

**TAI SANG BANK LIMITED**  
**INTERIM FINANCIAL DISCLOSURE STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2016 (UNAUDITED)**

**I. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Half Year Ended 30 Jun 2016 (Unaudited) HK\$	Half Year Ended 30 Jun 2015 (Unaudited) HK\$
Interest Income	4,489,512	3,928,328
Interest Expenses	(310,903)	(335,293)
Net Interest Income	<u>4,178,609</u>	<u>3,593,035</u>
Other Operating Income	6,947,398	6,302,646
Operating Income	<u>11,126,007</u>	<u>9,895,681</u>
Operating Expenses	(9,595,410)	(9,153,282)
Operating Profit Before Impairment	<u>1,530,597</u>	<u>742,399</u>
Impairment Allowances for Impaired Assets	-	-
Operating Profit	<u>1,530,597</u>	<u>742,399</u>
Revaluation Surplus of Investment Properties	2,900,000	11,900,000
Loss on Disposal of Property, Plant & Equipment	(677)	(684)
Profit Before Income Tax	<u>4,429,920</u>	<u>12,641,715</u>
Taxation Expense	(102,916)	(77,474)
Profit Attributable to Shareholders	<u>4,327,004</u>	<u>12,564,241</u>
Other Comprehensive Income:		
Available-for-Sale Investments:		
Increase in Fair Value during the Half Year	866,544	5,197,997
Deferred Tax	-	-
Total Comprehensive Income Attributable to Shareholders for the Half Year Ended 30th June	<u><u>5,193,548</u></u>	<u><u>17,762,238</u></u>

**Explanatory Statement**

The level of customers' deposits of the Bank has increased during the first half of 2016. The Bank had managed to improve on the interest income earned from placement activities by sourcing longer tenor placements, while still maintaining a desirable level of liquidity. Net interest income has increased from the equivalent period in 2015 by 16%. Other operating income has also increased by 10% in the first half of 2016 when compared to the same period of 2015, mainly contributed by increases in income from property rental activities and income from safe deposit box rental. Other operating expenses were vulnerable to inflationary increases, but were maintained at reasonable level. The slight decrease in the Bank's loan portfolio from year-end 2015, as a result of scheduled loan and overdraft repayments, was considered to be normal. Commercial office property prices had increased in 2016, at a slower pace and lesser extent than the same period in 2015. 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 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
<b>ASSETS</b>		
Cash and Balances with Banks	732,050,475	716,811,170
Placements with Banks Maturing within One and Twelve Months	396,437,810	380,198,000
Loans and Advances to Customers & Other Accounts	162,898,123	167,965,926
Available-for-sale Investments	39,854,208	38,894,166
Property, Plant & Equipment	73,274,152	73,663,581
Investment Properties	284,700,000	281,800,000
<b>TOTAL ASSETS</b>	<b>1,689,214,768</b>	<b>1,659,332,843</b>
<b>LIABILITIES</b>		
Deposits from Customers	1,002,397,507	975,538,713
Other Liabilities & Provisions	23,111,963	25,186,390
Current Tax Liabilities	173,480	308,659
Deferred Tax Liabilities	4,962,453	4,923,264
<b>TOTAL LIABILITIES</b>	<b>1,030,645,403</b>	<b>1,005,957,026</b>
<b>EQUITY</b>		
Share Capital	310,000,000	310,000,000
Properties Revaluation Reserve	2,367,534	2,367,534
Investment Revaluation Reserve	5,765,140	4,898,596
General Reserve	610,257	610,257
Regulatory Reserve	1,800,000	1,700,000
Retained Earnings	338,026,434	333,799,430
<b>TOTAL EQUITY</b>	<b>658,569,365</b>	<b>653,375,817</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,689,214,768</b>	<b>1,659,332,843</b>

### 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 2016. 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 2016 are as follows:

	<b>Total Assets</b> <b>At 30 Jun 2016</b> <b>(Unaudited)</b> <b>HK\$</b>	<b>Total Equity</b> <b>At 30 Jun 2016</b> <b>(Unaudited)</b> <b>HK\$</b>
<b>TSB Property Management Limited</b>	<u>379,217</u>	<u>210,187</u>
<b>Success Land Enterprises Limited</b>	<u>2</u>	<u>2</u>
<b>Golden Wisdom Development Limited</b>	<u>28,659,621</u>	<u>28,201,794</u>
<b>Team Gold Investment Limited</b>	<u>24,818,760</u>	<u>24,495,148</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

	<b>Half Year Ended</b> <b>30 Jun 2016</b> <b>(Unaudited)</b> <b>HK\$</b>	<b>Half Year Ended</b> <b>30 Jun 2015</b> <b>(Unaudited)</b> <b>HK\$</b>
<b>Interest income</b>		
Cash and balances and placements with banks	1,620,931	1,178,056
Loans and advances	2,868,581	2,750,272
Impaired assets	<u>-</u>	<u>-</u>
	<u>4,489,512</u>	<u>3,928,328</u>
<b>Interest expense</b>		
Deposits from customers	310,516	334,937
Others	<u>387</u>	<u>356</u>
	<u>310,903</u>	<u>335,293</u>

**(2) Other Operating Income**

	Half Year Ended 30 Jun 2016 (Unaudited) HK\$	Half Year Ended 30 Jun 2015 (Unaudited) HK\$
Fees and commission income	83,164	96,087
Less : fees and commission expense	<u>(12,748)</u>	<u>(18,712)</u>
Net fees and commission income	<u>70,416</u>	<u>77,375</u>
Gross rental income - investment properties	4,462,353	4,198,457
Less : rental outgoings	<u>(1,602,103)</u>	<u>(1,458,454)</u>
	<u>2,860,250</u>	<u>2,740,003</u>
Air-conditioning and management fees	917,963	874,473
Dividend income from:		
Listed available-for-sale investments	560,999	536,918
Unlisted available-for-sale investments	8,160	8,160
Miscellaneous income (includes mainly safe deposit box rental income and others)	<u>2,529,610</u>	<u>2,065,717</u>
	<u>6,947,398</u>	<u>6,302,646</u>

**(3) Operating Expenses**

	Half Year Ended 30 Jun 2016 (Unaudited) HK\$	Half Year Ended 30 Jun 2015 (Unaudited) HK\$
Staff costs	6,478,874	6,021,734
Premises and equipment expenses	704,491	703,798
Depreciation	406,566	425,719
Miscellaneous expenses	<u>2,005,479</u>	<u>2,002,031</u>
	<u>9,595,410</u>	<u>9,153,282</u>

**(4) Income Tax Expense**

Hong Kong income tax has been provided at the rate of 16.5% (2015:16.5%) on the estimated assessable profit for the period.

	Half Year Ended 30 Jun 2016 (Unaudited) HK\$	Half Year Ended 30 Jun 2015 (Unaudited) HK\$
Current income – Hong Kong profits tax	63,727	102,975
Deferred income tax expense / (write back)	<u>39,189</u>	<u>(25,501)</u>
Income tax expense	<u>102,916</u>	<u>77,474</u>

**(5) Cash and Balances with Banks**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
Cash in hand	3,089,544	2,994,672
Balances with banks	428,298,829	593,040,735
Placement with banks and other financial institutions maturing within 1 month	300,662,102	120,775,763
	<u>732,050,475</u>	<u>716,811,170</u>

**(5) Cash and Balances with Banks (Continued)**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
Impairment allowances for impaired assets -collective & specific impairment allowances (cash and balances with banks)	-	-

**(6) Placements with Banks**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
Placements with banks - maturing between 1 and 12 months	<u>396,437,810</u>	<u>380,198,000</u>
Impairment allowances for impaired assets - collective & specific impairment allowances (placements with banks)	-	-

**(7) Loans and Advances to Customers and Other Accounts**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
Loans and advances to customers	<u>160,590,240</u>	<u>166,014,034</u>
Accrued interest and other accounts	<u>2,307,883</u>	<u>1,951,892</u>
Impairment allowances for impaired assets -collective & specific impairment allowances (loans and advances to customers)	-	-
-collective & specific impairment allowances (accrued interest & other accounts)	-	-

- (8) As at 31 December 2015 and 30 June 2016, 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 2015 and 30 June 2016.
- (10) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2015 and 30 June 2016.
- (11) The Group had no repossessed assets as at 31 December 2015 and 30 June 2016. 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 2015 and 30 June 2016.

**(13) Gross Advances to Customers by Industry Sectors**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	75,599,020	77,223,076
Stockbrokers	2,543,465	2,349,361
Investment companies	69,369,798	73,220,299
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	9,753,444	11,184,299
- others	265,521	247,084
Trade finance	<u>3,058,992</u>	<u>1,789,915</u>
	<u>160,590,240</u>	<u>166,014,034</u>

- (14) All advances disclosed in note (7) above as at 31 December 2015 and 30 June 2016 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 2016	117,618,203	13,709,400	131,327,603
Additions	-	17,814	17,814
Write off/ disposal	-	(2,998)	(2,998)
At 30 Jun 2016 (Unaudited)	<u>117,618,203</u>	<u>13,724,216</u>	<u>131,342,419</u>
Accumulated depreciation and impairment			
At 1 Jan 2016	48,150,432	9,513,590	57,664,022
Charge for the period	194,315	212,251	406,566
Write off/ disposal	-	(2,321)	(2,321)
At 30 Jun 2016 (Unaudited)	<u>48,344,747</u>	<u>9,723,520</u>	<u>58,068,267</u>
Net book value			
At 30 Jun 2016 (Unaudited)	<u>69,273,456</u>	<u>4,000,696</u>	<u>73,274,152</u>
At 31 Dec 2015 (Audited)	<u>69,467,771</u>	<u>4,195,810</u>	<u>73,663,581</u>

**(16) Investment Properties**

	HK\$
At 1 Jan 2015	258,900,000
Fair value gains for the year	<u>22,900,000</u>
At 31 Dec 2015 (Audited)	281,800,000
Fair value gains for the 6 month period	<u>2,900,000</u>
At 30 Jun 2016 (Unaudited)	<u>284,700,000</u>

**(17) Deposits from Customers**

Deposits from customers comprise of the following categories :

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (Audited) HK\$
Demand deposits and current accounts	86,400,454	95,464,294
Savings deposits	750,035,366	709,276,860
Time, call and notice deposits	<u>165,961,687</u>	<u>170,797,559</u>
	<u>1,002,397,507</u>	<u>975,538,713</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 2016 (Audited)	2,367,534	4,898,596	610,257	1,700,000	333,799,430	343,375,817
Surplus on revaluation of available-for-sale investments	-	866,544	-	-	-	866,544
Transfer to regulatory reserve	-	-	-	100,000	(100,000)	-
Profit for the half year	-	-	-	-	4,327,004	4,327,004
At 30 Jun 2016 (Unaudited)	<u>2,367,534</u>	<u>5,765,140</u>	<u>610,257</u>	<u>1,800,000</u>	<u>338,026,434</u>	<u>348,569,365</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
<b>As at 30 June 2016 (Unaudited)</b>			
Asia Pacific excluding Hong Kong	<u>497,000</u>	<u>-</u>	<u>497,000</u>
<b>As at 31 December 2015 (Unaudited)</b>			
Asia Pacific excluding Hong Kong	<u>345,000</u>	<u>-</u>	<u>345,000</u>
Western Europe	<u>6,000</u>	<u>-</u>	<u>6,000</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 and the RMB net position, which arise from non-trading positions and each constitutes more than 10% of the total net position in all foreign currencies, are reported as follows:

<b>US Dollar Position:</b>	<b>As at 30 Jun 2016 (Unaudited) HK\$</b>	<b>As at 31 Dec 2015 (Unaudited) HK\$</b>
Equivalent in Hong Kong dollars		
Spot assets	27,415,000	31,208,000
Spots liabilities	<u>(26,537,000)</u>	<u>(30,468,000)</u>
Net long position	<u>878,000</u>	<u>740,000</u>
 <b>RMB Position:</b>	 <b>As at 30 Jun 2016 (Unaudited) HK\$</b>	 <b>As at 31 Dec 2015 (Unaudited) HK\$</b>
Equivalent in Hong Kong dollars		
Spot assets	587,000	618,000
Spots liabilities	<u>(254,000)</u>	<u>(364,000)</u>
Net long position	<u>333,000</u>	<u>254,000</u>

## (21) Off-Balance Sheet Exposures

### (a) Contingent liabilities and commitments

	<b>As at 30 Jun 2016 (Unaudited) HK\$</b>	<b>As at 31 Dec 2015 (Audited) HK\$</b>
Contract amount		
Direct credit substitutes	4,306,000	4,996,000
Trade-related contingencies	1,609,783	2,885,693
Other commitments with an original maturity of under 1 year or which are unconditionally cancellable	<u>14,517,296</u>	<u>10,236,274</u>
	<u>20,433,079</u>	<u>18,117,967</u>
 Credit Risk Weighted Amount	 <u>4,627,957</u>	 <u>5,573,139</u>



**(21) Off-Balance Sheet Exposures (Continued)**

**(b) Derivatives**

	As at 30 Jun 2016 (Unaudited) HK\$	As at 31 Dec 2015 (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) Liquidity Maintenance Ratio**

	30 Jun 2016 (Unaudited)	30 Jun 2015 (Unaudited)
Average liquidity maintenance ratio	<u>83.73%</u>	<u>87.74%</u>

The average liquidity maintenance 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 2016 and 30 June 2015 of the Bank's solo position. 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 2016 and 31 December 2015. The Bank is required by the HKMA to compute and report 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.

On consolidated basis	As at 30 Jun 2016 (Unaudited)	As at 31 Dec 2015 (Audited)
Common equity tier 1 capital ratio	<u>64.11%</u>	<u>68.06%</u>
Tier 1 capital ratio	<u>64.11%</u>	<u>68.06%</u>
Total capital ratio	<u>85.94%</u>	<u>91.10%</u>
Capital conservation buffer ratio	<u>0.625%</u>	<u>0%</u>

## (23) Capital Structure and Adequacy (Continued)

The capital ratios represent the consolidated ratios of the Bank as at 30 June 2016 and 31 December 2015 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 the standardized approach for the calculation of market risk. The calculation of market risk by the standardized approach for the purpose of the computation of capital ratios was adopted by the Bank until 22 March 2016, when the Bank was exempted from the calculation of risk weighted assets for market risk by Hong Kong Monetary Authority.

The capital conservation buffer ratio for the Bank for 2016 is 0.625%. 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 2016, which amounts to 0.625%.

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 :

	<b>Consolidated Basis 30 June 2016 (Unaudited) HK\$'000</b>	<b>Consolidated Basis 31 Dec 2015 (Audited) HK\$'000</b>
Common equity tier 1 (CET1) capital :		
CET1 capital instruments	264,987	264,987
Retained earnings	337,826	333,647
Disclosed reserves	<u>10,543</u>	<u>9,576</u>
	613,356	608,210
Less: Cumulative fair value gains arising from revaluation of land and buildings	(235,473)	(232,572)
Regulatory reserve for general banking risk	<u>(1,800)</u>	<u>(1,700)</u>
Total CET1 capital after deductions	<u>376,083</u>	<u>373,938</u>
Additional Tier 1 capital	<u>-</u>	<u>-</u>
Total Tier 1 capital after deductions	<u>376,083</u>	<u>373,938</u>
Tier 2 capital		
Reserve attributable to fair value gains on revaluation of land and buildings	126,219	124,914
Regulatory reserve for general banking risk	<u>1,800</u>	<u>1,700</u>
	128,019	126,614
Less : Tier 2 capital deductions	<u>-</u>	<u>-</u>
Total Tier 2 capital after deductions	<u>128,019</u>	<u>126,614</u>
Total Capital base	<u>504,102</u>	<u>500,552</u>

**(23) Capital Structure and Adequacy (Continued)**

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, the Leverage Ratio Common Disclosure Template and the Countercyclical Capital Buffer Ratio Standard Disclosure Template as at 30 June 2016 (unaudited) are attached to this interim financial disclosure statement. Full capital deductions under the Banking (Capital) Rules have already been applied in the Capital Disclosures Template. 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 2015 as included in this Interim Financial Disclosure Statement for the half year ended 30 June 2016 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 2016**

**(Presented in HK' 000)**

<b>CET1 capital: instruments and reserves</b>		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	264,987
2	Retained earnings	337,826
3	Disclosed reserves	10,543
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	<b>CET1 capital before regulatory deductions</b>	613,356
<b>CET1 capital: regulatory deductions</b>		
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	237,273
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	235,473
26b	Regulatory reserve for general banking risks	1,800
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	<b>Total regulatory deductions to CET1 capital</b>	237,273
29	<b>CET1 capital</b>	376,083
<b>AT1 capital: instruments</b>		
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	<b>AT1 capital before regulatory deductions</b>	0
<b>AT1 capital: regulatory deductions</b>		
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	<b>Total regulatory deductions to AT1 capital</b>	0
44	<b>AT1 capital</b>	0
45	<b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	376,083
<b>Tier 2 capital: instruments and provisions</b>		
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	1,800
51	<b>Tier 2 capital before regulatory deductions</b>	1,800
<b>Tier 2 capital: regulatory deductions</b>		
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	(126,219)
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	(126,219)
57	<b>Total regulatory deductions to Tier 2 capital</b>	(126,219)
58	<b>Tier 2 capital</b>	128,019
59	<b>Total capital (Total capital = Tier 1 + Tier 2)</b>	504,102
60	<b>Total risk weighted assets</b>	586,577
<b>(Capital ratios are a percentage of risk weighted assets)</b>		
61	<b>CET1 capital ratio</b>	64.11%
62	<b>Tier 1 capital ratio</b>	64.11%
63	<b>Total capital ratio</b>	85.94%
64	<b>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)</b>	5.75%
65	<i>of which: capital conservation buffer requirement</i>	0.625%
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.625%
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	0.00%
68	<b>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</b>	58.36%
<b>National minima (if different from Basel 3 minimums)</b>		
69	<b>National CET1 minimum ratio</b>	Not applicable
70	<b>National Tier 1 minimum ratio</b>	Not applicable
71	<b>National Total capital minimum ratio</b>	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
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
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
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)	1,800
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	8,793
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
<b>Capital instruments subject to phase-out arrangements between 1 Jan 2018 and 1 Jan 2022 (only applicable)</b>		
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	<b>Other intangible assets (net of associated deferred tax liability)</b>  <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	<b>Deferred tax assets net of deferred tax liabilities</b>  <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

	<b>Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	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>		
	<b>Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	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>		
	<b>Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)</b>	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>		
	<b>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)</b>	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>		
<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 1

AT1: Additional Tier 1



**Tai Sang Bank Limited**  
**Main Features Template as at 30 June 2016**

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 <sup>#</sup>	Not applicable
5	Post-transitional Basel III rules <sup>+</sup>	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:**

- <sup>#</sup> Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- <sup>+</sup> Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules
- <sup>\*</sup> Include solo-consolidated



**Tai Sang Bank Limited**  
**Consolidated Balance Sheet as at 30 June 2016**

	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
	HK\$'000	HK\$'000	
<b>Assets</b>			
Cash and balances with banks	732,050	732,050	
Placements with banks maturing between one and twelve months	396,438	396,438	
Loans and advances to customers and other accounts	162,898	162,898	
Available-for-sale investments	39,854	39,854	
Investment in subsidiary not consolidated for regulatory purposes	0	10	
Property, plant and equipment	73,274	73,274	
Investment properties	284,700	284,700	
<b>Total assets</b>	<b>1,689,214</b>	<b>1,689,224</b>	
<b>Liabilities</b>			
Deposits from customers	1,002,398	1,002,776	
Other liabilities and provisions	23,112	22,970	
Current tax liabilities	173	147	
Deferred tax liabilities	4,962	4,962	
<b>Total liabilities</b>	<b>1,030,645</b>	<b>1,030,855</b>	
<b>Shareholders' Equity</b>			
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	2,368	2,368	(3)
Investment revaluation reserve	5,765	5,765	(4)
General reserve	610	610	(5)
Regulatory reserve	1,800	1,800	(6)
Retained earnings	338,026	337,826	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		233,105	(8)
<i>other retained earnings and profits</i>		104,721	
<b>Total shareholders' equity</b>	<b>658,569</b>	<b>658,369</b>	
<b>Total liabilities and shareholders' equity</b>	<b>1,689,214</b>	<b>1,689,224</b>	

**Tai Sang Bank Limited**

**Extract of Capital Disclosure Template as at 30 June 2016 (with added reference column)**

	Component of regulatory capital reported by Bank	Cross-referenced to Consolidated Statement of Financial Position above
	HK\$'000	
<b>CET1 capital - instruments and reserves</b>		
1 Directly issued qualifying CET1 capital instruments plus any related share premium	264,987	(1)
2 Retained earnings	337,826	(7)
3 Disclosed reserves	10,543	(3)+(4)+(5)+(6)
6 <b>CET1 capital before regulatory deductions</b>	<b>613,356</b>	
<b>CET1 capital - regulatory deductions</b>		
26 National specific regulatory adjustments applied to CET1 capital	237,273	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	235,473	(3)+(8)
26b Regulatory reserve for general banking risks	1,800	(6)
28 <b>Total regulatory deductions to CET1 capital</b>	<b>237,273</b>	
29 <b>CET1 capital</b>	<b>376,083</b>	
<b>AT1 capital - instruments</b>		
36 <b>AT1 capital before regulatory deductions</b>	<b>0</b>	
<b>AT1 capital - regulatory deductions</b>		
43 <b>Total regulatory deductions to AT1 capital</b>	<b>0</b>	
44 <b>AT1 capital</b>	<b>0</b>	
45 <b>Tier 1 capital (Tier 1 = CET1 + AT1)</b>	<b>376,083</b>	
<b>Tier 2 capital - instruments and provisions</b>		
50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,800	(6)
51 <b>Tier 2 capital before regulatory deductions</b>	<b>1,800</b>	
<b>Tier 2 capital - regulatory deductions</b>		
56 National specific regulatory adjustments applied to Tier 2 capital	(126,219)	
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	(126,219)	[(2)+(3)+(8)]*45%
57 <b>Total regulatory deductions to Tier 2 capital</b>	<b>(126,219)</b>	
58 <b>Tier 2 capital</b>	<b>128,019</b>	
59 <b>Total capital (Total capital = Tier 1 + Tier 2)</b>	<b>504,102</b>	

**Tai Sang Bank Limited**  
**Leverage Ratio Templates as at 30 June 2016**

**Summary Comparison Table**

	Item	Leverage ratio framework HK\$'000 equivalent
1	Total consolidated assets as per published financial statements	1,689,215
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	7,549
8	<b>Leverage ratio exposure</b>	<b>1,696,773</b>

**Leverage Ratio Common Disclosure Template**

	Item	Leverage ratio framework HK\$'000
<b>On-balance sheet exposures</b>		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,696,773
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)	1,696,773
<b>Derivative exposures</b>		
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
<b>Securities financing transaction exposures</b>		
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
<b>Other off-balance sheet exposures</b>		
17	Off-balance sheet exposure at gross notional amount	20,433
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(14,353)
19	Off-balance sheet items (sum of lines 17 and 18)	6,080
<b>Capital and total exposures</b>		
20	Tier 1 capital	376,083
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,702,853
<b>Leverage ratio</b>		
22	<b>Basel III leverage ratio</b>	<b>22.09%</b>



**Tai Sang Bank Limited**

**Countercyclical Capital Buffer (CCyB) Ratio Standard Disclosure Template  
as at 30 June 2016**

**Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector  
credit exposures**

		a	b	c	d
	Jurisdiction (J)	Applicable JCCyB ratio in effect %	Total RWA used in computation of CCyB ratio of AI HK\$ '000	CCyB ratio of AI %	CCyB amount of AI HK\$ '000
1	Hong Kong	0.625%	150,993		
	Total		150,993	0.625%	944

Note: The above template shows the CCyB of the Bank computed on the consolidated basis as at 30 June 2016. As the Bank only operates and has private sector credit exposures in Hong Kong, the overall countercyclical capital buffer ratio was the same as the jurisdiction countercyclical capital buffer ratio of Hong Kong.

