



Goldman Sachs Bank Europe SE

Pillar 3 Disclosures

For the period ended September 30, 2023

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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.

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/.

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 published for September 30, 2023 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to September 2023 and June 2023 refer to the dates as the context requires, September 30, 2023 and June 30, 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 2023 Quarterly Pillar 3 disclosures, 2022 Annual Pillar 3 disclosures, IFRS Financial Information and Financial Statements can be accessed via the following links:

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

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<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 quarterly Pillar 3 Disclosures and Quarterly Report on Form 10-Q.

<https://www.goldmansachs.com/investor-relations/financials/other-information/2023/3q-pillar3-2023.pdf>

<https://www.goldmansachs.com/investor-relations/financials/10q/2023/third-quarter-2023-10-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 2021, amendments to the CRR and CRD became effective in the E.U., including changes to rules for the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities (MREL), counterparty credit risk, market risk, large exposures and the requirement to establish an E.U. intermediate parent undertaking (IPU).

In June 2023, the European Union further reached a deal on a proposed legislative package to amend the CRR and CRD to finalise the implementation of Basel III standards. The package introduces the "output floor" and includes changes to rules on credit, market, operational risk and credit valuation adjustment risk, with a proposed implementation date of January 1, 2025, for substantial parts of the reforms. 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.

In July 2023, the U.S. federal bank regulatory authorities also proposed a rule implementing Basel III.

The firm continues to evaluate the impact of these proposed rules as they are finalised by U.S. and E.U. regulators.

In addition, in December 2022, the Basel Committee published a final standard on the prudential treatment of crypto asset exposures. In February 2023, the ECB published a newsletter stating that the standard is not yet legally binding in the E.U. but that banks wishing to engage in this market are expected to comply with the standards.

Minimum Requirements for Own Funds and Eligible Liabilities. 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 applicable to the bank are phasing in through to January, 1 2024. The SRB has set this at 22% (excluding the combined buffer requirement), which is at a higher level than the iTLAC to RWAs requirement. As of September 2023, the bank was in compliance with its forthcoming iMREL requirements. The minimum iMREL requirement is subject to change by the SRB annually.

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Attestation

To the best of our knowledge, we attest that the Pillar 3 Disclosures of Goldman Sachs Bank Europe SE for the period ended September 30, 2023, 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

Heiman Lo
Chief Risk Officer
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 September 2023
		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
Applicable requirement and level of application				
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)			N
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			N/A
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	€ 12,174	€ 12,174	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	20	20	
EU 6	Eligible own funds	12,194	12,194	
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	€ 12,994	€ 12,994	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	€ 34,301	€ 34,301	
EU 11	Total exposure measure	€ 119,471	€ 119,471	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	37.9%	37.9%	
EU 13	>>> of which permitted guarantees	-		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	10.9%	10.9%	
EU 15	>>> of which permitted guarantees	-		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	16.7%	16.7%	
EU 17	Institution-specific combined buffer requirement *		3.9%	
Requirements				
EU 18	Requirement expressed as a percentage of the total risk exposure amount	N/A	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	N/A	6.1%	
EU 21	>>> of which may be met with guarantees	N/A		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR **		252,248	

* 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.

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 yet to be 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 approximately 156 basis points and 45 basis points to rows EU 12 and EU 14 respectively.

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The own funds and eligible liabilities as a percentage of TREA (EU 12) decreased from June 2023 by 3.1pp to 37.9% mainly driven by an increase in RWEA by €2.6bn to €34.3bn resulted partly from an increase in exposures subject to updated Internal Model Approach for market risk as described below, and partly from an increase in credit and counterparty credit RWEA mainly due to non-modelled derivative trades.

The own funds and eligible liabilities as a percentage of leverage exposure (EU 14) decreased from June 2023 by 1.7pp to 10.9% mainly driven by leverage exposures increasing by €16.5bn to €119.5bn, primarily due to increases in on balance sheet exposures within securities financing, cash inventory and cash and cash equivalents as well as increases in off balance sheet exposures within derivatives.

On July 3, 2023 GSBE received approval to apply the Internal Model Approach for Market Risk. Many of these models were already applied, to the extent they were previously approved by the PRA in the UK, on the basis of temporary tolerance following Brexit. The model permission further approved certain products to be in scope of the model and required changes in multipliers to components of modelled market risk, impacts of which had been incorporated in the capital planning process for GSBE.

As noted in the Regulatory Developments section above, the SRB has set the minimum iMREL to RWAs requirement at 22% (excluding the combined buffer requirement), which is at a higher level than the iTLAC to RWAs requirement. As iMREL requirements are not yet live, the table above (EU 16a) reflects adherence to the iTLAC requirements (EU 16b). As of September 2023, the bank was in compliance with its forthcoming iMREL requirements.

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. In particular, the bank continues to analyse capital rules proposals and is subject to the risk that the final rules may differ from the proposed rules. 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 2022 Financial Statements.