

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For The Half Year Ended 30 June 2010

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

Key Financial Information Disclosure Statements For The Half Year Ended 30 June 2010

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TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

**I. PROFIT AND LOSS INFORMATION
FOR THE HALF YEAR ENDED 30 JUNE 2010**

	Half Year ended	
	30 June 2010 HK\$'000	30 June 2009 HK\$'000
INTEREST INCOME	51,647	70,763
INTEREST EXPENSE	(22,925)	(36,624)
	<u>28,722</u>	<u>34,139</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	71,123	58,689
Gains less losses from trading in interest rate derivatives	726	2,893
Gains less losses from trading in other derivatives	442	115
Net fees and commission income		
Income from fees and commission	15,853	15,094
Fees and commission expenses	(2,038)	(2,192)
Other income	1,535	1,745
	<u>87,641</u>	<u>76,344</u>
OPERATING EXPENSES		
Staff expenses	(24,488)	(21,249)
Rental expenses	(10,721)	(10,704)
Other expenses	(7,963)	(7,312)
of which research expense:	0	0
computer and system rental expense:	(3,292)	(3,007)
depreciation expense :	(1,949)	(1,891)
	<u>(43,172)</u>	<u>(39,265)</u>
CHARGES FOR BAD AND DOUBTFUL DEBTS		
Provision for bad and doubtful debts	578	(32,137)
Other provisions:		
Provision for Fx & Derivatives contracts	0	0
Provision of legal fee for problem assets	55	(45)
Provision for account receivable without recourse factoring	(630)	(1,572)
	<u>3</u>	<u>(33,754)</u>
PROFIT BEFORE TAXATION	73,194	37,464
TAXATION	(13,161)	(4,930)
PROFIT AFTER TAXATION	<u>60,033</u>	<u>32,534</u>

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

II. BALANCE SHEET INFORMATION
AS AT 30 JUNE 2010

	30 June 2010 HK\$'000	31 December 2009 HK\$'000
ASSETS		
Cash and balances with banks	2,020,199	1,699,804
Amount due from Exchange Fund	129,279	634,026
Placement with banks maturing between one and twelve months (except those included in amount due from overseas offices)	240,541	1,018,500
Amount due from overseas offices	671,700	549,079
Trade bills	303,171	250,383
Advances and other accounts	4,015,421	2,750,563
Investment Securities	1,013,214	465,620
Machinery and equipments	11,306	13,603
Total assets	8,404,831	7,381,578
LIABILITIES		
Deposits and balances of banks (except those included in amount due to overseas offices)	944,284	599,106
Deposits from customers		
Demand deposits and current accounts	197,908	199,416
Savings deposits	2,963,856	2,619,616
Time, call and notice deposits	2,834,742	2,584,551
Amount due to overseas offices	416,890	579,748
Other accounts and provisions		
Tax payable	13,637	476
Interest payable	9,223	17,678
Other liabilities	901,360	717,347
Total liabilities	8,281,900	7,317,938
Capital and reserves	122,931	63,640
Total equity and liabilities	8,404,831	7,381,578
Note: Nature of other liabilities		
Account payable	118,028	224,145
Accrued expenses	2,730	4,716
Acceptance	206,527	187,864
Other account payable	10,215	7,570
Unearned revenue	1,213	1,471
Cashier Checks issued	1,392	1,105
Guarantee deposit received	8,235	5,735
Premium-Sell Option	217,628	183,611
Revaluation-forward FX/SWAP/NDF/Option/IRS	335,392	101,130
Exchange Position	0	0
	901,360	717,347

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III. ADDITIONAL BALANCE SHEET INFORMATION
AS AT 30 JUNE 2010

ADVANCES AND OTHER ACCOUNTS

	30 Jun 2010 HK\$'000	31 December 2009 HK\$'000
A. Advances to customers	3,282,547	2,241,450
Accrued interest and other accounts		
Accrued interest	12,112	17,874
Other accounts	771,894	566,464
Total	<u>4,066,553</u>	<u>2,825,788</u>
Less: Provisions for bad and doubtful debts on		
Advances to customers		
General provision	(32,957)	(22,154)
Specific provision	(12,709)	(48,171)
Accrued interest		
General provision	0	0
Specific provision	0	0
Other accounts		
General provision	(1,151)	(523)
Specific provision	(4,315)	(4,377)
Total	<u>(51,132)</u>	<u>(75,225)</u>
Advances and other accounts after provisions for bad and doubtful debts	<u>4,015,421</u>	<u>2,750,563</u>

Note: Provision on other accounts include general provision for A/C receivable without resource factoring, legal fee for problem assets and FX & Derivatives contracts.

	30 Jun 2010 HK\$'000	31 December 2009 HK\$'000
B. Details of the impaired advances to customers		
Impaired loans which are individually determined to be impaired advances to customers	<u>12,709</u>	<u>51,829</u>
Individuals assessed allowance made in respect of impaired advances to customers	<u>12,709</u>	<u>48,171</u>
As a percentage of total advances to customers	<u>0.39%</u>	<u>2.31%</u>

Note: As at 30 June 2010 and 31 December 2009, there is no collateral held in respect of impaired advances to customers. The Hong Kong Branch does not have advances to banks and other financial institutions.

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SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

III. ADDITIONAL BALANCE SHEET INFORMATION
AS AT 30 JUNE 2010

ADVANCES AND OTHER ACCOUNTS-continued

C. Overdue and rescheduled advances to customers

	<u>30 June 2010</u>		<u>31 December 2009</u>	
	HK\$'000	%	HK\$'000	%
a. Advances to customers overdue for				
more than 1 month and up to 3 months	0	0.00%	0	0.00%
more than 3 months and up to 6 months	2,180	0.07%	0	0.00%
more than 6 months and up to 1 year	0	0.00%	47,061	2.10%
more than 1 year	10,529	0.32%	2,590	0.12%
	<u>12,709</u>	<u>0.39%</u>	<u>49,651</u>	<u>2.22%</u>
b. Specific provision on advances to customers overdue for				
more than 1 month and up to 3 months	0		0	
more than 3 months and up to 6 months	2,180		0	
more than 6 months and up to 1 year	0		43,403	
more than 1 year	10,529		2,590	
	<u>12,709</u>		<u>45,993</u>	
c. Value of collateral held against the overdue loans	<u>N/A</u>		<u>N/A</u>	
d. Rescheduled advances to customers	<u>2,180</u>	0.07%	<u>2,178</u>	0.10%

D. Natures of other accounts

	<u>30 June 2010</u>	<u>31 December 2009</u>
	HK\$'000	HK\$'000
Accounts receivable without recourse factoring	233,175	276,258
Other accounts receivable	20,923	11,244
Prepaid expenses	2,409	2,298
Prepaid guarantee deposits	5,454	5,215
Premium-Buy Option	110,786	140,846
Revaluation-forward FX/SWAP/NDF/Option/IRS	395,001	121,024
Exchange Position	4,146	9,579
	<u>771,894</u>	<u>566,464</u>

E. Analysis of other assets which have been overdue

	<u>30 June 2010</u>	<u>31 December 2009</u>
	HK\$'000	HK\$'000
Overdue FX & Derivative Contracts with customer		
more than 6 months and up to 1 year		0
more than 1 year	<u>4,171</u>	<u>4,171</u>
Individuals assessed allowance made in respect of overdue FX & Derivative Contracts with customer	<u>4,171</u>	<u>4,171</u>
As a percentage of total other accounts	<u>0.54%</u>	<u>0.74%</u>

F. Repossessed assets

The Hong Kong Branch did not have any repossessed assets at the corresponding year/period end dates

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IV. OFF-BALANCE SHEET EXPOSURES

AS AT 30 June 2010

The following is a summary of the contractual amounts of each significant class of contingent liabilities, commitments and derivatives :

	<u>30 June 2010</u>	<u>31 December</u> <u>2009</u>
	HK\$'000	HK\$'000
Contingent liabilities and commitments		
Trade-related contingencies	742,150	724,413
Direct credit substitutes	293,123	243,968
Other commitments	4,081,095	5,259,725
	<u>5,116,368</u>	<u>6,228,106</u>
	<u>30 June 2010</u>	<u>31 December</u> <u>2009</u>
	HK\$'000	HK\$'000
Derivatives		
Exchange rate contracts	337,868,357	114,046,060
Interest rate contracts	346,320	336,890
Commodities other than precious metals and gold contracts	24,681	68,970
	<u>338,239,358</u>	<u>114,451,920</u>
	<u>30 June 2010</u>	<u>31 December</u> <u>2009</u>
	HK\$'000	HK\$'000
Fair value of derivatives (of the above derivatives)		
Exchange rate contracts:		
-Positive fair value	610,157	308,450
-Negative fair value	(525,282)	(264,325)
Interest rate contracts:		
-Positive fair value	103	0
-Negative fair value	(25,500)	(23,965)
Commodities other than precious metals and gold contracts:		
-Positive fair value	638	3,246
-Negative fair value	(560)	(3,246)
	<u>59,556</u>	<u>20,160</u>

For contingent liabilities, commitments and derivatives, they refer to the contractual amounts at risks should the contracts be fully drawn upon and the clients do not repay accordingly. The fair value represent the costs of replacing all contracts which have a positive value in the market. They do not take into account the effects of bilateral netting arrangements.

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SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

V. SEGMENTAL INFORMATION
AS AT 30 JUNE 2010

1. GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

	30 June 2010		31 December 2009	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Amounts of Loan and advances covered by collectual		Amounts of Loan and advances covered by collectual
A. Loans for use in Hong Kong				
a. Industrial, commercial and financial				
Property development	0	0	0	0
Property investment	80,909	80,909	86,364	86,364
Financial concerns	22,484	0	41,176	0
Stockbrokers	0	0	0	0
Wholesale and retail trade	0	0	36,571	0
Manufacturing	482,350	0	407,776	0
Transport and transport equipment	140,125	140,125	0	0
Recreational activities	0	0	0	0
Information technology	0	0	0	0
Others	0	0	0	0
b. Individuals				
Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme or their respective successor schemes	0	0	0	0
loans for the purchase of other residential properties	0	0	0	0
Credit card advances	0	0	0	0
Others	3,381	3,381	3,241	3,241
c. All others	0	0	0	0
B. Trade finance	1,661,339	715,877	921,267	306,519
C. Loan for use outside Hong Kong	891,959	157,005	745,055	277,604
Total	<u>3,282,547</u>	<u>1,097,297</u>	<u>2,241,450</u>	<u>673,728</u>

2A. GROSS ADVANCES TO CUSTOMERS BY COUNTRIES OR GEOGRAPHICAL AREAS

	30 June 2010	31 December 2009
	HK\$'000	HK\$'000
Hong Kong	1,605,963	1,070,159
China	852,655	533,562
Taiwan	491,565	268,427
Others	332,364	369,302
Total	<u>3,282,547</u>	<u>2,241,450</u>

2B. OVERDUE AND IMPAIRED LOANS BY COUNTRIES OR GEOGRAPHICAL AREAS

	30 June 2010	31 December 2009
	HK\$'000	HK\$'000
Overdue loans and advances to customers		
Hong Kong	2,180	36,571
Taiwan	10,529	13,080
	<u>12,709</u>	<u>49,651</u>
Impaired loan and advances to customer		
Hong Kong	2,180	38,749
Taiwan	10,529	13,080
	<u>12,709</u>	<u>51,829</u>

The above analysis has been classified according to categories and definitions used by the Hong Kong Monetary Authority. Only exposures to a single country outside Hong Kong exceeding 10% of the aggregate gross amount of advances to customer as at the above respective reporting dates are disclosed.

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SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

V. SEGMENTAL INFORMATION
AS AT 30 JUNE 2010

3. CROSS-BORDER CLAIMS

The following tables analyse the cross-border claims by countries or geographical areas and types of counterparties. Countries or geographical areas are based upon the location of counterparties after taking into account the transfer of country risk. They are prepared in according with the H.K.M.A. return of "Cross-border Claims" completion instructions. Countries or geographical areas constituting 10% or more of the total cross-border claims are disclosed.

As at 30 June 2010	Banks	Public Sector entities	Other Sector	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Asia Pacific excluding Hong Kong	2,169	0	3,550	5,719
of which Taiwan	2,041	0	3,240	5,281
2. North America	293	1	0	294
3. Western Europe	220	0	0	220
Total	2,682	1	3,550	6,233

As at 31 December 2009	Banks	Public Sector entities	Other Sector	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Asia Pacific excluding Hong Kong	2,649	0	2,397	5,046
of which Taiwan	2,376	0	2,090	4,466
2. North America	130	0	31	161
3. Western Europe	20	0	0	20
Total	2,799	0	2,428	5,227

4. NON-BANK MAINLAND EXPOSURE

Types of counterparties	Referred items in Note (6) to MA(BS)2A	On-balance sheet	Off-balance sheet	Total	Specific provisions
		exposure HK\$000	exposure HK\$000	HK\$000	HK\$000
As at 30 June 2010					
Other entities incorporated or established in China	Item (e) of column (1)	77,994	0	77,994	0
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	790,850	96,332	887,182	0
Total		868,844	96,332	965,176	0

As at 31 December 2009					
Other entities incorporated or established in China	Item (e) of column (1)	85,443	0	85,443	0
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	465,151	75,157	540,308	0
Total		550,594	75,157	625,751	0

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VI. CURRENCY RISK

AS AT 30 June 2010

5. FOREIGN CURRENCY EXPOSURES

The foreign currency exposures are prepared in accordance with the H.K.M.A. return of completion "Foreign Currency Position" completion instructions. The net position (regardless of sign) for each foreign currency which constitutes 10% or more of the total net position in all foreign currencies

<u>As at 30 June 2010</u>	<u>USD</u>	<u>GBP</u>	<u>JPY</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	6,049	56	437	0	702	7,244
Spot Liabilities	(6,402)	(69)	(53)	0	(576)	(7,100)
Forward purchases	126,627	58	1,496	23,060	5,027	156,268
Forward sales	(124,023)	(47)	(2,126)	(23,992)	(6,084)	(156,272)
Net option position	(2,021)	21	260	820	920	0
Net long / (short) position	230	19	14	(112)	(11)	140

<u>As at 31 December 2009</u>	<u>USD</u>	<u>AUD</u>	<u>CNY</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	5,465	129	0	412	6,006
Spot Liabilities	(6,035)	(153)	0	(423)	(6,611)
Forward purchases	35,048	74	17,596	3,779	56,497
Forward sales	(33,462)	(66)	(17,658)	(4,618)	(55,804)
Net option position	(1,000)	28	80	892	0
Net long / (short) position	16	12	18	42	88

The net options positions were calculated by using the "model user" method as at the above respective reporting dates.

There were no foreign currency structural positions as at the above respective reporting dates.

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

VII. LIQUIDITY
FOR THE HALF YEAR ENDED 30 JUNE 2010

	30 June <u>2010</u> %	30 June <u>2009</u> %
Average liquidity ratio for the year / period	<u>58.33%</u>	<u>56.84%</u>

The branch's average liquidity ratio for the year / period is the simple average of each calendar month's average liquidity ratio, which is computed in accordance with the Fourth Schedule to the Hong Kong Banking Ordinance.

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION B. - INFORMATION OF THE BANK <CONSOLIDATED BASIS>

I. CAPITAL AND CAPITAL ADEQUACY FOR THE HALF YEAR ENDED 30 JUNE 2010

	30 June 2010 %	31 December 2009 %
Capital adequacy ratio	<u>11.95%</u>	<u>11.96%</u>

The capital adequacy ratio is equal to the ratio of the regulatory capital in Taiwan to the total risk-weighted assets. The computation of capital adequacy ratio is based on the "Basel Capital Accord" in line with the risk-weighted approach proposed by the Bank for International Settlements and the ratio has included all market risk factors.

	30 June 2010 NT\$'000	31 December 2009 NT\$'000
Aggregate amount of shareholders' funds	<u>47,948,871</u>	<u>47,948,871</u>

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED - HONG KONG BRANCH

SECTION B. - INFORMATION OF THE BANK <CONSOLIDATED BASIS>

II. OTHER FINANCIAL INFORMATION

AS AT 30 June 2010

	30 June 2010 NTS'000	31 December 2009 NTS'000
Total Assets	<u>1,418,582,528</u>	<u>1,356,994,521</u>
Total Liabilities	<u>1,336,257,170</u>	<u>1,275,597,503</u>
Total advances	<u>862,463,502</u>	<u>835,738,588</u>
Total customers deposit	<u>1,128,409,380</u>	<u>1,092,304,704</u>
	1 January 2010 to 30 June 2010 NTS'000	1 January 2009 to 30 June 2009 NTS'000
Profit before taxation	<u>4,933,414</u>	<u>3,032,203</u>

Declaration

According to the requirement of the Hong Kong Monetary Authority on Key Financial Information Disclosure Statements of Authorized Institutions incorporated outside Hong Kong, we have pleasure in presenting the Key Financial Information Disclosure Statements of Taipei Fubon Commercial Bank Co., Limited - Hong Kong Branch for the half year ended 30 June 2010. We confirm that the information contained therein complies, in all material respects, with the supervisory policy manual CA-D-1 "Guideline on the Application of the Banking (Disclosure) Rules" and to the best of my knowledge and belief, it is not false or misleading.



Chief Executive

Taipei Fubon Commercial Bank Co., Limited
Hong Kong Branch



Date