

PRESS RELEASE

FOR IMMEDIATE RELEASE

7 MARCH, 2007

Fubon Bank Recorded Earnings Growth of 36%

*Stellar growth of 80%
in operating profit
before gains and
impairment losses*

(Hong Kong: March 7, 2007) Fubon Bank (Hong Kong) Limited (“the Bank”) reported a full-year net profit of HK\$327 million, which was up 36% from a year earlier. The Bank achieved a significant breakthrough in core performance for the year 2006 with operating profit before gains and impairment losses increasing by more than 80% to HK\$411 million.

*Net interest income up
38% to HK\$697 million*

Gross interest income rose 61% to HK\$2.5 billion over the last year, whereas gross interest expense rose to HK\$1.8 billion from HK\$1.1 billion for the year of 2005. As a result, net interest income grew by HK\$193 million or 38% to HK\$697 million, mainly due to the widening of Prime-HIBOR spreads, strong loan growth and improvement in investment yield. Effective net interest margin improved from 1.09% for 2005 to 1.35% for 2006.

*Other operating income
rose 32% to HK\$431
million*

Other operating income reached HK\$431 million, which represented a 32% increase compared to last year. Strong growth in recurring sales of Financial Markets products throughout all segments was recorded, with income doubling compared to 2005. Benefiting from the buoyant equity market, brokerage-related commission income surged 37%. Furthermore, there was a 44% year-on-year growth in commission income from Consumer Banking-related products, which include credit cards, unit trust and insurance products.

*Cost to income ratio
improved from 72.6% to
63.6%*

Operating expenses rose 19% from HK\$603 million to HK\$717 million. This increase was primarily due to higher compensation and other staff expenses related to the hiring of new staff to support business growth. Nevertheless, due to the strong growth in net interest income and other operating income, the Bank’s cost to income ratio improved from 72.6% to 63.6%.

*Net profit up 36% to
HK\$327 million*

The Group recorded a net charge of impairment losses of HK\$66 million for impaired loans and advances as compared with a write-back of impairment losses of HK\$20 million in 2005. Asset quality was sound as evidenced by an impaired loans ratio of 0.93%. There was a

gain on the disposal of available-for-sale securities of HK\$47 million compared to a disposal loss of HK\$18 million in 2005. Factoring in these impairment losses and gains, net profit for 2006 amounted to HK\$327 million, which represented an increase of 36% from 2005. Return on assets was 0.6%, while return on equity improved from 6.48% in 2005 to 8.5%.

Diversified funding sources through issues of subordinated debt and senior floating rate notes

Customer deposits grew 4%, reaching HK\$33.8 billion as at 31 December 2006. To diversify its funding sources, the Bank successfully completed the issuance of US\$200 million lower tier II subordinated debt and US\$150 million senior floating rate notes in April 2006 under its US\$1 billion Euro Medium Term Note Program launched in March 2006. This has further strengthened the Bank's capital base and liability structure, and reduced the Bank's reliance on rate sensitive funding.

Total assets up 7% to HK\$53.3 billion with 20% loan growth

With diversified sources of funding and growth in customer deposits, the Bank was able to support asset growth of 7% to HK\$53.3 billion in 2006. The loan portfolio reached HK\$25.9 billion, an increase of 20% from December 2005. Growth was seen in most loan types, but especially in short term advances, project & syndicated / term loans and hire purchase loans.

Taiwan-related business continued to demonstrate momentous growth

Taiwan-related business continued to demonstrate impressive growth during the year. With a full team of experienced professionals providing corporate banking services to Taiwanese customers in Hong Kong and the mainland, the corporate loans portfolio increased by 152% and the deposits portfolio grew more than 210% as compared to 2005 year-end balances. Furthermore, the number of wealth management accounts expanded by 119%, with assets under management growing by more than 110%.

The Board of Directors proposes the payment of a final dividend of 12 Hong Kong cents per ordinary share in respect of the year ended 31 December 2006, subject to approval at the forthcoming Annual General Meeting to be held on 27 April 2007.

Fubon Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited ("Fubon Bank") is a subsidiary of Fubon Financial Holding Co., Ltd., a leading financial services group in Taiwan which is engaged in commercial banking, insurance, securities brokerage, asset management and investment banking services. Fubon Bank operates 26 retail outlets in Hong Kong including 22 branches, 2 Ambassador Banking Centers and 2 Securities Services Centers, and provides a wide range of financial services encompassing consumer and wholesale banking, hire purchase, securities brokerage and investment services. Fubon Bank is

listed on the Stock Exchange of Hong Kong (stock code: 636) and holds an A-2 short-term, BBB+ long-term rating from Standard & Poor's. The rating reflects Fubon Bank's strong capitalization, good liquidity and sound asset quality.

- End -

For further enquires, please contact:

David Lam, Senior Vice President & Head of Financial Control Group
Tel: 2842 6518 Fax: 2501 5481 e-mail: david.lam@fubon.com

Betty Chan, Senior Vice President & Head of Corporate Communications
Tel: 2842 6100 Fax: 2524 6681 e-mail: betty.chan@fubon.com

Website: www.fubonbank.com.hk