

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For The Year Ended 31 December 2008

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

Key Financial Information Disclosure Statements For The Year Ended 31 December 2008

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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 YEAR ENDED 31 DECEMBER 2008

	Year ended	
	31 December 2008 HK\$'000	31 December 2007 HK\$'000
INTEREST INCOME	287,740	342,590
INTEREST EXPENSE	-193,610	-250,351
	<u>94,130</u>	<u>92,239</u>
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	93,719	-5,015
Gains less losses from trading in interest rate derivatives	-22,536	1,960
Net fees and commission income		
Income from fees and commission	25,449	25,004
Fees and commission expenses	-2,923	-2,237
Other income	5,266	768
	<u>98,975</u>	<u>20,480</u>
OPERATING EXPENSES		
Staff expenses	-36,539	-30,355
Rental expenses	-12,421	-9,737
Other expenses	-14,721	-23,576
of which consultant expense:		
research expense:	-1,740	-8,120
computer and system rental expense:	-4,708	-3,482
depreciation expense:	-3,776	-3,287
	<u>-63,681</u>	<u>-63,668</u>
CHARGES FOR BAD AND DOUBTFUL DEBTS		
Provision for bad and doubtful debts	-100,582	-36,045
Other provisions:		
Provision for Fx & Derivatives contracts	-4,297	-
Provision of legal fee for problem assets	-69	-126
Provision for account receivable without recourse factoring	-1,532	-1,631
	<u>-106,480</u>	<u>-37,802</u>
PROFIT BEFORE TAXATION	22,944	11,249
TAXATION	-4,076	-3,880
PROFIT AFTER TAXATION	<u>18,868</u>	<u>7,369</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 31 DECEMBER 2008

	31 December <u>2008</u> HK\$'000	30 June <u>2008</u> HK\$'000
ASSETS		
Cash and balances with banks	2,836,842	1,282,308
Amount due from Exchange Fund	37,014	29,232
Placement with banks maturing between one and twelve months (except those included in amount due from overseas offices)	310,000	155,998
Amount due from overseas offices	1,046,250	1,452,111
Trade bills	144,833	245,482
Advances and other accounts	3,521,452	3,662,594
Available-for-sale securities	387,214	391,749
Machinery and equipments	17,622	19,155
Total assets	<u><u>8,301,227</u></u>	<u><u>7,238,629</u></u>
LIABILITIES		
Deposits and balances of banks (except those included in amount due to overseas offices)	1,051,608	1,799,467
Deposits from customers		
Demand deposits and current accounts	130,548	152,645
Savings deposits	1,722,322	1,199,196
Time, call and notice deposits	1,935,392	1,447,532
Amount due to overseas offices	2,665,359	2,072,268
Other accounts and provisions		
Tax payable	1,509	8,777
Interest payable	30,924	22,606
Other liabilities	748,411	498,785
Total liabilities	<u><u>8,286,073</u></u>	<u><u>7,201,276</u></u>
Capital and reserves	15,154	37,353
Total equity and liabilities	<u><u>8,301,227</u></u>	<u><u>7,238,629</u></u>
Note: Nature of other liabilities		
Account payable	51,897	36,505
Accrued expenses	2,048	1,032
Acceptance	68,330	124,392
Other account payable	8,991	8,997
Unearned revenue	108	-
Cashier Checks issued	828	1,564
Guarantee deposit received	5,063	1,871
Premium-Sell Option	47,166	23,497
Revaluation-forward fx/swap/NDF/option/IRS	563,980	300,927
	<u><u>748,411</u></u>	<u><u>498,785</u></u>

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

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

III. ADDITIONAL BALANCE SHEET INFORMATION
AS AT 31 DECEMBER 2008

ADVANCES AND OTHER ACCOUNTS

	31 December 2008 HK\$'000	30 June 2008 HK\$'000
A. Advances to customers	2,796,510	3,248,063
Accrued interest and other accounts		
Accrued interest	31,181	21,032
Other accounts	810,422	452,656
Total	<u>3,638,113</u>	<u>3,721,751</u>
Less: Provisions for bad and doubtful debts on		
Advances to customers		
General provision	(27,214)	(32,175)
Specific provision	(81,729)	(25,173)
Accrued interest		
General provision	(55)	-
Specific provision	(17)	(31)
Other accounts		
General provision	(1,590)	-
Specific provision	(6,056)	(1,778)
Total	<u>(116,661)</u>	<u>(59,157)</u>
Advances and other accounts after provisions for bad and doubtful debts	<u>3,521,452</u>	<u>3,662,594</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.

B. Details of the impaired advances to customers

	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Impaired loans which are individually determined to be impaired advances to customers	<u>87,597</u>	<u>30,611</u>
Individuals assessed allowance made in respect of impaired advances to customers	<u>81,729</u>	<u>25,173</u>
As a percentage of total advances to customers	<u>3.13%</u>	<u>0.94%</u>

Note: As as 31 Dec 2008 and 30 Jun 2008, 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.

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

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

III. ADDITIONAL BALANCE SHEET INFORMATION
AS AT 31 DECEMBER 2008

ADVANCES AND OTHER ACCOUNTS-continued

C. Overdue and rescheduled advances to customers

	31 December 2008		30 June 2008	
	HK\$'000	%	HK\$'000	%
a. Advances to customers overdue for				
more than 1 month and up to 3 months	-	-	-	-
more than 3 months and up to 6 months	59,367	2.12%	1,314	0.04%
more than 6 months and up to 1 year	3,124	0.11%	-	-
more than 1 year	13,463	0.48%	19,975	0.61%
	<u>75,954</u>	<u>2.71%</u>	<u>21,289</u>	<u>0.65%</u>
b. Specific provision on advances to customers overdue for				
more than 1 month and up to 3 months	-	-	-	-
more than 3 months and up to 6 months	53,163		1,314	
more than 6 months and up to 1 year	3,124		-	
more than 1 year	13,463		19,975	
	<u>69,750</u>		<u>21,289</u>	
c. Value of collateral held against the overdue loans	<u>N/A</u>		<u>N/A</u>	
d. Rescheduled advances to customers	<u>-</u>	0.00%	<u>9,322</u>	0.29%

D. Natures of other accounts

	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Accounts receivable without recourse factoring	209,186	122,202
Other accounts receivable	5,283	2,261
Prepaid expenses	1,610	2,237
Prepaid guarantee deposits	5,246	2,507
Premium-Buy Option	33,334	10,527
Revaluation-forward fx/swap/NDF/option/IRS	548,635	310,403
Exchange Position	7,128	2,519
	<u>810,422</u>	<u>452,656</u>

E. Analysis of other assets which have been overdue

	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Other assets overdue for more than 3 months	<u>0</u>	<u>0</u>
As a percentage of total assets	<u>0.00%</u>	<u>0.00%</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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SECTION A - INFORMATION OF THE BRANCH <HONG KONG BRANCH ONLY>

IV. OFF-BALANCE SHEET EXPOSURES AS AT 31 DECEMBER 2008

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

	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Contingent liabilities and commitments		
Trade-related contingencies	483,700	619,535
Direct credit substitutes	243,608	187,184
Other commitments	3,787,215	3,528,323
	<u>4,514,523</u>	<u>4,335,042</u>
	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Derivatives		
Exchange rate contracts	69,836,474	85,031,014
Interest rate contracts	367,660	338,828
	<u>70,204,134</u>	<u>85,369,842</u>
	31 December 2008 HK\$'000	30 June 2008 HK\$'000
Fair value of derivatives (of the above derivatives)		
Exchange rate contracts:		
-Positive fair value	567,341	232,900
-Negative fair value	-308,702	-196,106
Interest rate contracts:		
-Positive fair value	2,536	-
-Negative fair value	-38,614	-16,300
	<u>222,561</u>	<u>20,494</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.

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

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

V. SEGMENTAL INFORMATION
AS AT 31 DECEMBER 2008

1. GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

	31 December 2008		30 June 2008	
	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	-	-	-	-
Property investment	97,273	-	100,000	-
Financial concerns	72,788	-	78,844	-
Stockbrokers	-	-	-	-
Wholesale and retail trade	59,250	23,250	70,527	23,400
Manufacturing	438,682	-	100,300	-
Transport and transport equipment	-	-	2,000	400
Recreational activities	-	-	-	-
Information technology	-	-	-	-
Others	-	-	-	-
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	-	-	-	-
loans for the purchase of other residential properties	-	-	-	-
Credit card advances	-	-	-	-
Others	2,093	2,093	-	-
c. All others	-	-	53,400	-
B. Trade finance	1,153,548	255,899	1,834,590	290,503
C. Loan for use outside Hong Kong	972,876	525,659	1,008,402	571,452
Total	<u>2,796,510</u>	<u>806,901</u>	<u>3,248,063</u>	<u>885,755</u>

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

	31 December 2008	30 June 2008
	HK\$'000	HK\$'000
Hong Kong	1,338,731	1,494,091
China	477,533	681,984
Taiwan	784,371	829,875
Others	195,875	242,113
Total	<u>2,796,510</u>	<u>3,248,063</u>

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

	31 December 2008	30 June 2008
	HK\$'000	HK\$'000
Overdue loans and advances to customers		
Hong Kong	75,622	19,975
China	332	-
Taiwan	-	1,314
	<u>75,954</u>	<u>21,289</u>
Impaired loan and advances to customer		
Hong Kong	73,311	29,297
China	11,678	-
Taiwan	2,608	1,314
	<u>87,597</u>	<u>30,611</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.

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

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

**V. SEGMENTAL INFORMATION
AS AT 31 DECEMBER 2008**

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 accordance 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.

<u>As at 31 December 2008</u>	Public		Other Sector HK\$ Mil	Total HK\$ Mil
	Banks HK\$ Mil	Sector entities HK\$ Mil		
1. Asia Pacific excluding Hong Kong	2,594	-	3,017	5,611
of which Taiwan	2,197	-	2,820	5,017
2. North America	55	-	-	55
3. Western Europe	521	-	-	521

<u>As at 30 June 2008</u>	Public		Other Sector HK\$ Mil	Total HK\$ Mil
	Banks HK\$ Mil	Sector entities HK\$ Mil		
1. Asia Pacific excluding Hong Kong	1,541	-	3,228	4,769
of which Taiwan	1,471	-	3,228	4,699
2. North America	65	-	-	65
3. Caribbean coast region	-	-	212	212
4. Western Europe	4	-	-	4
Total	1,610	-	3,440	5,050

4. NON-BANK MAINLAND EXPOSURE

<u>Types of counterparties</u>	Referred items in Note (6) to MA(BS)2A	On-balance sheet exposure HK\$000	Off-balance sheet exposure HK\$000	Total HK\$000	Specific provisions HK\$000
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	504,705	62,140	566,845	6,673
Total		504,705	62,140	566,845	6,673
<u>As at 30 June 2008</u>					
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	724,122	69,477	793,599	-
Total		724,122	69,477	793,599	-

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

VI. CURRENCY RISK

AS AT 31 DECEMBER 2008

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 are disclosed.

As at 31 December 2008	USD	JPY	Others	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	7,257	144	306	7,707
Spot Liabilities	(6,863)	(83)	(264)	(7,210)
Forward purchases	22,613	212	17,212	40,037
Forward sales	(23,179)	(266)	(17,023)	(40,468)
Net option position	6	-	(6)	-
Net long / (short) position	<u>-166</u>	<u>7</u>	<u>225</u>	<u>66</u>

As at 30 June 2008	USD	Others	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	6,459	249	6,708
Spot Liabilities	(4,771)	(291)	(5,062)
Forward purchases	27,142	17,877	45,019
Forward sales	(28,643)	(17,893)	(46,536)
Net option position	-	-	-
Net long / (short) position	<u>187</u>	<u>-58</u>	<u>129</u>

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 YEAR ENDED 31 DECEMBER 2008**

	31 December <u>2008</u> %	30 June <u>2008</u> %
Average liquidity ratio for the year / period	<u>64.46%</u>	<u>71.27%</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 AS AT 31 DECEMBER 2008

	31 December <u>2008</u> %	30 June <u>2008</u> %
Capital adequacy ratio	<u>11.18%</u>	<u>11.08%</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.

	31 December <u>2008</u> NT\$'000	30 June <u>2008</u> NT\$'000
Aggregate amount of shareholders' funds	<u>43,589,883</u>	<u>39,627,167</u>

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

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

II. OTHER FINANCIAL INFORMATION
AS AT 31 DECEMBER 2008

	31 December <u>2008</u> NT\$'000	30 June <u>2008</u> NT\$'000
Total Assets	<u>1,228,059,492</u>	<u>1,196,075,689</u>
Total Liabilities	<u>1,148,637,572</u>	<u>1,119,150,954</u>
Total advances	<u>758,269,379</u>	<u>723,429,083</u>
Total customers deposit	<u>967,532,895</u>	<u>908,026,084</u>
	1 January 2008 to 31 December <u>2008</u> NT\$'000	1 January 2008 to 30 June <u>2008</u> NT\$'000
Profit before taxation	<u>7,828,944</u>	<u>4,734,175</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 year ended 31 December 2008. 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

31 March, 2009

Date