

TAI SANG BANK LIMITED

INTERIM FINANCIAL DISCLOSURE STATEMENT  
FOR THE HALF YEAR ENDED 30 JUNE 2020  
(UNAUDITED)

**TAI SANG BANK LIMITED**  
**INTERIM FINANCIAL DISCLOSURE STATEMENT**  
**FOR THE HALF YEAR ENDED 30 JUNE 2020 (UNAUDITED)**

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

	Half Year Ended 30 Jun 2020 (Unaudited)	Half Year Ended 30 Jun 2019 (Unaudited)
	HK\$	HK\$
Interest Income	9,284,881	11,145,113
Interest Expenses	(1,545,079)	(1,107,622)
Net Interest Income	<u>7,739,802</u>	<u>10,037,491</u>
Other Operating Income	7,029,551	7,778,371
Operating Income	<u>14,769,353</u>	<u>17,815,862</u>
Operating Expenses	(12,601,240)	(11,697,507)
Operating Profit Before Impairment	<u>2,168,113</u>	<u>6,118,355</u>
Expected Credit Loss Allowances for Impaired Assets	-	-
Operating Profit	<u>2,168,113</u>	<u>6,118,355</u>
Revaluation (Deficit)/Surplus of Investment Properties	(4,700,000)	3,100,000
Loss on Disposal of Property, Plant & Equipment	(2,767)	(1,678)
(Loss) / Profit Before Income Tax	<u>(2,534,654)</u>	<u>9,216,677</u>
Income Tax Expense	(4,563,012)	(1,179,047)
(Loss) / Profit Attributable to Equity Holders	<u>(7,097,666)</u>	<u>8,037,630</u>
Other Comprehensive Income / (Losses):		
Items that will not be reclassified to Profit or Loss		
Equity Investments at Fair Value through		
Other Comprehensive Income (FVOCI):		
Decrease in Fair Value during the Half Year	(1,971,385)	(25,103)
Deferred Tax	-	-
Items that will be reclassified to Profit or Loss		
Debt Securities at Fair Value through		
Other Comprehensive Income (FVOCI):		
(Decrease) / Increase in Fair Value during the Half Year	(30,415)	44,828
Transfer from Investment at FVOCI Revaluation Reserve		
to Statement of Comprehensive Income Upon Disposal		
of Debt Securities at FVOCI	60,505	-
Deferred Tax	-	-
Total Comprehensive (Losses) / Income Attributable to	<u>(9,038,961)</u>	<u>8,057,355</u>
Equity Holders for the Half Year Ended 30th June		

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

**Explanatory Statement**

**Global economic downturn in the first half of 2020.** The global economy was hard hit by the unprecedented COVID-19 pandemic in the first half of 2020. Governments and central banks in the world have taken dramatic easing measures to help the economy to recover. As COVID-19 is not yet under control, the road to economic recovery remains uncertain in the near term.

**Operating profit fell as compared to the same period last year.** Operating profit fell by about HK\$4 million as operating income fell by about HK\$ 3 million while operating expenses increased by about HK\$ 1 million. Operating income fell mainly due to the fall of customers' deposit balances and lower interest income earned from the surplus funds. During the second half of 2019, the Group managed to diversify its income source by investing in exchange fund bills. However, no more exchange fund bills were purchased during the second quarter of 2020 as the yield for 3-month bills fell to as low as 0.3%. In addition, lower rental income was received during the period as a major tenant moved out in mid-April 2020 and the second floor of the building was retained for the Group's own use. The increase in operating expenses was mainly caused by the annual staff salary increase in 2019 and the increase in fees paid to independent directors.

**Revaluation deficit of investment properties instead of surplus.** Given the economic downturn, the Group suffered a revaluation deficit of HK\$ 4.7 million of investment properties (versus a surplus of HK\$ 3.1 million last year) in the first half of 2020. However, it is expected that the market value of investment properties would remain stable in the second half of 2020 as full occupancy of the bank building has been achieved.

**One floor of the building retained by the Bank for own use causing a big deferred tax liability.** In mid-April 2020, the second floor of the building which used to be let was taken up by the Group for its medium term business expansion use. As a result, HK\$ 4.6 million deferred tax expenses were recorded (versus HK\$ 1.1 million as at 30/6/2019) in order to comply with the accounting standards.

**Marked-to-market loss of listed equity investments.** The Group's equity investments measured at fair value through other comprehensive income, comprising mainly listed equity investments in Hong Kong, recorded about HK\$ 2 million cumulative unrealized loss as at 30 June 2020 as share prices fell as a whole due to the downturn of the economy.

**Economic outlook remains uncertain in the near future.** Despite the uncertain outlook, the Group basically remained healthy and the loan portfolio was little affected. The Group's liquidity and capital ratios continued to remain at high levels. The major impact on the Group would be the all-time-low interest rates environment which would significantly reduce the Group's interest income from its surplus funds. In view of the situation, the Group has commenced to look for other safe investment opportunities to diversify its income sources.

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

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
<b>ASSETS</b>		
Cash and Balances with Banks	321,855,987	288,228,130
Placements with Banks Maturing within One and Twelve Months	260,929,387	332,892,861
Loans and Advances to Customers & Other Accounts	171,272,346	184,145,999
Investment securities at Fair Value through Other Comprehensive Income (FVOCI)	6,168,877	307,017,381
Property, Plant & Equipment	100,027,556	72,272,044
Investment Properties	291,300,000	324,100,000
Tax Recoverable	19,521	105,576
<b>TOTAL ASSETS</b>	<u>1,151,573,674</u>	<u>1,508,761,991</u>
<b>LIABILITIES</b>		
Deposits from Customers	401,963,305	752,141,745
Other Liabilities & Provisions	19,781,266	22,304,146
Current Tax Liabilities	31,297	-
Deferred Tax Liabilities	12,013,981	7,493,314
<b>TOTAL LIABILITIES</b>	<u>433,789,849</u>	<u>781,939,205</u>
<b>EQUITY</b>		
Share Capital	310,000,000	310,000,000
Reserves	407,783,825	416,822,786
<b>TOTAL EQUITY</b>	<u>717,783,825</u>	<u>726,822,786</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>1,151,573,674</u>	<u>1,508,761,991</u>

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

	Attributable to equity holders of the Bank			<u>Total</u> HK\$
	<u>Share</u> <u>capital</u> HK\$	<u>Other</u> <u>reserves</u> HK\$	<u>Retained</u> <u>earnings</u> HK\$	
Balance at 1 January 2020 (Audited)	310,000,000	5,070,878	411,751,908	726,822,786
<b>Comprehensive income</b>				
Loss for the half year	-	-	(7,097,666)	(7,097,666)
<b>Other comprehensive income</b>				
Change in fair value of equity investments measured at FVOCI	-	(1,971,385)	-	(1,971,385)
Transfer of cumulative revaluation deficit of debt securities investments at FVOCI on their disposal to profit & loss	-	60,505	-	60,505
Change in fair value of debt securities investments at FVOCI	-	(30,415)	-	(30,415)
<b>Total comprehensive income</b>	-	(1,941,295)	(7,097,666)	(9,038,961)
<b>Total transfer and appropriation</b>	-	-	-	-
<b>Balance at 30 June 2020 (Unaudited)</b>	<u>310,000,000</u>	<u>3,129,583</u>	<u>404,654,242</u>	<u>717,783,825</u>
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>

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

	Ended 30 Jun 2020 (Unaudited) HK\$	Ended 30 Jun 2019 (Unaudited) HK\$
<b>Cash flows from operating activities</b>		
Operating profit	2,168,113	6,118,355
Depreciation expenses	517,065	455,501
Dividend income from equity investments at FVOCI	(41,854)	(202,054)
Amortisation of right-of-use assets	94,070	86,953
Hong Kong profit tax refund	75,006	-
Cash flows from operating activities before changes in operating assets and liabilities	2,812,400	6,458,755
<b>Changes in operating assets and liabilities</b>		
- Net decrease in interest receivable	516,034	883,161
- Net decrease / (increase) in other receivable accounts	12,137,231	(303,685)
- Net (decrease) / increase in interest payable	(211,802)	16,821
- Net decrease in other payable accounts	(2,217,959)	(2,666,608)
- Net decrease in advances to customers	126,319	13,057,415
- Net decrease in customers' deposits	(350,178,440)	(91,363,119)
- Net decrease in placements with banks repayable more than 3 months	84,258,776	14,931,059
Net cash outflow from operating activities	(252,757,441)	(58,986,201)
<b>Cash flows from investing activities</b>		
Dividends received on equity investments at FVOCI	41,854	202,054
Purchase of property, plant and equipment	(175,344)	(658,532)
Net cash outflow from investing activities	(133,490)	(456,478)
<b>Cash flows from financing activities</b>		
Principal elements of lease payments	(93,120)	(87,674)
Net cash outflow from financing activities	(93,120)	(87,674)
Decrease in cash and cash equivalents	(252,984,051)	(59,530,353)
<b>Cash and cash equivalents at 1 January</b>	759,840,038	1,029,759,689
<b>Cash and cash equivalents at 30 June (Note a)</b>	506,855,987	970,229,336
Cash flows from operating activities included:		
Interest received	9,800,915	12,028,275
Interest paid	1,756,881	1,090,801
Note a :		
Cash and cash equivalents comprise the following balances:		
Cash in hand	3,252,383	3,594,959
Balances with banks and central bank with original maturity within 3 months	258,603,604	563,216,300
Placements with banks with original maturity within 3 months	245,000,000	104,241,069
Exchange fund bills maturing within 3 months	-	299,177,008
	506,855,987	970,229,336

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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 2020. 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 2020 are as follows:

	<b>Total Assets</b> <b>At 30 Jun 2020</b> <b>(Unaudited)</b> <b>HK\$</b>	<b>Total Equity</b> <b>At 30 Jun 2020</b> <b>(Unaudited)</b> <b>HK\$</b>
TSB Property Management Limited	1,028,606	616,643
Success Land Enterprises Limited	2	2
Golden Wisdom Development Limited	31,951,618	31,616,165
Team Gold Investment Limited	28,525,686	28,235,967

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 2020 are consistent with those used and described in the Group's audited annual financial statements for the year ended 31 December 2019.

**(3) Net Interest Income**

	<b>Half Year Ended 30 Jun 2020 (Unaudited) HK\$</b>	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>
<b>Interest income</b>		
Cash and balances and placements with banks	4,755,302	7,404,808
Loans and advances	2,455,273	3,559,648
Debt securities at FVOCI	2,074,306	180,657
Impaired assets	-	-
	<u>9,284,881</u>	<u>11,145,113</u>
<b>Interest expense</b>		
Deposits from customers	1,516,945	1,090,516
Bank borrowings	7,397	-
Others	20,737	17,106
	<u>1,545,079</u>	<u>1,107,622</u>

**(4) Other Operating Income**

	<b>Half Year Ended 30 Jun 2020 (Unaudited) HK\$</b>	<b>Half Year Ended 30 Jun 2019 (Unaudited) HK\$</b>
Fees and commission income	75,117	77,081
Less : fees and commission expense	(35,223)	(20,053)
Net fees and commission income	<u>39,894</u>	<u>57,028</u>
Gross rental income - investment properties	4,230,059	4,727,630
Less : rental outgoings	(1,579,779)	(1,519,557)
	<u>2,650,280</u>	<u>3,208,073</u>
Air-conditioning and management fees	991,806	1,096,885
Net investment income / (loss)	(60,505)	-
Dividend income from:		
Listed equity investments at FVOCI	41,854	193,894
Unlisted equity investments at FVOCI	-	8,160
Miscellaneous income		
(includes mainly safe deposit box rental income and others)	3,366,222	3,214,331
	<u>7,029,551</u>	<u>7,778,371</u>



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

(5) Operating Expenses

	Half Year Ended 30 Jun 2020 (Unaudited) HK\$	Half Year Ended 30 Jun 2019 (Unaudited) HK\$
Staff costs	8,325,223	7,868,136
Premises and equipment expenses	679,342	631,950
Depreciation - property, plant and equipment	517,064	455,501
Depreciation - rights-of-use assets	94,070	86,953
Miscellaneous expenses	2,985,541	2,654,967
	<u>12,601,240</u>	<u>11,697,507</u>

(6) Income Tax Expense

Hong Kong income tax has been provided at the rate of 16.5% (2019:16.5%) on the estimated assessable profits for the period.

	Half Year Ended 30 Jun 2020 (Unaudited) HK\$	Half Year Ended 30 Jun 2019 (Unaudited) HK\$
Current income – Hong Kong profits tax	42,346	110,271
Deferred income tax expense	4,520,666	1,068,776
Income tax expense	<u>4,563,012</u>	<u>1,179,047</u>

(7) Cash and Balances with Banks

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
Cash in hand	3,252,383	3,053,031
Balances with banks and central bank	107,243,496	10,898,526
Placement with banks, maturing within 1 month	211,360,108	274,276,573
	<u>321,855,987</u>	<u>288,228,130</u>
Expected credit loss allowances for impaired assets - (cash and balances with banks)	<u>-</u>	<u>-</u>

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

(8) Placements with Banks

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
Placements with banks		
- maturing between 1 and 12 months	<u>260,929,387</u>	<u>332,892,861</u>
Expected credit loss allowances for impaired assets		
- (placements with banks)	<u>-</u>	<u>-</u>

(9) Loans and Advances to Customers & Other Accounts

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
Loans and advances to customers	<u>166,281,103</u>	<u>166,407,421</u>
Accrued interest and other accounts	<u>4,991,243</u>	<u>17,738,578</u>
Expected credit loss allowances for impaired assets		
- expected credit loss allowances (loans and advances to customers)	<u>-</u>	<u>-</u>
- expected credit loss allowances (accrued interest & other accounts)	<u>-</u>	<u>-</u>

- (10) All advances disclosed in note (9) above as at 31 December 2019 and 30 June 2020 were made to customers located in Hong Kong and were fully secured.
- (11) As at 31 December 2019 and 30 June 2020, 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 2019 and 30 June 2020.
- (13) There were no rescheduled advances to customers or rescheduled advances to banks and other financial institutions as at 31 December 2019 and 30 June 2020.
- (14) The Group had no repossessed assets as at 31 December 2019 and 30 June 2020. 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 2019 and 30 June 2020.

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

(16) Gross Advances to Customers by Industry Sectors

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Unaudited) HK\$
Loans for use in Hong Kong		
Industrial, commercial and financial		
- property investment	58,265,977	58,873,329
- stockbrokers	2,926,134	2,913,220
- investment companies	92,212,720	92,547,406
Wholesale and retail trade	7,197,743	6,999,966
Individuals		
- loans for the purchase of residential properties other than flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	-	282,166
- others	5,678,529	4,791,334
	<u>166,281,103</u>	<u>166,407,421</u>

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

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
Debt Securities		
Treasury bills (including Hong Kong Exchange Fund Bills)	-	298,877,119
Total Debt Securities	<u>-</u>	<u>298,877,119</u>
Equity Securities		
Listed in Hong Kong, at market value	5,994,753	7,950,953
Listed outside Hong Kong, at market value	38,124	53,309
Unlisted, at estimated fair value	136,000	136,000
Total Equity Securities	<u>6,168,877</u>	<u>8,140,262</u>
Total Investment Securities Measured at Fair Value through Other Comprehensive Income	<u>6,168,877</u>	<u>307,017,381</u>
Type of issuer:		
Sovereigns	-	298,877,119
Banks and other financial institutions	4,839,164	6,605,781
Corporates	84,713	111,981
Others	1,245,000	1,422,500
	<u>6,168,877</u>	<u>307,017,381</u>
Expected credit loss allowances for impaired assets (investment debt 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 2020 (Audited)	117,618,203	15,387,885	133,006,088
Additions	-	175,344	175,344
Write off / disposal	-	(13,477)	(13,477)
Transfer from investment properties	28,100,000	-	28,100,000
At 30 Jun 2020 (Unaudited)	<u>145,718,203</u>	<u>15,549,752</u>	<u>161,267,955</u>
Accumulated depreciation and impairment			
At 1 Jan 2020 (Audited)	49,704,950	11,029,094	60,734,044
Charge for the period	274,715	242,350	517,065
Write off / disposal	-	(10,710)	(10,710)
At 30 Jun 2020 (Unaudited)	<u>49,979,665</u>	<u>11,260,734</u>	<u>61,240,399</u>
Net book value			
At 30 Jun 2020 (Unaudited)	<u>95,738,538</u>	<u>4,289,018</u>	<u>100,027,556</u>
At 31 Dec 2019 (Audited)	<u>67,913,253</u>	<u>4,358,791</u>	<u>72,272,044</u>

(19) Investment Properties

	<b>Total HK\$</b>
At 1 Jan 2019 (Audited)	329,900,000
Fair value loss for the year	(5,800,000)
At 31 Dec 2019 (Audited)	<u>324,100,000</u>
Fair value loss for the 6 months period	(4,700,000)
Transfer to bank premises during the current period	(28,100,000)
At 30 Jun 2020 (Unaudited)	<u>291,300,000</u>

(20) Deposits from Customers

Deposits from customers comprise of the following categories :

	<b>As at 30 Jun 2020 (Unaudited) HK\$</b>	<b>As at 31 Dec 2019 (Audited) HK\$</b>
Demand deposits and current accounts	101,576,380	107,727,869
Savings deposits	138,592,076	392,491,721
Time, call and notice deposits	161,794,849	251,922,155
	<u>401,963,305</u>	<u>752,141,745</u>

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

**(21) Reserves**

	<b>Other properties revaluation reserve HK\$</b>	<b>Investments at FVOCI revaluation reserve HK\$</b>	<b>General reserve HK\$</b>	<b>Regulatory reserve HK\$</b>	<b>Retained earnings HK\$</b>	<b>Total HK\$</b>
At 1 Jan 2020 (Audited)	2,111,167	549,454	610,257	1,800,000	411,751,908	416,822,786
Deficit on revaluation of equity investments at FVOCI	-	(1,971,385)	-	-	-	(1,971,385)
Deficit on revaluation of debt securities investments at FVOCI	-	(30,415)	-	-	-	(30,415)
Transfer on disposal of cumulative revaluation deficit of debt securities investments at FVOCI to profit & loss	-	60,505	-	-	-	60,505
Loss for the half year	-	-	-	-	(7,097,666)	(7,097,666)
At 30 Jun 2020 (Unaudited)	<u>2,111,167</u>	<u>(1,391,841)</u>	<u>610,257</u>	<u>1,800,000</u>	<u>404,654,242</u>	<u>407,783,825</u>
Representing :						
Bank and subsidiaries	<u>2,111,167</u>	<u>(1,391,841)</u>	<u>610,257</u>	<u>1,800,000</u>	<u>404,654,242</u>	<u>407,783,825</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:

	<b>Banks and other Financial Institutions HK\$'000</b>	<b>Official Sector HK\$'000</b>	<b>Total HK\$'000</b>
As at 30 June 2020 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>362,289</u>	<u>-</u>	<u>362,289</u>
As at 31 December 2019 (Unaudited)			
Asia Pacific excluding Hong Kong	<u>537,169</u>	<u>-</u>	<u>537,169</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

US Dollar Position:

	As at 30 Jun 2020 (Unaudited) HK\$'000	As at 31 Dec 2019 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	22,409	22,361
Spot liabilities	(21,924)	(21,885)
Net long position	<u>485</u>	<u>476</u>

RMB Position:

	As at 30 Jun 2020 (Unaudited) HK\$'000	As at 31 Dec 2019 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	356	363
Spot liabilities	(139)	(141)
Net long position	<u>217</u>	<u>222</u>

EUR Position:

	As at 30 Jun 2020 (Unaudited) HK\$'000	As at 31 Dec 2019 (Unaudited) HK\$'000
Equivalent in Hong Kong dollars		
Spot assets	32	32
Spot liabilities	-	-
Net long position	<u>32</u>	<u>32</u>

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

**(a) Contingent Liabilities and Commitments**

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (Audited) HK\$
Contract amount		
Direct credit substitutes	-	-
Trade-related contingencies	-	-
Other commitments with an original maturity of under 1 year or which are unconditionally cancellable	202,770	1,527,432
	<u>202,770</u>	<u>1,527,432</u>
Credit Risk Weighted Amount	<u>-</u>	<u>-</u>

**(b) Derivatives**

	As at 30 Jun 2020 (Unaudited) HK\$	As at 31 Dec 2019 (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 2020 (Unaudited) HK\$	As at 31 Dec 2019 (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 Basis As at 30 Jun 2020 (Unaudited) HK\$'000	Consolidated Basis As at 31 Dec 2019 (Audited) HK\$'000
Common equity tier 1 (CET1) capital :		
CET1 capital instruments	264,987	264,987
Retained earnings	404,048	411,254
Disclosed reserves	3,129	5,071
	672,164	681,312
Less: Cumulative fair value gains arising from revaluation of land and buildings	(269,916)	(274,616)
Regulatory reserve for general banking risk	(1,800)	(1,800)
Total CET1 capital after deductions	400,448	404,896
Additional Tier 1 capital	-	-
Total Tier 1 capital after deductions	400,448	404,896
Tier 2 capital		
Reserve attributable to fair value gains on revaluation of land and buildings	141,718	143,833
Regulatory reserve for general banking risk	1,800	1,800
	143,518	145,633
Less : Tier 2 capital deductions	-	-
Total Tier 2 capital after deductions	143,518	145,633
Total capital base	543,966	550,529

The total capital base for the current reporting period has decreased from that as at 31 December 2019, mainly as a result of the booking of revaluation deficit of investment properties held by the Group as at 30 June 2020 and the loss after tax booked for 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 2020 (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 of 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 2019 and 30 June 2020 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.



**TAI SANG BANK LIMITED**  
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**VI. NOTES AND SUPPLEMENTARY INFORMATION (CONTINUED)**

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

The financial information relating to the year ended 31 December 2019 as included in this Interim Financial Disclosure Statement for the half year ended 30 June 2020 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 2020 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 2020  
(UNAUDITED)

**Tai Sang Bank Limited**
**Template KM1: Key Prudential Ratios (on Regulatory Consolidated Basis)**

		(a)	(b)	(c)	(d)	(e)
		30-Jun-20	31-Mar-20	31-Dec-19	30-Sep-19	30-Jun-19
	<b>Regulatory capital (amount) (HK\$'000)</b>					
1	Common Equity Tier 1 (CET1)	400,448	405,632	404,896	403,747	401,133
2	Tier 1	400,448	405,632	404,896	403,747	401,133
3	Total capital	543,966	551,265	550,529	553,414	550,800
	<b>RWA (amount) (HK\$'000)</b>					
4	Total RWA	552,074	604,237	611,569	625,124	630,411
	<b>Risk-based regulatory capital ratios (as a percentage of RWA)</b>					
5	CET1 ratio (%)	72.54%	67.13%	66.21%	64.59%	63.63%
6	Tier 1 ratio (%)	72.54%	67.13%	66.21%	64.59%	63.63%
7	Total capital ratio (%)	98.53%	91.23%	90.02%	88.53%	87.37%
	<b>Additional CET1 buffer requirements (as a percentage of RWA)</b>					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	2.500%	2.500%	2.500%
9	Countercyclical capital buffer requirement (%)	1.000%	1.000%	2.000%	2.500%	2.500%
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 (%)	3.50%	3.50%	4.50%	5.00%	5.00%
12	CET1 available after meeting the AI's minimum capital requirements (%)	64.54%	59.13%	57.21%	55.09%	54.13%
	<b>Basel III leverage ratio</b>					
13	Total leverage ratio (LR) exposure measure (HK\$'000)	839,823	1,146,475	1,192,368	1,317,798	1,313,490
14	LR (%)	47.68%	35.38%	33.96%	30.64%	30.54%
	<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 (%)	76.78%	101.25%	93.50%	92.49%	93.33%
	<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) **Risk-based regulatory capital ratios**

The table above summaries the capital ratios calculated as computed in accordance with the Banking (Capital) Rules under regulatory consolidated basis of the Bank as at the dates shown. The constituent elements of the Total capital as at 30 June 2020 and 31 December 2019 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's regulatory group have decreased from 31 March 2020, mostly due to the taking up of revaluation deficit of the Group's investment properties as at 30 June 2020 and the post tax result for the Group during the current quarter. The Bank's regulatory consolidated CET1 ratio, Tier 1 ratio and Total capital ratio as at 30 June 2020 have increased from those as at 31 March 2020, mainly due to the lower level of total risk weighted amounts recorded at the end of the current reporting period, resulting from the smaller-sized balance sheet of the regulatory group.
- (3) The Bank uses the Basic Approach for calculating credit risk and the Basic Indicator Approach for calculating operational risk. The Bank was granted by the HKMA an exemption from the calculation of market risk under the exemption criteria under section 22(1) of the Banking (Capital) Rules on 22 March 2016 and has excluded market risk in the calculation of capital ratio since then and as at 30 June 2020.
- (4) The capital conservation buffer ratio for the Bank for 2020 is 2.5% (2019: 2.5%) 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 equals to that of Hong Kong as at 30 June 2020, which amounts to 1% (as at 31 December 2019: 2%).
- (5) **Basel III leverage ratio**

The leverage ratio shown above represents the regulatory consolidated leverage ratio calculated in accordance with the Banking (Capital) Rules. The exposure measure for 30 June 2020 was reduced from that as at 31 March 2020 due mainly to the decrease in the size of the consolidated statement of financial position following a decrease in the level of customer's deposits. The decrease in customers' deposits was resulted from withdrawals made by connected customers during the current quarter. This decrease in exposure measures of the regulatory consolidated group was the predominant cause of the higher leverage ratio as at 30 June 2020.
- (6) **Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)**

The Bank, as a category 2 institution for the purpose of the Liquidity Rules, is only required to maintain and report LMR on a solo basis. As such, the Bank is not required to report LCR. The above LMRs are the quarterly average LMRs calculated as the simple average of each calendar month's average LMR of the Bank's solo position within the reporting quarters. The decrease in average LMR noted for the current quarter as compared to the last quarter was mainly due to the decreased average level of holdings in exchange fund bills as liquidity enhancing tool during the current quarter.

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.
- (7) **Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)**

The Bank is not required to report NSFR and CFR.
- (8) **Higher Loss Absorbency (HLA)**

The Bank is not designated as a domestic systematically important authorised institution and as such is not subject to the HLA requirements under the Banking (Capital) Rules.

**Tai Sang Bank Limited**

**Template CC1: Composition of Regulatory Capital as at 30 June 2020**  
**(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	404,048	(7)
3	Disclosed reserves	3,129	(3)+(4)+(5)+(6)
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>	672,164	
	<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 LAC 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 LAC 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	271,716	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	269,916	(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	

Tai Sang Bank Limited

Template CC1: Composition of Regulatory Capital as at 30 June 2020  
(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>			
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>	271,716	
29	<b>CET1 capital</b>	400,448	
<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 LAC 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 LAC 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>	400,448	
<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 LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	0	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as "section 2 institution" under §2(1) of Schedule 4F to BCR only)	0	

**Tai Sang Bank Limited**

**Template CC1: Composition of Regulatory Capital as at 30 June 2020**  
**(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>			
55	Significant LAC 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	
55a	Significant LAC investments in non-capital LAC liabilities of 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	(141,718)	
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	(141,718)	[(2)+(3)+(8)] *45%
57	<b>Total regulatory adjustments to Tier 2 capital</b>	(141,718)	
58	<b>Tier 2 capital (T2)</b>	143,518	
59	<b>Total regulatory capital (TC = T1 + T2)</b>	543,966	
60	<b>Total RWA</b>	552,074	
<b>Capital ratios (as a percentage of RWA)</b>			
61	<b>CET1 capital ratio</b>	72.54%	
62	<b>Tier 1 capital ratio</b>	72.54%	
63	<b>Total capital ratio</b>	98.53%	
64	<b>Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)</b>	8.00%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: bank specific countercyclical capital buffer requirement	1.00%	
67	of which: higher loss absorbency requirement	0.00%	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	64.54%	
<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 LAC 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 LAC 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	8,358	
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	

**Template CC1: Composition of Regulatory Capital as at 30 June 2020**  
(Unaudited - on Regulatory Consolidated Basis)

		(a)	(b)
		Amount	Source based on reference numbers of the balance sheet under the regulatory scope of consolidation
(Presented in HK\$' 000)			
	<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)</b>		
80	Current cap on CET1 capital instruments subject to phase-out arrangements	Not applicable	Not applicable
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	Not applicable	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

	Description	Hong Kong basis	Basel III basis
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 LAC 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 LAC 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.		



**Template CC1: Composition of Regulatory Capital as at 30 June 2020**  
**(Unaudited - on Regulatory Consolidated Basis)**

Notes to the Template

	Description	Hong Kong basis	Basel III basis
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	0
<b>Explanation</b> For the purpose of determining the total amount of significant LAC 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	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	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 LAC 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	Insignificant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	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 LAC 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 2020 (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 2020	As at 30 June 2020	
	HKS'000	HKS'000	
<b>Assets</b>			
Cash and balances with banks	321,856	321,856	
Placements with banks maturing between one and twelve months	260,929	260,929	
Loans and advances to customers and other accounts	171,272	171,270	
Investment securities at fair value through other comprehensive income	6,169	6,169	
Investment in subsidiary not consolidated for regulatory purposes	0	10	
Property, plant and equipment	100,028	100,028	
Investment properties	291,300	291,300	
Tax recoverable	19	19	
<b>Total assets</b>	<b>1,151,573</b>	<b>1,151,581</b>	
<b>Liabilities</b>			
Deposits from customers	401,964	402,996	
Other liabilities and provisions	19,781	19,373	
Current tax liabilities	31	21	
Deferred tax liabilities	12,014	12,014	
<b>Total liabilities</b>	<b>433,790</b>	<b>434,404</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	2,111	2,111	(3)
Investments at FVOCI revaluation reserve	(1,392)	(1,392)	(4)
General reserve	610	610	(5)
Regulatory reserve	1,800	1,800	(6)
Retained earnings	404,654	404,048	(7)
<i>of which: unrealized revaluation gains of investment properties</i>		267,805	(8)
<i>other retained earnings and profits</i>		136,243	
<b>Total shareholders' equity</b>	<b>717,783</b>	<b>717,177</b>	
<b>Total liabilities and shareholders' equity</b>	<b>1,151,573</b>	<b>1,151,581</b>	

Note:

There are no material changes in the reconciling items between the composition of the regulatory capital and the consolidated statement of financial position as at 30 June 2020 when compared to that of 31 December 2019.

Table CCA: Main Features of Regulatory Capital Instruments as at 30 June 2020

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 2020 (Unaudited - on Regulatory Consolidated Basis)**

		(a)
	Item	Value under the LR framework HK\$'000 equivalent
1	Total consolidated assets as per published financial statements	1,151,573
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	4,969
8	<b>Leverage ratio exposure measure</b>	<b>1,156,552</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.

## Template LR2 : Leverage Ratio ("LR") as at 30 June 2020 (Unaudited - on Regulatory Consolidated Basis)

		(a)	(b)
	Item	Leverage ratio framework HK\$'000	Leverage ratio framework HK\$'000
		30-Jun-20	31-Mar-20
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	1,156,552	1,467,875
2	Less: Asset amounts deducted in determining Tier 1 capital	(316,729)	(321,429)
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	839,823	1,146,446
<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	203	291
18	Less: Adjustments for conversion to credit equivalent amounts	(183)	(262)
19	Off-balance sheet items	20	29
<b>Capital and total exposures</b>			
20	Tier 1 capital	400,448	405,632
20a	Total exposures before adjustments for specific and collective provisions	839,843	1,146,475
20b	Adjustments for specific and collective provisions	0	0
21	Total exposures after adjustments for specific and collective provisions	839,843	1,146,475
<b>Leverage ratio</b>			
22	<b>Leverage ratio</b>	<b>47.68%</b>	<b>35.38%</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 2020.

**Tai Sang Bank Limited**

**Template CCyB1: Geographical Distribution of Credit Exposures Used in  
Countercyclical Capital Buffer ("CCyB") as at 30 June 2020**

<b>As at 30/06/2020</b>		<b>(a )</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
	<b>Geographical breakdown byJurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect  %</b>	<b>RWA used in computation of CCyB ratio  HK\$ '000</b>	<b>AI-specific CCyB ratio  %</b>	<b>CCyB amount  HK\$ '000</b>
1	Hong Kong	1.000%	166,281		
	Total		166,281	1.000%	1,663

<b>As at 31/12/2019</b>		<b>(a )</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>
	<b>Geographical breakdown byJurisdiction (J)</b>	<b>Applicable JCCyB ratio in effect  %</b>	<b>RWA used in computation of CCyB ratio  HK\$ '000</b>	<b>AI-specific CCyB ratio  %</b>	<b>CCyB amount  HK\$ '000</b>
1	Hong Kong	2.000%	166,267		
	Total		166,267	2.000%	3,325

Note: The above templates show the CCyB ratios of the Bank computed on the consolidated basis as at 30 June 2020 and 31 Decemebr 2019. 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, 1%, as at 30 June 2020 (2019: 2%). There were no material differences in RWA used in the computation of these CCyB ratios as at 30 June 2020 when compared to 31 December 2019.

**Template OV1: Overview of RWA as at 30 June 2020 (Unaudited - on Regulatory Consolidated Basis)**

		(a)	(b)	(c)
		RWA		Minimum capital requirements
		30-Jun-20	31-Mar-20	30-Jun-20
		HK\$'000	HK\$'000	HK\$'000
1	Credit risk for non-securitization exposures	668,673	723,384	53,494
2	Of which STC approach	-	-	-
2a	Of which BSC approach	668,673	723,384	53,494
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	56,613	56,650	4,529
24a	Sovereign concentration risk	-	-	-
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	173,212	175,797	13,857
27	Total	552,074	604,237	44,166

**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 by the Bank (reductions in interbank placements and investments in exchange fund papers) as at the end of the current period. These have led to a lower level of credit risk risk weighted amounts for the current period.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2020**

**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 2020		HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
1	Loans	0	166,281	0	0	0	0	166,281
2	Debt securities	0	0	0	0	0	0	0
3	Off-balance sheet exposures	0	203	0	0	0	0	203
4	Total	0	166,484	0	0	0	0	166,484

		(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 2019		HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
1	Loans	0	166,407	0	0	0	0	166,407
2	Debt securities	0	298,877	0	0	0	0	298,877
3	Off-balance sheet exposures	0	1,527	0	0	0	0	1,527
4	Total	0	466,811	0	0	0	0	466,811

Note: There were no material differences in loans between between 30 June 2020 and 31 December 2019. Decrease in debt securities outstanding to nil was noted for June 2020 when compared to those as at 31 December 2019, as the Bank did not maintain any exchange fund bills at 30 June 2020. The decrease for the current period under off-balance sheet exposures was mainly resulted from the utilisation of overdraft facility lines by customers as at the end of the current period.



**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2020**

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

		(a)
		Amount
		HK\$ '000
<b>As at 30 June 2020</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>0</b>
<b>2</b>	<b>Loans and debt securities that have defaulted since the last reporting period</b>	<b>0</b>
<b>3</b>	<b>Returned to non-defaulted status</b>	<b>0</b>
<b>4</b>	<b>Amounts written off</b>	<b>0</b>
<b>5</b>	<b>Other changes</b>	<b>0</b>
<b>6</b>	<b>Defaulted loans and debt securities at end of the current reporting period</b>	<b>0</b>

		(a)
		Amount
		HK\$ '000
<b>As at 31 December 2019</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>0</b>
<b>2</b>	<b>Loans and debt securities that have defaulted since the last reporting period</b>	<b>0</b>
<b>3</b>	<b>Returned to non-defaulted status</b>	<b>0</b>
<b>4</b>	<b>Amounts written off</b>	<b>0</b>
<b>5</b>	<b>Other changes</b>	<b>0</b>
<b>6</b>	<b>Defaulted loans and debt securities at end of the current reporting period</b>	<b>0</b>

Note: Our Bank does not have any defaulted loans and debt securities as at 30 June 2020 and 31 December 2019.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2020**

**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 2020</b>						
1	Loans	166,281	0	0	0	0
2	Debt securities	0	0	0	0	0
3	<b>Total</b>	166,281	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 2019</b>						
1	Loans	166,407	0	0	0	0
2	Debt securities	298,877	0	0	0	0
3	<b>Total</b>	465,284	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 2020 and 31 December 2019. All loans of the Bank are fully secured by collaterals other than recognized CRM as at 30 June 2020 and 31 December 2019. Debt securities outstanding as at 31 December 2019 were exchange fund bills that were unsecured.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2020**

**Template CR4 : Credit Risk Exposures and Effects of Recognized Credit Risk Mitigation - for BSC Approach**

As at 30 June 2020		(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	104,270	0	104,270	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	475,263	0	475,263	0	95,053	20.00%
5	Cash items	3,252	0	3,252	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	95,139	79	95,139	0	95,139	100.00%
8	Other exposures	478,481	124	478,481	0	478,481	100.00%
9	Significant exposures to commercial entities	0	0	0	0	0	0.00%
10	Total	1,156,405	203	1,156,405	0	668,673	57.82%

As at 31 Dec 2019	Exposure classes	(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
		HK\$ '000					
1	Sovereign exposures	306,689	0	306,689	0	29,888	9.75%
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	610,256	0	610,256	0	122,051	20.00%
5	Cash items	3,053	0	3,053	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	95,743	319	95,743	0	95,602	99.85%
8	Other exposures	484,750	1,208	484,750	0	484,750	100.00%
9	Significant exposures to commercial entities	0	0	0	0	0	0.00%
10	Total	1,500,491	1,527	1,500,491	0	732,291	48.80%

Note: The decrease in the overall level of exposures for 30 June 2020 was mainly resulted from the lower outstandings of bank exposures and sovereign exposures, caused by the smaller size of the Group's financial statements. 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. Other on-balance sheet exposures for the current period also decreased from those at the end of December 2019, mainly due to the revaluation deficit booked on investment properties and the lower fair value balance of equity investments measured at FVOCI as at 30 June 2020.

**Tai Sang Bank Limited**  
**Credit Risk Templates (Unaudited) as at 30 June 2020**

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

As at 30 June 2020		(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	104,270	0	0	0	0	0	0	0	104,270
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	475,263	0	0	0	0	0	475,263
5	Cash items	3,252	0	0	0	0	0	0	0	3,252
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	0	95,139	0	0	95,139
8	Other exposures	0	0	0	0	0	478,481	0	0	478,481
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
10	<b>Total</b>	<b>107,522</b>	<b>0</b>	<b>475,263</b>	<b>0</b>	<b>0</b>	<b>573,620</b>	<b>0</b>	<b>0</b>	<b>1,156,405</b>

As at 31 December 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	7,812	298,877	0	0	0	0	0	0	306,689
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	610,256	0	0	0	0	0	610,256
5	Cash items	3,053	0	0	0	0	0	0	0	3,053
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	282	95,461	0	0	95,743
8	Other exposures	0	0	0	0	0	484,750	0	0	484,750
9	Significant exposures to commercial entities	0	0	0	0	0	0	0	0	0
10	<b>Total</b>	<b>10,865</b>	<b>298,877</b>	<b>610,256</b>	<b>0</b>	<b>282</b>	<b>580,211</b>	<b>0</b>	<b>0</b>	<b>1,500,491</b>

Note: The decrease in sovereign exposures for 30 June 2020 was mainly resulted from the decreased holdings of short term exchange fund bills as investments but offset by increased balance in HKMA settlement account. Bank exposures as at end of June 2020 also showed a decrease from December 2019. Such decreases were mostly due to smaller balance sheet size following withdrawals of deposits made by connected customers during the current period. There were no material movements in the level of residential mortgage loans between the two reporting dates while the slight decrease in other exposures was mainly resulted from revaluation deficit booked on investment properties and equity investments measured at FVOCI as at 30 June 2020.