

TAIPEI FUBON COMMERCIAL BANK CO., LIMITED
HONG KONG BRANCH

Key Financial Information Disclosure Statements
For The Half Year Ended 30 June 2011

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

Key Financial Information Disclosure Statements For The Half Year Ended 30 June 2011

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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 2011**

	Year ended	
	30 June 2011 HK\$'000	30 June 2010 HK\$'000
INTEREST INCOME	102,380	51,647
INTEREST EXPENSE	<u>(39,171)</u>	<u>(22,925)</u>
	63,209	28,722
OTHER OPERATING INCOME		
Gains less losses arising from dealing in foreign currencies	84,622	71,123
Gains less losses from trading in interest rate derivatives	567	726
Gains less losses from trading in other derivatives	828	442
Net fees and commission income		
Income from fees and commission	37,615	15,853
Fees and commission expenses	(2,641)	(2,038)
Other income	1,191	1,535
	<u>122,182</u>	<u>87,641</u>
OPERATING EXPENSES		
Staff expenses	(36,976)	(24,488)
Rental expenses	(10,783)	(10,721)
Other expenses	(13,102)	(7,963)
of which research expense:	(2)	0
computer and system rental expense:	(3,711)	(3,292)
depreciation expense :	(2,014)	(1,949)
	<u>(60,861)</u>	<u>(43,172)</u>
CHARGES FOR BAD AND DOUBTFUL DEBTS		
Provision for bad and doubtful debts	(13,781)	578
Other provisions:		-
Provision of legal fee for problem assets	0	55
Provision for account receivable without recourse factoring	(2,996)	(630)
	<u>(16,777)</u>	<u>3</u>
PROFIT BEFORE TAXATION	107,753	73,194
TAXATION	(20,000)	(13,161)
PROFIT AFTER TAXATION	<u>87,753</u>	<u>60,033</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 2011

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
ASSETS		
Cash and balances with banks	5,455,176	1,801,376
Amount due from Exchange Fund	43,610	1,979,023
Placement with banks maturing between one and twelve months (except those included in amount due from overseas offices)	293,487	754,743
Amount due from overseas offices	2,146,384	2,727,872
Trade bills	676,450	440,397
Advances and other accounts	7,875,373	5,736,579
Investment Debt Securities	1,093,006	1,524,860
Machinery and equipments	7,087	9,097
Total assets	<u>17,590,573</u>	<u>14,973,947</u>
LIABILITIES		
Deposits and balances of banks (except those included in amount due to overseas offices)	2,276,259	2,702,555
Deposits from customers		
Demand deposits and current accounts	257,511	246,901
Savings deposits	4,215,245	4,716,480
Time, call and notice deposits	6,374,439	4,311,617
Amount due to overseas offices	1,951,027	1,015,822
Certificates of deposit issued	100,000	100,000
Other accounts and provisions		
Tax payable	33,646	13,646
Interest payable	14,452	13,793
Other liabilities	2,125,697	1,700,207
Total liabilities	<u>17,348,276</u>	<u>14,821,021</u>
Capital and reserves	242,297	152,926
Total equity and liabilities	<u>17,590,573</u>	<u>14,973,947</u>

Note: Nature of other liabilities

Account payable	33,344	41,692
Accrued expenses	2,977	5,185
Acceptance	351,750	375,713
Other account payable	14,142	9,998
Unearned revenue	7,709	1,240
Cashier Checks issued	2,072	1,421
Guarantee deposit received	2,149	8,554
Premium-Sell Option	315,473	210,024
Revaluation-forward FX/SWAP/NDF/Option/IRS	1,395,441	1,045,239
Exchange Position	640	1,141
	<u>2,125,697</u>	<u>1,700,207</u>

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III. ADDITIONAL BALANCE SHEET INFORMATION

AS AT 30 JUNE 2011

ADVANCES AND OTHER ACCOUNTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
A. Advances to customers	5,699,109	4,314,106
Accrued interest and other accounts		
Accrued interest	16,289	16,766
Other accounts	2,221,526	1,450,493
Total	<u>7,936,924</u>	<u>5,781,365</u>
Less: Provisions for bad and doubtful debts on		
Advances to customers		
General provision	(57,243)	(43,399)
Specific provision	0	0
Accrued interest		
General provision	0	0
Specific provision	0	0
Other accounts		
General provision	(4,308)	(1,387)
Specific provision	0	0
Total	<u>(61,551)</u>	<u>(44,786)</u>
Advances and other accounts after provisions for bad and doubtful debts	<u>7,875,373</u>	<u>5,736,579</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 June 2011 HK\$'000	31 December 2010 HK\$'000
B. Details of the impaired advances to customers		
Impaired loans which are individually determined to be impaired advances to customers	<u>0</u>	<u>0</u>
Individuals assessed allowance made in respect of impaired advances to customers	<u>0</u>	<u>0</u>
As a percentage of total advances to customers	<u>0.00%</u>	<u>0.00%</u>

Note: As at 30 June 2011 and 31 December 2010, 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 2011

ADVANCES AND OTHER ACCOUNTS-continued

C. Overdue and rescheduled advances to customers

	30 June 2011		31 December 2010	
	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	0	0.00%	0	0.00%
more than 6 months and up to 1 year	0	0.00%	0	0.00%
more than 1 year	0	0.00%	0	0.00%
	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</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	0		0	
more than 6 months and up to 1 year	0		0	
more than 1 year	0		0	
	<u>0</u>		<u>0</u>	
c. Value of collateral held against the overdue loans	<u>N/A</u>		<u>N/A</u>	
d. Rescheduled advances to customers	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

D. Natures of other accounts

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Accounts receivable without recourse factoring/forfeiting	430,850	171,159
Other accounts receivable	57,919	12,924
Prepaid expenses	2,353	1,978
Prepaid guarantee deposits	5,874	5,758
Premium-Buy Option	222,874	125,540
Revaluation-forward FX/SWAP/NDF/Option/IRS	1,501,656	1,133,134
Exchange Position	0	0
	<u>2,221,526</u>	<u>1,450,493</u>

E. Analysis of other assets which have been overdue

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Overdue FX & Derivative Contracts with customer		
more than 6 months and up to 1 year	0	0
more than 1 year	0	0
	<u>0</u>	<u>0</u>
Individuals assessed allowance made in respect of overdue FX & Derivative Contracts with customer	<u>0</u>	<u>0</u>
As a percentage of total other accounts	<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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IV. OFF-BALANCE SHEET EXPOSURES AS AT 30 June 2011

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

	<u>30 June 2011</u>	<u>31 December 2010</u>
	HK\$'000	HK\$'000
Contingent liabilities and commitments		
Trade-related contingencies	667,890	665,174
Direct credit substitutes	338,958	348,720
Other commitments	6,875,405	4,930,013
	7,882,253	5,943,907
	<u>30 June 2011</u>	<u>31 December 2010</u>
	HK\$'000	HK\$'000
Derivatives		
Exchange rate contracts	465,804,374	431,892,010
Interest rate contracts	2,126,845	353,278
Commodities other than precious metals and gold contracts	310,393	41,345
	468,241,612	432,286,633
	<u>30 June 2011</u>	<u>31 December 2010</u>
	HK\$'000	HK\$'000
Fair value of derivatives (of the above derivatives)		
Exchange rate contracts:		
-Positive fair value	1,712,655	1,278,760
-Negative fair value	(1,680,979)	(1,169,283)
Interest rate contracts:		
-Positive fair value	8,860	3,796
-Negative fair value	(27,359)	(25,159)
Commodities other than precious metals and gold contracts:		
-Positive fair value	3,781	364
-Negative fair value	(3,865)	(201)
	13,093	88,277

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 2011

1. GROSS ADVANCES TO CUSTOMERS BY INDUSTRY SECTORS

	30 June 2011		31 December 2010	
	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	157,265	157,265	76,750	76,750
Property investment	70,000	70,000	75,455	75,455
Financial concerns	31,132	0	15,549	0
Stockbrokers	0	0	0	0
Wholesale and retail trade	31,053	1,519	7,775	1,912
Manufacturing	1,607,959	640,958	1,432,856	369,425
Transport and transport equipment	140,092	140,092	139,943	139,943
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	1,336	1,336	1,318	1,318
c. All others	0	0	0	0
B. Trade finance	1,166,924	308,197	1,063,789	228,740
C. Loan for use outside Hong Kong	2,493,348	367,496	1,500,671	71,593
Total	<u>5,699,109</u>	<u>1,686,863</u>	<u>4,314,106</u>	<u>965,136</u>

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

	30 June 2011	31 December 2010
	HK\$'000	HK\$'000
Hong Kong	2,444,075	2,148,270
China	1,392,551	1,078,331
Taiwan	1,014,419	688,660
Others	848,064	398,845
Total	<u>5,699,109</u>	<u>4,314,106</u>

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

	30 June 2011	31 December 2010
	HK\$'000	HK\$'000
Overdue loans and advances to customers		
Hong Kong	0	0
Taiwan	0	0
	<u>0</u>	<u>0</u>
Impaired loan and advances to customer		
Hong Kong	0	0
Taiwan	0	0
	<u>0</u>	<u>0</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 2011**

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.

<u>As at 30 June 2011</u>	Banks	Public Sector entities	Other Sector	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Asia Pacific excluding Hong Kong	5,351	0	6,046	11,397
of which Taiwan	3,031	0	5,473	8,504
2. Africa	6	0	0	6
3. North America	478	1	0	479
4. Western Europe	469	0	287	756
Total	<u>6,304</u>	<u>1</u>	<u>6,333</u>	<u>12,638</u>

<u>As at 31 December 2010</u>	Banks	Public Sector entities	Other Sector	Total
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
1. Asia Pacific excluding Hong Kong	2,129	0	4,623	6,752
of which Taiwan	1,501	0	4,289	5,790
2. Africa	1	0	0	1
3. North America	295	1	1	297
4. Western Europe	443	0	0	443
Total	<u>2,868</u>	<u>1</u>	<u>4,624</u>	<u>7,493</u>

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
<u>As at 30 June 2011</u>					
Other entities incorporated or established in China	Item (e) of column (1)	256,117	0	256,117	0
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	1,226,069	31,790	1,257,859	0
Total		<u>1,482,186</u>	<u>31,790</u>	<u>1,513,976</u>	<u>0</u>

<u>As at 31 December 2010</u>					
Other entities incorporated or established in China	Item (e) of column (1)	177,984	0	177,984	0
Companies and individuals outside Mainland where the credit is granted for use in Mainland	Item (f) of column (1)	938,419	20,174	958,593	0
Total		<u>1,116,403</u>	<u>20,174</u>	<u>1,136,577</u>	<u>0</u>

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

VI. CURRENCY RISK

AS AT 30 June 2011

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 2011</u>	<u>USD</u>	<u>JPY</u>	<u>EUR</u>	<u>CNY</u>	<u>AUD</u>	<u>TWD</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	12,651	127	508	2,060	463	0	156	15,965
Spot Liabilities	(12,819)	(118)	(342)	(2,071)	(490)	0	(270)	(16,110)
Forward purchases	196,240	910	1,841	22,383	5,595	1,903	5,700	234,572
Forward sales	(193,644)	(1,451)	(1,744)	(22,369)	(5,613)	(3,948)	(5,581)	(234,350)
Net option position	(2,414)	509	(250)	24	78	2,067	(14)	0
Net long / (short) position	14	(23)	13	27	33	22	(9)	77

<u>As at 31 December 2010</u>	<u>USD</u>	<u>GBP</u>	<u>JPY</u>	<u>EUR</u>	<u>AUD</u>	<u>TWD</u>	<u>Others</u>	<u>Total</u>
	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil	HK\$ Mil
Spot assets	9,571	46	425	289	316	0	73	10,720
Spot Liabilities	(10,865)	(42)	(151)	(332)	(318)	0	(58)	(11,766)
Forward purchases	185,356	11	256	732	4,314	809	24,366	215,844
Forward sales	(181,868)	(17)	(940)	(786)	(4,448)	(2,172)	(24,521)	(214,752)
Net option position	(2,308)	9	389	109	145	1,519	137	0
Net long / (short) position	(114)	7	(21)	12	9	156	(3)	46

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 2011**

	30 June 2011 %	30 June 2010 %
Average liquidity ratio for the year / period	<u>51.46%</u>	<u>58.33%</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 2011

	30 June <u>2011</u> %	31 December <u>2010</u> %
Capital adequacy ratio	<u>12.83%</u>	<u>12.99%</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 <u>2011</u> NT\$'000	31 December <u>2010</u> NT\$'000
Aggregate amount of shareholders' funds	<u>88,721,754</u>	<u>85,074,107</u>

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

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

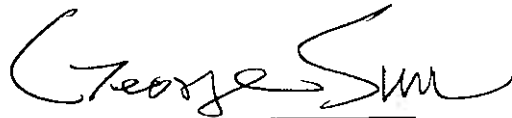
II. OTHER FINANCIAL INFORMATION

AS AT 30 June 2011

	30 June 2011 NTS'000	31 December 2010 NTS'000
Total Assets	<u>1,466,517,103</u>	<u>1,482,752,612</u>
Total Liabilities	<u>1,377,795,349</u>	<u>1,397,678,505</u>
Total advances	<u>910,084,475</u>	<u>861,673,518</u>
Total customers deposit	<u>1,149,107,870</u>	<u>1,180,659,108</u>
	1 January 2011 to 30 June 2011 NTS'000	1 January 2010 to 30 June 2010 NTS'000
Profit before taxation	<u>7,047,552</u>	<u>4,933,414</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 2011. 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

30 SEP 2011

Date