



Goldman Sachs Group UK Limited

# Pillar 3 Disclosures

For the period ended September 30, 2018

## TABLE OF CONTENTS

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	<b>Page No.</b>
Introduction .....	2
Capital Framework.....	5
Regulatory Capital .....	6
Risk-Weighted Assets.....	7
Liquidity Coverage Ratio.....	11
Cautionary Note on Forward-Looking Statements .....	12

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## INDEX OF TABLES

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	<b>Page No.</b>
Table 1: Minimum Regulatory Capital Ratios .....	5
Table 2: Regulatory Capital Ratios.....	6
Table 3: Leverage Ratio .....	6
Table 4: Regulatory Capital Resources.....	6
Table 5: Overview of Risk Weighted Assets.....	7
Table 6: RWA flow statements of credit risk exposures under the IRB approach.....	8
Table 7: RWA flow statements of CCR exposures under the IMM .....	9
Table 8: RWA flow statements of market risk exposures under the IMA .....	9
Table 9: Liquidity Coverage Ratio Summary .....	11

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## Introduction

### Overview

The Goldman Sachs Group, Inc. (Group Inc. or parent company), a Delaware corporation, together with its consolidated subsidiaries (collectively, the firm), is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals. Goldman Sachs Group UK Limited (GSGUKL) is a wholly owned subsidiary of Group Inc.. When we use the terms “Goldman Sachs” and “the firm”, we mean Group Inc. and its consolidated subsidiaries and when we use the terms “GSGUK”, “we”, “us” and “our”, we mean GSGUKL and its consolidated subsidiaries.

The Board of Governors of the Federal Reserve System (Federal Reserve Board) is the primary regulator of Group Inc., a bank holding company under the Bank Holding Company Act of 1956 (BHC Act) and a financial holding company under amendments to the BHC Act. As a bank holding company, the firm is subject to consolidated regulatory capital requirements which are calculated in accordance with the revised risk-based capital and leverage regulations of the Federal Reserve Board, subject to certain transitional provisions.

GSGUK is supervised on a consolidated basis by the Prudential Regulation Authority (PRA) and as such is subject to minimum capital adequacy standards. Certain subsidiaries of GSGUK are regulated by the Financial Conduct Authority (FCA) and the PRA and are subject to minimum capital adequacy standards also on a standalone basis.

The risk-based capital requirements are expressed as capital ratios that compare measures of regulatory capital to Risk-Weighted Assets (RWAs). Failure to comply with these requirements could result in restrictions being imposed by our regulators. GSGUK’s capital levels are also subject to qualitative judgements by our regulators about components of capital, risk weightings and other factors.

For information on Group Inc.’s financial statements and regulatory capital ratios, please refer to the firm’s most recent Quarterly Pillar 3 Disclosures and Quarterly Report on Form 10-Q. References in this document to the “Quarterly Pillar 3 Disclosures” are to the firm’s Pillar 3 Disclosures for the quarterly period ended September 30, 2018, references to the “Quarterly Report on Form 10-Q” are to the firm’s Quarterly Report on Form 10-Q for the

quarterly period ended September 30, 2018. All references to September 2018 refer to the period ended, or the date September 30, 2018 as the context. These forms can be accessed via the following links:

<https://www.goldmansachs.com/investor-relations/financials/current/other-information/3q-pillar3-2018.pdf>

<https://www.goldmansachs.com/investor-relations/financials/current/10q/third-quarter-2018-10-q.pdf>

The GSGUK consolidated regulatory capital requirement has been calculated in accordance with the E.U. Fourth Capital Requirements Directive (CRD IV) and the E.U. Capital Requirements Regulation (CRR), which came into effect on January 1, 2014. These regulations are largely based on the Basel Committee’s 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”. Certain provisions of CRD IV are directly applicable in the UK and certain provisions have been implemented in the PRA and FCA Rulebooks.

These quarterly Pillar 3 disclosures set out the qualitative and quantitative elements of Part 8 of the CRR within CRD IV, as supplemented by the PRA and FCA Rulebooks, for which we have determined that more frequent disclosure is appropriate in accordance with the EBA Guidelines under Articles 431(1), 432(2) and 433 of CRR. From March 2018, these quarterly Pillar 3 disclosures have also been prepared in accordance with the European Banking Authority’s revised guidelines on disclosure requirements under Part 8 of the CRR published in December 2016.

GSGUK also publishes annual Pillar 3 disclosures. The latest available published annual Pillar 3 disclosures can be accessed via the following link:

<https://www.goldmansachs.com/disclosures/gsgukl-pillar-3-2017.pdf>

Measures of exposures and other metrics disclosed in this report may not be based on UK generally accepted accounting principles (UK GAAP), may not be directly comparable to measures reported in financial statements, and may not be comparable to similar measures used by other companies. These disclosures are not required to be, and have not been, audited by our independent auditors.

**Pillar 3 Disclosures****Basis of Consolidation**

GSGUKL is the holding company for a group that provides a wide range of financial services to clients located worldwide. The company's functional currency is US dollars and these disclosures are prepared in that currency.

The following UK-regulated subsidiaries are included in the regulatory consolidation:

- Goldman Sachs International (GSI)
- Goldman Sachs International Bank (GSIB)
- Goldman Sachs Asset Management International (GSAMI)
- Goldman Sachs Asset Management Global Services Limited (GSAMGSL)
- Goldman Sachs MB Services Limited (GSMBSL)

The scope of consolidation for regulatory capital purposes is substantially consistent with the UK GAAP consolidation.

CRD IV requires significant subsidiaries to make certain capital disclosures on an individual or subconsolidated basis. The significant subsidiaries of GSGUK are GSI and GSIB. GSI is the firm's broker dealer in the Europe, Middle East and Africa (EMEA) region and its risk profile is materially the same as GSGUK. GSIB is GSGUK's deposit-taking subsidiary. Risk management policies and procedures are applied consistently to GSI, GSIB and to GSGUK as a whole. The remaining entities have minimal balance sheet activity and have not been determined material subsidiaries for the purposes of these disclosures.

**Restrictions on the Transfer of Funds or Regulatory Capital within the Firm**

Group Inc. is a holding company and, therefore, utilises dividends, distributions and other payments from its subsidiaries to fund dividend payments and other payments on its obligations, including debt obligations. Regulatory capital requirements as well as provisions of applicable law and regulations restrict Group Inc.'s ability to withdraw capital from its regulated subsidiaries. Within GSGUK, capital is provided by GSGUKL to subsidiary entities. Capital is considered transferable to other entities within the GSGUK Group without any significant restriction except to the extent it is required for regulatory purposes.

For information about restrictions on the transfer of funds within Group Inc. and its subsidiaries, see "Note 20. Regulation and Capital Adequacy" in Part I, Item 1 "Financial Statements", and "Risk Management – Liquidity

Risk Management" and "Equity Capital Management and Regulatory Capital" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q.

**Definition of Risk-Weighted Assets**

The risk weights that are used in the calculation of RWAs reflect an assessment of the riskiness of our assets and exposures. These risk weights are based on either predetermined levels set by regulators or on internal models which are subject to various qualitative and quantitative parameters that are subject to approval by our regulators. The relationship between available capital and capital requirements can be expressed in the form of a ratio, and capital requirements are arrived at by dividing RWAs by 12.5. In this document, minimum capital ratios set out in Table 1 are expressed including the impact of additional buffers.

**Fair Value**

The inventory amounts reflected in our consolidated statements of financial condition as "financial instruments owned" and "financial instruments sold, but not yet purchased" as well as certain other financial assets and financial liabilities, are accounted for at fair value (i.e., marked-to-market), with related gains or losses generally recognised in our consolidated statement of earnings and, therefore, in capital. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The use of fair value to measure financial instruments is fundamental to risk management practices and is our most critical accounting policy. The daily discipline of marking substantially all of our inventory to current market levels is an effective tool for assessing and managing risk and provides transparent and realistic insight into our financial exposures. The use of fair value is an important aspect to consider when evaluating our capital base and our capital ratios as changes in the fair value of our positions are reflected in the current period's shareholders' equity, and accordingly, regulatory capital; it is also a factor used to determine the classification of positions into the banking book and trading book.

The firm has documented policies and maintains systems and controls for the calculation of Prudent Valuation Adjustment ("PVA") as required by the Commission Delegated Regulation (EU) No. 2016/101. PVA represents the excess of valuation adjustments required to achieve prudent value, over any adjustment applied in the firm's fair

**Pillar 3 Disclosures**

value that addresses the same source of valuation uncertainty. For a valuation input where the range of plausible values is created from mid prices, Prudent Value represents the point within the range where the firm is 90% confident that the mid value which could be achieved in exiting the valuation exposure would be at that price or better. The Firm's methodology addresses fair value uncertainties arising from a number of sources; market price uncertainty, close-out costs, model risk, unearned credit spreads, investing and funding cost, concentrated positions, future administrative costs, early termination, operational risk. Methodologies utilised by our independent control functions to calculate PVA are aligned with, and use the same external data sources as, those used when carrying out price verification of fair value.

For additional information regarding the determination of fair value under accounting principles generally accepted in the United States (US GAAP) and controls over valuation of inventory, see "Note 3. Significant Accounting Policies" and "Note 5. Fair Value Measurements" in Part I "Financial Statements", and "Critical Accounting Policies" in Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the firm's Quarterly Report on Form 10-Q.

**Banking Book / Trading Book Classification**

The firm has a comprehensive framework of policies, controls and reporting to meet the requirements of the CRR for inclusion of positions in the banking book and trading book. In order to determine the appropriate regulatory capital treatment for our exposures, positions must be first classified into either "banking book" or "trading book". Positions are classified as banking book unless they qualify to be classified as trading book.

Banking book positions may be accounted for at amortised cost, fair value or under the equity method; they are not generally positions arising from client servicing and market making, positions intended to be resold in the short term, or positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations<sup>1</sup>. Banking book positions are subject to credit risk capital requirements. Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty (e.g., an OTC derivatives counterparty or a borrower) or an issuer of securities or other instruments that we hold.

Trading book positions generally meet the following criteria: they are assets or liabilities that are accounted for at fair value; they are risk managed using a Value-at-Risk

(VaR) internal model; they are held as part of our market-making and underwriting businesses and are intended to be resold in the short term, or positions intended to benefit from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations<sup>1</sup>. Trading book positions are subject to market risk regulatory capital requirements, as are foreign exchange and commodity positions, whether or not they meet the other criteria for classification as trading book positions. Market risk is the risk of loss in the value of our inventory due to changes in market prices. Some trading book positions, such as derivatives, are also subject to counterparty credit risk capital requirements.

<sup>1</sup> As defined in point (85) of Article 4(1) in CRD IV.

## Capital Framework

### Capital Structure

For CRD IV regulatory purposes, a company's total available capital has the following components:

- Common Equity Tier 1 capital (CET1), which is comprised of common shareholders' equity, after giving effect to deductions for disallowed items and other adjustments;
- Tier 1 capital which is comprised of CET1 capital and other qualifying capital instruments; and
- Tier 2 capital which is comprised of long term qualifying subordinated debt and preference shares.

Certain components of our regulatory capital are subject to regulatory limits and restrictions under CRD IV. In general, to qualify as Tier 1 or Tier 2 capital, an instrument must be fully paid and unsecured. A qualifying Tier 1 or Tier 2 capital instrument must also be subordinated to all senior indebtedness of the organisation.

Under CRD IV, the minimum CET1, Tier 1 capital and Total capital ratios (collectively the Pillar 1 capital requirements) are supplemented by:

- A capital conservation buffer, consisting entirely of capital that qualifies as CET1, that phases in beginning on January 1, 2016, in increments of 0.625% per year until it reaches 2.5% of RWAs on January 1, 2019.
- A countercyclical capital buffer of up to 2.5% (consisting entirely of CET1) in order to counteract excessive credit growth. The buffer only applies to GSGUK's exposures to certain types of counterparties based in jurisdictions which have announced and implemented a countercyclical buffer. As of September 2018, these are the following jurisdictions: Norway, Sweden, Hong Kong, Czech Republic, Iceland, Slovakia, and United Kingdom. The buffer currently increases the minimum CET1 ratio by 0.15%.
- Individual capital guidance under Pillar 2A (an additional amount to cover risks not adequately captured in Pillar 1). The PRA performs a periodic supervisory review of GSI's and GSIB's Internal Capital Adequacy Assessment Process (ICAAP), which leads to a final determination by the PRA of individual capital guidance

under Pillar 2A. This is a point in time assessment of the minimum amount of capital the PRA considers that an entity should hold.

### Minimum Regulatory Capital Ratios

The risk-based capital requirements are expressed as capital ratios that compare measures of regulatory capital to RWAs. The CET1 ratio is defined as CET1 divided by RWAs. The Tier 1 capital ratio is defined as Tier 1 capital divided by RWAs. The total capital ratio is defined as total capital divided by RWAs.

The following table presents GSGUK's minimum required ratios as of September 2018.

**Table 1: Minimum Regulatory Capital Ratios**

	September 2018 Minimum ratio <sup>1,2</sup>		
	GSGUK	GSI	GSIB
CET1 ratio	8.0%	8.0%	8.1%
Tier 1 capital ratio	9.9%	9.9%	10.1%
Total capital ratio	12.6%	12.6%	12.8%

1. Includes the phase-in of the capital conservation buffer and countercyclical capital buffer described above.
2. These minimum ratios also incorporate the Pillar 2A capital guidance received from the PRA (2.35% for GSGUK and GSI, and 2.85% for GSIB for Total Capital at September 30, 2018) and could change in the future.

In addition to the Pillar 2A capital guidance, the PRA also defines forward looking capital guidance which represents the PRA's view of the capital that GSGUK would require to absorb losses in stressed market conditions. This is known as Pillar 2B or the "PRA buffer" and is not reflected in the minimum ratios shown in Table 1 above. As the capital conservation buffer phases in, as described above, it will fully or partially replace the PRA buffer.

### Compliance with Capital Requirements

As of September 30, 2018, all of GSGUK's regulated subsidiaries had capital levels in excess of their minimum regulatory capital requirements.

**Pillar 3 Disclosures****Regulatory Capital****Overview**

The following table presents a breakdown of GSGUK's capital ratios under CRD IV as at September 30, 2018, including those for our significant subsidiaries GSI and GSIB.

**Table 2: Regulatory Capital Ratios**

\$ in millions	as of September 2018		
	GSGUK	GSI	GSIB
CET1 Capital	\$ 31,154	\$ 26,115	\$ 3,060
Tier 1 Capital	36,954	31,915	3,060
Tier 2 Capital	6,503	5,377	826
<b>Total Capital</b>	<b>\$ 43,457</b>	<b>\$ 37,292</b>	<b>\$ 3,886</b>
<b>RWAs</b>	<b>\$ 223,467</b>	<b>\$ 209,070</b>	<b>\$ 8,334</b>
<b>CET1 Ratio</b>	<b>13.9%</b>	<b>12.5%</b>	<b>36.7%</b>
<b>Tier 1 Capital Ratio</b>	<b>16.5%</b>	<b>15.3%</b>	<b>36.7%</b>
<b>Total Capital Ratio</b>	<b>19.5%</b>	<b>17.8%</b>	<b>46.6%</b>

In the table above, the CET1 ratio and Total capital ratio include approximately 79 basis points attributable to GSGUK's unaudited profit, net of foreseeable dividends and charges, for the nine month period ended September 2018, and 71 basis points and 113 basis points attributable to GSI's and GSIB's results respectively, for the nine months ended September 2018.

**Leverage Ratio**

GSGUK is required to monitor and disclose its leverage ratio using the CRR's definition of exposure as amended by the European Commission Leverage Ratio Delegated Act. In November 2016, the European Commission proposed amendments to the CRR to implement a 3% minimum leverage ratio requirement for certain E.U. financial institutions, including GSGUK. This leverage ratio compares CRR's definition of Tier 1 capital to a measure of leverage exposure, defined as the sum of certain assets plus certain off-balance-sheet exposures (which include a measure of derivatives, securities financing transactions, commitments and guarantees), less Tier 1 capital deductions. Any required minimum leverage ratio is expected to become effective for the company no earlier than January 1, 2021. This leverage ratio is based on our current interpretation and understanding of this rule and may evolve as the interpretation and application of this rule is discussed with our regulators.

**Table 3: Leverage Ratio**

\$ in millions	as of September 2018		
	GSGUK	GSI	GSIB
Tier 1 Capital	\$ 36,954	\$ 31,915	\$ 3,060
Leverage Ratio Exposure	792,743	766,378	23,185
<b>Leverage Ratio</b>	<b>4.7%</b>	<b>4.2%</b>	<b>13.2%</b>

The GSGUK leverage ratio increased from 4.3% in June 2018 to 4.7% in September 2018 primarily due to a decrease in the firm's on and off balance sheet leverage exposures.

**Capital Structure**

Certain CRD IV rules are subject to final technical standards and clarifications, which will be issued by the European Banking Authority (EBA) and adopted by the European Commission and PRA. All capital, RWAs and estimated ratios are based on current interpretation, expectations and understanding of CRD IV and may evolve as its interpretation and application is discussed with our regulators.

Assets that are deducted from capital in computing the numerator of the capital ratios are excluded from the computation of RWAs in the denominator of the ratios. The following tables contain information on the components of our regulatory capital structure based on CRD IV, as implemented by the PRA. The capital resources of GSGUK are based on unaudited, consolidated non-statutory financial information and those of GSI and GSIB are based on unaudited statutory financial statements.

**Table 4: Regulatory Capital Resources**

\$ in millions	as of September 2018		
	GSGUK	GSI	GSIB
CET1 Capital Before Deductions <sup>1</sup>	\$ 32,893	\$ 27,743	\$ 3,123
Regulatory Adjustments <sup>2</sup>	(1,739)	(1,628)	(63)
<b>CET1 Capital After Deductions</b>	<b>31,154</b>	<b>26,115</b>	<b>3,060</b>
Additional Tier 1 Instruments	5,800	5,800	-
<b>Tier 1 Capital After Deductions</b>	<b>36,954</b>	<b>31,915</b>	<b>3,060</b>
Tier 2 Capital Before Deductions	6,503	5,377	826
Regulatory Adjustments	-	-	-
<b>Tier 2 Capital After Deductions<sup>3</sup></b>	<b>6,503</b>	<b>5,377</b>	<b>826</b>
<b>Total Capital Resources</b>	<b>\$ 43,457</b>	<b>\$ 37,292</b>	<b>\$ 3,886</b>

1. Includes unaudited amounts.

2. Regulatory Adjustments within CET1 capital of GSI and GSGUK includes regulatory adjustments for foreseeable charges and dividends.

3. Tier 2 Capital represents subordinated debt with an original term to maturity of five years or greater, and preference shares.

## Pillar 3 Disclosures

## Risk-Weighted Assets

CRD IV RWAs are calculated based on measures of credit risk, market risk and operational risk. The tables below represent a summary of the RWAs and capital requirements for GSGUK, GSI and GSIB by type as at September 30, 2018 and June 30, 2018.

Table 5: Overview of Risk Weighted Assets

## GSGUK

\$ in millions

		RWAs		Minimum capital requirements
		September 2018	June 2018	
1	Credit risk (excluding CCR)	\$ 29,082	\$ 33,509	\$ 2,327
2	Of which the standardised approach	6,430	6,430	514
4	Of which the advanced IRB (AIRB) approach	21,053	24,962	1,684
5	Of which equity IRB under the simple risk-weighted approach or the IMA	1,599	2,117	128
6	CCR	\$ 86,758	\$ 113,520	\$ 6,941
7	Of which mark to market	7,507	8,573	601
9	Of which the standardised approach	30	5	2
10	Of which internal model method (IMM)	57,992	78,392	4,639
11	Of which risk exposure amount for contributions to the default fund of a CCP	752	733	60
12	Of which CVA	20,477	25,817	1,638
13	Settlement risk	\$ 938	\$ 2,292	\$ 75
14	Securitisation exposures in the banking book (after the cap)	\$ 656	\$ 507	\$ 52
15	Of which IRB approach	416	447	33
19	Market risk	\$ 90,316	\$ 92,097	\$ 7,225
20	Of which the standardised approach	43,389	41,468	3,471
21	Of which IMA	46,927	50,629	3,754
22	Large exposures	-	-	-
23	Operational risk	\$ 15,716	\$ 15,716	\$ 1,257
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	15,716	15,716	1,257
29	Total	\$ 223,467	\$ 257,641	\$ 17,877

## GSI

\$ in millions

		RWAs		Minimum capital requirements
		September 2018	June 2018	
1	Credit risk (excluding CCR)	\$ 18,162	\$ 22,006	\$ 1,453
2	Of which the standardised approach	1,861	2,036	149
4	Of which the advanced IRB (AIRB) approach	14,702	17,853	1,176
5	Of which equity IRB under the simple risk-weighted approach or the IMA	1,599	2,117	128
6	CCR	\$ 86,327	\$ 113,032	\$ 6,906
7	Of which mark to market	7,380	8,402	590
9	Of which the standardised approach	-	-	-
10	Of which internal model method (IMM)	57,804	78,170	4,624
11	Of which risk exposure amount for contributions to the default fund of a CCP	752	733	60
12	Of which CVA	20,391	25,727	1,631
13	Settlement risk	\$ 938	\$ 2,292	\$ 75
14	Securitisation exposures in the banking book (after the cap)	-	-	-
15	Of which IRB approach	-	-	-
19	Market risk	\$ 89,538	\$ 91,524	\$ 7,163
20	Of which the standardised approach	42,988	41,267	3,439
21	Of which IMA	46,551	50,257	3,724
22	Large exposures	-	-	-
23	Operational risk	\$ 14,104	\$ 14,104	\$ 1,128
24	Of which basic indicator approach	-	-	-
25	Of which standardised approach	14,104	14,104	1,128
29	Total	\$ 209,070	\$ 242,958	\$ 16,726



## Pillar 3 Disclosures

## GSIB

\$ in millions

	RWAs		Minimum capital requirements
	September 2018	June 2018	
1 Credit risk (excluding CCR)	\$ 6,353	\$ 7,116	\$ 508
2 Of which the standardised approach	3	7	0
4 Of which the advanced IRB (AIRB) approach	6,351	7,109	508
5 Of which equity IRB under the simple risk-weighted approach or the IMA	0	0	0
6 CCR	\$ 402	\$ 483	\$ 32
7 Of which mark to market	127	171	10
9 Of which the standardised approach	-	-	-
10 Of which internal model method (IMM)	189	222	15
11 Of which risk exposure amount for contributions to the default fund of a CCP	-	-	-
12 Of which CVA	86	89	7
13 Settlement risk	-	\$ (1)	-
14 Securitisation exposures in the banking book (after the cap)	\$ 656	\$ 507	\$ 52
15 Of which IRB approach	416	447	33
19 Market risk	\$ 459	\$ 418	\$ 37
20 Of which the standardised approach	82	46	7
21 Of which IMA	378	372	30
22 Large exposures	-	-	-
23 Operational risk	\$ 464	\$ 464	\$ 37
24 Of which basic indicator approach	464	464	37
25 Of which standardised approach	-	-	-
29 Total	\$ 8,334	\$ 8,989	\$ 667

GSG UK total capital ratio increased from 16.5% in June 2018 to 19.5% in September 2018 primarily due to the following movements:

- GSI Credit RWAs as of 30 Sep 2018 decreased by \$31.9 billion compared with June 2018, primarily reflecting lower counterparty credit risk and decreased exposures
- GSI Market RWAs as of September 2018 decreased by \$2 billion compared with June 2018, primarily reflecting a decrease in modelled market risk partially offset by an increase in standardised market risk both as a result of changes in risk exposures.

The tables below represent the quarterly flow statements of RWAs and Capital requirements for Credit Risk, Counterparty Credit Risk (CCR) and Market Risk for GSGUK, GSI and GSIB

**Table 6: RWA flow statements of credit risk exposures under the IRB approach**

\$ in millions

As of September 2018

	RWA amounts			Capital requirements		
	GSGUK	GSI	GSIB	GSGUK	GSI	GSIB
1 RWAs as at the end of the previous reporting period	\$ 24,962	\$ 17,853	\$ 7,109	\$ 1,997	\$ 1,428	\$ 569
2 Asset size	(1,409)	(904)	(505)	(113)	(72)	(40)
3 Credit quality of counterparties	(314)	(319)	6	(25)	(26)	0
7 Foreign exchange movements	(99)	(60)	(38)	(8)	(5)	(3)
8 Model updates (IRB)	(1,930)	(1,726)	(204)	(154)	(138)	(16)
9 Other	(157)	(141)	(16)	(13)	(11)	(1)
10 RWAs as at the end of the current reporting period	\$ 21,053	\$ 14,702	\$ 6,351	\$ 1,684	\$ 1,176	\$ 508

## Pillar 3 Disclosures

Table 7: RWA flow statements of CCR exposures under the IMM

*\$ in millions* As of September 2018

	RWA amounts			Capital requirements		
	GSGUK	GSI	GSIB	GSGUK	GSI	GSIB
<b>1 RWAs as at the end of the previous reporting period</b>	<b>\$ 78,392</b>	<b>\$ 78,170</b>	<b>\$ 222</b>	<b>\$ 6,271</b>	<b>\$ 6,254</b>	<b>\$ 18</b>
2 Asset size	(6,373)	(6,373)	0	(510)	(510)	0
3 Credit quality of counterparties	(30)	(28)	(1)	(2)	(2)	(0)
4 Model updates (IMM only)	(385)	(385)	0	(31)	(31)	0
7 Foreign exchange movements	(475)	(474)	(1)	(38)	(38)	(0)
8 Model updates (IRB)	(13,288)	(13,253)	(35)	(1,063)	(1,060)	(3)
9 Other	151	147	4	12	12	0
<b>10 RWAs as at the end of the current reporting period</b>	<b>\$ 57,992</b>	<b>\$ 57,804</b>	<b>\$ 189</b>	<b>\$ 4,639</b>	<b>\$ 4,624</b>	<b>\$ 15</b>

Table 8: RWA flow statements of market risk exposures under the IMA

## GSGUK

*\$ in millions*

As of September 2018

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
<b>1 RWAs at previous quarter end</b>	<b>\$ 5,230</b>	<b>\$ 15,826</b>	<b>\$ 12,308</b>	<b>\$ 2,345</b>	<b>\$ 14,920</b>	<b>\$ 50,629</b>	<b>\$ 4,050</b>
1a Regulatory adjustment	(3,343)	(10,076)	0	0	(6,257)	(19,676)	(1,574)
<b>1b RWAs at the previous quarter-end</b>	<b>\$ 1,887</b>	<b>\$ 5,750</b>	<b>\$ 12,308</b>	<b>\$ 2,345</b>	<b>\$ 8,663</b>	<b>\$ 30,953</b>	<b>\$ 2,476</b>
2 Movement in risk levels	(103)	(1,126)	(1,045)	(920)	\$ 6,087	\$ 2,893	\$ 232
3 Model updates/changes	\$ 4	\$ 151	0	0	0	\$ 155	\$ 12
<b>8a RWAs at the end of the reporting period</b>	<b>\$ 1,788</b>	<b>\$ 4,775</b>	<b>\$ 11,263</b>	<b>\$ 1,425</b>	<b>\$ 14,750</b>	<b>\$ 34,001</b>	<b>\$ 2,720</b>
8b Regulatory adjustment	\$ 3,388	\$ 9,478	\$ 713	\$ 265	(918)	\$ 12,926	\$ 1,034
<b>8 RWAs at the end of the reporting period</b>	<b>\$ 5,176</b>	<b>\$ 14,253</b>	<b>\$ 11,976</b>	<b>\$ 1,690</b>	<b>\$ 13,832</b>	<b>\$ 46,927</b>	<b>\$ 3,754</b>

## GSI

*\$ in millions*

As of September 2018

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
<b>1 RWAs at previous quarter end</b>	<b>\$ 5,183</b>	<b>\$ 15,739</b>	<b>\$ 12,070</b>	<b>\$ 2,345</b>	<b>\$ 14,920</b>	<b>\$ 50,257</b>	<b>\$ 4,021</b>
1a Regulatory adjustment	(3,309)	(10,014)	0	0	(6,257)	(19,580)	(1,566)
<b>1b RWAs at the previous quarter-end</b>	<b>\$ 1,874</b>	<b>\$ 5,725</b>	<b>\$ 12,070</b>	<b>\$ 2,345</b>	<b>\$ 8,663</b>	<b>\$ 30,677</b>	<b>\$ 2,455</b>
2 Movement in risk levels	(97)	(1,113)	(1,095)	(920)	\$ 6,087	\$ 2,862	\$ 228
3 Model updates/changes	\$ 4	\$ 151	0	0	0	\$ 155	\$ 12
<b>8a RWAs at the end of the reporting period</b>	<b>\$ 1,781</b>	<b>\$ 4,763</b>	<b>\$ 10,975</b>	<b>\$ 1,425</b>	<b>\$ 14,750</b>	<b>\$ 33,694</b>	<b>\$ 2,695</b>
8b Regulatory adjustment	\$ 3,369	\$ 9,427	\$ 714	\$ 265	(918)	\$ 12,857	\$ 1,029
<b>8 RWAs at the end of the reporting period</b>	<b>\$ 5,150</b>	<b>\$ 14,190</b>	<b>\$ 11,689</b>	<b>\$ 1,690</b>	<b>\$ 13,832</b>	<b>\$ 46,551</b>	<b>\$ 3,724</b>

**Pillar 3 Disclosures****GSIB**

\$ in millions

As of September 2018

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total capital requirements
<b>1 RWAs at previous quarter end</b>	\$ 47	\$ 88	\$ 237	0	0	\$ 372	\$ 30
<i>1a Regulatory adjustment</i>	(34)	(63)	0	0	0	(97)	(8)
<b>1b RWAs at the previous quarter-end</b>	\$ 13	\$ 25	\$ 237	0	0	\$ 275	\$ 22
<b>2 Movement in risk levels</b>	(6)	(12)	\$ 51	0	0	\$ 33	\$ 3
<b>3 Model updates/changes</b>	0	0	0	0	0	0	0
<b>8a RWAs at the end of the reporting period</b>	\$ 7	\$ 13	\$ 288	0	0	\$ 308	\$ 25
<i>8b Regulatory adjustment</i>	\$ 20	\$ 50	0	0	0	\$ 70	\$ 5
<b>8 RWAs at the end of the reporting period</b>	\$ 27	\$ 63	\$ 288	0	0	\$ 378	\$ 30

**Pillar 3 Disclosures****Liquidity Coverage Ratio**

GSGUK and its major subsidiaries are subject to the liquidity requirements as set out in the European Commission Delegated Regulation 2015/61 (Liquidity Coverage Ratio (LCR) Delegated Act) and other applicable guidelines as set by the PRA.

EBA guidelines on LCR disclosure (EBA/GL/2017/01) require firms to disclose, on an annual basis, the average monthly LCR for the trailing twelve months, as well as quantitative and qualitative information on certain components of a firm's LCR. The annual disclosure is part of GSGUK's annual Pillar 3 disclosures and can be found on the firm's website.

The EBA guidelines also require firms to disclose information more frequently on certain components of a firm's LCR that are prone to rapid changes.

This information is based on our current interpretation and understanding of the LCR Delegated Act, other applicable guidelines as set by the PRA, and the EBA guidelines on LCR Disclosure and may evolve as we discuss the interpretation and application of these rules with our regulators.

The table below presents a breakdown of LCR for GSGUK and its significant subsidiaries, GSI and GSIB, for the twelve months ended September 2018.

**Table 9: Liquidity Coverage Ratio Summary**

<i>\$ in millions</i>	<b>Twelve Months Ended September 2018</b>		
	<b>Average Weighted</b>		
	<b>GSGUK</b>	<b>GSI</b>	<b>GSIB</b>
Number of data points used in the calculation of averages	<b>12</b>	<b>12</b>	<b>12</b>
Liquidity Buffer	<b>73,893</b>	<b>64,947</b>	<b>8,946</b>
Total Net Cash Outflows	<b>33,959</b>	<b>31,457</b>	<b>5,308</b>
Liquidity Coverage Ratio (%) <sup>1</sup>	<b>218%</b>	<b>207%</b>	<b>171%</b>

1. The ratios reported in this row are calculated as the average of the monthly LCRs for the trailing twelve months and may not equal the calculation of the ratios using component amounts reported in the rows 'Liquidity Buffer' and 'Total Net Cash Outflows.'

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

We have included or incorporated by reference in these disclosures, and from time to time our management may make, statements that may constitute “forward-looking statements.” Forward-looking statements are not historical facts, 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 condition.

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 under “Risk Factors” in Part I, Item 1A in the firm’s 2017 Form 10-K.