

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2021

Goldman Sachs Asia Bank Limited, a restricted licence bank

**Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2021**

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Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Condensed Interim Financial Statements For the six months ended 30 June 2021

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 2020. The unaudited profit for the six months ended 30 June 2021 was US\$440,000, representing a decrease of 31% as compared to the previous interim reporting period. The decrease was mainly driven by the decrease in net interest income due to lower interest rates.

Requirement in connection with publication of financial statements

The financial information relating to the year ended 31 December 2020 that is included in the unaudited condensed interim financial statements for the six months ended 30 June 2021 as comparative information does not constitute the Company’s statutory annual financial statements for the year ended 31 December 2020 but is derived from the audited financial statements for the year ended 31 December 2020. Further information relating to the audited financial statements for the year ended 31 December 2020 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 2020. 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.

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**Unaudited Condensed Interim Statement of Comprehensive Income
For the six months ended 30 June 2021**

| | | For the six months ended | |
|---|------|---------------------------|---------------------------|
| | Note | 30 June 2021 US\$ '000 | 30 June 2020 US\$ '000 |
| Interest income | 3 | 469 | 818 |
| Interest expense | 3 | (21) | (32) |
| Net interest income | | <u>448</u> | <u>786</u> |
| Other income | 4 | 2,331 | 2,317 |
| Total revenue | | <u>2,779</u> | <u>3,103</u> |
| Operating expenses | 5 | (2,280) | (2,333) |
| Profit before income tax | | <u>499</u> | <u>770</u> |
| Income tax expense | | (59) | (133) |
| Profit and total comprehensive income for the period | | <u><u>440</u></u> | <u><u>637</u></u> |

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**Unaudited Condensed Interim Balance Sheet
As at 30 June 2021**

| | Note | 30 June 2021 US\$ '000 | 31 December 2020 US\$ '000 |
|-------------------------------------|------|---------------------------|-------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 130,417 | 115,910 |
| Short-term deposit | | - | 15,000 |
| Financial instruments at fair value | 7 | 548 | 1,166 |
| Other receivables | 8 | 2,407 | 6,886 |
| Current income tax receivables | | - | 77 |
| | | <u>133,372</u> | <u>139,039</u> |
| Non-current assets | | | |
| Deferred income tax assets | | 1,701 | 1,656 |
| | | <u>135,073</u> | <u>140,695</u> |
| Total assets | | | |
| 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 | 546 | 1,169 |
| Trade and other payables | 9 | 7,872 | 12,050 |
| Current income tax liabilities | | 29 | - |
| | | <u>11,447</u> | <u>16,219</u> |
| Non-current liabilities | | | |
| Trade and other payables | 9 | 5,446 | 6,736 |
| | | <u>16,893</u> | <u>22,955</u> |
| Total liabilities | | | |
| Equity | | | |
| Share capital | 10 | 114,010 | 114,010 |
| Retained profits | | 4,170 | 3,730 |
| | | <u>118,180</u> | <u>117,740</u> |
| Total equity | | | |
| Total equity and liabilities | | | |
| | | <u>135,073</u> | <u>140,695</u> |

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**Unaudited Condensed Interim Statement of Changes in Equity
For the six months ended 30 June 2021**

| | Share capital US\$ '000 | Retained profits US\$ '000 | Total US\$ '000 |
|---|----------------------------|-------------------------------|--------------------|
| <u>2021</u> | | | |
| Balance as at 1 January 2021 | 114,010 | 3,730 | 117,740 |
| Total comprehensive income for the period | - | 440 | 440 |
| Balance as at 30 June 2021 | <u>114,010</u> | <u>4,170</u> | <u>118,180</u> |
| <u>2020</u> | | | |
| Balance as at 1 January 2020 | 114,010 | 2,474 | 116,484 |
| Total comprehensive income for the period | - | 637 | 637 |
| Balance as at 30 June 2020 | <u>114,010</u> | <u>3,111</u> | <u>117,121</u> |

Goldman Sachs Asia Bank Limited, a restricted licence bank

**Unaudited Condensed Interim Statement of Cash Flows
For the six months ended 30 June 2021**

| | | For the six months ended | |
|---|------|---------------------------|---------------------------|
| | Note | 30 June 2021 US\$ '000 | 30 June 2020 US\$ '000 |
| Operating activities | | | |
| Cash used in operations | 11 | (955) | (1,276) |
| Interest received from operating activities | | 484 | 817 |
| Interest paid on operating activities | | (22) | (34) |
| Net cash outflow from operating activities | | <u>(493)</u> | <u>(493)</u> |
| Investing activities | | | |
| Decrease in short-term deposit | | 15,000 | - |
| Net cash inflow from investing activities | | <u>15,000</u> | <u>-</u> |
| Increase / (decrease) in cash and cash equivalents | | <u>14,507</u> | <u>(493)</u> |
| Cash and cash equivalents, at the beginning of the period | | <u>115,910</u> | <u>125,881</u> |
| Cash and cash equivalents, at the end of the period | | <u><u>130,417</u></u> | <u><u>125,388</u></u> |

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**Notes to Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2021**

1 Basis of preparation

The unaudited condensed interim financial statements of the Company for the six months ended 30 June 2021 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 2020, 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 2020.

3 Interest income and interest expense

| | For the six months ended | |
|------------------------------|--------------------------|--------------|
| | 30 June 2021 | 30 June 2020 |
| | US\$ '000 | US\$ '000 |
| Interest income from: | | |
| - authorised institutions | 48 | 584 |
| - affiliated companies | 421 | 234 |
| | <u>469</u> | <u>818</u> |
| Interest expense to: | | |
| - an affiliated customer | 3 | 6 |
| - ultimate parent company | 9 | 13 |
| - other affiliated companies | 9 | 13 |
| | <u>21</u> | <u>32</u> |

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**Notes to Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2021**

4 Other income

| | For the six months ended | |
|-------------------------------|--------------------------|--------------|
| | 30 June 2021 | 30 June 2020 |
| | US\$ '000 | US\$ '000 |
| Service fee income (Note (a)) | 2,331 | 2,243 |
| Others | - | 76 |
| Net currency translation loss | - | (2) |
| | <u>2,331</u> | <u>2,317</u> |

- (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 2021 | 30 June 2020 |
| | US\$ '000 | US\$ '000 |
| Employee compensation and benefits (Note (a)) | 714 | 870 |
| Service fee expense (Note (b)) | 1,417 | 1,312 |

- (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 2021 | 31 December 2020 |
|--------------------------------------|----------------|------------------|
| | US\$ '000 | US\$ '000 |
| Cash at banks | 35,417 | 20,910 |
| Bank deposits | | |
| - with an affiliated bank (Note (a)) | 65,000 | 65,000 |
| - with authorized institutions | 30,000 | 30,000 |
| | <u>130,417</u> | <u>115,910</u> |

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

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Notes to Unaudited Condensed Interim Financial Statements For the six months ended 30 June 2021

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 comprise:

| | 30 June 2021 | | 31 December 2020 | |
|-------------------------------------|--------------|-------------|------------------|--------------|
| | Assets | Liabilities | Assets | Liabilities |
| | US\$ '000 | US\$ '000 | US\$ '000 | US\$ '000 |
| Contracts with affiliated companies | | | | |
| - Forward settlement contracts | 2 | - | 1 | 4 |
| - Option contracts | - | - | 307 | - |
| - Swap agreements | - | 546 | - | 858 |
| Contracts with others | | | | |
| - Forward settlement contracts | - | - | - | - |
| - Option contracts | - | - | - | 307 |
| - Swap agreements | 546 | - | 858 | - |
| | <u>548</u> | <u>546</u> | <u>1,166</u> | <u>1,169</u> |

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.

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**Notes to Unaudited Condensed Interim Financial Statements
For the six months ended 30 June 2021**

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:

30 June 2021

| | Level 2 US\$ '000 |
|-------------------------------------|----------------------|
| Financial assets at fair value | |
| Derivative instruments | 548 |
| Financial liabilities at fair value | |
| Derivative instruments | 546 |

31 December 2020

| | Level 2 US\$ '000 |
|-------------------------------------|----------------------|
| Financial assets at fair value | |
| Derivative instruments | 1,166 |
| Financial liabilities at fair value | |
| Derivative instruments | 1,169 |

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.

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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 2021 and 31 December 2020.

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 Other receivables

| | 30 June 2021 US\$ '000 | 31 December 2020 US\$ '000 |
|--|---------------------------|-------------------------------|
| Amounts due from affiliated companies (Note (a)) | 2,393 | 6,861 |
| Other receivables | 14 | 25 |
| | <u>2,407</u> | <u>6,886</u> |

(a) Amounts due from affiliated companies primarily comprise service charges receivable.

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9 Trade and other payables

| | 30 June 2021 US\$ '000 | 31 December 2020 US\$ '000 |
|---|---------------------------|-------------------------------|
| Current liabilities | | |
| Amounts due to ultimate parent company (Note (a)) | 4,867 | 3,303 |
| Amounts due to affiliated companies | 24 | 842 |
| Accruals and other liabilities | 2,981 | 7,905 |
| | <u>7,872</u> | <u>12,050</u> |
| Non-current liabilities | | |
| Amounts due to ultimate parent company (Note (a)) | 5,005 | 3,162 |
| Accruals and other liabilities | 441 | 3,574 |
| | <u>5,446</u> | <u>6,736</u> |

(a) Amounts due to the ultimate parent company primarily comprise chargeback of equity-based awards payable.

10 Share capital

| | 30 June 2021 US\$ '000 | 31 December 2020 US\$ '000 |
|-----------------------------|---------------------------|-------------------------------|
| Issued and fully paid: | | |
| 114,010,000 ordinary shares | <u>114,010</u> | <u>114,010</u> |

11 Notes to the condensed interim statement of cash flows

11.1 Reconciliation of profit before income tax to cash used in operations

| | For the six months ended | |
|---|---------------------------|---------------------------|
| | 30 June 2021 US\$ '000 | 30 June 2020 US\$ '000 |
| Profit before income tax | 499 | 770 |
| Adjustments for: | | |
| Interest income | (469) | (818) |
| Interest expense | 21 | 32 |
| | <u>51</u> | <u>(16)</u> |
| Operating profit / (loss) before changes in working capital | 51 | (16) |
| Changes in operating assets and liabilities: | | |
| Financial instruments at fair value, net | (5) | - |
| Other receivables | 4,464 | 5,127 |
| Trade and other payables | (5,467) | (6,383) |
| Currency translation | 2 | (4) |
| | <u>(955)</u> | <u>(1,276)</u> |
| Cash used in operations | (955) | (1,276) |

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Unaudited Interim Disclosure Statement

For the six months ended 30 June 2021

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**Unaudited Interim Disclosure Statement
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**Unaudited Interim Disclosure Statement
For the six months ended 30 June 2021**

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 2021. The disclosure statement is not required to be, and has not been, audited by our independent auditors.

The Company's Unaudited Disclosure Statement 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>

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 are set out below.

Template KM1: Key prudential ratios

| | | 30 June 2021 | 31 March 2021 | 31 December 2020 | 30 September 2020 | 30 June 2020 |
|-----|---|-----------------|------------------|---------------------|----------------------|-----------------|
| | Regulatory capital (US\$ '000) | | | | | |
| 1 | Common Equity Tier 1 (CET1) | 116,479 | 116,343 | 116,084 | 116,209 | 116,020 |
| 2 | Tier 1 | 116,479 | 116,343 | 116,084 | 116,209 | 116,020 |
| 3 | Total capital | 116,479 | 116,343 | 116,084 | 116,209 | 116,020 |
| | RWA (US\$ '000) | | | | | |
| 4 | Total RWA | 47,302 | 48,896 | 54,073 | 53,315 | 51,538 |
| | Risk-based regulatory capital ratios (as a percentage of RWA) | | | | | |
| 5 | CET1 ratio (%) | 246.25% | 237.94% | 214.68% | 217.97% | 225.11% |
| 6 | Tier 1 ratio (%) | 246.25% | 237.94% | 214.68% | 217.97% | 225.11% |
| 7 | Total capital ratio (%) | 246.25% | 237.94% | 214.68% | 217.97% | 225.11% |
| | 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 (%) | 0.764% | 0.776% | 0.825% | 0.466% | 0.696% |
| 10 | Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs) | - | - | - | - | - |
| 11 | Total AI-specific CET1 buffer requirements (%) | 3.264% | 3.276% | 3.325% | 2.966% | 3.196% |
| 12 | CET1 available after meeting the AI's minimum capital requirements (%) | 238.25% | 229.94% | 206.68% | 209.97% | 217.11% |
| | Basel III leverage ratio | | | | | |
| 13 | Total leverage ratio (LR) exposure measure (US\$ '000) | 133,913 | 131,745 | 140,096 | 133,585 | 131,920 |
| 14 | LR (%) | 86.98% | 88.31% | 82.86% | 86.99% | 87.95% |
| | 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 (%) | 160.02% | 160.01% | 160.01% | 160.03% | 160.01% |
| | 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 (%) | - | - | - | - | - |

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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 are set out below.

Template OV1: Overview of RWA

| | | RWA | | Minimum capital requirements (Note (i)) | |
|-----|---|----------------|----------------|---|------|
| | | 30 June 2021 | 31 March 2021 | 30 June 2021 | |
| | | US\$ '000 | US\$ '000 | US\$ '000 | Note |
| 1 | Credit risk for non-securitization exposures | 36,274 | 36,007 | 2,902 | |
| 2 | Of which STC approach | 36,274 | 36,007 | 2,902 | |
| 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 | 1,206 | 891 | 97 | |
| 7 | Of which SA-CCR approach | 1,206 | Not applicable | 97 | |
| 7a | Of which CEM | - | 891 | - | |
| 8 | Of which IMM(CCR) approach | - | - | - | |
| 9 | Of which others | - | - | - | |
| 10 | CVA risk | 389 | 266 | 31 | |
| 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 | 17 | 1 | |
| 21 | Of which STM approach | 17 | 17 | 1 | |
| 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 | 9,416 | 11,715 | 753 | |
| 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 | 47,302 | 48,896 | 3,784 | |

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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 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 2021 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 | 4,170 | (b) |
| 3 | Disclosed reserves | - | |
| 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) | - | |
| 6 | CET1 capital before regulatory deductions | 118,180 | |
| | 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) | 1,701 | (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) | - | |

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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 | 1,701 | |
| 29 | CET1 capital | 116,479 | |
| | 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 | <i>Capital instruments subject to phase-out arrangements from AT1 capital</i> | - | |
| 34 | AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group) | - | |
| 35 | <i>of which: AT1 capital instruments issued by subsidiaries subject to phase-out arrangements</i> | - | |
| 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 | - | |

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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) | 116,479 | |
| | Tier 2 capital: instruments and provisions | | |
| 46 | Qualifying Tier 2 capital instruments plus any related share premium | - | |
| 47 | <i>Capital instruments subject to phase-out arrangements from Tier 2 capital</i> | - | |
| 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 | <i>of which: capital instruments issued by subsidiaries subject to phase-out arrangements</i> | - | |
| 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) | 116,479 | |
| 60 | Total RWA | 47,302 | |
| | Capital ratios (as a percentage of RWA) | | |
| 61 | CET1 capital ratio | 246.25% | |
| 62 | Tier 1 capital ratio | 246.25% | |
| 63 | Total capital ratio | 246.25% | |
| 64 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements) | 3.264% | |

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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 | 0.764% | |
| 67 | of which: higher loss absorbency requirement | - | |
| 68 | CET1 (as a percentage of RWA) available after meeting minimum capital requirements | 238.25% | |
| | 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) | - | |

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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) | 1,701 | 1,531 |
| | <p><u>Explanation</u></p> <p>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.</p> | | |

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 2021

| | Unaudited balance sheet / Under regulatory scope of consolidation (i) | Cross reference to composition of regulatory capital |
|-------------------------------------|---|--|
| | US\$ '000 | |
| Assets | | |
| Cash and cash equivalents | 130,417 | |
| Financial instruments at fair value | 548 | |
| Other receivables | 2,407 | |
| Deferred income tax assets | 1,701 | (c) |
| Total assets | 135,073 | |
| Liabilities | | |
| Deposit from an affiliated customer | 1,000 | |
| Short-term loans payable | 2,000 | |
| Financial instruments at fair value | 546 | |
| Trade and other payables | 13,318 | |
| Current income tax liabilities | 29 | |
| Total liabilities | 16,893 | |
| Equity | | |
| Share capital | 114,010 | (a) |
| Retained profits | 4,170 | (b) |
| Total equity | 118,180 | |
| Total equity and liabilities | 135,073 | |

(i) There is no difference in scope between the balance sheet and the composition of regulatory capital.

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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 2021

| | | |
|----|---|---|
| 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 |
| | <i>Regulatory treatment</i> | |
| 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 |
| | <i>Coupons / dividends</i> | |
| 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.

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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 2021

| | 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 | 1.000% | 1,812 | | | (i) |
| 2 | Sum | | 1,812 | | | |
| 3 | Total | | 2,376 | 0.764% | 18 | |

(i) The decrease in RWA used in the computation of CCyB ratio from the previous semi-annual reporting period is mainly due to the decrease in amounts due from affiliated companies.

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 2021

| | Item | Value under the LR framework (US\$ '000 equivalent) |
|----|--|---|
| 1 | Total consolidated assets as per published financial statements | 135,073 |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | - |
| 2a | Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference | - |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting standard but excluded from the LR exposure measure | - |
| 3a | Adjustments for eligible cash pooling transactions | - |
| 4 | Adjustments for derivative contracts | 541 |

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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) |
|----|--|--|
| 5 | Adjustment for SFTs (i.e. repos and similar secured lending) | - |
| 6 | Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures) | - |
| 6a | Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure | - |
| 7 | Other adjustments | (1,701) |
| 8 | Leverage ratio exposure measure | 133,913 |

6.2 Template LR2: Leverage ratio

| | | US\$ '000 equivalent | |
|--|--|----------------------|---------------|
| | | 30 June 2021 | 31 March 2021 |
| On-balance sheet exposures | | | |
| 1 | On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral) | 134,527 | 132,423 |
| 2 | Less: Asset amounts deducted in determining Tier 1 capital | (1,701) | (1,614) |
| 3 | Total on-balance sheet exposures (excluding derivative contracts and SFTs) | 132,826 | 130,809 |
| 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) | 764 | 695 |
| 5 | Add-on amounts for PFE associated with all derivative contracts | 323 | 241 |
| 6 | Gross-up for collateral provided in respect of derivative contracts 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-related derivative contracts | - | - |
| 10 | Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts | - | - |
| 11 | Total exposures arising from derivative contracts | 1,087 | 936 |
| 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 | | | |

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6 Leverage ratio (continued)

6.2 Template LR2: Leverage ratio (continued)

| | | US\$ '000 equivalent | |
|------------------------------------|--|----------------------|---------------|
| | | 30 June 2021 | 31 March 2021 |
| 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 | 116,479 | 116,343 |
| 20a | Total exposures before adjustments for specific and collective provisions | 133,913 | 131,745 |
| 20b | Adjustments for specific and collective provisions | - | - |
| 21 | Total exposures after adjustments for specific and collective provisions | 133,913 | 131,745 |
| Leverage ratio | | | |
| 22 | Leverage ratio | 86.98% | 88.31% |

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 2021.

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

30 June 2021

| | | 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 | 130,499 | - | 130,499 | - | 35,103 | 27 |
| 5 | Securities firm exposures | 2,431 | - | 2,309 | - | 1,155 | 50 |
| 6 | Corporate exposures | 130 | - | 14 | - | 14 | 100 |
| 7 | CIS exposures | - | - | - | - | - | - |
| 8 | Cash items | 2 | - | 2 | - | - | - |

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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)

| | Exposure classes | 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 |
| | | 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 | 2 | - | 2 | - | 2 | 100 |
| 13 | Past due exposures | - | - | - | - | - | - |
| 14 | Significant exposures to commercial entities | - | - | - | - | - | - |
| 15 | Total | 133,064 | - | 132,826 | - | 36,274 | 27 |

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

30 June 2021

| | Exposure class | Risk weight | | | | | | | | | | Total credit risk exposures amount (post CCF and post CRM) |
|----|---|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | |
| | | 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 | - | - | 100,487 | - | 30,012 | - | - | - | - | - | 130,499 |
| 5 | Securities firm exposures | - | - | - | - | 2,309 | - | - | - | - | - | 2,309 |
| 6 | Corporate exposures | - | - | - | - | - | - | 14 | - | - | - | 14 |
| 7 | CIS exposures | - | - | - | - | - | - | - | - | - | - | - |
| 8 | Cash items | 2 | - | - | - | - | - | - | - | - | - | 2 |

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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 | | | | | | | | | | Total credit risk exposures amount (post CCF and post CRM) |
|----|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--|
| | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | |
| | | 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 | - | - | - | - | - | - | 2 | - | - | - | 2 |
| 13 | Past due exposures | - | - | - | - | - | - | - | - | - | - | - |
| 14 | Significant exposures to commercial entities | - | - | - | - | - | - | - | - | - | - | - |
| 15 | Total | 2 | - | 100,487 | - | 32,321 | - | 16 | - | - | - | 132,826 |

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 2021.

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8 Counterparty credit risk (continued)

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

30 June 2021

| | | Replace- ment cost (RC) | PFE | Effective EPE | Alpha (α) used for computing default risk exposure | Default risk exposure after CRM | RWA |
|----|---|-------------------------------|-----------|------------------|---|---------------------------------------|-----------|
| | | US\$ '000 | US\$ '000 | US\$ '000 | | US\$ '000 | US\$ '000 |
| 1 | SA-CCR approach (for derivative contracts) (i) | 768 | 231 | | 1.4 | 1,399 | 1,206 |
| 1a | CEM (for derivative contracts) (i) | - | - | | 1.4 | - | - |
| 2 | IMM (CCR) approach | | | - | - | - | - |
| 3 | Simple approach (for SFTs) | | | | | - | - |
| 4 | Comprehensive approach (for SFTs) | | | | | - | - |
| 5 | VaR (for SFTs) | | | | | - | - |
| 6 | Total | | | | | | 1,206 |

(i) As of 30 June 2021, RWA for derivative contracts is calculated under the SA-CCR approach compared to the CEM approach used in the previous semi-annual reporting period.

8.2 Template CCR2: CVA capital charge

30 June 2021

| | | EAD post CRM | RWA |
|---|--|-----------------|-----------|
| | | 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 | 1,399 | 389 |
| 4 | Total | 1,399 | 389 |

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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 2021

| | Exposure class | Risk weight | | | | | | | | | | Total default risk exposure after CRM |
|----|--|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------------------------|
| | | 0% | 10% | 20% | 35% | 50% | 75% | 100% | 150% | 250% | Others | |
| | | 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 | - | - | - | - | 386 | - | - | - | - | - | 386 |
| 6 | Corporate exposures | - | - | - | - | - | - | 1,013 | - | - | - | 1,013 |
| 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 | - | - | - | - | 386 | - | 1,013 | - | - | - | 1,399 |

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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 2021

30 June 2021

| | 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 | - | - | - | 768 | - | - | (i) |
| Total | - | - | - | 768 | - | - | |

- (i) The movement in cash collateral received and posted from the previous semi-annual reporting period is mainly due to the use of the SA-CCR approach instead of the CEM approach in calculating counterparty default risk exposures.

9 Securitization exposures

There were no securitization exposures as at 30 June 2021.

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 2021

| | | RWA | Note |
|---|---|-----------|------|
| | | 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 | 17 | (i) |
| 4 | Commodity exposures | - | |
| | Option exposures | | |
| 5 | Simplified approach | - | |
| 6 | Delta-plus approach | - | |
| 7 | Other approach | - | |
| 8 | Securitization exposures | - | |
| 9 | Total | 17 | |

- (i) The decrease in RWA for market risk from the previous semi-annual reporting period is mainly due to the decrease in foreign currency exposures to an affiliated company.

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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 2021

| | Banks US\$ '000 | Official sector US\$ '000 | Non-bank financial institutions US\$ '000 | Non- financial private sector US\$ '000 | Total US\$ '000 |
|------------------------------|--------------------|---------------------------------|--|---|--------------------|
| Major countries: | | | | | |
| United Kingdom | <u>65,591</u> | <u>-</u> | <u>754</u> | <u>-</u> | <u>66,345</u> |
| Major offshore centres: | | | | | |
| Hong Kong | <u>36,872</u> | <u>-</u> | <u>1,679</u> | <u>547</u> | <u>39,098</u> |
| Developing Asia and Pacific: | | | | | |
| Chinese Taipei | <u>15,008</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>15,008</u> |

12 Loans and advances – sector information

There are no loans and advances to customers as at 30 June 2021.

13 Overdue and rescheduled assets

There are no impaired, rescheduled or overdue assets as at 30 June 2021.

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 2021

| Type of counterparties | On-balance sheet exposures US\$ '000 | Off-balance sheet exposures US\$ '000 | Total US\$ '000 |
|---|---|--|--------------------|
| Central government, central government-owned entities and their subsidiaries and joint ventures | <u>-</u> | <u>546</u> | <u>546</u> |
| Total | <u>-</u> | <u>546</u> | <u>546</u> |

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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 2021

| USD currency | US\$ '000 |
|---------------------|------------------|
| Spot assets | 132,272 |
| Spot liabilities | (133,035) |
| Forward purchases | 3,813 |
| Forward sales | (2,221) |
| | <hr/> |
| Net long position | 829 |
| | <hr/> |

As at 30 June 2021, the Company had no net currency position calculated on the basis of the delta-weighted position of its options contracts.

As at 30 June 2021, 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 2021.