Gross Written Premiums

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Fubon Insurance Co., Ltd.	$ 10,442	10,380	17,418	24,320
Fubon Securities Co., Ltd.	9,073	9,608	18,333	19,334
Taipei Fubon Commercial Bank Co., Ltd.	24,139	23,832	48,235	47,539
Affiliates	12,853	31,237	30,529	81,410
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	258,089	281,784	568,228	599,331
Total	$ 314,596	356,841	682,743	771,934

The terms of the above transactions were similar to those with non-related parties.

(n) Commission revenues from investment-linked insurance policy

	For the three months ended June 30,		For the six months ended June 30,	
Name of related party	**2017**	**2016**	**2017**	**2016**
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	$ **1,453**	**1,734**	**2,788**	**2,905**

(o) Commission expense

	For the three months ended June 30,		For the six months ended June 30,	
Names of related parties	**2017**	**2016**	**2017**	**2016**
Taipei Fubon Commercial Bank Co., Ltd.	$ 1,002,088	1,716,701	2,658,219	3,825,570
Fusheng Life Insurance Agency Co., Ltd.	67,254	82,339	148,001	182,024
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	91	388	378	751
Total	$ **1,069,433**	**1,799,428**	**2,806,598**	**4,008,345**

The above commission includes deferred commission, the details of which are as follows:

Names of related parties	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Taipei Fubon Commercial Bank Co., Ltd.	$ 12,157	14,456	21,645
Fusheng Life Insurance Agency Co., Ltd.	102,771	107,506	122,598
Total	$ **114,928**	**121,962**	**144,243**

(p) Interest revenue with related parties

	For the three months ended June 30,		For the six months ended June 30,	
Names of related parties	**2017**	**2016**	**2017**	**2016**
Taipei Fubon Commercial Bank Co., Ltd.	$ 49,056	56,388	96,455	110,635
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	479	1,875	1,729	2,539
Total	$ **49,535**	**58,263**	**98,184**	**113,174**

(q) Marketing revenue

Names of related parties	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Fubon Insurance Co., Ltd.	$ 111,068	90,539	211,865	175,216
Taipei Fubon Commercial Bank Co., Ltd.	6,477	7,585	17,100	11,403
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	340	363	597	786
Total	$ 117,885	98,487	229,562	187,405

(r) Marketing expense

Names of related parties	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Fubon Securities Co., Ltd.	$ 14,518	26,736	42,182	42,060
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	2,892	6,793	8,868	10,279
Total	$ 17,410	33,529	51,050	52,339

(s) Other revenues

Names of related parties	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Fubon Securities Co., Ltd.	$ 13,202	2,623	21,699	8,793
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)	11	-	51	105
Total	$ 13,213	2,623	21,750	8,898

(t) Other expenses

Names of related parties	Nature	For the three months ended June 30, 2017	For the three months ended June 30, 2016	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Fubon Securities Co., Ltd.	Entrusted with the sale of fee and consignment trading / security lending handling fees	$ 20,898	10,979	42,887	32,541
Fubon Real Estate Management Co., Ltd.	Building management fees, investment property fees, etc.	28,784	22,511	52,800	48,210
Fubon Insurance Co., Ltd.	Property insurance, parking fees, etc.	8,638	9,182	18,941	20,546
Taiwan Fixed Network Co., Ltd.	Telephone fees / telecommunication fees, exchange board rental, etc.	68,806	16,643	83,029	32,880
Taipei Fubon Commercial Bank Co., Ltd.	Bank charge, custodian fees, exhibition cost, etc.	227,816	203,486	463,297	374,877
Fubon Bank (Hong Kong) Co., Ltd.	Bank charge and commission	16,407	29,377	47,097	29,380
Fubon Culture and Education Foundation	Donation fees and advertisement expenses	16,004	21,854	16,004	21,854
Fubon Charity Foundation	Donation fees	15,518	26,923	21,718	30,904
Fubon Art Foundation	Donation fees and incidental expenses	14,621	14,878	14,681	14,978
Fubon Sports & Entertainment Co., Ltd.	Advertisement, stationery and printing, etc.	78,176	79	131,284	52,938
Fubon Insurance Brokers Ltd. (The subsidiary of Fubon Bank (Hong Kong) Co., Ltd.	Commission and bonus	3,300	-	10,658	-
Convoy Financial Service Ltd.	Commission and bonus	5,317	-	17,078	-
Others (accounts with balance of less than $10,000 or 10% of total transaction balance)		7,958	3,100	19,392	11,701
Total		$ 512,243	359,012	938,866	670,809

(C) Major management remuneration information

	For the three months ended June 30,		For the six months ended June 30,	
	2017	2016	2017	2016
Remuneration and other short-term contract employees	$ 78,879	60,462	158,523	148,684
Other long-term contract employees	516	572	999	1,051
Post-employment benefits	3,403	3,324	6,816	6,905
Total	**$ 82,798**	**64,358**	**166,338**	**156,640**

8. PLEDGED ASSETS

Pledged assets are as follows:

Pledged assets	June 30, 2017	December 31, 2016	June 30, 2016
Government bonds (Statutory deposits)	$ 10,332,106	10,331,070	8,956,468
Government bonds (Available-for-sale financial assets)	-	213,536	-
Time deposits (Leasing deposits)	-	-	500
Time deposits (Guarantee deposits)	1,279,000	1,279,000	1,279,000
Savings deposits (Statutory deposits)	18,243	19,366	19,379
Government bonds (Bond investments without active market)	73,356	-	58,015
Total	**$ 11,702,705**	**11,842,972**	**10,313,362**

Pursuant to the requirements of Articles 141 and 142 of the Insurance Law, government bonds and time deposit were deposited in the Central Bank of China as guarantee for Fubon Life Insurance's insurance business. Fubon Life Insurance (Vietnam) Co., Ltd. deposited saving deposit in the local bank which was authorized by the Vietnam government.

9. SIGNIFICANT CONTINGENT LIABILITY AND UNRECOGNIZED CONTRACT COMMITMENT

(A) The Group's maturity analysis of lease contractual commitments is as follows:

June 30, 2017	**< 1 year**	**1~5 years**	**> 5 years**	**Total**
Lease contractual commitments				
Operating lease expenditure (Lessee)	542,917	517,205	-	1,060,122
Operating lease expenditure - Superficies (Lessee)	328,751	1,315,005	14,408,674	16,052,430
Operating lease revenue (Lessor)	5,715,976	19,887,867	33,499,170	59,103,013
Total finance lease expenditure (Lessee)	9,760	38,173	1,189,550	1,237,483
Present value of finance lease expenditure (Lessee)	252	336	212,145	212,733

December 31, 2016	**< 1 year**	**1~5 years**	**> 5 years**	**Total**
Lease contractual commitments				
Operating lease expenditure (Lessee)	481,111	307,016	-	788,127
Operating lease expenditure - Superficies (Lessee)	328,751	1,315,005	14,701,418	16,345,174
Operating lease revenue (Lessor)	5,698,110	20,297,150	33,779,395	59,774,655
Total finance lease expenditure (Lessee)	9,980	38,350	1,197,486	1,245,816
Present value of finance lease expenditure (Lessee)	407	382	212,731	213,520

June 30, 2016	**< 1 year**	**1~5 years**	**> 5 years**	**Total**
Lease contractual commitments				
Operating lease expenditure (Lessee)	471,837	358,641	-	830,478
Operating lease expenditure - Superficies (Lessee)	328,751	1,315,005	14,737,426	16,381,182
Operating lease revenue (Lessor)	5,623,825	20,372,157	36,984,019	62,980,001
Total finance lease expenditure (Lessee)	13,955	96,652	3,404,090	3,514,697
Present value of finance lease expenditure (Lessee)	12,483	76,277	364,619	453,379

(B) In addition to recognized liability reserve, the Group’ s contingent liabilities which are pending claims from daily operation and have not been recognized are being assessed by qualified lawyers. Once the Group obtains the lawyers’ opinion and probable and reasonably estimable amounts of the liabilities, the Group will make adjustments and recognize relevant losses.

(C) Significant unrecognized commitments

(a) The Group's unrecognized contracts of superficies are as follows:

	June 30, 2017(Note)	December 31, 2016	June 30, 2016
Acquisition of superficies	$ 703,249	718,509	718,509

Note: The Group acquired the creation of superficies of the city-owned land of Parcel No.472, Subsection 2nd, Xinmin Rd., Beitou Dist., Taipei City with a bid price of $1,401,000 in July 2014. As of the reporting date, the contract has not yet been signed. However, the urban renewal business implementation contract was signed in October 2014 and $700,500 was paid according to the contract.
The Group acquired the creation of superficies of the city-owned land of Parcel No.6, Subsection 3rd, Xinyi Rd., Xinyi Dist., Taipei City with a bid price of $17,288,000 in June 2014. The contract was signed in August 2014, and the right of superficies recognized started to amortize from November 2014. In accordance with the contract, except for some special conditions exempted from Taipei City government, the Group shall finish the migration and underground construction of water pump stations and gas stations within the area before obtaining the building use permit. The budget for the construction is limited to $110,000. As of June 30, 2017, the construction expense incurred amounted to $107,251.

(b) The Group's unrecognized new construction contracts of investment and owner-occupied properties are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
New construction contracts	$ 1,159,559	1,348,439	1,330,942

(D) The Group signed private equity fund contracts. The maximum amount of investment commitments that has not been funded is (in thousands):

	June 30, 2017	December 31, 2016	June 30, 2016
USD	$ 1,620,966	1,837,940	1,777,511
EUR	$ 240,577	223,488	203,867

Note: The unfunded commitments excluded unsettled trades.

10. SIGNIFICANT DISASTER LOSS: None.

11. SIGNIFICANT SUBSEQUENT EVENT

The Group was approved by the Taiwan Financial Supervisory Commission to invest Fubon Financial Holding Venture Capital Co., Ltd by capital increase on July 25, 2017. Estimated investment amount is $1,979,650. After the capital increase, the Group's shareholding ratio increase to 25%. The record date for the capital increase is August 31, 2017.

12. OTHER

(A) Personnel expenses, depreciation and amortization for the periods ended June 30, 2017 and 2016 are categorized by function as follows:

	For the three months ended June 30,					
Function	2017			2016		
Nature	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	2,709,625	1,060,504	3,770,129	4,090,460	996,659	5,087,119
Insurance	-	405,871	405,871	-	364,915	364,915
Pension	74,060	238,743	312,803	84,012	208,297	292,309
Other	-	471,720	471,720	-	384,594	384,594
Depreciation	-	99,293	99,293	-	77,565	77,565
Amortization	82,320	32,394	114,714	137,850	32,712	170,562
	For the six months ended June 30,					
Function	2017			2016		
Nature	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employees Benefits						
Salaries and wages	6,168,881	2,076,805	8,245,686	7,061,414	1,988,122	9,049,536
Insurance	-	882,052	882,052	-	744,708	744,708
Pension	145,659	473,796	619,455	169,725	410,877	580,602
Other	-	779,320	779,320	-	667,530	667,530
Depreciation	-	199,657	199,657	-	149,157	149,157
Amortization	196,615	64,738	261,353	275,699	64,170	339,869

(B) When conducting business or transaction, joint business promotion as well as information and facilities sharing with Fubon Financial Holdings Co., Ltd. and other associates, the Group is using a direct allocation method based on the business characteristic or other reasonable methods to allocate income, cost, expense and profit or loss to each counterparty.

(C) The borrowing that meets cash flow arising from payment of major insurance claims: None.

(D) The details of the market values of investments which were held for investment purpose by the discretionary investment trust fund, refer to Note 6(B)(b).

(E) The information of discontinued operations: None.

(F) The adjustment of significant units and significant reform of management regulation: None.

(G) The significant impact due to variation of government rules: None

13. NOTES TO DISCLOSURE EVENTS

(A) Information on Significant Transactions:

In accordance with the “Regulations Governing the Preparation of Financial Reports by Insurance Enterprises”, the Group disclosed the information on significant transactions for the six months ended June 30, 2017 as follows:

(a) Acquisition of property and equipment over $100,000 or 20% of capital: None.

(b) Disposal of property and equipment over $100,000 or 20% of capital: None.

(c) Sales and purchase with related party over $100,000 or 20% of capital: Note 7 and 13(A)(f).

(d) Accounts receivable with related party over $100,000 or 20% of capital: Please refer to Note 7.

(e) Information on derivative transactions：Please refer to Note 6(C) and (Z).

(f) Business relationship and significant transactions with the subsidiaries:

Units:NT$'000

No	Company	Counterparty	Relationship	Transaction details			
				Accounts	Amount	Trading terms	Percentage ratio against total operating income or total assets
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Loans	2,439,936	Same as non related-party transactions	0.07 %
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Receivables	27,742	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	1	Interest income	54,003	Same as non related-party transactions	0.02 %
0	Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	1	Loans	5,908,258	Same as non related-party transactions	0.17 %
0	Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	1	Receivables	67,229	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	1	Interest income	130,867	Same as non related-party transactions	0.04 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Loans	9,848,741	Same as non related-party transactions	0.28 %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Receivables	112,950	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	1	Interest income	219,868	Same as non related-party transactions	0.07 %
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Loans	4,490,447	Same as non related-party transactions	0.13 %
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Receivables	39,423	Same as non related-party transactions	- %
0	Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	1	Interest income	77,341	Same as non related-party transactions	0.02 %
1	Carter Lane (Guernsey) Limited	Fubon Life Insurance Co., Ltd.	2	Other financial liabilities	2,439,936	Same as non related-party transactions	0.07 %
1	Carter Lane (Guernsey) Limited	Fubon Life Insurance Co., Ltd.	2	Accounts payable	27,742	Same as non related-party transactions	- %
1	Carter Lane (Guernsey) Limited	Fubon Life Insurance Co., Ltd.	2	Other operating expenses – interest expenses	54,003	Same as non related-party transactions	0.02 %
2	Bow Bells House (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Other financial liabilities	5,908,258	Same as non related-party transactions	0.17 %
2	Bow Bells House (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Accounts payable	67,229	Same as non related-party transactions	- %
2	Bow Bells House (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Other operating expenses – interest expenses	130,867	Same as non related-party transactions	0.04 %
3	Fubon MTL Property (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Other financial liabilities	9,848,741	Same as non related-party transactions	0.28 %
3	Fubon MTL Property (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Accounts payable	112,950	Same as non related-party transactions	- %
3	Fubon MTL Property (Jersey) Limited	Fubon Life Insurance Co., Ltd.	2	Other operating expenses – interest expenses	219,868	Same as non related-party transactions	0.07 %
4	Fubon Ellipse (Belgium) S.A.	Fubon Life Insurance Co., Ltd.	2	Other financial liabilities	4,490,447	Same as non related-party transactions	0.13 %
4	Fubon Ellipse (Belgium) S.A.	Fubon Life Insurance Co., Ltd.	2	Accounts payable	39,423	Same as non related-party transactions	- %
4	Fubon Ellipse (Belgium) S.A.	Fubon Life Insurance Co., Ltd.	2	Other operating expenses – interest expenses	77,341	Same as non related-party transactions	0.02 %

Note1: Each number represents the following definitions:

(1) Zero stands for the parent company

(2) Subsidiaries are coded from No.1 per respective companies.

Note2: Transaction relationship is as follows:

(1) Parent company to subsidiary company

(2) Subsidiary company to parent company

(3) Subsidiary company with subsidiary company

(B) Disclosure on Business Investments Outside of Mainland China:

Disclosure on business investments for the six months ended June 30, 2017 is as follows:

Units:NT$'000

				Original Investment		Held by the Company					
Investor Company	Investee Company	Location	Major Business	Period-end	End of prior year	Shares	Percentage (%)	Book Value	Income (losses) of investee company	Income (losses) recognized from investee company	Note
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Vietnam) Co., Ltd.	Hanoi Vietnam	Life insurance business	2,153,217	2,153,217	-	100.00 %	1,683,347	3,117	3,117	Subsidiary Note 1
Fubon Life Insurance Co., Ltd.	Fubon Life Insurance (Hong Kong) Co., Ltd.	Hong Kong	Life insurance business	2,157,707	2,157,707	500,000,000	100.00 %	1,656,160	(169,358)	(169,358)	Subsidiary Note1
Fubon Life Insurance Co., Ltd.	Carter Lane (Guernsey) Limited	Guernsey	Investment property lease	3,348,784	3,348,784	41,514,743	100.00 %	2,603,478	49,740	49,740	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Bow Bells House (Jersey) Limited	Jersey	Investment property lease	2,186,556	2,186,556	46,172,931	100.00 %	1,579,545	74,085	74,085	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon MTL Property (Jersey) Limited	Jersey	Investment property lease	4,708,389	4,708,389	92,581,000	100.00 %	3,678,581	497,046	497,046	Subsidiary Note 1 Note 2 Note 4
Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Belgium) S.A.	Brussels, Belgium	Investment property lease	2,579,461	2,579,463	1,133,717	100.00 %	2,344,941	24,684	24,684	Subsidiary Note 1 Note 3 Note 4 Note 5
Fubon Life Insurance Co., Ltd.	Fubon Ellipse (Jersey) Limited	Jersey	Holding Company	3,027	3,025	90,059	100.00 %	2,658	(417)	(417)	Subsidiary Note 1 Note 5
Fubon Life Insurance Co., Ltd.	CITIC Capital Holdings Limited	Hong Kong	Holding Company	7,046,304	7,046,304	13,979,798	18.00 %	9,115,517	1,266,061	89,230	Affiliate company
Fubon Life Insurance Co., Ltd.	Hyundai Life Insurance Co., Ltd.	Korea	Life insurance business	6,168,561	6,168,561	37,009,000	48.62 %	4,352,377	(96,438)	(124,708)	Affiliate company

Note 1: Write off under consolidated financial statements.

Note 2: Investment properties are located in London, England.

Note 3: Investment property is located in Brussels, Belgium.

Note 4: Investee does not have external debt(s), neither is a guarantor nor provide its assets as a security for the indebtedness of others, and there is no encumbrances on the property that the investee owns except pledging the property as collateral to secure the shareholder loan for its parent company.

Note 5: Fubon Ellipse (Belgium) S.A. has 1,133,718 shares issued, of which 1 share is held by Fubon Ellipse (Jersey) Limited.

(C) Disclosure on Investments in Mainland China：

(a) Information regarding investment in Mainland China as follows：

Units:$'000

Investee company	Main business	Paid-in capital	Method of investment	Accumulated outward fund of investment from Taiwan at the beginning	Outward remittance or inward recovery		Accumulated outward fund of investment from Taiwan at the balance sheet date	Investee company gains/(losses) in current period	Directly or indirectly share holdin percentage	Income(losses) recognized from investee company	Book value of investment at period end	Recovery investment profit
					Outward	Inward						
Fubon Property & Casualty Insurance Co., Ltd.	Property Insurance	4,486,700 (CNY 1,000,000)	(a)	1,940,016	-	-	1,940,016	(226,045) (CNY(50,603))	40.00 %	(90,418) Note2	434,076	-
Shenzhen Teng Fu Bo Investment Limited	Investment Consultancy	926,423 (CNY 200,000)	(c)	-	-	-	-	(53,659) (CNY (12,012))	12.44 %	(6,675) (CNY (1,494))	104,924	-
CITIC Full Joy (Da Lian) Co., Ltd.	Real estate investment	1,403,712 (HKD 360,000)	(b)	-	-	-	-	(5,137) (CNY (1,150))	18.00 %	(925) (CNY (207))	Note3	-
Xiang Xin Real Estate (Shenyang) Co., Ltd.	Real estate rental and leasing	1,949,600 (HKD 500,000)	(b)	-	-	-	-	(94,503) (CNY (21,156))	18.00 %	(17,011) (CNY (3,808))	Note3	-
CITIC Capital (Shanghai) Consulting Co., Ltd.	Investment Consultancy	4,261 (USD 140)	(b)	-	-	-	-	14,808 (CNY 3,315)	18.00 %	2,665 (CNY 597)	Note3	-
CITIC Capital Partners (Shanghai) Limited	Investment Consultancy	16,741 (USD 550)	(b)	-	-	-	-	(5,749) (CNY (1,287))	9.18 %	(528) (CNY (118))	Note3	-
CITIC Jin Xiu Capital Management Co., Ltd.	Investment Management	224,335 (CNY 50,000)	(b)	-	-	-	-	4,815 (CNY 1,078)	5.40 %	260 (CNY 58)	Note3	-
Kaixin Investment Co., Ltd.	Manage the investment business of Venture Capital Enterprises	89,734 (CNY 20,000)	(b)	-	-	-	-	4,936 (CNY 1,105)	9.00 %	444 (CNY 99)	Note3	-

Note 1: The method of investment is defined based on the following three methods, indicating in the following categories:

(a) Direct investments in Mainland China.

(b) Investment in Mainland China companies through a company invested, CITIC Capital Holdings Limited, in a third region.

(c) Other method of investing in Mainland China.

Note 2: The recognition of investment gains or losses is based on the financial statements audited by certified public accountant.

Note 3: The financial statements applied analytical procedures by certified public accountant of a company invested in a third region obtained by the Group cannot distinguish the carrying amount of individual investments at the end of each period.

Note 4: There are some more investees the Group invested through CITIC Capital Holdings Limited, which are CITIC Capital Equity Investment (Tianjin) Ltd., Shanghai Xin Ming Investment Consulting Co., Peng Yu Investment Consulting (Shanghai) Co., Ltd., Shenzhen Huizhi Juxin Investment Management Co., Ltd., Chengdu Jinruitong Investment & Administration Co., Ltd., CITIC Capital Asset Management (Shenzhen) Co., Ltd., CITIC Culture & Tourism (Chengdu) Co., Ltd., Zhong Yu Rui Xin (Beijing) Investment Management Co., Ltd., and CITIC CASH Asset Management Co., Ltd.

Note 5: For the part of the table which involves foreign currencies, it is calculated based on the spot rate on June 30, 2017 or the average exchange rate for the six months ended June 30, 2017.

The Group and its affiliate company, Fubon Insurance Co., Ltd, have jointly invested in the set-up of Fubon Property and Casualty Insurance Co., Ltd in 2010 for its insurance business operation in Mainland China. In addition, the Group signed a joint investment contract with Fubon Insurance Co., Ltd, and Xiamen Port Holding Group in September, 2012. As of June 30, 2017, the paid-in capital of Fubon Property & Casualty Insurance Co., Ltd was CNY 1 billion. The investment of the Group amounted to CNY 400 million.

The Group and Fubon Insurance Co., Ltd had signed a joint investment contract with Nanjing Zijin Investment Co., Ltd. to set up a life insurance company in Mainland China. The project had been approved by the Financial Supervisory Commission, Executive Yuan in January, 2011. However, the board of directors of the Group had approved to terminate the joint investment agreement in January, 2016.

The Group remitted HKD 1,800 million in June, 2015 to acquire shares of CITIC Capital Holdings Limited. The Group indirectly invested in six companies such as CITIC Full Joy (Da Lian) Co., Ltd.

(b) Fubon Property & Casualty Insurance Co., Ltd is a property insurance company, the information for its cash management and profitability is disclosed as follows:

(1) Capital status and its profit and loss：No significant investment.

(2) The Fubon Property & Casualty Insurance Co., Ltd. provides premium deficiency reserve according to the Regulations Governing the Provision of Various Reserves by Insurance Enterprises amended by Financial Supervisory Commission, Executive Yuan, Gin Guan Bao Tsai No.09802513192 on December 28, 2009. Non life insurance companies should evaluate the claim payments and expense which will be incurred in the future and compare the fore-mentioned expenditures to the premium based on insurance policy without expiration or the accepting risk which is not terminative. If the expenditures are lower than the premium, non life insurance companies should provide the differences as the premium deficiency reserve. The methodology for providing premium deficiency reserve is decided by actuaries and reported to the authority. If there is any change, it should adopt the same procedures as for mentioned.

	June 30, 2017	December 31, 2016	June 30, 2016
Unearned premium reserve	$ 2,656,501	2,773,054	2,585,703
Claim reserve	1,512,318	1,624,064	1,310,437
Premium deficiency reserve	412,385	317,596	61,167
Total	**$ 4,581,204**	**4,714,714**	**3,957,307**

(3) Ratio accounted for the total premium revenue of the Group: 0.86%

(4) Ratio accounted for the total claim payment of the Group: 1.23%

(5) The pricing, payment condition, unrealized profit and loss of significant transactions with the investee in China:

1) Amount, ratio and the ending balance of relevant receivables and payable of core business items such as the insurance policy which the policy holder is the investee: None.

2) Amount and profit and loss of property transaction: None.

3) The highest balance, ending balance, interest rate interval and current interest amount of financing: None.

4) Other significant transactions which would influence current profit and loss and other financial condition, such as the provision or receipt of labor service: None.

(6) The name and premium revenue (expense) from the reinsurance business counterparties which are the branches of foreign insurance companies located in China or the branch of Chinese insurance companies: None.

(7) Name and premium revenue of significant insurance business with Chinese people, legal entities and groups located overseas: None.

(c) Limit of investment in China：

Unit:NTD$'000

Name of Company	Accumulated amount transferred from Taiwan, end of the period	Investment amount approved by Ministry of Finance	Limit of investment regulated by Investment Audit Committee of Ministry of Finance.
Fubon Life Insurance Co., Ltd.	18,033,518	18,187,174	144,876,759

Note: The limit of investment is $96,584,506 according to the Regulations Governing Foreign Investments by the Group.

(d) Significant transactions with the investee in China：None

14. SEGMENT FINANCIAL INFORMATION DISCLOSURE

(A) General information

The Group runs its life insurance business and provides insurance contract product in accordance with local insurance laws, or operates other kinds of businesses according to local laws. Because the Group mainly runs insurance business and invests in real estates in Taiwan and overseas, the Group shall consider both regions and operating characteristics when determining reportable segments. The operating sectors of the Group report their profit or loss based on the net income before tax, the value of which is the foundation of performance evaluation and consistent with the report used by their decision makers. The accounting policies of the operating sectors are the same as significant accounting policies summary in note 4.

(B) Segment information

	For the three months ended June 30, 2017				
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	$ 150,431,178	1,148,104	678,461	-	152,257,743
(Losses) gains from internal segments	585,045	-	-	(585,045)	-
Total revenue	$ 151,016,223	1,148,104	678,461	(585,045)	152,257,743
Net income	$ 4,590,272	(52,193)	390,439	(338,246)	4,590,272

	For the three months ended June 30, 2016				
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	$ 161,234,485	653,805	576,345	-	162,464,635
(Losses) gains from internal segments	376,410	-	-	(376,410)	-
Total revenue	$ 161,610,895	653,805	576,345	(376,410)	162,464,635
Net income	$ 10,857,972	(85,223)	190,246	(105,023)	10,857,972

	For the six months ended June 30, 2017				
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	$ 307,537,002	1,749,404	1,194,851	-	310,481,257
(Losses) gains from internal segments	960,429	-	-	(960,429)	-
Total revenue	**$ 308,497,431**	**1,749,404**	**1,194,851**	**(960,429)**	**310,481,257**
Net income	**$ 8,600,396**	**(166,242)**	**645,138**	**(478,896)**	**8,600,396**
Total assets	**$3,502,203,280**	**11,212,750**	**34,594,615**	**(36,485,137)**	**3,511,525,508**

	For the six months ended June 30, 2016				
	Taiwan Insurance Business	Asia Insurance Business (Note 1)	Europe Investment property Business	Adjustments and Eliminations (Note 2)	Total
Revenue					
Gains from external customers	$ 311,348,171	681,346	215,913	-	312,245,430
(Losses) gains from internal segments	110,403	-	-	(110,403)	-
Total revenue	**$ 311,458,574**	**681,346**	**215,913**	**(110,403)**	**312,245,430**
Net income	**$ 12,995,056**	**(141,014)**	**(295,969)**	**436,983**	**12,995,056**
Total assets	**$3,220,386,739**	**5,183,638**	**37,999,844**	**(40,105,819)**	**3,223,464,402**

Note1: Asia Insurance Business does not include Taiwan.

Note2: The adjustments and eliminations are eliminating entries used to adjust intercompany transactions when preparing the consolidated financial statements.