

TAI SANG BANK LIMITED
INTERIM FINANCIAL DISCLOSURE STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2017 (UNAUDITED)

I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Interest Income	5,614,887	4,489,512
Interest Expenses	(416,537)	(310,903)
Net Interest Income	<u>5,198,350</u>	<u>4,178,609</u>
Other Operating Income	7,021,310	6,947,398
Operating Income	<u>12,219,660</u>	<u>11,126,007</u>
Operating Expenses	(9,669,697)	(9,595,410)
Operating Profit Before Impairment	<u>2,549,963</u>	<u>1,530,597</u>
Impairment Allowances for Impaired Assets	-	-
Operating Profit	<u>2,549,963</u>	<u>1,530,597</u>
Profit on Disposal of Available-for-sale Investments	2,016,397	-
Revaluation Surplus of Investment Properties	14,700,000	2,900,000
Loss on Disposal of Property, Plant & Equipment	(45,103)	(677)
Profit Before Income Tax	<u>19,221,257</u>	<u>4,429,920</u>
Taxation Expense	(341,375)	(102,916)
Profit Attributable to Shareholders	<u>18,879,882</u>	<u>4,327,004</u>
Other Comprehensive Income:		
Available-for-Sale Investments:		
Increase in Fair Value during the Half Year	5,994,972	866,544
Deferred Tax	-	-
Total Comprehensive Income Attributable to Shareholders for the Half Year Ended 30th June	<u><u>24,874,854</u></u>	<u><u>5,193,548</u></u>

Explanatory Statement

The level of customers' deposits of the Bank has increased during the first half of 2017. 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 2016 by 24%. Other operating income has also slightly increased in the first half of 2017 when compared to the same period of 2016, mainly contributed by increases in 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 2016, as a result of scheduled loan and overdraft repayments, was considered to be normal. Commercial office property prices had increased in 2017, at a faster pace and larger extent than the same period in 2016. Financial condition of the Bank remains sound, with nil loan losses, adequate capital and high liquidity.

II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
ASSETS		
Cash and Balances with Banks	779,010,016	713,822,540
Placements with Banks Maturing within One and Twelve Months	427,503,889	427,191,024
Loans and Advances to Customers & Other Accounts	158,772,635	168,195,094
Available-for-sale Investments	37,110,303	39,154,685
Property, Plant & Equipment	72,578,035	72,877,708
Investment Properties	299,400,000	284,700,000
Tax Recoverable	-	1,898
TOTAL ASSETS	1,774,374,878	1,705,942,949
LIABILITIES		
Deposits from Customers	1,062,080,541	1,016,930,337
Other Liabilities & Provisions	22,988,260	23,500,362
Current Tax Liabilities	110,715	8,729
Deferred Tax Liabilities	5,235,592	4,998,102
TOTAL LIABILITIES	1,090,415,108	1,045,437,530
EQUITY		
Share Capital	310,000,000	310,000,000
Properties Revaluation Reserve	2,303,442	2,303,442
Investment Revaluation Reserve	9,743,313	5,168,844
General Reserve	610,257	610,257
Regulatory Reserve	1,800,000	1,800,000
Retained Earnings	359,502,758	340,622,876
TOTAL EQUITY	683,959,770	660,505,419
TOTAL LIABILITIES AND EQUITY	1,774,374,878	1,705,942,949

III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Bank			Total HK\$
	Share capital HK\$	Other reserves HK\$	Retained earnings HK\$	
Balance at 1 January 2017(Audited)	310,000,000	9,882,543	340,622,876	660,505,419
Comprehensive income				
Profit for the year	-	-	18,879,882	18,879,882
Other comprehensive income				
Change in fair value of available-for-sale investments	-	5,994,972	-	5,994,972
Total comprehensive income	-	5,994,972	18,879,882	24,874,854
Transfer and appropriation				
Transfer from investment revaluation reserve to statement of comprehensive income	-	(1,420,503)	-	(1,420,503)
Total transfer and appropriation	-	(1,420,503)	-	(1,420,503)
Balance at 30 June 2017 (Unaudited)	310,000,000	14,457,012	359,502,758	683,959,770
Balance at 1 January 2016(Audited)	310,000,000	9,576,387	333,799,430	653,375,817
Comprehensive income				
Profit for the year	-	-	4,327,004	4,327,004
Other comprehensive income				
Change in fair value of available-for-sale investments	-	866,544	-	866,544
Total comprehensive income	-	866,544	4,327,004	5,193,548
Transfer and appropriation				
Transfer to regulatory reserve	-	100,000	(100,000)	-
Total transfer and appropriation	-	100,000	(100,000)	-
Balance at 30 June 2016 (Unaudited)	310,000,000	10,542,931	338,026,434	658,569,365

IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Cash flows from operating activities		
Operating profit	2,549,963	1,530,597
Depreciation expenses	403,568	406,566
Dividend income from available-for-sale investments	(474,993)	(569,159)
Income tax paid	-	(198,906)
Cash flows from operating activities before changes in operating assets and liabilities	2,478,538	1,169,098
Changes in operating assets and liabilities		
- Net (increase)/decrease in interest receivable	(170,773)	4,006
- Net decrease/(increase) in other receivable accounts	4,404,540	(359,997)
- Net increase in interest payable	24,995	19,752
- Net decrease in other payable accounts	(537,097)	(2,094,179)
- Net decrease in advances to customers	5,188,692	5,423,794
- Net increase in customers' deposits	45,150,204	26,858,794
- Net (increase)/decrease in placements with banks repayable more than 3 months	(35,331,627)	37,034,065
Net cash inflow from operating activities	21,207,472	68,055,333
Cash flows from investing activities		
Dividends received on available-for-sale investments	474,993	569,159
Purchase of property, plant and equipment	(156,998)	(17,814)
Proceeds from disposal of property, plant and equipment	8,000	-
Proceeds from disposal of available-for-sale investments	8,833,394	-
Purchase of available-for-sale investments	(198,147)	(93,498)
Net cash inflow from investing activities	8,961,242	457,847
Increase in cash and cash equivalents	30,168,714	68,513,180
Cash and cash equivalents at 1 January	848,544,660	819,353,900
Cash and cash equivalents at 30 June (Note a)	878,713,374	887,867,080
Cash flows from operating activities included:		
Interest received	5,444,114	4,493,518
Interest paid	391,542	291,151
Note a :		
Cash and cash equivalents comprise the following balances.	289,010,016	431,388,373
Cash in hand	470,000,000	300,662,102
Balances with banks and central bank	119,703,358	155,816,605
Placements with banks with original maturity within 3 months	878,713,374	887,867,080

V. 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 2017. 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, 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 2017 are as follows:

	Total Assets At 30 Jun 2017 (Unaudited) HK\$	Total Equity At 30 Jun 2017 (Unaudited) HK\$
TSB Property Management Limited	<u>668,648</u>	<u>324,283</u>
Success Land Enterprises Limited	<u>2</u>	<u>2</u>
Golden Wisdom Development Limited	<u>30,471,565</u>	<u>30,119,621</u>
Team Gold Investment Limited	<u>26,545,037</u>	<u>26,256,883</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.

VI. NOTES AND SUPPLEMENTARY INFORMATION

(1) General Information

The principal activities of Tai Sang Bank Limited (the "Bank") and its subsidiaries (collectively the "Group") are the provision of banking and related financial services, and property investment and management.

The Bank is an authorized institution incorporated in Hong Kong. The address of its registered office is 130-132 Des Voeux Road Central, Hong Kong.

This interim financial disclosure statement is presented in units of Hong Kong dollars (HK\$), unless otherwise stated.

(2) Accounting Policies

The accounting policies applied in the preparation of this interim financial disclosure statement for the half year ended 30 June 2017 are consistent with those used and described in the Group's audited annual financial statements for the year ended 31 December 2016.

(3) Net Interest Income

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Interest income		
Cash and balances and placements with banks	2,506,121	1,620,931
Loans and advances	3,108,766	2,868,581
Impaired assets	-	-
	<u>5,614,887</u>	<u>4,489,512</u>
Interest expense		
Deposits from customers	416,129	310,516
Others	408	387
	<u>416,537</u>	<u>310,903</u>

(4) Other Operating Income

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Fees and commission income	87,688	83,164
Less : fees and commission expense	(19,103)	(12,748)
Net fees and commission income	<u>68,585</u>	<u>70,416</u>
Gross rental income - investment properties	4,428,942	4,462,353
Less : rental outgoings	(1,596,297)	(1,602,103)
	<u>2,832,645</u>	<u>2,860,250</u>
Air-conditioning and management fees	934,344	917,963
Dividend income from:		
Listed available-for-sale investments	466,833	560,999
Unlisted available-for-sale investments	8,160	8,160
Miscellaneous income (includes mainly safe deposit box rental income and others)	<u>2,710,743</u>	<u>2,529,610</u>
	<u>7,021,310</u>	<u>6,947,398</u>

(5) Operating Expenses

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Staff costs	6,530,366	6,478,874
Premises and equipment expenses	708,704	704,491
Depreciation	403,568	406,566
Miscellaneous expenses	<u>2,027,059</u>	<u>2,005,479</u>
	<u>9,669,697</u>	<u>9,595,410</u>

(6) Income Tax Expense

Hong Kong income tax has been provided at the rate of 16.5% (2016:16.5%) on the estimated assessable profits for the period.

	Half Year Ended 30 Jun 2017 (Unaudited) HK\$	Half Year Ended 30 Jun 2016 (Unaudited) HK\$
Current income – Hong Kong profits tax	103,884	63,727
Deferred income tax expense	<u>237,491</u>	<u>39,189</u>
Income tax expense	<u>341,375</u>	<u>102,916</u>

(7) Cash and Balances with Banks

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
Cash in hand	2,965,173	2,748,597
Balances with banks and central bank	286,044,843	541,073,943
Placement with banks and other financial institutions maturing within 1 month	490,000,000	170,000,000
	<u>779,010,016</u>	<u>713,822,540</u>
Impairment allowances for impaired assets -collective & specific impairment allowances (cash and balances with banks)	<u>-</u>	<u>-</u>

(8) Placements with Banks

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
Placements with banks - maturing between 1 and 12 months	<u>427,503,889</u>	<u>427,191,024</u>
Impairment allowances for impaired assets - collective & specific impairment allowances (placements with banks)	<u>-</u>	<u>-</u>

(9) Loans and Advances to Customers and Other Accounts

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
Loans and advances to customers	<u>155,362,296</u>	<u>160,550,988</u>
Accrued interest and other accounts	<u>3,410,339</u>	<u>7,644,106</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>

- (10) All advances disclosed in note (9) above as at 31 December 2016 and 30 June 2017 were made to customers located in Hong Kong and were fully secured.
- (11) As at 31 December 2016 and 30 June 2017, there were no advances to customers or banks and other financial institutions which were impaired and for which individual impairment allowances were made.
- (12) 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 2016 and 30 June 2017.
- (13) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2016 and 30 June 2017.
- (14) The Group had no repossessed assets as at 31 December 2016 and 30 June 2017. In situations where assets are acquired by repossession of collateral for realization, they would continue to be reported as advances.
- (15) There were no exposures to non-bank counterparties in Mainland China as at 31 December 2016 and 30 June 2017.

(16) Gross Advances to Customers by Industry Sectors

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	60,382,526	66,248,799
Stockbrokers	2,641,421	2,588,712
Investment companies	81,600,215	79,699,466
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	7,303,970	8,541,722
- others	2,060,686	2,017,317
Trade finance	<u>1,373,478</u>	<u>1,454,972</u>
	<u>155,362,296</u>	<u>160,550,988</u>

(17) Property, Plant and Equipment

	Bank premises HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
Cost or Deemed cost at valuation			
At 1 Jan 2017 (Audited)	117,618,203	13,699,274	131,317,477
Additions	-	156,998	156,998
Write off/ disposal	-	(243,704)	(243,704)
At 30 Jun 2017 (Unaudited)	<u>117,618,203</u>	<u>13,612,568</u>	<u>131,230,771</u>
Accumulated depreciation and impairment			
At 1 Jan 2017 (Audited)	48,539,061	9,900,708	58,439,769
Charge for the period	194,315	209,253	403,568
Write off/ disposal	-	(190,601)	(190,601)
At 30 Jun 2017 (Unaudited)	<u>48,733,376</u>	<u>9,919,360</u>	<u>58,652,736</u>
Net book value			
At 30 Jun 2017 (Unaudited)	<u>68,884,827</u>	<u>3,693,208</u>	<u>72,578,035</u>
At 31 Dec 2016 (Audited)	<u>69,079,142</u>	<u>3,798,566</u>	<u>72,877,708</u>

(18) Investment Properties

	HK\$
At 1 Jan 2016 (Audited)	281,800,000
Fair value gains for the year	<u>2,900,000</u>
At 31 Dec 2016 (Audited)	284,700,000
Fair value gains for the 6 month period	<u>14,700,000</u>
At 30 Jun 2017 (Unaudited)	<u>299,400,000</u>

(19) Deposits from Customers

Deposits from customers comprise of the following categories :

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
Demand deposits and current accounts	102,887,313	82,903,354
Savings deposits	791,423,859	766,552,642
Time, call and notice deposits	<u>167,769,369</u>	<u>167,474,341</u>
	<u>1,062,080,541</u>	<u>1,016,930,337</u>

(20) Reserves

	Other properties revaluation reserve HK\$	Investment revaluation reserve HK\$	General reserve HK\$	Regulatory reserve HK\$	Retained earnings HK\$	Total HK\$
At 1 Jan 2017 (Audited)	2,303,442	5,168,844	610,257	1,800,000	340,622,876	350,505,419
Surplus on revaluation of available-for-sale investments	-	5,994,972	-	-	-	5,994,972
Transfer from investment revaluation reserve to statement of comprehensive income on disposal of available-for-sale investments	-	(1,420,503)	-	-	-	(1,420,503)
Profit for the half year	-	-	-	-	18,879,882	18,879,882
At 30 Jun 2017 (Unaudited)	<u>2,303,442</u>	<u>9,743,313</u>	<u>610,257</u>	<u>1,800,000</u>	<u>359,502,758</u>	<u>373,959,770</u>

(21) 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 2017 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>697,504</u>	<u>-</u>	<u>697,504</u>
Western Europe	<u>100,000</u>	<u>-</u>	<u>100,000</u>
As at 31 December 2016 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>377,191</u>	<u>-</u>	<u>377,191</u>
Western Europe	<u>50,000</u>	<u>-</u>	<u>50,000</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.

(22) 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:

US Dollar Position:	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Unaudited) HK\$
Equivalent in Hong Kong dollars		
Spot assets	27,824,000	27,423,000
Spots liabilities	<u>(26,707,000)</u>	<u>(26,450,000)</u>
Net long position	<u>1,117,000</u>	<u>973,000</u>

RMB Position:	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Unaudited) HK\$
Equivalent in Hong Kong dollars		
Spot assets	517,000	536,000
Spots liabilities	<u>(252,000)</u>	<u>(243,000)</u>
Net long position	<u>265,000</u>	<u>293,000</u>

(23) Off-Balance Sheet Exposures

(a) Contingent liabilities and commitments

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (Audited) HK\$
Contract amount		
Direct credit substitutes	4,000,000	4,000,000
Trade-related contingencies	1,244,295	1,143,348
Other commitments with an original maturity of under 1 year or which are unconditionally cancellable	<u>13,379,904</u>	<u>5,641,898</u>
	<u>18,624,199</u>	<u>10,785,246</u>
Credit Risk Weighted Amount	<u>4,248,859</u>	<u>4,228,670</u>

(b) Derivatives

	As at 30 Jun 2017 (Unaudited) HK\$	As at 31 Dec 2016 (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>

(23) Off-Balance Sheet Exposures (Continued)

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

(24) Liquidity Maintenance Ratio

	30 Jun 2017 (Unaudited)	30 Jun 2016 (Unaudited)
Average liquidity maintenance ratio	<u>81.40%</u>	<u>83.73%</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 2017 and 30 June 2016 of the Bank's solo position. 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.

(25) Capital Structure and Adequacy

The table below summaries the capital ratios calculated under consolidated basis of the Bank as at 30 June 2017 and 31 December 2016. 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.

	As at 30 Jun 2017 (Unaudited)	As at 31 Dec 2016 (Audited)
On consolidated basis		
Common equity tier 1 capital ratio	<u>60.70%</u>	<u>66.19%</u>
Tier 1 capital ratio	<u>60.70%</u>	<u>66.19%</u>
Total capital ratio	<u>81.83%</u>	<u>88.60%</u>
Capital conservation buffer ratio	<u>1.25%</u>	<u>0.625%</u>

The capital ratios represent the consolidated ratios of the Bank as at 30 June 2017 and 31 December 2016 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 and the "basic indicator approach" for the calculation of operational risk. The Bank has been exempted from the calculation of risk weighted assets for market risk.

The capital conservation buffer ratio for the Bank for 2017 is 1.25%. 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 2017, which amounts to 1.25%.

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 :

(25) Capital Structure and Adequacy (Continued)

	Consolidated Basis 30 June 2017 (Unaudited) HK\$'000	Consolidated Basis 31 Dec 2016 (Audited) HK\$'000
Common equity tier 1 (CET1) capital :		
CET1 capital instruments	264,987	264,987
Retained earnings	359,188	340,372
Disclosed reserves	<u>14,457</u>	<u>9,882</u>
	638,632	615,241
Less: Cumulative fair value gains arising from revaluation of land and buildings	(250,108)	(235,408)
Regulatory reserve for general banking risk	<u>(1,800)</u>	<u>(1,800)</u>
Total CET1 capital after deductions	<u>386,724</u>	<u>378,033</u>
Additional Tier 1 capital	<u>-</u>	<u>-</u>
Total Tier 1 capital after deductions	<u>386,724</u>	<u>378,033</u>
Tier 2 capital		
Reserve attributable to fair value gains on revaluation of land and buildings	132,804	126,189
Regulatory reserve for general banking risk	<u>1,800</u>	<u>1,800</u>
	134,604	127,989
Less : Tier 2 capital deductions	<u>-</u>	<u>-</u>
Total Tier 2 capital after deductions	<u>134,604</u>	<u>127,989</u>
Total Capital base	<u>521,328</u>	<u>506,022</u>

(26) Disclosure Templates

The following disclosure templates as at 30 June 2017 (unaudited) are attached to the annex of this interim financial disclosure statement:

- Capital Disclosures Template,
- Main Features Template,
- The reconciliation between the Bank's Consolidated Statement of Financial Position and the Capital Disclosures Template,
- Leverage Ratio Summary Comparison Table,
- Leverage Ratio Common Disclosure Template,
- Countercyclical Capital Buffer Ratio Standard Disclosure Template,
- Overview of Risk Weighted Assets (Template OV1),
- Credit Quality Exposures Template (Template CR1),
- Changes in Defaulted Loans and Debt Securities Template (Template CR2),
- Overview of Recognized Credit Risk Mitigation Template (Template CR3),
- Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation Template (Template CR4), and
- Credit Risk Exposures by Asset Classes and by Risk Weights Template (Template CR5)

The Bank does not engage in any derivative transactions, securities financing transactions or securitization transactions as at 31 December 2016 and 30 June 2017 nor has plan to engage in such transactions in the coming year, and has therefore not included any disclosure templates on counterparty credit risk and securitization exposures, which are considered not to be relevant and would carry nil balances on such templates if published.

(26) Disclosure Templates (Continued)

The Bank has been exempted from the calculation of risk weighted assets for market risk and accordingly has been exempted from disclosing templates on market risk.

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.

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

The financial information relating to the year ended 31 December 2016 as included in this Interim Financial Disclosure Statement for the half year ended 30 June 2017 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.

(28) Statement of Compliance

This interim financial disclosure statement for the half year ended 30 June 2017 is prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting" and fully complies with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

TAI SANG BANK LIMITED

FINANCIAL DISCLOSURE TEMPLATES
FOR THE HALF YEAR ENDED 30 JUNE 2017

Tai Sang Bank Limited

Capital Disclosures Template as at 30 June 2017

(Presented in HK' 000)

CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	264,987
2	Retained earnings	359,188
3	Disclosed reserves	14,457
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	638,632
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	251,908
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	250,108
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	Total regulatory deductions to CET1 capital	251,908
29	CET1 capital	386,724
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)	386,724
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	1,800
51	Tier 2 capital before regulatory deductions	1,800
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	(132,804)
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	(132,804)
57	Total regulatory deductions to Tier 2 capital	(132,804)
58	Tier 2 capital	134,604
59	Total capital (Total capital = Tier 1 + Tier 2)	521,328
60	Total risk weighted assets	637,118
Capital ratios (as a percentage of risk weighted assets)		
61	CET1 capital ratio	60.70%
62	Tier 1 capital ratio	60.70%
63	Total capital ratio	81.83%
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)	7.00%
65	<i>of which: capital conservation buffer requirement</i>	1.25%
66	<i>of which: bank specific countercyclical buffer requirement</i>	1.25%
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	53.70%
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)	1,800
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	9,497
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
9	Other intangible assets (net of associated deferred tax liability) <u>Explanation</u> As set out in paragraph 87 of the Basel III text issued by the Basel Committee (December 2010), mortgage servicing rights (MSRs) may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to follow the accounting treatment of including MSRs as part of intangible assets reported in the AI's financial statements and to deduct MSRs in full from CET1 capital. Therefore, the amount to be deducted as reported in row 9 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 9 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of MSRs to be deducted to the extent not in excess of the 10% threshold set for MSRs and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities or other credit exposures to connected companies) under Basel III.	0	0
10	Deferred tax assets net of deferred tax liabilities <u>Explanation</u> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs that rely on future profitability of the bank to be realized are to be deducted, whereas DTAs which relate to temporary differences may be given limited recognition in CET1 capital (and hence be excluded from deduction from CET1 capital up to the specified threshold). In Hong Kong, an AI is required to deduct all DTAs in full, irrespective of their origin, from CET1 capital. Therefore, the amount to be deducted as reported in row 10 may be greater than that required under Basel III. The amount reported under the column "Basel III basis" in this box represents the amount reported in row 10 (i.e. the amount reported under the "Hong Kong basis") adjusted by reducing the amount of DTAs to be deducted which relate to temporary differences to the extent not in excess of the 10% threshold set for DTAs arising from temporary differences and the aggregate 15% threshold set for MSRs, DTAs arising from temporary differences and significant investments in CET1 capital instruments issued by financial sector entities (excluding those that are loans, facilities and other credit exposures to connected companies) under Basel III.	0	0

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

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

Tai Sang Bank Limited
Main Features Template as at 30 June 2017

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 2017

	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	
Assets			
Cash and balances with banks	779,010	779,010	
Placements with banks maturing between one and twelve months	427,504	427,504	
Loans and advances to customers and other accounts	158,773	158,771	
Available-for-sale investments	37,110	37,110	
Investment in subsidiary not consolidated for regulatory purposes	0	10	
Property, plant and equipment	72,578	72,578	
Investment properties	299,400	299,400	
Total assets	1,774,375	1,774,383	
Liabilities			
Deposits from customers	1,062,080	1,062,748	
Other liabilities and provisions	22,988	22,654	
Current tax liabilities	111	100	
Deferred tax liabilities	5,236	5,236	
Total liabilities	1,090,415	1,090,738	
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	2,303	2,303	(3)
Investment revaluation reserve	9,744	9,744	(4)
General reserve	610	610	(5)
Regulatory reserve	1,800	1,800	(6)
Retained earnings	359,503	359,188	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		247,805	(8)
<i>other retained earnings and profits</i>		111,383	
Total shareholders' equity	683,960	683,645	
Total liabilities and shareholders' equity	1,774,375	1,774,383	

Tai Sang Bank Limited

Extract of Capital Disclosure Template as at 30 June 2017 (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	359,188	(7)
3 Disclosed reserves	14,457	(3)+(4)+(5)+(6)
6 CET1 capital before regulatory deductions	638,632	
CET1 capital: regulatory deductions		
26 National specific regulatory adjustments applied to CET1 capital	251,908	
26a Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	250,108	(3)+(8)
26b Regulatory reserve for general banking risks	1,800	(6)
28 Total regulatory deductions to CET1 capital	251,908	
29 CET1 capital	386,724	
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)	386,724	
Tier 2 capital: instruments and provisions		
50 Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	1,800	(6)
51 Tier 2 capital before regulatory deductions	1,800	
Tier 2 capital: regulatory deductions		
56 National specific regulatory adjustments applied to Tier 2 capital	(132,804)	
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	(132,804)	[(2)+(3)+(8)]*45%
57 Total regulatory deductions to Tier 2 capital	(132,804)	
58 Tier 2 capital	134,604	
59 Total capital (Total capital = Tier 1 + Tier 2)	521,328	

Tai Sang Bank Limited
Leverage Ratio Templates as at 30 June 2017

Summary Comparison Table

	Item	Leverage ratio framework HK\$'000 equivalent
1	Total consolidated assets as per published financial statements	1,774,375
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	7,244
8	Leverage ratio exposure	1,781,628

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)	1,781,628
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)	1,781,628
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	18,624
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	(13,037)
19	Off-balance sheet items (sum of lines 17 and 18)	5,587
Capital and total exposures		
20	Tier 1 capital	386,725
21	Total exposures (sum of lines 3, 11, 16 and 19)	1,787,215
Leverage ratio		
22	Basel III leverage ratio	21.64%

Tai Sang Bank Limited

**Countercyclical Capital Buffer (CCyB) Ratio Standard Disclosure Template
as at 30 June 2017**

**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	1.250%	151,567		
	Total		151,567	1.250%	1,895

Note: The above template shows the CCyB of the Bank computed on the consolidated basis as at 30 June 2017. 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.

Tai Sang Bank Limited

Template OV1: Overview of RWA as at 30 June 2017 (Unaudited - on Regulatory Consolidated Basis)

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30-Jun-17	31-Mar-17	30-Jun-17
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	759,747	723,019	60,780
2	Of which STC approach	-	-	-
2a	Of which BSC approach	759,747	723,019	60,780
3	Of which IRB approach	-	-	-
4	Counterparty credit risk	-	-	-
5	Of which SA-CCR	-	-	-
5a	Of which CEM	-	-	-
6	Of which IMM(CCR) approach	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – LTA	-	-	-
9	CIS exposures – MBA	-	-	-
10	CIS exposures – FBA	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking books	-	-	-
13	Of which IRB(S) approach – ratings-based method	-	-	-
14	Of which IRB(S) approach – supervisory formula method	-	-	-
15	Of which STC(S) approach	-	-	-
16	Market risk	-	-	-
17	Of which STM approach	-	-	-
18	Of which IMM approach	-	-	-
19	Operational risk	39,688	39,550	3,175
20	Of which BIA approach	39,688	39,550	3,175
21	Of which STO approach	-	-	-
21a	Of which ASA approach	-	-	-
22	Of which AMA approach	N/A	N/A	N/A
23	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	-	-	-
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	162,317	154,232	12,985
25	Total	637,118	608,337	50,970

Note:

- (1) N/A: Not applicable in the case of Hong Kong
- (2) The increase noted in the credit risk for non-securitization exposures calculated on BSC approach between the above two periods was mainly the result of a higher level of money market placements outstanding in the books of the Bank as at the end of the current period.

Tai Sang Bank Limited
Credit Risk Templates as at 30 June 2017

Template CR1 : Credit Quality of Exposures

		(a)	(b)	(c)	(d)
		Gross carrying amounts of		Allowances / impairments HK\$ '000	Net values HK\$ '000
		Defaulted exposures HK\$ '000	Non-defaulted exposures HK\$ '000		
1	Loans	0	155,362	0	155,362
2	Debt securities	0	0	0	0
3	Off-balance sheet exposures	0	18,624	0	18,624
4	Total	0	173,986	0	173,986

Template CR2 : Changes in Defaulted Loans and Debt Securities

		(a)
		Amount HK\$ '000
1	Defaulted loans and debt securities at end of the previous reporting period	0
2	Loans and debt securities that have defaulted since the last reporting period	0
3	Returned to non-defaulted status	0
4	Amounts written off	0
5	Other changes	0
6	Defaulted loans and debt securities at end of the current reporting period	0

Note: Our Bank does not have any defaulted loans and debt securities as at 30 June 2017 and 31 December 2016.

Template CR3 : Overview of Recognized Credit Risk Mitigation (CRM)

		(a)	(b1)	(b)	(d)	(f)
		Exposures unsecured: carrying amount HK\$ '000	Exposures to be secured HK\$ '000	Exposures secured by recognized collateral HK\$ '000	Exposures secured by recognized guarantees HK\$ '000	Exposures secured by recognized credit derivative contracts HK\$ '000
1	Loans	155,362	0	0	0	0
2	Debt securities	0	0	0	0	0
3	Total	155,362	0	0	0	0
4	Of which defaulted	0	0	0	0	0

Note: Our Bank does not have any exposures secured by recognized CRM as at 30 June 2017 and 31 December 2016. All loans of the Bank are fully secured by collaterals other than recognized CRM.

Tai Sang Bank Limited
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Template CR4 : Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation - for BSC Approach

		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes		HK\$ '000					
1	Sovereign exposures	282,167	0	282,167	0	0	0.00%
2	PSE exposures	0	0	0	0	0	0.00%
3	Multilateral development bank exposures	0	0	0	0	0	0.00%
4	Bank exposures	921,382	0	921,382	0	184,276	20.00%
5	Cash items	2,965	0	2,965	0	0	0.00%
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment	0	0	0	0	0	0.00%
7	Residential mortgage loans	91,832	0	91,832	0	88,037	95.87%
8	Other exposures	483,185	5,244	483,185	5,244	487,434	99.80%
9	Significant exposures to	0	0	0	0	0	0.00%
10	Total	1,781,531	5,244	1,781,531	5,244	759,747	42.52%

Tai Sang Bank Limited
Credit Risk Templates as at 30 June 2017

Template CR5 : Credit Risk Exposures by Asset classes and by Risk Weights - for BSC Approach

	<div><div>Risk Weight</div><div>Exposure class</div></div>	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
		0%	10%	20%	35%	50%	100%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK\$ '000								
1	Sovereign exposures	282,167	0	0	0	0	0	0	0	282,167
2	PSE exposures	0	0	0	0	0	0	0	0	0
3	Multilateral development bank exposures	0	0	0	0	0	0	0	0	0
4	Bank exposures	0	0	921,382	0	0	0	0	0	921,382
5	Cash items	2,965	0	0	0	0	0	0	0	2,965
6	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	0	0	0	0	0	0	0	0	0
7	Residential mortgage loans	0	0	0	0	7,590	84,242	0	0	91,832
8	Other exposures	0	0	1,244	0	0	487,185	0	0	488,429
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
10	Total	285,132	0	922,626	0	7,590	571,427	0	0	1,786,775