

TAI SANG BANK LIMITED
INTERIM FINANCIAL DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2013 (UNAUDITED)

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half Year Ended 30 Jun 2013 (Unaudited) HK\$	Half Year Ended 30 Jun 2012 (Unaudited) HK\$
Interest Income	3,570,785	2,759,780
Interest Expenses	(273,308)	(271,715)
Net Interest Income	<u>3,297,477</u>	<u>2,488,065</u>
Other Operating Income	5,336,315	4,457,947
Operating Income	<u>8,633,792</u>	<u>6,946,012</u>
Operating Expenses	(8,641,063)	(8,453,074)
Operating Loss Before Impairment	<u>(7,271)</u>	<u>(1,507,062)</u>
Impairment Allowances for Impaired Assets	-	-
Operating Loss	<u>(7,271)</u>	<u>(1,507,062)</u>
Revaluation Surplus of Investment Properties	7,000,000	9,000,000
Loss on Disposal of Property, Plant & Equipment	(2,538)	(2,870)
Profit Before Income Tax	<u>6,990,191</u>	<u>7,490,068</u>
Taxation Credit	25,276	290,652
Profit Attributable to Shareholders	<u>7,015,467</u>	<u>7,780,720</u>
Other Comprehensive (Loss) / Income:		
Available-for-Sale Financial Assets:		
(Decrease)/Increase in Fair Value during the Half Year	(1,661,884)	1,857,354
Deferred Tax	-	-
Total Comprehensive Income Attributable to Shareholders for the Half Year Ended 30th June	<u><u>5,353,583</u></u>	<u><u>9,638,074</u></u>

Explanatory Statement

The level of customers' deposits of the Bank has remained stable during the first half of 2013. Despite the persistently low market interest rates during this period, interest income increased from the corresponding period of 2012, mainly contributed by the Bank's loan portfolio. Net interest income also improved from 2012 by 33%. Other operating income also increased in 2013 mainly as a result of better yield from the equity investments maintained and rental income from investment properties. The Bank's loan portfolio was maintained at the same level as for year-end 2012. Other operating expenses were vulnerable to inflationary increases. Escalating property prices have brought higher value to the Bank's investment properties. Financial condition of the Bank remains sound, with nil loan losses, adequate capital and high liquidity.

II. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
ASSETS		
Cash and Balances with Banks	641,543,373	582,494,308
Placements with Banks maturing within One and Twelve Months	285,259,150	333,996,097
Loans and Advances to Customers & Other Accounts	160,843,990	163,367,415
Available-for-sale Investments	36,619,967	38,116,215
Property, Plant & Equipment	74,804,896	74,397,350
Investment Properties	232,000,000	225,000,000
TOTAL ASSETS	1,431,071,376	1,417,371,385
LIABILITIES		
Deposits from Customers	810,151,495	801,629,207
Other Accounts & Provisions	16,518,450	16,669,055
Deferred Tax Liabilities	5,491,848	5,517,123
TOTAL LIABILITIES	832,161,793	823,815,385
CAPITAL RESOURCES		
Share Capital	310,000,000	310,000,000
Properties Revaluation Reserve	2,559,808	2,559,808
Investment Revaluation Reserve	3,392,670	5,054,554
General Reserve	610,257	610,257
Regulatory Reserve	1,700,000	1,700,000
Retained Earnings	280,646,848	273,631,381
TOTAL CAPITAL RESOURCES	598,909,583	593,556,000
TOTAL LIABILITIES AND CAPITAL RESOURCES	1,431,071,376	1,417,371,385

III. SCOPE OF CONSOLIDATION

This interim financial disclosure statement has been prepared based on the consolidated results and financial data of the Bank and its five subsidiaries made up to 30 June. The five wholly owned subsidiaries of the Group are TSB Property Management Limited, Tai Sang Bank (Nominees) Limited, Success Land Enterprises Limited, Golden Wisdom Development Limited and Team Gold Trading Limited, the first three of which are engaged in property management, nominee services and investment holding respectively, while the latter two are dormant. There were no subsidiaries which were not included in the consolidated Group.

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

There are no differences between the basis of consolidation for accounting purposes and the basis of consolidation for regulatory purposes. The Bank is required to calculate and report its capital ratios on the Bank's unconsolidated level figures. There are no restrictions on the transfer of funds or regulatory capital between the Group companies under any relevant regulatory, legal or taxation constraints.

IV. SUPPLEMENTARY INFORMATION

(1) Net Interest Income

	Half Year Ended 30 Jun 2013 (Unaudited) HK\$	Half Year Ended 30 Jun 2012 (Unaudited) HK\$
Interest income		
Cash and short term funds	762,581	829,290
Loans and advances	2,808,204	1,930,490
Impaired assets	-	-
	<u>3,570,785</u>	<u>2,759,780</u>
Interest expense		
Banks and customers	273,192	270,972
Others	116	743
	<u>273,308</u>	<u>271,715</u>

(2) Other Operating Income

	Half Year Ended 30 Jun 2013 (Unaudited) HK\$	Half Year Ended 30 Jun 2012 (Unaudited) HK\$
Fees and commission income	194,878	106,963
Less : fees and commission expense	<u>(17,427)</u>	<u>(16,123)</u>
Net fees and commission income	<u>177,451</u>	<u>90,840</u>
Gross rental income - investment properties	3,397,104	3,119,608
Less : outgoings	<u>(681,490)</u>	<u>(831,654)</u>
	<u>2,715,614</u>	<u>2,287,954</u>
Air-conditioning and management fees	506,344	456,868
Dividend income from listed available-for-sale investments	523,479	495,850
Miscellaneous income (includes mainly safe deposit box rental income and others)	<u>1,413,427</u>	<u>1,126,435</u>
	<u>5,336,315</u>	<u>4,457,947</u>

(3) Operating Expenses

	Half Year Ended 30 Jun 2013 (Unaudited) HK\$	Half Year Ended 30 Jun 2012 (Unaudited) HK\$
Staff costs	5,399,578	5,318,596
Premises and equipment expenses	613,193	528,759
Depreciation	509,168	417,099
Miscellaneous expenses	<u>2,119,124</u>	<u>2,188,620</u>
	<u>8,641,063</u>	<u>8,453,074</u>

(4) Income Tax Credit

Hong Kong income tax has been provided at the rate of 16.5% (2012:16.5%) on the estimated assessable profit for the period.

	Half Year Ended 30 Jun 2013 (Unaudited) HK\$	Half Year Ended 30 Jun 2012 (Unaudited) HK\$
Deferred income tax credit	<u>25,276</u>	<u>290,652</u>

(5) Cash and Balances with Banks

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Cash in hand	5,705,763	5,436,653
Balances with banks	425,837,610	436,498,941
Placement with banks and other financial institutions maturing less than 1 month	210,000,000	140,558,714
	<u>641,543,373</u>	<u>582,494,308</u>
Impairment allowances for impaired assets -collective & specific impairment allowances (cash and balances with banks)	<u>-</u>	<u>-</u>

(6) Placements with Banks

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Placements with banks - maturing between 1 and 12 months	<u>285,259,150</u>	<u>333,996,097</u>
Impairment allowances for impaired assets -collective & specific impairment allowances (placements with banks)	<u>-</u>	<u>-</u>

(7) Loans and Advances to Customers and Other Accounts

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Loans and advances to customers	<u>158,250,582</u>	<u>159,450,487</u>
Accrued interest and other accounts	<u>2,593,408</u>	<u>3,916,928</u>
Impairment allowances for impaired assets		
-collective & specific impairment allowances (loans and advances to customers)	<u>-</u>	<u>-</u>
-collective & specific impairment allowances (accrued interest & other accounts)	<u>-</u>	<u>-</u>

- (8) As at 31 December 2012 and 30 June 2013, there were no advances to customers or banks and other financial institutions which were impaired and for which individual impairment allowances were made.
- (9) There were no advances to customers, advances to banks and other financial institutions and other assets which had been overdue for more than three months as at 31 December 2012 and 30 June 2013.
- (10) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2012 and 30 June 2013.
- (11) The Group had no repossessed assets as at 31 December 2012 and 30 June 2013. In situations where assets are acquired by repossession of collateral for realization, they would continue to be reported as advances.
- (12) There were no exposures to non-bank counterparties in Mainland China as at 31 December 2012 and 30 June 2013.

(13) Gross Advances to Customers by Industry Sectors

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	87,831,016	98,183,627
Stockbrokers	314,798	852,299
Investment companies	55,294,681	43,817,527
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	13,021,803	14,122,415
- others	176,041	285,162
Trade finance	<u>1,612,243</u>	<u>2,189,457</u>
	<u>158,250,582</u>	<u>159,450,487</u>

- (14) All advances disclosed in note (7) above as at 31 December 2012 and 30 June 2013 were made to customers located in Hong Kong and were fully secured.

(15) Property, Plant and Equipment

	Bank premises HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost or valuation			
At 1 Jan 2013	117,618,203	11,415,272	129,033,475
Additions	-	919,252	919,252
Write offs	-	(9,060)	(9,060)
At 30 Jun 2013 (Unaudited)	<u>117,618,203</u>	<u>12,325,464</u>	<u>129,943,667</u>
Accumulated depreciation and impairment			
At 1 Jan 2013	46,984,543	7,651,582	54,636,125
Charge for the period	194,315	314,853	509,168
Write offs	-	(6,522)	(6,522)
At 30 Jun 2013 (Unaudited)	<u>47,178,858</u>	<u>7,959,913</u>	<u>55,138,771</u>
Net book value			
At 30 Jun 2013 (Unaudited)	<u>70,439,345</u>	<u>4,365,551</u>	<u>74,804,896</u>
At 31 Dec 2012 (Audited)	<u>70,633,660</u>	<u>3,763,690</u>	<u>74,397,350</u>

(16) Investment Properties

	HK\$
At 1 Jan 2012	192,000,000
Fair value gains for the year	36,000,000
Transfer to bank premises	<u>(3,000,000)</u>
At 31 Dec 2012 (Audited)	225,000,000
Fair value gains for the 6 month period	<u>7,000,000</u>
At 30 Jun 2013 (Unaudited)	<u>232,000,000</u>

(17) Deposits from Customers

Deposits from customers comprise of the following categories :

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Demand deposits and current accounts	76,840,976	81,987,269
Savings deposits	550,139,750	544,410,178
Time, call and notice deposits	<u>183,170,769</u>	<u>175,231,760</u>
	<u>810,151,495</u>	<u>801,629,207</u>

(18) Reserves

	Other properties revaluation reserve HK\$	Investment revaluation reserve HK\$	General reserve HK\$	Regulatory reserve HK\$	Retained earnings HK\$	Total HK\$
At 1 Jan 2013	2,559,808	5,054,554	610,257	1,700,000	273,631,381	283,556,000
Deficit on revaluation of available-for-sale investments	-	(1,661,884)	-	-	-	(1,661,884)
Profit for the half year	-	-	-	-	7,015,467	7,015,467
At 30 Jun 2013 (Unaudited)	<u>2,559,808</u>	<u>3,392,670</u>	<u>610,257</u>	<u>1,700,000</u>	<u>280,646,848</u>	<u>288,909,583</u>

(19) Cross-Border Claims

The break-down of the cross-border claims by types of counterparties on geographical segment which constitutes 10% or more of the aggregate cross-border claims are reported as follows:

	Banks and other Financial Institutions HK\$'000	Total HK\$'000
As at 30 June 2013 (Unaudited)		
Asia Pacific excluding Hong Kong	<u>128,000</u>	<u>128,000</u>
Western Europe	<u>78,000</u>	<u>78,000</u>
As at 31 December 2012 (Unaudited)		
Asia Pacific excluding Hong Kong	<u>252,000</u>	<u>252,000</u>
Western Europe	<u>128,000</u>	<u>128,000</u>

The above cross-border claims classification has taken into account the transfer of risk in the case of claims on overseas branches of a bank whose head office is located in another country.

(20) Currency Concentrations

The US dollar net position, which arises from non-trading position and constitutes more than 10% of the total net position in all foreign currencies and is reported as follows:

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Unaudited) HK\$
Equivalent in Hong Kong dollars		
Spot assets	36,526,000	35,577,000
Spots liabilities	<u>(34,885,000)</u>	<u>(34,094,000)</u>
Net long position	<u>1,641,000</u>	<u>1,483,000</u>

(21) Off-Balance Sheet Exposures**(a) Contingent liabilities and commitments**

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Contract amount		
Direct credit substitutes	4,996,000	4,996,000
Trade-related contingencies	3,259,210	2,337,810
Other commitments with an original		
- maturity of under 1 year or which are		
unconditionally cancellable	<u>9,823,668</u>	<u>5,936,101</u>
	<u>18,078,878</u>	<u>13,269,911</u>
Credit Risk Weighted Amount	<u>5,647,842</u>	<u>5,463,562</u>

(b) Derivatives

	As at 30 Jun 2013 (Unaudited) HK\$	As at 31 Dec 2012 (Audited) HK\$
Exchange Rate Contracts		
Notional Contract Amount	=	=
Credit Risk Weighted Amount	=	=
Replacement Cost	=	=
Interest Rate Contracts		
Notional Contract Amount	=	=
Credit Risk Weighted Amount	=	=
Replacement Cost	=	=
Other Contracts		
Notional Contract Amount	=	=
Credit Risk Weighted Amount	=	=
Replacement Cost	=	=

The Group did not enter into any bilateral netting agreements during the period and accordingly the above amounts are shown on a gross basis.

(22) Capital Adequacy and Liquidity Ratios

	As at 30 Jun 2013 (Unaudited)
Common equity tier 1 capital ratio	<u>73.35%</u>
Tier 1 capital ratio	<u>73.35%</u>
Total capital ratio	<u>94.07%</u>

(22) Capital Adequacy and Liquidity Ratios (Continued)

**As at
31 Dec 2012
(Audited)**

Capital adequacy ratio 74.64 %

Core capital ratio 57.51 %

The capital ratio and capital adequacy ratio represent the solo ratios of the Bank computed in accordance with the Banking (Capital) Rules. In accordance with the Banking (Capital) Rules, the Bank has adopted the “basic approach” for the calculation of the risk weighted assets for credit risk, and the “basic indicator approach” for the calculation of operational risk. The Bank has been exempted from the calculation of risk weighted assets for market risk.

	30 Jun 2013 (Unaudited)	30 Jun 2012 (Unaudited)
Liquidity ratio	<u>96.75%</u>	<u>108.61 %</u>

The liquidity ratio is calculated as the simple average of each calendar month’s average liquidity ratio for the six months of the financial period of the Bank computed in accordance with the Fourth Schedule of the Hong Kong Banking Ordinance.

(23) Components of Capital Base after Deductions

The capital base after deductions used in the calculation of the above capital ratios and capital adequacy ratios and reported to the Hong Kong Monetary Authority is analysed as follows :

	Bank
	30 June 2013 (Unaudited) HK\$'000
Common equity tier 1 (CET1) capital :	
CET1 capital instruments	264,987
Retained earnings	280,601
Disclosed reserves	<u>8,262</u>
	553,850
Less: Cumulative fair value gains arising from revaluation of land and buildings	<u>(182,965)</u>
Regulatory reserve for general banking risk	<u>(1,700)</u>
Total CET1 capital after deductions	<u>369,185</u>
Additional Tier 1 capital	-
Total Tier 1 capital after deductions	<u>369,185</u>
Tier 2 capital	
Reserve attributable to fair value gains on revaluation of land and buildings	102,590
Regulatory reserve for general banking risk	<u>1,700</u>
	104,290
Less : Tier 2 capital deductions	-
Total Tier 2 capital after deductions	<u>104,290</u>
Total Capital base	<u>473,475</u>

(23) Components of Capital Base after Deductions (Continued)

	Bank
	31 Dec 2012
	(Audited)
	HK\$'000
Core capital :	
Paid-up ordinary share capital	264,987
Published reserves	90,951
Income statement	<u>(1,838)</u>
	354,100
Less: 50% of Deductible items	<u>(4,549)</u>
Total Core capital	<u>349,551</u>
Supplementary capital	
Reserves attributable to fair value gains on revaluation of land and buildings	104,500
Reserves on revaluation of holdings of equities not held for trading purposes	2,470
Regulatory reserve for general banking risks	<u>1,700</u>
	108,670
Less : 50% of Deductible items	<u>(4,550)</u>
Total Supplementary capital	<u>104,120</u>
Total Capital base	<u><u>453,671</u></u>

The Capital Disclosures Template, Main Features Template and the reconciliation between the Bank's Statement of Financial Position and the Capital Disclosures Template as at 30 June 2013 are included at the end of this interim financial disclosure statement. The Capital Disclosures Template is used as full capital deductions under the Banking (Capital) Rules have already been applied.

(24) Statement of Compliance

This interim financial disclosure statement is prepared in accordance with and fully complies with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

Tai Sang Bank Limited
Consolidated Balance Sheet as at 30 June 2013

	Consolidated Statement of Financial Position as in published interim financial disclosure statement	Under regulatory scope of consolidation - Bank's Statement of Financial Position	Cross-referenced to Definition of Capital Components
	HK\$'000	HK\$'000	
Assets			
Cash and balances with banks	641,543	641,543	
Placements with banks maturing between one and twelve months	285,259	285,259	
Loans and advances to customers and other accounts	160,844	160,844	
Available-for-sale investments	36,620	36,620	
Investment in subsidiaries	0	20	
Property, plant and equipment	74,805	74,805	
Investment properties	232,000	232,000	
Total assets	1,431,071	1,431,091	
Liabilities			
Deposits from customers	810,151	810,374	
Other liabilities and provisions	16,518	16,361	
Deferred tax liabilities	5,492	5,492	
Total liabilities	832,161	832,227	
Shareholders' Equity			
Paid-in share capital	310,000	310,000	
<i>of which: share capital paid up in cash and capitalized from realized revaluation gains of properties</i>		264,987	(1)
<i>share capital capitalized from unrealized revaluation gains of properties</i>		45,013	(2)
Other properties revaluation reserve	2,560	2,560	(3)
Investment revaluation reserve	3,393	3,393	(4)
General reserve	610	610	(5)
Regulatory reserve	1,700	1,700	(6)
Retained earnings	280,647	280,601	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		180,405	(8)
<i>other retained earnings and profits</i>		100,196	
Total shareholders' equity	598,910	598,864	
Total liabilities and shareholders' equity	1,431,071	1,431,091	

Tai Sang Bank Limited

Extract of Capital Disclosure Template as at 30 June 2013 (with added reference column)

	Component of regulatory capital reported by Bank	Cross-referenced to Consolidated Statement of Financial Position above
	HK\$'000	
CET1 capital : instruments and reserves		
1 Directly issued qualifying CET1 capital instruments plus any related share premium	264,987	(1)
2 Retained earnings	280,601	(7)
3 Disclosed reserves	8,263	(3)+(4)+(5)+(6)
6 CET1 capital before regulatory deductions	553,851	
CET1 capital : regulatory deductions		
26 National specific regulatory adjustments applied to CET1 capital	184,665	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	182,965	(3)+(8)
26b Regulatory reserve for general banking risks	1,700	(6)
28 Total regulatory deductions to CET1 capital	184,665	
29 CET1 capital	369,186	
AT1 capital : instruments		
36 AT1 capital before regulatory deductions	0	
AT1 capital : regulatory deductions		
43 Total regulatory deductions to AT1 capital	0	
44 AT1 capital	0	
45 Tier 1 capital (Tier 1 = CET1 + AT1)	369,186	
Tier 2 capital : instruments and provisions		
50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,700	(6)
51 Tier 2 capital before regulatory deductions	1,700	
Tier 2 capital : regulatory deductions		
56 National specific regulatory adjustments applied to Tier 2 capital	(102,590)	
56a Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(102,590)	[(2)+(3)+(8)]*45%
57 Total regulatory deductions to Tier 2 capital	(102,590)	
58 Tier 2 capital	104,290	
59 Total capital (Total capital = Tier 1 + Tier 2)	473,476	

Tai Sang Bank Limited

Capital Disclosures Template as at 30 June 2013

CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	264,987
2	Retained earnings	280,601
3	Disclosed reserves	8,263
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	0
6	CET1 capital before regulatory deductions	553,851
CET1 capital: regulatory deductions		
7	Valuation adjustments	0
8	Goodwill (net of associated deferred tax liability)	0
9	Other intangible assets (net of associated deferred tax liability)	0
10	Deferred tax assets net of deferred tax liabilities	0
11	Cash flow hedge reserve	0
12	Excess of total EL amount over total eligible provisions under the IRB approach	0
13	Gain-on-sale arising from securitization transactions	0
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	0
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	0
17	Reciprocal cross-holdings in CET1 capital instruments	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable
22	Amount exceeding the 15% threshold	Not applicable
23	of which: significant investments in the common stock of financial sector entities	Not applicable
24	of which: mortgage servicing rights	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	184,665
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	182,965
26b	Regulatory reserve for general banking risks	1,700
26c	Securitization exposures specified in a notice given by the Monetary Authority	0
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	0
26e	Capital shortfall of regulated non-bank subsidiaries	0
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	0
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	0
28	Total regulatory deductions to CET1 capital	184,665
29	CET1 capital	369,186
AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	0
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	0

35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	0
36	AT1 capital before regulatory deductions	0
AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	0
38	Reciprocal cross-holdings in AT1 capital instruments	0
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
41	National specific regulatory adjustments applied to AT1 capital	0
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	0
43	Total regulatory deductions to AT1 capital	0
44	AT1 capital	0
45	Tier 1 capital (Tier 1 = CET1 + AT1)	369,186
Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	0
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	0
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	0
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	0
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,700
51	Tier 2 capital before regulatory deductions	1,700
Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	0
53	Reciprocal cross-holdings in Tier 2 capital instruments	0
54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
56	National specific regulatory adjustments applied to Tier 2 capital	(102,590)
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	(102,590)
57	Total regulatory deductions to Tier 2 capital	(102,590)
58	Tier 2 capital	104,290
59	Total capital (Total capital = Tier 1 + Tier 2)	473,476
60	Total risk weighted assets	503,325
Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	73.35%
62	Tier 1 capital ratio	73.35%
63	Total capital ratio	94.07%
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3B of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	3.50%
65	<i>of which: capital conservation buffer requirement</i>	0.00%
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.00%
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	0.00%
68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3B of the BCR	68.85%
National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable
70	National Tier 1 minimum ratio	Not applicable
71	National Total capital minimum ratio	Not applicable
Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0

73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	0
74	Mortgage servicing rights (net of related tax liability)	Not applicable
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable
Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	1,700
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	7,562
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	0
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	0
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
80	Current cap on CET1 capital instruments subject to phase out arrangements	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable
82	Current cap on AT1 capital instruments subject to phase out arrangements	0
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	0
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	0

Notes to the template:

Elements where a more conservative definition has been applied in the BCR relative to that set out in Basel III capital standards:

Row No.	Description	Hong Kong basis	Basel III basis
9	Other intangible assets (net of associated deferred tax liability) <u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.	0	0
10	Deferred tax assets net of deferred tax liabilities <u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.	0	0
18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold) <u>Explanation</u> For the purpose of determining the total amount of insignificant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.	0	0

	Therefore, the amount to be deducted as reported in row 18 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 18 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.		
	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
19	<p><u>Explanation</u></p> <p>For the purpose of determining the total amount of significant capital investments in CET1 capital instruments issued by financial sector entities, an AI is required to aggregate any amount of loans, facilities or other credit exposures provided by it to any of its connected companies, where the connected company is a financial sector entity, as if such loans, facilities or other credit exposures were direct holdings, indirect holdings or synthetic holdings of the AI in the capital instruments of the financial sector entity, except where the AI demonstrates to the satisfaction of the Monetary Authority that any such loan was made, any such facility was granted, or any such other credit exposure was incurred, in the ordinary course of the AI's business.</p> <p>Therefore, the amount to be deducted as reported in row 19 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 19 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
39	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in AT1 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 39 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 39 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
54	<p><u>Explanation</u></p> <p>The effect of treating loans, facilities or other credit exposures to connected companies which are financial sector entities as CET1 capital instruments for the purpose of considering deductions to be made in calculating the capital base (see note re row 18 to the template above) will mean the headroom within the threshold available for the exemption from capital deduction of other insignificant capital investments in Tier 2 capital instruments may be smaller. Therefore, the amount to be deducted as reported in row 54 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 54 (i.e. the amount reported under the "Hong Kong basis") adjusted by excluding the aggregate amount of loans, facilities or other credit exposures to the AI's connected companies which were subject to deduction under the Hong Kong approach.</p>		
Remarks:			
The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.			

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

Tai Sang Bank Limited

Main Features Template as at 30 June 2013

1	Issuer	Tai Sang Bank Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules [#]	Common Equity Tier 1
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	HKD 310 (Mn)
9	Par value of instrument	HKD 1
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1/4/54
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating dividend
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

Footnote:

[#] Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

⁺ Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules

^{*} Include solo-consolidated

