

PRESS RELEASE

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Fubon Bank Announced Strong Earnings Growth of 73%

*Stellar growth of 73%
in profit attributable to
shareholders to
HK\$217 million*

(Hong Kong: 14 August, 2007) Fubon Bank (Hong Kong) Limited and its subsidiaries (“the Bank”) reported a net profit of HK\$217 million for the first six months ended 30 June 2007, representing an impressive growth of 73% over the same period in 2006. Earnings per share rose to 18.54 Hong Kong cents, compared with the corresponding figure of 10.70 Hong Kong cents per share for the first half of 2006. The encouraging results for the first half of 2007 reflect effective execution of the Bank’s business strategies and tighter business integration with its parent company, Fubon Financial Holding Co., Ltd., supported by buoyant economic conditions.

*Net interest income up
28% to HK\$410 million*

Gross interest income rose 15% to HK\$1,360 million for the first six months of 2007, whereas gross interest expense increased from HK\$860 million to HK\$950 million over the corresponding period. As a result, net interest income grew by HK\$90 million or 28% to HK\$410 million. The increase was mainly due to strong loan growth and improvement in investment yield, which outweighed the unfavourable effect of narrowing of Prime-HIBOR spreads. Effective net interest margin improved by 27 bps to 1.64% from 1.37% for the first half of 2006.

*Other operating income
rose 31% to HK\$272
million*

Other operating income including net fees and commission income reached HK\$272 million, which represented a 31% or HK\$64 million increase compared to the same period of last year. In the past two years, the Bank has invested in expanding both the product and the customer platform of its wealth management business. This growth strategy is paying off and has resulted in robust growth of 42% or HK\$48 million in commission income from sales of wealth management products, encompassing financial markets investment and structured products, unit trusts and insurance. Benefiting from the buoyant Hong Kong equity market and strong initial public offering (“IPO”) activity, brokerage-related commission income surged 55% or HK\$16 million.

*Cost to income ratio kept
at 59% level as revenue*

Operating expenses rose 28% from HK\$315 million to HK\$405 million. This increase was primarily due to higher compensation and

growth slightly outpaced the 28% increase in operating expenses

other staff expenses related to the hiring of new staff to support business growth. Nevertheless, the strong growth in net interest income and other operating income has slightly outpaced the increase in operating expenses and the Bank was able to maintain its cost to income ratio at 59%. Operating profits before gains and impairment losses rose 30% or HK\$65 million to HK\$277 million compared with HK\$212 million in the first half of 2006.

Return on average equity improved significantly from 6.83% to 11.30%

In line with continued growth of the domestic economy which has supported corporate profitability and household income, the Bank recorded a net charge for impairment losses on advances to customers of HK\$31 million, a decrease of HK\$48 million when compared to HK\$79 million in the first half of 2006. Asset quality remained good as evidenced by the impaired loans ratio declining to 0.59% as of 30 June 2007 from 0.93% as of 31 December 2006. After accounting for these impairment charges, other gains and tax charge, profit attributable to shareholders of HK\$217 million was recorded, representing a 73% increase from HK\$125 million for the first half of 2006. Return on average assets and return on average equity improved significantly from 0.49% to 0.83% and from 6.83% to 11.30% respectively when compared with the first half of 2006.

Total assets up 3% to HK\$54.9 billion with 10% loan growth

With diversified sources of funding and growth in customer deposits, the Bank was able to support asset growth of 3% to HK\$54.9 billion as at 30 June 2007. Customer deposits grew 3%, reaching HK\$34.7 billion as at 30 June 2007. To diversify its funding sources, the Bank successfully raised HK\$0.8 billion through notes issuances under its US\$1 billion Euro Medium Term Note Program launched in March 2006 and HK\$0.7 billion through issuance of certificates of deposit in the first half of 2007. This has further strengthened the Bank's asset and liability management capabilities and reduced the Bank's reliance on rate sensitive funding. The loan portfolio reached HK\$28.4 billion, an increase of 10% or HK\$2.7 billion over 2006 year-end balances. Trade finance increased by 73% or HK\$0.7 billion on the back of robust merchandise exports and strong domestic demand. Loans for use outside Hong Kong grew by 31% or HK\$1.7 billion, mainly arising from strong momentum of Taiwan-related corporate lending and hire purchase loans for use in Mainland China.

Taiwan-related business continued to deliver impressive growth

Taiwan-related business continued to demonstrate impressive growth during the first half of 2007. The corporate loans portfolio increased by 62% or HK\$1.6 billion and the deposits portfolio grew 19% or HK\$1 billion as compared to 2006 year-end balances. Furthermore, assets under management grew by more than 50% to HK\$6.5 billion. As at 30 June 2007, the loan and customer deposit balances of Taiwan-related business represented 14% (2006 year-end: 10%) and 19% (2006 year-end: 16%) of the total loan and deposit balances of the Bank respectively. For the first half of 2007, Taiwan-related business

contributed 24% (first half of 2006: 9%) of the Bank's operating profits before gains and impairment losses.

2007 interim dividend of 6 Hong Kong cents per ordinary share

The Board of Directors declared an interim dividend of 6 Hong Kong cents per ordinary share in respect of the six months period ended 30 June 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 corporate and investment banking, financial markets, consumer finance, wealth management, investment management and insurance. Fubon Bank operates 25 retail outlets in Hong Kong including 22 branches and 3 Securities Services Centers, and provides a wide range of financial services encompassing consumer and wholesale banking, wealth management, financial markets, 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.

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