



FUBON BANK (HONG KONG) LIMITED

富邦銀行（香港）有限公司

*(incorporated in Hong Kong under the Companies Ordinance)
(Stock Code: 636)*

ANNOUNCEMENT

The Board of Directors of Fubon Bank (Hong Kong) Limited (the “Bank”) hereby makes the following announcement:-

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 the Bank 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 HKD29,000 or equivalent amount in foreign currency while aggregate interests underpaid was about HKD990,000 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 HKD100 or less or equivalent amount in foreign currency, where approximately 3,000 of them have their interest underpaid by HKD1 or less or equivalent amount in foreign currency. The highest underpaid amount was nearly HKD26,000 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.

By Order of the Board
Fubon Bank (Hong Kong) Limited
Juliana CHIU Yuk Ching
Company Secretary

Hong Kong, 17 March 2008

As at the date of this announcement, the Board of Directors of the Bank comprises Jin-Yi Lee (Managing Director and Chief Executive Officer), Michael Chang Ming-Yuen, James Yip as Executive Directors; Ming-Hsing (Richard) Tsai (Chairman), Ming-Chung (Daniel) Tsai (Vice Chairman), Victor Kung, David Chang Kuo-Chun as Non-Executive Directors; and Robert James Kenrick, Moses Tsang, Hung Shih as Independent Non-Executive Directors.