Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Disclosure Statement

For the quarterly reporting period ended 30 September 2017

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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 30 September 2017. The disclosure statement is not required to be, and has not been, audited by our independent auditors.

1 General information

Goldman Sachs Asia Bank Limited (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 "Group") in the Asia excluding Japan region with the opportunity to transact business with a bank counterparty located in Asia. Its 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 Group, which give rise to service fee income and expense.

2 Capital framework

The Company is regulated by the Hong Kong Monetary Authority (the "HKMA") and as such is subject to minimum capital requirements. The Company computes capital ratios in accordance with the Banking (Capital) Rules (the "BCR") of the Banking Ordinance.

3 Key capital ratios disclosures

(a) Capital adequacy ratios

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 capital base for each of the capital adequacy ratios and the RWAs are set out below:

	30 September 2017 US$
CET1 capital	112,939,793
Tier 1 capital	112,939,793
Total capital	112,939,793
Total RWAs	63,167,747
CET1 ratio	178.79%
Tier 1 capital ratio	178.79%
Total capital ratio	178.79%

3 Key capital ratios disclosures (continued)

(b) Leverage ratio

The leverage ratio is calculated in accordance with the HKMA's completion instructions on the Quarterly Survey on Leverage Ratio under the requirements specified in the leverage ratio framework. It 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 Tier 1 capital and the total exposures are set out below:

	30 September 2017 US$
Tier 1 capital	112,939,793
Total exposures	133,332,108
Leverage ratio	84.71%

4 Overview of risk-weighted amounts

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

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

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4 Overview of risk-weighted amounts (continued)

Template OV1: Overview of RWA

		(a)	(b)	(c)	
		RWA		Minimum capital requirements (Note (i))	
		30 September 2017	30 June 2017	30 September 2017	
		US$	US$	US$	Note
1	Credit risk for non-securitization exposures	42,124,329	43,214,024	3,369,946	
2	Of which STC approach	42,124,329	43,214,024	3,369,946	
2a	Of which BSC approach	-	-	-	
3	Of which IRB approach	-	-	-	
4	Counterparty credit risk	6,500,336	946,165	520,027	(ii)
5	Of which SA-CCR	-	-	-	
5a	Of which CEM	6,500,336	946,165	520,027	
6	Of which IMM(CCR) approach	-	-	-	
7	Equity exposures in banking book under the market-based approach	-	-	-	
8	CIS exposures – LTA	-	-	-	
9	CIS exposures – MBA	-	-	-	
10	CIS exposures – FBA	-	-	-	
11	Settlement risk	-	-	-	
12	Securitization exposures in banking book	-	-	-	
13	Of which IRB(S) approach – ratings-based method	-	-	-	
14	Of which IRB(S) approach – supervisory formula method	-	-	-	
15	Of which STC(S) approach	-	-	-	
16	Market risk	37,760	45,171	3,021	
17	Of which STM approach	37,760	45,171	3,021	
18	Of which IMM approach	-	-	-	
19	Operational risk	14,505,322	11,867,464	1,160,426	(iii)
20	Of which BIA approach	14,505,322	11,867,464	1,160,426	
21	Of which STO approach	-	-	-	
21a	Of which ASA approach	-	-	-	
22	Of which AMA approach	N/A	N/A	N/A	
23	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-	
24	Capital floor adjustment	-	-	-	
24a	Deduction to RWA	-	-	-	
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-	
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-	
25	Total	63,167,747	56,072,824	5,053,420	

N/A: Not applicable in the case of Hong Kong

(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) The increase in counterparty credit risk RWAs from the previous reporting period is mainly due to the increase in derivative transaction volumes.

(iii) The increase in operational risk RWAs from the previous reporting period is mainly due to an increase in service fee income.