

Goldman Sachs Asia Bank Limited, a restricted licence bank

Unaudited Disclosure Statement

For the quarterly reporting period ended 30 September 2023

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The disclosure statement is prepared to comply with the relevant provisions of the Banking (Disclosure) Rules made under section 60A of the Banking Ordinance for the quarterly reporting period ended 30 September 2023. The disclosure statement is not required to be, and has not been, audited by our independent auditors.

The Unaudited Disclosure Statement of Goldman Sachs Asia Bank Limited (the “Company”), a restricted licence bank, is published on its parent company’s website as the Company does not maintain a website of its own:

<https://www.goldmansachs.com/disclosures/gsab-disclosures/financial-disclosures.html>

1 General information

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

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

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

2 Key prudential ratios

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

The capital adequacy ratios are measures of regulatory capital to risk-weighted amounts (“RWA”). RWA 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 Company has been exempted by the HKMA under section 22(1) of the BCR from the calculation of market risk under section 17 of the BCR for 2023.

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

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

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

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

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2 Key prudential ratios (continued)

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

Template KM1: Key prudential ratios

		30 September 2023	30 June 2023	31 March 2023	31 December 2022	30 September 2022	Note
	Regulatory capital (US\$'000)						
1	Common Equity Tier 1 (CET1)	123,392	122,288	120,826	119,296	118,090	
2	Tier 1	123,392	122,288	120,826	119,296	118,090	
3	Total capital	123,392	122,288	120,826	119,296	118,090	
	RWA (US\$'000)						
4	Total RWA	45,850	47,571	68,261	66,290	63,040	
	Risk-based regulatory capital ratios (as a percentage of RWA)						
5	CET1 ratio (%)	269.12%	257.06%	177.01%	179.96%	187.33%	
6	Tier 1 ratio (%)	269.12%	257.06%	177.01%	179.96%	187.33%	
7	Total capital ratio (%)	269.12%	257.06%	177.01%	179.96%	187.33%	
	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 (%)	0.707%	0.911%	0.809%	0.660%	0.929%	(i)
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	-	-	-	-	-	
11	Total AI-specific CET1 buffer requirements (%)	3.207%	3.411%	3.309%	3.160%	3.429%	
12	CET1 available after meeting the AI's minimum capital requirements (%)	261.12%	249.06%	169.01%	171.96%	179.33%	
	Basel III leverage ratio						
13	Total leverage ratio (LR) exposure measure (US\$'000)	159,455	137,604	141,685	143,270	133,008	
14	LR (%)	77.38%	88.87%	85.28%	83.27%	88.78%	(ii)
	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 (%)	160.04%	160.05%	160.01%	160.02%	160.03%	
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)						
	Applicable to category 1 institution only:						
18	Total available stable funding	-	-	-	-	-	
19	Total required stable funding	-	-	-	-	-	
20	NSFR (%)	-	-	-	-	-	
	Applicable to category 2A institution only:						
20a	CFR (%)	-	-	-	-	-	

(i) The decrease in countercyclical capital buffer ratio as of 30 September 2023 from the previous reporting period is mainly due to a higher proportion of RWA from a jurisdiction with a jurisdictional countercyclical capital buffer requirement of 0%.

(ii) The decrease in leverage ratio as of 30 September 2023 from the previous reporting period is mainly due to higher on-balance sheet and derivative exposures.

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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 RWA are set out below.

Template OV1: Overview of RWA

		RWA		Minimum capital requirements (Note (i))
		30 September 2023	30 June 2023	30 September 2023
		US\$'000	US\$'000	US\$'000
1	Credit risk for non-securitization exposures	27,288	32,566	2,183
2	Of which STC approach	27,288	32,566	2,183
2a	Of which BSC approach	-	-	-
3	Of which foundation IRB approach	-	-	-
4	Of which supervisory slotting criteria approach	-	-	-
5	Of which advanced IRB approach	-	-	-
6	Counterparty default risk and default fund contributions	2,316	190	185
7	Of which SA-CCR approach	2,062	190	165
7a	Of which CEM	-	-	-
8	Of which IMM(CCR) approach	-	-	-
9	Of which others	254	-	20
10	CVA risk	513	64	41
11	Equity positions in banking book under the simple risk-weight method and internal models method	-	-	-
12	Collective investment scheme (“CIS”) exposures – LTA	-	-	-
13	CIS exposures – MBA	-	-	-
14	CIS exposures – FBA	-	-	-
14a	CIS exposures – combination of approaches	-	-	-
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	-	-	-
21	Of which STM approach	-	-	-
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
24	Operational risk	15,733	14,751	1,259
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	45,850	47,571	3,668

(i) The minimum capital requirements are determined by multiplying the Company’s RWA derived from the relevant calculation approach by 8%, not the Company’s actual regulatory capital requirements.

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4 Leverage ratio

Template LR2: Leverage ratio

		US\$'000 equivalent		Note
		30 September 2023	30 June 2023	
On-balance sheet exposures				
1	On-balance sheet exposures (excluding those arising from derivative contracts and SFTs, but including collateral)	150,825	137,424	
2	Less: Asset amounts deducted in determining Tier 1 capital	(1,239)	(1,083)	
3	Total on-balance sheet exposures (excluding derivative contracts and SFTs)	149,586	136,341	
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)	9,125	793	
5	Add-on amounts for PFE associated with all derivative contracts	744	470	
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	9,869	1,263	
Exposures arising from SFTs				
12	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	-	-	
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets	-	-	
14	CCR exposure for SFT assets	-	-	
15	Agent transaction exposures	-	-	
16	Total exposures arising from SFTs	-	-	
Other off-balance sheet exposures				
17	Off-balance sheet exposure at gross notional amount	-	-	
18	Less: Adjustments for conversion to credit equivalent amounts	-	-	
19	Off-balance sheet items	-	-	
Capital and total exposures				
20	Tier 1 capital	123,392	122,288	
20a	Total exposures before adjustments for specific and collective provisions	159,455	137,604	
20b	Adjustments for specific and collective provisions	-	-	
21	Total exposures after adjustments for specific and collective provisions	159,455	137,604	
Leverage ratio				
22	Leverage ratio	77.38%	88.87%	(i)

- (i) The decrease in leverage ratio as of 30 September 2023 from the previous reporting period is mainly due to higher on-balance sheet and derivative exposures.