

TAI SANG BANK LIMITED
INTERIM FINANCIAL DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2015 (UNAUDITED)

I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half Year Ended 30 Jun 2015 (Unaudited) HK\$	Half Year Ended 30 Jun 2014 (Unaudited) HK\$
Interest Income	3,928,328	5,595,299
Interest Expenses	(335,293)	(351,130)
Net Interest Income	<u>3,593,035</u>	<u>5,244,169</u>
Other Operating Income	6,302,646	4,699,640
Operating Income	<u>9,895,681</u>	<u>9,943,809</u>
Operating Expenses	(9,153,282)	(8,971,266)
Operating Profit Before Impairment	<u>742,399</u>	<u>972,543</u>
Impairment Allowances for Impaired Assets	-	-
Operating Profit	<u>742,399</u>	<u>972,543</u>
Revaluation Surplus of Investment Properties	11,900,000	2,200,000
Loss on Disposal of Property, Plant & Equipment	(684)	(6,348)
Profit Before Income Tax	<u>12,641,715</u>	<u>3,166,195</u>
Taxation (Expense) / Credit	(77,474)	38,821
Profit Attributable to Shareholders	<u>12,564,241</u>	<u>3,205,016</u>
Other Comprehensive Income/(Loss):		
Available-for-Sale Investments:		
Increase/(decrease) in Fair Value during the Half Year	5,197,997	(11,841)
Deferred Tax	-	-
Total Comprehensive Income Attributable to Shareholders for the Half Year Ended 30th June	<u><u>17,762,238</u></u>	<u><u>3,193,175</u></u>

Explanatory Statement

The level of customers' deposits of the Bank has increased during the first half of 2015. The persistently low market interest rates during this period and the decreased activities in money market placements have resulted in a decrease in the level of the overall interest income when compared to the corresponding period of 2014. Net interest income was also lower than that of 2014 by 31%. However, other operating income has increased in 2015 mainly as a result of increased net rental income and income from safe deposit box rental for the first half of 2015. Other operating expenses were vulnerable to inflationary increases, but were maintained at reasonable level. The Bank's loan portfolio has increased from the level of the year-end 2014, due to an increase in its outstanding overdrafts. Escalating property prices have brought higher values to the Group'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 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
ASSETS		
Cash and Balances with Banks	709,924,011	813,386,247
Placements with Banks Maturing within One and Twelve Months	354,281,532	264,229,456
Loans and Advances to Customers & Other Accounts	169,846,139	148,936,078
Available-for-sale Investments	46,153,767	40,750,883
Property, Plant & Equipment	73,898,417	74,235,737
Investment Properties	270,800,000	258,900,000
TOTAL ASSETS	1,624,903,866	1,600,438,401
LIABILITIES		
Deposits from Customers	949,153,803	927,307,041
Other Liabilities & Provisions	21,796,432	37,017,440
Current Tax Liabilities	225,806	122,831
Deferred Tax Liabilities	5,068,053	5,093,555
TOTAL LIABILITIES	976,244,094	969,540,867
EQUITY		
Share Capital	310,000,000	310,000,000
Properties Revaluation Reserve	2,431,625	2,431,625
Investment Revaluation Reserve	12,284,798	7,086,801
General Reserve	610,257	610,257
Regulatory Reserve	1,700,000	1,500,000
Retained Earnings	321,633,092	309,268,851
TOTAL EQUITY	648,659,772	630,897,534
TOTAL LIABILITIES AND EQUITY	1,624,903,866	1,600,438,401

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 four subsidiaries made up to 30 June 2015. The four wholly owned subsidiaries of the Bank are TSB Property Management Limited, Success Land Enterprises Limited, Golden Wisdom Development Limited and Team Gold Investment Limited (formerly known as Team Gold Trading Limited), the first two of which are engaged in property management and investment holding respectively, while the latter two are investment property holding companies. 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.

The basis of consolidation for accounting purposes differs from the basis of consolidation for regulatory purposes, under which only Success Land Enterprises Limited, Golden Wisdom Development Limited and Team Gold Investment Limited are included as subsidiaries in the consolidated Group for regulatory purposes. The Bank is required to calculate and report its capital ratios on the consolidated position based on the regulatory scope of consolidated figures in addition to the Bank's solo position based on its unconsolidated level figures.

The total assets and total equity reported on the financial statement of each of the above mentioned subsidiaries as at 30 June 2015 are as follows:

	Total Assets At 30 Jun 2015 (Unaudited) HK\$	Total Equity At 30 Jun 2015 (Unaudited) HK\$
TSB Property Management Limited	<u>374,460</u>	<u>129,293</u>
Success Land Enterprises Limited	<u>2</u>	<u>2</u>
Golden Wisdom Development Limited	<u>26,892,582</u>	<u>26,456,641</u>
Team Gold Investment Limited	<u>23,298,274</u>	<u>22,944,268</u>

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 2015 (Unaudited) HK\$	Half Year Ended 30 Jun 2014 (Unaudited) HK\$
Interest income		
Cash and balances and placements with banks	1,178,056	2,351,829
Loans and advances	2,750,272	3,243,470
Impaired assets	-	-
	<u>3,928,328</u>	<u>5,595,299</u>
Interest expense		
Deposits from customers	334,937	350,699
Others	356	431
	<u>335,293</u>	<u>351,130</u>

(2) Other Operating Income

	Half Year Ended 30 Jun 2015 (Unaudited) HK\$	Half Year Ended 30 Jun 2014 (Unaudited)* HK\$
Fees and commission income	96,087	99,345
Less : fees and commission expense	<u>(18,712)</u>	<u>(17,464)</u>
Net fees and commission income	<u>77,375</u>	<u>81,881</u>
Gross rental income - investment properties	4,198,457	3,482,379
Less : rental outgoings	<u>(1,458,454)</u>	<u>(1,712,354)</u>
	<u>2,740,003</u>	<u>1,770,025</u>
Air-conditioning and management fees	874,473	801,056
Dividend income from:		
Listed available-for-sale investments	536,918	520,718
Unlisted available-for-sale investments	8,160	-
Miscellaneous income (includes mainly safe deposit box rental income and others)	<u>2,065,717</u>	<u>1,525,960</u>
	<u>6,302,646</u>	<u>4,699,640</u>

(3) Operating Expenses

	Half Year Ended 30 Jun 2015 (Unaudited) HK\$	Half Year Ended 30 Jun 2014 (Unaudited)* HK\$
Staff costs	6,021,734	5,698,427
Premises and equipment expenses	703,798	652,755
Depreciation	425,719	454,749
Miscellaneous expenses	<u>2,002,031</u>	<u>2,165,335</u>
	<u>9,153,282</u>	<u>8,971,266</u>

(4) Income Tax Expenses / (Credit)

Hong Kong income tax has been provided at the rate of 16.5% (2014:16.5%) on the estimated assessable profit for the period.

	Half Year Ended 30 Jun 2015 (Unaudited) HK\$	Half Year Ended 30 Jun 2014 (Unaudited) HK\$
Current income – Hong Kong profits tax	102,975	-
Deferred income tax write back	<u>(25,501)</u>	<u>(38,821)</u>
Income tax expense	<u>77,474</u>	<u>(38,821)</u>

(5) Cash and Balances with Banks

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Cash in hand	4,583,022	3,799,436
Balances with banks	434,160,569	598,406,980
Placement with banks and other financial institutions maturing within 1 month	271,180,420	211,179,831
	<u>709,924,011</u>	<u>813,386,247</u>

* The comparatives have been restated to conform with the current year presentation.

(5) Cash and Balances with Banks (Continued)

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
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 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Placements with banks – maturing between 1 and 12 months	<u>354,281,532</u>	<u>264,229,456</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 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Loans and advances to customers	<u>167,719,730</u>	<u>146,901,086</u>
Accrued interest and other accounts	<u>2,126,409</u>	<u>2,034,992</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 2014 and 30 June 2015, 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 2014 and 30 June 2015.
- (10) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2014 and 30 June 2015.
- (11) The Group had no repossessed assets as at 31 December 2014 and 30 June 2015. 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 2014 and 30 June 2015.

(13) Gross Advances to Customers by Industry Sectors

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	81,370,969	83,466,335
Stockbrokers	2,392,998	2,179,457
Investment companies	69,076,520	46,448,364
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	12,693,908	11,012,226
- others	281,110	277,289
Trade finance	<u>1,904,225</u>	<u>3,517,415</u>
	<u>167,719,730</u>	<u>146,901,086</u>

- (14) All advances disclosed in note (7) above as at 31 December 2014 and 30 June 2015 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 Deemed cost at valuation			
At 1 Jan 2015	117,618,203	13,388,941	131,007,144
Additions	-	89,083	89,083
Write off/ disposal	-	(950)	(950)
At 30 Jun 2015 (Unaudited)	<u>117,618,203</u>	<u>13,477,074</u>	<u>131,095,277</u>
Accumulated depreciation and impairment			
At 1 Jan 2015	47,761,802	9,009,605	56,771,407
Charge for the period	194,315	231,404	425,719
Write off/ disposal	-	(266)	(266)
At 30 Jun 2015 (Unaudited)	<u>47,956,117</u>	<u>9,240,743</u>	<u>57,196,860</u>
Net book value			
At 30 Jun 2015 (Unaudited)	<u>69,662,086</u>	<u>4,236,331</u>	<u>73,898,417</u>
At 31 Dec 2014 (Audited)	<u>69,856,401</u>	<u>4,379,336</u>	<u>74,235,737</u>

(16) Investment Properties

	HK\$
At 1 Jan 2014	239,000,000
Fair value gains for the year	<u>19,900,000</u>
At 31 Dec 2014 (Audited)	258,900,000
Fair value gains for the 6 month period	<u>11,900,000</u>
At 30 Jun 2015 (Unaudited)	<u>270,800,000</u>

(17) Deposits from Customers

Deposits from customers comprise of the following categories :

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Demand deposits and current accounts	95,721,565	88,111,194
Savings deposits	676,778,615	645,405,104
Time, call and notice deposits	<u>176,653,623</u>	<u>193,790,743</u>
	<u>949,153,803</u>	<u>927,307,041</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 2015 (Audited)	2,431,625	7,086,801	610,257	1,500,000	309,268,851	320,897,534
Surplus on revaluation of available-for-sale investments	-	5,197,997	-	-	-	5,197,997
Transfer to regulatory reserve	-	-	-	200,000	(200,000)	-
Profit for the half year	-	-	-	-	12,564,241	12,564,241
At 30 Jun 2015 (Unaudited)	<u>2,431,625</u>	<u>12,284,798</u>	<u>610,257</u>	<u>1,700,000</u>	<u>321,633,092</u>	<u>338,659,772</u>

(19) International Claims

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

	Banks and other Financial Institutions HK\$'000	Official Sector HK\$'000	Total HK\$'000
As at 30 June 2015 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>467,000</u>	<u>1,000</u>	<u>468,000</u>
Western Europe	<u>9,000</u>	<u>-</u>	<u>9,000</u>
As at 31 December 2014 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>328,000</u>	<u>-</u>	<u>328,000</u>
Western Europe	<u>8,000</u>	<u>-</u>	<u>8,000</u>

The above international 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 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Unaudited) HK\$
Equivalent in Hong Kong dollars		
Spot assets	36,090,000	36,342,000
Spots liabilities	<u>(34,934,000)</u>	<u>(34,958,000)</u>
Net long position	<u>1,156,000</u>	<u>1,384,000</u>

(21) Off-Balance Sheet Exposures

(a) Contingent liabilities and commitments

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Contract amount		
Direct credit substitutes	4,996,000	4,996,000
Trade-related contingencies	2,320,938	1,455,113
Other commitments with an original maturity of under 1 year or which are unconditionally cancellable	<u>5,143,967</u>	<u>27,356,443</u>
	<u>12,460,905</u>	<u>33,807,556</u>
Credit Risk Weighted Amount	<u>5,460,188</u>	<u>5,287,023</u>

(b) Derivatives

	As at 30 Jun 2015 (Unaudited) HK\$	As at 31 Dec 2014 (Audited) HK\$
Exchange Rate Contracts		
Notional Contract Amount	<u>-</u>	<u>-</u>
Credit Risk Weighted Amount	<u>-</u>	<u>-</u>
Replacement Cost	<u>-</u>	<u>-</u>
Interest Rate Contracts		
Notional Contract Amount	<u>-</u>	<u>-</u>
Credit Risk Weighted Amount	<u>-</u>	<u>-</u>
Replacement Cost	<u>-</u>	<u>-</u>
Other Contracts		
Notional Contract Amount	<u>-</u>	<u>-</u>
Credit Risk Weighted Amount	<u>-</u>	<u>-</u>
Replacement Cost	<u>-</u>	<u>-</u>

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) Liquidity Maintenance Ratio

	Liquidity Maintenance Ratio 30 Jun 2015 (Unaudited)	Liquidity Ratio 30 Jun 2014 (Unaudited)
Average Liquidity ratio	<u>87.74%</u>	<u>83.27%</u>

The average liquidity ratio is calculated as the simple average of each calendar month's average liquidity maintenance ratio for the six months financial period ended 30 June 2015 and the average liquidity ratio for the six months financial period ended 30 June 2014 of the Bank's solo position computed in accordance with the Banking (Disclosure) Rules. Commencing from 1 January 2015, the Bank, as a category 2 institution for the purpose of the Liquidity Rules, is required to maintain and report liquidity maintenance ratio.

Liquidity risk arises from the mismatch in the cash flows emanating from on-balance sheet assets and liabilities, plus the settlement characteristic of off-balance sheet activities. The Group's funding activities are closely managed by the directors in accordance with policies and guidelines established by the Board. The usual conservative strategy and the availability of up-to-date reporting on liquidity position ensure that all obligations of the Group are met in a timely and cost efficient manner.

(23) Capital Structure and Adequacy

The table below summaries the capital ratios calculated under consolidated basis of the Bank as at 30 June 2015 and 31 December 2014. The Bank is required by the HKMA to commence its computation and reporting on capital ratios on both consolidated and solo basis. The Bank and the Group complied with all of the externally imposed capital requirements by the HKMA throughout the reporting period.

	Consolidated Basis As at 30 Jun 2015 (Unaudited)	Consolidated Basis As at 31 Dec 2014 (Audited)
Common equity tier 1 capital ratio	<u>66.01%</u>	<u>73.00%</u>
Tier 1 capital ratio	<u>66.01%</u>	<u>73.00%</u>
Total capital ratio	<u>87.14%</u>	<u>95.63%</u>

The capital ratios represent the consolidated ratios of the Bank as at 30 June 2015 and 31 December 2014 as 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, the "basic indicator approach" for the calculation of operational risk and standardized approach for the calculation of market risk. The calculation of market risk for the purpose of the computation of capital ratios by the Bank only commenced from 16 February 2015, where prior to that date, the Bank was exempted from the calculation of risk weighted assets for market risk.

(23) Capital Structure and Adequacy (Continued)

The capital conservation buffer ratio for the Bank for 2015 is 0%. While the Bank only operates and has private sector credit exposures in Hong Kong for the purpose of the calculation of its countercyclical capital buffer ratio, the applicable countercyclical capital buffer ratio for the Bank equals to that of Hong Kong for 2015, which amounts to 0%.

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

	Consolidated Basis 30 June 2015 (Unaudited) HK\$'000	Consolidated Basis 31 Dec 2014 (Audited) HK\$'000
Common equity tier 1 (CET1) capital :		
CET1 capital instruments	264,987	264,987
Retained earnings	321,514	309,220
Disclosed reserves	<u>17,027</u>	<u>11,628</u>
	603,528	585,835
Less: Cumulative fair value gains arising from revaluation of land and buildings	(221,637)	(209,736)
Regulatory reserve for general banking risk	<u>(1,700)</u>	<u>(1,500)</u>
Total CET1 capital after deductions	<u>380,191</u>	<u>374,599</u>
Additional Tier 1 capital	<u>-</u>	<u>-</u>
Total Tier 1 capital after deductions	<u>380,191</u>	<u>374,599</u>
Tier 2 capital		
Reserve attributable to fair value gains on revaluation of land and buildings	119,992	114,637
Regulatory reserve for general banking risk	<u>1,700</u>	<u>1,500</u>
	121,692	116,137
Less : Tier 2 capital deductions	<u>-</u>	<u>-</u>
Total Tier 2 capital after deductions	<u>121,692</u>	<u>116,137</u>
Total Capital base	<u>501,883</u>	<u>490,736</u>

The Capital Disclosures Template, Main Features Template and the reconciliation between the Bank's Consolidated Statement of Financial Position and the Capital Disclosures Template, the Leverage Ratio Summary Comparison Table and the Leverage Ratio Common Disclosure Template as at 30 June 2015 (unaudited) are attached to this interim financial disclosure statement. The Capital Disclosures Template is used as full capital deductions under the Banking (Capital) Rules have already been applied. Full terms and conditions of the Bank's CET1 capital instruments are disclosed in the website of the Bank.

(24) Statement in Accordance with Section 436 of Hong Kong Companies Ordinance (Cap. 622)

The financial information relating to the year ended 31 December 2014 that is included in this Interim Financial Disclosure Statement for the half year ended 30 June 2015 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

As the Company is a private company, the Company is not required to deliver its financial statements to the Registrar of Companies, and has not done so.

The Company's auditor has reported on those financial statements. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

(25) 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

Capital Disclosures Template as at 30 June 2015

CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	264,987
2	Retained earnings	321,514
3	Disclosed reserves	17,027
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	603,528
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	223,337
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	221,637
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	223,337
29	CET1 capital	380,191
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)	380,191
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	(119,992)
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	(119,992)
57	Total regulatory deductions to Tier 2 capital	(119,992)
58	Tier 2 capital	121,692
59	Total capital (Total capital = Tier 1 + Tier 2)	501,883
60	Total risk weighted assets	575,952
Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	66.01%
62	Tier 1 capital ratio	66.01%
63	Total capital ratio	87.14%
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)	4.50%
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	61.51%
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	8,604
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 between 1 Jan 2018 and 1 Jan 2022)		(only applicable)
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
	Other intangible assets (net of associated deferred tax liability)	0	0
9	<p><u>Explanation</u></p> <p>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.</p>		
	Deferred tax assets net of deferred tax liabilities	0	0
10	<p><u>Explanation</u></p> <p>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.</p> <p>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.</p>		

	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	0
18	<p><u>Explanation</u></p> <p>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.</p> <p>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.</p>		
19	<p>Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</p> <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>	0	0
39	<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)</p> <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>	0	0
54	<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)</p> <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>	0	0
<p>Remarks:</p> <p>The amount of the 10% / 15% thresholds mentioned above is calculated based on the amount of CET1 capital determined under the Banking (Capital) Rules.</p>			

Abbreviations:

CET1: Common Equity Tier I

AT1: Additional Tier I

Tai Sang Bank Limited
Main Features Template as at 30 June 2015

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	Laws of Hong Kong
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules [#]	Not applicable
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo and Group
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 265 (Mn)
9	Par value of instrument	HKD 1
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1954, 1969, 1990, 2001, 2010
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
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	Non-cumulative
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*

Tai Sang Bank Limited
Consolidated Balance Sheet as at 30 June 2015

	Consolidated Statement of Financial Position as in published interim financial disclosure statement	Under regulatory scope of consolidation - Group's Statement of Financial Position	Cross-referenced to Definition of Capital Components
	HKS'000	HKS'000	
Assets			
Cash and balances with banks	709,924	709,924	
Placements with banks maturing between one and twelve months	354,282	354,282	
Loans and advances to customers and other accounts	169,846	169,845	
Available-for-sale investments	46,154	46,154	
Investment in subsidiary not consolidated for regulatory purposes	0	10	
Property, plant and equipment	73,898	73,898	
Investment properties	270,800	270,800	
Total assets	1,624,904	1,624,913	
Liabilities			
Deposits from customers	949,154	949,527	
Other liabilities and provisions	21,796	21,561	
Current tax liabilities	226	216	
Deferred tax liabilities	5,068	5,068	
Total liabilities	976,244	976,372	
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	2,432	2,432	(3)
Investment revaluation reserve	12,285	12,285	(4)
General reserve	610	610	(5)
Regulatory reserve	1,700	1,700	(6)
Retained earnings	321,633	321,514	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		219,205	(8)
<i>other retained earnings and profits</i>		102,309	
Total shareholders' equity	648,660	648,541	
Total liabilities and shareholders' equity	1,624,904	1,624,913	

Tai Sang Bank Limited

Extract of Capital Disclosure Template as at 30 June 2015 (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	321,514	(7)
3	Disclosed reserves	17,027	(3)+(4)+(5)+(6)
6	CET1 capital before regulatory deductions	603,528	
CET1 capital : regulatory deductions			
26	National specific regulatory adjustments applied to CET1 capital	223,337	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	221,637	(3)+(8)
26b	Regulatory reserve for general banking risks	1,700	(6)
28	Total regulatory deductions to CET1 capital	223,337	
29	CET1 capital	380,191	
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)	380,191	
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	(119,992)	
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	(119,992)	[(2)+(3)+(8)]*45%
57	Total regulatory deductions to Tier 2 capital	(119,992)	
58	Tier 2 capital	121,692	
59	Total capital (Total capital = Tier 1 + Tier 2)	501,883	

Tai Sang Bank Limited
Leverage Ratio Templates as at 30 June 2015

Summary Comparison Table

	Item	Leverage ratio framework HK\$'000 equivalent
1	Total consolidated assets as per published financial statements	1,624,904
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	9
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	0
4	Adjustments for derivative financial instruments	0
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	0
7	Other adjustments	7,593
8	Leverage ratio exposure	1,632,506

Leverage Ratio Common Disclosure Template

	Item	Leverage ratio framework HK\$'000
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,632,506
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,632,506
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets	-
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives	-
8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	-
11	Total derivative exposures (sum of lines 4 to 10)	0
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	12,461
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(6,487)
19	Off-balance sheet items (sum of lines 17 and 18)	5,974
Capital and total exposures		
20	Tier 1 capital	380,191
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,638,480
Leverage ratio		
22	Basel III leverage ratio	23.20%

