Goldman Sachs Bank Europe SE

Pillar 3 Disclosures

For the period ended September 30, 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. In March 2024, the bank also opened an office in Munich to expand its footprint in Germany. The London branch of the bank is currently in dormant status after it ceased its business activities in June 2024. 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. 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 Federal Reserve System. 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'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.

The bank's Pillar 3 disclosures for September 30, 2024 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to September 2024 and June 2024 refer to the dates as the context requires, September 30, 2024 and June 30, 2024, 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 the bank's 2024 Quarterly Pillar 3 disclosures, 2023 Annual Pillar 3 disclosures, 2023 Annual International Financial Reporting Standards (IFRS) and 2023 Annual Financial Statements and Management Report prepared under German Commercial Code (HGB) 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

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 September 30, 2024. All references to September 2024 refer to the period ended, or the date, as the context requires, September 30, 2024.

https://www.goldmansachs.com/investor-relations/financials/other-information/2024/3q-pillar3-2024.pdf

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

Measures of exposures and other metrics disclosed in this report may not be based on 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 the banks's regulators and could limit the bank's ability to pay dividends and make certain discretionary compensation payments. The bank'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 (known as CRR3 and CRD6) 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 October 2024, a delegated act was published 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 the firm's internal models as a percentage of the own funds requirements that would apply on the basis of standardised approaches.

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. Consequently, the bank intends to drawdown senior debt from GS Bank USA in December 2024.

Minimum Requirements for Own Funds and Eligible Liabilities (MREL)

The CRR and the E.U. 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 at a higher level than the iTLAC to RWAs requirement.

The SRB has also set an iMREL to leverage exposure requirement of 6%. The iMREL to leverage exposure requirement is lower than the iTLAC to leverage exposure requirement.

As of September 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 the bank will depend on how the SRB applies the policy, and this could result in an increase to the bank’s MREL requirements in 2025. The bank would satisfy an increase in its MREL requirement through senior debt from GS Bank USA ahead of the effectiveness of such requirements.

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 September 2024, the bank was subject to and in compliance with applicable capital requirements for swap dealers and security-based swap dealers.

Business Environment

During the third quarter of 2024, economic activity continued to be impacted by concerns about inflation, although some measures had begun to improve, and ongoing geopolitical stresses, including tensions with China and the conflicts in Ukraine and the Middle East. Despite these concerns, the economic activity in the Eurozone and U.K. showed some improvement from low levels, while in the U.S., the economy has remained resilient. Additionally, markets were focused on policy interest rate cuts by several central banks, including the first rate cuts by the U.S. Federal Reserve and the Bank of England since they began increasing rates in 2022 and 2021, respectively, as well as the potential outcomes of national elections. The European Central Bank further decreased its main policy interest rate by 25 basis points during the third quarter of 2024.

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, 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	Michael Trokoudes
Chief Financial Officer	Chief Risk Officer
Goldman Sachs Bank Europe SE	Goldman Sachs Bank Europe SE

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 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
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)			Y
EU 2b	If EU 2a is answered by 'Yes', is the requirement applicable on a consolidated or individual basis? (C/I)			I
Own funds and eligible liabilities				
EU 3	Common Equity Tier 1 capital (CET1)	€ 12,708	€ 12,708	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	20	20	
EU 6	Eligible own funds	12,728	12,728	
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	€ 13,528	€ 13,528	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	42,864	42,864	
EU 11	Total exposure measure	141,831	141,831	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	31.6 %	31.6 %	
EU 13	>>> of which permitted guarantees	0.0 %		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	9.5 %	9.5 %	
EU 15	>>> of which permitted guarantees	0.0 %		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	9.6 %	9.6 %	
EU 17	Institution-specific combined buffer requirement *		4.3 %	
Requirements				
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		
Memorandum items				
EU 22	Total amount of excluded liabilities referred to in Article 72a(2) CRR **		**€ 206,007**	

** 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). The bank 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). The bank is reporting Total amount of excluded liabilities in this row.*

In the table above:

- Own funds and eligible liabilities as a percentage of TREA (EU 12) as of September 2024 decreased by 315 basis points compared with June 2024 primarily driven by an increase in credit RWAs of €2.5 billion (mainly reflecting an increase in derivatives and lending activity) and market RWAs of €1.3 billion (mainly reflecting an increase in rates exposures).

- Own funds and eligible liabilities as a percentage of leverage exposure (EU 14) as of September 2024 decreased by 51 basis points compared with June 2024 primarily driven by an increase in on-balance sheet exposures (mainly reflecting an increase in cash and cash equivalents, securities financing transactions and loans, offset by lower trading inventory).

- Own funds and eligible liabilities as a percentage of TREA (EU 12) and Own funds and eligible liabilities as a percentage of leverage exposure (EU 14) do not include profits for the nine months ended September 2024 that are still subject to annual audit by the bank’s external auditors and approval by the bank’s shareholder for inclusion in the bank’s risk-based capital. These profits would have contributed 138 basis points to Own funds and eligible liabilities as a percentage of TREA (EU 12) and 42 basis points to Own funds and eligible liabilities as a percentage of leverage exposure (EU 14).

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 2023 Financial Statements.