Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2019

Goldman Sachs Asia Bank Limited, a restricted licence bank

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General information

Goldman Sachs Asia Bank Limited (the “Company”), a restricted licence bank, is a limited liability company incorporated in Hong Kong on 12 December 2012. The address of its registered office is 68th Floor, Cheung Kong Center, 2 Queen’s Road Central, Hong Kong.

The Company is wholly owned by Goldman Sachs Holdings (Hong Kong) Limited. The ultimate parent company is The Goldman Sachs Group, Inc. (“Group Inc.”), which is incorporated in the State of Delaware, U.S.A. and listed on the New York Stock Exchange.

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 Group Inc. and / or its consolidated subsidiaries (collectively, 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 (“OTC”) derivatives. These activities are conducted in cooperation with the affiliated companies within the Firm, which give rise to service fee income and expense.

The Company’s activities and results during the interim reporting period

There has been no significant change in the principal activity of the Company since 31 December 2018. The unaudited profit for the six months ended 30 June 2019 was US$964,000, representing an increase of 29% as compared to the previous interim reporting period. The increase was mainly driven by the term deposit placements which yield higher interest rates.

Requirement in connection with publication of financial statements

The financial information relating to the year ended 31 December 2018 that is included in the unaudited condensed interim financial statements for the six months ended 30 June 2019 as comparative information does not constitute the Company's statutory annual financial statements for the year ended 31 December 2018 but is derived from the audited financial statements for the year ended 31 December 2018. Further information relating to the audited financial statements for the year ended 31 December 2018 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 the audited financial statements for the year ended 31 December 2018. The auditor's report was 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.

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Statement of Comprehensive Income
For the six months ended 30 June 2019

	Note	For the six months ended 30 June 2019 US$ '000	30 June 2018 US$ '000
Interest income	3	1,244	707
Interest expense	3	(65)	(79)
Net interest income		1,179	628
Other income	4	2,432	8,677
Total revenue		3,611	9,305
Operating expenses	5	(2,480)	(8,413)
Profit before income tax		1,131	892
Income tax expense		(167)	(144)
Profit and total comprehensive income for the period		964	748

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Balance Sheet
As at 30 June 2019

	Note	30 June 2019 US$ '000	31 December 2018 US$ '000
Assets			
Current assets			
Cash and cash equivalents	6	108,175	112,722
Financial instruments at fair value	7	1,934	23
Trade and other receivables	8	20,016	17,559
Current income tax receivables		-	340
		130,125	130,644
Non-current assets			
Deferred income tax assets		1,016	820
Total assets		131,141	131,464
Liabilities			
Current liabilities			
Deposit from an affiliated customer		1,000	1,000
Short-term loans payable		2,000	2,000
Financial instruments at fair value	7	1,935	25
Trade and other payables	9	6,494	10,181
Current income tax liabilities		20	-
		11,449	13,206
Non-current liabilities			
Trade and other payables	9	3,970	3,500
Total liabilities		15,419	16,706
Equity			
Share capital	10	114,010	114,010
Retained profit		1,712	748
Total equity		115,722	114,758
Total equity and liabilities		131,141	131,464

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Statement of Changes in Equity
For the six months ended 30 June 2019

	Share capital US$ '000	Retained profit / (Accumulated loss) US$ '000	Total US$ '000
2019			
Balance as at 1 January 2019	114,010	748	114,758
Total comprehensive income for the period	-	964	964
Balance as at 30 June 2019	114,010	1,712	115,722
2018			
Balance as at 1 January 2018	114,010	(447)	113,563
Total comprehensive income for the period	-	748	748
Balance as at 30 June 2018	114,010	301	114,311

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Statement of Cash Flows
For the six months ended 30 June 2019

		For the six months ended	
		30 June 2019	30 June 2018
	Note	US$ '000	US$ '000
Operating activities			
Cash (used in) / generated from operations	11	(5,665)	1,234
Interest received from operating activities		1,208	627
Interest paid on operating activities		(90)	(68)
Net cash (outflow) / inflow from operating activities		(4,547)	1,793
Investing activities			
Increase in short-term deposits		-	(15,000)
Net cash outflow from investing activities		-	(15,000)
Decrease in cash and cash equivalents		(4,547)	(13,207)
Cash and cash equivalents, at the beginning of the period		112,722	112,218
Cash and cash equivalents, at the end of the period		108,175	99,011

1 Basis of preparation

The unaudited condensed interim financial statements of the Company for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

The unaudited condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these statements are to be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. There are no HKFRSs which became effective for the current reporting period that would be expected to have a material impact on the Company.

2 Critical accounting estimates and judgments

The preparation of the unaudited condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the unaudited condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimate uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018.

3 Interest income and interest expense

	For the six months ended	
	30 June 2019 US$ '000	30 June 2018 US$ '000
Interest income from:		
- authorised institutions	1,148	635
- affiliated companies	96	72
	1,244	707
Interest expense to:		
- an affiliated customer	12	9
- ultimate parent company	20	18
- other affiliated companies	20	31
- others	13	21
	65	79

4 Other income

	For the six months ended	
	30 June 2019 US$ ’000	30 June 2018 US$ ’000
Service fee income (Note (a))	2,432	8,674
Net currency translation gain	-	3
	2,432	8,677

(a) Service fee income from an affiliated company represents charging of expenses, some of which with mark up, incurred by the Company for engaging in OTC derivative activities in cooperation with the affiliated companies.

5 Operating expenses

Operating expenses include:

	For the six months ended	
	30 June 2019 US$ ’000	30 June 2018 US$ ’000
Employee compensation and benefits (Note (a))	1,022	2,008
Service fee expense (Note (b))	1,232	6,105

(a) Employee compensation and benefits are presented net of recharges to and from affiliated companies for secondment arrangements between the Company and the affiliated companies.

(b) Service fee expense represents the allocation of costs from an affiliated company in relation to the support services provided to the Company.

6 Cash and cash equivalents

	30 June 2019 US$ ’000	31 December 2018 US$ ’000
Cash at banks	27,675	47,222
Bank deposits		
- with an affiliated bank (Note (a))	7,000	7,000
- with authorized institutions	73,500	58,500
	108,175	112,722

(a) The Company deposits excess cash with an affiliated bank under normal commercial terms.

7 Financial instruments at fair value

The Company engages in OTC derivatives market making and holds positions accordingly.

The following table sets out the Company's financial instruments owned and financial instruments sold, but not yet purchased, measured at fair value through profit and loss.

On-balance sheet derivative financial instruments classified as held for trading:

	30 June 2019		31 December 2018	
	Assets US$ '000	Liabilities US$ '000	Assets US$ '000	Liabilities US$ '000
Contracts with affiliated companies				
- Exchange rate forwards	2	922	3	5
- Exchange rate options	141	362	-	20
- Interest rate swaps	-	510	-	-
Contracts with others				
- Exchange rate forwards	919	-	-	-
- Exchange rate options	362	141	20	-
- Interest rate swaps	510	-	-	-
	1,934	1,935	23	25

Derivative assets and liabilities with affiliated companies arise from transactions that the Company entered into with affiliated companies in the normal course of business.

The above derivative assets and liabilities are shown on a gross basis with no offsetting presentation due to bilateral netting agreements.

7.1 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses arising from changes in fair value are recognised in the unaudited condensed statement of comprehensive income.

OTC derivatives are valued using market transactions and other market evidence, including market-based inputs to models, calibration to market-clearing transactions, broker or dealer quotations or other alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Where models are used, the selection of a particular model to value an OTC derivative depends on the contractual terms of and specific risks inherent in the instrument, as well as the availability of pricing information in the market. The Company generally uses similar models to value similar instruments. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates, loss severity rates and correlations of such inputs. For OTC derivatives that trade in liquid markets, model selection does not involve significant management judgement because outputs of models can be calibrated to market clearing levels.

7 Financial instruments at fair value (continued)

7.1 Fair value of financial assets and liabilities (continued)

Certain OTC derivatives are valued using models which utilise inputs that can be observed in the market, as well as unobservable inputs. Unobservable inputs typically include certain correlations as well as credit spreads, equity volatilities, commodity prices and commodity volatilities that are long-dated or derived from trading activity in inactive or less liquid markets. Subsequent to the initial valuation of such derivatives, the Company updates the observable inputs to reflect observable market changes. Unobservable inputs are changed when corroborated by evidence such as similar market transactions, third-party pricing services and / or broker or dealer quotations or other empirical market data. In circumstances where the Company cannot verify the model value by reference to market transactions, it is possible that a different valuation model could produce a materially different estimate of fair value.

The tables below show financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Inputs are unadjusted quoted prices in active markets to which the Company had access at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Inputs to valuation techniques are observable either directly or indirectly;

Level 3 One or more inputs are significant and unobservable.

The Company's assets and liabilities that are measured at fair value are:

<u>30 June 2019</u>

	Level 2 US$ '000
Financial assets at fair value	
Derivative instruments	1,934
Financial liabilities at fair value	
Derivative instruments	1,935

<u>31 December 2018</u>

	Level 2 US$ '000
Financial assets at fair value	
Derivative instruments	23
Financial liabilities at fair value	
Derivative instruments	25

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial instruments is the current bid price. These instruments are included in level 1.

7 Financial instruments at fair value (continued)

7.1 Fair value of financial assets and liabilities (continued)

The fair value of financial instruments that are not traded in an active market (for example, OTC derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

There were no significant transfers of financial assets and liabilities between level 1 and level 2 fair value hierarchy classifications.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. There were no level 3 financial instruments held as at 30 June 2019 and 31 December 2018.

The Company's level 2 financial instruments are valued using various derivative pricing models such as incorporating option pricing methodologies, Monte Carlo simulations and discounted cash flows. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility and correlations of such inputs. Inputs to the valuations of level 2 financial instruments can be verified to market transactions, broker or dealer quotations or other alternative pricing source with reasonable levels of price transparency.

Consideration is given to the nature of the quotations and the relationship of recent market activity to the prices provided from alternative pricing sources.

The carrying value of other financial assets and liabilities are a reasonable approximation of their fair values.

8 Trade and other receivables

	30 June 2019 US$ '000	31 December 2018 US$ '000
Amounts due from ultimate parent company (Note (a))	-	51
Amounts due from affiliated companies (Note (a))	19,819	17,261
Other receivables	176	163
Prepayments	21	84
	20,016	17,559

(a) Amounts due from the ultimate parent company represent other receivables. Amounts due from affiliated companies primarily comprise service charges receivable and cash collateral receivable.

9 Trade and other payables

	30 June 2019 US$ '000	31 December 2018 US$ '000
Current liabilities		
Amounts due to ultimate parent company (Note (a))	2,190	1,404
Amounts due to affiliated companies (Note (a))	82	189
Accruals and other liabilities	4,222	8,588
	6,494	10,181
Non-current liabilities		
Amounts due to ultimate parent company (Note (a))	2,407	1,437
Accruals and other liabilities	1,563	2,063
	3,970	3,500

(a) Amounts due to the ultimate parent company primarily comprise chargeback of equity-based awards payable. Amounts due to affiliated companies include cash collateral and other payables.

10 Share capital

	30 June 2019 US$ '000	31 December 2018 US$ '000
Issued and fully paid:		
114,010,000 ordinary shares	114,010	114,010

11 Notes to the statement of cash flows

11.1 Reconciliation of profit before income tax to cash (used in) / generated from operations

	For the six months ended 30 June 2019 US$ '000	 30 June 2018 US$ '000
Profit before income tax	1,131	892
Adjustments for:		
Interest income	(1,244)	(707)
Interest expense	65	79
Operating (loss) / profit before changes in working capital	(48)	264
Changes in operating assets and liabilities:		
Financial instruments at fair value, net	(1)	(5)
Trade and other receivables	(2,421)	1,396
Trade and other payables	(3,192)	(422)
Currency translation	(3)	1
Cash (used in) / generated from operations	(5,665)	1,234

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Interim Disclosure Statement

For the six months ended 30 June 2019

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Interim Disclosure Statement
For the six months ended 30 June 2019

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1 General information

This 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 period ended 30 June 2019. The disclosure statement is not required to be, and has not been, audited by our independent auditors.

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.

2 Key prudential ratios (continued)

Using the standard templates as specified by the HKMA, the details of the Company's key prudential ratios are set out below.

Template KM1: Key prudential ratios

		30 June 2019	31 March 2019	31 December 2018	30 September 2018	30 June 2018
	Regulatory capital (US$ '000)					
1	Common Equity Tier 1 (CET1)	114,706	114,445	113,938	113,753	113,572
2	Tier 1	114,706	114,445	113,938	113,753	113,572
3	Total capital	114,706	114,445	113,938	113,753	113,572
	RWA (US$ '000)					
4	Total RWA	76,902	72,891	70,854	71,664	70,795
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	149.16%	157.01%	160.80%	158.73%	160.42%
6	Tier 1 ratio (%)	149.16%	157.01%	160.80%	158.73%	160.42%
7	Total capital ratio (%)	149.16%	157.01%	160.80%	158.73%	160.42%
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.500%	2.500%	1.875%	1.875%	1.875%
9	Countercyclical capital buffer requirement (%)	2.272%	2.239%	1.844%	1.856%	1.729%
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 (%)	4.772%	4.739%	3.719%	3.731%	3.604%
12	CET1 available after meeting the AI's minimum capital requirements (%)	141.16%	149.01%	152.80%	150.73%	152.42%
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure (US$ '000)	132,373	127,665	131,757	130,303	137,679
14	LR (%)	86.65%	89.65%	86.48%	87.30%	82.49%
	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 (%)	160.00%	160.01%	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 (%)	-	-	-	-	-

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 are set out below.

Template OV1: Overview of RWA

		RWA		Minimum capital requirements (Note (i))	
		30 June 2019	31 March 2019	30 June 2019	
		US$ '000	US$ '000	US$ '000	Note
1	Credit risk for non-securitization exposures	47,832	46,427	3,826	
2	Of which STC approach	47,832	46,427	3,826	
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	4,121	2,718	330	
7	Of which SA-CCR	Not applicable	Not applicable	Not applicable	(ii)
7a	Of which CEM	4,121	2,718	330	
8	Of which IMM(CCR) approach	-	-	-	
9	Of which others	-	-	-	
10	CVA risk	1,048	673	84	
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	42	37	3	
21	Of which STM approach	42	37	3	
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	23,859	23,036	1,909	
24a	Sovereign concentration risk	Not applicable	Not applicable	Not applicable	(ii)
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	76,902	72,891	6,152	

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 Composition of regulatory capital

4.1 Template CC1: Composition of regulatory capital

The following table sets out the detailed composition of the Company's regulatory capital as at 30 June 2019 using the standard template as specified by the HKMA.

		Amount (US$ '000)	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
	CET1 capital: instruments and reserves		
1	Directly issued qualifying CET1 capital instruments plus any related share premium	114,010	(a)
2	Retained earnings	1,712	(b)
3	Disclosed reserves	-	
4	*Directly issued capital subject to phase-out arrangements from CET1 (only applicable to non-joint stock companies)*	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)	-	
6	**CET1 capital before regulatory deductions**	115,722	
	CET1 capital: regulatory deductions		
7	Valuation adjustments	-	
8	Goodwill (net of associated deferred tax liabilities)	-	
9	Other intangible assets (net of associated deferred tax liabilities)	-	
10	Deferred tax assets (net of associated deferred tax liabilities)	1,016	(c)
11	Cash flow hedge reserve	-	
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	
13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	-	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	
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)	-	
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)	-	

4 Composition of regulatory capital (continued)

4.1 Template CC1: Composition of regulatory capital (continued)

		Amount (US$ '000)	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
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	-	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-	
26b	Regulatory reserve for general banking risks	-	
26c	Securitization exposures specified in a notice given by the MA	-	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-	
26e	Capital shortfall of regulated non-bank subsidiaries	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-	
28	**Total regulatory deductions to CET1 capital**	1,016	
29	**CET1 capital**	114,706	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	-	
31	of which: classified as equity under applicable accounting standards	-	
32	of which: classified as liabilities under applicable accounting standards	-	
33	*Capital instruments subject to phase-out arrangements from AT1 capital*	-	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-	
35	*of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
36	**AT1 capital before regulatory deductions**	-	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	
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)	-	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
41	National specific regulatory adjustments applied to AT1 capital	-	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-	
43	**Total regulatory deductions to AT1 capital**	-	
44	**AT1 capital**	-	

4 Composition of regulatory capital (continued)

4.1 Template CC1: Composition of regulatory capital (continued)

		Amount (US$ '000)	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
45	**Tier 1 capital (T1 = CET1 + AT1)**	114,706	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	-	
47	*Capital instruments subject to phase-out arrangements from Tier 2 capital*	-	
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)	-	
49	*of which: capital instruments issued by subsidiaries subject to phase-out arrangements*	-	
50	Collective provisions and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	-	
51	**Tier 2 capital before regulatory deductions**	-	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	-	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	-	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	-	
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)	-	
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)	-	
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)	-	
56	National specific regulatory adjustments applied to Tier 2 capital	-	
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	-	
56b	Regulatory deductions applied to Tier 2 capital to cover the required deductions falling within §48(1)(g) of BCR	-	
57	**Total regulatory adjustments to Tier 2 capital**	-	
58	**Tier 2 capital (T2)**	-	
59	**Total regulatory capital (TC = T1 + T2)**	114,706	
60	**Total RWA**	76,902	
	Capital ratios (as a percentage of RWA)		
61	**CET1 capital ratio**	149.16%	
62	**Tier 1 capital ratio**	149.16%	
63	**Total capital ratio**	149.16%	
64	**Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)**	4.772%	

4 Composition of regulatory capital (continued)

4.1 Template CC1: Composition of regulatory capital (continued)

		Amount (US$ '000)	Source based on reference letters of the balance sheet under the regulatory scope of consolidation
65	of which: capital conservation buffer requirement	2.500%	
66	of which: bank specific countercyclical capital buffer requirement	2.272%	
67	of which: higher loss absorbency requirement	-	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	141.16%	
	National minima (if different from Basel 3 minimum)		
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
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	-	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
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
	Applicable caps on the inclusion of provisions in Tier 2 capital		
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)	-	
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	-	
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)	-	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	-	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
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*	-	
83	*Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)*	-	
84	*Current cap on Tier 2 capital instruments subject to phase-out arrangements*	-	
85	*Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)*	-	

4 Composition of regulatory capital (continued)

4.1 Template CC1: Composition of regulatory capital (continued)

Notes to the Template:

	Description	Hong Kong basis (US$ '000)	Basel III basis (US$ '000)
10	**Deferred tax assets (net of associated deferred tax liabilities)**	1,016	914

4.2 Template CC2: Reconciliation of regulatory capital to balance sheet

The following table shows a reconciliation of amounts in the balance sheet of the Company to the capital components of regulatory capital.

30 June 2019

	Unaudited balance sheet	Under regulatory scope of consolidation	Cross reference to composition of regulatory capital
	US$ '000	**US$ '000**	
Assets			
Cash and cash equivalents	108,175	108,175	
Financial instruments at fair value	1,934	1,934	
Trade and other receivables	20,016	20,016	
Deferred income tax assets	1,016	1,016	(c)
Total assets	**131,141**	**131,141**	
Liabilities			
Deposit from an affiliated customer	1,000	1,000	
Short-term loans payable	2,000	2,000	
Financial instruments at fair value	1,935	1,935	
Trade and other payables	10,464	10,464	
Current income tax liabilities	20	20	
Total liabilities	**15,419**	**15,419**	
Equity			
Share capital	114,010	114,010	(a)
Retained profit	1,712	1,712	(b)
Total equity	**115,722**	**115,722**	
Total equity and liabilities	**131,141**	**131,141**	

4 Composition of regulatory capital (continued)

4.3 Table CCA: Main features of regulatory capital instruments

The following table shows the main features of regulatory capital instruments.

30 June 2019

1	Issuer	Goldman Sachs Asia Bank Limited
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not applicable
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules[1]	Not applicable
5	Post-transitional Basel III rules[2]	Common Equity Tier 1
6	Eligible at solo / group / solo and group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares (with voting rights)
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	US$ 114.01 million
9	Par value of instrument	Not applicable
10	Accounting classification	Shareholders' equity
11	Original date of issuance	10,000 shares issued on 12 December 2012 1,000,000 shares issued on 14 January 2015 13,000,000 shares issued on 26 June 2015 100,000,000 shares issued on 12 July 2016
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
	Coupons / dividends	
17	Fixed or floating dividend / coupon	Floating
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	Non-cumulative 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 in the insolvency creditor hierarchy of the legal entity concerned).	Not applicable
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

Footnote:
1 Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H to the BCR.
2 Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H to the BCR.

4 Composition of regulatory capital (continued)

4.3 Table CCA: Main features of regulatory capital instruments (continued)

Information relating to the disclosure of the full terms and conditions of the Company's capital instruments can be viewed on its parent company's website as the Company does not maintain a website of its own: http://www.goldmansachs.com/disclosures/gsab-disclosures/terms-and-conditions.html

5 Macroprudential supervisory measures

5.1 Template CCyB1: Geographical distribution of credit exposures used in countercyclical capital buffer ("CCyB")

The geographical allocation of private sector credit exposures to the various jurisdictions is based on "ultimate risk basis". "Ultimate risk basis" means the allocation of exposures to the jurisdictions where the risk ultimately lies, as defined as the location where the "ultimate obligor" resides.

The geographical distribution of private sector credit exposures that are relevant in the calculation of CCyB ratio is set out below.

30 June 2019

	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect (%)	RWA used in computation of CCyB ratio (US$ '000)	AI-specific CCyB ratio (%)	CCyB amount (US$ '000)	Note
1	Hong Kong SAR	2.500%	12,519			(i)
2	United Kingdom	1.000%	788			
3	Sum		13,307			
4	Total		14,124	2.272%	321	

(i) The increase in RWA used in the computation of CCyB ratio from the previous reporting period is mainly due to the increase in derivative transactions.

6 Leverage ratio

6.1 Template LR1: Summary comparison of accounting assets against leverage ratio ("LR") exposure measure

The leverage ratio is calculated in accordance with the relevant provisions of the BCR.

30 June 2019

	Item	Value under the LR framework (US$ '000 equivalent)
1	Total consolidated assets as per published financial statements	131,141
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure	-
4	Adjustments for derivative contracts	2,248
5	Adjustment for SFTs (i.e. repos and similar secured lending)	-

6 Leverage ratio (continued)

6.1 Template LR1: Summary comparison of accounting assets against leverage ratio ("LR") exposure measure (continued)

	Item	Value under the LR framework (US$ '000 equivalent)
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	-
6a	Adjustment for specific and collective provisions that are allowed to be excluded from exposure measure	-
7	Other adjustments	(1,016)
8	**Leverage ratio exposure measure**	132,373

6.2 Template LR2: Leverage ratio

		US$ '000 equivalent	
		30 June 2019	31 March 2019
On-balance sheet exposures			
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	129,207	125,706
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,016)	(800)
3	**Total on-balance sheet exposures (excluding derivative contracts and SFTs)**	128,191	124,906
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)	1,650	809
5	Add-on amounts for PFE associated with all derivative contracts	2,532	1,950
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**	4,182	2,759
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			

6 Leverage ratio (continued)

6.2 Template LR2: Leverage ratio (continued)

		US$ '000 equivalent	
		30 June 2019	31 March 2019
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**	114,706	114,445
20a	**Total exposures before adjustments for specific and collective provisions**	132,373	127,665
20b	**Adjustments for specific and collective provisions**	-	-
21	**Total exposures after adjustments for specific and collective provisions**	132,373	127,665
Leverage ratio			
22	**Leverage ratio**	86.65%	89.65%

7 Credit risk for non-securitization exposures

Using the standard templates as specified by the HKMA, the following tables provide detailed information relating to credit risk for non-securitization exposures under the STC approach.

There were no loans or debt securities or related off-balance sheet exposures as at 30 June 2019.

7.1 Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach

30 June 2019

		Exposures pre-CCF and pre-CRM		**Exposures post-CCF and post-CRM**		**RWA and RWA density**	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	%
1	Sovereign exposures	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	108,363	-	108,363	-	37,830	35
5	Securities firm exposures	19,651	-	19,651	-	9,825	50
6	Corporate exposures	177	-	177	-	177	100
7	CIS exposures	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-

7 Credit risk for non-securitization exposures (continued)

7.1 Template CR4: Credit risk exposures and effects of recognized credit risk mitigation – for STC approach (continued)

		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
	Exposure classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	%
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	**Total**	128,191	-	128,191	-	47,832	37

7.2 Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach

30 June 2019

	Exposure class / Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000	US$ ’000
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	78,790	-	15,002	-	14,571	-	-	-	108,363
5	Securities firm exposures	-	-	-	-	19,651	-	-	-	-	-	19,651
6	Corporate exposures	-	-	-	-	-	-	177	-	-	-	177
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-

7 Credit risk for non-securitization exposures (continued)

7.2 Template CR5: Credit risk exposures by asset classes and by risk weights – for STC approach (continued)

	Exposure class \ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
		US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	-	-	78,790	-	34,653	-	14,748	-	-	-	128,191

8 Counterparty credit risk

Using the standard templates as specified by the HKMA, the following tables provide detailed information relating to counterparty credit risk and credit valuation adjustment ("CVA") arising from derivative contracts.

There were no credit-related derivatives contracts or exposures to central counterparties as at 30 June 2019.

8 Counterparty credit risk (continued)

8.1 Template CCR1: Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

30 June 2019

		Replace-ment cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA	Note
		US$ '000	US$ '000	US$ '000		US$ '000	US$ '000	
1	SA-CCR (for derivative contracts)	-	-		1.4	-	-	
1a	CEM	1,650	2,532		-	4,182	4,121	(i)
2	IMM (CCR) approach			-	-	-	-	
3	Simple Approach (for SFTs)					-	-	
4	Comprehensive Approach (for SFTs)					-	-	
5	VaR (for SFTs)					-	-	
6	**Total**						4,121	

(i) RWA calculated under the Current Exposure Method ("CEM") increased from the previous reporting period due to an increase in derivative transactions.

8.2 Template CCR2: CVA capital charge

30 June 2019

		EAD post CRM	RWA	Note
		US$ '000	US$ '000	
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-	
1	(i) VaR (after application of multiplication factor if applicable)		-	
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-	
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	4,182	1,048	(i)
4	Total	4,182	1,048	

(i) CVA capital charge increased from the previous reporting period due to an increase in derivative transactions.

8 Counterparty credit risk (continued)

8.3 Template CCR3: Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – for STC approach

30 June 2019

	Exposure class \ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM	Note
		US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-	
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-	
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-	
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-	
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-	
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-	
5	Securities firm exposures	-	-	-	-	122	-	-	-	-	-	122	
6	Corporate exposures	-	-	-	-	-	-	4,060	-	-	-	4,060	(i)
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-	
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-	
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-	
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-	
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-	
12	Total	-	-	-	-	122	-	4,060	-	-	-	4,182	

(i) The increase in corporate counterparty default risk exposures from the previous reporting period is mainly due to an increase in derivative transactions.

8 Counterparty credit risk (continued)

8.4 Template CCR5: Composition of collateral for counterparty default risk exposures (including those for contracts or transactions cleared through CCPs)

30 June 2019

	Derivative contracts				SFTs		Note
	Fair value of recognized collateral received		Fair value of posted collateral		Fair value of recognized collateral received	Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated			
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000	
Cash - domestic currency	-	-	-	-	-	-	
Cash - other currencies	-	-	-	-	-	-	
Domestic sovereign debt	-	-	-	-	-	-	
Other sovereign debt	-	-	-	-	-	-	
Government agency debt	-	-	-	-	-	-	
Corporate bonds	-	-	-	-	-	-	
Equity securities	-	-	-	-	-	-	
Other collateral	-	-	-	-	-	-	
Total	-	-	-	-	-	-	

9 Securitization exposures

There were no securitization exposures as at 30 June 2019.

10 Market risk

Using the standard templates as specified by the HKMA, the following table provides detailed information relating to market risk under STM approach.

Template MR1: Market risk under STM approach

30 June 2019

		RWA
		US$ '000
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	-
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	42
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	**Total**	42

11 International claims

International claims are on-balance sheet exposures of counterparties based on the location of the counterparties after taking into account any risk transfer. The risk transfers have been made if the claims are guaranteed by a party in a geographical area which is different from that of the counterparty or if the claims are on an overseas branch of a bank whose head office is located in another geographical area.

International claims by major countries or geographical segments are disclosed as follows.

30 June 2019

	Banks	Official sector	Non-bank financial institutions	Non-financial private sector	Total
	US$ '000	US$ '000	US$ '000	US$ '000	US$ '000
Major countries:					
Australia	15,155	-	-	-	15,155
India	14,570	-	-	-	14,570
Japan	15,126	-	-	1	15,127
United Kingdom	20,918	-	1,463	-	22,381
Total	65,769	-	1,463	1	67,233
Major offshore centres:					
Hong Kong	31,367	-	19,411	1,791	52,569

12 Loans and advances – sector information

There are no loans and advances to customers as at 30 June 2019.

13 Overdue and rescheduled assets

There are no impaired, rescheduled or overdue assets as at 30 June 2019.

14 Mainland activities

The breakdown of the Company's Mainland exposures to material non-bank counterparties into the specified categories is as follows:

30 June 2019

Type of counterparties	On-balance sheet exposures US$ '000	Off-balance sheet exposures US$ '000	Total US$ '000
Other entities of central government not reported in item 1 in Part 3 of MA(BS)20	-	1,650	1,650
Total	-	1,650	1,650

15 Currency risk

The currency risk arising from the Company's operations for those individual currencies which each constitute more than 10% of the total net positions in all foreign currencies are as follows:

30 June 2019

USD currency	US$ '000
Spot assets	130,084
Spot liabilities	(129,343)
Forward purchases	42,211
Forward sales	(42,372)
Net long position	580

As at 30 June 2019, the Company had no net currency position calculated on the basis of the delta-weighted position of its options contracts.

As at 30 June 2019, the Company had no foreign currency exposure arising from structural positions.

16 Off-balance sheet exposures (other than derivative transactions)

There are no off-balance sheet exposures (other than derivative transactions) as at 30 June 2019.