

PRESS STATEMENT

(Hong Kong: 17 March 2008) Fubon Bank (Hong Kong) Limited (“the Bank”) issued the following press statement regarding incorrect interest calculation which affected customers of its Call Deposit Accounts.

In February 2008, a branch staff of the Bank discovered that the interest amount paid to one of the customers of a Call Deposit Account was incorrect. The issue was immediately raised to the supervisor and an investigation was carried out on the interest rate calculation. It was found out that incorrect interest calculation has been performed for all Call Deposit Accounts after each interest rate change. This was due to the back-dating of the new interest rate to the last transaction date instead of applying the new interest rate on the effective date, and the situation has occurred since the implementation of a call deposit interest rate capture program in September 2006. The root cause was due to a technical design error in this program.

Management of Fubon Bank (Hong Kong) takes this matter very seriously and has established a special committee to handle this matter as well as reported the incident to the Hong Kong Monetary Authority. The Bank has conducted a thorough investigation and taken all necessary remedial actions. The problem has already been fixed and all interest calculations for Call Deposits are now correct while proper measures and control mechanism have been put in place to ensure that such incident will not happen again.

The Bank stresses that this was an isolated incident. The problem was confined to Call Deposits only and the period from September 2006 to the end of January 2008. According to the Bank’s findings, the aggregate amount of interests overpaid was about HK\$29,000 or equivalent amount in foreign currency while aggregate interests underpaid was about HK\$990,000 or equivalent amount in foreign currency. The number of affected depositors was about 3,700 and 11,000 respectively. Among the 11,000 customers, approximately 86% or 9,600 of them have their interest underpaid by HK\$100 or less or equivalent amount in foreign currency, where approximately 3,000 of them have their interest underpaid by HK\$1 or less or equivalent amount in foreign currency. The highest underpaid amount was nearly HK\$26,000 equivalent and affected one customer only.

All adversely affected customers have been identified and notified in writing separately. All interest due, including interest-on-interest, was refunded and credited to the affected customers’ Call Deposit Accounts on 15 March 2008, and the refund amount will be reflected in the March 2008 bank statement. The Bank will not seek to recover interest overpaid. A 24-hour Customer Service Hotline 2806 5088 has been set up to handle enquiries from customers and the general public.

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