

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Disclosure Statement

For the quarterly reporting period ended 31 March 2021

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The disclosure statement is prepared to comply with the relevant provisions of the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance for the quarterly reporting period ended 31 March 2021. The disclosure statement is not required to be, and has not been, audited by our independent auditors.

The Unaudited Disclosure Statement of Goldman Sachs Asia Bank Limited (the “Company”) is published on its parent company’s website as the Company does not maintain a website of its own: <https://www.goldmansachs.com/disclosures/gsab-disclosures/financial-disclosures.html>

1 General information

The Company is a restricted licence bank under the Banking Ordinance in Hong Kong. It is also a registered institution under the Hong Kong Securities and Futures Ordinance.

The Company has been established to provide the clients of The Goldman Sachs Group, Inc. and/or its consolidated subsidiaries (together, the “Firm”) in the Asia excluding Japan region with the opportunity to transact business with a bank counterparty located in Asia.

The Company’s principal activities are to engage in deposit-taking and over-the-counter derivatives. These activities are conducted in cooperation with the affiliated companies within the Firm, which give rise to service fee income and expense.

2 Key prudential ratios

The Company is regulated by the Hong Kong Monetary Authority (the “HKMA”) and as such is subject to minimum capital and liquidity requirements. The Company computes capital ratios in accordance with the Banking (Capital) Rules (the “BCR”) of the Banking Ordinance. In addition, liquidity ratios are computed in accordance with the Banking (Liquidity) Rules (the “BLR”) of the Banking Ordinance.

The capital adequacy ratios are measures of regulatory capital to risk-weighted amounts (“RWAs”). Risk-weighted amounts represent the sum of the Company’s exposure to credit risk, market risk and operational risk calculated in accordance with the relevant provisions of the BCR.

The Common Equity Tier 1 (“CET1”) ratio is defined as CET1 divided by RWAs. The Tier 1 capital ratio is defined as Tier 1 capital divided by RWAs. The total capital ratio is defined as total capital divided by RWAs.

The leverage ratio (“LR”) is defined as Tier 1 capital to a measure of total exposures, defined as the sum of on-balance sheet exposures (after certain Tier 1 capital deductions), certain derivative exposures, securities financing transaction exposures and other off-balance sheet exposures.

The liquidity maintenance ratio (“LMR”) is calculated as the arithmetic mean of the average LMRs of the three calendar months within the quarter. The average LMR of each calendar month is the figure reported in MA(BS)1E Return of Liquidity Position submitted to the HKMA.

The Company is a category 2 institution (not designated as a category 2A institution) under the BLR. Hence, the liquidity coverage ratio, net stable funding ratio and core funding ratio are not applicable.

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2 Key prudential ratios (continued)

Using the standard templates as specified by the HKMA, the details of the Company's key prudential ratios and an explanation of material changes in the ratios during the quarterly reporting periods are set out below.

Template KM1: Key prudential ratios

| | | 31 March 2021 | 31 December 2020 | 30 September 2020 | 30 June 2020 | 31 March 2020 | Note |
|---|---|------------------|---------------------|----------------------|-----------------|------------------|------|
| Regulatory capital (US\$ '000) | | | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 116,343 | 116,084 | 116,209 | 116,020 | 115,689 | |
| 2 | Tier 1 | 116,343 | 116,084 | 116,209 | 116,020 | 115,689 | |
| 3 | Total capital | 116,343 | 116,084 | 116,209 | 116,020 | 115,689 | |
| RWA (US\$ '000) | | | | | | | |
| 4 | Total RWA | 48,896 | 54,073 | 53,315 | 51,538 | 72,481 | |
| Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | | | |
| 5 | CET1 ratio (%) | 237.94% | 214.68% | 217.97% | 225.11% | 159.61% | (i) |
| 6 | Tier 1 ratio (%) | 237.94% | 214.68% | 217.97% | 225.11% | 159.61% | (i) |
| 7 | Total capital ratio (%) | 237.94% | 214.68% | 217.97% | 225.11% | 159.61% | (i) |
| Additional CET1 buffer requirements (as a percentage of RWA) | | | | | | | |
| 8 | Capital conservation buffer requirement (%) | 2.500% | 2.500% | 2.500% | 2.500% | 2.500% | |
| 9 | Countercyclical capital buffer requirement (%) | 0.776% | 0.825% | 0.466% | 0.696% | 0.786% | |
| 10 | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | - | - | - | - | - | |
| 11 | Total AI-specific CET1 buffer requirements (%) | 3.276% | 3.325% | 2.966% | 3.196% | 3.286% | |
| 12 | CET1 available after meeting the AI's minimum capital requirements (%) | 229.94% | 206.68% | 209.97% | 217.11% | 151.61% | |
| Basel III leverage ratio | | | | | | | |
| 13 | Total leverage ratio (LR) exposure measure (US\$ '000) | 131,745 | 140,096 | 133,585 | 131,920 | 133,343 | |
| 14 | LR (%) | 88.31% | 82.86% | 86.99% | 87.95% | 86.76% | |
| Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR) | | | | | | | |
| Applicable to category 1 institution only: | | | | | | | |
| 15 | Total high quality liquid assets (HQLA) | - | - | - | - | - | |
| 16 | Total net cash outflows | - | - | - | - | - | |
| 17 | LCR (%) | - | - | - | - | - | |
| Applicable to category 2 institution only: | | | | | | | |
| 17a | LMR (%) | 160.01% | 160.01% | 160.03% | 160.01% | 160.00% | |
| Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR) | | | | | | | |
| Applicable to category 1 institution only: | | | | | | | |
| 18 | Total available stable funding | - | - | - | - | - | |
| 19 | Total required stable funding | - | - | - | - | - | |
| 20 | NSFR (%) | - | - | - | - | - | |
| Applicable to category 2A institution only: | | | | | | | |
| 20a | CFR (%) | - | - | - | - | - | |

- (i) The increase in risk-based regulatory capital ratios in 31 March 2021 from the previous reporting period is mainly due to lower RWAs from amounts due from affiliated companies.

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3 Overview of RWA

The Company uses the Standardized (Credit Risk) Approach (“STC”), the Standardized (Market Risk) Approach (“STM”) and the Basic Indicator Approach (“BIA”), as set out in the BCR, to calculate its credit risk, market risk and operational risk respectively.

Using the standard template as specified by the HKMA, the detailed breakdown of the Company’s RWAs and an explanation of material changes in the RWAs during the quarterly reporting periods are set out below.

Template OV1: Overview of RWA

| | | RWA | | Minimum capital requirements (Note (i)) | Note |
|-----|---|----------------|------------------|---|------|
| | | 31 March 2021 | 31 December 2020 | 31 March 2021 | |
| | | US\$ '000 | US\$ '000 | US\$ '000 | |
| 1 | Credit risk for non-securitization exposures | 36,007 | 38,680 | 2,881 | |
| 2 | Of which STC approach | 36,007 | 38,680 | 2,881 | |
| 2a | Of which BSC approach | - | - | - | |
| 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 | 891 | 1,499 | 71 | |
| 7 | Of which SA-CCR | Not applicable | Not applicable | Not applicable | (ii) |
| 7a | Of which CEM | 891 | 1,499 | 71 | |
| 8 | Of which IMM(CCR) approach | - | - | - | |
| 9 | Of which others | - | - | - | |
| 10 | CVA risk | 266 | 369 | 21 | |
| 11 | Equity positions in banking book under the simple risk-weight method and internal models method | - | - | - | |
| 12 | Collective investment scheme (“CIS”) exposures – LTA | Not applicable | Not applicable | Not applicable | (ii) |
| 13 | CIS exposures – MBA | Not applicable | Not applicable | Not applicable | (ii) |
| 14 | CIS exposures – FBA | Not applicable | Not applicable | Not applicable | (ii) |
| 14a | CIS exposures – combination of approaches | Not applicable | Not applicable | Not applicable | (ii) |
| 15 | Settlement risk | - | - | - | |
| 16 | Securitization exposures in banking book | - | - | - | |
| 17 | Of which SEC-IRBA | - | - | - | |
| 18 | Of which SEC-ERBA (including IAA) | - | - | - | |
| 19 | Of which SEC-SA | - | - | - | |
| 19a | Of which SEC-FBA | - | - | - | |
| 20 | Market risk | 17 | 30 | 2 | |
| 21 | Of which STM approach | 17 | 30 | 2 | |
| 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) | Not applicable | Not applicable | Not applicable | (ii) |
| 24 | Operational risk | 11,715 | 13,495 | 937 | |
| 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 | - | - | - | |
| 27 | Total | 48,896 | 54,073 | 3,912 | |

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3 Overview of RWA (continued)

Template OV1: Overview of RWA (continued)

- (i) The minimum capital requirements are determined by multiplying the Company's RWAs derived from the relevant calculation approach by 8%, not the Company's actual regulatory capital.
- (ii) These items will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported.

4 Leverage ratio

Template LR2: Leverage ratio

| | | US\$ '000 equivalent | |
|--|--|----------------------|---------------------|
| | | 31 March 2021 | 31 December 2020 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) | 132,423 | 139,529 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (1,614) | (1,656) |
| 3 | Total on-balance sheet exposures (excluding derivative contracts and SFTs) | 130,809 | 137,873 |
| Exposures arising from derivative contracts | | | |
| 4 | Replacement cost associated with all derivative contracts (where applicable net of eligible cash variation margin and/or with bilateral netting) | 695 | 858 |
| 5 | Add-on amounts for PFE associated with all derivative contracts | 241 | 1,365 |
| 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 derivative 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 derivative contracts | - | - |
| 11 | Total exposures arising from derivative contracts | 936 | 2,223 |
| Exposures arising from SFTs | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale 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 | - | - |
| Other off-balance sheet exposures | | | |
| 17 | Off-balance sheet exposure at gross notional amount | - | - |
| 18 | Less: Adjustments for conversion to credit equivalent amounts | - | - |
| 19 | Off-balance sheet items | - | - |
| Capital and total exposures | | | |
| 20 | Tier 1 capital | 116,343 | 116,084 |
| 20a | Total exposures before adjustments for specific and collective provisions | 131,745 | 140,096 |
| 20b | Adjustments for specific and collective provisions | - | - |
| 21 | Total exposures after adjustments for specific and collective provisions | 131,745 | 140,096 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 88.31% | 82.86% |