



Goldman Sachs Bank Europe SE

Pillar 3 Disclosures

For the period ended September 30, 2022

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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 market making in debt and equity securities and derivatives, financial advisory services, underwriting, asset and wealth management services, deposit-taking and lending (including securities lending) and 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 supervised by the European Central Bank (ECB) within the context of the European Single Supervisory Mechanism, the Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank.

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 across investment banking, securities and investment management and consumer banking to a large and diversified client base that includes corporations, financial institutions, governments and individuals. GS Group's purpose is to advance sustainable economic growth and financial opportunity. GS Group's goal, reflected in the One Goldman Sachs initiative, is to deliver its full range of services and expertise to support its clients in a more accessible, comprehensive and efficient manner, across business and product areas. GS Group has a presence in Europe, Middle East and Africa (EMEA) through a number of subsidiaries, including GSBE.

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, 2022 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to September 2022 and June 2022 refer to the dates, as the context requires, September 30, 2022 and June 30, 2022, 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 2022 Quarterly Pillar 3 disclosures, 2021 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>

<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/2022/3q-pillar3-2022.pdf>

<https://www.goldmansachs.com/investor-relations/financials/10q/2022/third-quarter-2022-10-q.pdf>

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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 policy-makers. 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 December 2017, the Basel Committee published standards that it described as the finalisation of the Basel III post-crisis regulatory reforms. These standards set a floor on internally developed capital requirements at a percentage of the capital requirements under the standardised approach. They also revised the Basel Committee's standardised and model-based approaches for credit risk, provide a new standardised approach for operational risk capital and revise the frameworks for credit valuation adjustment risk.

The Basel Committee's standards are not effective in any jurisdiction until respective regulations have been implemented by the relevant authorities in such jurisdiction.

In June 2019, amendments to the CRR and CRD were published in the Official Journal of the E.U. The amendments to the CRR include 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, exposures to central counterparties, exposures to collective investment undertakings, large exposures, and reporting and disclosure requirements. Most of these requirements are applicable since June 28, 2021 in the E.U.. The amendments to the CRD include the requirement to establish an E.U. intermediate parent undertaking ("IPU") as well as provisions on remuneration, interest rate risk

management, supervisory powers and macro-prudential capital requirements.

In October 2021, the European Commission further published a proposed legislative package to amend the CRR and CRD to finalise the implementation of Basel III, which is expected to be concluded in 2023 with a proposed implementation date of January 1, 2025 at the earliest for substantial parts of the reforms. The impact of these draft rules on the bank (including its RWAs and regulatory capital ratios) is subject to uncertainty until legislation is finalised and implemented.

Minimum Requirements for Own Funds and Eligible Liabilities. In May 2022, the Single Resolution Board (SRB) published an update to its statement of policy on Minimum Requirement for Own Funds and Eligible Liabilities under the revised Banking Package. The SRB policy requires material subsidiaries of banking groups to meet a minimum internal MREL requirement to facilitate the transfer of losses to its resolution entity, which for GSBE is Group Inc.

In September 2022, the SRB provided updated guidance on GSBE's internal MREL requirement which will become fully effective on January 1, 2024. GSBE is required to ensure a linear build-up of MREL ahead of this date.

The CRR requires E.U. subsidiaries of a non-E.U. G-SII to meet internal Total Loss Absorbing Capacity ("TLAC") requirements if they exceed the threshold of 5% of the G-SII's RWAs, operating income or leverage exposure. GSBE is within scope of this requirement and is thereby required to meet 90% of the TLAC requirement applicable to E.U. G-SIIs. GSBE satisfies this requirement through its regulatory capital and MREL eligible debt from intercompany borrowings.

Other Developments

Russian Invasion of Ukraine. The Russian invasion of Ukraine has negatively affected the global economy and has resulted in significant disruptions in financial markets and increased macroeconomic uncertainty. Governments around the world have responded to Russia's invasion by imposing economic sanctions and export controls on certain industry sectors, companies and individuals in Russia. Retaliatory restrictions against investors, non-Russian owned businesses and other sovereign states have been implemented by Russia. Businesses globally continue to experience shortages in materials and increased costs for transportation, energy and raw materials due, in part, to the negative effects of the war on the global economy. The escalation or continuation of the war between Russia and Ukraine presents heightened risks relating to cyber-attacks, the frequency and volume of failures to settle securities transactions, supply chain disruptions, and inflation, as well as the potential for increased volatility in commodity, currency and other financial markets. Complying with

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economic sanctions and restrictions imposed by governments has resulted in increased operational risk. The extent and duration of the war, sanctions and resulting market disruptions, as well as the potential adverse consequences for the bank's business, liquidity and results of operations, are difficult to predict.

The bank's senior management, risk committee and members of executive board receive regular briefings from the bank's independent risk oversight and control functions on macroeconomic developments and market events relevant to GSBE as well as overall GSBE risk profile metrics.

As of September 2022, the bank's total credit exposure to Russian counterparties or borrowers and its total market exposure relating to Russian issuers was not material.

At the time of publication, the economic outlook remains uncertain, reflecting concerns about the continuation or escalation of the war between Russia and Ukraine and other geopolitical risks, inflation and supply chain complications, and the persistence of COVID-19-related effects.

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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, 2022, 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 2022

		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)	8,415	8,415	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	20	20	
EU 6	Eligible own funds	8,435	8,435	
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	9,235	9,235	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	32,062	32,062	
EU 11	Total exposure measure	113,627	113,627	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	28.8%	28.8%	
EU 13	>>> of which permitted guarantees	-		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	8.1%	8.1%	
EU 15	>>> of which permitted guarantees	-		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements	7.3%	7.3%	
EU 17	Institution-specific combined buffer requirement		2.8%	
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		211,086	

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The Own funds and eligible liabilities as a percentage of TREA (EU 12) decreased over the quarter by 5.6% to 28.8% mainly driven by risk exposure increasing by €5.1bn to €32.1bn primarily due to credit risk exposure increasing by €4.8bn mainly from OTC derivatives (+€2.7bn), lending activity (+€1.2bn) and CVA (+€0.6bn).

The Own funds and eligible liabilities as a percentage of leverage exposure (EU 14) decreased over the quarter by 0.9% to 8.1% mainly driven by leverage exposure increasing by €11.0bn, primarily due to increased on-balance sheet exposures mainly from increase in cash deposits with Central Banks (+€9.4bn) and off-balance sheet exposures mainly from lending activity (+€1.5bn).

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 116 basis points and 33 basis points to rows EU 12 and EU 14 respectively.

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.