Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Disclosure Statement

For the quarterly reporting period ended 31 March 2019

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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 2019. 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 "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 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)

Template KM1: 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.

		31 March 2019	31 December 2018	30 September 2018	30 June 2018	31 March 2018	Note
	Regulatory capital (US$ '000)						
1	Common Equity Tier 1 (CET1)	114,445	113,938	113,753	113,572	112,985	
2	Tier 1	114,445	113,938	113,753	113,572	112,985	
3	Total capital	114,445	113,938	113,753	113,572	112,985	
	RWA (US$ '000)						
4	Total RWA	72,891	70,854	71,664	70,795	54,772	
	Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	157.01%	160.80%	158.73%	160.42%	206.28%	
6	Tier 1 ratio (%)	157.01%	160.80%	158.73%	160.42%	206.28%	
7	Total capital ratio (%)	157.01%	160.80%	158.73%	160.42%	206.28%	
	Additional CET1 buffer requirements (as a percentage of RWA)						
8	Capital conservation buffer requirement (%)	2.500%	1.875%	1.875%	1.875%	1.875%	(i)
9	Countercyclical capital buffer requirement (%)	2.239%	1.844%	1.856%	1.729%	1.662%	(ii)
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	0%	0%	0%	0%	0%	
11	Total AI-specific CET1 buffer requirements (%)	4.739%	3.719%	3.731%	3.604%	3.537%	
12	CET1 available after meeting the AI's minimum capital requirements (%)	149.01%	152.80%	150.73%	152.42%	198.28%	
	Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure (US$ '000)	127,665	131,757	130,303	137,679	126,512	
14	LR (%)	89.65%	86.48%	87.30%	82.49%	89.31%	
	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%	160.00%	160.00%	160.00%	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 (%)	-	-	-	-	-	

2 Key prudential ratios (continued)

Template KM1: Key prudential ratios (continued)

(i) The capital conservation buffer requirement has increased from 1.875% in 2018 to 2.5% in 2019 as prescribed by section 3M of the BCR.

(ii) The increase in countercyclical capital buffer requirement as of 31 March 2019 from the previous reporting period is mainly due to the increase in the jurisdictional countercyclical capital buffer requirement ("JCCyB") for Hong Kong from 1.875% in 2018 to 2.5% in 2019.

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))	
		31 March 2019	31 December 2018	31 March 2019	
		US$ '000	US$ '000	US$ '000	Note
1	Credit risk for non-securitization exposures	46,427	47,956	3,714	(ii)
2	Of which STC approach	46,427	47,956	3,714	
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	2,718	987	217	(iii)
7	Of which SA-CCR	Not applicable	Not applicable	Not applicable	(iv)
7a	Of which CEM	2,718	987	217	
8	Of which IMM(CCR) approach	-	-	-	
9	Of which others	-	-	-	
10	CVA risk	673	272	54	
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	(iv)
13	CIS exposures – MBA	Not applicable	Not applicable	Not applicable	(iv)
14	CIS exposures – FBA	Not applicable	Not applicable	Not applicable	(iv)
14a	CIS exposures – combination of approaches	Not applicable	Not applicable	Not applicable	(iv)
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	37	37	3	
21	Of which STM approach	37	37	3	
22	Of which IMM approach	-	-	-	

3 Overview of RWA (continued)

Template OV1: Overview of RWA (continued)

		RWA		Minimum capital requirements (Note (i))	
		31 March 2019	31 December 2018	31 March 2019	
		US$ '000	US$ '000	US$ '000	Note
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	(iv)
24	Operational risk	23,036	21,602	1,843	(v)
24a	Sovereign concentration risk	Not applicable	Not applicable	Not applicable	(iv)
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	72,891	70,854	5,831	

(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 decrease in RWAs for credit risk for non-securitization exposures from the previous reporting period is mainly due to decrease in receivable from an affiliated company.

(iii) The increase in RWAs for counterparty default risk from the previous reporting period is mainly due to increase in derivative trade exposures.

(iv) These items will be applicable only after their respective policy frameworks take effect. Until then, "Not applicable" should be reported in the rows.

(v) The increase in RWAs for operational risk from the previous reporting period is due to an increase in the arithmetic mean of the aggregate gross income for the last 3 years.

4 Leverage ratio

Template LR2: Leverage ratio

		US$ '000 equivalent	
		31 March 2019	31 December 2018
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	125,706	131,441
2	Less: Asset amounts deducted in determining Tier 1 capital	(800)	(820)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	124,906	130,621
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)	809	19
5	Add-on amounts for PFE associated with all derivative contracts	1,950	1,117
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**	2,759	1,136
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**	114,445	113,938
20a	**Total exposures before adjustments for specific and collective provisions**	127,665	131,757
20b	**Adjustments for specific and collective provisions**	-	-
21	**Total exposures after adjustments for specific and collective provisions**	127,665	131,757
Leverage ratio			
22	**Leverage ratio**	89.65%	86.48%

There were no material changes in leverage ratio from the previous reporting period.