

Goldman Sachs Bank Europe SE

# Pillar 3 Disclosures

For the period ended March 31, 2024

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## Introduction

### Overview

Goldman Sachs Bank Europe SE (GSBE or the bank) is engaged in a wide range of activities primarily in the E.U., including underwriting and market making in debt and equity securities and derivatives, asset and wealth management services, deposit-taking, lending (including securities lending), advisory service and transaction banking services. The bank is a primary dealer for government bonds issued by E.U. sovereigns. The bank serves a diversified client base that includes corporations, financial institutions, governments, and individuals, from its registered office in Frankfurt am Main and branches in Amsterdam, Athens, Copenhagen, Dublin, London, Luxembourg, Madrid, Milan, Paris, Stockholm, and Warsaw. The bank is registered with the commercial register number HRB 114190 at the local district court in Frankfurt am Main, Germany.

The bank is directly supervised by the European Central Bank (ECB) and additionally by the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank in the context of the E.U. Single Supervisory Mechanism.

The bank is a wholly owned subsidiary of Goldman Sachs Bank USA (GS Bank USA), a New York State chartered bank and a member of the Federal Reserve System (FRB). The bank's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. (Group Inc. or the firm). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the FRB. In relation to the bank, "group undertaking" means Group Inc. or any of its subsidiaries. Group Inc., together with its consolidated subsidiaries form "GS Group" (also referred to as the firm). GS Group is a leading global financial institution that delivers a broad range of financial services to a large and diversified client base that includes corporations, financial institutions, governments, and individuals.

The bank seeks to be the advisor of choice for its clients and a leading participant in financial markets. As part of GS Group, the bank also enters into transactions with affiliates in the normal course of business as part of its market-making activities and general operations.

The bank generates revenues from the following business activities: Investment Banking; Fixed Income, Currency, and Commodities (FICC); Equities; and Investment Management, which includes Asset management and Wealth management.

The bank strives to maintain a work environment that fosters professionalism, excellence, diversity, cooperation among employees and high standards of business ethics. The bank recognises that it needs the most talented people to deliver outstanding results for clients. A diverse workforce in terms of gender, ethnicity, sexual orientation, background, culture and education ensures the development of better ideas, products and services. For further information about Goldman Sachs' people, culture and commitment to diversity, see

[www.goldmansachs.com/our-commitments/diversity-and-inclusion/](https://www.goldmansachs.com/our-commitments/diversity-and-inclusion/)

GSBE's regulatory capital requirement has been calculated in accordance with the E.U. Capital Requirements Directive (CRD) and the E.U. Capital Requirements Regulation (CRR). These are largely based on the Basel Committee on Banking Supervision's (Basel Committee) final capital framework for strengthening international capital standards (Basel III), which is structured around three pillars: Pillar 1 "minimum capital requirements", Pillar 2 "supervisory review process" and Pillar 3 "market discipline".

The term "CRR" in this document refers to the applicable version of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 (known as CRR2) as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements.

GSBE's Pillar 3 disclosures for March 31, 2024 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to March 2024 and December 2023 refer to the dates as the context requires, March 31, 2024 and December 31, 2023, respectively. Any reference to a future year refers to a year ending on December 31 of that year. Any statements relating to future periods are subject to a high degree of uncertainty.

Information on GSBE's 2024 Quarterly Pillar 3 disclosures, 2023 Annual Pillar 3 disclosures, IFRS Financial Information

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and Financial Statements can be accessed via the following links:

<https://www.goldmansachs.com/disclosures/gsbank-europe-se-disclosures.html>

<https://www.goldmansachs.com/investor-relations/financials/subsidiary-financial-info/gsbe/index.html>

For information on Group Inc.'s financial statements and regulatory capital ratios, please refer to the firm's Pillar 3 Disclosures and Quarterly Report on Form 10-Q. References to the "2024 Form 10-Q" are to the firm's Quarterly Report on Form 10-Q for the period ended March 31, 2024. All references to March 2024 refer to the period ended, or the date, as the context requires, March 31, 2024.

<https://www.goldmansachs.com/investor-relations/financials/other-information/2023/1q-pillar3-2024.pdf>

<https://www.goldmansachs.com/investor-relations/financials/10q/2024/first-quarter-2024-10-q.pdf>

Measures of exposures and other metrics disclosed in this report may not be based on International Financial Reporting Standards (IFRS), may not be directly comparable to measures reported in the IFRS Financial Information, and may not be comparable to similar measures used by other companies.

The capital requirements are expressed as risk-based capital and leverage ratios that compare measures of regulatory capital to risk-weighted assets (RWAs), assets and off-balance-sheet exposures. Failure to comply with these capital requirements could result in restrictions being imposed by GSBE's regulators and could limit the bank's ability to pay dividends and make certain discretionary compensation payments. GSBE's capital levels are also subject to qualitative judgements by our regulators about components of capital, risk weightings and other factors.

**Regulatory Developments**

The bank's businesses are subject to extensive regulation and supervision worldwide. New regulations have been adopted or are being considered by regulators and policymakers. Given that many of the new and proposed rules are highly complex, the full impact of regulatory reform will not be known until the rules are implemented and market practices develop under final E.U. regulations.

**Risk-Based Capital Ratios**

In June 2023, the European Union reached a deal on a proposed legislative package to amend the CRR and CRD to finalise the implementation of Basel III standards. In June 2024, the new rules were published in the E.U.'s Official Journal as the final step to adoption. The package introduces the "output floor" and includes changes to rules on credit, market, operational risk and credit valuation adjustment risk, with an implementation date of January 1, 2025, for substantial parts of the reforms. In June 2024, the E.U. Commission also confirmed its intention to adopt a delegated act to delay the implementation of new market risk rules to January 1, 2026. The "output floor" represents one of the key measures of Basel reforms. It sets a lower bound to the capital requirements that are produced by firm's internal models at 72.5% of the own funds requirements that would apply on the basis of standardised approaches at the end of the transitional period.

The bank has reviewed the impact of the new rules on regulatory capital and minimum requirement for own funds and eligible liabilities (MREL). These are expected to result in moderately higher RWAs. Given the significant capital surplus, the bank does not expect additional CET1 capital to be required to meet its minimum capital requirements including combined buffer requirements. However, the bank expects to need additional MREL to meet its Single Resolution Board (SRB) set MREL requirements, which would be satisfied through issuing regulatory capital or drawing on MREL senior debt from its parent.

**Minimum Requirements for Own Funds and Eligible Liabilities (MREL)**

The CRR and the Bank Recovery and Resolution Directive (BRRD) are designed to, among other things, implement the Financial Stability Board's (FSB) minimum Total Loss Absorbing Capacity (TLAC) requirement for global systemically important bank (G-SIB). The CRR requires material subsidiaries of non-E.U. G-SIBs to meet internal TLAC (iTLAC) requirements equivalent to 90% of the external TLAC requirement applicable to E.U. G-SIBs. The bank satisfies this requirement through its regulatory capital and MREL eligible debt from intercompany borrowings.

The BRRD, as amended by BRRD II, subjects institutions to a minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board's (SRB) internal MREL (iMREL) requirements are applicable to the bank and became effective from January 1, 2024. The SRB has set this at 22% (excluding the combined buffer requirement), which is

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at a higher level than the iTLAC to RWAs requirement. As of March 2024, the bank was in compliance with its iMREL requirements. The minimum iMREL requirement is subject to change by the SRB annually and on May 13, 2024, the SRB published its 2024 MREL policy. This policy broadens the scope of firms for which SRB intends to set a Market Confidence Charge and makes changes to its calibration, amongst other amendments. The timing of application and impact to GSBE will depend on how the SRB applies the policy, and this could result in an increase to the bank's MREL requirements in 2025. GSBE would satisfy an increase in its MREL requirement through issuing regulatory capital or drawing on MREL senior debt from intercompany borrowings.

**Swaps, Derivatives and Commodities Regulation.** The bank is a swap dealer registered with the Commodity Futures Trading Commission and a registered security-based swap dealer with the U.S. Securities Exchange Commissions. As of both March 2024 and December 2023 the bank was subject to and in compliance with applicable capital requirements for swap dealers and security-based swap dealers.

**Attestation**

To the best of our knowledge, we attest that the Pillar 3 Disclosures of Goldman Sachs Bank Europe SE for the period ended March 31, 2024, prepared according to Part Eight of the CRR, have been prepared in accordance with the formal policies and internal processes, systems and controls agreed upon at the management body level.

Michael Holmes  
Chief Financial Officer  
Goldman Sachs Bank Europe SE

Robert Charnley  
Executive Board Member responsible for Risk  
Goldman Sachs Bank Europe SE

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## EU iLAC

In accordance with the requirements of Article 92b of Regulation (EU) No 575/2013, the following table shows GSBE's minimum requirement for eligible liabilities, as a material subsidiary of a non-EU headquartered G-SII.

**Table 1: EU iLAC: Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs**

€ in millions		As of March 2024		
		a	b	c
		Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII Requirement for own funds and eligible liabilities (internal TLAC)	Qualitative information
<b>Applicable requirement and level of application</b>				
EU 1	Is the entity subject to a Non-EU G-SII Requirement for own funds and eligible liabilities? (Y/N)			Y
EU 2	If EU 1 is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
EU 2a	Is the entity subject to an internal MREL requirement? (Y/N)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
<b>Own funds and eligible liabilities</b>				
EU 3	Common Equity Tier 1 capital (CET1)	12,748	12,748	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	20	20	
EU 6	Eligible own funds	12,768	12,768	
EU 7	Eligible liabilities	800	800	
EU 8	Of which permitted guarantees	-		
EU 9a	(Adjustments)	-		
EU 9b	Own funds and eligible liabilities items after adjustments	13,568	13,568	
<b>Total risk exposure amount and total exposure measure</b>				
EU 10	Total risk exposure amount	41,901	41,901	
EU 11	Total exposure measure	137,496	137,496	
<b>Ratio of own funds and eligible liabilities</b>				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	32.4%	32.4%	
EU 13	>>> of which permitted guarantees	0.0%		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	9.9%	9.9%	
EU 15	>>> of which permitted guarantees	0.0%		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	10.4%	10.4%	
EU 17	Institution-specific combined buffer requirement *		4.1%	
<b>Requirements</b>				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	22.0%	16.2%	
EU 19	>>> of which may be met with guarantees	N/A		
EU 20	Internal MREL expressed as percentage of the total exposure measure	6.0%	6.1%	
EU 21	>>> of which may be met with guarantees	N/A		
<b>Memorandum items</b>				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR **		239,502	

\* Row EU 17 requires reporting Institution-specific combined buffer requirement, but EBA template mapping refers to cell M 03.00, r0540, c0020 (O-SII requirement). GSBE is reporting the Institution-specific combined buffer requirement in this row.

\*\* Row EU 22 requires reporting Total amount of excluded liabilities referred to in Article 72a(2) CRR, but EBA template mapping refers to cell M 03.00, r0590, c0020 (Other bailinable liabilities with residual maturity of >= 1 year and < 2 years). GSBE is reporting Total amount of excluded liabilities in this row.

## Notes:

The own funds and eligible liabilities as a percentage of TREA (EU 12) decreased from December 2023 by 5.6 percentage points (pp) to 32.4% mainly driven by an increase in RWAs by €5.9bn to €41.9bn primarily due to an increase in credit RWAs by €4.2bn mainly driven by lending activities and market RWAs by €1.6bn primarily driven by modelled market RWAs.



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The own funds and eligible liabilities as a percentage of leverage exposure (EU 14) decreased from December 2023 by 2.3 pp to 9.9% driven due to an increase in on-and off-balance sheet exposures primarily from cash and cash equivalents, trading inventory (primarily cash instruments) and commitments.

Own funds and eligible liabilities as a percentage of TREA (EU 12) and as a percentage of leverage exposure (EU 14) in the table above do not include profits that are subject to verification by GSBE's external auditors and approval by GSBE's shareholder (GS Bank USA) for inclusion in capital. These profits would add 57 basis points and 18 basis points to rows EU 12 and EU 14 respectively.

Institution-specific combined buffer requirement (EU 17) increased from December 2023 by 0.29 pp to 4.1%, driven by an increase in O-SII buffer by 0.25 pp.

## **Cautionary Note on Forward-Looking Statements**

We have included in these disclosures, and our management may make, statements that may constitute “forward-looking statements.” Forward-looking statements are not historical facts or statements of current conditions, but instead represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside our control. These statements include statements other than historical information or statements of current conditions.

It is possible that our actual results and financial condition may differ, possibly materially, from the anticipated results

and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those discussed in “Forecast and Opportunities Report” within “Management Report” of GSBE’s Financial Statements.