Goldman Sachs Bank Europe SE

Pillar 3 Disclosures

For the period ended March 31, 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) and advisory service. The bank is a primary dealer for government bonds issued by E.U. sovereigns. The bank also commenced providing transaction banking services from September 2022 onwards. 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 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 March 31, 2023 have been prepared in accordance with the EBA Guidelines on disclosure requirements under Part Eight of the CRR.

All references to March 2023 and December 2022 refer to the dates, as the context requires, March 31, 2023 and December 31, 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 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

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/2023/1q-pillar3-2023.pdf

https://www.goldmansachs.com/investor-relations/financials/10q/2023/first-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 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. 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 revise 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.

In addition, in December 2022, the Basel Committee published a final standard on the prudential treatment of cryptoasset exposures.

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 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 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 the second half of 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.

In February 2023, the ECB published a newsletter stating that the Basel Committee's standard on the treatment of cryptoasset exposures is not yet legally binding in the E.U. but 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). For example, the CRR requires E.U. subsidiaries of a non- E.U. G-SIB to meet internal TLAC (iTLAC) requirements if they exceed the threshold of 5% of the G-SIB's RWAs, operating income or leverage exposure. The bank exceeds this threshold and is thereby required to meet 90% of the iTLAC requirement applicable to E.U. G-SIBs. The bank satisfies this requirement through its total regulatory capital and MREL eligible debt from intercompany borrowings.

The E.U. 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 being phased in through to January 2024. The iMREL to RWAs requirement will be set at a higher level than the iTLAC to RWAs requirement at 22% excluding the combined buffer requirements.

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, 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 senior management level.

Michael Holmes
Chief Financial Officer
Goldman Sachs Bank Europe SE

Heiman Lo
Chief Risk Officer
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 March 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)	€ 12,179	€ 12,179	
EU 4	Eligible Additional Tier 1 instruments	-	-	
EU 5	Eligible Tier 2 instruments	20	20	
EU 6	Eligible own funds	12,199	12,199	
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	€ 12,999	€ 12,999	
Total risk exposure amount and total exposure measure				
EU 10	Total risk exposure amount	€ 28,840	€ 28,840	
EU 11	Total exposure measure	€ 108,701	€ 108,701	
Ratio of own funds and eligible liabilities				
EU 12	Own funds and eligible liabilities (as a percentage of TREA)	45.1%	45.1%	
EU 13	*>>> of which permitted guarantees*	-		
EU 14	Own funds and eligible liabilities (as a percentage of leverage exposure)	12.0%	12.0%	
EU 15	*>>> of which permitted guarantees*	-		
EU 16	CET1 (as a percentage of TREA) available after meeting the entity's requirements*	n/a	22.2%	
EU 17	Institution-specific combined buffer requirement**		3.5%	
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***		198,377	

** Row EU 16 column "a"- Minimum requirement for own fund and eligible liabilities (Internal MREL) is not applicable considering the internal MREL requirement is binding from 2024 for GSBE*
*** 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*

The own funds and eligible liabilities as a percentage of TREA (EU 12) increased over the quarter by 10.5 percentage points (pp) to 45.1% mainly driven by a capital injection on January 25, 2023 (€3.26bn), partially offset by risk exposure amount increasing by €0.7bn to €28.8bn primarily due to credit risk exposure amount increasing by €0.7bn, comprising mainly OTC derivatives (+€1.6bn) partially offset by settlement risk (-€0.4bn) and CVA (-€0.3bn).

The own funds and eligible liabilities as a percentage of leverage exposure (EU 14) increased over the quarter by 0.4 pp to 12.0% mainly driven by the abovementioned capital injection, largely offset by leverage exposure increasing by €24.7bn to €108.7bn, primarily due to increases in on-balance sheet exposures mainly from securities financing transactions (+€10.0bn), cash inventory (+€8.8bn) and increase in cash deposits with central banks (+€1.7bn), and in off-balance sheet exposures (+€3.0bn).

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 80 basis points and 21 basis points to rows EU 12 and EU 14 respectively.

Institution-specific combined buffer requirement (EU 17) increased by 0.5 pp to 3.5%, driven by 0.2 pp increase in the countercyclical capital buffer (CCyB) primarily due to the introduction of a German CCyB rate (0.75%) and increased O-SII buffer by 0.25 pp (to 0.5%).

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.