

TAI SANG BANK LIMITED

INTERIM FINANCIAL DISCLOSURE STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2019  
(UNAUDITED)

**TAI SANG BANK LIMITED**  
**INTERIM FINANCIAL DISCLOSURE STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019 (UNAUDITED)**

**I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Half Year Ended 30 Jun 2019 (Unaudited)	Half Year Ended 30 Jun 2018 (Unaudited)
	HK\$	HK\$
Interest Income	11,145,113	7,928,314
Interest Expenses	(1,107,622)	(419,644)
Net Interest Income	10,037,491	7,508,670
Other Operating Income	7,778,371	5,243,261
Operating Income	17,815,862	12,751,931
Operating Expenses	(11,697,507)	(10,260,223)
Operating Profit Before Impairment	6,118,355	2,491,708
Impairment Allowances for Impaired Assets	-	-
Operating Profit	6,118,355	2,491,708
Revaluation Surplus of Investment Properties	3,100,000	9,400,000
Loss on Disposal of Property, Plant & Equipment	(1,678)	(5,084)
Profit Before Income Tax	9,216,677	11,886,624
Taxation Expense	(1,179,047)	(454,777)
Profit Attributable to Equity Holders	8,037,630	11,431,847
Other Comprehensive Income:		
Items that will not be reclassified to Profit or Loss		
Equity Investments at Fair Value through		
Other Comprehensive Income:		
Decrease in Fair Value during the Half Year	(25,103)	(182,050)
Deferred Tax	-	-
Debt Securities at Fair Value through		
Other Comprehensive Income:		
Increase in Fair Value during the Half Year	44,828	-
Deferred Tax	-	-
Total Comprehensive Income Attributable to		
Equity Holders for the Half Year Ended 30th June	8,057,355	11,249,797

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**I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(CONTINUED)**

**Explanatory Statement**

Higher interbank interest environment has been experienced for the first half of 2019 when compared to the same period of 2018. The Bank has also managed to improve on the interest income earned from interbank placement activities by the sourcing of increased number of placement counterparties. A diversity of investments has also been sought via the investments in short term debt securities during the current half year period, while still maintaining a desirable level of liquidity. Interest expenses, paid on customers' deposits, have also been on the rising trend. Net interest income has increased from the equivalent period in 2018 by 33.7%.

Other operating income has increased in the first half of 2019 when compared to the same period of 2018, mainly as a result of higher net rental income for the current period. The rental outgoings for the first half of 2018 included an ad hoc expense incurred for major lift renovation repair work carried out, which was not repeated in 2019. The increase in operating expenses was mainly attributable to an increase in the head count of the Group during the current period when compared to the same period of 2018 due to a change in staff organisation structure. Other operating expenses were also vulnerable to inflationary increases, but were maintained at reasonable level.

During the first half of 2019, the Group's loan portfolio and the level of customer's deposits have noted decreases of 7.5% and 9.5% respectively. The Group has also invested in short term sovereign issued debt securities in 2019 as a diversity in the income source. Commercial office property prices had continued to increase in 2019, but at a slower pace and smaller extent than the same period in 2018. Financial condition of the Bank and the Group remains sound, with nil loan losses, adequate capital and high liquidity.

2019 has been the first year of the Group adopting HKFRS 16. As a result of the adoption of this new standard, the accounting policy of the Group has changed, the details of which have been documented in note (27) of this interim financial disclosure statement.

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**II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
<b>ASSETS</b>		
Cash and Balances with Banks	566,811,259	873,546,686
Placements with Banks Maturing within One and Twelve Months	190,347,963	257,250,956
Loans and Advances to Customers & Other Accounts	163,791,727	177,370,649
Investment securities at Fair Value through Other Comprehensive Income (FVOCI)	308,038,567	8,841,833
Property, Plant & Equipment	72,509,498	72,655,228
Investment Properties	333,000,000	329,900,000
Tax Recoverable	16,030	115,003
<b>TOTAL ASSETS</b>	<u>1,634,515,044</u>	<u>1,719,680,355</u>
<b>LIABILITIES</b>		
Deposits from Customers	874,053,535	965,416,654
Other Liabilities & Provisions	21,095,949	24,033,881
Current Tax Liabilities	11,299	-
Deferred Tax Liabilities	7,335,212	6,266,435
<b>TOTAL LIABILITIES</b>	<u>902,495,995</u>	<u>995,716,970</u>
<b>EQUITY</b>		
Share Capital	310,000,000	310,000,000
Properties Revaluation Reserve	2,175,259	2,175,259
Equity Investment at FVOCI Revaluation Reserve	1,256,012	1,281,115
Debt Securities at FVOCI Revaluation Reserve	44,828	-
General Reserve	610,257	610,257
Regulatory Reserve	1,800,000	1,800,000
Retained Earnings	416,132,693	408,096,754
<b>TOTAL EQUITY</b>	<u>732,019,049</u>	<u>723,963,385</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>1,634,515,044</u>	<u>1,719,680,355</u>

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**III. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the Bank			
	Share capital HK\$	Other reserves HK\$	Retained earnings HK\$	Total HK\$
Balance at 1 January 2019 (Audited)	310,000,000	5,866,631	408,096,754	723,963,385
Adjustment for adoption of HKFRS 16 (net of tax)	-	-	(1,691)	(1,691)
At 1 January 2019 (as restated)	310,000,000	5,866,631	408,095,063	723,961,694
<b>Comprehensive income</b>				
Profit for the half year	-	-	8,037,630	8,037,630
<b>Other comprehensive income</b>				
Change in fair value of equity investments measured at FVOCI	-	(25,103)	-	(25,103)
Change in fair value of debt securities investments at FVOCI	-	44,828	-	44,828
<b>Total comprehensive income</b>	-	19,725	8,037,630	8,057,355
<b>Total transfer and appropriation</b>	-	-	-	-
<b>Balance at 30 June 2019 (Unaudited)</b>	<u>310,000,000</u>	<u>5,886,356</u>	<u>416,132,693</u>	<u>732,019,049</u>
Balance at 1 January 2018 (Audited)	310,000,000	9,858,762	382,262,388	702,121,150
<b>Comprehensive income</b>				
Profit for the half year	-	-	11,431,847	11,431,847
<b>Other comprehensive income</b>				
Change in fair value of equity investments measured at FVOCI	-	(182,050)	-	(182,050)
Transfer from investment revaluation reserve to retained earnings	-	(2,324,712)	2,324,712	-
<b>Total comprehensive income</b>	-	(2,506,762)	13,756,559	11,249,797
<b>Total transfer and appropriation</b>	-	-	-	-
<b>Balance at 30 June 2018 (Unaudited)</b>	<u>310,000,000</u>	<u>7,352,000</u>	<u>396,018,947</u>	<u>713,370,947</u>

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**IV. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Ended 30 Jun 2019 (Unaudited) HK\$	Ended 30 Jun 2018 (Unaudited) HK\$
<b>Cash flows from operating activities</b>		
Operating profit	6,118,355	2,491,708
Depreciation expenses	455,501	533,867
Dividend income from equity investments at FVOCI	(202,054)	(180,550)
Amortisation of right-of-use assets	86,953	-
Cash flows from operating activities before changes in operating assets and liabilities	6,458,755	2,845,025
<b>Changes in operating assets and liabilities</b>		
- Net decrease in interest receivable	883,161	181,688
- Net increase in other receivable accounts	(303,685)	(58,413,248)
- Net increase in interest payable	16,821	9,672
- Net decrease in other payable accounts	(2,666,608)	(75,095)
- Net decrease / (increase) in advances to customers	13,057,415	(12,030,935)
- Net decrease in customers' deposits	(91,363,119)	(141,141,525)
- Net decrease in placements with banks repayable more than 3 months	14,931,059	69,877,342
Net cash outflow from operating activities	(58,986,201)	(138,747,076)
<b>Cash flows from investing activities</b>		
Dividends received on equity investments at FVOCI	202,054	180,550
Purchase of property, plant and equipment	(658,532)	(335,210)
Proceeds from disposal of equity investments at FVOCI	-	6,854,700
Net cash (outflow) / inflow from investing activities	(456,478)	6,700,040
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	(87,674)	-
Net cash outflow from financing activities	(87,674)	-
Decrease in cash and cash equivalents	(59,530,353)	(132,047,036)
<b>Cash and cash equivalents at 1 January</b>	1,029,759,689	1,036,921,165
<b>Cash and cash equivalents at 30 June (Note a)</b>	970,229,336	904,874,129
Cash flows from operating activities included:		
Interest received	12,028,275	8,110,002
Interest paid	1,090,801	409,972
Note a :		
Cash and cash equivalents comprise the following balances:		
Cash in hand	3,594,959	3,415,378
Balances with banks and central bank with original maturity within 3 months	563,216,300	248,940,794
Placements with banks with original maturity within 3 months	104,241,069	652,517,957
Exchange fund bills maturing within 3 months	299,177,008	-
	970,229,336	904,874,129

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**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 2019. 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.

There are no shareholdings in any of the above subsidiaries that are deducted from the Bank's CET1 capital.

The total assets and total equity reported on the financial statement of each of the above mentioned subsidiaries as at 30 June 2019 are as follows:

	<b>Total Assets At 30 Jun 2019 (Unaudited) HK\$</b>	<b>Total Equity At 30 Jun 2019 (Unaudited) HK\$</b>
TSB Property Management Limited	724,467	502,936
Success Land Enterprises Limited	2	2
Golden Wisdom Development Limited	33,119,255	32,779,473
Team Gold Investment Limited	29,359,813	29,104,115

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.

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(2) Accounting Policies

The accounting policies applied in the preparation of this interim financial disclosure statement for the half year ended 30 June 2019 are consistent with those used and described in the Group's audited annual financial statements for the year ended 31 December 2018, except for the adoption of new and amended standards as set out below.

(a) New standard adopted by the Group

The following new standard became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting this standard:

- HKFRS 16 Leases

The impact of the adoption of this standard and the new accounting policies are disclosed in note (27) below.

HKFRS 16 results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard affects primarily the accounting for the Group's operating leases. The Group is operating mainly as a lessor and only has entered into one operating lease as lessee. The accounting for lessors has not significantly changed.

(3) Net Interest Income

	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>	<b>Half Year Ended 30 Jun 2018 (Unaudited) HK\$</b>
<b>Interest income</b>		
Cash and balances and placements with banks	7,404,808	4,558,304
Loans and advances	3,559,648	3,370,010
Debt securities at FVOCI	180,657	-
Impaired assets	-	-
	<u>11,145,113</u>	<u>7,928,314</u>
<b>Interest expense</b>		
Deposits from customers	1,090,516	416,817
Others	17,106	2,827
	<u>1,107,622</u>	<u>419,644</u>

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

**(4) Other Operating Income**

	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>	<b>Half Year 30 Jun 2018 (Unaudited) HK\$</b>
Fees and commission income	77,081	75,607
Less : fees and commission expense	(20,053)	(38,093)
Net fees and commission income	<u>57,028</u>	<u>37,514</u>
Gross rental income - investment properties	4,727,630	4,363,967
Less : rental outgoings	(1,519,557)	(3,293,984)
	<u>3,208,073</u>	<u>1,069,983</u>
Air-conditioning and management fees	1,096,885	933,607
Dividend income from:		
Listed equity investments at FVOCI	193,894	172,390
Unlisted equity investments at FVOCI	8,160	8,160
Miscellaneous income (includes mainly safe deposit box rental income and others)	3,214,331	3,021,607
	<u>7,778,371</u>	<u>5,243,261</u>

**(5) Operating Expenses**

	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>	<b>Half Year 30 Jun 2018 (Unaudited) HK\$</b>
Staff costs	7,868,136	6,870,934
Premises and equipment expenses	718,903	650,190
Depreciation	455,501	533,867
Miscellaneous expenses	2,654,967	2,205,232
	<u>11,697,507</u>	<u>10,260,223</u>

**(6) Income Tax Expense**

Hong Kong income tax has been provided at the rate of 16.5% (2018:16.5%) on the estimated assessable profits for the period.

	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>	<b>Half Year 30 Jun 2018 (Unaudited) HK\$</b>
Current income – Hong Kong profits tax	110,271	28,570
Deferred income tax expense	1,068,776	426,207
Income tax expense	<u>1,179,047</u>	<u>454,777</u>

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(7) Cash and Balances with Banks

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Cash in hand	3,594,959	2,724,994
Balances with banks and central bank	39,307,216	168,975,215
Placement with banks, maturing within 1 month	523,909,084	701,846,477
	<u>566,811,259</u>	<u>873,546,686</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 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Placements with banks - maturing between 1 and 12 months	<u>190,347,963</u>	<u>257,250,956</u>
Impairment allowances for impaired assets -collective & specific impairment allowances (placements with banks)	<u>-</u>	<u>-</u>

(9) Loans and Advances to Customers & Other Accounts

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Loans and advances to customers	<u>160,912,481</u>	<u>173,969,896</u>
Accrued interest and other accounts	<u>2,879,246</u>	<u>3,400,753</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 2018 and 30 June 2019 were made to customers located in Hong Kong and were fully secured, apart from an unsecured overdraft facility with outstanding balance of HK\$Nil as at 31 December 2018.

(11) As at 31 December 2018 and 30 June 2019, 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 2018 and 30 June 2019.

(13) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2018 and 30 June 2019.

(14) The Group had no repossessed assets as at 31 December 2018 and 30 June 2019. In situations where assets are acquired by repossession of collateral for realization, they would continue to be reported as advances.

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(15) There were no exposures to non-bank counterparties in Mainland China as at 31 December 2018 and 30 June 2019.

(16) Gross Advances to Customers by Industry Sectors

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	59,775,587	57,091,685
- stockbrokers	2,958,964	2,949,751
- investment companies	88,610,732	104,535,924
Wholesale and retail trade	4,686,902	1,837,724
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,121,574	3,559,766
- others	2,679,818	2,546,069
Trade finance	1,078,904	1,448,977
	<u>160,912,481</u>	<u>173,969,896</u>

(17) Investment Securities at Fair Value through Other Comprehensive Income

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Debt Securities		
Treasury bills (including Hong Kong Exchange Fund Bills)	299,221,836	-
Total Debt Securities	<u>299,221,836</u>	<u>-</u>
Equity Securities		
Listed in Hong Kong, at market value	8,620,812	8,647,069
Listed outside Hong Kong, at market value	59,919	58,764
Unlisted, at cost	136,000	136,000
Total Equity Securities	<u>8,816,731</u>	<u>8,841,833</u>
Total Investment Securities at Fair Value through Other Comprehensive Income	<u>308,038,567</u>	<u>8,841,833</u>
Type of issuer:		
Sovereigns	299,221,836	-
Banks and other financial institutions	7,255,816	7,444,966
Corporates	105,915	94,367
Others	1,455,000	1,302,500
	<u>308,038,567</u>	<u>8,841,833</u>
Impairment allowances for impaired assets		
-collective & specific impairment allowances (investment securities at fair value through other comprehensive income)	<u>-</u>	<u>-</u>

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(18) Property, Plant and Equipment

	<b>Bank Premises HK\$</b>	<b>Furniture, Fixtures and Equipment HK\$</b>	<b>Total HK\$</b>
Cost or Deemed cost at valuation			
At 1 Jan 2019 (Audited)	117,618,203	14,852,878	132,471,081
Additions	-	311,449	311,449
Write off/ disposal	-	(6,730)	(6,730)
At 30 Jun 2019 (Unaudited)	<u>117,618,203</u>	<u>15,157,597</u>	<u>132,775,800</u>
Accumulated depreciation and impairment			
At 1 Jan 2019 (Audited)	49,316,321	10,499,532	59,815,853
Charge for the period	194,315	261,186	455,501
Write off/ disposal	-	(5,052)	(5,052)
At 30 Jun 2019 (Unaudited)	<u>49,510,636</u>	<u>10,755,666</u>	<u>60,266,302</u>
Net book value			
At 30 Jun 2019 (Unaudited)	<u>68,107,567</u>	<u>4,401,931</u>	<u>72,509,498</u>
At 31 Dec 2018 (Audited)	<u>68,301,882</u>	<u>4,353,346</u>	<u>72,655,228</u>

(19) Investment Properties

	<b>Total HK\$</b>
At 1 Jan 2018 (Audited)	311,400,000
Fair value gains for the year	18,500,000
At 31 Dec 2018 (Audited)	<u>329,900,000</u>
Fair value gains for the 6 months period	3,100,000
At 30 Jun 2019 (Unaudited)	<u>333,000,000</u>

(20) Deposits from Customers

Deposits from customers comprise of the following categories :

	<b>As at 30 Jun 2019 (Unaudited) HK\$</b>	<b>As at 31 Dec 2018 (Audited) HK\$</b>
Demand deposits and current accounts	111,470,220	88,003,673
Savings deposits	596,590,910	760,700,473
Time, call and notice deposits	165,992,405	116,712,508
	<u>874,053,535</u>	<u>965,416,654</u>

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(21) Reserves

	Other properties revaluation reserve HK\$	Equity Investment at FVOCI revaluation reserve HK\$	Debt Securities at FVOCI revaluation reserve HK\$	General reserve HK\$	Regulatory reserve HK\$	Retained earnings HK\$	Total HK\$
At 1 Jan 2019 (Audited)	2,175,259	1,281,115	-	610,257	1,800,000	408,096,754	413,963,385
Adjustment for adoption of HKFRS 16 (net of tax)	-	-	-	-	-	(1,691)	(1,691)
At 1 Jan 2019 (as restated)	2,175,259	1,281,115	-	610,257	1,800,000	408,095,063	413,961,694
Deficit on revaluation of equity investments at FVOCI	-	(25,103)	-	-	-	-	(25,103)
Surplus on revaluation of debt securities investments at FVOCI	-	-	44,828	-	-	-	44,828
Profit for the half year	-	-	-	-	-	8,037,630	8,037,630
At 30 Jun 2019 (Unaudited)	<u>2,175,259</u>	<u>1,256,012</u>	<u>44,828</u>	<u>610,257</u>	<u>1,800,000</u>	<u>416,132,693</u>	<u>422,019,049</u>
Representing :							
Bank and subsidiaries	<u>2,175,259</u>	<u>1,256,012</u>	<u>44,828</u>	<u>610,257</u>	<u>1,800,000</u>	<u>416,132,693</u>	<u>422,019,049</u>

(22) 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 Institution HK\$'000	Official Sector HK\$'000	Total HK\$'000
As at 30 June 2019 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>254,257</u>	<u>-</u>	<u>254,257</u>
Western Europe	<u>95,000</u>	<u>-</u>	<u>200,000</u>
As at 31 December 2018 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>729,097</u>	<u>-</u>	<u>729,097</u>
Western Europe	<u>200,000</u>	<u>-</u>	<u>200,000</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.

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

**(23) Currency Concentrations**

The US dollar net position, the RMB net position and the EUR 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

US Dollar Position:

	As at 30 Jun 2019 (Unaudited) HK\$'000	As at 31 Dec 2018 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	14,410	14,240
Spot liabilities	(13,958)	(13,842)
Net long position	<u>452</u>	<u>398</u>

RMB Position:

	As at 30 Jun 2019 (Unaudited) HK\$'000	As at 31 Dec 2018 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	387	419
Spot liabilities	(144)	(176)
Net long position	<u>243</u>	<u>243</u>

EUR Position:

	As at 30 Jun 2019 (Unaudited) HK\$'000	As at 31 Dec 2018 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	32	33
Spot liabilities	(86)	(293)
Net long position	<u>(54)</u>	<u>(260)</u>

**(24) Off-Balance Sheet Exposures**

**(a) Contingent Liabilities and Commitments**

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Contract amount		
Direct credit substitutes	4,000,000	4,000,000
Trade-related contingencies	-	987,854
Other commitments with an original maturity of under 1 year or which are unconditionally cancellable	1,984,680	3,793,701
	<u>5,984,680</u>	<u>8,781,555</u>
Credit Risk Weighted Amount	<u>4,000,000</u>	<u>4,197,571</u>

**(b) Derivatives**

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
Exchange Rate Contracts		
Notional Contract Amount	-	-
Credit Risk Weighted Amount	-	-
Replacement Cost	-	-

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(24) Off-Balance Sheet Exposures (Continued)

(b) Derivatives (Continued)

	As at 30 Jun 2019 (Unaudited) HK\$	As at 31 Dec 2018 (Audited) HK\$
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.

(25) Capital Structure and Adequacy

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

	Consolidated As at 30 Jun 2019 (Unaudited) HK\$'000	Consolidated As at 31 Dec 2018 (Audited) HK\$'000
Common equity tier 1 (CET1) capital :		
CET1 capital instruments	264,987	264,987
Retained earnings	415,640	407,655
Disclosed reserves	5,886	5,867
	686,513	678,509
Less: Cumulative fair value gains arising from revaluation of land and buildings	(283,580)	(280,481)
Regulatory reserve for general banking risk	(1,800)	(1,800)
Total CET1 capital after deductions	401,133	396,228
Additional Tier 1 capital	-	-
Total Tier 1 capital after deductions	401,133	396,228
Tier 2 capital		
Reserve attributable to fair value gains on revaluation of land and buildings	147,867	146,472
Regulatory reserve for general banking risk	1,800	1,800
	149,667	148,272
Less : Tier 2 capital deductions	-	-
Total Tier 2 capital after deductions	149,667	148,272
Total capital base	550,800	544,500

The total capital base for the current reporting period has increased from that as at 31 December 2018, mainly as a result of revaluation surplus of investment properties held by the Group as at 30 June 2019 and the operating profit earned during the period.

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

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

The capital ratios shown in Template KM1 represent the consolidated ratios of the Bank 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.

**(26) Regulatory Disclosure Templates**

The following regulatory disclosure templates as at 30 June 2019 (unaudited) are attached to the annex of this interim financial disclosure statement:

- Key Prudential Ratios (Template KM1)
- Composition of Regulatory Capital (Template CC1)
- Reconciliation of Regulatory Capital to Statement of Financial Position (Template CC2)
- Main Features of Regulatory Capital Instruments (Table CCA)
- Summary Comparison of Accounting Assets Against Leverage Ratio (Template LR1)
- Leverage Ratio (Template LR2)
- Geographical Distribution of Credit Exposures used in Countercyclical Capital Buffer (Template CCyB1)
- 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)
- 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 2018 and 30 June 2019 nor has plan to engage in such transactions in the coming year, and has therefore not included any disclosure templates on counterparty credit risk in respect of derivative contracts and securities financing transactions and securitization exposures, which are considered not to be relevant and would carry nil balances on such templates if published.

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) Changes in Accounting Policies**

This note explains the impact of the adoption of HKFRS 16 “Leases” on the Group’s financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

**(27) Changes in Accounting Policies (Continued)**

**HKFRS 16 "Leases"**

**(a) Impact on adoption of the new standard on the financial statements**

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to the only one lease which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases for the renting of property as back up site of the Bank. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2019, that was 2%. There were no other finance leases or operating leases entered into by the Group as lessee.

With regard to this lease, the Group recognised a lease liability of HK\$146,613 on 1 January 2019, the date of initial application of the new standard. The associated right-of-use asset for this lease was measured on a retrospective basis as if the new rules had always been applied, which amounted to HK\$144,922 as at 1 January 2019.

The change in accounting policy affected the following items in the statement of financial position on 1 January 2019:

- right-of-use asset - increase by HK\$144,922
- lease liability - increase by HK\$146,613

The net impact on retained earnings on 1 January 2019 was a decrease of HK\$1,691.

**(b) Accounting policies applied from 1 January 2019 - on leases**

The Group leases an office as the Bank's back-up site, with a typical rental period of 2 years. Lease terms are negotiated at the time of each lease renewal and are fairly standard for property leases in the market in general. Until the 2018 financial year, this lease was classified as operating lease, while payments made under this lease were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from such property lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments (less any lease incentives receivable) and payment of penalty for terminating the lease if the lease term reflects the Group exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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**INTERIM FINANCIAL DISCLOSURE STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2019 (UNAUDITED)**

**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

(27) Changes in Accounting Policies (Continued)

HKFRS 16 "Leases" (Continued)

(b) Accounting policies applied from 1 January 2019 - on leases (Continued)

Right-of-use assets are measured at cost comprising: the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise computer equipment and small items of office furniture.

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

The financial information relating to the year ended 31 December 2018 as included in this Interim Financial Disclosure Statement for the half year ended 30 June 2019 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.

(29) Statement of Compliance

This interim financial disclosure statement for the half year ended 30 June 2019 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.

TAI SANG BANK LIMITED  
REGULATORY DISCLOSURE TEMPLATES  
AS AT 30 JUNE 2019  
(UNAUDITED)

Tai Sang Bank Limited

Template KM1: Key Prudential Ratios (on Regulatory Consolidated Basis)

		(a)	(b)	(c)	(d)	(e)
		30-Jun-19	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18
	<b>Regulatory capital (amount) (HK\$'000)</b>					
1	Common Equity Tier 1 (CET1)	401,133	398,955	396,228	396,021	394,691
2	Tier 1	401,133	398,955	396,228	396,021	394,691
3	Total capital	550,800	547,227	544,500	540,227	538,897
	<b>RWA (amount) (HK\$'000)</b>					
4	Total RWA	630,411	696,264	657,534	686,093	627,547
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	63.63%	57.30%	60.26%	57.72%	62.89%
6	Tier 1 ratio (%)	63.63%	57.30%	60.26%	57.72%	62.89%
7	Total capital ratio (%)	87.37%	78.59%	82.81%	78.74%	85.87%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	N/A	N/A	N/A	N/A	N/A
11	Total AI-specific CET1 buffer requirements (%)	5.00%	5.00%	3.75%	3.75%	3.75%
12	CET1 available after meeting the AI's minimum capital requirements (%)	54.13%	47.80%	52.01%	49.47%	54.64%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure (HK\$'000)	1,313,490	1,451,223	1,403,082	1,444,491	1,425,774
14	LR (%)	30.54%	27.49%	28.24%	27.42%	27.68%
	<b>Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)</b>					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	N/A	N/A	N/A	N/A	N/A
16	Total net cash outflows	N/A	N/A	N/A	N/A	N/A
17	LCR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2 institution only:					
17a	LMR (%)	93.33%	79.95%	70.08%	89.46%	82.62%
	<b>Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)</b>					
	Applicable to category 1 institution only:					
18	Total available stable funding	N/A	N/A	N/A	N/A	N/A
19	Total required stable funding	N/A	N/A	N/A	N/A	N/A
20	NSFR (%)	N/A	N/A	N/A	N/A	N/A
	Applicable to category 2A institution only:					
20a	CFR (%)	N/A	N/A	N/A	N/A	N/A

## Tai Sang Bank Limited

### Template KM1: Key Prudential Ratios (on Regulatory Consolidated Basis) Continued

Note:

- (1) N/A: Not applicable
- (2) The table above summaries the capital ratios calculated as computed in accordance with the Banking (Capital) Rules under consolidated basis of the Bank as at the dates shown. The constituent elements of the Total Capital as at 30 June 2019 and 31 December 2018 have been disclosed in note (25) of the Interim Financial Disclosure Statements. The common equity tier 1 capital, tier 1 capital and total capital of the Bank have increased from 31 Mar 2019, mostly due to the booking of current quarter's operating profits and revaluation surplus of the Bank's investment properties as at the current quarter end. The Bank's common equity tier 1 capital ratio, tier 1 capital ratio and total capital ratio as at 30 June 2019 have increased from those as at 31 March 2019, mainly due to the lower level of total risk weighted amounts recorded at the end of the current reporting period resulting from the higher level of investments in exchange fund bills, which attracted a lower risk weight and a corresponding lower level of interbank placements outstanding.
- (3) The capital conservation buffer ratio for the Bank for 2019 is 2.5% (2018: 1.875%) as stipulated by the Banking (Capital) Rules. 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 as at 30 June 2019 equals to that of Hong Kong for 2019, which amounts to 2.5% (2018: 1.875%).
- (4) The leverage ratio shown above represents the consolidated leverage ratio calculated in accordance with the Banking (Capital) Rules. The increase of leverage ratio as at 30 June 2019 from that of 31 March 2019 was predominantly due to the lower level of exposure measure, which was resulted from the reduced consolidated statement of financial position following a decrease in the level of customers' deposits.
- (5) The Bank, as a category 2 institution for the purpose of the Liquidity Rules, is only required to maintain and report liquidity maintenance ratio (LMR) on a solo basis. As such, the Bank is not required to report Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Core Funding Ratio (CFR). The above LMR are the quarterly average LMR calculated as the simple average of each calendar month's average liquidity maintenance ratio of the Bank's solo position within the reporting quarters.

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.
- (6) The average liquidity maintenance ratio for the Bank for the quarter ended 30 June 2019 has increased from that of the quarter ended 31 March 2019. The reason for the increase was mainly due to the higher level of investment in short term exchange fund bills at the current quarter end and the higher level of interbank placements with short maturity terms.
- (7) The Bank is not designated as a domestic systematically important authorised institution and as such is not subject to the Higher Loss Absorbency (HLA) requirements under the Banking (Capital) Rules. HLA ratio is not required to be reported by the Bank.

Tai Sang Bank Limited

Template CC1: Composition of Regulatory Capital as at 30 June 2019  
(Unaudited - on Regulatory Consolidated Basis)

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
<b>(Presented in HK\$' 000)</b>			
	<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	415,640	(7)
3	Disclosed reserves	5,886	(3)+(4)+(5)+(6)+(9)
4	<i>Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)</i>	Not applicable	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 adjustments</b>	686,513	
	<b>CET1 capital: regulatory deductions</b>		
7	Valuation adjustments	0	
8	Goodwill (net of associated deferred tax liabilities)	0	
9	Other intangible assets (net of associated deferred tax liabilities)	0	
10	Deferred tax assets (net of associated 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	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital 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 (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	285,380	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	283,580	(3)+(8)
26b	Regulatory reserve for general banking risks	1,800	(6)
26c	Securitization exposures specified in a notice given by the MA	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>	285,380	
29	<b>CET1 capital</b>	401,133	
<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 (T1 = CET1 + AT1)</b>	401,133	
<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 provisions 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>	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 (net of eligible short positions)	0	
56	National specific regulatory adjustments applied to Tier 2 capital	(147,867)	
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	(147,867)	[(2)+(3)+(8)] *45%
57	<b>Total regulatory adjustments to Tier 2 capital</b>	(147,867)	
58	<b>Tier 2 capital (T2)</b>	149,667	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	550,800	
60	<b>Total RWA</b>	630,411	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	63.63%	
62	<b>Tier 1 capital ratio</b>	63.63%	
63	<b>Total capital ratio</b>	87.37%	

64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	9.50%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	2.50%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	54.13%	
<b>National minima (if different from Basel 3 minimum)</b>			
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
72	Insignificant capital investments in CET1, AT1 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 associated deferred tax liabilities)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	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 BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	1,800	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	9,502	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	0	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	0	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>			
80	<i>Current cap on CET1 capital instruments subject to phase-out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase-out arrangements</i>	0	
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	0	
84	<i>Current cap on Tier 2 capital instruments subject to phase-out arrangements</i>	0	
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	0	

#### Notes to the Template

	<b>Description</b>	<b>Hong Kong basis</b>	<b>Basel III basis</b>
9	<b>Other intangible assets (net of associated deferred tax liabilities)</b>	0	0
	<b>Explanation</b> 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.		
10	<b>Deferred tax assets (net of associated deferred tax liabilities)</b>	0	0
	<b>Explanation</b> As set out in paragraphs 69 and 87 of the Basel III text issued by the Basel Committee (December 2010), DTAs 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 or other credit exposures to connected companies) under Basel III.		

18	<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
<b>Explanation</b> 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 MA 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. 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.			
19	<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
<b>Explanation</b> 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 MA 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. 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.			
39	<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
<b>Explanation</b> 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.			
54	<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
<b>Explanation</b> 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.			
Remarks: The amount of the 10% threshold mentioned above is calculated based on the amount of CET1 capital determined in accordance with the deduction methods set out in BCR Schedule 4F. The 15% threshold is referring to paragraph 88 of the Basel III text issued by the Basel Committee (December 2010) and has no effect to the Hong Kong regime.			

**Template CC2: Reconciliation of Regulatory Capital to Statement of Financial Position**  
**as at 30 June 2019 (Unaudited - on Regulatory Consolidated Basis)**

	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 Template CC1
	As at 30 June 2019	As at 30 June 2019	
	HK\$'000	HK\$'000	
<b>Assets</b>			
Cash and balances with banks	566,811	566,811	
Placements with banks maturing between one and twelve months	190,348	190,348	
Loans and advances to customers and other accounts	163,792	163,789	
Investment securities at fair value through other comprehensive income	308,039	308,039	
Investment in subsidiary not consolidated for regulatory purposes	0	10	
Property, plant and equipment	72,509	72,509	
Investment properties	333,000	333,000	
Tax recoverable	16	12	
<b>Total assets</b>	<b>1,634,515</b>	<b>1,634,518</b>	
<b>Liabilities</b>			
Deposits from customers	874,054	874,775	
Other liabilities and provisions	21,096	20,871	
Current tax liabilities	11	11	
Deferred tax liabilities	7,335	7,335	
<b>Total liabilities</b>	<b>902,496</b>	<b>902,992</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	2,175	2,175	(3)
Equity investments at FVOCI revaluation reserve	1,256	1,256	(4)
Debt investments at FVOCI revaluation reserve	45	45	(9)
General reserve	610	610	(5)
Regulatory reserve	1,800	1,800	(6)
Retained earnings	416,133	415,640	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		281,405	(8)
<i>other retained earnings and profits</i>		134,235	
<b>Total shareholders' equity</b>	<b>732,019</b>	<b>731,526</b>	
<b>Total liabilities and shareholders' equity</b>	<b>1,634,515</b>	<b>1,634,518</b>	

Note:

There are no material changes in the reconciliation between the composition of the regulatory capital and the consolidated statement of financial position as at 30 June 2019 when compared to that of 31 December 2018.

**Tai Sang Bank Limited**

**Table CCA: Main Features of Regulatory Capital Instruments as at 30 June 2019**

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

Template LR1 : Summary Comparison of Accounting Assets Against Leverage Ratio ("LR")  
as at 30 June 2019 (Unaudited - on Regulatory Consolidated Basis)

		(a)
	Item	Value under the LR framework HK\$'000 equivalent
1	Total consolidated assets as per published financial statements	1,634,515
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	10
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 contracts	0
5	Adjustment for SFTs (i.e. repos and similar secured lending)	0
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	0
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	0
7	Other adjustments	5,159
8	<b>Leverage ratio exposure measure</b>	<b>1,639,684</b>

Note There are no material changes in the summary comparison reconciling items of the Bank's balance sheet assets as stated in the statement of financial position with the exposure measure for the calculation of leverage ratio for the current semi-annual reporting period.

Tai Sang Bank Limited

Template LR2 : Leverage Ratio ("LR") as at 30 June 2019 (Unaudited - on Regulatory Consolidated Basis)

		(a)	(b)
	Item	Leverage ratio framework HK\$'000	Leverage ratio framework HK\$'000
		30-Jun-19	31-Mar-19
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,639,684	1,774,205
2	Less: Asset amounts deducted in determining Tier 1 capital	(330,393)	(327,293)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	1,309,291	1,446,912
<b>Exposures arising from derivative contracts</b>			
4	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or bilateral netting)	-	-
5	Add-on amounts for PFE associated with all derivatives contracts	-	-
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
7	Less: Deductions of receivables assets for cash variation margin provided under derivatives contracts	-	-
8	Less: Exempted CCP leg of client-cleared trade exposures	-	-
9	Adjusted effective notional amount of written credit derivative contracts	-	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives contracts	-	-
11	Total exposures arising from derivative contracts	-	-
<b>Exposures arising from SFTs</b>			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	Total exposures arising from SFTs	-	-
<b>Other off-balance sheet exposures</b>			
17	Off-balance sheet exposure at gross notional amount	5,985	6,957
18	Less: Adjustments for conversion to credit equivalent amounts	(1,786)	(2,646)
19	Off-balance sheet items	4,199	4,311
<b>Capital and total exposures</b>			
20	Tier 1 capital	401,133	398,955
20a	Total exposures before adjustments for specific and collective provisions	1,313,490	1,451,223
20b	Adjustments for specific and collective provisions	0	0
21	Total exposures after adjustments for specific and collective provisions	1,313,490	1,451,223
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>30.54%</b>	<b>27.49%</b>

Note Material changes in the components of the exposure measure for the calculation of the leverage ratio for the current reporting quarter have been explained in Template KM1 "Key Prudential Ratios" as at 30 June 2019.

Tai Sang Bank Limited

Template CCyB1: Geographical Distribution of Credit Exposures Used in  
Countercyclical Capital Buffer ("CCyB") as at 30 June 2019

As at 30/06/2019		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect %	RWA used in computation of CCyB ratio HK\$ '000	AI-specific CCyB ratio %	CCyB amount HK\$ '000
1	Hong Kong	2.500%	160,352		
	Total		160,352	2.500%	4,009

As at 31/12/2018		(a)	(c)	(d)	(e)
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect %	RWA used in computation of CCyB ratio HK\$ '000	AI-specific CCyB ratio %	CCyB amount HK\$ '000
1	Hong Kong	1.875%	172,190		
	Total		172,190	1.875%	3,229

Note: The above templates show the CCyB ratios of the Bank computed on the consolidated basis as at 30 June 2019 and 31 Decemebr 2018. 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, that is. 2.5%, as at 30 June 2019 (2018: 1.875%). The decrease in RWA used in the computation of these CCyB ratios as at 30 June 2019 when compared to 31 December 2018 was due to the reduced loan book outstanding as at the end of the current period.

**Tai Sang Bank Limited**
**Template OV1: Overview of RWA as at 30 June 2019 (Unaudited - on Regulatory Consolidated Basis)**

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30-Jun-19	31-Mar-19	30-Jun-19
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	760,138	826,736	60,811
2	Of which STC approach	-	-	-
2a	Of which BSC approach	760,138	826,736	60,811
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	-	-	-
7	Of which SA-CCR	N/A	N/A	N/A
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	-	-	-
10	CVA risk	-	-	-
11	Equity positions in banking book under the simple risk-weighted method and internal models method	-	-	-
12	Collective investment scheme ("CIS") exposures - LTA	N/A	N/A	N/A
13	CIS exposures – MBA	N/A	N/A	N/A
14	CIS exposures – FBA	N/A	N/A	N/A
14a	CIS exposures - combination of approaches	N/A	N/A	N/A
15	Settlement risk	-	-	-
16	Securitization exposures in banking book	-	-	-
17	Of which SEC-IRBA	-	-	-
18	Of which SEC-ERBA	-	-	-
19	Of which SEC-SA	-	-	-
19a	Of which SEC-FBA	-	-	-
20	Market risk	-	-	-
21	Of which STM approach	-	-	-
22	Of which IMM approach	-	-	-
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)	N/A	N/A	N/A
24	Operational risk	51,000	48,550	4,080
25	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
26	Capital floor adjustment	-	-	-
26a	Deduction to RWA	-	-	-
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	180,727	179,022	14,458
27	Total	630,411	696,264	50,433

Note:

(1) N/A: Not applicable

(2) The decrease noted in the credit risk for non-securitization exposures calculated on BSC approach between the above two periods was mainly the result of an overall lower level of assets maintained and an investment made in exchange fund bills instead of interbank placements by the Bank as at the end of the current period.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2019**

**Template CR1 : Credit Quality of Exposures**

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Or which ECL accounting provisions for credit losses on STC approach exposures		Or which ECL accounting provisions for credit losses on IRB approach exposures	Net values HK\$ '000
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provision	Allocated in regulatory category of collective provision		
As at 30 June 2019		HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
1	Loans	0	160,912	0	0	0	0	160,912
2	Debt securities	0	299,222	0	0	0	0	299,222
3	Off-balance sheet exposures	0	5,985	0	0	0	0	5,985
4	<b>Total</b>	<b>0</b>	<b>466,119</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>466,119</b>

		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		Gross carrying amounts of		Allowances / impairments	Or which ECL accounting provisions for credit losses on STC approach exposures		Or which Ecl accounting provisions for credit losses on IRB approach exposures	Net values HK\$ '000
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of specific provision	Allocated in regulatory category of collective provision		
As at 31 December 2018		HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
1	Loans	0	173,970	0	0	0	0	173,970
2	Debt securities	0	0	0	0	0	0	0
3	Off-balance sheet exposures	0	8,782	0	0	0	0	8,782
4	<b>Total</b>	<b>0</b>	<b>182,752</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>182,752</b>

Note: Decrease in loans outstanding was noted for June 2019 when compared to those as at 31 December 2018. The Bank invested in short term exchange fund bills as at 30 June 2019, which accounted for the increase in debt securities. The decrease for the current period under off-balance sheet exposures was mainly resulted from the lower loan facility lines granted to customers.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2019**

**Template CR2 : Changes in Defaulted Loans and Debt Securities**

		(a)
		Amount
		HK\$ '000
<b>As at 30 June 2019</b>		
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	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	<b>Defaulted loans and debt securities at end of the current reporting period</b>	0

		(a)
		Amount
		HK\$ '000
<b>As at 31 December 2018</b>		
1	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	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	<b>Defaulted loans and debt securities at end of the current reporting period</b>	0

Note: Our Bank does not have any defaulted loans and debt securities as at 30 June 2019 and 31 December 2018.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2019**

**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
<b>As at 30 June 2019</b>						
1	Loans	160,912	0	0	0	0
2	Debt securities	299,222	0	0	0	0
3	<b>Total</b>	460,134	0	0	0	0
4	Of which defaulted	0	0	0	0	0

		(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
<b>As at 31 December 2018</b>						
1	Loans	173,970	0	0	0	0
2	Debt securities	0	0	0	0	0
3	<b>Total</b>	173,970	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 2019 and 31 December 2018. All loans of the Bank are fully secured by collaterals other than recognized CRM as at 30 June 2019 and 31 December 2018. Debt securities outstanding as at 30 June 2019 are exchange fund bills that are unsecured.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2019**

**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
As at 30 June 2019		HK\$ '000					
Exposure classes							
1	Sovereign exposures	335,352	0	335,352	0	29,922	8.92%
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	717,434	0	717,434	0	143,487	20.00%
5	Cash items	3,595	0	3,595	0	0	0.00%
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	0.00%
7	Residential mortgage loans	92,691	4,430	92,691	4,000	96,131	99.42%
8	Other exposures	490,598	1,555	490,598	0	490,598	100.00%
9	Significant exposures to commercial entities	0	0	0	0	0	0.00%
10	<b>Total</b>	<b>1,639,670</b>	<b>5,985</b>	<b>1,639,670</b>	<b>4,000</b>	<b>760,138</b>	<b>46.25%</b>

		(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
As at 31 Dec 2018		HK\$ '000					
Exposure classes							
1	Sovereign exposures	166,265	0	166,265	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	961,808	0	961,808	0	192,362	20.00%
5	Cash items	2,725	0	2,725	0	0	0.00%
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	0.00%
7	Residential mortgage loans	111,045	4,514	111,045	4,000	113,265	98.45%
8	Other exposures	483,956	4,268	483,956	198	484,154	100.00%
9	Significant exposures to commercial entities	0	0	0	0	0	0.00%
10	<b>Total</b>	<b>1,725,799</b>	<b>8,782</b>	<b>1,725,799</b>	<b>4,198</b>	<b>789,781</b>	<b>45.65%</b>

Note: The increase in sovereign exposures for 30 June 2019 was mainly resulted from the increased holdings of short term exchange fund bills as investments, which was also reflected in the lower outstanding of bank exposures. Residential mortgage loans in the above templates include loans and overdrafts secured by residential property mortgages, as defined by the completion instruction of the Capital Adequacy Return. The decrease in these residential mortgage loans on-balance sheet exposures at 30 June 2019 when compared to 31 December 2018 was mostly due to reduced overdraft lines granted to customers as at the end of June 2019. Other on-balance sheet exposures for the current period increased from those at the end of December 2018, mainly due to the revaluation surplus booked on investment properties and an increase noted in loans other than residential mortgage loans.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2019**

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

As at 30 June 2019		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Exposure class	Risk Weight	0%	10%	20%	35%	50%	100%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK\$ '000								
1	Sovereign exposures	36,130	299,222	0	0	0	0	0	0	335,352
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	717,434	0	0	0	0	0	717,434
5	Cash items	3,595	0	0	0	0	0	0	0	3,595
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	1,121	95,570	0	0	96,691
8	Other exposures	0	0	0	0	0	490,598	0	0	490,598
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
10	<b>Total</b>	39,725	299,222	717,434	0	1,121	586,168	0	0	1,643,670

As at 31 December 2018		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Exposure class	Risk Weight	0%	10%	20%	35%	50%	100%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		HK\$ '000								
1	Sovereign exposures	166,265	0	0	0	0	0	0	0	166,265
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	961,808	0	0	0	0	0	961,808
5	Cash items	2,725	0	0	0	0	0	0	0	2,725
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	3,560	107,485	0	0	111,045
8	Other exposures	0	0	198	0	0	483,956	0	0	484,154
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
10	<b>Total</b>	168,990	0	962,006	0	3,560	591,441	0	0	1,725,997

Note: The increase in sovereign exposures for 30 June 2019 was mainly resulted from the increased holdings of short term exchange fund bills as investments, which has also been reflected in the lower outstanding of bank exposures. The decrease in residential mortgage loans at 30 June 2019 when compared to 31 December 2018 was mostly due to the decrease in overdraft lines granted to customers which were secured by residential mortgages as at the end of June 2019.