

Delivering Growth

Fubon Bank (Hong Kong) Limited
2007 Interim Financial Results
14 August 2007



Fubon Bank
富邦銀行

Value Banking



Fubon Bank (HK) Limited – Disclaimer

This meeting may contain forward-looking statements with respect to the financial condition, results of operations and business of the Bank. These forward-looking statements represent the Bank's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed. Certain statements, such as those that include the words "potential", "estimated", and similar expressions or variations on such expressions may be considered "forward-looking statements".



Performance Highlights

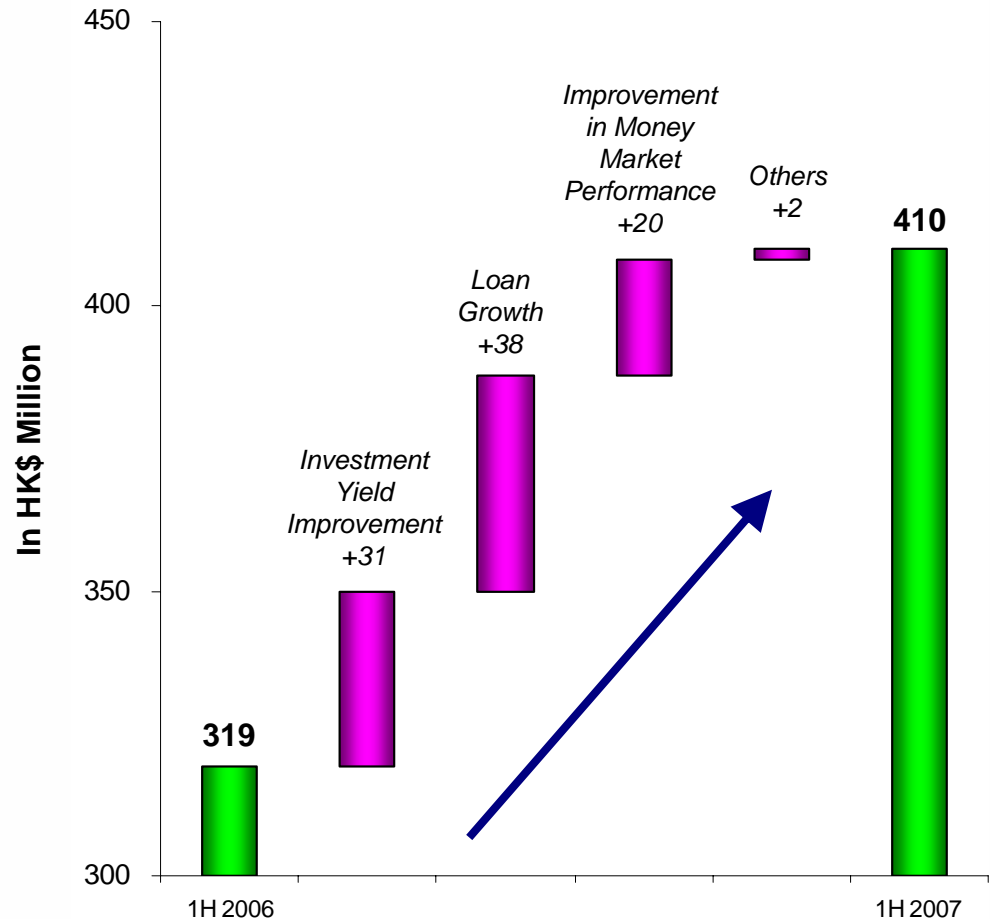
1H 2007 : Achieved Record Interim Earnings

	<u>Vs 1H 2006</u>	
Net Interest Income	28%	↑
Other Operating Income	31%	↑
Operating Profit Before Gains and Impairment Losses	30%	↑
Profit Attributable to Shareholders	73%	↑
Interim Dividend of 6 Hong Kong cents per share		



Net Interest Income Grew 28%

- Net interest income was higher than 1H 2006 by HK\$90 million or 28%
- Of which, 12% growth was from loan growth and 10% was from investment yield improvement
- The remaining 6% growth was from improvement in money market performance





Strong Growth in Other Operating Income (+31%)

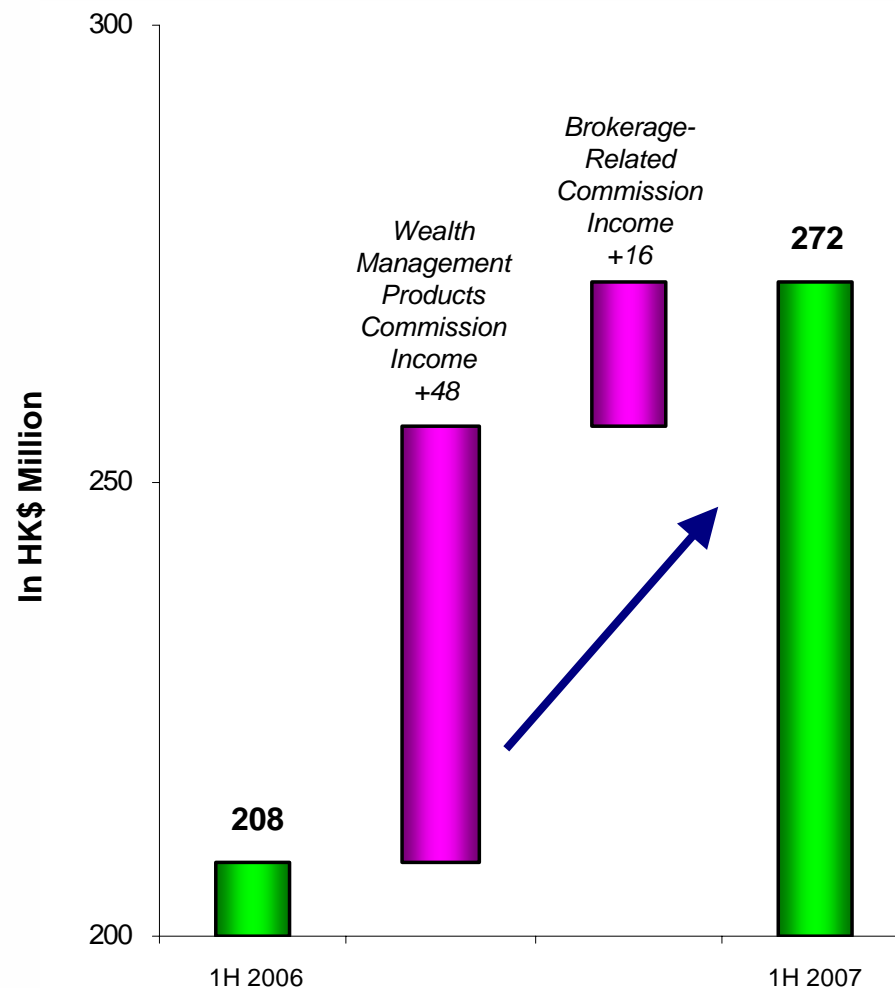
Other Operating Income grew by HK\$64 million or 31% to HK\$272 million from HK\$208 million for 1H 2006.

Commission Income from Wealth Management Products (↑ 42%)

- Unit Trust commission income (↑ 109%)
- Recurring sale of financial markets products (↑ 26%)
- Insurance commission (↑ 62%)

Brokerage-Related Commission Income (↑ 55%)

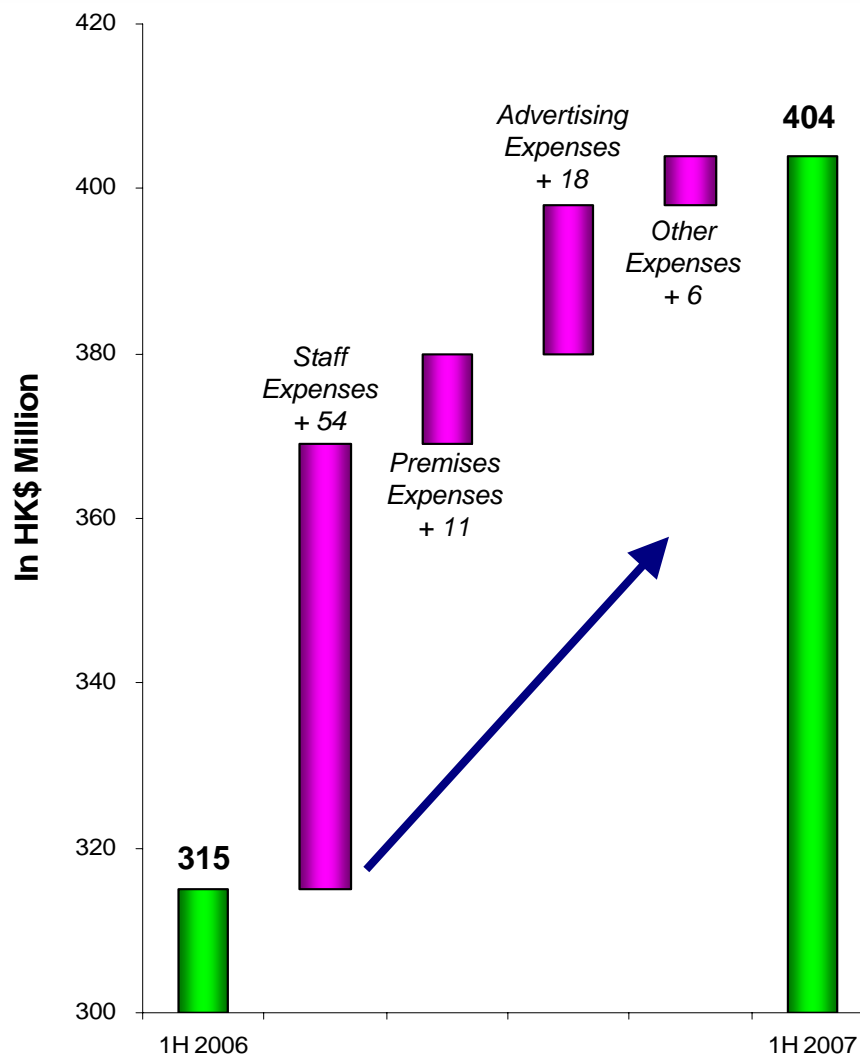
- Brokerage-related income (↑ 55%)





Operating Expenses Increased By 28%

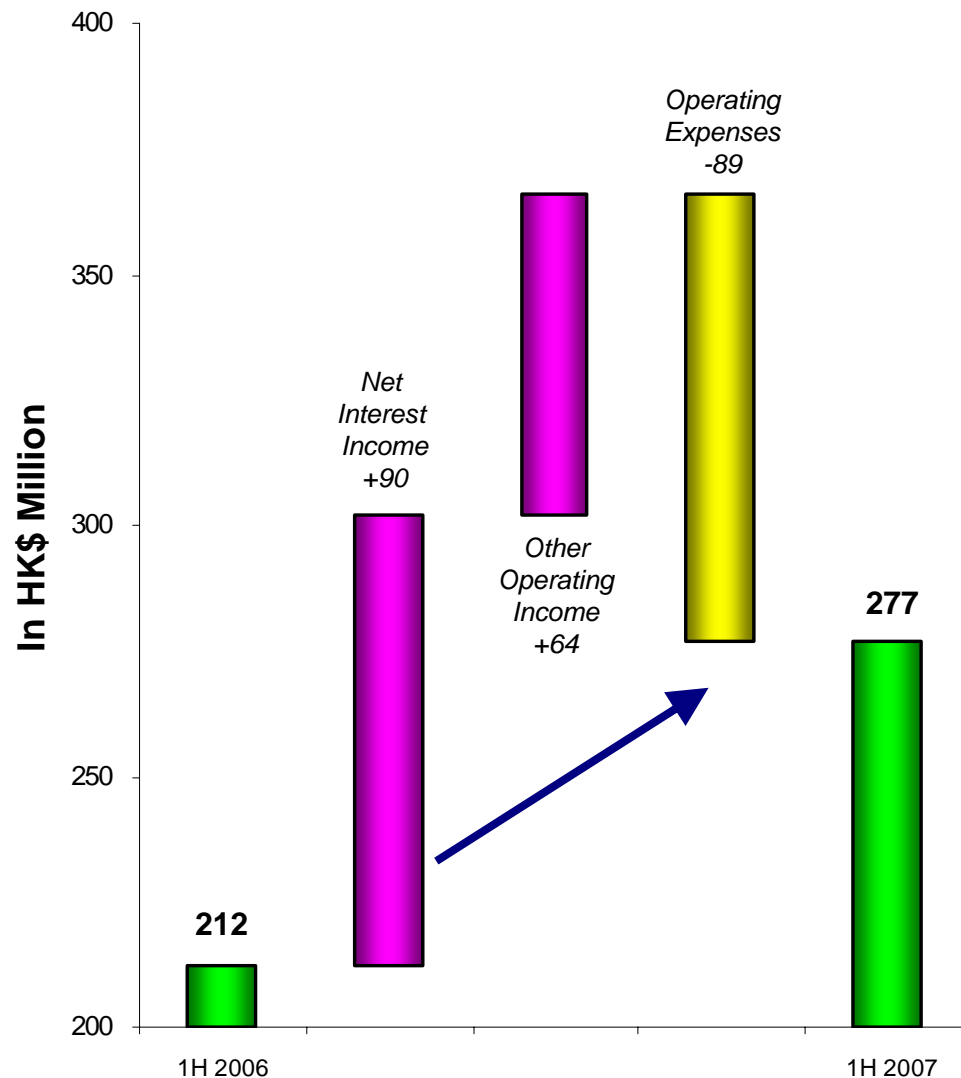
- Operating Expenses increased HK\$89 million or 28% mainly attributed to increase in compensation & staff related expenses
- Staff Expenses rose HK\$54 million, a result of increase in headcount of 142 to 994 for June 2007 (Jun-06: 852; Jun-07: 994)
- Advertising expenses increased HK\$18 million, mainly due to 2007 brand building campaign and sponsorship activities
- Premises expenses were higher than 1H 2006 by HK\$11 million, mostly due to leasing of new office areas at Central Tower in 2007





Operating Profit Before Gains and Impairment Losses Surged 30%

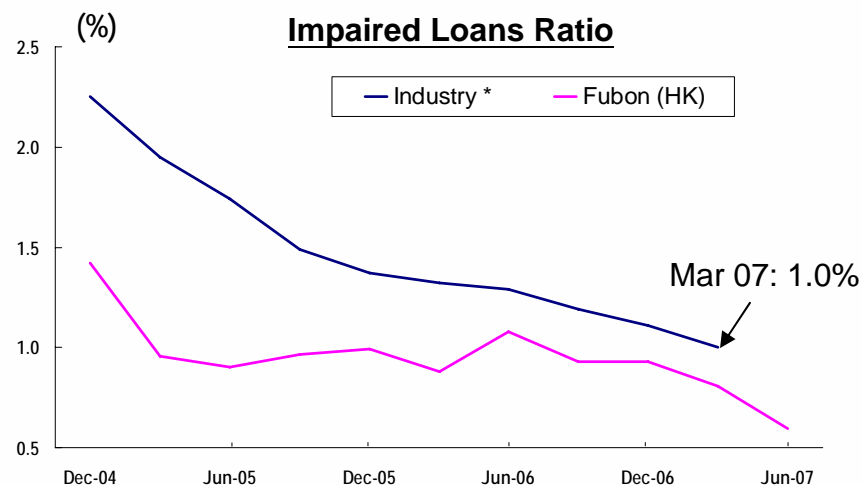
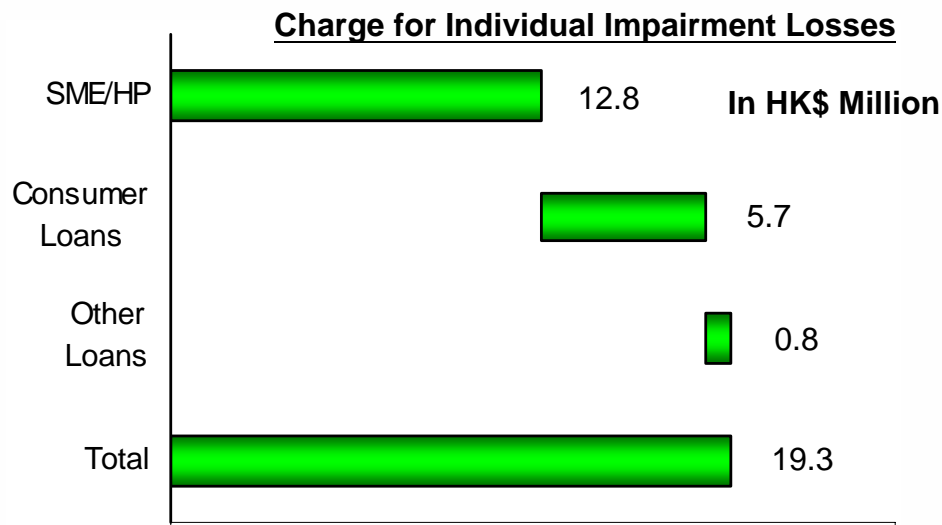
- Strong Growth in Net Interest Income (↑ 28%)
- Strong Growth in Other Operating Income (↑ 31%)
- Offset by rise in Operating Expenses (↑ 28%)
- Operating Profit before Gains and Impairment Losses increased 30% to HK\$277 million





Sound Asset Quality

- Net charge of individual impairment loss on loans for 1H 2007 amounted to HK\$19.3 million, a decrease of HK\$36.9 million when compared to 1H 2006's HK\$56.2 million
- Net charges for machinery & equipment loans to SME and Consumer Loans for 1H 2007 were HK\$12.8 million and HK\$5.7 million respectively
- Impaired loans ratio consecutively reduced to 0.59% at 30 June 2007, much lower than industry's 1% at 31 March 2007
- Impaired loans coverage ratio improved from 80.4% at 31 Dec 2006 to 88.78% at 30 June 2007



* Source: the HKMA



Diversified Funding

- Customers' deposits grew by 3% or HK\$926 million, accounted for 63% of total funding (31 December 2006: 63%)
- Net increase in CD and FRN issued amounted to HK\$1.3 billion when compared to 2006 year-end balance, including:
 - Issues via Euro Medium Term Notes Program:
 - Equity linked notes: HK\$540 million
 - Zero-coupon bond: HK\$250 million as issue value (nominal value of HK\$520 million)
 - Other issues include:
 - Callable CD: HK\$470 million
 - FRCD: HK\$200 million



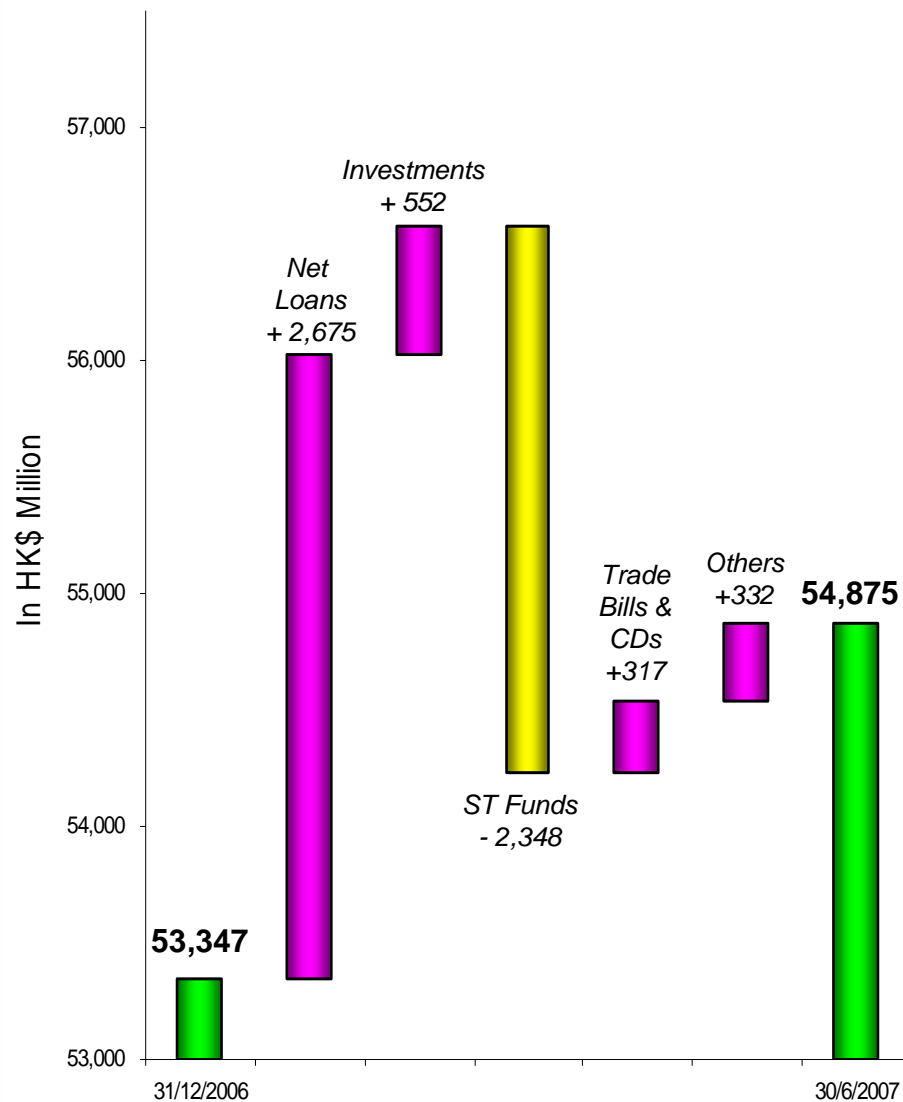
In HK\$ Million

■ 30/6/07
■ 31/12/06



Improved Asset Mix

- 10% (or HK\$2.7 billion) net loans growth to HK\$28.4 billion as at 30 June 2007
- Investments (i.e. HKEFN & other debt securities) up HK\$552 million or 6%
- Short term funds decreased by HK\$2.3 billion or 16%
- Trade bills & CD increased HK\$317 million or 201%
- Total assets grew 3% to HK\$54.9 billion





2007 Interim Results - Key Ratios

(%)	30 Jun 2007	31 Dec 2006
Loan to Deposit Ratio	69.32	66.46
Impaired Loans Ratio	0.59	0.93
Impaired Loans Coverage Ratio	88.78	80.40
For the 6 months period (%)	2007	2006
Fee to Income Ratio	39.87	39.42
Cost to Income Ratio	59.38	59.76
Net Interest Margin	1.64	1.37
Return on Assets *	0.83	0.49
Return on Equity *	11.30	6.83

* Calculated on an annualised basis

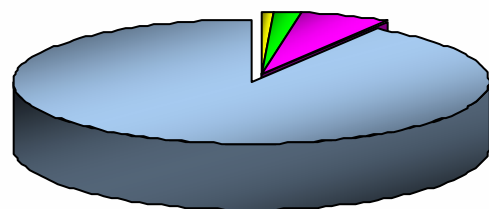


Taiwan-Related Business – Operating Profits before Gains & Impairment Losses

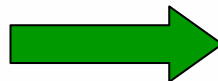
1H 2006

1H 2007

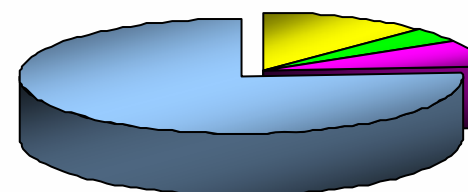
Taiwan-Related
Business 9%



Non Taiwan-Related
Business 91%



Taiwan-Related
Business 24%



Non Taiwan-Related
Business 76%

- Taiwan-related: Wealth Management
- Taiwan-related: Corporate Banking
- Taiwan-related: Hire Purchase
- Non Taiwan-related business

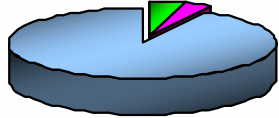


Taiwan-Related Business – Loans and Deposits

Loans

As at 30/6/2006

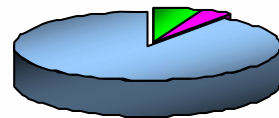
Taiwan-Related
Business 8%



Non Taiwan-Related
Business 92%

As at 31/12/2006

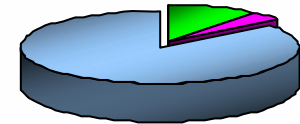
Taiwan-Related
Business 10%



Non Taiwan-Related
Business 90%

As at 30/6/2007

Taiwan-Related
Business 14%



Non Taiwan-Related
Business 86%

Deposits

Taiwan-Related
Business 11%



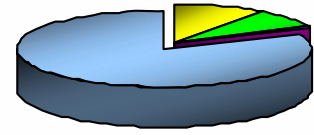
Non Taiwan-Related
Business 89%

Taiwan-Related
Business 16%



Non Taiwan-Related
Business 84%

Taiwan-Related
Business 19%



Non Taiwan-Related
Business 81%

- Taiwan-related: Wealth Management
- Taiwan-related: Corporate Banking
- Taiwan-related: Hire Purchase
- Non Taiwan-related business



Strong Growth in Taiwan-Related Business

Wealth Management (as at 30/6/07)

- Assets under management of HK\$6.5 billion (↑ 54%). New AUM in 1H 2007 amounted to HK\$2.3 billion.

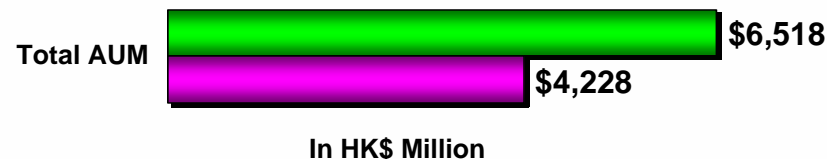
Corporate Banking – Taiwan Team

- Total corporate loans surged by HK\$1.4 billion (↑ 88%) to HK\$3 billion
- Total customer deposits increased HK\$127 million (↑ 5%) to HK\$2.5 billion

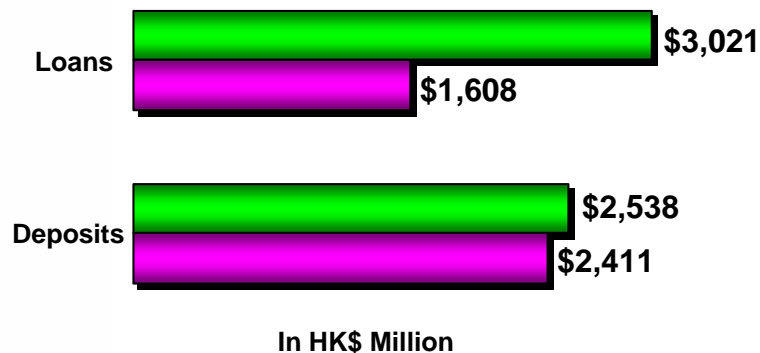
Hire Purchase – Taiwan Team

- Total hire purchase loans increased HK\$145 million (↑ 15%) to HK\$1.1 billion
- Total customer deposits at HK\$276 million, down HK\$31 million (↓ 10%) as compared with 31 December 2006

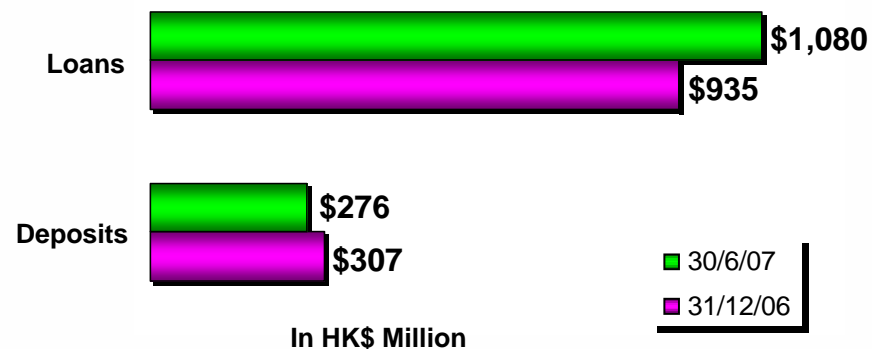
Taiwan-Related Business – Wealth Management



Taiwan-Related Business – Corporate Banking



Taiwan-Related Business – Hire Purchase





2007 Interim Results – Income Statement

(HK\$ million)	YTD Jun-07	YTD Jun-06	<i>Variance (%)</i>
Interest income	1,360	1,179	+15.3
Interest expense	<u>(950)</u>	<u>(860)</u>	+10.5
Net interest income	410	319	+28.3
Other operating income	<u>272</u>	<u>208</u>	+30.7
Operating income	681	527	+29.2
Operating expense	<u>(405)</u>	<u>(315)</u>	+28.4
Operating profit before gains and impairment losses	277	212	+30.4



2007 Interim Results – Income Statement

(HK\$ million)	YTD Jun-07	YTD Jun-06	<i>Variance (%)</i>
Operating profit before gains and impairment losses	277	212	+30.4
Charge of collective impairment loss on loans	(12)	(23)	-49.5
Charge of individual impairment loss on loans	(19)	(56)	-65.6
Charge of impairment losses on investments and acquired assets	1	(0)	-1109.5
Gains from disposal of available-for-sale securities	8	20	-62.1
Profit on disposal of fixed assets	(0)	-	NA
Profit before taxation	254	153	+66.6
Taxation	(37)	(27)	+35.5
Profit attributable to shareholders	217	125	+73.3



2007 Interim Results – Balance Sheet

(HK\$ million)	30/6/2007	31/12/2006	Variance (%)
Cash, short term funds & placements	12,438	14,786	-15.9
Trade bills less reserves and CD	475	158	+201.1
Advances to customers less reserves	28,426	25,751	+10.4
Accrued interest and other accounts	2,005	1,688	+18.8
Investments	10,397	9,845	+5.6
Fixed assets	<u>1,135</u>	<u>1,119</u>	+1.4
	<u>54,875</u>	<u>53,347</u>	+2.9



2007 Interim Results – Balance Sheet

(HK\$ million)	30/6/2007	31/12/2006	Variance (%)
Deposits and balances of banks & FIs	844	962	-12.3
Deposits from customers	34,737	33,811	+2.7
CD and FRN issued	6,272	4,938	+27.0
Short position in Exchange Fund Papers	5,656	6,640	-14.8
Other accounts and liabilities	1,792	1,447	+23.8
Subordinated debts	1,555	1,570	-1.0
Shareholders' funds	<u>4,018</u>	<u>3,979</u>	+1.0
	<u><u>54,875</u></u>	<u><u>53,347</u></u>	+2.9

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Thank you

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