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# **PRESS RELEASE**

## FOR IMMEDIATE RELEASE

#### 20 MARCH 2012

## Fubon Bank Recorded 5% Increase in 2011 Earnings

Net profits increased 5% or HK\$14 million year-on-year to HK\$280 million. (Hong Kong: 20 March 2012) Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries ("the Group") registered a net profit of HK\$280 million for the financial year ended 31 December 2011, an increase of 5% from the HK\$266 million reported in 2010 notwithstanding the challenging environment in Hong Kong and worldwide.

Net interest income decreased 25% to HK\$636 million, attributed to enduring high deposit costs.

Non-interest income increased 3% to HK\$294 million.

Operating expenses reduced 4% year-onyear.

Prudent credit management and asset quality improvements resulted in further reduction in the impaired loans ratio to 0.33%. Gross interest income rose by 5% to HK\$1,254 million in 2011, underpinned by the higher average interest-earning assets resulting from the increase in mortgage business and commercial lending. Nevertheless, gross interest expense soared 80% to HK\$618 million as driven by the keen competition for deposits, which led to enduring high deposit costs in 2011. As a result, net interest income declined by HK\$216 million or 25% to HK\$636 million while net interest margin narrowed by 47 basis points to 1.09% from 1.56% for 2010.

Non-interest income amounted to HK\$431 million in 2011, representing an increase of HK\$145 million when compared with 2010. Normalized non-interest income grew 3% and normalized ratio of non-interest income to total operating income reached 31.6%, versus 25.1% a year ago.

Operating expenses was 9% higher than in 2010 whereas normalized operating expenses reduced 4% year-on-year. Normalized cost to income ratio was 88.8% for 2011.

Further improvement in the credit environment, accompanied with our robust risk management framework and prudent credit management supported the Bank's comparatively conservative loan growth. There was a write back of impairment losses on advances to customers of HK\$80 million for the full year of 2011 when compared with the charge for impairment losses of HK\$10 million in 2010. The impaired loans ratio dropped to 0.33% as of 31 December 2011 (0.66% as of 31 December 2010). The coverage of impaired loans improved from 96% at 31 December 2010 to 97% at 31 December 2011.

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富邦銀行(香港) 有限公司 香港中環德輔道中 38 號富邦銀行大廈 Fubon Bank (Hong Kong) Limited Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong T (852) 2842 6222 F (852) 2810 1483 Website www.fubonbank.com.hk

Return on average equity increased from 5.31% to 5.53%.

Gross loans grew by 11% while customer deposits fell 5%. The Bank maintained sound financial positions, with capital adequacy ratio of 15.89%.

Leveraging on the integration with parent company to further strengthen local franchise. Benefiting from the robust economic growth in China, Xiamen Bank delivered a strong performance with the Bank's share of profits amounted to HK\$91 million. After accounting for impairment charges, other gains and tax charge, the Group registered profits after taxation stood at HK\$280 million. Return on average assets increased 3 basis points to 0.46% and return on average equity improved 22 basis points to 5.53% for 2011.

Total assets slightly reduced by 2% to HK\$60 billion as at 31 December 2011. As at 31 December 2011, gross advances to customers rose 11% to HK\$32 billion whereas customer deposits decreased moderately from HK\$46 billion to HK\$44 billion. As a result, the loan-to-deposit ratio increased to 70.5% from 61.2% as at 31 December 2010. The Group's capital and liquidity positions remained strong. The capital adequacy ratio was 15.89% as at 31 December 2011 (18.23% at 2010 year-end). The average liquidity ratio stood at a healthy level of 49.37% for 2011.

In 2011, the Bank continued to offer pragmatic products and services with balanced focus on both market expansion and risk management. While strict cost control was implemented, the Bank continued to invest in IT infrastructure in order to facilitate the use of our internet platform so as to improve customer experience. Following the successful privatization of the Bank by its parent company, Fubon Financial Holding Co., Ltd. ("Fubon Financial"), the Bank will collaborate more closely with Fubon Financial to strengthen its local franchise, enhance its product and service offering and pursue sustainable growth.

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#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2011

Interest income1,254,182 (618,028)1,196,169 (343,649)Net interest income636,154852,520Fee and commission income323,670 (73,574)330,766Fee and commission income220,944257,192Revaluation loss on collateralised debt obligations Operating income(1102,726) (73,574)(13,673) (102,726)Operating income210,248 (922,708)42,074 (856,152)Operating expenses(932,708) (856,152)(856,152) (856,152)Operating profit before gains and impairment losses134,461281,961Write back of / (charge for) impairment losses on advances to customers80,481 (9,713) (19,472)(9,713) (19,472)Impairment losses on inter assets(15,733) (17,270)-Write back of / (charge for) impairment losses on assets acquired under lending agreements(2,676) (17,270)(17,270)Write back of / (charge for) impairment losses on advances to an associate44,522 (16,719)(6,61) (5,045)Net gains on disposals of available-for-sale financial assets acquired under lending agreements(13,979) (46,719)(4,6719)Net gains on disposals of fixed assets91,369 (13,647)313,544 (14,2,541 (14,2,43)Total comprehensive income for the year, net of tax: Available-for-sale financial assets(228,622) (6,766)Exchange differences on translation of an associate26,147 (14,434Total comprehensive income for the year77,290 (273,961Profit for the year279,765 (266,293Total compreh		2011 HK\$'000	2010 HK\$'000
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Other operating income210,24842,074Operating income1,067,1691,138,113Operating expenses(932,708)(856,152)Operating profit before gains and impairment losses134,461281,961Write back of / (charge for) impairment losses on advances to customers80,481(9,713)Impairment losses on available-for-sale financial assets(5,415)(19,472)Impairment losses on other assets(15,733)-(Charge for) impairment losses on advances to an associate425(681)(Charge for) impairment losses on assets acquired under lending agreements(5,029)417Write back of / (charge for) impairment losses52,053(46,719)Net gains on disposals of available-for-sale financial assets(8,661)(5,045)Share of profits of an associate91,36931,352Profit before taxation Taxation313,744312,541Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve280,291266,966Exchange differences on translation of an associate280,291266,966Profit attributable to: - Equity holders of the Bank279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank279,786279,765Cotal comprehensive income attributable to: - Equity holders of the Bank77,816274,634Non-controlling interest	Net fee and commission income	220,944	257,192
Operating income Operating expenses1,067,169 (932,708)1,138,113 (856,152)Operating profit before gains and impairment losses134,461281,961Write back of / (charge for) impairment losses on advances to customers80,481 (9,713)(9,713)Impairment losses on available-for-sale financial assets(5,415) (19,472)(19,472)Impairment losses on other assets(2,676) (17,270)(17,270)Write back of / (charge for) impairment losses on advances to an associate425 (681)(681)(Charge for) / write back of impairment losses(5,029) (46,719)417Write back of / (charge for) impairment losses52,053(46,719)Net gains on disposals of fixed assets(8,661) (5,045)(5,045)Net losses on disposals of fixed assets(3,3979) (46,248)(46,248)Profit before taxation313,744 (33,979)31,352Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622) (6,766)Exchange differences on translation of an associate26,147 (14,434Total comprehensive income for the year77,290 (273,961Profit for the year279,765 (526)266,293Total comprehensive income attributable to: - Equity holders of the Bank - Non-controlling interests77,816 (526)274,634 (673)	Revaluation loss on collateralised debt obligations	(177)	(13,673)
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Write back of / (charge for) impairment losses52,053(46,719)Net gains on disposals of available-for-sale financial assets44,52250,992Net losses on disposals of fixed assets(8,661)(5,045)Share of profits of an associate91,36931,352Profit before taxation313,744312,541Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622) (6,766)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291 (526)266,966 (673) (673)Profit for the year77,816 (526)274,634 (673)Total comprehensive income attributable to: - Equity holders of the Bank77,816 (526)274,634 (673)		(5,029)	417
Net losses on disposals of fixed assets(8,661)(5,045)Share of profits of an associate91,36931,352Profit before taxation313,744312,541Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293	Write back of / (charge for) impairment losses		(46,719)
Share of profits of an associate91,36931,352Profit before taxation313,744312,541Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634Non-controlling interests(526)(673)Profit for the year279,765266,293	Net gains on disposals of available-for-sale financial assets	44,522	50,992
Profit before taxation313,744312,541Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634Non-controlling interests(526)(673)	Net losses on disposals of fixed assets	(8,661)	(5,045)
Taxation(33,979)(46,248)Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634Non-controlling interests(526)(673)	Share of profits of an associate	91,369	31,352
Profit for the year279,765266,293Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622) (6,766)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank - Non-controlling interests280,291 (673)266,966 (673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank - Non-controlling interests279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank - Non-controlling interests77,816 (526)274,634 	Profit before taxation	313,744	312,541
Other comprehensive income for the year, net of tax: Available-for-sale financial assets: net movement in investment revaluation reserve(228,622) 26,147(6,766) 	Taxation	(33,979)	(46,248)
Available-for-sale financial assets: net movement in investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank274,634Non-controlling interests(526)(673)Profit for the year274,634(526)(526)(673)	Profit for the year	279,765	266,293
investment revaluation reserve(228,622)(6,766)Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank280,291266,966Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634Non-controlling interests(526)(673)			
Exchange differences on translation of an associate26,14714,434Total comprehensive income for the year77,290273,961Profit attributable to: - Equity holders of the Bank - Non-controlling interests280,291266,966Profit for the year(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank - Non-controlling interests77,816274,634Non-controlling interests(526)(673)		(228.622)	(6,766)
Profit attributable to: - Equity holders of the Bank <b>280,291</b> (526)266,966 - Non-controlling interests(526) 279,765(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816 (526)274,634 			· · ·
- Equity holders of the Bank280,291266,966- Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634- Non-controlling interests(526)(673)	Total comprehensive income for the year	77,290	273,961
- Equity holders of the Bank280,291266,966- Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634- Non-controlling interests(526)(673)	Profit attributable to:		
- Non-controlling interests(526)(673)Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634- Non-controlling interests(526)(673)		280.291	266.966
Profit for the year279,765266,293Total comprehensive income attributable to: - Equity holders of the Bank77,816274,634- Non-controlling interests(526)(673)			
- Equity holders of the Bank 77,816 274,634   - Non-controlling interests (526) (673)	-		
- Equity holders of the Bank 77,816 274,634   - Non-controlling interests (526) (673)	Total comprehensive income attributable to:		
- Non-controlling interests (526) (673)		77,816	274,634
	-		· · · · · · · · · · · · · · · · · · ·

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富邦銀行(香港) 有限公司 香港中環德輔道中 38 號富邦銀行大廈 Fubon Bank (Hong Kong) Limited Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong T (852) 2842 6222 F (852) 2810 1483 Website www.fubonbank.com.hk

#### CONSOLIDATED BALANCE SHEET As at 31 December 2011

	2011 HK\$'000	2010 HK\$'000
ASSETS		
Cash and short-term funds Balances with banks and other financial	4,382,197	2,777,351
institutions	1,479,530	2,135,669
Trading assets	1,405,516	966,773
Financial assets designated at fair value through		
profit or loss	81,240	406,268
Derivative financial instruments	494,636	491,633
Advances to customers less impairment allowances	32,238,466	28,860,971
Other loans and receivables	1,204,789	2,802,314
Accrued interest and other assets	887,916	750,435
Available-for-sale financial assets	13,731,020	18,555,834
Held-to-maturity investments	2,466,707	2,462,681
Interests in associates	800,952	532,353
Fixed assets	1,046,107	1,035,542
Deferred tax assets	36,784	1,811
	60,255,860	61,779,635
LIABILITIES Deposits and balances of banks Deposits from customers Trading liabilities Financial liabilities designated at fair value through profit or loss Certificates of deposit issued Debt securities issued Derivative financial instruments Other liabilities Deferred tax liabilities Subordinated notes issued	4,019,428 43,788,167 1,382,980 333,965 942,780 683,041 538,491 1,973,748 681 1,540,299 55,203,580	$\begin{array}{r} 3,382,793\\ 46,038,161\\ 920,695\\ \hline 263,986\\ 797,951\\ 41,401\\ 577,314\\ 1,525,734\\ 46\\ \underline{3,137,286}\\ 56,685,367\\ \end{array}$
EQUITY		/ -
Share capital	2,097,519	2,097,519
Share premium	749,778	749,778
Reserves	2,203,587	2,245,049
Shareholders' funds	5,050,884	5,092,346
Non-controlling interests	1,396	1,922
	5,052,280	5,094,268
	60,255,860	61,779,635

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富邦銀行(香港) 有限公司 香港中環德輔道中 38 號富邦銀行大廈 Fubon Bank (Hong Kong) Limited Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong T (852) 2842 6222 F (852) 2810 1483 Website www.fubonbank.com.hk

### Fubon Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited ("Fubon Bank") is a wholly owned subsidiary of Fubon Financial Holding Co., Ltd., a leading financial services group in Taiwan which is engaged in corporate and investment banking, financial markets, consumer finance, wealth management, investment management and insurance. Fubon Bank operates 24 retail outlets in Hong Kong including 22 branches and 2 Securities Services Centres, and provides a wide range of financial services encompassing consumer and wholesale banking, wealth management, financial markets, securities brokerage and investment services. Fubon Bank holds an A-2 short-term, BBB+ long-term rating from Standard & Poor's. The rating reflects Fubon Bank's strong capitalization, good liquidity and sound asset quality.

- End -

For further enquires, please contact:

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Juliana Chiu, Company Secretary Tel: 3767 6224 Fax: 2537 1512 e-mail: juliana.chiu@fubon.com

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